



Kao Hsing Chang Iron & Steel Corp.

**2025** Annual Shareholders' Meeting

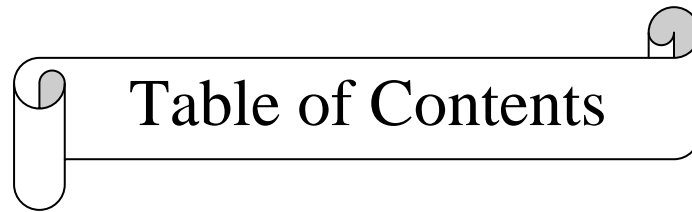
# Meeting Agenda

Time: 9am on June 19, 2025 (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.

## **2025** Shareholders' Meeting Procedures

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

# Kao Hsing Chang Iron & Steel Corp.

## 2025 Shareholders' Meeting Agenda

I. Time: 9am on June 19, 2025 (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. Extemporaneous motions:

VII. Adjournment.

### III. Matters to be reported

Matters to be reported *I.*:

#### **2024 Business Report**

The steel market was already optimistic in 2024, but the final performance was not as good as expected due to many factors. A wave of recovery was recorded at the end of 2023, and different sectors were optimistic that the recovery would continue into 2024. However, as the relief of inflation in the U.S. was poorer than expected, the timetable for interest rate reductions by the Fed continued to be delayed, resulting in a downward trend in the steel market in Q2 2024, with performance further declining to the lowest point in Q3. The key is the excessive production capacity and the dumping at low prices in Mainland China. Even though the performance of the overall steel market in 2024 was not as expected, the conditions were slightly better than those of 2023. In Q4, Mainland China began to enhance the advantages of its macroeconomic policy, and along with the effects of production reduction, market conditions improved at the end of 2024.

The unsettling Russia–Ukraine War resulted in unstable energy prices and affected raw material costs worldwide. With the continuous stability and slight increase in steel prices, large-scale electronic plants continued to place orders for expansion projects. With the gradual increase in requirements, the export sales orders received by the Company were slightly higher than those of last year, and the profits from the main business are significantly closer to those of last year. In terms of steel pipe sales, the market conditions and demand in 2024 were weaker than those in 2023; however, the total sales of steel pipes for the Company in 2024 reached 32,138 metric tons, representing an increase of 3.58% from 31,026 metric tons the previous year. For the export sales of API pipes, as international oil prices continued to hover at a low point, the number of oil wells decreased, and we faced tariff-free price competition in South Korea. In 2024, the total volume of export

sales of steel pipes was 2,851 metric tons, representing a slight decrease of 1.45% from 2,893 metric tons in 2023. Regarding domestic sales, the order-taking conditions for galvanized steel pipes, our main products, remained favorable due to the continuous orders for expansion projects from electronic companies and the weak domestic demand for steel pipes. The total sales of steel pipes for domestic use were 29,288 metric tons, representing a slight increase of 4.1% from 28,133 metric tons last year.

One. The Company's **2024** business results are reported as follows:

I. Implementation of business plan:

The 2024 production was 32,476 metric tons, down by 4% from 33,993 metric tons in 2023. The 2024 sales volume was 35,292 metric tons, a 1% increase from 35,026 metric tons in 2023.

The 2024 operating revenue was NT\$1,458,367 thousand, approximating the 2023 operating revenue of NT\$1,460,295 thousand; the net profit after tax was NT\$48,730 thousand, and the earnings per share was NT\$0.26. Details are as follows:

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

		Production volume: tons		Production value: NT\$thousand	
Product Value.	Year	2024		2023	
	Volume	Production volume	Production value	Production volume	Production value
Steel pipe		32,121	1,014,216	33,644	1,109,959
Others		355	23,941	349	21,347
Total		32,476	1,038,157	33,993	1,131,306

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

		Sales volume: tons		Sales value: NT\$thousand	
Product Value	Year	2024		2023	
	Volume	Sales volume	Sales value	Sales volume	Sales value
Steel pipe		32,138	1,333,580	31,349	1,351,761
Circulating steel products		2,740	56,448	3,636	72,049
Others		414	68,339	41	36,485
Total		35,292	1,458,367	35,026	1,460,295

