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2025 ANNUAL REPORT

HSIN KUANG STEEL CO., LTD

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A. Letter to Shareholders

Dear Shareholders,

Free trade and global markets were severely impacted by the reciprocal tariffs imposed by the United States in 2025. This was a challenge that forced global supply chains to make adjustments, and uncertainty of the international economic and trade environment increased significantly. The global economy became more volatile and industries were more cautious when making investment decisions as a result. However, in the global race to build artificial intelligence (AI) infrastructure, and the idea that "computing power is national power" has gradually become an important consensus among countries when developing the tech industry. Taiwan's government is also actively implementing AI-related industry policies, and launched the " New Ten Major AI Infrastructure Projects," viewing AI infrastructure as an important pillar of the nation's future competitiveness. Taiwan's economy has maintained steady growth with emerging technologies and the trend of AI continuing to drive export growth. This has boosted domestic demand and investment, and created momentum for economic growth while injecting capital that has resulted in the stellar performance of Taiwan's stock market. However, due to delays in the construction of domestic solar photovoltaic facilities, our revenue increased by 15% year-over-year (YoY) to NT$16.8 billion.

Financial Performance

The Company’s consolidated revenue for 2025 was NT$16.8 billion, up 15% or NT$2.21 billion from the NT$14.59 billion in the previous year; Net operating profit was NT$900 million, up 53% or NT$310 million from the NT$590 million in the previous year; EPS was NT$3.3, down 26.7% or NT$0.65 from the NT$4.5 in the previous year. Our profits were mainly supported by orders to meet the rigid demand from domestic economic development. The strong exports and economic growth driven by the "Three Major Programs for Investing in Taiwan" and AI also contributed to the stellar performance of Taiwan's stock market. However, delays in the construction of domestic green energy facilities resulted in a 15% YoY growth in revenue.

In terms of products sales, the Company's operating goal in 2025 was the sale of 520,000 tons of steel products. The total sales of the year reached 508,000 tons, an achievement rate of 98%.

With regard to income and expenses, cash inflow from operating activities amounted to NT$2,707,290,000 in 2025, which was mainly from the increase in income from contracts and the decrease in inventory. Cash outflow for investment activities amounted to NT$137,190,000, and was mainly due to the purchase of property, plant, equipment, and prepayments for equipment. Cash outflow for financing activities amounted to NT$2,510,350,000, mainly due to the distribution of cash dividends to shareholders and long-term and short-term loans necessary for adjustments in operations. The ending cash and cash equivalents of the period was approximately NT$1,269,650,000.

Annual Corporate Development

The 2026 business strategies include the following:

1. Inventory and product portfolio adjustments: Review the inventory structure and flexibly adjust product portfolios according to the demand from 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. Further develop the renewable energy market: 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 and provide better services for the photovoltaic green energy industry chain.
3. Response to demand from infrastructure and semiconductors: In response to domestic "forward-looking infrastructure - coal to natural gas industry," "water resources," "bridge construction," "Taiwan Power Company Guangming Project," 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. Support for urban renewal and social housing construction: We will form strategic alliances with upstream and downstream manufacturers to provide technology-based manufacturing solutions to serve users, and meet the demand from the government's implementation of "urban renewal," "reconstruction of urban unsafe and old buildings," and "social housing construction plans."
5. Innovative business models and value chain integration: We will offer new high-end steel products and total solutions for the value chain 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 the training of employees' professional skills and occupational safety, introduce and cultivate professional talents, develop a competitive salary and benefits system, and provide career development channels 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 long-term cooperation opportunities.

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 productivity.

The total annual sales goal of 2026 is set at 580,000 tons of steel. According to the World Steel Association's October 2025 Worldsteel Short Range Outlook, despite the growth of global steel demand slowing down due to the trade war, reciprocal tariffs, and geopolitical uncertainties, it remains cautiously optimistic about steel demand in 2026. It believes that 2025 was the bottom for steel demand, and expects to see growth in 2026. Its main argument is that developing economies, such as India, ASEAN countries, the Middle East, and Africa, will maintain strong growth momentum and support global steel demand. Europe will see steel demand return to growth driven by increased infrastructure and defense spending, while the United States will benefit from AI-related industries, government policies encouraging infrastructure investment, and a rebound in housing demand. Therefore, global steel demand is expected to continue to grow moderately in 2026. Taiwan's Directorate-General of Budget, Accounting and Statistics expects economic growth to reach 7.71% in 2026 based on global demand on AI and related technology products. 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 580,000 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_2 emissions by nearly 60,202 tons, which is equivalent to roughly 155 times the amount of CO_2 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 2025, the Company received the Gold Award, Manufacturing Industry, Taiwan Corporate Sustainability Awards (TCSA) from the Taiwan Institute for Sustainable Energy for its achievements in corporate governance, sustainable development, and information disclosure, and has received awards for seven consecutive years. We will continue to dedicate our efforts to achieving even better performance.

Future Outlook

We will implement strategies and plans with a rigorous and proactive spirit and attitude, so as to improve the quality of the decisions we make and our response capabilities. With the recovery of manufacturing activity in major economies, the budget of Taiwan's Forward-Looking Infrastructure Development Program being increased by nearly NT$600 billion to meet rigid domestic demand, and the total budget of the "AI New Top Ten Construction Projects" over four years (2025-2028) expected to be at least NT$190 billion, we are confident that we will reach new heights in the upcoming bumper year.

Chairman: Alexander M.T. Su

General Manager: Ming-Shan Jheng

B. Corporate Governance Report

I. 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, 2026

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			Remarks (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 Representative: 71-75	2023.6.15	3	2008.6.13	27,200,276	8.47%	35,110,276	10.93%	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	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	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			Remarks (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	
															Virtues Award	Foundation Director of: Cheng Yu Investment 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	Republic of China	Representative of Trickle Co., Ltd.: Tian-Cheng Chang	Male Representative: 90-95	2023.6.15	3	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	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	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			Remarks (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	
																Charity Foundation Director of Paradise Education Welfare Foundation Taoyuan Envirolink Corporation Yun-Shen Energies Recycling Tech. Co., Ltd.				
Director	Republic of China	Fisher C.H. Yu	Male 61-65	2023.6.15	3	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	Shih-Yang Chen	Male 66-70	2023.6.15	3	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. Pihslang International Limited Pihsiang Electric Vehicle Mfg. Co., Ltd. Pihsiang Energy Technology Co., Ltd. Pihsiang Machinery Manufacturing Co., Ltd. Pihsiang Homecare 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			Remarks (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 Director	Republic of China	Winston Won	Male 71-75	2023.6.15	3	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: Cica-Huntek Chemical Technology Taiwan Co., Ltd.	None	None	None	None
Independent Director	Republic of China	Po-Young Chu	Male 71-75	2023.6.15	3	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, National Yang Ming Chiao Tung University Chairman of: Mid Sun Light Technology Co., Ltd. Amitos 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			Remarks (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 Director	Republic of China	Paul T.Y. Huang	Male 71-75	2023.6.15	3	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 Director	Republic of China	Wei-Tsung Liu	Male 71-75	2023.6.15	3	2023.6.15	120,000	0.03%	540,000	0.17%	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, 2026

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%
Cheng Yu Investment Co., Ltd.	Johnathon Y.J. Su holds 39.3% Alexander M.T. Su holds 25.9%
Hui Jung Investment Co., Ltd.	Alexander M.T. Su holds 36.6% Johnathon Y.J. Su holds 35.80%
Trickle Co., Ltd.	Tian-Cheng Chang holds 34.8% Tai-Tou Chang holds 12.4% You-Sheng Chang holds 9.3%
Qi De Investment Co., Ltd.	Chih-Hsun Yao holds 6.7% Johnathon Y.J. Su holds 6.7% Hsiao-Ju Su holds 6.7% Chun-Chin Su holds 6.7% Alexander M.T. Su holds 3.3%

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

March 31, 2026

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 (Note 1)	Number of companies in which the person also serves as an independent director
Alexander M.T. Su	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 Experience: Chairman of Hsin Kuang Steel Co., Ltd. General Manager of Hsin Kuang Steel Co., Ltd. Positions Currently Held in Non-Profit Organization:	1. Concurrently holds the position of director at an affiliated enterprise (wholly-owned subsidiary). 2. A top 10 natural person	0

Qualifications / Name	Professional Qualification and Experience	Independence (Note 1)	Number of companies in which the person also serves as an independent director
	Executive Director of Taiwan Steel & Iron Industries Association Founder and Chairman of New Taipei City Private Hui Jung Welfare and Charity Foundation Chairman of Hsin Kuang Steel Tian-Cheng Charity Foundation Director of Century Green Energy Vocational Senior High School, Taoyuan City	shareholder of the Company. 3. An institutional shareholder (Chairman of Han De Investment Co., Ltd.) who holds directly 10% or more of the Company's shares.	
Tian-Cheng Chang	Education and Professional Qualification: Primary Agricultural School (predecessor of Mu Zha Junior High School) Experience: Chairman of Trickle Co., Ltd. Director of Hsin Kuang Steel Co., Ltd.	—	0
Ming-Shan Jheng	Education and Professional Qualification: Junior high school Experience: Director and General Manager, Hsin Kuang Steel Co., Ltd. Vice General Manager of 2nd 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 Director of Hsin Kuang Steel Tian-Cheng Charity Foundation Director of Paradise Education Welfare Foundation Taoyuan	—	0
Fisher C.H. Yu	Education and Professional Qualification: EMBA, College of Management, National Chung Hsing University Experience: Director and Vice General Manager of Special Steels Department of Hsin Kuang Steel Co., Ltd.	—	0

Qualifications Name	Professional Qualification and Experience	Independence (Note 1)	Number of companies in which the person also serves as an independent director
Johnathon Y.J. Su	Education and Professional Qualification: Master of Science, Birkbeck, University of London Experience: Director and Assistant Vice General Manager of Operations Department of Hsin Kuang Steel Co., Ltd. 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	—	0
Shih-Yang Chen	Education and Professional Qualification: BA, Accounting Department, Soochow University Certified Public Accountant of the Republic of China 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	—	2
Winston Won	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 Professional Experience: CPA and Director at Deloitte & Touche Experience: Chairman of Ofuna Technology Co., Ltd. Chairman of Shao Rui Development Co., Ltd. Chairman of Ofuna Develop Technology Co., Ltd. Chief Operating Officer of Dar Harng 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 & Cable Co., Ltd. Independent Director, Chair of the Audit Committee, Chair of the Remuneration Committee, Chair of the Sustainable Development Committee, and Member of the Nomination Committee of Cica-Huntek Chemical Technology Taiwan Co., Ltd.	Meet the independence requirements stated in Note 1 below.	1

Qualifications / Name	Professional Qualification and Experience	Independence (Note 1)	Number of companies in which the person also serves as an independent director
Po-Young Chu	Education and Professional Qualification: Ph.D. in Business Administration, Purdue University Professor, Republic of China 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 2012 Outstanding Teaching Award, National Yang Ming Chiao Tung University 1987 Doctoral Dissertation Award, Western Decision Sciences Institute (WDSI) Havard Business School: Program on the Case Method and Participant-Centered Learning Babson College: Teaching Entrepreneurial Thought and Action Professional Experience: Adjunct Professor, Department of Management Science and EMBA Program, National Yang Ming Chiao Tung University Adjunct Professor, Department of Management Science and EMBA Program, National Chiao Tung University Professor, Department of Management Science, National Chiao Tung University and Dean, Aspire Academy Consultant of Chung-Hua Institution for Economic Research Consultant of Information and Communications Technology, Industrial Technology Research Institute Consultant of Optoelectronics, Industrial Technology Research Institute Consultant of Mechanics, Industrial Technology Research Institute — Project Involvement: A Comparative Study of the Competitive and Collaborative Strategies of Taiwan-USA IC Industries A Case Study of Tech Industry Management Co-opetition Strategies of Personal Computer Industry Hsinchu Science Park Development Trends and Strategies Industrial Technology Research Institute (ITRI) Benefit Evaluation Model and Empirical Research Feasibility of DRAM and TFT-LCD Futures in Taiwan Branding Taiwan Does Independent Directors Matter? The Evidence From Taiwan Under the Global Financial Crisis of 2008 Determinants of Intangible Assets Valuation and Its Impact on Risk and Return of Firms: Cross-Countries, Cross-Industries Comparisons Firm Scale, Intangible Assets, and Corporate Performance Open Business Model: Empirical Case Studies of Taiwanese and Foreign Firms Disruptive Innovation and Process: Comparing Taiwanese vs. Foreign Firms	Meet the independence requirements stated in Note 1 below.	3

Qualifications / Name	Professional Qualification and Experience	Independence (Note 1)	Number of companies in which the person also serves as an independent director
	– Published Works Green Finance Enterprises: Creating a New Blue Ocean from IT to ET (published by Commonwealth Publishing Group in June 2012) Innovation Success (published by Linking Publishing in December 2006) A New Blue Ocean: The Success of 15 Taiwanese Firms in New Market Development (published by People's Press in April 2006) Blue Ocean Strategy: Taiwan (published by Commonwealth Publishing Group in February 2006) Business Growth Strategies for Asia Pacific (published by CITIC Press in 2005) Business Growth for Asia Pacific (published by CommonWealth Magazine in September 2005) Business Growth Strategies for Asia Pacific (John Wiley & Sons Inc., 2005.4) Experience: Consultant, Philips Taiwan Limited Consultant, Cheng Shin Rubber Industry Co. Consultant, Yulon Motor Co., Ltd. Consultant, Walsin Lihwa Corporation Independent Director, Advantech Co., Ltd. Independent Director, Pixart Imaging Inc. Independent director, IC Plus Corp Independent Director, Sunplus Technology Co., Ltd. Independent Director, Audit Committee Member, and Remuneration Committee Member of Cheng Shin Rubber Industry Co., Ltd. Independent director, Chilisin Electronics Corp. Independent Director and Member of the Audit Committee and Remuneration Committee of Hsin Kuang Steel Co., Ltd. Independent Director and Member of Audit Committee and Remuneration Committee of Polytronics Technology Corp. Independent Director and Member of Audit Committee and Remuneration Committee of E Ink Holdings Inc. Board Chairman of Mid Sun Light Technology Co., Ltd. Chairman, Amitos Inc. Chairman of Union Winner International Co., Ltd. (Cayman Islands)		
Paul T.Y. Huang	Education and Professional Qualification: BA in Business Administration, National Chengchi University Experience: Chairman of Chung Hung Steel Corporation Chairman of China Steel Global Trading Corporation Vice President of Commercial Division, China Steel Corporation Director/CEO of CSC Steel Sdn. Bhd. President of China Steel Global Trading Corporation Director, Taiwan Steel & Iron Industries Association Honorary Consultant, Chung Hung Steel Corporation Consultant, Walsin Lihwa Corporation	Meet the independence requirements stated in Note 1 below.	0

Qualifications / Name	Professional Qualification and Experience	Independence (Note 1)	Number of companies in which the person also serves as an independent director
Wei-Tsung Liu	Education and Professional Qualification: Bachelor of Laws, National Taiwan University Experience: Prosecutor of First Instance Head Prosecutor of First Instance Prosecutor of Second Instance, Chief Prosecutor of the District Prosecutors Office	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 not exceeding NT$500,000, or a spouse thereof. However, this does not apply to members of the Company's Remuneration Committee.

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	71-75			✓	✓	✓	✓	✓	✓	✓	✓
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: 540,000 shares(0.17%) 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, 2026

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			Remarks (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 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
Vice General Manager of Operations	Republic of China	Johnathon Y.J. Su	Male	2022	7,704,930	2.40%	530,000	0.17%	-	-	Birkbeck, University of London 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. Hsin Wei Solar Co., Ltd. New Taipei City Private Hui Jung Welfare and Charity Foundation	Assistant Vice President	Chih-Hsun Yao	Uncle-in-law	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			Remarks (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. APEX Wind Power Equipment Manufacturing Co., Ltd. Director and General Manager of the Company	Director of: APEX Wind Power Equipment Manufacturing Co., Ltd. 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 Chief Information Security, Corporate Governance Officer, Chief Information Security Officer, and 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. Hsin Wei Solar 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

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			Remarks (Note 3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
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
Assistant Vice President of Taoyuan, Hsinchu and Miaoli Operation Center	Republic of China	Chih-Hsun Yao	Male	2025	19,000	0.01%	-	-	-	-	Bachelor's degree Assistant Vice President of Taoyuan, Hsinchu and Miaoli Operation Center of 2nd Operations Department of Hsin Kuang Steel Co., Ltd.	Chairman of: Qi De Investment Co., Ltd. Director of: Ta Chang Tsuo Industrials Co., Ltd. Hsin Yuan Hsin Industry Co., Ltd.	Vice General Manager	Johnathon Y.J. Su	Uncle-in-law	None
Assistant Vice President of Taichung Operation Center	Republic of China	Pei-Rong Wu	Male	2025	-	-	-	-	-	-	Master's degree Assistant Vice President of Taichung Operation Center of 2nd Operations Department of Hsin Kuang Steel Co., Ltd.	Director of: New Taipei City Private Hui Jung Welfare and Charity Foundation	None	None	None	None
Assistant Vice President of Kaohsiung Operation Center	Republic of China	Shang-Feng Tsai	Male	2025	-	-	-	-	-	-	Master's degree Assistant Vice President of Kaohsiung Operation Center of 2nd Operations Department of Hsin Kuang Steel Co., Ltd.	Director of: Hsin Ho Fa Metal Co., Ltd. Mason Metal Industry Co., Ltd. Director of Hsin Kuang Steel Tian-Cheng Charity Foundation New Taipei City Private Hui Jung Welfare and Charity Foundation	None	None	None	None
Assistant Vice President of Special Steel Operations	Republic of China	Sung-Ru Yang	Male	2021	4,000	-	-	-	-	-	Master's degree Assistant Vice President of Special Steel Operations at 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			Remarks (Note 3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Guanyin Plant Director	Republic of China	Ri-Shi Ye	Male	2019	10,000	-	-	-	-	-	Bachelor's degree Guanyin Plant Director, Hsin Kuang Steel Co., Ltd.	None	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	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	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

Remuneration to directors and independent directors December 31, 2025; 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)		Business expenses (D)				Salary, bonuses, and allowances (E)		Severance pay and pension (F)		Employee bonuses (G)						
		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	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report (Note 7)		The Company	All companies in the financial report	
																Cash amount	Stock amount	Cash amount	Stock amount			
Chairman	Alexander M.T. Su	5,675	6,285	-	-	-	4,350	70	170	5,745 (0.54%)	10,805 (1.02%)	10,281	11,159	-	-	4,240	-	9,800	-	62,726 (5.93%)	75,232 (7.11%)	
	(Representative of Han De Investment Co., Ltd.)	-	-	-	-	16,000	16,000	-	-	16,000 (1.51%)	16,000 (1.51%)											
Director	Tian-Cheng Chang	711	711	-	-	-	-	70	70	781 (0.07%)	781 (0.07%)											
	(Representative of Trickle Co., Ltd.)	-	-	-	-	4,600	4,600	-	-	4,600 (0.44%)	4,600 (0.44%)											
Director	Ming-Shan Jheng	-	500	-	-	6,360	6,360	70	70	6,430 (0.61%)	6,930 (0.66%)											
Director	Fisher C.H. Yu	-	-	-	-	1,860	2,283	70	90	1,930 (0.18%)	2,373 (0.22%)											
Director	Johnathon Y.J. Su	-	-	-	-	6,159	6,224	70	70	6,229 (0.59%)	6,294 (0.60%)											
Director	Shih-Yang Chen	-	-	-	-	1,200	1,200	100	100	1,300 (0.12%)	1,300 (0.12%)											
Independent Directors	Winston Won	-	-	-	-	600	600	700	700	1,300 (0.12%)	1,300 (0.12%)											
Independent Directors	Po-Young Chu	-	-	-	-	600	600	700	700	1,300 (0.12%)	1,300 (0.12%)											
Independent Directors	Paul T.Y. Huang	-	-	-	-	600	600	690	690	1,290 (0.12%)	1,290 (0.12%)											
Independent Directors	Wei-Tsung Liu	-	-	-	-	600	600	700	700	1,300 (0.12%)	1,300 (0.12%)											
Total		4,436	5,565	-	-	38,579	43,417	3,240	3,360	48,205 (4.56%)	54,273 (5.13%)											

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)	Fisher C.H. Yu, 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	-	-
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	Trickle Co., Ltd.	Trickle Co., Ltd.	Trickle Co., Ltd., Fisher C.H.Yu	Trickle Co., Ltd.
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	Alexander M.T. Su, Ming-Shan Jheng, Johnathon Y.J. Su	Ming-Shan Jheng, Johnathon Y.J. Su	Alexander M.T. Su	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	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., Ming-Shan Jheng
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

(I) Remunerations to President and Vice President

December 31, 2025; 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		All companies in the financial report		The Company	All companies in the financial report	
								Cash bonus	Stock bonus	Cash bonus	Stock bonus			
General Manager	Ming-Shan Jheng	9,411	10,477	-	-	10,565	12,108	8,370	-	12,758	-	28,346 (2.58%)	35,343 (3.21%)	-
Vice General Manager	Jessica P.H. Liu													
Vice General Manager	Fisher C.H. Yu													
Vice General Manager	Lisa H.C. Chien													
Vice General Manager	Johnathon Y.J. Su													
Vice General Manager	Teng-Kuei Kao													
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 amount of remuneration allocated for the Company's managers is based on their position and the value of their contributions, their participation in the company's overall business strategy, and long-term development goals. The Company established a clear remuneration policy and system, has a sound review process to ensure that the remuneration is competitive, and links business performance with risk management.

