

Stock Code:2008



Kao Hsing Chang Iron & Steel Corp.

2024 Shareholders' meeting

Meeting Agenda

Time: 9am on June 20, 2024 (Thursday)

Location No. 318, Zhonghua 1st Rd., Gushan Dist., Kaohsiung City (The Company)

Method: in person

TEL:(07) 555 - 6111 (Representative)

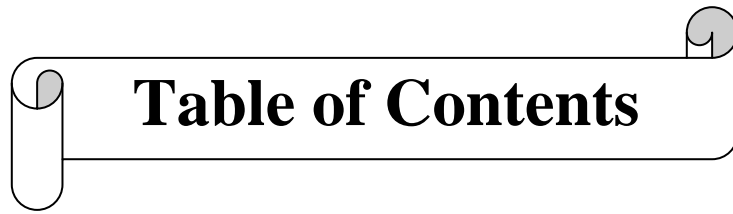
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Kao Hsing Chang Iron & Steel Corp.

2024 Shareholders' Meeting Procedures

- I. Call the Meeting to Order
- II. Chairman's Remarks
- III. Matters to be reported
- IV. Matters to be ratified
- V. Election
- VI. Extemporaneous motions
- VII. Adjournment

Kao Hsing Chang Iron & Steel Corp.

2024 Shareholders' Meeting Agenda

I. Time: 9am on June 20, 2024 (Thursday)

Location: No. 318, Zhonghua 1st Road, Kaohsiung City (The Company)

Method: in person

Attendance: all shareholders and representatives

II. Chair: Address from Chairman Lu Tai-Rong

III. Matters to be reported:

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VI. Extemporary motions:

VII. Adjournment.

III. Matters to be reported

Matters to be reported *1.*:

2023 Business Report

Global demand for end products will be weak in 2023 due to factors such as high interest rates, high inflation, and China's lower-than-expected post-pandemic economic performance, resulting in a slowdown in manufacturing activities in various countries. Furthermore, the expansion of the US–China chip ban, the Russo-Ukrainian war, and the conflict between Israel and Hamas have all contributed to a shift in global geopolitics toward group confrontation, which has hampered economic development and social stability. The slowdown in global trade expansion has had an impact on both Taiwan's exports and export orders, as well as corporate investment. Taiwan's economic growth rate fell in the fourth quarter of 2022 and the first quarter of 2023, and it also fell in the second quarter. In the domestic steel industry, despite geopolitical instability and a high interest rate environment that continue to affect domestic and foreign market demand, affecting the majority of export orders and inventory replenishment in the downstream steel industry, upstream steelmaking raw material quotations remained high, raising supported product quotations.

The Company's steel pipe sales fell 37% in 2023 as the market contracted even more than in 2022. In terms of API oil pipe exports, the number of wellheads decreased rather than increased as international oil prices fell. In 2023, the Company faced tariff-free and low-cost competition. Export sales of steel pipes totaled 2,872 MT, a decrease of 82% from the same period last year. As oil prices remain stable in the second half of the year, we expect them to remain above US\$80 per barrel in the future. Despite the slow domestic demand for steel pipe, galvanized steel pipe, our main product, is receiving a steady stream of orders from electronics manufacturers. Domestic steel pipe sales in 2023 totaled 24,328MT, a 16.8% decrease from the

same period last year, but the products remained profitable.

One. The Company's 2023 business results are reported as follows:

I. Implementation of business plan:

The 2023 production was 33,993 metric tons, down by 32% from 50,238 metric tons in 2022. The 2023 sales volume was 35,026 metric tons, a 33% decrease from 52,419 metric tons in 2022.

The 2023 operating revenue was NT\$1,460,295 thousand, a decrease of 34% from the 2022 operating revenue of NT\$2,216,055 thousand, the net profit after tax was NT\$432,836 thousand, and the earnings per share was NT\$2.24.

Details are as follows:

1. Production volume and value in the last two years:

Production volume: tons Production value: NT\$thousand

Year Volume Product \ Value	2023		2022	
	Production volume	Production value	Production volume	Production value
Steel pipe	33,644	1,109,959	49,870	1,664,281
Others	349	21,347	368	27,067
Total	33,993	1,131,306	50,238	1,691,348

2. Sales volume and value in the last two years:

Sales volume: tons Sales value: NT\$thousand

Year Volume Product \ Value	2023		2022	
	Sales volume	Sales value	Sales volume	Sales value
Steel pipe	31,349	1,351,761	49,718	2,122,406
Circulating steel products	3,636	72,049	2,640	59,573
Others	41	36,485	61	34,075
Total	35,026	1,460,295	52,419	2,216,054

II. Analysis of revenues, expenses, and profitability:

1. Comprehensive income statement for the last two years: Unit: NTD Thousand

Item	2023	%	2022	%
Revenue	1,460,295	100	2,216,054	100
Operating costs	1,258,760	86	1,888,923	85
Operating margin (loss)	201,535	14	327,131	15
Marketing fees	35,144	2	120,872	5
Management expenses	77,746	5	67,785	3
Net operating loss	88,645	7	138,474	7
Non-operating income and expense	323,527	23	(18,915)	(2)
Profit (loss) before tax	412,172	30	119,559	5
Income tax expense	20,664		7,375	
Net profit (loss) for the period	432,836	31	112,184	5

2. The decrease in operating revenue in 2023 is mainly due to the decrease in sales volume.
3. The increase in non-operating income in 2023 is mainly due to the gain on disposal of investment property of NT\$329,307 thousand.
4. Net income after tax in 2023 was NT\$432,836 thousand, translating to an earnings per share of NT\$2.24.

III. Research and development status:

The Company constantly endeavors to renew steel pipe equipment by focusing on production efficiency improvement, energy conservation, pollution control and occupational safety enhancement, in order to achieve better product quality and work environment. 2023 Replacement of energy-saving air compressor equipment, renewal of galvanizing furnace equipment, renewal of zinc recovery equipment, continuous upgrading of pipe-making trolley equipment, and renovation of crane tracks, etc.

IV. Impact of external competitive environment, regulatory environment, and overall business environment:

1. The current international geopolitical conflicts continue, and the Russo-Ukrainian War is still pending, which affects the supply of bulk commodities; The conflict between Israel and Hamas has deepened the tension in the Middle East, impacted the oil supply chain and increased global inflation pressure. However, the global economic momentum has recovered steadily. The US economic resilience was higher than expected, with strong employment and consumption performance, and the easing of the government debt ceiling crisis and the end of the strike by car manufacturers are all favorable. The demand for auto steel is gradually released, and the trend of easing inflation remains unchanged, and it is expected that the rate hike cycle of the Federal Reserve and the European Central Bank is coming to an end, leading to a stabilization of economic growth.
2. According to the latest Short Range Outlook (SRO) released by World Steel Association, the global steel demand in 2024 has passed its trough and is benefited from the recovery of global automobile production. The demand growth rate is revised up from the original 1.7% to 1.9%, and an increase of 0.1% from 1.8% for 2023, an increase of demand by about 34.6 million tons. Although the trough of global steel demand has passed, there is still a high degree of uncertainty. The energy crisis, the Ukrainian-Russian War, high interest rate, inflation, and high inventory are still the main difficulties faced by the steel industry in 2024, but the overall negative factors are less than last year.
3. China maintains the “capacity control policy” to control the output of crude steel. The global supply of steel is shrinking, which is beneficial to accelerate the stabilization of international steel prices. On the demand side, China has successively launched a monetary easing policy and increased its efforts to stabilize growth. The United States is expected to introduce a series of supporting fiscal measures to reduce the impact of interest rate

hikes on the real economy and further drive the demand for steel.

4. The import restrictions from China and the violation of Article 232 of the Trump era of the United States were judged in violation by the WTO, and have affected the market. Therefore, it is necessary to further study the changes in the market. At present, the cost pressure of steelmakers is still high. In addition to supporting steel prices to a certain extent, steelmakers in various countries have started to reduce production. As the “carbon neutrality” goals continue to be promoted in various countries, the global steel supply and demand will gradually improve, which is favorable for the steel market to recover. It is expected that the steel price will rise with support.
5. The 2024 Outlook released by the Taiwan Steel and Iron Industries Association shows that with the significant recovery of investment in the manufacturing industry, emerging technologies and net zero emissions investment demand, geopolitical risks cooling down, high price levels being controlled, and a slowdown in interest rate hikes in Europe and the United States, the global steel market is expected to outperform last year. However, possible market variables include the impact of the Israel-Hamas conflict, the Ukraine-Russian War and the geopolitical risks in the Middle East. In addition, it remains to be seen how the EU CBAM and the global net zero emission requirements will affect the cost of steel.


Two. 2024 Business Plan Highlights:

In April, the International Monetary Fund (IMF) revised the global economic growth rate for this year to 3.2%, a 0.1% increase from the previous forecast, mainly due to the significant increase in the economic growth in the United States. The recovery of steel demand in East Asia as a result of the lifting of lockdowns in China and the recovery of demand for steel. The interest rate hike cycle is expected to come to an end in 2024, and the normalization of the supply chain is expected to further boost the demand for steel. However, the lag effect of monetary tightening

and repeated rising inflation may have a long-term impact on the economy. It is estimated that global steel demand growth in the future will still not reach pre-pandemic levels.

