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高興昌鋼鐵股份有限公司

KAO HSING CHANG IRON & STEEL CORP.

2025

Annual Report

Date of Printing: May 17, 2026

- Addresses and telephone numbers of the head office, branches and factories/plants:

Designation	Address	Telephone
Headquarters	No. 318, Zhonghua 1st Rd., Gushan Dist., Kaohsiung City	(07)5556111
Taipei Branch	No. 62, Liangzhou Street, Taipei City	(02)25530987
Yongan Factory (Cold Rolling Plant)	No. 6, Yonggong 1st Road, Yongan Industrial Park, Yongan District, Kaohsiung City (suspended)	(07)6229601
Pingdong Branch (Steel Pipe Plant)	No. 2, Yongxiang Rd., Fangliao Township, Pingnan Industrial Park, Pingtung County	(08)8668800

- Spokesperson

  Name: Hsu Pang-Feng

  Title: Manager, Steel Pipe Department

  Telephone: (07)555-6111

  E-mail: purc02@khc.com.tw

- Deputy Spokesperson

  Name: Kuo Chien-Hung

  Title: Deputy Manager, Steel Pipe Department

  Telephone: (07)555-6111

  E-mail: sale01@khc.com.tw

- Handling of stock transfer agency

  Name: Kao Hsing Chang Iron & Steel Corp. Stock Affairs Division

  Address: No. 62, Liangzhou Street, Taipei City

  Telephone: (02)25536052·25536053

  Website: http://bit.ly/2W3hvVg

- CPAs for the most recent annual financial reports

  Name: Hsu Chen-Lung, Chen Yung-Hsiang

  Name: KPMG Taiwan

  Address: 12F-6, No. 211, Zhongzheng 4th Road, Qianjin District, Kaohsiung City

  Telephone: (07)213-0888

  Website: http://www.kpmg.com.tw

- The name of any exchanges where the Company's securities are traded offshore and the method by which to access information on said offshore securities: None.

- Company website: http://www.khc.com.tw

Table of Contents

Contents

One Letter to Shareholders 1

Two Corporate Governance Report 8

I. Information on directors, managers and others

II. Remuneration paid to directors, president and vice-presidents in the most recent fiscal year

III. Corporate governance operations

IV. Information on fees paid to attesting CPAs

V. Information on changes in CPAs

VI. The Company's Chairman, President, or the manager responsible for financing or accounting affairs, who has worked for the accounting firm to which CPAs belong or the affiliated enterprises in the past year

VII. Changes in shareholding of directors, managers, and major shareholders

VIII. Information about the relationship of the ten largest shareholders

IX. Aggregate shareholding ratio in the same investee enterprise

Three Status of Fundraising 78

I. Capital and Shares

II. Handling of corporate bonds

III. Implementation status of fund utilization plan

Four Overview of Operations 87

I. Business content

II. Market and production and sales overview

III. Information of employees in the latest two years and as of the publication date of the Annual Report

IV. Environmental expenditure information

V. Labor Relations

VI. Information Communication Security Management

VII. Important contracts

Five Financial status and financial performance review analysis and risk issues **106**

I. Comparative analysis of financial status

II. Analysis of financial performance

III. Cash flow analysis

IV. The impact of major capital expenditures in recent years on financial operations

V. Reinvestment policy in the most recent year, main reasons for its profit or loss, improvement plan and investment plan for the next year

VI. Risk analysis

VII. Other important matters

Six Special Disclosures **115**

I. Information related to the Company's affiliates

II. Where the Company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the Annual Report, disclose the date on which the placement was approved by the Board of Directors or by a Shareholders' Meeting, the amount thus approved, the basis for and reasonableness of the pricing, the manner in which the specified persons were selected, and the reasons why the private placement method was necessary.

III. Other necessary supplementary explanations

Seven In the most recent year and as of the printing date of the Annual Report, the occurrence of the matters that has a significant impact on shareholders' equity or securities prices as specified in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act **115**

One. Letter to Shareholders

I. Chairman's Remarks:

Dear Shareholders, ladies and gentlemen:

We welcome everyone's participation in the Annual Shareholders' Meeting and hereby present reports on the business operations for 2025 and the business plan for the current year:

Steel market orders for domestic and export sales in 2025 had originally remained robust; however, beginning in June, export orders nearly came to a standstill in the second half of the year due to the impact of the United States' 50% tariffs on steel and aluminum and policy uncertainties. Affected by rapidly changing international circumstances, including rising trade protectionism, ongoing geopolitical conflicts, repeated changes in the United States' "reciprocal tariffs" and trade policies, and fluctuations in the NT$ exchange rate, global economic and trade growth momentum slowed, which also delayed the recovery of steel market demand. In addition, as the global trade landscape undergoes restructuring, market uncertainty has increased, and the development of the steel industry will continue to face significant challenges.