## II. Analysis of revenues, expenses, and profitability:

### 1. Comprehensive income statement for the last two years:

Unit: NTD Thousand				
Item	2024	%	2023	%
Revenue	1,458,367	100	1,460,295	100
Operating costs	1,237,533	85	1,258,760	86
Operating margin (loss)	220,834	15	201,535	14
Marketing fees	37,969	3	35,144	2
Management expenses	82,291	6	77,746	5
Net operating loss	100,574	6	88,645	7
Non-operating income and expense	(30,978)	(2)	323,527	23
Profit (loss) before tax	69,596	5	412,172	30
Income tax income (expense)	(20,866)		(20,664)	
Net profit (loss) for the period	48,370	3	432,836	31

- The decrease in non-operating income in 2024 is mainly due to the gain on disposal of investment property of NT\$329,307 thousand in 2023.
- Net income after tax in 2024 was NT\$48,730 thousand, translating to an earnings per share of NT\$0.26.

### 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. In 2024, the Company replaced old pipe-making vehicles, small and medium API vehicles, and galvanizing furnaces with new ones and continued to make updates and improvements.

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

1. In 2024, the environment of high interest rates and high inflation started to cool down. Governments in different countries began to increase their expenditures, driving momentum for the construction industry. The World Steel Association expects that the global demand for steel during this year and the following year will recover. In 2024 and 2025, the demand for steel outside of Mainland China will increase by 10.8 million metric tons and 29.3 million metric tons, respectively. The steel industry is expected to maintain its growth momentum in 2025, with a demand forecast of 1,771.5 million metric tons, representing an increase of 20.6 million metric tons compared to this year. The global outlook for the steel market is positive, excluding Mainland China, and the strength of the recovery is increasing. The green industries (i.e., wind power and solar energy) are expected to contribute more than 14 million metric tons of demand growth, which is one of the main sources of growing momentum.
2. The easing of inflationary pressure in Europe and the U.S. has triggered the tapering of interest rate hikes. The high interest environment has been mitigated, and the economy is expected to maintain steady growth in 2025,



with global economic growth adjusted upward by 0.1% to 3.3% from the estimate in September. Taiwan's recent economic performance has been stable, and exports have continued to expand under the wave of emerging technologies and AI, driving domestic demand and investments in construction. The consumption momentum has steadily risen. The Directorate-General of Budget, Accounting and Statistics forecasts that Taiwan's economic growth rate will reach 3.29% by 2025.

3. The demand for infrastructure in Southeast Asia has become the core market for the growth of steel material consumption. It is worth noting that the new production capacity in Southeast Asia subsequently impacts the market. By 2026, the new production capacity in Southeast Asia will be approximately 76 million metric tons, mainly concentrated in Vietnam, Malaysia, and Indonesia. The new production capacity may lead to an intensification of regional competition, which would lower the price of steel materials. The risk of the slowdown of the growing speed of the global economy may inhibit the growth in demand.
4. The increase in the fluctuation of raw material prices has put pressure on profits. Recently, the prices of iron ore and coal have rebounded, which may increase the production costs of steel. The Company shall closely observe the fluctuations in raw material prices.
5. The "Triple Carbon" challenge of carbon pricing, carbon tariffs, and carbon neutrality has now become an economic issue rather than an environmental one. Facing the transfer of known carbon costs to distributors and product quotations, creating additional value in operations has become another challenge for the Company.

Two. **2025** Business Plan Highlights:

The steel economy in 2025 is expected to have both positive and negative aspects. The positive factors include the steady recovery of the global economy and the increase in demand for steel. However, the overcapacity in Mainland China and the low price of steel are expected to continue. This is the greatest disadvantage for the steel industry. The greatest uncertainty is the trade policy of U.S. President Trump.

In terms of the export sales market, as the U.S. implemented equal reciprocal tariffs under the high tariff of the “232 Clause” imposed in April, the tariff-free price competition conditions in South Korea were eliminated, resulting in improved advantages for securing orders in the export sales market. Furthermore, the demand in the overall U.S. market increased, the inventory for export sales customers was depleted. An optimistic assessment is that a steady increase in international steel prices and anticipated inventory replenishment will result in a more active acceptance of export market orders than in 2024, despite a drop in petroleum prices to around US\$60, which is unfavorable for oil extraction. However, future uncertainty will escalate as a consequence of US President Donald Trump’s tariff policy.