Currently, the steel industry selling to the US is still subject to high tariffs under Section 232 and has to compete against tariff-free and low-priced Korean products. The competition for export orders is thus intense. Meanwhile, the US demand is generally soft. Customers are still working through inventory. As the international steel price rises steadily, it is expected that the US API oil pipeline inquiry will continue to be released after the first quarter of 2024. The export market is optimistic that the order receipt should be more active than in 2023.

For the domestic sales of steel pipes, although private builders have delayed construction, the demand for chip packaging and testing has increased significantly due to the blooming AI applications, the insufficient supply of advanced packaging, and the rebound of the memory market. The five major local packaging and testing companies actively. The capital expenditure this year totaled nearly NT\$90 billion, and the domestic demand for galvanized steel pipes has increased significantly. Therefore, with the shrinking domestic demand for steel pipes, the Company's orders for domestic sales of steel pipes are still good. The demand for galvanized steel pipes is expected to continue to increase, and the sales will be better than last year.

Chairman: 

Manager: 

Accounting Supervisor: 

Matters to be reported 2.:

Audit Report of the Audit Committee

The Board of Directors has prepared the Company's 2023 business report, financial statements and proposal for earnings distribution. The financial statements have been audited by KPMG Taiwan and issued with an audit report.

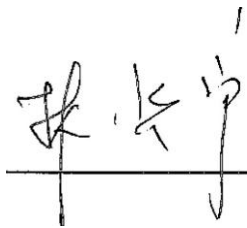
Audit Committee has reviewed the above-mentioned business report, financial statements, and earnings appropriation proposal without identifying any non-conformity. These reports are thus presented in accordance with the Securities and Exchange Act and the Company Act.

As above

The Company's **2024** shareholders' meeting

Kao Hsing Chang Iron & Steel Corp.

Convener of Audit Committee:



March 8, 2024

Matters to be reported 3.:

2023 distribution of remuneration to employees and directors

1. In accordance with the Ministry of Economic Affairs' Official Letter MOEA-Business No. 10402427800 dated October 15, 2015

A TWSE/TPEX listed company with Audit Committee in place shall have its Audit Committee propose the distribution of remuneration to employees, directors and supervisors and submit the proposal to the Board of Directors for resolution.

2. Article 26 of the Company's Articles of Incorporation

The Company operates in a mature industry. The residual dividend policy is adopted to accommodate operational needs and maximize shareholders' equity. If the Company makes a profit for a year, no less than 0.5% shall be allocated as remuneration to employees and no more than 5% shall be allocated as remuneration to directors. However, if the Company has cumulative losses, it is necessary to offset such losses before calculation of remuneration to employees and directors.

3. The Company's 7th meeting of the 5th Audit Committee and the 13th meeting of the 21st Board approved the distribution of remuneration to employees at NT\$2,160,000 and remuneration to directors at NT\$0 for 2023. The distribution will be made in cash.
4. The remuneration to employees at NT\$2,160,000 is 0.52% of the 2023 profit before tax before the deduction of remuneration to employees and directors. This is in line with the rules set in the Company's Articles of Incorporation.

Unit: NTD

Item	Amount
2023 profit before tax before deduction of remuneration to employees and directors	\$ 414,331,531
Less:	
Employee remuneration	(2,160,000)
Director's remuneration	-
Profit before tax	\$ 412,171,531

Matters to be reported 4.:

Report on the investment status of Da Dong Metroway Alliance CO., LTD. and Da Gang Metroway Alliance CO., LTD.

1. At the 10th meeting of the 21st Board of Directors of the Company on August 3, 2023, it was decided to collaborate with a construction company to participate in government tenders. The joint application of the land development project of O13 station and Y10 station with KUO CHENG CONSTRUCTION CO., LTD. was passed. According to the agreement, the Company will contribute 35% of the capital and KUO CHENG CONSTRUCTION CO., LTD. (as the authorized representative) will contribute 65%. On November 10, 2023, the Kaohsiung City Government selected it as the best applicant.

2. The project company of the above-mentioned development was approved and registered by the Kaohsiung City Government on 2024/1/24 and 2024/1/23:

O13 station land development project company: Da Dong Metroway Alliance CO., LTD.

The authorized capital is NT\$2.5 billion, and the paid-in capital for initiation is NT\$100 million, of which the Company contributes 35%, and the investment amount is NT\$35 million (3,500,000 shares at NT\$10 per share).

Y10 station land development project company: Da Gang Metroway Alliance CO., LTD.

The authorized capital is NT\$2 billion, and the paid-in capital for initiation is NT\$90 million, of which the Company contributes 35%, and the investment amount is NT\$31.5 million (3,150,000 shares at NT\$10 per share).

3. This proposal was approved for resolution at the 12th meeting of the Audit Committee on January 15, 2024 and by the 12th meeting of the 21st term of the Board on January 15, 2024.

IV. Matters to be ratified:

Proposal 1

(Proposed by the Board of directors)

Subject: Please kindly ratify the Company's 2023 Business Report and financial statements.

Explanation:

1. The Company's 2023 financial statements (balance sheet, comprehensive income statement, statement of changes in equity and cashflow statement) have been audited by CPA Vincent Hsu and CPA Eric Chen with KPMG Taiwan, which was review by the Audit Committee and resolved by the Board of Directors. Business report (please refer to Matters to be reported 1.). Please kindly ratify the above.
2. The Company's 2023 financial statements (detailed below)

Resolution:

Independent Auditor's Report

To the board of directors of Kao Hsing Chang Iron & Steel Corp.:

Audit opinion

We have duly audited the balance sheet of Kao Hsing Chang Iron & Steel Corp. as of December 31, 2023 and 2022, and the comprehensive income statement, statement of changes in equity and cash flow statement from January 1 to December 31, 2023 and 2022 as well as notes to the individual financial statements (including the summary of significant accounting policies).

In our opinion, the individual financial statements referred to above have been prepared, in all material respects, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretation Announcements issued by the Financial Supervisory Commission, and are fairly stated in terms of the financial position of Kao Hsing Chang Iron & Steel Corp. and its subsidiaries as of December 31, 2023 and 2022, and the financial performance and cash flows from January 1 to December 31, 2023 and 2022.

Basis of Audit Opinion

We conducted the audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant and the Generally Accepted Auditing Standards. Our responsibility under these standards will be further explained in the section of our responsibility in reviewing the individual financial statements. The personnel subject to the independence norms of the firm affiliated with these accountants have maintained detachment and independence from Kao Hsing Chang Iron & Steel Corp. in accordance with accountant professional ethics norms, and have performed other responsibilities of the norms. The accountant believes that sufficient and appropriate audit evidence has been obtained to serve as the basis for expressing an audit opinion.

Key audit items

Key audit items are those that, based on our professional judgment, are material to the examination of the individual financial statements of Kao Hsing Chang Iron & Steel Corp. for 2023. These items have been considered in the process of examining the individual financial statements taken as a whole and forming an opinion thereon, and we do not express an opinion on these items individually. The accountants judge that the key audit items that should be communicated in the audit report are as follows:

I. Inventory evaluation

For accounting policies related to inventory evaluation, please refer to Note 4(7) to the individual financial report on inventory; please refer to Note 5 of the individual financial report for accounting estimates and uncertainties in inventory evaluation and assumptions; please refer to Note 6(6) to the individual financial report for the disclosure of inventory evaluation.

Explanation of key audit items:

The main inventory of Kao Hsing Chang Iron & Steel Corp. is various steel pipes and hot-rolled steel coils, measured at the lower of cost and net realizable value. Due to the impact of changes in raw material prices on the global steel market, the sales demand and prices of related products may fluctuate dramatically in a competitive and changing environment. The estimated net realizable value of inventory depends on the subjective judgment of the management of Kao Hsing Chang Iron & Steel Corp. Therefore, there is a risk that the net realizable value of inventory may be lower than the cost, which is a matter of high concern for us in conducting the financial statement audit.

In terms of inventory valuation, we conducted a physical stock take at the end of the year to examine the state of inventory carried on hand, reviewed the inventory aging report, and analyzed inventory turnover rates and aging changes to determine the rationality of valuation allowances that Kao Hsing Chang Iron & Steel Corp. had provided on inventory. Given that the management of Kao Hsing Chang Iron & Steel Corp. had adopted the net realizable value approach, we also checked selling prices and analyzed the percentage of selling expenses shown on sales orders to establish rationality in the pricing and expense of sales. For slow-moving inventory items, we examined the levels of devaluation loss provided in previous periods to determine whether the management of Kao Hsing Chang Iron & Steel Corp. had made adequate valuation allowance on inventory. We also assessed the fairness of related disclosures made by Kao Hsing Chang Iron & Steel Corp.

II. Disposal of non-current assets classified as held for sale

For detailed accounting policies on non-current assets classified as held for sale, please refer to Note 4(8) to the individual financial report on non-current assets classified as held for sale; please refer to Note 6(7) to the individual financial report on the disclosure of disposal of non-current assets classified as held for sale.

Explanation of key audit items:

Due to significant changes in the market environment in recent years, the overall transaction volume of real estate in China has been greatly affected. Therefore, the evaluation of the transaction price and conditions for the disposal of real estate by Kao Hsing Chang Iron & Steel Corp. is a matter

that the management should pay attention to. Additionally, due to the significant impact of the disposal price on the pre-tax net profit of the comprehensive income statement, it is a matter that we need to pay close attention to when conducting the financial statement audit.