In terms of steel pipe sales, market conditions and demand in 2025 increased significantly compared to 2024. Total steel pipe sales volume reached 42,095 metric tons, representing an increase of 30% from 32,138 metric tons in the previous year. For export sales of API oil pipes, due to the continued stability of international oil prices in 2025, order intake in the first half of the year achieved the targeted goals, while order intake in the second half of the year nearly came to a standstill due to steel and aluminum tariff issues. Total export steel pipe sales volume in 2025 was 8,283 metric tons, representing an increase of 190% from 2,851 metric tons in 2024. In the domestic market, as orders from electronic manufacturers for plant expansion projects continued to flow in, order-taking conditions for galvanized steel pipes, the Company's main products, remained fairly favorable despite weak domestic demand

for steel pipes. Total domestic steel pipe sales volume was 33,812 metric tons, representing an increase of 15% from 29,288 metric tons in the previous year.

Looking ahead to 2026, the export market will continue to face the challenges of high tariffs under the United States' "Section 232" measures and the 50% reciprocal tariffs on steel and aluminum products. Export market order conditions are therefore assessed as remaining unoptimistic. With respect to domestic steel pipe sales, although private construction developers have experienced project delays, major infrastructure projects continue to move forward, driving an increase in steel pipe orders. In addition, electronics manufacturers are actively expanding factory investments, sustaining continued growth in domestic demand for galvanized steel pipes. Accordingly, the Company expects domestic steel pipe orders in 2026 to continue outperforming the previous year due to stable orders from electronics manufacturers, with sales and profitability also expected to improve.

All in all, we are cautiously optimistic about the operation of this year, and hope for your continued support and encouragement from our shareholders.

Finally, I wish all for shareholders
good health and happy families

Chairman

II. Operating Results for 2025

(I) Outcomes of the implementation of the business plan:

Production volume in 2025 was 44,404 metric tons, representing an increase of 37% from the production volume of 32,476 metric tons in 2024; sales volume in 2025 was 48,203 metric tons, representing an increase of 37% from the sales volume of 35,292 metric tons in 2024.

Operating revenue in 2025 was NT$1,818,497 thousand, representing an increase of 25% compared to operating revenue of NT$1,458,367 thousand in 2024. Net profit after tax was NT$130,022 thousand, with earnings per share of NT$0.68. Details are as follows:

III. Analysis of income, expenses and profitability:

(I) Financial income and expenditure:

1. Comprehensive income statement for the last two years:

Unit: NTD Thousand

Item	2025	%	2024	%
Revenue	1,818,497	100	1,458,367	100
Operating costs	1,513,022	83	1,237,533	85
Gross Operating Income (Loss)	305,475	17	220,834	15
Selling expenses	61,866	3	37,969	3
Overhead	82,032	5	82,291	6
Operating profit	161,577	9	100,574	6
Non-operating income and expense	(24,728)	(2)	(30,978)	(2)
Net profit (loss) before tax	136,849	7	69,596	4
Income tax income (expense)	(6,827)		(20,866)	
Net profit (loss) for the period	130,022	7	48,730	3

2. Net profit after tax in 2025 was NT$130,022 thousand, with earnings per share of NT$0.68.

(II) Profitability analysis:

Analysis item			2025
Profitability	Return on assets (%)		2.63
	Shareholder return on equity (%)		3.57
	Ratio to paid-in capital (%)	Operating gain (loss)	8.47
		Gain (loss) before tax	7.17
	Net profit rate (%)		7.15
	Earnings per share (NTD)		0.68

IV. R&D development:

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 2025, galvanized steel and pipe manufacturing process equipment continued to undergo replacement and upgrading, including new galvanizing kettle construction, pipe mill forming sections, and API medium- and small-sized mill forming sections, among other related equipment improvements.