For the domestic sales of steel pipes, despite the postponement of construction projects by private companies, large-scale technology companies are actively expanding their production capacity for advanced processes and high-end packaging. The continuous expansion of capital expenditures and the promotion of material domestic construction lead to a sustained increase in domestic demand for galvanized steel pipes. Therefore, despite the weakened domestic demand for steel pipes, the order-taking status for domestic sales of steel pipes remained favorable. It is expected that demand will increase in 2025 compared to 2024, driven by stable orders from electronic companies and the steadiness of steel prices.

Looking ahead to 2025, the global demand and supply of steel will gradually improve, which is beneficial to the recovery of the steel market from the bottom. It is expected that the price of steel will rise with the support of the market. The sales and profit in 2025 are expected to be better than those in 2024.

Chairman:



Manager:



Accounting  
Supervisor:



Matters to be reported 2.:

### Audit Report of the Audit Committee

The Board of Directors has prepared the Company's 2024 business report, financial statements and proposal for earnings distribution. The financial statements have been audited by KPMG Taiwan and issued with an audit report.

The 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 2025 shareholders' meeting

Kao Hsing Chang Iron & Steel Corp.

Convener of Audit Committee:  \_\_\_\_\_

March 6, 2025

### Matters to be reported 3.:

#### 2024 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 an 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 the calculation of remuneration to employees and directors.

3. The Company's 2nd meeting of the 6th Remuneration Committee and the 5th meeting of the 22nd Board approved the distribution of remuneration to employees at NT\$414,200 and remuneration to directors at NT\$0 for 2024. The distribution will be made in cash.

4. The remuneration to employees at NT\$414,200 is 0.59% of the 2024 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
2024 profit before tax before deduction of remuneration to employees and directors	\$ 70,010,219
Less:	
Employee remuneration	(414,200)
Director's remuneration	-
Profit before tax	\$ 69,596,019

## IV. Matters to be ratified:

Proposal 1

(Proposed by the Board)

Subject: Please kindly ratify the Company's 2024 Business Report and financial statements.

Explanation:

- I. The Company's 2024 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 of KPMG Taiwan, which were reviewed by the Audit Committee and approved by the Board of Directors. Business report (please refer to Matters to be reported 1.). Please kindly ratify the above.
- II. The Company's 2024 financial statements (detailed below)

Resolution:

# Audit report for financial statements of Kao Hsing Chang Iron & Steel Corp.

The Board 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, 2024 and 2023, and the comprehensive income statement, statement of changes in equity and cash flow statement from January 1 to December 31, 2024 and 2023 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, 2024 and 2023, and the financial performance and cash flows from January 1 to December 31, 2024 and 2023.

## **Basis for 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 2024. 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:

### **Inventory valuation**

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 (5) to the individual financial report for the disclosure of inventory evaluation.

**Explanation of the Key Audit Matters:**

The main inventory of Kao Hsing Chang Iron and Steel Corporation, Ltd. is various steel pipes and hot rolled coils, which are 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.

**Audit procedures:**

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.

**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 2024 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

許振隆 

Auditor:

陳永祥 

Approval : Jin-Guan-Cheng VI No.  
reference of the 0960069825  
securities Jin-Guan-Cheng-Shen No.  
authority 1110338100  
March 6, 2025