Corresponding audit procedures:

Regarding the transactions of disposal of non-current assets held for sale, we examined whether Kao Hsing Chang Iron & Steel Corp. had obtained appraisal reports and other documents in accordance with relevant securities management laws and regulations, internal control procedures and operating procedures, as well as processing relevant public announcements; we obtained the contracts signed by both parties to confirm the existence of the transactions; we also examined whether the recipients and payment methods of the transactions are consistent with the contractual agreements. In addition, we obtained proof of land transfers from Kao Hsing Chang Iron & Steel Corp. to confirm whether the asset transfer process has been completed. We also assessed the fairness of related disclosures made by Kao Hsing Chang Iron & Steel Corp.

Responsibility of the Management and the Governance Unit to the Individual Financial Report

The responsibility of the management is to properly prepare the individual financial report in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretation Announcements recognized and released by the Financial Supervisory Commission, and maintain essential internal controls related to the preparation of the individual financial report to ensure that there are no significant discrepancies in the individual financial report due to fraud or error.

When preparing individual financial statements, the management's responsibilities also include evaluating Kao Hsing Chang Iron & Steel Corp.'s ability to continue operations and disclose related matters, and the adoption of the accounting foundation for continuing operations, unless management intends to liquidate Kao Hsing Chang Iron & Steel Corp. or cease operations, or there are no other practical solutions except for liquidation or suspension of business.

The governance units of Kao Hsing Chang Iron & Steel Corp. (including the Audit Committee) are responsible for supervising the financial reporting process.

Our Responsibility in Auditing the Individual Financial Report

The purpose of our audit of the individual financial report is to obtain reasonable assurance as to whether the overall individual financial report is free from material misrepresentations due to fraud or error, and to issue an audit report accordingly. Reasonable assurance means a high degree of assurance. However, an audit performed in accordance with the Generally Accepted Auditing Standards does not

provide assurance that material misrepresentations in the individual financial report can be detected. Misrepresentations may be the results of fraud or error. If the individual amounts or aggregated figures that are misrepresented are reasonably expected to affect the economic decisions made by individual financial report users, they are considered to be material.

When conducting our audit in accordance with Generally Accepted Auditing Standards, we exercised our professional judgment and maintained our professional skepticism. We also performed the following tasks:

1. Identifying and assessing the risks of material misrepresentations of the individual financial report arising from fraud or error, designing and implementing appropriate responses to the risks assessed, and obtaining sufficient and appropriate evidence to serve as the basis of the audit opinion. Because fraud may involve collusion, forgery, deliberate omission, false statement or violation of internal control, the risk of not detecting a major false expression caused by fraud is higher than that caused by error.
2. Obtaining an understanding of the internal control relevant to our audit, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Kao Hsing Chang Iron & Steel Corp.
3. Evaluating the appropriateness of the accounting policies used by the management, and the reasonableness of the accounting estimates and related disclosures made by the management.
4. Based on the evidence obtained, making a conclusion on the appropriateness of the management's adoption of going-concern-basis accounting, and whether there is any material uncertainty about the events or circumstances that may cast significant doubt on the ability of Kao Hsing Chang Iron & Steel Corp. to continue as a going concern. If the accountant believes that there are significant uncertainties in these events or circumstances, he must remind the users of individual financial reports in the audit report to pay attention to the relevant disclosures in the individual financial reports, or amend the audit opinions when such disclosures are inappropriate. The accountant's conclusion is based on the audit evidence obtained as of the date of the audit report. However, future events or circumstances may cause Kao Hsing Chang Iron & Steel Corp. to no longer have the ability to continue operations.
5. Evaluating the overall presentation, structure and content of the individual financial report (including the related notes), and whether the individual financial report presents fairly the related transactions and events.
6. Obtaining sufficient and appropriate audit evidence on the financial information of the investee

companies, in order to express an opinion on the individual financial report. The accountant is responsible for the guidance, supervision and execution of audit cases, and is responsible for forming audit opinions for Kao Hsing Chang Iron & Steel Corp.

The matters communicated between the accountant and the governance unit include the planned audit scope and time, and major audit findings (including significant deficiencies in internal control identified during the audit process).

The accountant also provides the governance unit with a statement that the personnel of the accounting firm's affiliated firm subject to independence regulations have complied with the independence of the accountant's professional ethics and communicates with the governance unit all relationships that may be considered to affect the independence of the accountant and other matters (including related protective measures).

From the matters communicated with the governance unit, we decided on the key audit items for the audit of the 2023 individual financial report of Kao Hsing Chang Iron & Steel Corp. We identified such matters in our audit report, except for those that are not permitted by law to be disclosed publicly or, in the rarest of circumstances where we decided not to communicate those matters in our audit report, because the negative effect of such communication could be reasonably expected to outweigh the public interest that would be served.

KPMG Taiwan

Auditor:

Approval reference of the securities authority : Jin-Guan-Cheng VI No. 0960069825
Jin-Guan-Cheng-Shen No. 1110338100
March 8, 2024

Kao Hsing Chang Iron & Steel Corp.
Balance Sheet
December 31, 2023 and 2022

Unit: NTD thousand

Assets		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Current assets:					
1100	Cash and cash equivalents (Note 6(1))	\$ 455,845	6	214,173	3
1120	Financial assets measured at fair value through other comprehensive income -- current (Note 6(2))	805,992	11	984,337	14
1151	Notes receivable (Note 6(4))	-	-	4,291	-
1152	Other notes receivable (Note 6(5))	200	-	200	-
1170	Accounts receivable, net (Note 6(4))	112,673	1	103,257	1
1200	Other accounts receivable (Notes 6(5) and 7)	20,583	-	8,611	-
1220	Current tax assets	293	-	-	-
130X	Current inventories (Note 6(6))	722,626	10	738,204	10
1460	Non-current assets classified as held for sale (Notes 6(7) and 8)	-	-	113,334	2
1476	Other current financial assets (Notes 6(3) and 8)	-	-	20,023	-
1479	Other current assets – others (Note 6(12))	19,230	-	19,282	-
Total current assets		2,137,442	28	2,205,712	30
Non-current assets:					
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(2))	1,238,617	16	955,656	13
1550	Investments accounted for using equity method (Notes 6(8) and 7)	629,037	9	512,824	7
1600	Property, plant and equipment (Notes 6(9) and 8)	1,497,983	20	1,514,042	21
1755	Right-of-use assets (Notes 6(10) and 7)	3,290	-	6,581	-
1760	Investment property, net (Notes 6(11), 7 and 8)	2,024,891	27	2,027,466	28
1920	Guarantee deposits paid (Notes 6(11), 7 and 8)	4,938	-	4,537	-
1995	Other non-current assets, others	-	-	33,000	1
Total non-current assets		5,398,756	72	5,054,106	70
Total assets		\$ 7,536,198	100	\$ 7,259,818	100

Chairman: Tai-Rong Lu

Manager: Rong-Feng Shenglu

Accounting supervisor: Hui-Mei Chao

Kao Hsing Chang Iron & Steel Corp.
Balance Sheet (continued)
December 31, 2023 and 2022

Unit: NTD thousand

		<u>December 31, 2023</u>		<u>December 31, 2022</u>	
		Amount	%	Amount	%
Liabilities and equity					
Current liabilities:					
2100	Current borrowings (Notes 6(14), 7 and 8)	\$ 1,663,317	23	3,205,071	44
2110	Short-term notes and bills payable (Notes 6(11), 7 and 8)	-	-	124,700	2
2151	Notes payable	30,333	-	40,290	1
2152	Other notes payable	11,851	-	11,433	-
2170	Accounts payable	34,395	-	25,944	-
2200	Other accounts payable	68,660	1	74,081	1
2230	Current tax liabilities	200	-	10,387	-
2300	Other current liabilities (Notes 6(15) and (22))	910	-	8,223	-
2320	Long-term liabilities, current portion (Notes 6(16) and 8)	52,534	1	32,558	-
	Total current liabilities	<u>1,862,200</u>	<u>25</u>	<u>3,532,687</u>	<u>48</u>
Non-current liabilities:					
2540	Long-term borrowings (Notes 6(16) and 8)	2,022,466	27	667,442	9
2570	Deferred tax liabilities (Note 6(19))	196,160	3	210,632	3
2640	Non-current net defined benefit liability (Note 6(18))	2,772	-	28,427	1
2645	Refundable deposit (Note 7)	5,000	-	5,000	-
	Total non-current liabilities	<u>2,226,398</u>	<u>30</u>	<u>911,501</u>	<u>13</u>
	Total liabilities	<u>4,088,598</u>	<u>55</u>	<u>4,444,188</u>	<u>61</u>
Equity (Note 6(20)):					
3100	Share capital	1,908,523	25	2,008,523	28
3200	Capital surplus	-	-	75,159	1
3300	Retained earnings:				
3310	Statutory reserve	183,582	2	170,158	2
3320	Special reserve	77,268	1	-	-
3350	Unappropriated retained earnings	949,419	13	639,058	9
		<u>1,210,269</u>	<u>16</u>	<u>809,216</u>	<u>11</u>
3400	Other equity interest	328,808	4	(77,268)	(1)
	Total equity	<u>3,447,600</u>	<u>45</u>	<u>2,815,630</u>	<u>39</u>
	Total liabilities and equity	<u>\$ 7,536,198</u>	<u>100</u>	<u>\$ 7,259,818</u>	<u>100</u>