V. Impacts from the external competitive environment, regulatory environment and overall business environment:

1. The Russia–Ukraine war has shown signs of a ceasefire, which is conducive to steel circulation and price stabilization. After four years of the Russia-Ukraine war, if a gradual ceasefire can be achieved, the resulting reconstruction demand is expected to stimulate the restoration of global raw material circulation, and pressure from steel price competition is also expected to ease.
2. The IMF forecasts that the global economy will grow by 3.3% in 2026 and by 3.2% in 2027, slightly upward from the forecast made in October 2025. Technological investment, fiscal and monetary support, accommodative financial conditions, and the adaptability of the private sector offset the adverse effects arising from changes in

trade policies. Global inflation is expected to decline, although inflation in the United States is expected to return to target levels at a slower pace. Major downside risks include a reassessment of technology expectations and escalating geopolitical tensions.

3. The Chinese government's strong promotion of downstream industries such as electric vehicles, solar energy, and wind power may drive demand for upstream steel materials. Military expenditure by NATO and European countries is expected to gradually increase, which is expected to drive demand for structural steel and infrastructure steel. In addition, continued strong demand for AI server construction is supporting growth in industrial land and factory office construction projects.
4. China's annual crude steel production has long remained at approximately 1 billion metric tons. As the real estate market remains sluggish over the long term and domestic demand remains weak, steel demand continues to decline, while production remains at high levels, forcing steel mills to increase exports and compete for overseas markets with low-priced steel products, thereby placing tremendous pressure on the steel industries in Europe, the United States, and Asia.
5. According to the latest forecast by the World Steel Association, global steel demand in 2026 will reach 1.772 billion metric tons, representing an annual growth rate of 1.3% and an increase of approximately 23.3 million metric tons. The market interprets this as a moderate recovery after bottoming out. The primary drivers of steel demand recovery are strong growth in India, ASEAN, and the Middle East, contributing growth of approximately 3% to 7%. Large-scale infrastructure construction, foreign investment, and demographic dividends are supporting rapid growth in steel demand, making these regions the most promising regional markets for the future.
6. Trump announced the imposition of reciprocal tariffs on various countries, triggering disorder in global economic and trade activities, which also affected steel demand. In addition, tariffs on steel and aluminum products were doubled to 50%; furthermore, the outbreak of the Iran-Israel war has broadened the scope of impacts, all of which add numerous uncertainties to the future development of the steel market.
7. The challenges of the "Triple Carbon" initiatives of carbon pricing, carbon tariffs, and carbon neutrality are severe. Facing known carbon costs, such costs will be passed on to distributors and reflected in product quotations. Beginning in 2026, the mandatory implementation of carbon pricing will make carbon reduction no longer merely a

matter of corporate social responsibility, but rather a matter of controlling operating costs directly related to operational capability. Enterprises must make early arrangements for carbon reduction and transform carbon fees into opportunities for enhancing green competitiveness.

VI. Summary of 2026 Business Plan:

Steel pipe sales volume in 2026 is projected at 48,841 metric tons, representing an increase of approximately 16% compared to 42,095 metric tons in 2025. Sales volume of distribution products is projected at 3,000 metric tons, representing a decrease of 48% from 5,789 metric tons in 2025. (This represents the 2026 budget approved by the 8th meeting of the 22nd Board of Directors on November 4, 2025.)

Since 2025, even after the steel market entered the traditional peak season in the fourth quarter, there have still been no signs of significant improvement. Steel consumption in Europe continues to trend downward, and the Asian market also remains unoptimistic. The problem of overcapacity in China remains severe, while export-oriented steel mills in Southeast Asia face intense price competition and pressure from high inventory levels. Overall, no significant contraction has yet been seen on the global steel supply side, and the oversupply situation is unlikely to reverse in the short term. Weakness on the demand side remains the primary reason.

Looking ahead to 2026, due to China’s import restrictions and restrictions on its steel exports involving more than 300 products, as well as the implementation of reciprocal tariffs on steel and aluminum under the United States Section 232 high-tariff measures, the market is expected to be significantly affected. Therefore, the market outlook for 2026 is assessed as unoptimistic. At present, steelmakers continue to face high cost pressures, which not only provide certain support for steel prices but have also prompted steelmakers in various countries to gradually initiate production cuts. As countries continue to promote their "carbon neutrality" goals, global steel supply and demand are expected to gradually improve, which will help the steel market recover from the bottom, and steel prices are expected to rise with support.

With respect to the Taiwan market, progress in domestic demand-related construction has fallen short of expectations, and new factory construction projects have been delayed, resulting in flat sales of steel structures, steel pipes, screw wire rods, and coated products.