**Kao Hsing Chang Iron & Steel Corp.**

**Balance Sheet**

**December 31, 2024 and 2023**

**Unit: NTD Thousand**

		<b>December 31,</b>		<b>December 31,</b>	
		<b>2024</b>		<b>2023</b>	
<b>Assets</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current assets:</b>					
1100	Cash and cash equivalents (note 6(1))	\$ 315,406	4	455,845	6
	Financial assets measured at fair value through other				
1120	comprehensive income -- current (Note 6(2))	1,147,178	15	805,992	11
1151	Bills receivable (Note 6(3))	312	-	-	-
1152	Other notes receivable (Note 6 (4))	-	-	200	-
1170	Net accounts receivable (Note 6 (3) and 7)	103,155	1	112,673	1
1200	Other receivables (Notes 6 (4) and 7)	2,074	-	20,583	-
1220	Current income tax assets	257	-	293	-
130X	Inventory (Note 6 (5))	602,758	8	722,626	10
1479	Other current assets – others (Note 6 (10) and 9)	22,913	-	19,230	-
	<b>Total current assets</b>	<u>2,194,053</u>	<u>28</u>	<u>2,137,442</u>	<u>28</u>
<b>Non-current assets:</b>					
	Non-current financial assets at fair value through other				
1517	comprehensive income (Note 6(2))	1,309,883	17	1,238,617	16
	Investments accounted for using equity method (Notes 6 (6)				
1550	and 7)	826,156	10	629,037	9
1600	Property, plant, and equipment (Notes 6 (7) and 8)	1,493,270	19	1,497,983	20
1755	Right-of-use assets (Notes 6 (8) and 7)	-	-	3,290	-
1760	Net investment property (Notes 6 (9), 7, and 8)	2,021,901	26	2,024,891	27
1920	Refundable deposits (Notes 6 (4), 7 and 9)	4,717	-	4,938	-
1975	Net defined benefit assets-non-current (Note 6 (15))	14,492	-	-	-
	<b>Total non-current assets</b>	<u>5,670,419</u>	<u>72</u>	<u>5,398,756</u>	<u>72</u>
	<b>Total assets</b>	<u><u>\$ 7,864,472</u></u>	<u><u>100</u></u>	<u><u>7,536,198</u></u>	<u><u>100</u></u>

(Please refer to the attached notes to financial statements)

Chairman: Tai-Rong Lu



Manager: Rong-Feng Shenglu



Accounting supervisor: Hui-Mei Chao



**Kao Hsing Chang Iron & Steel Corp.**  
**Balance Sheet (continued)**  
**December 31, 2024 and 2023**

Unit: NTD Thousand

		December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
<b>Liabilities and equity</b>					
<b>Current liabilities:</b>					
2100	Short-term loans (Notes 6 (11) and 8)	\$ 1,777,904	23	1,663,317	23
2151	Bills payable	18,366	-	30,333	-
2152	Other notes payable	10,996	-	11,851	-
2170	Accounts payable	30,506	1	34,395	-
2200	Other payables	84,930	1	68,660	1
2230	Current tax liabilities	20,749	-	200	-
2300	Other current liabilities (Note 6 (12))	842	-	910	-
2320	Long-term liabilities, current portion (Notes 6(13) and 8)	65,885	1	52,534	1
<b>Total current liabilities</b>		<u>2,010,178</u>	<u>26</u>	<u>1,862,200</u>	<u>25</u>
<b>Non-current liabilities:</b>					
2540	Long-term loans (Notes 6 (13) and 8)	2,110,725	27	2,022,466	27
2570	Deferred income tax liabilities (Note 6 (16))	196,160	2	196,160	3
2640	Net defined benefit liabilities-non-current (Note 6 (15))	-	-	2,772	-
2645	Refundable deposit (Note 7)	5,000	-	5,000	-
<b>Total non-current liabilities</b>		<u>2,311,885</u>	<u>29</u>	<u>2,226,398</u>	<u>30</u>
<b>Total liabilities</b>		<u>4,322,063</u>	<u>55</u>	<u>4,088,598</u>	<u>55</u>
<b>Equity (Note 6 (17)):</b>					
3100	Share capital	<u>1,908,523</u>	<u>24</u>	<u>1,908,523</u>	<u>25</u>
3300	Retained earnings:				
3310	Statutory reserve	233,730	3	183,582	2
3320	Special reserve	-	-	77,268	1
3350	Unappropriated retained earnings	971,925	12	949,419	13
		<u>1,205,655</u>	<u>15</u>	<u>1,210,269</u>	<u>16</u>
3400	Other equity interest	428,231	6	328,808	4
<b>Total equity</b>		<u>3,542,409</u>	<u>45</u>	<u>3,447,600</u>	<u>45</u>
<b>Total liabilities and equity</b>		<u><b>\$ 7,864,472</b></u>	<u><b>100</b></u>	<u><b>7,536,198</b></u>	<u><b>100</b></u>

(Please refer to the attached notes to financial statements)