Chairman: Tai-Rong Lu

Manager: Rong-Feng Shenglu

Accounting supervisor: Hui-Mei Chao

Kao Hsing Chang Iron & Steel Corp.
Statements of Comprehensive Income
January 1 to December 31, 2023 and 2022

		Unit: NTD thousand			
		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(17) and (22) and 7)	\$ 1,460,295	100	2,216,054	100
5000	Operating costs (Notes 6(6), (17) and (18), 7 and 12)	<u>1,258,760</u>	<u>86</u>	<u>1,888,923</u>	<u>85</u>
5900	Operating margin	<u>201,535</u>	<u>14</u>	<u>327,131</u>	<u>15</u>
6000	Operating expenses (Notes 6(18) and (23), 7 and 12):				
6100	Selling expenses	35,144	2	120,872	5
6200	Management expenses	<u>77,746</u>	<u>5</u>	<u>67,785</u>	<u>3</u>
	Total operating expenses	<u>112,890</u>	<u>7</u>	<u>188,657</u>	<u>8</u>
6900	Operating profit	<u>88,645</u>	<u>7</u>	<u>138,474</u>	<u>7</u>
	Non-operating income and expenses:				
7100	Interest income (Note 6(24))	3,200	-	629	-
7010	Other income (Notes 6(2) and (24))	66,874	5	49,889	2
7020	Other gains and losses (Note 6(24))	(2,493)	-	6,276	-
7050	Finance costs (Note 6(24))	(88,662)	(6)	(77,989)	(4)
7060	Share of profit (loss) of associates accounted for using equity method (Note 6(8))	15,301	1	2,280	-
7229	Gains on disposal of non-current assets classified as held for sale (Note 6(7))	<u>329,307</u>	<u>23</u>	<u>-</u>	<u>-</u>
	Total non-operating income and expenses	<u>323,527</u>	<u>23</u>	<u>(18,915)</u>	<u>(2)</u>
7900	Net profit before tax	412,172	30	119,559	5
7950	Less: Tax expense (income) (Note 6(19))	<u>(20,664)</u>	<u>(1)</u>	<u>7,375</u>	<u>-</u>
	Current net income	<u>432,836</u>	<u>31</u>	<u>112,184</u>	<u>5</u>
8300	Other comprehensive income:				
8310	Items not reclassified into profit and loss				
8311	Gains (losses) on remeasurements of defined benefit plans (Note 6(18))	3,850	-	4,564	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	415,689	28	(234,168)	(10)
8320	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss (Note 6(8))	79,927	5	(36,591)	(2)
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 6(8))	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>499,466</u>	<u>33</u>	<u>(266,195)</u>	<u>(12)</u>
8300	Other comprehensive income for the period (net after tax)	<u>499,466</u>	<u>33</u>	<u>(266,195)</u>	<u>(12)</u>
	Total comprehensive income for the period	<u>\$ 932,302</u>	<u>64</u>	<u>(154,011)</u>	<u>(7)</u>
	Earnings per share (Note 6(21))				
9750	Basic earnings per share	<u>\$ 2.24</u>		<u>0.56</u>	
9850	Diluted earnings per share	<u>\$ 2.24</u>		<u>0.56</u>	

Chairman: Tai-Rong Lu

Manager: Rong-Feng Shenglu

Accounting supervisor: Hui-Mei Chao

Kao Hsing Chang Iron & Steel Corp.
Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	Share capital	Capital surplus	Statutory reserve	Retained earnings		Undistributed retained earnings	Other equity items	Treasury stock	Total equity interest
				Gain (loss) from unrealized valuation of financial assets measured at fair value through other comprehensive income					
Balance on January 1, 2022	\$ 2,008,523	75,159	147,137	-	-	527,837	210,985	-	2,969,641
Current net income	-	-	-	-	-	112,184	-	-	112,184
Other comprehensive income for the period	-	-	-	-	-	4,564	(270,759)	-	(266,195)
Total comprehensive income for the period	-	-	-	-	-	116,748	(270,759)	-	(154,011)
Earnings appropriation and distribution:									
Statutory surplus reserve	-	-	23,021	-	-	(23,021)	-	-	-
Disposal of equity investments at fair value through other comprehensive income	-	-	-	-	-	17,494	(17,494)	-	-
Balance on December 31, 2022	2,008,523	75,159	170,158	-	-	639,058	(77,268)	-	2,815,630
Current net income	-	-	-	-	-	432,836	-	-	432,836
Other comprehensive income for the period	-	-	-	-	-	3,850	495,616	-	499,466
Total comprehensive income for the period	-	-	-	-	-	436,686	495,616	-	932,302
Earnings appropriation and distribution:									
Statutory surplus reserve	-	-	13,424	-	-	(13,424)	-	-	-
Provision for special reserve	-	-	-	77,268	-	(77,268)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(100,426)	-	-	(100,426)
Purchase of treasury shares	-	-	-	-	-	-	-	(199,906)	(199,906)
Retirement of treasury shares	(100,000)	(75,159)	-	-	-	(24,747)	-	199,906	-
Disposal of equity investments at fair value through other comprehensive income	-	-	-	-	-	89,540	(89,540)	-	-
Balance on December 31, 2023	\$ 1,908,523	-	183,582	77,268	-	949,419	328,808	-	3,447,600

Chairman: Tai-Rong Lu

Manager: Rong-Feng Shenglu

Accounting supervisor: Hui-Mei Chao

Kao Hsing Chang Iron & Steel Corp.
Statement of Cash Flow
January 1 to December 31, 2023 and 2022

	Unit: NTD thousand	
	2023	2022
Cash flow from operating activities:		
Profit before tax	\$ 412,172	119,559
Adjustments:		
Income, expenses, and losses		
Depreciation	57,655	55,772
Interest expenses	88,662	73,039
Interest income	(3,200)	(629)
Dividend income	(61,726)	(44,286)
Share of profit of associates accounted for using equity method	(15,301)	(2,280)
Loss (gain) on disposal of property, plant and equipment	(193)	892
Gain on disposal of non-current assets classified as held for sale	(329,307)	-
Unrealized gains on foreign currency exchange	(323)	-
Total income, expenses, and losses	(263,733)	82,508
Changes in operating assets and liabilities:		
Net changes in assets related to business activities:		
Decrease (increase) in bills receivable	4,291	(4,291)
Increase in accounts receivable	(9,416)	(6,900)
Decrease (increase) in other receivables	841	(465)
Decrease (increase) in inventories	15,578	(18,393)
Decrease in other current assets	52	922
Total net changes in assets related to business activities	11,346	(29,127)
Net changes in liabilities related to operating activities:		
(Decrease) increase in bills payable	(9,957)	11,906
Increase (decrease) in accounts receivable	8,774	(13,814)
Increase in other accounts payable	5,054	9,566
Increase (decrease) in other current liabilities	(7,313)	925
Decrease in net defined benefit liability	(21,805)	(9,017)
Total changes in operating liabilities	(25,247)	(434)
Total net changes in assets and liabilities related to business activities	(13,901)	(29,561)
Total adjustment items	(277,634)	52,947
Cash inflow generated from operations	134,538	172,506
Interest received	3,243	582
Dividends received	63,003	43,254
Interest paid	(86,886)	(72,645)
Tax paid	(4,288)	(19,150)
Net cash flows from operating activities	109,610	124,547
Cash flow from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(1,439,156)	(744,317)
Disposal of financial assets at fair value through other comprehensive income	1,736,686	374,434
Investments accounted for using equity method	-	(99,000)
Increase in prepayments for investments	-	(33,000)
Proceeds from disposal of non-current assets classified as held for sale	447,574	-
Acquisition of property, plant, and equipment	(39,635)	(43,127)
Disposal of property, plant, and equipment	193	-
Decrease (increase) in guarantee deposits paid	(401)	1,294
Acquisition of investment property	(1,735)	(3,567)
Decrease (increase) in other financial assets	20,023	(20,023)
Net cash inflow (outflow) from investing activities	723,549	(567,306)
Cash flows from (used in) financing activities:		
Increase in short-term loan	1,903,160	5,206,814
Decrease in short-term loan	(2,114,914)	(5,234,084)
Increase in short-term notes and bills payable	325,000	230,000
Decrease in short-term notes and bills payable	(450,000)	(105,000)
Increase in long-term debt	50,000	-
Repayments of long-term debt	(5,000)	-
Cash dividends paid	(99,788)	-
Payments to acquire treasury shares	(199,906)	-
Decrease in notes payable from proceeds from capital reduction	(39)	(39)
Net cash inflows (outflows) from financing activities	(591,487)	97,691
Increase (decrease) in current cash and cash equivalents	241,672	(345,068)
Beginning cash and cash equivalent balance	214,173	559,241
Cash and cash equivalents at the end of the period	\$ 455,845	214,17

Chairman: Tai-Rong Lu

Manager: Rong-Feng Shenglu

Accounting supervisor: Hui-Mei Chao

Proposal 2

(Proposed by the Board of Directors)

Subject: Please kindly ratify the Company's distribution of 2023 earnings.