The export market continues to face the challenges of high tariffs under the United States' "Section 232" measures and the 50% reciprocal tariffs on steel and aluminum products. Export market order conditions are therefore assessed as remaining unoptimistic. For domestic steel pipes, although private construction developers have postponed construction projects, major projects have driven an increase in steel pipe orders, and electronic manufacturers have actively expanded plant investments, maintaining continued growth in domestic demand for galvanized steel pipes. Therefore, despite shrinking domestic demand for steel pipes, the Company's domestic steel pipe order-taking conditions remain favorable. It is expected that in 2026, due to continued stable orders from electronic manufacturers and continued stable steel prices, demand will increase compared to 2025, and both sales and profitability will improve over 2025.

Two. Corporate Governance Report

I. Information on directors, the President, vice-presidents, assistant vice-presidents and department and branch heads

(I) Directors

1. Directors Information

April 19, 2026

Title (Note 1)	Nationality or place of registration	Name	Gender Age (Note 2)	Appointment date	Term of office	Initial date of inauguration (Note 3)	Shares held at the time of appointment		Number of shares currently held		Number of shares currently held by spouse and minor children		Shares held in the name(s) of others		Main Experience (Education) (Note 4)	Office(s) Concurrently Held in the Company and Other Companies	Spouse or relatives within the second degree of kinship or closer acting as other supervisors, directors, or supervisors			Remarks (Note 5)
							Number of shares	Percentage of ownership	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership			Job Title	Name	Relationship	
Chairman	Taiwan	Lu Tai Rong	Male 61 - 70 years old	2024.6.20	3 years	1980.6.30	27,551,329	14.44	27,551,329	14.44	6,053,477	3.17	—		Department of Philosophy, Tunghai University	1. Director, Kao Hsing Industrial Co. 2. Director, KHC Steel International Corp. 3. Hsieh Chang Hsing Trading Co., Ltd. Director 4. Director, Qiang Yi Investment Co., Ltd.	Director Director	Huang Li-Chun Lu Wei-Cheng	Brother-in-law Son	
Director representative	Japan	Pro Imp'ex Company Limited Sheng Lu Rong Feng	Male 61 - 70 years old	2024.6.20	3 years	1980.6.30	121,621 6,293,995	0.06 3.30	121,621 6,293,995	0.06 3.30	—	—	—		Tokai University	1. President of the Company 2. Director, KHC Steel International Corp. 3. Director, Huida Investment Co., Ltd.	Director	Sheng Lu An De	Son	
Director representative	Taiwan	Huida Investment Co., Ltd. Huang Li-Chun	Male 61 - 70 years old	2024.6.20	3 years	2008.6.25	40,999,312 22,343	21.48 —	44,999,312 22,343	23.58 —	5,785,926	3.03	—		Mechanical Engineering, Chung Yuan Christian University	1. Huida Investment Co., Ltd. Chairman 2. Vice-President, Kao Hsing Smelting & Chemical Fiber Co., LTD. 3. Director, KHC Steel International Corp. 4. Hsieh Chang Hsing Trading Co., Ltd. Director				
Director	Taiwan	You	Male	2024.6.20	3	2011.9.27	380,000	0.20	380,000	0.20	—		—		Faculty of	Lawyer				

Title (Note 1)	Nationality or place of registration	Name	Gender Age (Note 2)	Appointment date	Term of office	Initial date of inauguration (Note 3)	Shares held at the time of appointment		Number of shares currently held		Number of shares currently held by spouse and minor children		Shares held in the name(s) of others		Main Experience (Education) (Note 4)	Office(s) Concurrently Held in the Company and Other Companies	Spouse or relatives within the second degree of kinship or closer acting as other supervisors, directors, or supervisors			Remarks (Note 5)
							Number of shares	Percentage of ownership	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership			Job Title	Name	Relationship	
representative		Chang Co., Ltd. Wu Hsien-Ming	61 - 70 years old		years		38,000	0.02	47,000	0.02					Law, National Taiwan University					
Director representative	USA	You Chang Co., Ltd. Lu Wei-Cheng	Male 31 - 40 years old	2024.6.20	3 years	2024.6.20	380,000 289,315	0.20 0.15	380,000 289,315	0.20 0.15		–		–	Chung Yuan Christian University Department of Business Management Master of Architecture, Columbia University Master of Architecture, Pratt Institute (USA)	1. Vice-Manager, Chairman's Office 2. Chairman, Da Gang Metroway Alliance CO., LTD.	Chairman	Lu Tai Rong	Father	
Director representative	Japan	Pro Imp'ex Company Limited Sheng Lu An De	Male 31 - 40 years old	2024.6.20	3 years	2024.6.20	121,621	0.06	121,621	0.06	–	–	–		Department of International Economics, Tokyo, Japan	Special Assistant to the General Manager of the Company	Director	Sheng Lu Rong Feng	Father	
Independent Director	Taiwan	Lin Hsien-Lang	Male 81 - 90 years old	2024.6.20	3 years	2018.6.27	–	–	–	–	–	–	–		National Taiwan University Department of Business	Director of Corporate Operation Association/Executive Supervisor of Taiwan Corporate Governance Association				
Independent Director	Taiwan	Chen Chi-Hsiung	Male 81 - 90 years old	2024.6.20	3 years	2015.6.23	–	–	–	–	–	–	–		National Chung Hsing University Master's Degree, Law Institute	Served as Judge and President of the Kaohsiung Branch of the Taiwan High Court				
Independent Director	Taiwan	Wang Yi-Chen	Female 61 - 70 years old	2024.6.20	3 years	2024.6.20	–	–	–	–	–	–	–		National Taiwan University Master of Law Master of Law, Duke University (USA)	1. Managing Partner and Attorney, Yaomen Law Firm 2. Director, Kaohsiung Medical University				