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, 2024 and 2023**

**Unit: NTD Thousand**

		<b>2024</b>		<b>2023</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue (Notes 6 (14) and 7)</b>	\$ 1,458,367	100	1,460,295	100
5000	<b>Operating costs (Notes 6 (5) (14) (15), 7 and 12)</b>	1,237,533	85	1,258,760	86
5900	<b>Operating margin</b>	220,834	15	201,535	14
6000	<b>Operating expenses (Notes 6 (15) and (20), 7 and 12):</b>				
6100	Selling expenses	37,969	3	35,144	2
6200	Management expenses	82,291	6	77,746	5
	<b>Total operating expenses</b>	120,260	9	112,890	7
6900	<b>Operating profit</b>	100,574	6	88,645	7
	<b>Non-operating income and expenses:</b>				
7100	Interest income (Note 6 (21))	1,738	-	3,200	-
7010	Other income (Notes 6 (2) and (21))	42,412	3	66,874	5
7020	Other gains and losses (Note 6 (21))	(1,919)	-	(2,493)	-
7050	Finance costs (Note 6 (21))	(92,889)	(6)	(88,662)	(6)
7060	Share of profit (loss) of associates accounted for using equity method (Note 6 (6))	19,680	1	15,301	1
7229	Gains on disposal of non-current assets classified as held for sale (Note 6 (21))	-	-	329,307	23
	<b>Total non-operating revenue and expenses</b>	(30,978)	(2)	323,527	23
7900	<b>Net profit before tax</b>	69,596	4	412,172	30
7950	<b>Less: Income tax expense (gain) (Note 6 (16))</b>	20,866	1	(20,664)	(1)
	<b>Current net income</b>	48,730	3	432,836	31
8300	<b>Other comprehensive income:</b>				
8310	<b>Items not reclassified into profit and loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans (Note 6 (15))	14,472	1	3,850	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	115,902	8	415,689	28
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 (6))	106,557	7	79,927	5
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 6 (16))	-	-	-	-
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	236,931	16	499,466	33
8300	<b>Other comprehensive income for the period (net after tax)</b>	236,931	16	499,466	33
	<b>Total comprehensive income for the period</b>	<b>\$ 285,661</b>	<b>19</b>	<b>932,302</b>	<b>64</b>
	<b>Earnings per share (Note 6 (18))</b>				
9750	<b>Basic earnings per share</b>	<b>\$ 0.26</b>		<b>2.24</b>	
9850	<b>Diluted earnings per share</b>	<b>\$ 0.26</b>		<b>2.24</b>	

(Please refer to the attached notes to financial statements)

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, 2024 and 2023**

**Unit: NTD Thousand**

	Retained earnings					Other equity items Gain (loss) from unrealized valuation of financial assets measured at fair value through other comprehensive income	Treasury stock	Total equity interest
	Share capital	Additional paid in capital	Statutory reserve	Special reserve	Unappropriated retained earnings			
<b>Balance on January 1, 2023</b>	<b>\$ 2,008,523</b>	<b>75,159</b>	<b>170,158</b>	<b>-</b>	<b>639,058</b>	<b>(77,268)</b>	<b>-</b>	<b>2,815,630</b>
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 instruments measured at fair value through other comprehensive income	-	-	-	-	89,540	(89,540)	-	-
<b>Balance on December 31, 2023</b>	<b>1,908,523</b>	<b>-</b>	<b>183,582</b>	<b>77,268</b>	<b>949,419</b>	<b>328,808</b>	<b>-</b>	<b>3,447,600</b>
Current net income	-	-	-	-	48,730	-	-	48,730
Other comprehensive income for the period	-	-	-	-	14,472	222,459	-	236,931
Total comprehensive income for the period	-	-	-	-	63,202	222,459	-	285,661
Earnings appropriation and distribution:								
Statutory surplus reserve	-	-	50,148	-	(50,148)	-	-	-
Reversal of special reserve	-	-	-	(77,268)	77,268	-	-	-
Cash dividends of ordinary share	-	-	-	-	(190,852)	-	-	(190,852)
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	123,036	(123,036)	-	-
<b>Balance on December 31, 2024</b>	<b>\$ 1,908,523</b>	<b>-</b>	<b>233,730</b>	<b>-</b>	<b>971,925</b>	<b>428,231</b>	<b>-</b>	<b>3,542,409</b>

(Please refer to the attached notes to financial statements)

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, 2024 and 2023**

**Unit: NTD Thousand**

**Cash flow from operating activities:**

**Adjustments:**

Income, expenses, and losses

Depreciation

Interest expenses

Interest income

Dividend income

Share of profit of associates accounted for using equity method

Gain on disposal of property, plant and equipment

Gain on disposal of non-current assets classified as held for sale

Unrealized gains on foreign currency exchange

Total income, expenses, and losses

Changes in operating assets and liabilities:

Net changes in assets related to business activities:

Decrease (increase) in bills receivables

Decrease in other notes receivables

Decrease (increase) in account receivables

Decrease (increase) in other receivables

Decrease in inventories

Decrease (increase) in other current assets

Total net changes in operating assets

Net changes in liabilities related to operating activities:

Decrease in bills payable

(Decrease) increase in accounts payable

Increase (decrease) in other receivables

Decrease in other current liabilities

Decrease in net defined benefit liability

Total changes in operating liabilities

Total net changes in assets and liabilities related to business activities

Total adjustment items

Cash inflow generated from operations

Interest received

Dividends received

Interest paid

Tax paid

**Net cash flows from operating activities**

**Cash flow from investing activities:**

Acquisition of financial assets at fair value through other comprehensive income

Disposal of financial assets at fair value through other comprehensive income

Investments accounted for using equity method

Proceeds from sale of non-current assets pending disposal

Acquisition of property, plant, and equipment

Disposal of property, plant, and equipment

Decrease (increase) in refundable deposits

Acquisition of investment property

Decrease in other financial assets

Dividends received

**Net cash inflow (outflow) from investing activities**

**Cash flow from financing activities:**

Increase in short-term loan

Decrease in short-term loan

Increase in short-term notes and bills payable

Decrease in short-term notes and bills payable

Increase in long-term debt

Repayments of long-term debt

Cash dividends paid

Payments to acquire treasury shares

Decrease in notes payable from proceeds from capital reduction

**Net cash inflow (outflow) from financing activities**

**Increase (decrease) in current cash and cash equivalents**

**Beginning cash and cash equivalent balance**

**Cash and cash equivalents at the end of the period**

	2024	2023
\$	69,596	412,172
	59,269	57,655
	92,889	88,662
	(1,738)	(3,200)
	(38,315)	(61,726)
	(19,680)	(15,301)
	-	(193)
	-	(329,307)
	-	(323)
	92,425	(263,733)
	(312)	4,291
	200	-
	9,518	(9,416)
	(98)	841
	119,868	15,578
	(3,683)	52
	125,493	11,346
	(11,967)	(9,957)
	(3,889)	8,774
	(4,203)	5,054
	(68)	(7,313)
	(2,792)	(21,805)
	(22,919)	(25,247)
	102,574	(13,901)
	194,999	(277,634)
	264,595	134,538
	1,741	3,243
	38,018	63,003
	(92,441)	(86,886)
	(281)	(4,288)
	211,632	109,610
	(1,838,382)	(1,439,156)
	1,564,288	1,736,686
	(66,500)	-
	-	447,574
	(43,869)	(39,635)
	-	193
	221	(401)
	(1,550)	(1,735)
	-	20,023
	7,280	-
	(378,512)	723,549
	3,610,261	1,903,160
	(3,495,674)	(2,114,914)
	380,000	325,000
	(380,000)	(450,000)
	133,610	50,000
	(32,000)	(5,000)
	(189,632)	(99,788)
	-	(199,906)
	(124)	(39)
	26,441	(591,487)
	(140,439)	241,672
	455,845	214,173
\$	315,406	455,845

(Please refer to the attached notes to financial statements)

Chairman: Tai-Rong Lu



Manager: Rong-Feng Shenglu



Accounting supervisor: Hui-Mei Chao





Proposal 2

(Proposed by the Board)

Subject: Please kindly ratify the Company's distribution of 2024 earnings.

Explanation:

1. The proposal for earnings distribution is as follows:

Unit: NTD

Item	Amount
Unappropriated retained earnings, beginning of period	\$ 785,687,002
Add (subtract):	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	123,036,136
Determine the remeasurement of the benefit plan in the current period	14,472,254
Net income during the year	48,729,818
Distributable retained earnings	971,925,210
Statutory surplus reserve	(18,623,821)
Dividends – cash	(95,426,147)
Unappropriated retained earnings, end of period	\$ 857,875,242

2. Net income was NT\$48,729,818 in 2024. It is proposed to distribute cash dividends at NT\$95,426,147, or NT\$0.5 per share, from the earnings available for distribution in 2024.
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. The Chairman is authorized to make adjustments if the payout ratio is changed due to changes in the number of shares outstanding after the transfer, conversion or cancelation of repurchased shares or other reasons.
5. This proposal was approved by the 4th meeting of the 3rd Audit Committee and the 5th meeting of the 22nd Board on March 6, 2025.