(1). Remuneration policy: The Company 's design of remuneration for managers is based on the core principles of "performance-oriented" and "risk management," takes into consideration both short-term business results and long-term value creation, and references prevailing rates in the industry, aiming to attract, retain and motivate outstanding managers.

(2). The Company's remuneration to managers includes fixed salary, variable bonuses, and long-term incentives. The Company conducts regular reviews and makes adjustments after referencing market salary surveys, comparisons with peers in the industry, and the status of its operations.

(3). The chairman proposes an assessment based on the performance evaluation results of managers, submits it to the Remuneration Committee for review, assesses its reasonableness and its connection to performance, and then submits it to the Board of Directors for approval before implementation. The procedures ensure that remuneration is transparent, fair, and consistent.

(4). The design of the Company's remuneration to managers and the relationship between business performance and risk management is described below:

A. Connection to business performance: Variable compensation is closely linked to the Company’s overall business results and individual performance. Performance indicators include financial indicators (such as revenue and profit) and non-financial indicators (such as strategy execution, internal control system, and ESG implementation) to ensure that compensation reflects business results.

B. Risk adjustment mechanism: The remuneration system incorporates risk considerations to prevent managers from taking excessive risks in pursuit of short-term performance. Some bonuses may be adjusted or deferred based on the results of risk assessment when necessary.

C. Long-term incentive measures align the interests of managers with the Company's long-term development and shareholder value, reduce the risks of making short-term decisions, and maintaining a high degree of connection with the Company's long-term business objectives.

Note 2: Total remuneration paid by the Company to managers in 2025 accounted for 2.58% of net profit after tax in the 2025 standalone financial statements. Total remuneration paid by all companies in the financial statements to managers in 2025 accounted for 3.21% of the net profit after tax in 2025.

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 the consolidated financial 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, Frank C.C. Huang	Fisher C.H. Yu
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	Johnathon Y.J.Su, Teng-Kuei Kao, Jessica P.H. Liu	Teng-Kuei Kao, Frank C.C. Huang, Lisa H.C. Chien
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	Ming-Shan Jheng	Ming-Shan Jheng, Johnathon Y.J. Su, Jessica P.H. Liu
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	-	-
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	7	7

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

December 31, 2025;

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

<table>
<tr><th></th><th>Title</th><th>Name</th><th>Stock amount</th><th>Cash amount</th><th>Total</th><th>Percentage of total bonuses to net profit after tax (%)</th></tr>
<tr><td rowspan="9">Manager</td><td>General Manager</td><td>Ming-Shan Jheng</td><td rowspan="9">-</td><td rowspan="9">8,860</td><td rowspan="9">8,860</td><td rowspan="9">0.84%</td></tr>
<tr><td>Vice General Manager of Special Steel Operations</td><td>Fisher C.H. Yu</td></tr>
<tr><td>Vice General Manager of Operations</td><td>Teng-Kuei Kao</td></tr>
<tr><td>Vice General Manager of Operations</td><td>Johnathon Y.J. Su</td></tr>
<tr><td>Vice General Manager of Operations</td><td>Frank C.C. Huang</td></tr>
<tr><td>Vice General Manager of Finance and Accounting</td><td>Jessica P.H. Liu</td></tr>
<tr><td>Vice President of Finance</td><td>Lisa H.C. Chien</td></tr>
<tr><td>Assistant Vice President of Accounting</td><td>Daisy Y.H. Chen</td></tr>
<tr><td colspan="2">Total</td></tr>
</table>

(III) 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:

<table>
<tr><th rowspan="3">Title</th><th colspan="4">Ratio of total remuneration to net profit after tax in the Individual Financial Report %</th></tr>
<tr><th colspan="2">2024</th><th colspan="2">2025</th></tr>
<tr><th>The Company</th><th>All Companies in Consolidated Statements</th><th>The Company</th><th>All Companies in Consolidated Statements</th></tr>
<tr><td>Remuneration to Directors</td><td>5.14%</td><td>5.74%</td><td>5.93%</td><td>7.11%</td></tr>
<tr><td>Remunerations to General Manager and Vice General Managers</td><td>2.35%</td><td>2.91%</td><td>2.58%</td><td>3.21%</td></tr>
</table>

(1). Policies, standards, and packages for payment of remuneration for directors, procedures, and their connections to business performance and future risk exposure:

The Company's remuneration to directors is determined in accordance with the Articles of Incorporation, relevant laws and regulations, and corporate governance principles, and takes into account the Company’s business performance, directors’ responsibilities, and prevailing rates in the market, establishing a reasonable remuneration system to ensure that directors can effectively perform their duties and improve the quality of corporate governance.

A. Remuneration Policy

The Company's remuneration to directors is based on the principle of reasonably reflecting the directors’ contributions to the Company, time committed, and responsibilities, while taking into account the Company’s long-term business performance, sustainable development and business situation. The Company designs appropriate remuneration to attract and retain directors with professional competencies that can strengthen corporate governance functions. The Company’s directors’ remuneration system mainly includes fixed remuneration, meeting attendance fees, and bonuses allocated based on the Company's profits each year in accordance with the Articles of Incorporation.

B. The chairman proposes an assessment based on the performance evaluation results for individual directors and the Board of Directors, submits it to the Remuneration Committee for review, assesses its reasonableness and its connection to performance, and then submits it to the Board of Directors for approval before implementation.

C. The design of the Company's remuneration to directors and the relationship between business performance and risk management is described below:

I. Connection to business performance: Variable compensation (such as bonuses for directors) in directors’ remuneration is allocated based on the Company’s profits each year, and is directly linked to the Company’s business performance, thus aligning directors’ remuneration with shareholders’ interests.

II. Risk adjustment mechanism: The directors' remuneration system does not include incentives to encourage excessive risk-taking, and oversight by the Board of Directors ensures that Company's decisions take into account both risk management and long-term development.

III. It balances short-term business performance with long-term strategic goals, avoids prioritizing short-term gains, and improves the stability of the Company's operations for sustainability. The Company’s directors’ remuneration system is appropriately linked to business performance, while also taking into account risk management and long-term development needs.

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

The amount of remuneration allocated for the Company's managers is based on their position and the value of their contributions, their participation in the company's overall business strategy, and long-term development goals. The Company established a clear remuneration policy and system, has a sound review process to ensure that the remuneration is competitive, and links business performance with risk management.

A. Remuneration policy: The Company 's design of remuneration for managers is based on the core principles of "performance-oriented" and "risk management," takes into consideration both short-term business results and long-term value creation, and references prevailing rates in the industry, aiming to attract, retain and motivate outstanding managers.

B. The Company's remuneration to managers includes fixed salary, variable bonuses, and long-term incentives. The Company conducts regular reviews and makes adjustments after referencing market salary surveys, comparisons with peers in the industry, and the status of its operations.

C. For the president and vice presidents, the chairman proposes an assessment based on the performance evaluation results, submits it to the Remuneration Committee for review, assesses its reasonableness and its connection to performance, and then submits it to the Board of Directors for approval before implementation. The procedures ensure that remuneration is transparent, fair, and consistent. For other managers, the president proposes an assessment based on the performance evaluation results of managers, submits it to the Remuneration Committee for review, assesses its reasonableness and its connection to performance, and then submits it to the Board of Directors for approval before implementation.

D. The design of the Company's remuneration to managers and the relationship between business performance and risk management is described below:

I. Connection to business performance: Variable compensation is closely linked to the Company’s overall business results and individual performance. Performance indicators include financial indicators (such as revenue and profit) and non-financial indicators (such as strategy execution, internal control system, and ESG implementation) to ensure that compensation reflects business results.

II. Risk adjustment mechanism: The remuneration system incorporates risk considerations to prevent managers from taking excessive risks in pursuit of short-term performance. Some bonuses may be adjusted or deferred based on the results of risk assessment when necessary.

III. Long-term incentive measures align the interests of managers with the Company's long-term development and shareholder value, reduce the risks of making short-term decisions, and maintaining a high degree of connection with the Company's long-term business objectives.

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, and accounting. They have a wide range of experience as world-class business leaders or professionals. We rely on them for their wealth of knowledge, personal insights, 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 2025, the average attendance rate of directors in board meetings was 99%. The attendance rates of members of the Audit Committee and Remuneration Committee were 96% and 100%, respectively.

Chairman Alexander M.T. Su convened a total of seven (A) meetings of the Board of Directors in 2025 and the attendance was as follows:

Title	Name	Attendance (Voting and Non-Voting) in Person (B)	Attendance by Proxy	Attendance in Person (%) [B/A]	Note
Chairman	Alexander M.T. Su	7	0	100%	
Director	Representative of Han De Investment Co., Ltd.: Alexander M.T. Su	7	0	100%	
Director	Representative of Trickle Co., Ltd.: Tian-Cheng Chang	7	0	100%	
Director	Ming-Shan Jheng	7	0	100%	
Director	Fisher C.H. Yu	7	0	100%	
Director	Johnathon Y.J. Su	7	0	100%	
Director	Shih-Yang Chen	7	0	100%	
Independent Directors	Winston Won	7	0	100%	
Independent Directors	Po-Young Chu	7	0	100%	
Independent Directors	Paul T.Y. Huang	6	1	86%	
Independent Directors	Wei-Tsung Liu	7	0	100%	

Other details that need to be recorded in meeting minutes:

I If any of the following circumstances occurs in operations of the Board of Directors, specify the date, period, content of the motions, the opinions of all independent directors, and the Company's handling of independent directors' opinions:

(I) Matters listed in Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee and is not subject to Article 14-3 of the Securities and Exchange Act pursuant to Article 14-5 of the same Act. Please refer to "Operations of the Audit Committee 3. Other disclosures" on pages 40 to 41 of this annual report for related data.

(II) In addition to the aforementioned matters, other board meeting resolutions with independent directors' dissenting and unqualified opinions in records or written statements: None.

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

III 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.

IV Goals for enhancing Board functions in the current year and most recent year and evaluation of implementation status:

- 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, 2025 to December 31, 2025
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	The Company's 2025 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 40 items with the overall score: Percentile rank of 97.1%. The chairman commented that "the entire board of directors has diligently supervised the Company's business management and strategy execution, enabling the Company to continue to grow and profit despite the industry downturn." The Company's 2025 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 22 items with the overall score: Percentile rank of 97.3%.

(II) Operations of the Audit Committee

The chair of the Audit Committee Winston Won convened a total of 9 meetings between January 1, 2025 and March 31, 2026. 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 9 (A) meetings between January 1, 2025 and March 31, 2026, and the attendance was as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance in Person (%) (B/A)	Note
Independent Directors	Winston Won	9	0	100%	None
Independent Directors	Po-Young Chu	9	0	100%	None
Independent Directors	Paul T.Y. Huang	8	1	89%	None
Independent Directors	Wei-Tsung Liu	9	0	100%	None

2. Operations of the Audit Committee

Date of Meeting (Term and Session)	Important agenda content	Resolutions of the Audit Committee	Response of the Company to the independent director opinion(s)
February 25, 2025 (10th meeting of the 3rd term)	Approved the 2024 Q4 audit and audit follow-up report. Approved the Company's 2024 "Internal Control Effectiveness Evaluation" and "Statement on Internal Control." Approved the Company's business plan for 2025. Approved the Company's derivative financial product contract performance report for November 25, 2024 to February 14, 2025. Approved the proposal to discuss if the Company's accounts receivables that meet the criteria and other loans constitute lending to others. Approved the Company's 2024 business report, consolidated financial statements, and standalone financial statements. Approved the Company's 2024 earnings	Passed with the approval of all members of the Audit Committee in attendance	Submitted to the Board of Directors and approved by all directors in attendance

Date of Meeting (Term and Session)	Important agenda content	Resolutions of the Audit Committee	Response of the Company to the independent director opinion(s)
	distribution proposal. Approved the Company's appointment of the CPAs for 2025 and the resolution on their remuneration.		
May 6, 2025 (11th meeting of the 3rd-term)	Approved the 2025 Q1 audit and audit follow-up report. Approved the Company's derivative financial product contract performance report for February 15, 2025 to April 27, 2025. Approved the proposal to discuss if the Company's accounts receivables that meet the criteria and other loans constitute lending to others. Approved the 2025 Q1 consolidated financial statements.	Passed with the approval of all members of the Audit Committee in attendance	Submitted to the Board of Directors and approved by all directors in attendance
August 5, 2025 (12th meeting of the 3rd-term)	Approved the 2025 Q2 audit and audit follow-up report. Approved the Company's derivative financial product contract performance report for April 26, 2025 to July 25, 2025. Approved the proposal to discuss if the Company's accounts receivables that meet the criteria and other loans constitute lending to others. Approved the 2025 Q2 consolidated financial statements. Approved the Company's 2024 Sustainability Report. Approved the proposal for the Company to apply for a credit facility from a financial institution to distribute cash dividends.	Passed with the approval of all members of the Audit Committee in attendance	Submitted to the Board of Directors and approved by all directors in attendance
September 2, 2025 (13th meeting of the 3rd-term)	Approved the proposal to establish the "Chiayi Lucao Factory" to manufacture steel structures for buildings and bridges. Approved the proposal to register the lease of industrial land (I) in Machouhou Industrial Park, Chiayi County (satellite park for the semiconductor supply chain) with Chiayi County Government.	Passed with the approval of all members of the Audit Committee in attendance	Submitted to the Board of Directors and approved by all directors in attendance
November 4, 2025 (14th meeting of the 3rd-term)	Approved the 2025 Q3 audit and audit follow-up report. Approved the Company's derivative financial product contract performance report for July 26, 2025 to October 24, 2025.	Passed with the approval of all members of the Audit Committee in attendance	Submitted to the Board of Directors and approved by all directors in attendance

Date of Meeting (Term and Session)	Important agenda content	Resolutions of the Audit Committee	Response of the Company to the independent director opinion(s)
	Approved the proposal to discuss if the Company's accounts receivables that meet the criteria and other loans in 2025 Q3 constitute lending to others. Approved the Company's 2025 Q3 consolidated financial statements. Approved the renewal of liability insurance for the Company's directors, supervisors, and important corporate officers in 2026.		
December 16, 2025 (15th meeting of the 3rd-term)	Approved the Company's derivative financial product contract performance report for October 25, 2025 to December 5, 2025. Approved the proposal for the Company's pre-approval of the list of non-assurance services in 2026. Approved the proposal for the Company to apply for a credit facility from a financial institution in 2026. Approved the Company's internal audit operations and inspection plans for 2026. Approved the proposal to amend the Company's "Duties Division Table of the Board of Directors and Managers" (formerly named the "Duties Division Table of the Board of Directors, Chairman, and General Manager") and the "Authorization of Approval Table of the Board of Directors and Management." Approved the amendment to the Company's internal control system "Payroll Cycle - Definition of Entry-level Employees and Periodic Assessments." Approved the proposal for the Company to donate to the Hsin Kuang Steel Tian-Cheng Charity Foundation in 2026. Ratified the Company's increase of shareholding to obtain controlling interest and make "Hsin Wei Solar Co., Ltd." a subsidiary. Approved the proposal for the Company to participate in the cash capital increase of SunnyRich Multifunction Solar Power Co., Ltd.	Passed with the approval of all members of the Audit Committee in attendance	Submitted to the Board of Directors and approved by all directors in attendance

Date of Meeting (Term and Session)	Important agenda content	Resolutions of the Audit Committee	Response of the Company to the independent director opinion(s)
January 27, 2026 (16th meeting of the 3rd-term)	Approved the Company's 2025 Q4 audit report and audit follow-up report. Approved the Company's derivative financial product contract performance report for December 06, 2025 to January 16, 2026. Approved the amendment to the Company's "Procedures for the Acquisition or Disposal of Assets."	Passed with the approval of all members of the Audit Committee in attendance	Submitted to the Board of Directors and approved by all directors in attendance
February 24, 2026 (17th meeting of the 3rd-term)	Please decide whether to approve the Company's derivative financial product contract performance report for January 17 to February 12, 2026. Please decide whether the Company's accounts receivables that meet the criteria and other loans constitute lending to others. Approved the Company's 2025 business report and financial statements. Approved the Company's 2025 earnings distribution proposal. Approved the Company's business plan for 2026. Approved the proposal to evaluate the independence and competence of the Company's accountants in 2026 and the payment of audit fees for the 2026 financial statements.	Passed with the approval of all members of the Audit Committee in attendance	Submitted to the Board of Directors and approved by all directors in attendance
March 10, 2026 (18th meeting of the 3rd-term)	Approved the Company's 2025 "Internal Control Effectiveness Evaluation" and "Statement on Internal Control."	Passed with the approval of all members of the Audit Committee in attendance	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 Meeting (Term and Session)	Agenda	Dissenting opinion, qualified opinion, or major recommendations from independent directors	Resolutions of the Audit Committee	The Company's handling of Audit Committee members' opinions
February 25, 2025 (10th meeting of the 3rd-term Audit Committee)	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.	None	Passed with the approval of all members of the Audit Committee in attendance	Submitted to the Company's Board of Directors and passed as proposed after the chairman inquired all directors in attendance.
August 5, 2025 (12th meeting of the 3rd-term Audit Committee)	Approved the 2025 Q2 consolidated financial statements. Approved the Company's 2024 Sustainability Report.	None	Passed with the approval of all members of the Audit Committee in attendance	Submitted to the Company's Board of Directors and passed as proposed after the chairman inquired all directors in attendance.
September 2, 2025 (13th meeting of the 3rd-term Audit Committee)	Approved the proposal to establish the "Chiayi Lucao Factory" to manufacture steel structures for buildings and bridges. Approved the proposal to register the lease of industrial land (I) in Machouhou Industrial Park, Chiayi County (satellite park for the semiconductor supply chain) with Chiayi County Government.	None	Passed with the approval of all members of the Audit Committee in attendance	Submitted to the Company's Board of Directors and passed as proposed after the chairman inquired all

					directors in attendance.
	November 4, 2025 (14th meeting of the 3rd-term Audit Committee)	Approved the renewal of liability insurance for the Company's directors, supervisors, and important corporate officers in 2026.	None	Passed with the approval of all members of the Audit Committee in attendance	Submitted to the Company's Board of Directors and passed as proposed after the chairman inquired all directors in attendance.
	December 16, 2025 (15th meeting of the 3rd-term Audit Committee)	Approved the proposal to amend the Company's "Duties Division Table of the Board of Directors and Managers" (formerly named the "Duties Division Table of the Board of Directors, Chairman, and General Manager") and the "Authorization of Approval Table of the Board of Directors and Management." Approved the amendment to the Company's internal control system "Payroll Cycle - Definition of Entry-level Employees and Periodic Assessments." Approved the proposal for the Company to donate to the Hsin Kuang Steel Tian-Cheng Charity Foundation in 2026. Ratified the Company's increase of shareholding to obtain controlling interest and make "Hsin Wei Solar Co., Ltd." a subsidiary. Approved the proposal for the Company to participate in the cash capital increase of SunnyRich Multifunction Solar Power Co., Ltd.	None	Passed with the approval of all members of the Audit Committee in attendance	Submitted to the Company's Board of Directors and passed as proposed after the chairman inquired all directors in attendance.
	January 27, 2026 (16th meeting of the 3rd-term Audit Committee)	Approved the amendment to the Company's "Procedures for the Acquisition or Disposal of Assets."	None	Passed with the approval of all members of the Audit Committee in attendance	Submitted to the Company's Board of Directors and passed as proposed after the chairman inquired all directors in attendance.