Explanation:

1. The proposal for earnings distribution is as follows:

Unit: NTD

Item	Amount
Unappropriated retained earnings, beginning of period	\$ 447,938,822
Add (subtract):	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	89,542,170
Determine the remeasurement of the benefit plan in the current period	3,849,576
Reversal of deductions from shareholders' equity for special reserve	77,268,026
Net income during the year	432,835,854
Cancellation of treasury shares	(24,747,103)
Distributable retained earnings	1,026,687,345
Statutory surplus reserve	(50,148,050)
Dividends – cash	(190,852,293)
Unappropriated retained earnings, end of period	\$ 785,687,002

2. Net income was NT\$432,835,854 in 2023. It is proposed to distribute cash dividends at NT\$190,852,293, or NT\$1 per share, from the earnings available for distribution in 2023.
3. Chairman is authorized to determine the record date for cash dividends after approval from the shareholders' meeting for this earnings distribution. The distribution of cash dividends is calculated to the unit of one NT dollar (rounded off). Fractional amounts are recognized as the Company's other income.

4. Chairman is authorized to make adjustments if the payout ratio is changed due to change in the number of shares outstanding after the transfer, conversion or cancellation of repurchased shares or other reasons.
5. This proposal was approved by the 13th meeting of the 2nd Audit Committee and the 13th meeting of the 21st Board on March 8, 2024.

Resolution:

V. Election:

Subject: Election of 9 directors (including 3 independent directors) for the 22nd Board of Directors, please proceed to vote. (Proposed by the Board of Directors)

Explanation:

1. The 21st term of the Board of Directors of the Company is about to expire on August 25, 2024. It is planned to elect a new 22nd board of directors, including 9 members (including 3 independent directors), for a term of three years, from June 20, 2024 to June 19, 2027. According to Article 199-1 of the Company Act, the original 21st board of directors will be considered dismissed early if all directors are re-elected before the end of their term.
2. The election of directors will be conducted under the nomination system. Please refer to the slate of shareholders at a later date.
3. Handling of shareholders with more than 1% issued shares of the company who were not nominated as shareholders during the period of candidate nomination for director (including independent directors).

Election results:

List of Director Candidates of Kao Hsing Chang Iron & Steel Corp.

Job title category	Name	Main academic background	Major Experiences	Current position	Remarks
Director	Lu Tai-Rung	Department of Philosophy, Tunghai University	Chairman, Kao Hsing Chang Iron & Steel Corp.	Chairman, Kao Hsing Chang Iron & Steel Corp.	
Director	Corporate Representative of PRO IMP'EX COMPANY LIMITED: Sheng Lu Rong Feng	Graduated from the Department of Precision Mechanics, Tokai University, Japan	General Manager, Kao Hsing Chang Iron & Steel Corp.	General Manager, Kao Hsing Chang Iron & Steel Corp.	
Director	Corporate Representative of Huida Investment Co., Ltd.: Huang Li-Chun	Graduated from Department of Mechanical Engineering, Chung Yuan Christian University	<ol style="list-style-type: none"> 1. Chairman, Huida Investment Co., Ltd. 2. Supervisor, Kao Hsing Chang Iron & Steel Corp. 3. General Manager, KAO HSING SMELTING & CHEMICAL FIBER CO., LTD. 	<ol style="list-style-type: none"> 1. Director, Kao Hsing Chang Iron & Steel Corp. 2. Chairman, Huida Investment Co., Ltd. 3. General Manager, KAO HSING SMELTING & CHEMICAL FIBER CO., LTD. 	
Director	Corporate Representative of PRO IMP'EX COMPANY LIMITED: Sheng Lu An De	Graduated from the Department of Economics, Tokyo International University, Japan	Special Assistant to the General Manager, Kao Hsing Chang Iron & Steel Corp.	Special Assistant to the General Manager, Kao Hsing Chang Iron & Steel Corp.	
Director	Corporate Representative of Chang You Investment Co., Ltd.:	Graduated from Department of Law, National Taiwan University	<ol style="list-style-type: none"> 1. Chairman, HUA ENG WIRE AND CABLE CO., LTD. 2. Chairman, FIRST COPPER TECHNOLOG 	<ol style="list-style-type: none"> 1. Director, Kao Hsing Chang Iron & Steel Corp. 2. Lawyer 	

Job title category	Name	Main academic background	Major Experiences	Current position	Remarks
			<p>Y CO., LTD.</p> <p>3. Prosecutor and Judge, Kaohsiung District Court</p> <p>4. Lawyer</p>		
Director	Corporate Representative of Chang You Investment Co., Ltd.: Lu Wei-Cheng	<p>1. Bachelor, Department of Business Administration, Chung Yuan Christian University</p> <p>2. Master of Architecture, Columbia University</p> <p>3. Master of Architecture, Pratt Institute</p>	<p>1. Deputy Manager, Chairman Office, Kao Hsing Chang Iron & Steel Corp.</p> <p>2. Chairman, Da Gang Metroway Alliance CO., LTD.</p>	<p>1. Deputy Manager, Chairman Office, Kao Hsing Chang Iron & Steel Corp.</p> <p>2. Chairman, Da Gang Metroway Alliance CO., LTD.</p>	
Independent Director	Lin Hsien-Lang	Graduated from Department of Business, National Taiwan University	<p>1. President of KPMG; Chairman of The National Federation of CPA Associations of the R.O.C</p> <p>2. Independent Director, KGI Bank Co., Ltd.</p> <p>3. Independent Director, RAC Electric Vehicles Inc.</p>	Independent Director, Kao Hsing Chang Iron & Steel Corp.	
Independent Director	Chen Chi-Hsiung	<p>1. Graduated from Department of Law, National Taiwan University</p> <p>2. Master of Law, National Chung Hsing University</p>	Taiwan High Court Kaohsiung Branch Judge and President	Independent Director, Kao Hsing Chang Iron & Steel Corp.	Nomination reason for having served as an independent director for three consecutive terms: Note 1

Job title category	Name	Main academic background	Major Experiences	Current position	Remarks
Independent Director	Wang Yi-Chen	<ol style="list-style-type: none"> 1. Graduated from Department of Law, National Taiwan University 2. Master of Law, National Taiwan University 3. Master of Law, Duke University 	<ol style="list-style-type: none"> 1. Legal advisor, District 3 Maintenance Engineering Office, Directorate General of Highways, MOTC 2. Legal advisor to Japan Airlines 3. Legal advisor, Kaohsiung Veterans General Hospital 4. Legal advisor, Taiwan Cement Corporation 	<ol style="list-style-type: none"> 1. Attorney-at-Law, Yaoman Law Firm 2. Director, Kaohsiung Medical University 3. Director, National Taiwan University Law School Alumni Association 4. Chairman, National Taiwan University Alumni Association, Kaohsiung City 5. Deputy Chairman, National Taiwan University Alumni Association 6. Legal advisor, Kaohsiung Veterans General Hospital 7. Legal advisor, National Kaohsiung University of Science and Technology 8. Legal advisor, SAN FANG CHEMICAL INDUSTRY CO., LTD. 9. Legal advisor, Taiwan International Ports Corporation, Ltd. 	

Note 1: Mr. Chen Chi-Hsiung has been elected as an independent director for three consecutive terms. As he has extensive experience and can provide important suggestions to the Company, the Company still needs to take advantage of his legal expertise to ensure that he can play. It is intended to nominate him as an independent director of the Company in this election.

VI. Extemporaneous motions:

VII. Adjournment.

Appendix

Appendix 1

Articles of Incorporation of Kao Hsing Chang Iron & Steel Corp.

Amendment by the shareholders' meeting on June 27, 2018

Chapter I General Provisions

Article 1: Organized in accordance with the provisions of the Company Act for limited companies, the Company is named Kao Hsing Chang Iron & Steel Corp.

Article 2: The business of the Company is as shown on the left:

- I. Steel pipe, galvanized steel pipe, steel pipe pile, hot rolled steel coil (sheet), cold rolled steel coil (sheet), cold rolled steel strips, steel straps, slab, section steel, stainless steel coil (sheet), silicon steel coil (sheet), coated steel coil (sheet), manufacturing and trading of equipment for the above products and other steel products.
- II. Heat treatment processing business.
- III. Motorcycles and bicycles, manufacturing of engines and accessories, assembly and sales of motorcycles.
- IV. The business of entrusting construction companies to construct residential and commercial buildings for rent and sale.
- V. Operation of livestock business and manufacturing, processing and trading of agricultural and livestock products.
- VI. Agency business of the aforementioned items.
- VII. Related import and export trade business.
- VIII. Waste recycling and treatment business.
- IX. C801010 Basic industrial chemicals manufacturing
- X. C802120 Industrial catalyst manufacturing
- XI. CA02010 Manufacture of metal structure and architectural components
- XII. I501010 Product design
- XIII. I601010 Leasing

XIV. ZZ99999 Any business not prohibited or restricted by law, except those subject to special approval

Article 2-1: The total investment of the Company's reinvestment in other businesses may exceed 40% of the Company's paid-in capital.

Article 3: The Company is located in Kaohsiung City. If necessary, the Board of Directors may establish branches or offices in other suitable locations.

Article 4: The Company's announcements shall be handled in accordance with Article 28 of the Company Act.

Chapter II Shares

Article 5: The capital of the Company is set at NTD 5.8 billion divided into 580 million shares or ten New Taiwan Dollars per share. For unissued shares, the Board of Directors is authorized to issue in installments based on business needs of the Company.