Resolution:



## V. Matters to be discussed:

Proposal 1

(Proposed by the Board)

Subject: The amendments to the “Articles” of the Company are submitted for determination.

Explanation:

1. Arrangements were made according to Order Jing-Guan-Zheng-Fa-Zi No. 1130385442 of the FSC dated November 8, 2024: According to paragraph 6, Article 14 of the Securities and Exchange Act, there are additional requirements for the establishment of an appropriation of a certain ratio of annual earnings for salary adjustments or remuneration distribution for non-executive employees by TWSE/TPEX listed companies. Therefore, partial provisions of the “Articles” of the Company were amended; for the comparison table of the amendments, please refer to the following:

Amended provisions	Current provisions	Explanation
Article 26: 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. <u>In addition, no less than 0.1% shall be allocated as remuneration to non-</u>	Article 26: 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	According to paragraph 6, Article 14 of the Securities and Exchange Act, the Company has specified a certain ratio of the annual earnings to be appropriated for salary

Amended provisions	Current provisions	Explanation
<u>executive employees.</u> However, if the Company has cumulative losses, it is necessary to offset such losses before calculation of remuneration to employees, directors, <u>and non-executive employees.</u>	losses before the calculation of remuneration to employees and directors.	adjustments or remuneration distribution for non-executive employees.
Article 28: These Articles were established on December 17, 1965. The remaining is omitted. The 52nd amendment was made on June 19, 2025.	Article 28: These Articles were established on December 17, 1965. The remaining is omitted. The 51st amendment was made on June 27, 2018.	Added the date of the amendment

2. This proposal was approved by the 4th meeting of the 3rd Audit Committee and the 5th meeting of the 22nd Board on March 6, 2025.

Resolution:

**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 19, 2025](#)

#### **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 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 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. In addition, no less than 0.1% shall be allocated as remuneration to non-executive employees. However, if the Company has cumulative losses, it is necessary to offset such losses before calculation of remuneration to employees, directors, and non-executive employees.

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 amount 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.

[The fifty-second amendment was made on June 19, 2025.](#)

## Appendix 2

### **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 and 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 as "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 nonvoting 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 nonvoting 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 one-third of issued shares is not met after two postponements, the chair announces the cancelation 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 in 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 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 nonvoting 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 for.

#### 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 in correspondence. When voting rights are exercised in 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 the exercise of voting rights in correspondence or by electronic means, it is necessary to indicate the withdrawal of the aforesaid exercise of voting rights two days before the shareholders' meeting in the same method with which the voting rights were exercised. If the request for withdrawal occurs after the deadline, the voting right exercised in correspondence or by 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 3

### Director shareholdings of Kao Hsing Chang Iron & Steel Corp.

Record date: April 21, 2025

Title	Name or designation	Legal person Representative	Number of shares held at the time of appointment		Number of shares currently held	
			Number of shares	%	Number of shares	%
Chairman	Lu Tai Rong		27,551,329	14.44	27,551,329	14.44
Director	Pro Imp'ex Company Limited	Sheng Lu Rong Feng	121,621	0.06	121,621	0.06
Director	Pro Imp'ex Company Limited	Sheng Lu An De	121,621		121,621	
Director	Huida Investment Co., Ltd.	Huang Li-Chun	40,999,312	21.48	44,999,312	23.58
Director	You Chang Co., Ltd.	Wu Hsien-Ming	380,000	0.2	380,000	0.2
Director	You Chang Co., Ltd.	Lu Wei-Cheng	380,000		380,000	
Independent Director	Lin Hsien-Lang		0		0	
Independent Director	Chen Ji-Hsiung		0		0	
Independent Director	Wang Yi-Chen		0		0	
Number of shares held by all directors			69,052,262	36.18	73,052,262	38.28

- 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 21, 2025, the Company's directors held an aggregate of 73,052,262 shares, or 38.28% of the total issued shares, in adherence to the regulation.

## Appendix 4

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, 2025 to April 11, 2025. This was announced via the Market Observation Post System in accordance with the law.
3. The Company did not receive any proposals from shareholders during the acceptance period.