February 24, 2026 (17th meeting of the 3rd-term Audit Committee)	Approved the Company's 2025 business report and financial statements. Approved the Company's 2025 earnings distribution proposal. Approved the proposal to evaluate the independence and competence of the Company's accountants in 2026 and the payment of audit fees for the 2026 financial statements.	None	Passed with the approval of all members of the Audit Committee in attendance	Submitted to the Company's Board of Directors and passed as proposed after the chairman inquired all directors in attendance.
March 10, 2026 (18th meeting of the 3rd-term Audit Committee)	Approved the Company's 2025 "Internal Control Effectiveness Evaluation" and "Statement on Internal Control."	None	Passed with the approval of all members of the Audit Committee in attendance	Submitted to the Company's Board of Directors and passed as proposed after the chairman inquired all directors in attendance.
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 2025. The Company's Audit Committee and the chief internal auditor have maintained good communications.

Interactions between the Company's independent directors and chief internal auditor are as follows:

Date of Meeting (Term and Session)	Content	Results	Recommendation from independent directors
February 25, 2025 (10th meeting of the 3rd-term Audit Committee)	I Internal Audit Implementation Report. II Proposal to prepare the Company's 2024 Statement of Internal Control System. III Discussion on the evaluation of the accountants' independence and competence in 2025.	Approved by the Audit Committee and submitted to the Board of Directors for approval	No opinion
May 6, 2025 (11th meeting of the 3rd-term Audit Committee)	Internal Audit Implementation Report.	Approved by the Audit Committee and submitted to the Board of Directors for approval	No opinion
August 5, 2025 (12th meeting of the 3rd-term Audit Committee)	Internal Audit Implementation Report.	Approved by the Audit Committee and submitted to the Board of Directors for approval	No opinion
November 4, 2025 (14th meeting of the 3rd-term Audit Committee)	Internal Audit Implementation Report.	Approved by the Audit Committee and submitted to the Board of Directors for approval	No opinion
December 16, 2025 (15th meeting of the 3rd-term Audit Committee)	2026 audit plan.	Approved by the Audit Committee and submitted to the Board of Directors for approval	No opinion

(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 2025. The Company's Audit Committee and CPAs have maintained good communications.

Interactions between the Company's independent directors and accountants are as follows:

Date of Meeting (Term and Session)	Main Points of Communication	Results
February 25, 2025 (10th meeting of the 3rd-term Audit Committee)	I Basis for communication between the accountants and governing bodies. II Report on conclusions of the audit of the 2024 financial statements (I) Key Audit Matters (II) Material misrepresentations that were and were not corrected (III) Summary of the conclusions of the audit of financial statements (including the type and content of the audit report, and conclusions of the audit of internal controls) (IV) Explanation of significant accounting matters (V) Matters requiring communication (including	No recommendations

		operating revenue, net profit for the period, other comprehensive income for the period, and explanations and analysis of differences in net value) III Significant accounting estimates and subsequent events IV Changes in important laws and financial accounting standards V Audit Quality Indicators (AQI) Report from the Accounting Firm VI Independent directors did not express any opinions on the meeting	
	May 6, 2025 (11th meeting of the 3rd-term Audit Committee)	I Basis for communication between the accountants and governing bodies. II Report on conclusions of the review of the 2025 Q1 financial statements (I) Material misrepresentations that were and were not corrected (II) Expected type of audit report to be issued and its content (III) Matters requiring communication (including operating revenue, net profit for the period, other comprehensive income for the period, and explanations and analysis of differences in net value) III Significant accounting estimates and subsequent events IV Changes in important laws and financial accounting standards V Independent directors did not express any opinions on the meeting	No recommendations
	August 5, 2025 (12th meeting of the 3rd-term Audit Committee)	I Basis for communication between the accountants and governing bodies. II Report on conclusions of the review of the 2025 Q2 financial statements (I) Material misrepresentations that were and were not corrected (II) Expected type of audit report to be issued and its content (III) Matters requiring communication (including operating revenue, net profit for the period, other comprehensive income for the period, and explanations and analysis of differences in net value) III Significant accounting estimates and subsequent events IV Changes in important laws and financial accounting standards V Independent directors did not express any opinions on the meeting	No recommendations
	November 4, 2025 (14th meeting of the 3rd-term Audit Committee)	I Basis for communication between the accountants and governing bodies. II Report on conclusions of the review of the 2025 Q3 financial statements (I) Material misrepresentations that were and were not corrected (II) Expected type of audit report to be issued and its content (III) Matters requiring communication (including operating revenue, net profit for the period,	No recommendations

		other comprehensive income for the period, and explanations and analysis of differences in net value) III Significant accounting estimates and subsequent events IV Changes in important laws and financial accounting standards V Independent directors did not express any opinions on the meeting	
	December 16, 2025 (15th meeting of the 3rd-term Audit Committee)	I Basis for communication between the accountants and governing bodies. II Scope, strategies, and plans for auditing the 2025 financial statements (I) Responsibilities of the Corporate Governance Unit (II) The expected scope, method (including standalone and group audit), and schedule of the audit this year (III) Significant accounting policies, accounting estimates, and material events or transactions (IV) Analysis of significant risks and key audit matters (V) Matter for communication (VI) Service team III Audit Quality Indicators (AQI) Report from the Accounting Firm IV Changes in important laws and financial accounting standards V Independent directors did not express any opinions on the meeting	No recommendations
	February 24, 2026 (17th meeting of the 3rd-term Audit Committee)	I Basis for communication between the accountants and governing bodies. II Report on conclusions of the audit of the 2025 financial statements (I) Key Audit Matters (II) Material misrepresentations that were and were not corrected (III) Summary of the conclusions of the audit of financial statements (including the type and content of the audit report, and conclusions of the audit of internal controls) (IV) Explanation of significant accounting matters (V) Matters requiring communication (including operating revenue, net profit for the period, other comprehensive income for the period, and explanations and analysis of differences in net value) (VI) Significant accounting estimates and subsequent events (VII) Changes in important laws and financial accounting standards III Audit Quality Indicators (AQI) Report from the Accounting Firm IV IFRS Sustainable Disclosure Guidelines Project Timeline V Independent directors did not express any opinions on the meeting	No recommendations

(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	Summary	
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.	No deviation
II. Shareholding structure & shareholders' rights (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.	No deviation
(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.	No deviation
(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 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	No deviation

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			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 2025 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 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").	No deviation

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
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?	✓		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&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. 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 director is between the ages of 31 and 50 and 9 directors are all 51 years old and above. Independence: 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. Specific diversity goals:	No deviation

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			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. 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. 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	

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			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 six dimensions required by the Board of Directors as a whole to achieve corporate governance goals, the Board of Directors active participates in company operations, fulfills its responsibility to provide guidance and oversee the Company's strategies, major businesses, and risk management, established an appropriate internal control system, and provides guidance for the Company's sustainability (ESG) strategies. The Board of Directors received an "Excellent" rating in 40 items, and its overall rating: Percentile rank of 97.1%. 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	

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			and oversee legal, accounting, or other consultants to fulfill its mandate. The Audit Committee Charter is available on the Company's corporate website. 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 2024 and 2025. 9. The Company's Board of Directors convened 7 meetings in 2025 with 98.6% attendance, and the 16th-term Board of Directors (from August 6, 2023 to August 5, 2026) convened 18 meetings as of March 31, 2026 with 98% attendance.	
(II) In addition to the Remuneration Committee and the Audit Committee established according to law, has the Company voluntarily established other functional committees?	✓		The Company has established an Audit Committee and Remuneration Committee in accordance with the law. The performance evaluation criteria of the Audit Committee and the Remuneration Committee cover five dimensions. Overall operations of the committees are sound and compliant with regulations related to corporate governance. Each committee is able to fulfill its responsibilities, fully serve its functions, and effectively strengthen oversight and decision-making by the Board of Directors. The Audit Committee received an "Excellent" rating in 17 items and the Remuneration Committee received an "Excellent" rating in 12 items. The overall score of the Audit Committee and Remuneration Committee was 97.8% and 99.2%.	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 the basis for the salary, remuneration, nomination	✓		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 Directors meetings every quarter. In addition to approval of various proposals, the Board also discusses with the	No deviation

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
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and reappointment of individual Directors?			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 for numerous years, and winning the TCSA Taiwan Corporate Sustainability Report Awards - Traditional Manufacturing - Gold Award this year, are a testament to the excellent performance of the Company's Board of Directors. The Company's 2025 Board of Directors, board member, and functional committee performance evaluations were reported during the 17th meeting of the 16th-term Board of Directors on January 27, 2026. The Board of Directors were assessed on the following six aspects in 2025: (1) Participation in the operation of the Company (2) Improvement of the quality of the Board of Directors' decision making (3) Composition and structure of the Board of Directors (4) Election and continuing education of the Directors (5) Internal control (6) Participation in ESG The Company's board member (self or peer) evaluations in 2025 cover the following six aspects: (1) Familiarity with the goals and missions of the company (2) Awareness of the duties of a Director (3) Participation in the operation of the Company (4) Management of internal relationship and communication (5) The director's professionalism and continuing education (6) Internal control The Company's 2025 board performance evaluation results are as follows: (1). The average score in the Board of Directors performance self-evaluation was 97.1%. (2). The average score in the board member performance self-evaluation was 97.3%. 2.The functional committees are assessed on the following five aspects in 2025:	

<table>
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<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>(1) Participation in the operation of the Company
(2) Understanding of the committee's duties
(3) Improvement of committee decision-making quality
(4) Composition of committee and member selection
(5) Internal control
The Company has completed functional committee internal performance evaluations and reported results to the Board of Directors on January 27, 2026. Please refer to the Company's official website for details.</td><td></td></tr>
<tr><td>(IV) Does the Company periodically evaluate CPA independence?</td><td>✓</td><td></td><td>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 2026 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 FY25 (June 1, 2024 to May 31, 2025). The accountants issued a "Statement of Independence," which was reviewed by the Audit Committee on February 24, 2026 and then submitted to the Board of Directors on March 10, 2026 for approval. The evaluation of the accountants' independence and competence is described below:
<table>
<tr><th>Evaluation Item</th><th>Evaluation results</th><th>Meet the independence criteria</th></tr>
<tr><td>1. Do the accountants have a material financial interest in the Company?</td><td>No</td><td>Yes</td></tr>
<tr><td>2. Do the accountants have any inappropriate relationship with the Company?</td><td>No</td><td>Yes</td></tr>
</table></td><td>No deviation</td></tr>
</table>

Evaluation Item	Implementation Status					Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary			
			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	

<table>
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<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td>8. Do the accountants operate other businesses that may cause them to lose their independence?</td><td>No</td><td>Yes</td></tr>
<tr><td>9. Do the accountants receive commission related to any business?</td><td>No</td><td>Yes</td></tr>
<tr><td>10. Do the accountants hold the Company's shares?</td><td>No</td><td>Yes</td></tr>
<tr><td>11. Do the accountants receive a fixed salary for handling routine work of the Company?</td><td>No</td><td>Yes</td></tr>
<tr><td>12. Do the accountants have any joint investments or profit sharing with the Company?</td><td>No</td><td>Yes</td></tr>
<tr><td>13. Do the accountants perform any managerial functions that involve the Company's decision making?</td><td>No</td><td>Yes</td></tr>
</table></td><td></td></tr>
<tr><td>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)?</td><td>✓</td><td></td><td>The Company's Board of Directors adopted a resolution on June 22, 2021 for Jessica P.H. Liu, Head of the Accounting Department, to serve as the corporate governance officer. She has 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 November 04, 2025, in</td><td>No deviation</td></tr>
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<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>which the implementation status of affairs by the corporate governance officer in 2025 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 between directors and managers.
(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.
(4). Assist in arranging continuing education courses for directors each year based on the Company's industry characteristics and directors' needs.
2. Assist the compliance of proceedings and resolutions of functional committee meetings, board meetings and shareholders' meetings:
(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.
(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.
(3). Responsible for reviewing material</td><td></td></tr>
</table>

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			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. (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. (5). The Company periodically evaluates the performance of the Board of Directors and individual directors according to the "Board of Directors and Functional Committee Performance Evaluation Policy" to implementing corporate governance. (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. 3. Evaluate and purchase appropriate liability insurance for directors, supervisors, and key staff members each year, and report it to the Board of Directors. 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. 5. Continuing Education Training of Corporate Governance Officer in 2025 shall include the following: (1). The "Workshop on Sustainability Disclosure Practices of Public	

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			Companies" held by the Securities & Futures Institute (9 hours). (2). The "Trend toward net-zero emissions, industrial transformation and opportunities, and the development of Taiwan's carbon credit trading market" held by the Industrial Technology Research Institute (2 hours). (3). "From Operational Compliance to Reputation Maintenance: Preparation and Challenges of Enterprises Facing the Trend of Sustainability" held by Taiwan Corporate Governance Association (3 hours). (4). The "2025 Seminar on Prevention of Insider Trading" held by the Securities & Futures Institute (3 hours). (5). "Global Economic Situation and Outlook" held by Taiwan Corporate Governance Association (3 hours). (6). The "2025 Cathay Sustainable Finance and Climate Change Summit" organized by TWSE (6 hours). (7). The "2025 Summit on Strengthening Taiwan's Capital Market" organized by TWSE (3 hours). (8). "Analysis of CDP Issues Corresponding to IFRS S2" course offered by TWSE (6 hours). (9). "Analysis Report on CDP Issues Corresponding to IFRS S2" organized by TWSE (3 hours). (10). The "TWSE Plan to Increase the Value of Companies: Connecting Shareholder Value with ESG" Organized by Taiwan Corporate Governance Association (2 hours). (11). The "2025 Seminar on Prevention of Insider Trading" held by the Securities & Futures Institute (6 hours).	

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
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			(12). The "Net Zero Transformation Seminar – Steel Industry" organized by the FSC (2 hours).	
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?	✓		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 development blueprint. Based on industry characteristics, the Company referenced the GRI Standards, SASB, DJSI, and international standard AA1000 stakeholder engagement principles to identify and prioritize relationships with stakeholders. 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. 3. The Company website has a "Corporate Governance – Important Internal Regulations" section for investors to inquire and download corporate governance related regulations.	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 website to disclose information regarding the company's financial, business and corporate governance status?	✓		The Company has Chinese and English versions of the Investor Section on the company website (https://www.hksteel.com.tw), which discloses the Company's latest situation, financial information, and shareholders' meeting data for investors to reference. The Company readily discloses related information on the Market Observation Post System (https://mops.twse.com.tw).	No deviation
(II) Has the Company adopted other information disclosure methods (such as establishing English websites, assign dedicated personnel to collect and	✓		The Company constructed a Chinese version website (https://www.hksteel.com.tw), 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	No deviation

<table>
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<tr><td>disclose company data, implement the spokesperson system, upload the investor conference processes to the company's website, etc.)?</td><td></td><td></td><td>disclosures on the company website, and provides the process of investor conferences on the company website.</td><td></td></tr>
<tr><td>(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?</td><td>✓</td><td></td><td>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 2025 financial statements on March 10, 2026). 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 (https://mops.twse.com.tw) for the disclosure of the aforementioned information..</td><td>No deviation</td></tr>
<tr><td>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 policies and risk evaluation standards, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?</td><td>✓</td><td></td><td>The Company readily discloses related information on its website (https://www.hksteel.com.tw) and the Market Observation Post System (https://mops.twse.com.tw).
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 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 152 to 155).
The Company's employees can report any difficulties they encounter in the workplace, such as 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</td><td>No deviation</td></tr>
</table>

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			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. 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. 2. Investor relations: 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. The Company values the opinions of various stakeholders and uses visits, 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. 3. Supplier relations: The Company held a supplier conference on September 26, 2025 under the theme "Sustainability of Steel, Connection with the Future of Ecology," and focused on sustainable development strategies and future trends. The Company adopted five principles for the sustainable development strategy of Hsin Kuang Steel's supply chain: common growth, resource	

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			sharing, regular communication, collaboration, and phased implementation. At the supplier conference, awards were presented to four key suppliers of Hsin Kuang Steel to recognize their outstanding contributions to sustainability. Tzu-Ming Liu, President of Inter-Tech Metalworks, shared that the company was invited to participate in the supplier conference of Hsin Kuang Steel, and was inspired to take action on its carbon reduction and transition strategy. The company obtained both ISO14064-1 and ISO14067 certifications in 2025, which enhanced the company's brand image and competitiveness. Chih-Kai Chang, Assistant Vice President of E.SUN Bank, gave a presentation titled "From International Trends to Sustainable Finance," which provided an in-depth analysis of the development of ESG in a global context and its progress in the practices adopted in Taiwan. He also introduced how financial institutions can integrate expert resources and government support to provide one-stop sustainable financial services, and thereby help businesses reduce transition costs. Hsiao-Li Lu, Vice President of Deloitte, gave a presentation titled "Corporate Net-Zero Emission Strategies," and explored strategies for the steel industry to respond to the carbon fee system, gradually working towards the goal of net-zero emission by compiling carbon inventory to taking carbon reduction actions. Furthermore, we signed 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. 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.	