Article 6: The Company's stocks are all registered. Three or more directors must sign or stamp after approval. The Company's issued shares may be exempt from printing stocks and should be registered with the securities centralized custody institution, issued after the certificate is issued in accordance with the regulations.

Article 7: The transfer, loss, damage, division, exchange or pledge of stocks shall be handled in accordance with the Company Act and relevant laws and regulations.

Article 8: Shareholders should send their seal patterns to the Company for storage, and same applies when changes are made. Anyone who handles stock business, receives dividends or exercises other rights shall do so based on the Company's seal.

Article 9: For shareholder transfers, transfer of shares of the Company shall not be done within 60 days before the General Meeting of Shareholders, within 30 days before an interim shareholders' meeting, or within 5 days before the base date when the Company has decided to distribute dividends or other benefits.

Chapter III Shareholders' Meeting

- Article 10: There are two types of shareholder meetings: general meetings and extraordinary meetings. The general meetings are to be held by the Board of Directors within six months after the end of the fiscal year. Extraordinary meetings may be convened in accordance with the law when necessary.
- Article 11: The presiding chair of the shareholders' meeting shall be appointed by the Chairman. In case the Chairman is on leave or is unable to exercise his authority for some reason, the Chairman shall appoint one of the directors to act as representative.
- Article 12: When a shareholder is unable to attend for some reason, a proxy form shall be issued to entrust an agent to attend, but general shareholders shall issue a proxy form and entrust only one person, and it shall be served to the Company five days before the meeting of shareholders.
- Article 13: Unless otherwise stipulated by the Company Act, the resolutions of the Shareholders' Meeting shall be attended by shareholders representing more than half of the total number of shares, and shall be implemented with more than half of the voting rights of the shareholders present.
- Article 14: The general meeting of shareholders shall be convened 30 days before, and the temporary meeting shall be held 15 days before the date, place and reason for the convening shall be notified to all shareholders.
- Article 15: Except in cases where shares do not have voting rights as stipulated in Article 179 of the Company Act, shareholders of the Company shall have one voting right per share.
- Article 16: The resolutions of the Shareholders' Meeting shall be recorded in the minutes, signed or sealed by the presiding chair, and the minutes shall be distributed to all shareholders within 20 days after the meeting. The distribution of the minutes shall be made by public announcement. The minutes of this meeting shall be kept together with the signature book of attending shareholders and the proxy forms.

Chapter IV Directors and Audit Committee

Article 17: The Company has nine directors for a term of three years, who may be re-elected.

Of the number of directors in the preceding paragraph, at least three shall be independent directors.

Elections of directors shall be conducted in accordance with the candidate nomination system set out in Article 192-1 of the Company Act. The method of accepting the nomination of director candidates, announcements and other related matters shall be handled in accordance with the relevant laws and regulations of the Company Act and the Securities and Exchange Act.

In the election of directors, each share has the same voting rights as the number of directors to be elected. One person may be elected collectively, or votes may be distributed across a number of persons. The votes obtained represent those with more voting rights to be elected as director. Election of independent directors and non-independent directors shall be held together, with the elected numbers calculated separately.

Regarding independent directors' professional qualifications, shareholding, part-time restrictions, nomination and selection methods, and other compliance matters, they shall be handled in accordance with the Company Act, the Securities and Exchange Act, and other relevant laws and regulations.

Starting from the 20th term Board of Directors of the Company, an Audit Committee has been established in accordance with Article 14-4 of the Securities and Exchange Act. The Audit Committee shall be composed of all independent directors. The Audit Committee or Audit Committee members are responsible for the enforcement of the Company Act, the Securities and Exchange Act, and other laws and regulations stipulated under the powers of supervisors.

- Article 18: The directors shall organize the Board of Directors, and the directors shall elect a Chairman from among one another. The Chairman shall manage all business on behalf of the Company. In case the Chairman is on leave or is unable to exercise his authority for some reason, the Chairman shall appoint one of the directors to act as representative. Directors should attend meetings of the Board of Directors in person. If a director cannot attend for some reason, he or she may draw up a proxy form that enumerates the scope of authorization for convening purposes to entrust another director to attend as his or her representative. However, each director shall be limited to one person as representative. If the Board of Directors uses a video conference when meeting, the directors who participate in the conference with a video screen shall be deemed to be present in person.
- Article 19: All business policies and important matters of the Company shall be implemented by resolution of the Board of Directors.
- Article 20: Deleted.
- Article 21: In respect to directors' transportation expenses, independent directors' remuneration, and directors' performance of duties for the Company, the Company may pay remuneration authorize the Board of Directors to make decisions based on a director's degree of participation and value of contribution to the operations of the Company, and to negotiate with reference to relevant peers and listed company standards.
- Article 22: The Company may appoint managers, whose appointment, dismissal, and remuneration are to be in accordance with the provisions of the Company Act.
- Article 23: The Board of Directors may, within the scope of the authorization of the Shareholders' Meeting, guarantee each other's business dealings with government agencies or financial institutions between related enterprises or peers.

Chapter V Accounting

Article 24: The Company shall conduct its final accounts once a year at the end of December.

Article 25: The Company uses January 1st to December 31st as its fiscal year. At the end of each fiscal year, the Board of Directors shall prepare the following reports and tables and submit them to the General Meeting of Shareholders for acknowledgment:

I. Business Report.

II. Financial Statements.

III. Proposals concerning profit distributions or loss make-up.

Article 26: The Company's industrial development is mature. Based on the needs of the Company's operations and the consideration of maximizing shareholders' equity, dividend distribution adopts a residual dividend policy. If the Company makes a profit for a year, no less than 0.5% shall be allocated as remuneration to employees and no more than 5% shall be allocated as remuneration to directors. However, if the Company has cumulative losses, it is necessary to offset such losses before calculation of remuneration to employees and directors.

Article 26-1: Where the Company makes a profit for a year, the profit shall be first used to pay taxes, offset the cumulative deficit and allocate 10% of the remaining as a legal reserve unless it has reached the same amount as the Company's paid-in capital. In addition to the payment of dividends, if there are still surplus earnings then they shall be combined with undistributed earnings of prior years for the Board of Directors will draw up a profit distribution plan and submit to the Shareholders' Meeting a resolution to distribute shareholder dividends. Dividends shall be distributed at an appropriate ratio between cash dividends and stock dividends. Cash dividends shall not be lower than 50%.

Chapter VI Supplementary Provisions

Article 27: Matters not stipulated in these Articles of Incorporation shall be handled in accordance with the provisions of the Company Act.

Article 28: These Articles of Incorporation were established on December 17, 1965.

The first amendment was made on December 27, 1965.

The second amendment was made on February 22, 1966.

The third amendment was made on September 15, 1966.

The fourth amendment was made on February 7, 1967.

The fifth amendment was made on August 14, 1970.

The sixth amendment was made on June 5, 1971.

The seventh amendment was made on October 20, 1971.

The eighth amendment was made on September 1, 1972.

The ninth amendment was made on August 10, 1973.

The tenth amendment was made on March 31, 1975.

The eleventh amendment was made on May 5, 1975.

The twelfth amendment was made on October 9, 1975.

The thirteenth amendment was made on December 25, 1975.

The fourteenth amendment was made on January 17, 1977.

The fifteenth amendment was made on July 18, 1977.

The sixteenth amendment was made on September 21, 1979.

The seventeenth amendment was made on June 30, 1980.

The eighteenth amendment was made on April 15, 1981.

The nineteenth amendment was made on June 12, 1981.

The twentieth amendment was made on June 15, 1984.

The twenty-first amendment took place on January 20, 1985.

The twenty-second amendment was made on June 2, 1986.

The twenty-third amendment was made on October 15, 1986.

The twenty-fourth amendment was made on May 30, 1988.

The twenty-fifth amendment was made on October 11, 1988.

The twenty-sixth amendment was made on May 6, 1989.

The twenty-seventh amendment was made on June 16, 1989.

The twenty-eighth and twenty-ninth amendments were made on April 28, 1990.

The thirtieth amendment was made on May 11, 1991.

The thirty-first amendment was made on June 13, 1992.

The thirty-second and thirty-third amendments were made on June 12, 1993.

The thirty-fourth amendment was made on June 11, 1994.

The thirty-fifth amendment was made on June 20, 1995.

The thirty-sixth amendment was made on June 22, 1996.

The thirty-seventh amendment was made on June 22, 1996.

The thirty-eighth amendment was made on September 4, 1996.

The thirty-ninth amendment was made on June 21, 1997.

The fortieth amendment was made on May 7, 1998.

The forty-first amendment was made on June 8, 2000.

The forty-second amendment was made on May 16, 2001.

The forty-third amendment was made on June 21, 2002.

The forty-fourth amendment was made on May 30, 2003.

The forty-fifth amendment was made on June 20, 2006.

The forty-sixth amendment was made on June 23, 2010.

The forty-seventh amendment was made on November 12, 2012.

The forty-eighth amendment was made on June 25, 2014.

The forty-ninth amendment was made on June 17, 2016.

The fiftieth amendment was made on June 15, 2017.

The fifty-first amendment was made on June 27, 2018.

Appendix 2

Procedures for Election of Directors of Kao Hsing Chang Iron & Steel Corp.