<table>
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<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>4. Stakeholders' rights:
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.
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 73 to 113).
5. Continuing education of Directors:
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 69 to 72).
6. Implementation of risk management policies and risk assessment standards:
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 163 to 179).
7. Implementation status of customer policies:
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.
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.
8. Purchasing liability insurance for Directors and managers:
The Company's Board of Directors adopted a</td><td></td></tr>
</table>

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			resolution on November 4, 2025 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.	
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.	✓		The Company's 2025 "Corporate Governance Evaluation" results were acceptable. The Company's 2025 Corporate Governance Evaluation results, improvements already made and improvements yet to be made by the Company for indicators in the 12th Corporate Governance Evaluation are described below.	No deviation

Improvements already made by the Company for indicators of the 12th Corporate Governance Evaluation:

Item No.	Indicator Item	Improvement
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).
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).
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 has disclosed details in the annual report, official website, and sustainability report.

Priorities among improvements to be made in indicators of the 12th Corporate Governance Evaluation:

Item No.	Indicator Item	Improvement
1.1	Does the company report the remuneration received by directors at annual shareholders' meetings, including the remuneration policy and content and amount of individual remuneration?	The Company will conduct an internal evaluation.
3.16	Does the Company's Chinese and English website disclose information on major shareholders, financial position, business performance, and corporate governance?	The Company will conduct an internal evaluation.
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 will conduct an internal evaluation.
4.2	Has the company established dedicated (concurrent) ethical corporate management unit responsible for formulating and supervising the implementation of	The Company will conduct an internal evaluation.

	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?	
4.26	Has the company formulated a greenhouse gas reduction management policy, including reduction targets, implementation measures, and target achievement?	The Company will conduct an internal evaluation.
4.27	Does the company disclose Scope 3 and annual greenhouse gas emissions in the past year?	The Company will conduct an internal evaluation.
4.29	Has the company implemented internal carbon pricing to estimate the impact of climate change on the company's financial position and business performance?	The Company will conduct an internal evaluation.
4.33	Has the company established consumer protection or consumer rights policies and complaint channels for issues with its products and services relating to customer health and safety, marketing, and labeling?	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, 2026

Identity (Qualifications / 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	The Company's Remuneration Committee is composed of all independent directors. For members' professional	1
Independent Directors	Po-Young Chu			3
Independent Directors	Paul T.Y. Huang			0

Identity \ Qualifications \ Name		Professional Qualification and Experience	Independence Status	Number of other public companies where he/she is a member of the remuneration committee
Independent Directors	Wei-Tsung Liu	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 10 to 15).	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 10 to 15).	0

Operations of the Remuneration Committee

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

II. 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 7 meetings between January 1, 2025 and March 31, 2026. 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	7	0	100%	None
Committee Member	Po-Young Chu	7	0	100%	None
Committee Member	Paul T.Y. Huang	7	0	100%	None
Committee Member	Wei-Tsung Liu	7	0	100%	None

Operations of the Remuneration Committee

Date of Meeting	Important agenda content	Resolution of the Remuneration Committee	The Company's handling of the Remuneration Committee's opinions
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.	Passed with the approval of all Remuneration Committee	Submitted to the Company's Board of Directors, except for directors who recused

Date of Meeting	Important agenda content	Resolution of the Remuneration Committee	The Company's handling of the Remuneration Committee's opinions
	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.	members in attendance	themselves due to a conflict of interest, the proposal was unanimously passed as proposed.
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.	Passed with the approval of all Remuneration Committee members in attendance	Submitted to the Company's Board of Directors, except for directors who recused themselves due to a conflict of interest, the proposal was unanimously passed as proposed.
August 5, 2025 (9th meeting of the 5th-term)	Approved the distribution of 2024 directors' remuneration. Approved the distribution of 2024 employee bonuses for managers. Approved the promotion of the Company's personnel.	Passed with the approval of all Remuneration Committee members in attendance	Submitted to the Company's Board of Directors, except for directors who recused themselves due to a conflict of interest, the proposal was unanimously passed as proposed.
September 2, 2025 (10th meeting of the 5th-term)	Approved the retirement of the Company's department manager.	Passed with the approval of all Remuneration Committee members in attendance	Submitted to the Company's Board of Directors, except for directors who recused themselves due to a conflict of interest, the proposal was unanimously passed as proposed.
December 16, 2025 (11th meeting of the 5th-term)	Approved the proposal to adjust the monthly compensation for the Company's chairman. Approved the proposal to adjust the salaries of the Company's managers.	Passed with the approval of all Remuneration Committee members in attendance	Submitted to the Company's Board of Directors, except for directors who recused themselves due to a conflict of interest, the proposal was unanimously passed as proposed.
January 27, 2026 (12th meeting of the 5th-term)	Approved the Company's 2025 board and functional committee performance evaluation report. Approved the allocation of NT$10 million from the employee bonus reserve as year-end bonuses in 2025. Approved the proposed distribution	Passed with the approval of all Remuneration Committee members in attendance	Submitted to the Company's Board of Directors, except for directors who recused themselves due to a conflict of interest, the proposal was unanimously passed as

Date of Meeting	Important agenda content	Resolution of the Remuneration Committee	The Company's handling of the Remuneration Committee's opinions
	of the Company's 2025 year-end bonuses to the chairman (and directors). Approved the proposed distribution of the Company's 2025 year-end bonuses to managers.		proposed.
February 24, 2026 (13th meeting of the 5th-term)	Approved the Company's total directors' remuneration and employee bonuses (including entry-level employees) for 2025. Approved the implementation report on the Company's remuneration to directors and managers in 2025. ApprovedProposal to draft the Company's remuneration policy for directors and managers in 2026.	Passed with the approval of all Remuneration Committee members in attendance	Submitted to the Company's Board of Directors, except for directors who recused themselves due to a conflict of interest, the proposal was unanimously passed as proposed.
Other details that need to be recorded in meeting minutes: 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. 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.			

(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 2025 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	From Operational Compliance to Reputation Maintenance: Preparation and Challenges of	2025/05/06	9	Yes

Title	Name	Organizer	Course	Course Date	Course Duration	Does continuing education comply with regulations?
			Enterprises Facing the Trend of Sustainability			
		Taiwan Corporate Governance Association	Legal Matters the Board of Directors Must Understand when Supervising Companies: Be Careful Not to Cross the Line of Concerted Action	2025/05/09		
		Taiwan Corporate Governance Association	Global Economic Situation and Outlook	2025/06/13		
Director	Tian-Cheng Chang	Taiwan Corporate Governance Association	From Operational Compliance to Reputation Maintenance: Preparation and Challenges of Enterprises Facing the Trend of Sustainability	2025/05/06	6	Yes
		Taiwan Corporate Governance Association	Global Economic Situation and Outlook	2025/06/13		
Director	Ming-Shan Jheng	Taiwan Corporate Governance Association	From Operational Compliance to Reputation Maintenance: Preparation and Challenges of Enterprises Facing the Trend of Sustainability	2025/05/06	6	Yes
		Taiwan Corporate Governance Association	Global Economic Situation and Outlook	2025/06/13		
Director	Fisher C.H. Yu	Taiwan Corporate Governance Association	From Operational Compliance to Reputation Maintenance: Preparation and Challenges of Enterprises Facing the Trend of Sustainability	2025/05/06	6	Yes
		Taiwan Corporate Governance Association	Global Economic Situation and Outlook	2025/06/13		
Director	Johnathon Y.J. Su	Taiwan Corporate Governance Association	From Operational Compliance to Reputation Maintenance: Preparation and Challenges of Enterprises Facing the Trend of Sustainability	2025/05/06	6	Yes
		Taiwan Corporate Governance Association	Global Economic Situation and Outlook	2025/06/13		

Title	Name	Organizer	Course	Course Date	Course Duration	Does continuing education comply with regulations?
Director	Shih-Yang Chen	Taiwan Corporate Governance Association	From Operational Compliance to Reputation Maintenance: Preparation and Challenges of Enterprises Facing the Trend of Sustainability	2025/05/06	6	Yes
		Taiwan Corporate Governance Association	Global Economic Situation and Outlook	2025/06/13		
Independent Directors	Winston Won	Taiwan Corporate Governance Association	From Operational Compliance to Reputation Maintenance: Preparation and Challenges of Enterprises Facing the Trend of Sustainability	2025/05/06	6	Yes
		Taiwan Corporate Governance Association	Global Economic Situation and Outlook	2025/06/13		
Independent Directors	Po-Young Chu	Taiwan Corporate Governance Association	From Operational Compliance to Reputation Maintenance: Preparation and Challenges of Enterprises Facing the Trend of Sustainability	2025/05/06	12	Yes
		Taiwan Corporate Governance Association	Global Economic Situation and Outlook	2025/06/13		
		Taiwan Corporate Governance Association	Trump 2.0: Corporate Response Strategies for Global Tax Reform and Supply Chain Restructuring	2025/08/12		
		Taiwan Corporate Governance Association	Technology and Trends - The Development of AI and its Impact on Business	2025/11/12		
Independent Directors	Paul T.Y. Huang	Taiwan Corporate Governance Association	From Operational Compliance to Reputation Maintenance: Preparation and Challenges of Enterprises Facing the Trend of Sustainability	2025/05/06	6	Yes
		Taiwan Corporate Governance Association	Global Economic Situation and Outlook	2025/06/13		
Independent Directors	Wei-Tsung Liu	Taiwan Corporate Governance Association	From Operational Compliance to Reputation Maintenance: Preparation and Challenges of Enterprises Facing the Trend of Sustainability	2025/05/06	6	Yes

Title	Name	Organizer	Course	Course Date	Course Duration	Does continuing education comply with regulations?
		Taiwan Corporate Governance Association	Global Economic Situation and Outlook	2025/06/13		

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	2025/3/20	Securities & Futures Institute	Workshop on Sustainability Disclosure Practices of Public Companies	9
	2025/4/17	Industrial Technology Research Institute	The trend toward net-zero emissions, industrial transformation and opportunities, and the development of Taiwan's carbon credit trading market	2
	2025/5/6	Taiwan Corporate Governance Association	From Operational Compliance to Reputation Maintenance: Preparation and Challenges of Enterprises Facing the Trend of Sustainability	3
	2025/5/16	Securities & Futures Institute	2025 Insider Trading Prevention Seminar	3
	2025/6/13	Taiwan Corporate Governance Association	Global Economic Situation and Outlook	3
	2025/7/9	Taiwan Stock Exchange Corporation	2025 Cathay Sustainable Finance and Climate Change Summit Forum	6
	2025/7/31	Taiwan Stock Exchange Corporation	2025 Summit on Strengthening Taiwan's Capital Market	3
	2025/8/11	Taiwan Stock Exchange Corporation	Course on the "Analysis of CDP Issues Corresponding to IFRS S2"	6
	2025/8/29	Taiwan Stock Exchange Corporation	Analysis Report on CDP Issues Corresponding to IFRS S2	3
	2025/9/16	Taiwan Corporate Governance Association	The TWSE Plan to Increase the Value of Companies: Connecting Shareholder Value with ESG	2
	2025/10/3	Securities & Futures Institute	2025 Insider Trading Prevention Seminar	3
	2025/10/31	Securities & Futures Institute	2025 Insider Trading Prevention Seminar	3
	2025/11/20	Financial Supervisory Commission	Net Zero Transformation Seminar – Steel Industry	2
Total				48

(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 is committed to fulfilling its corporate social responsibilities, and exerts every effort in environmental protection, safety, and health management. The Company upholds the spirit for continuous improvement, promotes safety and health, strengthens resource utilization and pollution prevention, regulates environmental safety and health risks, establishes the cultural value of environmental safety and sanitation, and adopts strategies for building a green supply chain to fulfill its 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_2 emissions that cause global warming.

The Company upholds sustainable development ideals for environmental protection, clean energy, and space reuse. In 2025, 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 19.12 million kWh of electricity in 2025 and reduced 9,076 metric tons of CO_2 emissions which is equivalent to the CO_2 absorption of 23 Da'an Forest Parks. Over the years, we have produced 119.35 million kWh of electricity and reduced CO2 emissions by nearly 60,202 metric tons, which is equivalent to 156 times the amount of CO2 that can be absorbed by Da'an Forest Park.

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	36.7%	23.3%	23.5%	16.5%

The Company upholds the philosophy to give back what is taken from society, and has dedicated years of effort to community care, talent cultivation, and supporting the underprivileged by continuing to participate in charity actions that will make an impact. Hsin Kuang Steel Co., Ltd., Hsin Kuang Steel Tian-Cheng Charity Foundation, and New Taipei City Hui Jung Welfare and Charity Foundation collectively donated a total of NT$39.06 million to various charity projects in 2025, showing the synergies of companies integrating resources with foundations.

(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 One Song Orchestra's 2025 Crazy for Taiwan: Jimmy's Forest: A Musical Journey, giving listeners a fantastic musical journey of healing. 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, so that children's right to education will not be impacted by their financial difficulty and cause them to lose the opportunity to change their lives. 7. Established the scholarship for students with epilepsy. 8. Donated the scholarship for students of the Association for Victims Support Shilin Branch. 9. Donated NT$200,000 to Chin-Ai Music. 10. Donated funds for the Taitung County Hongye Elementary School baseball team's exchange tournament with Japan. 11. Sponsored the 11th Public Welfare Fun Science Experiment Demonstration Event to promote science education in primary and middle school for science education to take root. 12. Sponsored Philharmonic Radio Taipei Co., Ltd. to produce high-quality programs to let "Taiwan's voice be heard by the world!" 13. Sponsored the Chinese Taipei Shooting Association to send athletes to participate in the 16th Asian Shooting Championships in Kazakhstan in 2025. 14. Sponsored a concert co-organized by the "Taoyuan Enterprise Chamber" and the "Paradise Education Welfare Foundation Taoyuan." The event is a Pili musical performed by Pili heroes, such as Su Huan-Jen, together with singers. 15. Donated funds for the training and competition expenses of Hsinchu Longshan Elementary School's badminton team.

(II) Community care, giving back to communities: 1. Donated funds to the Chiayi County Government for disaster relief after the 728 rainstorm caused by the southwest monsoon. 2. Donated 70 sets of personal protective equipment to the Special Search and Rescue Corps, Fire Department, New Taipei City Government. 3. Provided work opportunities to residents of local institutions for persons with disabilities, utilizing their energy and value in life. 4. Sponsored the Fu Hsing Kang Alumni Association, ROC (Concert for the 80th Anniversary of the Victory in the War of Resistance). 5. Sponsored the 2025 "Paying Tribute on Armed Forces Day" Shimen Reservoir Road Running Carnival. 6. Donated to the public welfare action fund to stop burning rice straw organized by the INRAA. 7. Donated operating equipment to Chia-Yi Christian Hospital in phases to improve the quality of local healthcare services. 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. Sponsored the street mural beautification project at Qidu Police Station in Keelung. 11. Donated to the Meal Box of Love Project of Guanyin Village, Tainan to care for elderly and disadvantaged people in the community.

(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 Air Conditioner Replacement Project of Tainan Guanyin Village Elderly Retreat Center. 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, and also to provide assistance to families that have financial difficulties. 4. Sponsored World Vision Taiwan and the Mustard Seed Mission to assist disadvantaged students. 5. Donated eye-tracking equipment to Genesis Banqiao Branch to train vegetative patients to communicate with the outside world by controlling their eye movements. 6. Donated one ambulance to the Guanshan Branch of Taitung County Fire Department. 7. Donated mobile ultrasound probes to Gongliao and Pingxi Health Centers of New Taipei City Government for cancer screening, home care, and community health care for the elderly, and improve the diagnostic and rescue capabilities of frontline health workers.

The Company fulfills its corporate social responsibility by building customers' trust and gaining the support of long-term investors through ethical corporate management, compliance, and sound corporate governance. Donations to public welfare not only increase company value and employee engagement, but also further consolidates the Company's competitive advantage in sustainability, creating shared value for shareholders and all stakeholders.

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	Summary	
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?	✓		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	None

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			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 friendly workplace ," and "care for society." We added "financial TCFD," "information security," and "human rights and inclusion" 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	

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			information disclosures; propose resource requirements or related suggestions as needed, and extend them to all subsidiaries of the Group. 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 reports annual sustainability issues, implementation results, and future implementation plans each quarter. In 2025, the Company reported to the Board of Directors twice on sustainability issues, including implementation results and future plans. In 2025, the Company continued to cultivate and 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 2025 to focus on setting goals for carbon reduction. In	

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			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 risk assessment. 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	None

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			management policies and strategies based on the principle of materiality. 1. Corporate Governance: 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. 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. The Company's departments periodically track and update laws and regulations and strictly abide by government regulations in routine operations. 2. Environmental issues: The Company established green management concepts based on company operations for the	

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			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. 3.Social issues: 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. 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 performance bonuses, and periodically organizes courses for employees to	

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			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. 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 73 to 113).	
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	None

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			through environmental management plans and energy baseline surveys, the proposal of improvement plans, and the establishment of management systems. 2. We began compiling our GHG inventory in 2022 and obtained an ISO 14064-1 GHG inventory verification statement issued by SGS. 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. (https://www.hkssteel.com.tw/pol_qua.html) 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 73 to 113).	
(II) Is the company committed to improving energy efficiency and using recycled materials which have a low impact on the environment?	✓		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. For more information, please refer to the "(VII) Performance of Corporate Social Responsibility" section of the Corporate Governance Report in this Annual Report (pages 73 to 113).	None

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
(III) Does the Company assess the potential risks and opportunities of climate change for its current and future operations and undertake relevant response measures?	✓		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. The Company fully recognizes that the steel industry's high carbon emissions are a critical piece of the puzzle in achieving net-zero emissions, and that its operational sites and supply chain are highly vulnerable to the impacts of climate change. Since 2018, the Company has conducted regular climate risk assessments and formally adopted the TCFD framework in 2021 — covering governance, strategy, risk management, metrics, and targets—to comprehensively discuss the impact of climate change on Hsin Kuang Steel, analyze risk and opportunity factors, and formulate response strategies. The Company's SBTs are as follows: Using 2023 as the baseline year, we are committed to reducing the intensity of Scope 1 (direct emissions) GHG	None

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			emissions by 10% and Scope 2 (indirect emissions) GHG emissions by 20% by 2030, showing our ambition to adapt to climate change. The Company's actual implementation results in 2025 are as follows: Total emissions was 1,216,305 metric tons CO_2e. The main source of emissions is indirect GHG emissions from the use of products by the organization (Scope 3), accounting for approximately 99.48% of emissions. Compared to 2024, emissions increased by 17.7%, mainly due to changes in production capacity and the increase in purchases of raw materials. The internal annual reduction target for Scope 1 and Scope 2 GHG emissions is 1%. The 2025 inventory shows that actual GHG emissions decreased by 3.25% compared to the baseline year (2023), achieving 97.6% of the internal annual reduction target. This year's reduction results are very close to the Company's target for reducing GHG emissions.	
(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?	✓		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. 2. The Company's strategic goal is circular	None

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			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. 3. The Company periodically compiles statistics on GHG emissions, water consumption, and waste recycling each year. The Company's (consolidated) actual implementation results in 2025 are as follows: (1) Scope 1 emissions was 2,320 metric tons CO_2e, accounting for 36.71% of Scope 1+2 emissions. Scope 2 emissions was 4,000 metric tons CO_2e, accounting for 63.29% of Scope 1+2 emissions. Total Scope 1+2 emissions decreased by 154 metric tons CO_2e compared with the previous year, and Scope 1+2 GHG emission intensity was 0.376 (metric tons CO_2e/NT$1 million)	

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			(2) Water consumption was 22.18 million liters, an increase of 3.11 million liters or 16.3% compared to the previous year. (3) The total weight of waste was 200.21 tons, an increase of 9.92 tons or 5.21% compared to the previous year. Relevant information is disclosed in the ESG section of the official website and in the annual sustainability report.	
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 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	None

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			official website, internal electronic bulletin board, and Corporate Social Responsibility Report. 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. The Company established the "Plan to Prevent Unlawful Infringement while Performing Duties," which includes comprehensive prevention regulations, complaint channels, and hotlines to actively prevent and handle unlawful infringement that employees may suffer in the workplace. New employees take courses on the prevention of discrimination and harassment and complaint mechanisms, actively protecting the rights and safety of every employee. The group included the human rights policy, Ethical Corporate Management Best Practice Principles, and Plan to Prevent Unlawful Infringement while Performing Duties into required training courses each year. All employees	

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			are require to read policy documents of the Company, so that they fully understand the Company's commitment to protect employees' rights and interests. 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 7,823 hours in 2025. The Company's human rights policy is disclosed in the About Hsin Kuang Steel Section on the official website (human rights policy). (https://www.hkssteel.com.tw/pol_hum.html) For more information, please refer to the descriptions in the "V. Employees-employer relations" section of the Operational Highlights in this Annual Report (Pages 152 to 155).	
(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?	✓		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 24.83% of all employees and female managers accounted for 29.58% of all managers at the Company in 2025. The Company strives to create a gender friendly workplace to attract and retain talent.	None

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			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, 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 0.75% was made for all employees in 2025 to retain talent and ensure that salaries are competitive in the market. 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	

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			excellent performance or improper conduct are clearly specified in the Work Rules. In 2025, a total of 16 health lectures were provided at the head office, Guanyin Plant, Changbin Plant, Kaohsiung Plant, and subsidiaries of the group, with a total of 299 participants.	
(III) Does the company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?	✓		1. The Company's goal is to achieve "zero occupational injuries" 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. (https://www.hkssteel.com.tw/pol_env.html) In 2025, a total of 2,833 participants received 6,890 hours of training related labor safety and health.	None

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			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 48 monthly occupational safety meetings since 2022. Twelve meetings were convened in 2025, and 2 meetings were convened in 2026. 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 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,	

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			fire safety manager training, and pneumoconiosis diagnosis and case study. A total of 5,001 participants received EHS training for a total of 12,310 hours; 2,833 participants received 6,890 hours of training in 2025, and there were no occupational disease cases. 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 occupational accidents. The Company also implements health promotion measures, including organizing health seminars and related training. On-site health services have been provided to 563 people since the services were offered in 2022, in which 169 people received services in 2025. 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 basis, in which health recommendations are provided to employees with medium and high health risk. In 2025, 117 on-site health consultations were arranged based on the abovementioned questionnaire. The workplaces included the head office, Guanyin Plant,	

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			Changbin Plant, Kaohsiung Plant, and subsidiaries of the group, and services were provided to 169 people. 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 2028 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. 3.A total of 3 occupational accidents occurred in 2025 and 3 employees were injured as a result, accounting for 1.04% 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 2025, a total of 2,833 trainees received 6,890 hours of training. 4.The Company did not have any fire accidents in 2025. Regarding protection and response to fire accidents, the Management Department organized courses and actual disaster prevention drills in the factory in 2025, so that employees	

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			will understand fire prevention 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 13 training sessions and 471 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?	✓		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 2025, a total of 723 participants received 7,649 hours of external training. 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	None

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			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 5,743 participants received 8,322 hours of internal training from 320 courses in 2025. 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 37,762 units of training between January 9, 2023 and December 31, 2025, and 25.46% of employees participated in 2025. For more information, please refer to the descriptions in the "V. Employees-employer relations" section of the Operational Highlights in this Annual Report (pages 152 to 155).	

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
(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?	✓		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. The place of origin and material is labeled on the surface of packaged steel products, and the material certificate from the original manufacturer is also provided. The quality assurance system of all plants have obtained ISO certification, quality inspections are conducted according to internal control standards and customer requirements before product shipment, so as to ensure that customers' requirements are met.	None
(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?	✓		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	None

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			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. The Company carries out the following tasks for its supplier management policy and supplier conduct management: 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. In 2025, 43 questionnaires were distributed, with a response rate of 81.4%, covering 79% of the total procurement value; the response rate among key suppliers reached 100%. 2. The theme of the 2025 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	

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			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. 3. The Company has established a Supplier Code of Conduct requiring suppliers to comply with standards in five key areas: labor standards, health and safety, the environment, ethical conduct, and management systems. Specific policies include provisions such as respect for employees' freedom of association, prohibition of child labor, occupational safety measures, natural disaster risk mitigation, pollution prevention, and energy conservation. As of the end of 2025, 29 suppliers signed the Company's Supplier Code of Conduct.	
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?	✓		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. Deloitte provides limited assurance of compliance with the GRI and SASB according to TWSAE3000 Assurance Engagements Other than Audits or	None

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			Reviews of Historical Financial Information published by the Accounting Research and Development Foundation (established with reference to ISAE 3000 Revised). The matters being assured may change along with the material topics each year. Using the Company's 2024 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 2024, covering all three aspects of ESG. The Company has received awards for consecutive years since 2019, and won the TCSA Taiwan Corporate Sustainability Report Awards - Traditional Manufacturing - Gold Award in 2025.	
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: 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				

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
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 73 to 113).				
VII. Other critical information conducive to understanding the promotion of sustainable development: Completed a GHG inventory, collected data, and carried out inventory verification in 2025 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. 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$39.06 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 2025. Donations to charity were for talent cultivation and promotion of education and culture36.7%, implementation of community care 23.3%, aid for the disadvantaged 23.5%and medical subsidies 16.5%. 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 sets up solar-powered street lights. The Company generated 19.12 million kWh of electricity in 2025. We have reduced CO_2 emissions by nearly 9,076 metric tons, which is equivalent to the CO_2 absorption of 23 Da'an Forest Parks. Over the years, we have produced 119.35 million kWh of electricity and reduced CO2 emissions by nearly 60,202 metric tons, which is equivalent to 156 times the amount of CO2 that can be absorbed by Da'an Forest Park. Please refer to the "(VII) Performance of corporate social responsibility" section of the Corporate Governance Report in the Annual Report (pages 73 to 113).				

Implementation status of climate-related information

1 Implementation status of climate-related information

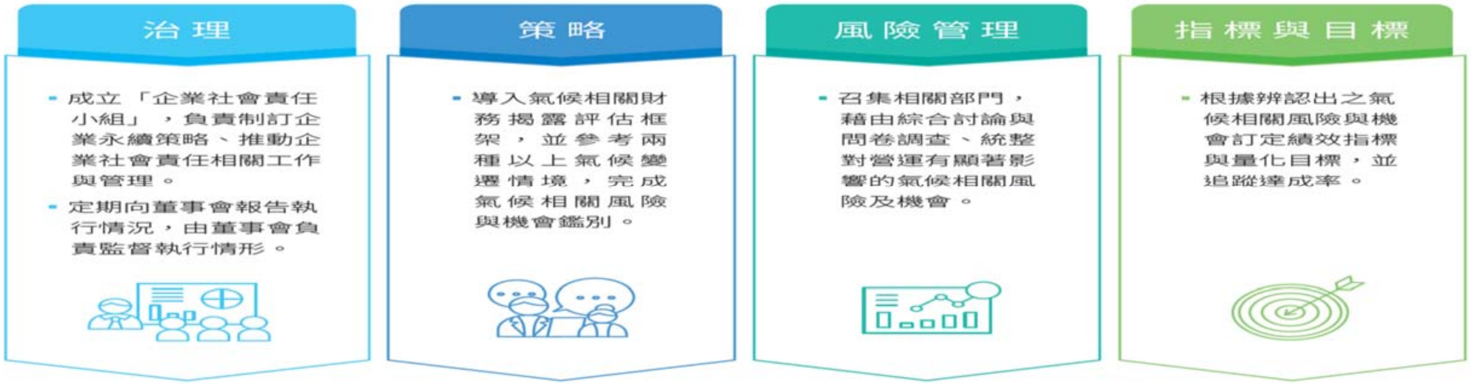
(1). Describe supervision and governance of climate-related risks and opportunities by the board of directors and management.

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 2024 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.

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 Steel's "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.



The Company has also set climate-related performance metrics and targets in 2025 and reported them to the Board of Directors. The general manager will regularly report the achievement of each metric to the Board of Directors. In addition to linking the general manager's performance to remuneration in future assessments, targets for achieving sustainability through circular economy will also be included in the scope of assessment.

(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		
Investments in low-carbon technologies, equipment, and management costs	Smart low-carbon production and collaborative waste disposal	Capital expenditures Cost increases	Revenue increases Cost decreases	Low-carbon circulation Low-carbon products	Short-term

Risks	Opportunities	Financial impact		Climate action	Period
		Impact of risk	Impact of opportunity		
Rising prices of raw materials and energy	Expansion of low-carbon product market			Mutual prosperity with the supply chain	Mid-term
Impact on the Company's reputation Impacts the strength of support, such as investment and loans from financial institutions and insurance	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
Flood (Production) Changes in rainfall patterns and extreme changes in weather (transportation) Drought (Production)	-	Decrease in revenue Cost increases	-	Adaptation to natural disasters Mutual prosperity with the supply chain	Short-term

(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 73 to 113).
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	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.
	Nationally Determined Contribution (NDC) of the R.O.C.		
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 30MW	Manage 50GW
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.

We set the carbon price at NT$300 per ton to strengthen the promotion and implementation of carbon reduction targets at all of our plants, and to ensure that related decisions have a consistent and quantifiable basis for evaluation. The price was determined after taking into account development trends in the international carbon market, domestic policy directions, industry practices, the Company's carbon reduction cost curve, and the investment required for transition. The carbon price will serve as an important basis for assessing capital expenditures (CAPEX), planning action plans for the transition of operations, and making major investment decisions. Going forward, we will regularly review and adjust the carbon price based on policy and market changes, so as to ensure that our decisions remain relevant and forward-looking.

In addition, we plan to integrate the production and energy use data of our factories on an AI carbon reduction management platform. Using this automated system, we will compile our carbon inventory, achieve real-time monitoring, and accurately calculate the GHG emissions generated by raw materials and energy consumption. The platform will further analyze emission hotspots and provide specific actionable carbon reduction recommendations to improve the effectiveness and efficiency of carbon reduction measures.

(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 (metric tons CO_2e), intensity (metric tons CO_2e/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
☑ Company with capital of NT$10 billion and above, steel industry, cement industry ☐ Company with capital of NT$5 billion and above but less than NT$10 billion ☐ Company with capital less than NT$5 billion	☐ Individual inventory of the parent company ☐ Inventory of subsidiaries in the consolidated financial statements ☑ Individual assurance for the parent company ☑ Assurance for subsidiaries in the consolidated financial statements

A1.✓Individual assurance for the parent company

	2025		2024	
Scope 1 Parent company	Total emissions (metric tons CO_2e) 1,921	Intensity (metric ton CO_2e/NT$1 million) 0.15	Total emissions (metric tons CO_2e) 1,897.61	Intensity (metric ton CO_2e/NT$1 million) 0.157
Scope 2 Parent company	Total emissions (metric tons CO_2e) 2,296	Intensity (metric ton CO_2e/NT$1 million) 0.18	Total emissions (metric tons CO_2e) 2,574.89	Intensity (metric ton CO_2e/NT$1 million) 0.213
Scope 3 Parent company	Total emissions (metric tons CO_2e) 877,237	Intensity (metric ton CO_2e/NT$1 million) 67.86	Total emissions (metric tons CO_2e) 811,684.59	Intensity (metric ton CO_2e/NT$1 million) 67.273

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 2025 and 2024 is calculated based on the Company's net revenue of NT$12,927,908 thousand and NT$12,065,511 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 2025 and 2024 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 increase in Scope 3 in 2025 compared with 2024 is due to the increase in revenue in 2025.

A2.✓Assurance for subsidiaries in the consolidated financial statements

	2025		2024	
Scope 1	Total emissions (metric tons CO_2e)	Intensity (metric ton CO_2e/NT$1 million)	Total emissions (metric tons CO_2e)	Intensity (metric ton CO_2e/NT$1 million)
Consolidated	2,320	0.14	2,226.06	0.153
Scope 2	Total emissions (metric tons CO_2e)	Intensity (metric ton CO_2e/NT$1 million)	Total emissions (metric tons CO_2e)	Intensity (metric ton CO_2e/NT$1 million)
Consolidated	4,000	0.24	4,248.00	0.291
Scope 3	Total emissions (metric tons CO_2e)	Intensity (metric ton CO_2e/NT$1 million)	Total emissions (metric tons CO_2e)	Intensity (metric ton CO_2e/NT$1 million)
Consolidated	1,209,985	72.03	1,035,275.26	70.947

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 2025 and 2024 is calculated based on the Company's net consolidated revenue of NT$16,798,0918 thousand and NT$14,592,238 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 2025 and 2024 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 increased in 2025 compared to 2024 due to the increase in consolidated revenue in 2025.

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.

2025 and 2024: We have not yet obtained a complete assurance opinion for the 2025 GHG emissions data before the date of report. Complete assurance information will be disclosed in the 2025 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 2025 with emissions of 1,216,305.0593 (tons CO_2e). 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 2025, actual GHG emissions increased 17.6%, which did not achieve the GHG emissions reduction target.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(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 2025 compared to the baseline year did not reach the target of 1%. The Company also works together with its supply chain in carbon reduction.

(IV). The consolidated company's greenhouse gas emissions consist primarily of Scope 2 and Scope 3 emissions.We aim to reduce our emissions by 1% per year and actively manage Scope 3 emissions.
In 2025, the actual reduction in Scope 2 GHG emissions was 5.8%, which achieved the GHG emissions reduction target of 1%.
In 2025, actual Scope 3 GHG emissions increased 17.7%, which did not achieve 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 2025, the actual reduction in Scope 1 GHG emissions was 14.2%, 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 managers, particularly the Chief Financial Officer, are supervised by the Board of Directors and 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, chief internal auditor, employee complaint channels, independent directors, or 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	✓		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	
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?				
(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, 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?	✓		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. 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	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	
			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.	
(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.	None
(III) Did the company establish policies that prevent conflict of interests, provide appropriate channels for filing related complaints and implement such policies and channels?	✓		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. 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	None

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and reasons for deviation</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>with the Company's "Ethical Corporate Management Operating Procedures and Code of Conduct".</td><td></td></tr>
<tr><td>(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?</td><td>✓</td><td></td><td>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 2025.</td><td>None</td></tr>
<tr><td>(V) Does the Company periodically provide internal and external training programs on integrity management?</td><td>✓</td><td></td><td>The Company periodically organizes ethical corporate management training and the implementation status in 2025 is as follows:
1. The Company provided 933 hours of lecture courses on ethical corporate management issues to a total of 374 participants, including directors, managers, and employees, via online learning in 2025.
2. 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</td><td>None</td></tr>
</table>

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	
			also sign the Guidelines for Prevention of Insider Trading, in addition to the Commitment to Ethical Conduct, and the target signing rate is 100%. For more information, please see the Company's official website (https://www.hksteel.com.tw) – "Investor Relations Section."	
III. Operation of whistle-blowing system in the Company (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?	✓		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 Management 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	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	
			Company shall keep the identity of the whistle-blower and the content confidential.	
(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?	✓		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.	None
(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	✓		The Company's official website (https://www.hksteel.com.tw) has an "Investor Relations Section." Disclosure of the Company's ethical corporate management philosophy.	None

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<tr><td>management principles and implementation status on its website and the Market Observation Post System?</td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="5">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:
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 "(8) Ethical Corporate Management and Measures Adopted" of the Corporate Governance Report in the Annual Report (page 114).</td></tr>
<tr><td colspan="5">VI. Other critical information conducive to understanding the operation of the company's integrity management: (e.g., review/revision of the company's 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</td></tr>
</table>

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	
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.hksteel.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 114).				

(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, reviewed by the chairman, and then submitted to the Audit Committee and Board of Directors for approval.