Amendment by the shareholders' meeting on August 26, 2021

Article 1

To ensure a fair, just and open election of directors, these Procedures are established in accordance with Articles 21 and 41 of the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."

Article 2

Except as otherwise provided by law and regulation or by the Company's Articles of Incorporation, elections of directors shall be governed by these Procedures.

Article 3

The overall composition of the board of directors shall be considered in the election of directors. The composition of the board of directors shall take diversity into account, and appropriate policies shall be adopted for diversity in terms of its own operation, business model and development needs. It should include but not be limited to the following two major standards:

1. Basic conditions and values: gender, age, nationality and culture, among others.
2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience.

Members of the Board of Directors shall generally possess the necessary knowledge, skills, and attributes to perform their duties, and shall have the following abilities as a whole:

1. Operational judgment.
2. Accounting and financial analysis.
3. Operation and management.
4. Crisis management.

5. Industry knowledge.
6. The international market views.
7. Leadership.
8. Decision-making.

More than half of the directors shall not be a spouse or a relative within the second degree of kinship.

The board of directors of the company shall consider adjusting the composition of the board of directors based on the results of performance evaluation.

Article 4

The qualifications of independent directors shall comply with Articles 2, 3 and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

The election of independent directors of the Company shall comply with Articles 5, 6, 7, 8 and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and Article 24 of “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Article 5

The election of directors shall be conducted in accordance with the candidate nomination system stipulated in Article 192-1 of the Company Act.

If the number of directors is less than five after directors resign from office for cause, the Company shall hold by-election at the most recent general meeting. However, if the vacancy on the Board of Directors reaches one-third of the number specified in the Articles of Incorporation, the Company shall convene an extraordinary general meeting for a by-election within 60 days from the date of occurrence of the fact.

In the event that the number of independent directors fails to meet the requirements specified in Article 14-2, Paragraph 1, Subparagraph 1 of the Securities and Exchange Act, an additional number shall be elected at the most recent meeting of shareholders. A special shareholders’ meeting shall be convened within sixty days of

the date the dismissal of all independent directors to conduct supplementary elections.

Article 6

The cumulative voting system shall be adopted for the election of directors. Each share shall have the same number of votes as the number of directors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 7

The Board of Directors shall prepare the same number of ballots for the independent directors and non-independent directors to be elected, mark down the number of voting rights and distribute them to the shareholders attending the meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 8

The number of independent directors or non-independent directors shall be determined in accordance with the Articles of Incorporation. Independent directors and non-independent directors shall be elected together, and the voting rights of independent directors and non-independent directors shall be calculated separately, and the elected seats shall be calculated separately. The candidates with the highest number of votes shall be elected sequentially to the seats. If two or more candidates receive the same number of votes, thus exceeding the specified number of votes, they shall draw lots to determine the winner, with the chair drawing lots for the absent candidates.

Article 9

Before the election begins, the chair shall appoint the scrutineers and vote counters who are shareholders to perform the respective duties. The ballot boxes shall be prepared by the Board of Directors and publicly checked by the scrutineers before voting commences.

Article 10

A ballot is invalid if any of the following occurs:

1. The ballot is not prepared by a person with the right to convene.
2. A blank ballot is thrown into the ballot box.
3. The writing on the ballot is blurred that cannot be identified.
4. The candidate whose name is entered in the ballot does not conform to the director candidate list after verification.
5. Handwriting other than the number of voting rights allotted.

Article 11

The ballots shall be calculated on the spot after the end of the poll. The chair shall announce the results on the spot, along with the names of independent directors and non-independent directors elected and the number of votes with which they were elected.

The ballots for the election items mentioned in the preceding paragraph shall be sealed and signed by the monitoring personnel and then properly kept for at least one year. However, the recording shall be retained until the conclusion of the litigation if a shareholder files a lawsuit pursuant to Article 189 of the Company Act.

Article 12

These Procedures take effect upon approval from the shareholders' meeting. This also applies to amendments.

Appendix 3

Rules of Procedure for Shareholders' Meetings for Kao Hsing Chang Iron & Steel Corp.

Amendment by the shareholders' meeting on August 26, 2021

Article 1

To establish a strong governance system, robust supervisory and management functions for the Company's shareholders meetings, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2

Unless otherwise required by laws, regulations or the Articles of Incorporation, these rules of procedures for the Company's shareholders' meetings shall apply.

Article 3

Unless otherwise required by laws and regulations, the Company's shareholders' meetings shall be convened by the Board of Directors.

Thirty days before an annual shareholders' meeting or fifteen days before an extraordinary shareholders' meeting, the Company shall prepare electronic files of the meeting notice, proxy form, information on proposals for ratification, matters for discussion, election or dismissal of directors, other matters on the agenda and explanatory materials and upload these electronic files to the Market Observation Post System (MOPS). Twenty one days before an annual shareholders' meeting or fifteen days before an extraordinary shareholders' meeting, the electronic files of the meeting handbook and supplementary materials shall be uploaded to the Market Observation Post System (MOPS). Fifteen days before a shareholders' meeting, the meeting handbook and supplementary materials should be available for shareholders

to review at any time, displayed at the Company and distributed at the shareholders' meeting.

Meeting notices and announcements shall state the reasons for convening. With the consent of the addressee, the meeting notice may be sent in the electronic form.

Election or dismissal of directors; amendments to the Articles of Incorporation; reduction of capital; application for ceasing to be a public company; approval to remove the non-compete clause for directors; capitalization of earnings; capitalization of legal reserve; dissolution; merger or demerger; or any matter in each subparagraph of Paragraph 1 under Article 185 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, and Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, shall be listed with essential contents as reasons for convening in the meeting notice. None of the above matters may be raised by an extraordinary motion.

Where an election of all directors and the onboarding date are stated as reasons for convening the shareholders' meeting, the onboarding date may not be changed by an extraordinary motion or any other means at the same meeting once the election has been completed at the same shareholders' meeting.

A shareholder holding one percent or more of the total number of the issued shares may submit to the Company a proposal for discussion at a general shareholders' meeting. This is limited to one proposal only. No more proposals will be included on the meeting agenda. When the circumstances described in any subparagraph, Paragraph 4 under Article 172-1 of the Company Act apply to a proposal from a shareholder, the Board of Directors may exclude it from the agenda. A shareholder may submit a constructive proposal to urge the Company to enhance public interests or fulfill its social responsibilities, provided procedurally this is limited to one proposal according to Article 172-1 of the Company Act. No additional proposals will be included on the agenda.

Prior to the book closure date before a general shareholders' meeting is held, the

Company shall publicly announce its acceptance of shareholders' proposals in writing or by electronic means and the location and time period for submission. The period for acceptance may not be fewer than 10 days.

Each proposal is limited to 300 words, and no proposal containing more than 300 words will be included on the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the annual general meeting of shareholders and take part in the discussion of the proposal.

Prior to delivering the shareholders' meeting notice, the Company shall inform the proposing shareholders of the screening results, and shall list in the meeting notice the proposals conforming to the requirements set out in this article. The Board of Directors should explain at the shareholders' meeting the reasons for not including certain proposals submitted by shareholders.

Article 4

For each shareholders' meeting, a shareholder may appoint a representative to attend the meeting by providing the proxy form printed by the Company and stating the scope of the authorization.

A shareholder may issue only one proxy form and appoint only one representative and shall deliver the proxy form to the Company five days prior to the shareholders' meeting date. When duplicate proxy forms are delivered, the one received earliest shall prevail. However, this does not apply to the proxy form that has been canceled via declaration.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting. If the cancellation notice is submitted after that time, votes exercised by the proxy shall prevail.

Article 5 (Principles for determining the time and place of a shareholders' meeting)

The venue for a shareholders' meeting shall be the premises of the Company or a

place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9am and no later than 3pm.

Article 6 (Preparation of documents such as the signature book)

The Company shall specify in its shareholders' meeting notices the time when registrations for attending shareholders start, the place to register for attendance and other matters for attention.

The time for accepting shareholder registration in the preceding paragraph shall be handled at least 30 minutes before the start of the meeting. The check-in area should be clearly marked, and adequate and competent personnel should be sent to handle it. Shareholders or representatives authorized by shareholders (hereinafter collectively referred to "shareholders") shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with a signature book or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting manual, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

When the government or juristic person is a shareholder, the number of representatives present at the Shareholders' Meeting is not limited to one. When a juristic person is entrusted to attend the Shareholders' Meeting, only one representative may be appointed to attend.

Article 7 (The chair and non-voting participants of a shareholders' meeting)

If the Shareholders' Meeting is convened by the Board of Directors, the Chairman of the Board of Directors shall be the presiding chair. When the Chairman of the Board of Directors is on leave or for any reason unable to exercise his authority, the

Chairman shall appoint one of the directors to act as representative. If the Chairman has not appointed a representative, the directors shall select one person from among themselves to act as representative.

The presiding chair of the preceding paragraph is a person who is represented by a director who has served for more than six months and is a director who understands the Company's financial and business conditions. The same applies if the presiding chair is the representative of a corporate director.

The Chairman of the Board of Directors should personally preside over the Shareholders' Meeting convened by the Board of Directors, and more than half of the directors of the Board of Directors should attend in person, and at least one representative of various functional committee members should attend. Their attendance should be recorded in the minutes of the Shareholders' Meeting.