(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 2024 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.hksteel.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 "2024" 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 and General Manager	Ming-Shan Jheng	Taiwan Corporate Governance Association	From Operational Compliance to Reputation Maintenance: Preparation and Challenges of Enterprises Facing the Trend of Sustainability	2025/05/06	3
Director and Vice General Manager	Fisher C.H. Yu	Taiwan Corporate Governance Association	From Operational Compliance to Reputation Maintenance: Preparation and Challenges of Enterprises Facing the Trend of Sustainability	2025/05/06	3
Director and Vice General Manager	Johnathon Y.J. Su	Taiwan Corporate Governance Association	From Operational Compliance to Reputation Maintenance: Preparation and Challenges of Enterprises Facing the Trend of Sustainability	2025/05/06	3
Vice General Manager of Operations	Teng-Kuei Kao	Taiwan Corporate Governance Association	From Operational Compliance to Reputation Maintenance: Preparation and Challenges of Enterprises Facing the Trend of Sustainability	2025/05/06	3
Vice General Manager of Operations	Frank C.C. Huang	Taiwan Corporate Governance Association	From Operational Compliance to Reputation Maintenance: Preparation and Challenges of Enterprises Facing the Trend of Sustainability	2025/05/06	3
		Taiwan Stock Exchange Corporation	2025 Cathay Sustainable Finance and Climate Change Summit Forum	2025/07/09	6
Chief Financial Officer (Vice General Manager) Corporate Governance Officer, Information Security Supervisor, and Spokesperson	Jessica P.H. Liu	Securities & Futures Institute	Workshop on Sustainability Disclosure Practices of Public Companies	2025/03/20	9
		Taiwan Corporate Governance Association	From Operational Compliance to Reputation Maintenance: Preparation and Challenges of Enterprises Facing the Trend of Sustainability	2025/05/06	3
		Securities & Futures Institute	2025 Insider Trading Prevention Seminar	2025/05/16	3
		Taiwan Stock Exchange Corporation	2025 Cathay Sustainable Finance and Climate Change Summit Forum	2025/07/09	6
		Taiwan Stock Exchange Corporation	2025 Summit on Strengthening Taiwan's Capital Market	2025/07/31	3

Title	Name	Continuing education institution	Course	Course Date	Course Duration
		Taiwan Corporate Governance Association	The TWSE Plan to Increase the Value of Companies: Connecting Shareholder Value with ESG	2025/09/16	2
		Securities & Futures Institute	2025 Insider Trading Prevention Seminar	2025/10/03	3
		Securities & Futures Institute	2025 Insider Trading Prevention Seminar	2025/10/31	3
		Accounting Research and Development Foundation	"Key Points of Sustainability Information Management, Internal Control, and Internal Audit and Case Study"	2025/11/07	6
		Financial Supervisory Commission	Net Zero Transformation Seminar – Steel Industry	2025/11/20	2
		Taiwan Academy of Banking and Finance	E-Course on the Impact of AI on Information Security and Response	2025/12/26	2
		Taiwan Academy of Banking and Finance	E-Course on Hacking Techniques and Defense Strategies	2025/12/31	2
		Taiwan Academy of Banking and Finance	E-Course on Cyber Attack and Defense Techniques, Post-incident Handling, and Remedial Measures	2025/12/31	2
Chief Finance Officer (Vice General Manager)	Lisa H.C. Chien	Taiwan Corporate Governance Association	From Operational Compliance to Reputation Maintenance: Preparation and Challenges of Enterprises Facing the Trend of Sustainability	2025/05/06	3
Chief Accounting Officer (Assistant Vice President)	Daisy Y.H. Chen	Taiwan Corporate Governance Association	From Operational Compliance to Reputation Maintenance: Preparation and Challenges of Enterprises Facing the Trend of Sustainability	2025/05/06	3
		Accounting Research and Development Foundation	Professional Development Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	2025/08/19	3
Audit Manager	Hui-Fen Cheng	Taiwan Corporate Governance Association	From Operational Compliance to Reputation Maintenance: Preparation and Challenges of Enterprises Facing the Trend of Sustainability	2025/05/06	3
		Institute of Internal Auditors, R.O.C.	Analysis of the Effectiveness of Directors' Stewardship and Internal Control System	2025/12/09	6
		Accounting Research and Development Foundation	Legal Liability of "Employee Fraud" and Internal Control and Internal Audit Practices	2025/12/24	6

Title	Name	Continuing education institution	Course	Course Date	Course Duration
Manager and Acting Spokesperson	Tai-Yuan Lin	Taiwan Corporate Governance Association	From Operational Compliance to Reputation Maintenance: Preparation and Challenges of Enterprises Facing the Trend of Sustainability	2025/05/06	3

5. For more information, please see the Company's official website (https://www.hksteel.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 "114" 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. Resolutions and Implementation of Important Matters for Acknowledgment and Discussion at the Shareholders' Meeting

The Company's 2025 general shareholders meeting was held at the Company's Guanyin Plant Conference Office in the Guanyin Industrial Park, Guanyin District, Taoyuan City on May 29, 2025. The resolutions passed by attending shareholders and their status of implementation are as follows:

(1).Ratification of the 2024 business report and final financial statements.

Implementation status: Ratification of the 2024 business report and final financial statements. The annual consolidated revenue was approximately NT$14.59 billion, net profit after tax was approximately NT$1.47 billion, and EPS was NT$4.5.

(2).Approved the Company's 2024 earnings distribution proposal.

Implementation status: Approved the distribution of NT$2.5 in cash dividends to common shares. Set June 19, 2025 as the record date, and distributed cash dividends on July 23, 2025.

(3).Proposal to revise the Company's Articles of Incorporation.

Implementation status: Approved the amendment to the Company's Articles of Incorporation.

2.Important Resolutions of the Board of Directors

The important resolutions adopted in the Board of Directors' meetings in 2025 up to the date of Annual Report are summarized below:

(1). 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.

(2). 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, except for directors who recused themselves and did not participate in voting.

(3). 12th meeting of the 16th-term Board of Directors held on May 6, 2025

1. Report on the Company's accounts receivables that meet the criteria and whether other loans constitute lending to others.
2. The Company's 2025 Q1 financial statements.
3. Proposal of the Company's 2024 record date for distribution of cash dividends.

Results of resolution: Agenda items of the board meeting were approved in the 11th meeting of the 3rd-term Audit Committee, and were approved as proposed without objection after the chairman inquired all directors in attendance.

(4). 13th meeting of the 16th-term Board of Directors held on August 5, 2025

1. Report on the Company's accounts receivables that meet the criteria and whether other loans constitute lending to others.
2. The Company's 2025 Q2 financial statements.
3. The Company's Remuneration Committee reviewed the proposed 2024 director's remuneration.
4. The Company's Remuneration Committee reviewed the proposed 2024 employee bonuses for managers.
5. Proposed promotion of the Company's Remuneration Committee review personnel.

6. Discuss the Company's 2024 Sustainability Report.
7. Approved the proposal for the Company to apply for a credit facility from a financial institution to distribute cash dividends.

Results of resolution: Agenda items of the board meeting were approved in the 12th meeting of the 3rd-term Audit Committee and the 9th meeting of the 5th-term Remuneration Committee, and were approved as proposed without objection after the chairman inquired all directors in attendance, except for directors who recused themselves and did not participate in voting.

(5). 14th meeting of the 16th-term Board of Directors held on September 2, 2025:

1. Proposal to discuss the retirement of the Company's department manager.
2. Proposal to establish the "Chiayi Lucao Factory" to manufacture steel structures and steel pipe piles.
3. Proposal to register the lease of industrial land (I) in Machouhou Industrial Park, Chiayi County (satellite park for the semiconductor supply chain) with Chiayi County Government.

Results of resolution: Agenda items of the board meeting were approved in the 13th meeting of the 3rd-term Audit Committee and the 10th meeting of the 5th-term Remuneration Committee, and were approved as proposed without objection after the chairman inquired all directors in attendance.

(6). 15th meeting of the 16th-term Board of Directors held on November 4, 2025:

1. Report on the Company's accounts receivables that meet the criteria and whether other loans constitute lending to others.
2. The Company's 2024 Q3 financial statements.
3. Approved the renewal of liability insurance for Directors, Supervisors, and important corporate officers in 2026.

Results of resolution: Agenda items of the board meeting were approved in the 14th meeting of the 3rd-term Audit Committee, and were approved as proposed without objection after the chairman inquired all directors in attendance.

(7). 16th meeting of the 16th-term Board of Directors held on December 17, 2025:

1. Proposal to draft the Company's pre-approval of the list of non-assurance services in 2026.
2. Proposal for the Company to apply for a credit facility from a financial institution in 2026.
3. Proposal to draft the Company's internal audit operations and inspection plans for 2026.
4. Proposal to amend the Company's "Duties Division Table of the Board of Directors and Managers" (formerly named the "Duties Division Table of the Board of Directors, Chairman, and General Manager") and the "Authorization of Approval Table of the Board of Directors and Management."
5. Amendment to the Company's internal control system "Payroll Cycle - Definition of Entry-level Employees and Periodic Assessments."
6. Discuss the proposal to adjust the monthly compensation of the Company chairman.
7. Discuss the proposal to adjust the salaries of the Company's managers.
8. Proposal for the Company to donate to the Hsin Kuang Steel Tian-Cheng Charity Foundation in 2026.

9. Ratified the Company's increase of shareholding to obtain controlling interest and make "Hsin Wei Solar Co., Ltd." a subsidiary.
10. Proposal for the Company to participate in the cash capital increase of SunnyRich Multifunction Solar Power Co., Ltd.

Results of resolution: Agenda items of the board meeting were approved in the 15th meeting of the 3rd-term Audit Committee and the 11th 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). 17th meeting of the 16th-term Board of Directors held on January 27, 2026

1. Approved the allocation of NT$10 million from the employee bonus reserve as year-end bonuses in 2025.
2. Proposal to discuss the Company's year-end bonus distribution for the chairman and directors.
3. Proposal to discuss the Company's year-end bonus distribution for managers.
4. Approved the proposed distribution of the Company's 2024 year-end bonuses to the chairman and managers.
5. Proposed amendment to the Company's Procedures for Acquisition and Disposal of Assets.

Results of resolution: Agenda items of the board meeting were approved in the 16th meeting of the 3rd-term Audit Committee and the 12th 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.

(9). 18th meeting of the 16th-term Board of Directors held on March 10, 2026

1. The Company's total directors' remuneration and employee bonuses (including entry-level employees) for 2025.
2. Review of the Company's remuneration policy for directors and managers by the Remuneration Committee in 2026.
3. Report on accounts receivables that meet the criteria and whether other loans constitute lending to others.
4. The Company's 2025 business report and financial statements.
5. The Company's 2025 dividend distribution proposal.
6. Discuss the Company's Statement on Internal Control.
7. Proposal to evaluate the independence and competence of the Company's accountants in 2026 and the payment of audit fees for the 2025 financial statements.
8. The Company's 2026 business plan.
9. Proposal to hold a directors election.
10. Proposal for the Company to accept director candidates nominated by shareholders.
11. Proposal to nominate candidates for the Company's 17th-term independent directors.
12. Proposal to waive the non-compete clause for directors and their representatives.
13. Proposed agenda for the Company's 2025 general shareholders meeting;

Results of resolution: Agenda items of the board meeting were approved in the 17th and 18th meetings of the 3rd-term Audit Committee and the 13th 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 2025 were approved in the 10th meeting of the 3rd-term Audit Committee and submitted to the 11th 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	2025.1.1~ 2025.12.31	8,400	893	9,293	Non-audit fees included assurance for the sustainability report in the amount of NT$480 thousand and business registration in the amount of NT$413 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	2025		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	-	450,000	-	-
Director	Han De Investment Co., Ltd.	4,360,000	1,000,000	-	-
Director	Trickle Co., Ltd.	-	—	-	-
Director	Ming-Shan Jheng	-	-	-	-

Title (Note 1)	Name	2025		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
Director	Fisher C.H. Yu	-	-	-	-
Director	Johnathon Y.J. Su	-	500,000	-	-
Director	Shih-Yang Chen	-	-	-	-
Independent Directors	Winston Won	-	-	-	-
Independent Directors	Po-Young Chu	-	-	-	-
Independent Directors	Paul T.Y. Huang	-	-	-	-
Independent Directors	Wei-Tsung Liu	(41,000)	-	(19,000)	-
10% shareholders	Han De Investment Co., Ltd.	4,360,000	1,000,000	-	-

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.

2. Information on transfer of shares: There has been no transfer of shares with counterparties who are related parties.
3. Information on pledged shares: There have been no shares pledged to counterparties who are related parties.
4. Overview of investee companies: Please refer to the descriptions in the "Special Notes" in the Annual Report (pages 180).

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 "Capital Overview" in the Annual Report (page 134).

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.	100,000,000	100.00%	-	-	100,000,000	100.00%
Sinpao Investment	USD 3,433,419	100.00%	-	-	USD 3,433,419	100.00%
Hsin Ho Fa Metal Co., Ltd.	26,762,729	83.37%	-	-	26,762,729	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.	18,000,000	90.00%	-	-	18,000,000	90.00%
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	-	-	28,800,000	100%	28,800,000	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, 2026

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 2026	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	Note

Note：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, 2026

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

Shelf Registration in Taiwan：None.

(III) Information on the Comprehensive Registration System: None.

(IV) List of Main Shareholders

1.List of Main Shareholders

March 31, 2026

Shares / Name of major shareholder	No. of shares held	Shareholding percentage
Han De Investment Co., Ltd.	35,110,276	10.93%
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	8,760,000	2.73%
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%
United Virtue Co., Ltd.	3,556,000	1.11%

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

March 31, 2026

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.	35,110,276	10.93%	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	
							Roni C.H. Yau	The father-in-law (wife's father)	
							Han De Investment Co., Ltd.	The Chairman	
							Hui Jung Investment Co., Ltd.	The Chairman	
Cheng Yu Investment Co., Ltd.	16,030,603	4.99%	8,234,930	2.56%	—	—	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	The Chairman	
BitGinko's investment account under the trust of HSBC	8,760,000	2.73%	—	—	—	—	—	—	
Johnathon Y.J. Su	7,704,930	2.40%	530,000	0.17%	—	—	Alexander M.T. Su	Father-son	
							Roni C.H. Yau	Brother-in-law	
							Cheng Yu Investment Co., Ltd.	The Chairman	
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.	The Chairman	
United Virtue Co., Ltd.	3,556,000	1.11%	1,963,414	0.61%	—	—	Alexander M.T. Su	The father-in-law (wife's father)	
							Johnathon Y.J. Su	Brother-in-law	

(V) 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 10, 2026, the Board of Directors of the Company proposed that the 2025 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 25, 2026.

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	

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

(VII) Employee Bonus and Director Remuneration

(1)、In accordance with the provisions of the Company’s Articles of Incorporation, if the Company generates profits in a given fiscal year, no more than three percent (3%) shall be allocated as directors’ remuneration, and no less than three percent (3%) shall be allocated as employees’ compensation. Of the employees’ compensation, not less than forty percent (40%) shall be distributed to grassroots employees under the conditions prescribed by the Board of Directors.

(2)、Remuneration to directors and employees for 2025:

1. The Company's 2025 Earnings Distribution Statement was approved in the 16th meeting of the Company's 18th Board of Directors on March 10, 2026. After the Statement is passed in the general shareholders meeting on May 25, 2026, and approved by the governing authorities, the Board of Directors shall establish a (cash) dividend distribution date to implement the Statement.
2. Distribution of earnings in the current year as employee remuneration and director remuneration:

Unit: NT$

Item	2025
Director's remuneration	38,578,860
Employees Remuneration (distributed in cash)	38,578,860

Note: 1. The amount of the aforementioned remuneration for Directors and employees is consistent with the resolution by the Board of Directors on March 10, 2026. The aforementioned employee remuneration will be distributed after resolution in the 2026 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)、2024 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	47,800,522	47,800,522
Employees Remuneration (distributed in cash)	47,800,522	47,800,522

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

(VIII) 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 2025, the percentage of revenue from main products out of the total sales revenue were as follows: 45.7% from steel plates, 7.2% from special steel plates, 30.3% from hot-rolled and galvanized steel plates, 9.4% from stainless steel, 1.6% from steel sections, and 5.8% from processing and others. The products are mainly sold domestically.

(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$16,798,091,000 in 2025, up by 15.12% compared to 2024, and the net operating profit was NT$905,298,000, up by 52.78%. Worldsteel’s Short Range Outlook October 2025 forecasts that global steel demand will remain roughly flat at about 1.749 billion tons in 2025, and is expected to slightly bounce back by 1.3% to 1.772 billion tons in 2026. This is an increase of approximately 23.3 million tons compared to 2025. The recovery in 2026 will mainly be driven by emerging markets, such as India, ASEAN, the Middle East and Africa, making up for the decline in demand from China, bottoming out with zero growth in 2025 and showing a moderate recovery in 2026. The recovery is mainly supported by investments in public construction projects and lifting restrictions on financing in numerous countries. However, high manufacturing costs, sluggish consumption, escalating trade frictions, and geopolitical uncertainties may become the main risks in the next two years. In 2025, the Company was able to produce and sell 508,000 metric tons of steel products out of its annual goal of 520,000 metric tons, resulting in an achievement rate of 98%.

In order to establish long-term advantages, the Company has implemented the following business strategy guidelines in 2025 to achieve the optimal results:

1. Inventory and product portfolio adjustments: Review the inventory structure and flexibly adjust product portfolios according to the demand from 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. Further develop the renewable energy market: 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 and provide better services for the photovoltaic green energy industry chain.
3. Respond to demand from infrastructure and semiconductors: In response to domestic "forward-looking infrastructure - coal to natural gas industry," "water resources," "bridge construction," "Taiwan Power Company Guangming Project," 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. Support for urban renewal and social housing construction: We will form strategic alliances with upstream and downstream manufacturers to provide technology-based manufacturing solutions to serve users, and meet the demand from the government's implementation of "urban renewal," "reconstruction of urban unsafe and old buildings," and "social housing construction plans."
5. Innovative business models and value chain integration: We will offer new high-end steel products and total solutions for the value chain through the Group's network and strategic alliance with upstream and downstream manufacturers, creating a new blue ocean.

(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 breakdown of the Company's domestic sales by region in 2025 is 46% for the Northern Region, 28% for the Central Region, and 27% for the Southern Region. Products are mainly sold domestically.
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.

In CommonWealth Magazine’s 2025 ranking of Taiwan’s Top 2,000 manufacturers, our Company placed 254th overall with NT$14.59 billion in revenue, and 12th in the metal materials industry. 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 2025 to 2026" compiled by Taiwan Steel & Iron Industries Association, although steel plate demand from domestic infrastructure and public construction projects is expected to remain stable, while demand from downstream industries such as shipbuilding grows moderately, projections for demand from house construction are conservative due to the government continuing the policy to curb real estate speculation and banks reaching the regulatory limit for mortgages. Moreover, the high uncertainty of US reciprocal tariffs will significantly impact demand from downstream machinery and automobile industries.

Although the continuity of the government's public construction and infrastructure projects will help maintain stable demand from construction in 2026, demand from machinery and automobile industries continues to be impacted by US tariff policy, which will not benefit the recovery of overall steel demand. Therefore, the domestic demand for steel plates in 2026 is expected to be 1,227 thousand metric tons, and the demand growth rate will slightly decline by 0.72%.

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 applications and are the main materials for key components, so they have higher quality requirements. According to the "Demand Forecast for Steel Products in Taiwan from 2025 to 2026" compiled by Taiwan Steel & Iron Industries Association, although the economies of emerging markets such as India and ASEAN are expected to grow steadily in 2026, the risks of US tariff policy and global trade barriers will continue to affect the economic recovery of Europe and America, which will still impact downstream export orders and shipment performance. Therefore, the domestic demand for steel rods is expected to decline slightly by 0.73% in 2026. 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 2025 to 2026" compiled by Taiwan Steel & Iron Industries Association, the uncertainty of the US tariff policy in 2026 is expected to continue to affect domestic and international market demand of the steel industry and downstream industries, and lead to an economic downturn in major countries, such as Europe, the United States and China. Coupled with the slowdown in domestic construction demand, the domestic demand for hot-rolled steel in Taiwan is expected to be 2,225 thousand metric tons in 2026, and the rate of demand growth will decline by 6.68% compared to 2025.

The US tariff policy is expected to continue to impact domestic and international demand for cold-rolled steel products, and will also impact downstream industries. Coupled with the slowdown in domestic demand from construction in the private sector, as well as the impact of US tariff policy on China's steel and downstream industries, China shifting exports to the EU and ASEAN markets will increase competition in this industry and downstream industries. Therefore, domestic demand for cold-rolled steel products is expected to be 1,146 thousand metric tons in 2026, and the rate of demand growth will accelerate downward by 4.65% compared with 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 metric 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 2025 to 2026" compiled by Taiwan Steel & Iron Industries Association, the uncertainty of US tariffs and the higher risk of a global trade war will lead to weak export orders and performance of major downstream steel products in 2026. Coupled with the slowdown in domestic steel demand from renewable energy, domestic demand for hot-dip galvanized steel in 2026 is estimated at 1,301 thousand metric tons, and the rate of demand growth is projected to decline by 5.70% compared to 2025.

According to the "Demand Forecast for Steel Products in Taiwan from 2025 to 2026" compiled by Taiwan Steel & Iron Industries Association, downstream demand for galvanized steel is expected to remain weak in 2026 due to the impact of the US tariff policy and increased global trade barriers on the economies of Europe, the United States, and China. Therefore, domestic demand for galvanized steel is estimated at 76 thousand metric tons in 2026 with the rate of demand growth projected to decline by 5.71%.

The Company is able to supply the market with approximately 50,000 to 60,000 metric 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 2025 to 2026" compiled by Taiwan Steel & Iron Industries Association, despite the intense competition from imported goods from China and Indonesia and the negative impact of US tariff policy unlikely to improve in the short term, the economies of major markets such as ASEAN are expected to show relatively stable growth, which will help stabilize exports of downstream industries, such as metal products and machinery. Domestic demand will also find support from public works projects. Therefore, domestic demand for stainless steel hot-rolled products is estimated at 1,214 thousand metric tons in 2026, and the rate of demand growth is projected to only slightly decline by 0.85% compared to 2025.

The domestic real estate market is expected to cool down in 2026, leading to weak demand for stainless steel products from the construction industry. In addition, the recovery of major markets such as Europe, the United States and China will still be affected by the US tariff policy and deepening global trade barriers, so it will difficult for downstream industries to see a recovery in export orders and shipments. At the same time, there is still intense competition from stainless steel cold-rolled products from major competitors, such as Indonesia, China, and Vietnam in both domestic and export markets, affecting the production and sales performance of domestic companies. Therefore, domestic demand for stainless steel cold-rolled products in 2026 is estimated at 443 thousand metric tons, and the rate of demand growth is projected to decline by 9.29% compared to 2025.

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 2025 to 2026" compiled by Taiwan Steel & Iron Industries Association, although the government's policy to curb real estate speculation is expected to continue to impact the domestic real estate market, so the projections of steel demand from domestic housing construction is relatively conservative. However, the demand from public works and infrastructure projects remains stable, and emerging applications, such as electric vehicles, AI, and renewable energy, are still booming and have stimulated downstream companies to expand their production lines. Moreover, the demand for steel structures for commercial office buildings continues to grow steadily. Therefore, domestic demand for H-beams in 2026 is estimated at 1,018 thousand metric tons, and the rate of demand growth is projected to be 0.86% higher than in 2025. The trend of some uses of angle steel and U-beams being replaced remains unchanged. Therefore, domestic demand for these two types of steel products is expected to continue to decline by 0.67% and 2.56% in 2026, respectively.

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 2025 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 metric 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.

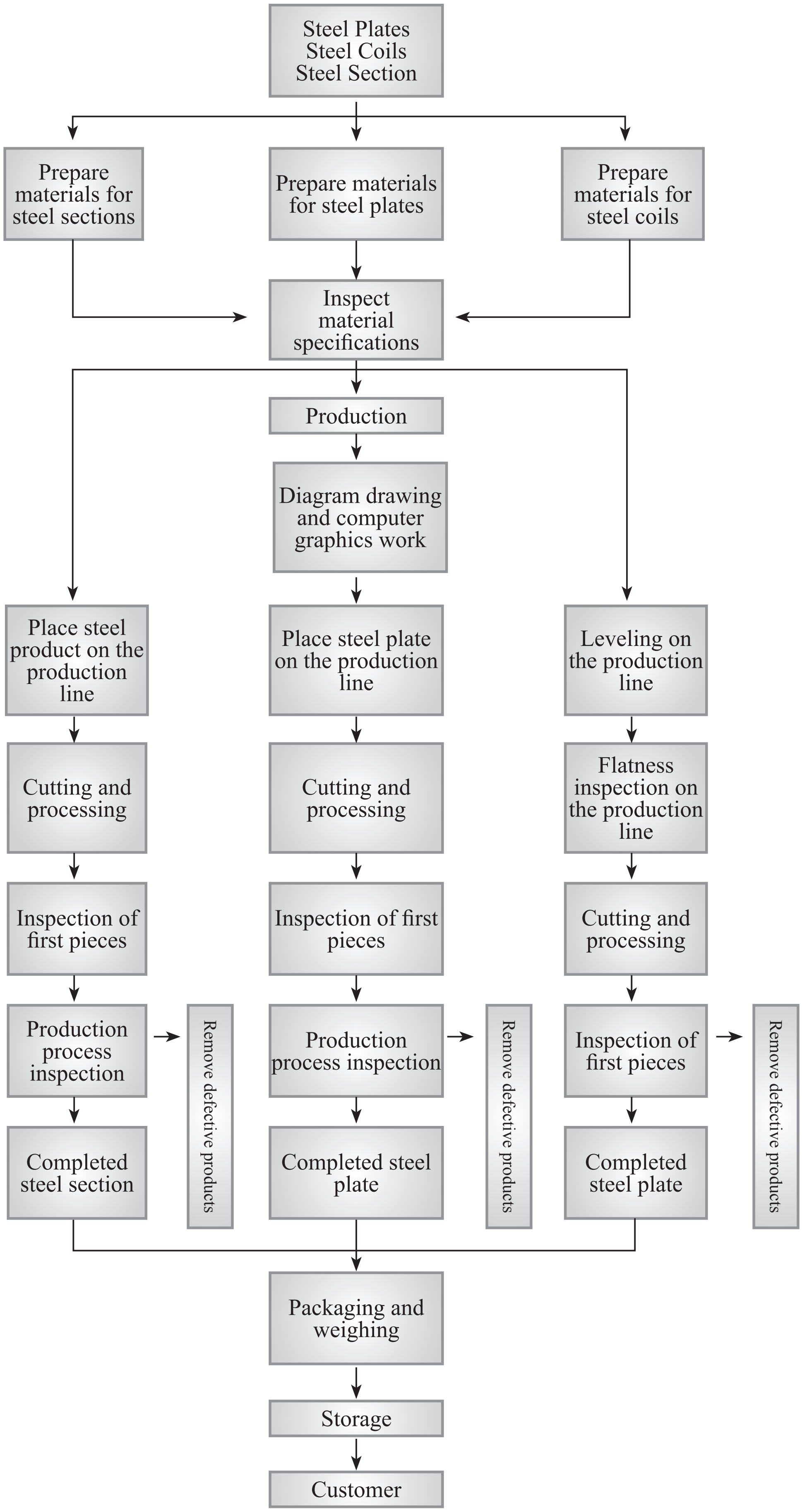
d. The domestic private investment environment has performed poorly in recent years, with numerous industries relocating to China or Southeast Asian countries. Recent international economic development fell short of expectations, and as a result, domestic investment, import/export, and industrial output can no longer maintain the same growth as before.

3. Important Applications and Manufacturing Processes of Main Products

(1). Applications of Main Products:

<table>
<tr><th colspan="2">Name of Main Products</th><th>Application</th></tr>
<tr><td colspan="2">Steel Plates</td><td>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.</td></tr>
<tr><td colspan="2">Weather resistant, anti-oxidation, and anti-corrosion building materials</td><td>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.</td></tr>
<tr><td colspan="2">Special Steel Plates</td><td>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.</td></tr>
<tr><td rowspan="3">Hot-Rolled Steel Plates (Steel Coils)</td><td>Patterned Steel Plates (Steel Coils)</td><td>Anti-skid plates, plates for stairs, parking lot equipment plates, walkways for chemical plants, pedals for large vehicles and machinery, patterned worker's boards, etc.</td></tr>
<tr><td>Hot-Rolled Steel Plates (Steel Coils)</td><td>Automobile and motorcycle parts, hardware parts, computer cases, steel pipe, light steel, accessories for general household electrical appliances, base for machinery, fuse box, etc.</td></tr>
<tr><td>Hot-Rolled Galvanized Steel Plates (Steel Coils)</td><td>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.</td></tr>
<tr><td colspan="2">Stainless Steel</td><td>Construction steel structure, vessels for petrochemicals, automobile and motorcycle parts, hardware parts, aviation structural materials, steel pipes, light steel, accessories for general household electrical appliances, base for machinery, fuse box, etc.</td></tr>
<tr><td colspan="2">Steel Section</td><td>Steel frames for factories, construction steel frame, mechanical parts, automobile and motorcycle parts, axles, crane materials, base and arch steel materials, etc.</td></tr>
<tr><td colspan="2">Metal products (vibration isolation systems for buildings and shock-absorbent dampers for bridges)</td><td>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.
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.</td></tr>
</table>

(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

	2024				2025				2026 up to the end of the first quarter			
Item	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 [%]	Relationship with the issuer
1	Supplier A	4,054,255	30.48	None	Supplier A	4,328,550	28.20	None	Note 1			
2	Supplier B	1,924,046	14.47	None	Supplier B	2,516,362	16.39	None				
	Others	7,321,787	55.05	None	Others	8,505,968	55.41	None				
	Net purchase	13,300,089	100.00		Net purchase	15,350,880	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 2026 that has been reviewed by CPAs.

2. Names of suppliers accounting for more than 10% of total purchases in the past two fiscal years, together with their purchase amounts and percentages, as well as explanations of the reasons for any changes: Supplier A and Supplier B each accounted for over 10% of our purchases. In the past year, purchases from Supplier A rose by 6.77% and from Supplier B by 30.78%, mainly due to adjustments made to meet market supply and demand.

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

Unit: NT$ thousand

	2024				2025				2026 up to the end of the first quarter			
Item	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 [%]	Relationship with the issuer
	Others	14,592,238	100	None	Others	16,798,091	100	None	Note 1			
	Net sales	14,592,238	100		Net sales	16,798,091	100					

Note 1: As of the publication date of this annual report, there has yet to be financial statements from the first quarter of 2026 that has been reviewed by CPAs.
Note 2: In the past two fiscal years, there were no customers whose sales exceeded 10% of the Company’s total revenue.

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

By the end of 2025, the Company had a total of 580 employees, including 58 managers, 38 specialists, 151 assistants, and 333 technicians. The workforce demographics as of the end of March 2026 are as follows:

Year		2024	2025	March 31, 2026
Number of employees	Management	58	58	58
	Specialists	41	38	36
	Assistants	149	151	157
	Technicians	322	333	329
	Total	570	580	580
Education background	PhD	-	-	-
	Master's degree	4.91	5.00	5.00
	Bachelor's degree	49.47	50.17	49.83
	Senior High School	31.93	31.04	31.55
	Senior High School and below	13.69	13.79	13.62
Average age (years)		39.64	39.48	39.12
Average years of service (years)		6.74	7.34	7.45

In 2025, the employee turnover rate was 17.24%. 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 100 new recruits this year, with new recruits accounting for 15.17% 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 2025 and up to the publication date of the 2026 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 60 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.

Members formed the Hsin Kuang Steel Company Limited Employee Stock Ownership Committee in September 2024 to improve employee welfare, help employees save money and accumulate wealth, and enable employees to hold company shares to share profits and enjoy the gains from stock price increase. This will further concentrate the Company's shareholdings, so that the Company can steadily develop on a sound foundation. This system not only strengthens employees' sense of belonging and engagement, but also contributes to the stability of shareholding and sound corporate governance, and strengthens the long-term partnership between the Company and employees.

(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 on the e-learning platform CommonWealth Leader Campus. 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 total training hours reached 391 hours in 2025.

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 if 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 2025, the Company organized a total of 613 courses, reaching a total of 15,971 training hours and 6,466 participants. On average, each employee was trained for approximately 2.5 hours, with total training expenditure amounting to NT$3.68 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 2025, the Employee Welfare Committee and subsidiaries spent a joint total of NT$17,418 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, 2025, due to the adoption of IFRS No.18 "employee benefits" in accordance with regulations with December 31, 2025 as the baseline date, the present value of the Company's defined benefit obligation was NT$97,273 thousand, the balance of the Company's pension reserve fund at the Bank of Taiwan was NT$84,320 thousand, the accrued pension liability was NT$12,953 thousand, NT$3,428 thousand was appropriated into the pension reserve account in 2025,and the amount of pension paid was NT$2,508 thousand.

Since the establishment of the Labor Retirement Reserve Supervisory Committee and as of December 31, 2025, a total of 34 employees have retired, and NT$64,707 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 20 labor-management meetings were held in 2025. 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 2025 and up to the publication date of the 2026 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 obtained the ISO 27001 Information Security Management System certification in 2025, and 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 did not have any major information security incidents in 2025 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 obtained the ISO 27001 Information Security Management System certification in 2025, 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 2025, 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 obtained 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 Chief Information Security Officer and the other three members have all completed the "ISO 27001: 2022 Information Security Management System Lead Auditor Training Course," and obtained relevant certificates, giving them the ability to plan, implement, and audit information security management systems. Professional training and certification will help strengthen the Company's capabilities in information security governance, risk management, and continuous improvement of systems. 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 e-learning platform CommonWealth Leader Campus was utilized to provide a total of 139 hours of training to 117 participants in 2025, in order 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.

In addition, the Company's IT Section irregularly sends meeting notices and information security announcements, and sent 6 notices and announcements in

2025 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, made a total of 6 information security announcements in 2025, 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 Office abides by the spirit of ISO 27001: 2022, 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 comply with the confidentiality clause and periodically conduct information security risk assessments in the service agreement, and sets up multiple layers of defense based on the impact 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 ISO27001:2022, 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.

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 2025 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 Commercial Bank	2022.11~ 2028.01	The Company borrowed a syndicated loan in the amount of NT$8 billion to repay bank borrowings and increase working capital needed for operations in the mid-term.	Provided land and factories as collateral
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

Nature of contract	Contracting party	Start and end dates of the contract	Content	Restrictions
Land pre-registration purchase	Ministry of Economic Affairs (Developer: BES Engineering Corporation)	October 2022 (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 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." 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.

Nature of contract	Contracting party	Start and end dates of the contract	Content	Restrictions
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 NT$3.45 billion.	Provided a performance bond in the amount of approximately NT$345 million
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
Sales contract	CSBC Corporation, Taiwan	2025.10~ 2026.08	Sales of CSBC corporation hatch covers and key components	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$ thousand

Year / Item	2025	2024	Difference	
			Amount	%
Current assets	15,194,770	15,967,145	(772,375)	(4.84)
Property, plant and equipment	5,907,339	5,472,271	435,068	7.95
Investment properties	3,419,492	3,474,668	(55,176)	(1.59)
Long-term investments and other assets	4,196,580	4,637,333	(440,753)	(9.50)
Total Assets	**28,718,181**	**29,551,417**	**(833,236)**	**(2.82)**
Current liabilities	8,917,653	10,050,923	(1,133,270)	(11.28)
Non-current liabilities	7,343,654	7,151,712	191,942	2.68
Total Liabilities	**16,261,307**	**17,202,635**	**(941,328)**	**(5.47)**
Share capital	3,211,463	3,211,463	-	-
Capital reserve	943,445	943,445	-	-
Retained earnings	6,836,001	6,613,259	222,742	3.37
Other equity	746,541	881,404	(134,863)	(15.30)
Non-controlling equity	719,424	699,211	20,213	2.89
Total equity	**12,456,874**	**12,348,782**	**108,092**	**0.88**

Analysis and explanation of increase (decrease) in proportions:

1. Current liabilities: Mainly due to the repayment of short-term bank loans and the decrease in contract liabilities in the current period.
2. Other equity: Mainly due to the unrealized losses recognized from financial assets at fair value through other comprehensive income in the current period.

(II) Analysis of Individual Financial Status

Unit: NT$ thousand

Item \ Year	2025	2024	Difference	
			Amount	**%**
Current assets	11,633,513	12,125,493	(491,980)	(4.06)
Property, plant and equipment	2,117,130	2,110,657	6,473	0.31
Investment properties	4,429,399	4,492,056	(62,657)	(1.39)
Long-term investments and other assets	7,564,101	7,476,576	87,525	1.17
Total Assets	**25,744,143**	**26,204,782**	(460,639)	(1.76)
Current liabilities	7,470,340	8,007,417	(537,077)	(6.71)
Non-current liabilities	6,536,353	6,547,794	(11,441)	(0.17)
Total Liabilities	**14,006,693**	**14,555,211**	(548,518)	(3.77)
Share capital	3,211,463	3,211,463	-	-
Capital reserve	943,445	943,445	-	-
Retained earnings	6,836,001	6,613,259	222,742	3.37
Other equity	746,541	881,404	(134,863)	(15.30)
Total equity	**11,737,450**	**11,649,571**	87,879	0.75

Analysis and explanation of increase (decrease) in proportions:

1. Other equity: Mainly due to the unrealized losses recognized 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$ thousand

Item \ Year	2025	2024	Increase (decrease) amount	Percentage of change
Operating revenue	16,798,091	14,592,238	2,205,853	15.12
Operating costs	(15,306,354)	(13,422,235)	(1,884,119)	(14.04)
Gross profit	1,491,737	1,170,003	321,734	27.50
Operating expenses	(586,439)	(577,445)	(8,994)	(1.56)
Operating net profit	905,298	592,558	312,740	52.78
Non-operating income and expenses				
Interest income	6,516	5,339	1,177	22.05
Other income	162,302	117,458	44,844	38.18
Other gains and losses	633,884	1,226,360	(592,476)	(48.31)
Gain on bargain purchase - Acquisition of subsidiary	2,484	-	2,484	-
Financial costs	(423,049)	(399,741)	(23,308)	(5.83)
Share of profits on equity-accounted associated companies and joint ventures	31,847	51,564	(19,717)	(38.24)
Total Non-operating income and expenses	413,984	1,000,980	(586,996)	(58.64)
Net income before tax	1,319,282	1,593,538	(274,256)	(17.21)
Income tax expenses	(219,305)	(117,061)	(102,244)	(87.34)
Net profit of the current period	1,099,977	1,476,477	(376,500)	(25.50)
Other comprehensive income				
Items not reclassified as income				
Re-measurement of defined benefit plan	(939)	3,619	(4,558)	(125.95)
Unrealized valuation loss on investments in an equity instrument measured at fair value through other comprehensive income	(164,066)	(174,772)	10,706	6.13
Share of other comprehensive income (losses) on affiliated enterprises and joint ventures recognized under the equity method	1,890	(1,732)	3,622	209.12
	(163,115)	(172,885)	9,770	5.65
Items that may be reclassified as income				
Gains (losses) on translation differences in financial statements from foreign operations	(1,540)	3,582	(5,122)	(142.99)
Other comprehensive income of the current period (net income after-tax)	(164,655)	(169,303)	4,648	2.75
Total comprehensive income for the period	935,322	1,307,174	(371,852)	(28.45)
Profit attributable to				
Owners of the Company	1,058,251	1,444,214	(385,963)	(26.72)
Non-controlling equity	41,726	32,263	9,463	29.33
	1,099,977	1,476,477	(376,500)	(25.50)
Total comprehensive income attributable to:				
Owners of the Company	893,775	1,274,445	(380,670)	(29.87)
Non-controlling shares	41,547	32,729	8,818	26.94
	935,322	1,307,174	(371,852)	(28.45)

Analysis and explanation of increase (decrease) in proportions:

1. Gross profit and net operating profit: The increase in gross profit and net operating profit was mainly due to the decrease in the cost of goods sold in the current period.
2. Non-operating income and expenses: Mainly due to the decrease in financial assets at fair value through profit or loss in the current period.
3. income tax expenses: The increase in income tax expense in the current year is mainly due to the increase in the taxable amount of taxable items.
4. Total comprehensive income: Mainly due to the unrealized losses from financial assets at fair value through other comprehensive income.
   The above has resulted in a decrease in the Company's net profit and total comprehensive income in the current period compared to last year.