If the Shareholders' Meeting is convened by a convening party other than the Board of Directors, the convener shall act as presiding chair. When there are two or more persons with the right to convene, they shall select from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons to attend a shareholders' meeting in a non-voting capacity.

Article 8 (Audio or video recordings as evidence of shareholders' meetings)

The Company shall make an uninterrupted audio and video recording of the entire process of the shareholders' meeting from shareholders' sign-in, the proceedings of the meeting, as well as the process of voting and vote counting.

The audio-visual materials mentioned above shall be kept for at least one year. However, the recording shall be retained until the conclusion of the litigation if a shareholder files a lawsuit pursuant to Article 189 of the Company Act.

Article 9

Attendance at a shareholders meeting shall be calculated based on the number of shares. The number of attending shares is calculated based on the signature book or the handed in sign-in card plus the number of shares exercised in writing or

electronically.

The chair shall call the meeting to order at the appointed meeting time and announce information on the number of non-voting shares and number of shares represented by shareholders in attendance. When the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements are made for a combined total of up to one hour. If the quorum of shareholders representing at least once third of issued shares is not met after two postponements, the chair announces the cancellation of the meeting.

If the quorum of shareholders representing at least one-third of issued shares is not met after two postponements, tentative resolutions may be passed in accordance with the first paragraph of Article 175 under the Company Act. Shareholders shall be notified of the tentative resolutions and the reconvening of the shareholders' meeting within one month.

If the attending shareholders represent a majority of the total number of outstanding shares before the meeting conclusion, the chair may resubmit the tentative resolution for another vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 10

If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Votes shall be cast on each proposal on the agenda (including extraordinary motions and amendments to the original proposals). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

If the Shareholders' Meeting is convened by a convening party other than the Board of Directors, the provisions of the preceding paragraph shall apply.

The chair may not declare the meeting adjourned prior to the completion of

deliberation on the agenda arranged according to the two preceding paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, other members of the board shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, with a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow an ample opportunity during the meeting for explanation and discussion of proposals, amendments or extraordinary motions put forward by shareholders. When the chair thinks that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 11 (Speeches by shareholders)

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the contents of the speech do not correspond to the subject given on the speaker's slip, the content of the speech shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the motion, the chair may stop the shareholder's speech.

Attending shareholders may not interfere with the speaking shareholders without the consent of the chair and the speaking shareholders. The chair shall stop any

shareholders in violation.

When a juristic person shareholder appoints two or more representatives to attend the Shareholders' Meeting, only one person may speak on the same proposal.

After the shareholders have spoken, the presiding chair may reply personally or designate relevant personnel to reply.

Article 12 (Calculation of voting shares and recusal system)

Votes at shareholders' meetings shall be calculated based on numbers of shares.

The number of non-voting shares held by a shareholder shall not be counted as part of the total number of outstanding shares when it comes to resolutions by shareholders' meetings.

When a shareholder is an interested party to an agenda item and this may prejudice the interests of the Company, the shareholder concerned may not vote on that item and may not exercise voting rights on behalf of other shareholders.

The number of shares whose voting rights may not be exercised under the preceding paragraph shall not be counted toward the number of the voting rights represented by attending shareholders.

Except for trust enterprises or a shareholder service agency approved by the competent securities authority, when one person is concurrently appointed as a proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of the issued shares. The voting rights in excess of that percentage shall not be counted.

Article 13

Shareholders are entitled to one vote for each share held, unless the shares are restricted or deemed non-voting shares under Article 179 of the Company Act.

When the Company convenes a shareholders' meeting, it shall adopt the exercise of voting rights by electronic means and may adopt the exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic

means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder who exercises voting rights in correspondence or electronic means will be deemed to have attended the meeting in person. However, it is deemed abstention on extraordinary motions and amendments to original proposals of that meeting.

A shareholder intending to exercise voting rights in correspondence or electronic means under the preceding paragraph shall indicate such intent to the Company two days before the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail. The first declaration of such intention received shall prevail unless an explicit statement to revoke the previous declaration is made in the declaration which comes later.

If shareholders would like to attend the shareholders' meeting in person after exercising their voting rights by correspondence or electronic means, they must indicate their withdrawal of the aforementioned voting rights two days before the shareholders' meeting using the same method with which the voting rights were exercised. If the request for withdrawal is made after the deadline, the voting rights exercised by correspondence or electronic means shall prevail. If the shareholder exercises the voting right in correspondence or by electronic means and appoints a proxy with a proxy form to attend the shareholders' meeting, the voting right exercised by the attending proxy at the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Articles of Incorporation of the Company, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. When voting for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a vote by the shareholders. After the conclusion of the meeting, the results for each proposal based on the numbers of votes for and against and the number of abstentions, shall be entered on the MOPS on the same day when the meeting is held.

When there is an amendment or an alternative to a proposal, the chair shall

determine the order in which they will be put to a vote. When any one among them is passed, the other proposals shall be deemed rejected and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders. Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the venue of the shareholders' meeting. After vote counting has been completed, the results (including the numbers of votes) shall be announced onsite and recorded in minutes.

Article 14 (Election matters)

The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced onsite immediately, including the names of those elected and the number of votes received and the names of those not elected and the number of votes received.

The ballots for the election items mentioned in the preceding paragraph shall be sealed and signed by the monitoring personnel and then properly kept for at least one year. However, the recording shall be retained until the conclusion of the litigation if a shareholder files a lawsuit pursuant to Article 189 of the Company Act.

Article 15

Matters relating to the resolutions by a shareholders' meeting shall be recorded in meeting minutes. The meeting minutes shall be signed or sealed by the chair and distributed to each shareholder within 20 days after the meeting. The meeting minutes may produced and distributed in electronic form.

For the distribution of the minutes of the preceding paragraph, the Company may use the announcement procedures of the Market Observation Post System.

Meeting minutes shall accurately record the year, month, day, the meeting venue, the chair's name, the methods by which resolutions are adopted, and a summary of the deliberations and voting results (including the number of votes), and disclose the

number of votes received by each candidate in the event of an election of directors. It should be kept permanently throughout the existence of the Company.

Article 16 (Announcements)

The number of shares acquired by the applicant and the number of shares represented by the proxy shall be clearly disclosed in the Shareholders' Meeting in a statistical table prepared in the prescribed format on the day of the Shareholders' Meeting.

For the resolutions of the Shareholders' Meeting, if there is material information required by laws and regulations or the Taiwan Stock Exchange Corporation, the Company shall transmit the content to the Market Observation Post System within the specified time.

Article 17 (Maintenance of order)

Staff handling the administrative affairs of a shareholders' meeting shall wear identification cards or armbands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

If the venue is equipped with amplifying equipment, the presiding chair may stop it when the shareholder does not use the equipment set up by the Company to speak.

If a shareholder violates the rules of procedure and does not obey the presiding chair's corrective instructions, and hinders the progress of the meeting and fails to comply, the presiding chair may direct the proctors or security personnel to ask him or her to leave the venue.

Article 18 (Intermissions and resumption of meeting)

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and depending on the circumstances, announce a time to

resume the meeting.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

Article 19

These Rules take effect upon approval from the shareholders' meeting. This also applies to amendments.

Appendix 4

Director shareholdings of Kao Hsing Chang Iron & Steel Corp.

Record date: April 22, 2024

Title	Name or designation	Legal person Representative	Number of shares at the time of election		Number of shares currently held	
			Number of shares	%	Number of shares	%
Chairman	Lu Tai-Rong		27,551,329	13.72	27,551,329	14.44
Director	Pro Imp'ex Company Limited	Sheng Lu Rong Feng	121,621	0.06	121,621	0.06
Director	Huida Investment Co., Ltd.	Huang Li-Chun	40,999,312	20.41	40,999,312	21.48
Director	You Chang Co., Ltd.	Wu Hsien-Ming	380,000	0.19	380,000	0.2
Director	You Chang Co., Ltd.	Lin Tzu-Hui	380,000		380,000	
Director	Hong Well Company Limited	Lu En-Chang	138,040	0.07	138,040	0.07
Independent Director	Lin Hsien-Lang		0		0	
Independent Director	Chen Chi-Hsiung		0		0	
Independent Director	Wu Hsiao-Yen		0		0	
Number of shares held by all directors			69,190,302	34.45	69,190,302	36.25

- Note: 1. The Company's paid-in capital is NTD 1,908,522,930, divided into 190,852,293 shares. In accordance with Article 26 of the Securities and Exchange Act and provisions on the number of shares of directors and supervisors of public offering companies and the implementation rules for audit, all directors shall hold no less than 4% of the total issued shares of the Company, constituting 11,451,138 shares.
2. As of April 22, 2024, the Company's directors held an aggregate of 69,190,302 shares, or 36.25% of the total issued shares, in adherence to the regulation.

Appendix 5

Other matters:

Explanations on how proposals from shareholders for this shareholders' meeting have been processed.

Explanation:

1. According to Article 172-1 of the Company Act, a shareholder holding one percent or more of the total number of issued shares may submit in writing to the Company a proposal for discussion at a general shareholders' meeting. This is limited to one proposal only and each proposal is limited to 300 words.
2. The Company accepted proposals from shareholders for this year's shareholders' meeting from April 2, 2024 to April 12, 2024. This was announced via the Market Observation Post System according to laws.
3. The Company did not receive any proposal from shareholders during the acceptance period.