(II) Analysis of Individual Financial Performance

Unit: NT$ thousand

Item / Year	2025	2024	Increase (decrease) amount	Percentage of change
Operating revenue	12,927,908	12,065,511	862,397	7.15
Operating costs	(11,980,003)	(11,275,030)	(704,973)	(6.25)
Gross profit	947,905	790,481	157,424	19.91
Unrealized gains from sales	(55,966)	(42,229)	(13,737)	(32.53)
Realized gains from sales	109,992	86,231	23,761	27.56
Realized gross profit	1,001,931	834,483	167,448	20.07
Operating expenses	(420,495)	(426,492)	5,997	1.41
Operating net profit	581,436	407,991	173,445	42.51
Non-operating income and expenses				
Interest income	2,611	1,918	693	36.13
Other income	131,714	93,462	38,252	40.93
Gain on bargain purchase—Acquisition of subsidiary	2,484		2,484	-
Other gains and losses	384,117	959,092	(574,975)	(59.95)
Financial costs	(360,306)	(363,321)	3,015	0.83
Share of profits on equity-accounted associated companies and joint ventures	466,749	398,608	68,141	17.09
Total Non-operating income and expenses	627,369	1,089,759	(462,390)	(42.43)
Net income before tax	1,208,805	1,497,750	(288,945)	(19.29)
Income tax expenses	(150,554)	(53,536)	(97,018)	(181.22)
Net profit of the current period	1,058,251	1,444,214	(385,963)	(26.72)
Other comprehensive income				
Items not reclassified as income				
Re-measurement of defined benefit plan	(760)	3,121	(3,881)	(124.35)
Unrealized valuation loss on investments in an equity instrument measured at fair value through other comprehensive income	(164,066)	(174,772)	10,706	6.13
Unrealized valuation loss (gain) on investments in an equity instrument measured at fair value through other comprehensive income	1,890	(1,732)	3,622	209.12
	(162,936)	(173,383)	10,447	6.03
Items that may be reclassified as income				
Translation differences in financial statements from foreign operations	(1,540)	3,614	(5,154)	(142.61)
Other comprehensive income of the current period (net income after-tax)	(164,476)	(169,769)	5,293	3.12
Total comprehensive income for the period	893,775	1,274,445	(380,670)	(29.87)

Analysis and explanation of increase (decrease) in proportions:

1. Gross profit, realized gross profit and net operating profit: The increase in gross profit, realized gross profit and net operating profit was mainly due to the decrease in the cost of goods sold in the current period.
2. Non-operating income and expenses: Mainly due to the decrease in financial assets at fair value through profit or loss.
3. income tax expenses: The increase in income tax expense in the current year is mainly due to the increase in the taxable amount of taxable items.
4. Total comprehensive income: Mainly due to the unrealized losses from financial assets at fair value through other comprehensive income.
   The above has resulted in a decrease in the Company's net profit and total comprehensive income in the current period compared to last year.

(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$ thousand

	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	321,734	(979,381)	980,036	(83,826)	404,905
Description	The increase in gross profit margin by 0.9% was mainly due to the decrease in the Company's operating costs in 2025.				

(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: According to the World Steel Association's October 2025 Worldsteel Short Range Outlook, despite the growth of global steel demand slowing down due to the trade war, reciprocal tariffs, and geopolitical uncertainties, it remains cautiously optimistic about steel demand in 2026. It believes that 2025 was the bottom for steel demand, and expects to see growth in 2026. Its main argument is that developing economies, such as India, ASEAN countries, the Middle East, and Africa, will maintain strong growth momentum and support global steel demand. Europe will see steel demand return to growth driven by increased infrastructure and defense spending, while the United States will benefit from AI-related industries, government policies encouraging infrastructure investment, and a rebound in housing demand. Therefore, global steel demand is expected to continue to grow moderately in 2026. Taiwan's Directorate-General of Budget, Accounting and Statistics expects economic growth to reach 7.71% in 2026 based on global demand on AI and related technology products. 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 580,000 tons this year.

III.Cash flow analysis

Unit: NT$ thousand

Balance at the start of the year (January 01, 2025) ①	Net cash flow from operating activities ②	Net cash flow from investment and financing activities③	Cash balance (December 31, 2025) ① + ②- ③	Plan to improve insufficient liquidity	
				Investment plan	Financial plan
1,212,459	2,707,286	(2,650,097)	1,269,648	None	None

1. Analysis of cash flow changes in the current year:
    (1) Cash inflow from operating activities amounted to approximately NT$2,707,286,000: Mainly due to the decrease in accounts receivable generated from sales and the decrease in inventory.

(2) Cash outflow from investment activities amounted to approximately NT$137,186,000: Mainly due to the purchase of property, plant, and equipment and prepayments for equipment.

(3) Cash outflow from financing activities amounted to approximately NT$2,510,350,000: 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 outflow of approximately NT$2,561 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: N/A.
4. Cash flow analysis for the past two years:

Item \ Year	December 31, 2025	December 31, 2024	Change (%)
Cash flow ratio (%)	30.36	12.89	136%
Cash flow adequacy ratio (%)	55.16	28.23	95%
Cash reinvestment ratio (%)	10.11	1.85	446%

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$ thousand

Plan	Actual or expected source of funds	Actual fund use	
		2025	2024
Plant expansion and land for production	Self-own funds and bank borrowings	369,220	996,330
Production and factory equipment	Self-own funds and bank borrowings	48,935	108,592
Software system	Self-owned funds	675	5,663
Total		418,830	1,110,585

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.

In 2025, the Company increased its shareholding in Hsin Wei Solar Co., Ltd. to 90%, making it a subsidiary. The company's main business strategy is to promote renewable energy and develop solar photovoltaic power generation. 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 2025, 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) was approximately NT$436,023 thousand, down approximately 66% compared to the previous year. In 2025, profits recognized from affiliated enterprises using the equity method (including other comprehensive income) reached NT$33,737,000, an decrease of 32% compared with the previous year. Looking towards 2026, Taiwan's economic growth rate is expected to exceed 3%, mainly driven by AI applications, semiconductor exports, and domestic consumption. However, international trade policies, geopolitical risks, and the divergence in monetary policy around the world remain potential challenges. In 2026, the steel industry has seen steel prices bounce back as US reciprocal tariffs were finally settled, end customers starting to replenish their inventories, government policy gradually stabilizing, and investments in public works and from the private sector continuing to grow. The Company plays a key role in the development of factories and offices in the technology industry, energy facilities, and public works projects, and we expect to see even greater business opportunities in the future. 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 is 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 2025

Unit: NT$ thousand

Item	2025
Net interest income (expenses)	(416,533)
Net exchange income (loss)	138,842
Net interest income (expenses) as a ratio of net operating revenue	2.48%
Ratio of net exchange (loss) profit to net revenue	0.83%

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 expenses was NT$416,533,000 in 2025 (accounting for 2.48% of net revenue), 5.61% higher than in 2024.

Future countermeasures

Looking towards 2026, higher oil prices due to the conflict in the Middle East and the uncertainty of US tariff policy are expected to bring inflation concerns. Major central banks around the world are all relatively hawkish in terms of monetary policy, and Taiwan's monetary policy is also leaning towards tightening. 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 financial position. The US Federal Reserve preemptively cut rates in 2025, but cut fewer basis points than expected by the market. In addition, the global trade war and tariff war launched by the Trump administration led to higher uncertainty in the supply chain. Coupled with geopolitical risks and other factors, funds sought refuge in the US dollar and foreign investors reduced their holdings of Taiwanese stocks after September. Capital continued to flow out of Taiwan and the NTD depreciated against the USD until the end of the year.

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 31.166 in 2025 due to the spread and flow of international capital, and appreciated 2.93% compared with the average NTD/USD exchange rate of 32.108 in 2024 (source: Taipei Forex Inc.). The difference in exchange rates reached NT$3.661 in 2025 (32.984 in March and 29.323 in July). Thanks to proper hedging, the Company generated a net exchange profit of NT$138,842,000 in 2025, accounting for 0.83% of the net revenue that year.

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.

Considering that the spread between USD and NTD will affect the cost of capital for holding foreign currency liabilities, and NTD continuing to depreciate against the USD from the end of 2025 to the end of March 2026 due to the tariff policy of the Trump Administration, geopolitics, and conflict in the Middle East, the NTD/USD exchange rate closed above NT$32 in March 2026. The Company adopted the strategy to adjust its capital structure and prioritized converting some of its USD liabilities into NTD liabilities, using forward foreign exchange contracts for hedging, so as to reduce the adverse impact of exchange rate fluctuations and spread on the Company's overall financial position, which will improve the efficiency of capital utilization and financial stability.

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 2025, the inflation rate in Taiwan (calculated with the Consumer Price Index of the Directorate-General of Budget, Accounting, and Statistics) was approximately 109.60% (an annual increase of 2.72%); The inflation rate in Taiwan is expected to ease to 1.75% in 2026 (calculated using the Consumer Price Index of the Directorate-General of Budget, Accounting and Statistics for February 2026).

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 2025. 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.

③. 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 2025 and up to the publication date of this Annual Report.

During 2025, 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:

The Company occupies a pivotal position in the steel industry between upstream and downstream industries. We will continue to increase our investment in R&D to simultaneously make progress in technological innovation, environmental sustainability, and market expansion, in hopes of becoming an important force supporting Taiwan's infrastructure and net-zero transition. On the basis of our research results in material applications accumulated over the years, we will improve durability and safety in extreme weather events and an island environment, promote innovations in anti-corrosion and anti-rust coatings, and extend the service life of steel in offshore wind farms, public works projects, and industrial plants. In addition, we are developing efficient, low-energy welding methods to improve the quality and precision of structure manufacturing, and ensure the safety and stability of large steel sections in harsh environments. Our goal is to strengthen the weather resistance of welding materials and processes, and support their application in offshore wind farms, underwater foundations, and high-end building materials.

(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 2025 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:

The Company continued to replace automated cutting equipment from 2025 up to the date of report, increasing the production of products that meet customer requirements with existing technologies for cutting and production of components.

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.

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

In 2025, the Company received the Taiwan Corporate Sustainability Awards (TCSA) and the Gold 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 2025 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 2025 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 production capacity 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 will continue to replace automated cutting equipment 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 2025 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, and mainly generates revenue from sales, processing, and construction. The Company's top ten customers accounted for approximately 30.10% and 20.39% of operating revenues in 2025 and 2024, respectively, and the largest customer accounted for 6.59% and 4.87%, respectively. Therefore, there is 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, stainless steel products, and weather resistant, anti-oxidation, and anti-corrosion building materials 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 2025 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 2025 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 2025 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 IFRSs announced by the FSC, an annual 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 the financial statements. 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 2025 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 2025 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 2025, 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.

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 2025 and up to the date of report. The Company also has not been involved in any legal cases or investigation.

(XVII) Other critical risks:

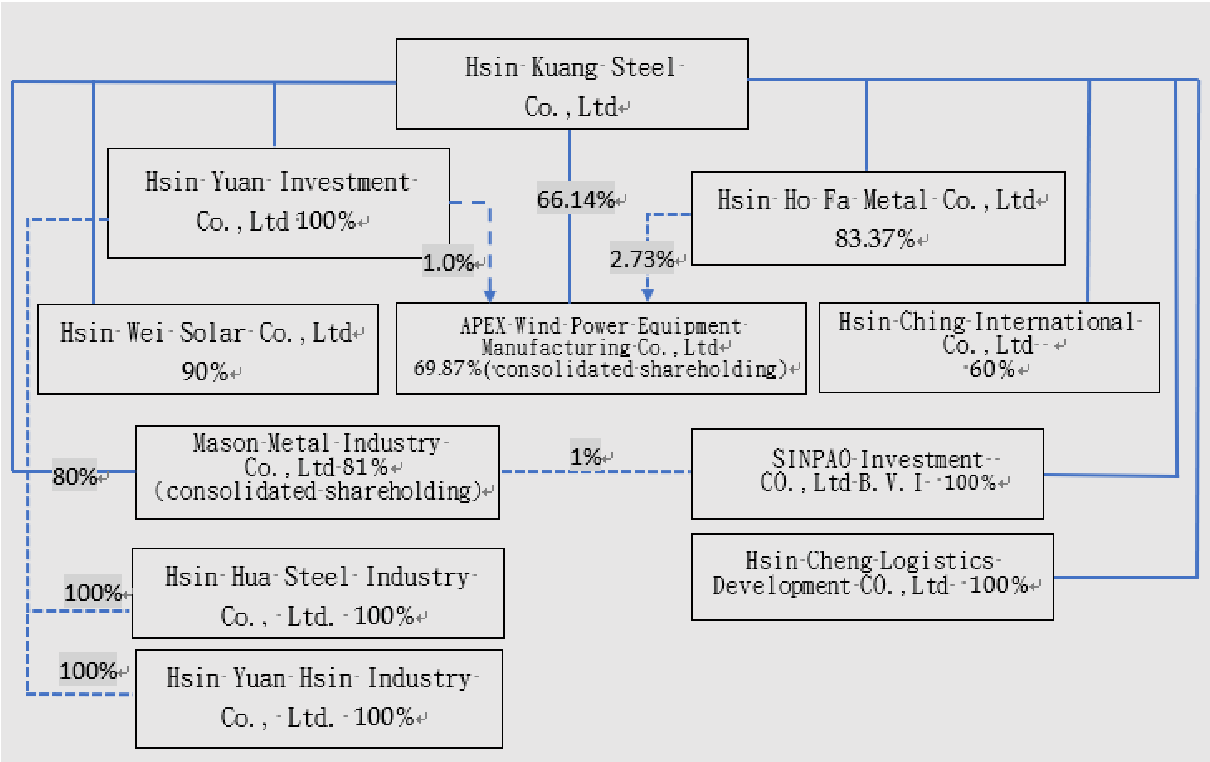
From 2025 and as of the publication date of this Annual Report, the Company experienced no other critical risks.

VII. Other important matters: None.

F. Special Notes

I. Profiles of Affiliates

(I) Affiliation Chart



(II) Profile of affiliated companies:

As of December 31, 2025

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	1,000,000	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	321,000	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	Metal Structure and Architectural Components
Hsin Wei Solar CO., LTD	2010/10/04	25F-1, No. 97, Section 4, Chongxin Road, Sanchong District, New Taipei City	200,000	Renewable Energy Power Generation
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

Unit: NT/USD$1,000

Name of entity	Date of establishment	Address	Paid-up capital	Main business activities or products
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	288,000	Metal Structure and Architectural Components
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, 2025.

(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, 2025

Unit: Share: %

Name of entity	Title	Name or name of representative	Shareholding	
			Number of shares	Shareholding percentage
Hsin Yuan Investment Co., Ltd.	Chairman and General Manager	Representative of Hsin Kuang Steel Co., Ltd.: Alexander M.T. Su	100,000,000	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		
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%

Name of entity	Title	Name or name of representative	Shareholding: Number of shares	Shareholding: Shareholding percentage
Hsin Ho Fa Metal Co., Ltd.	Chairman and General Manager	Representative of Hsin Kuang Steel Co., Ltd.: Alexander M.T. Su	26,762,729	83.37%
	Director	Representative of Hsin Kuang Steel Co., Ltd.: Teng-Kui Kao		
	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	762,859	2.38%
	Supervisor	Tai-Tou Chang	176,973	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 Wei Solar CO., LTD	Chairman	Representative of Wei Sheng Investmant & Development Co., Ltd.: Chen Kuei Kuang	2,000,000	10.00%
	Director	Representative of Hsin Kuang Steel Co., Ltd.: Jessica P.H. Liu	18,000,000	90.00%
	Director	Representative of Hsin Kuang Steel Co., Ltd.: Johnathon Y.J. Su		
	Supervisor	Lisa H.C. Chien		
Hsin Ching International Co., Ltd.	Chairman	Representative of Hsin Kuang Steel Co., Ltd.: Alexander M.T. Su	15,000,000	60.00%
	Director	Representative of Hsin Kuang Steel Co., Ltd.: Ming-Shan Jheng		
	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%

Name of entity	Title	Name or name of representative	Shareholding	
			Number of shares	Shareholding percentage
	Supervisor	Lisa H.C. Chien	-	-
	Supervisor	Representative of Ho Feng Development Consultancy Co., Ltd.: Hsiao-Yu Chang	750,000	3.00%
Mason Metal Industry Co., Ltd.	Chairman	Representative of Hsin Kuang Steel Co., Ltd.: Alexander M.T. Su	40,500,000 (consolidated shareholding)	81.00% (consolidated shareholding)
	Director	Representative of Hsin Kuang Steel Co., Ltd.: Johnathon Y.J. Su		
	Director	Hsin Kuang Steel Co., Ltd. Representative:Lai,Tsen Fang		
	Director	Hsin Kuang Steel Co., Ltd. Representative: Shu-Hsien Huang		
	Director	Hsin Kuang Steel Co., Ltd. Representative: Jeff. T.F.Lai.		
	Director	Sumitomo Corporation of Japan: Hotta Kenichi	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	28,800,000	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, 2025

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 (Loss) per share
Hsin Yuan Investment Co., Ltd.	1,000,000	1,557,522	85,050	1,472,472	371,945	333,715	329,534	3.30
SINPAO INVESTMENT CO.,LTD(B.V.I)	US$3,433	US$1,735	-	US$1,735	US$11.06	US$11.06	US$5	NA
Hsin Ho Fa Metal Co., Ltd.	321,000	898,794	464,665	434,129	284,035	12,397	54,546	1.70
APEX Wind Power Equipment Manufacturing Co. Ltd.	660,000	1,445,757	712,761	732,996	1,094,956	22,140	10,658	0.16
Hsin Wei Solar CO.,LTD	200,000	721,705	501,576	220,129	98,524	33,166	15,671	0.78
Hsin Ching International Co., Ltd.	250,000	713,610	222,244	491,366	115,417	66,457	50,394	2.02
Mason Metal Industry Co., Ltd.	500,000	1,348,647	687,859	660,788	2,205,672	57,963	38,882	0.78
Hsin Cheng Logistics Development Co., Ltd.	200	921	-	921	-	-	6	0.3
Hsin Hua Steel Industry Co., Ltd.	288,000	1,258,469	778,753	479,716	1,629,300	212,000	165,260	5.74
Hsin Yuan Hsin Steel Industry Co., Ltd.	10,000	47,894	40,695	7,199	15,453	1,018	(2,607)	(2.61)

(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 2025. 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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