Note 1: Institutional shareholders should list the names of the institutional shareholders and their representatives separately (if they are representatives of institutional shareholders, the name of the institutional shareholders should be indicated) and fill in Table 1 below.

Note 2: Please state the actual age, and the interval can also be used, such as 41 to 50 years old or 51 to 60 years old.

Note 3: It shall show when did he/she/it assume position of director or supervisor for the first time. If it is discontinuous, it shall be described in the note. Lu Tai Rong: 1989.06.16-1996.09.03 discontinuous; Sheng Lu Rong Feng: 1989.06.16-1996.09.03 discontinuous.

Note 4: If work experience related to position now is in accounting firm or affiliated company in the period shown above, it shall show his/her title and function of position.

Note 5: If the Company's Chairman and President or equivalent (top manager) are the same person or spouse or relative within one degree of kinship to the other, the reason, rationale, necessity and relevant information of the corresponding measures should be explained (e.g., the number of independent directors should be increased, more than half of the directors should not be concurrent employees or managers, etc.).

2. Table 1: Major Shareholders of Corporate Shareholders

April 19, 2026

Name of institutional shareholder	Major Shareholders of Institutional Shareholders (Shareholding ratio contributions of the ten largest shareholders)
1. Huida Investment Co., Ltd.	Lu Tai-Rong (13%), Liao Ying-Chung (9.41%), Lu Ho-Lin (11%), Lu Ho-Ching (10%); Lu Ho-Lin's Trust Property Account (8.89%)
2. Pro Imp'ex Company Limited	Chen Hsin-Ya (40%); Liao Ying-Chung (60%)
3. You Chang Co., Ltd.	Lu Tai-Rong (40%); Yang Yen-Ju (20%); Lu Ho-Ching (20%); Lu Ho-Lin (20%)

3. Table 2: Major shareholders of major shareholders who are juridical persons as referred to in Table 1: None.

4. Disclosure of directors' professional qualifications and independence of independent directors:

April 19, 2026

Terms / Name	Professional qualifications and experience (Note 1)	Status of independence (Note 2)	No. of positions concurrently held in other companies as independent director
Lu Tai Rong Director	More than 5 years of experience in Board leadership and the steel industry, and not under the conditions specified in Article 30 of the Company Act	—	0
Sheng Lu Rong Feng Director	More than 5 years of experience in company management and steel industry, and not under the conditions specified in Article 30 of the Company Act	—	0
Huang Li-Chun Director	More than 5 years of experience in company management and steel industry, and not under the conditions specified in Article 30 of the Company Act	—	0
Wu Hsien-Ming Director	More than 5 years of experience as a Board leader, lawyer, or company management, and not under the conditions specified in Article 30 of the Company Act	—	0
Lu Wei-Cheng Director	Possessing more than three years of experience in corporate management and the steel industry, and without any of the circumstances specified in the subparagraphs of Article 30 of the Company Act.	—	0
Sheng Lu An De Director	Possessing more than three years of experience in corporate management and the steel industry, and without any of the circumstances specified in the subparagraphs of Article 30 of the Company Act.	—	0
Lin Hsien-Lang Independent Director	Possesses more than five years of certified public accountant qualification, and is not subject to any of the circumstances under Article 30 of the Company Act. Experience: 1. President of KPMG; Chairman of The National Federation of CPA Associations of the R.O.C 2. Independent Director, KGI Bank Co., Ltd. 3. Independent Director, RAC Electric Vehicles Inc.	Compliance with the absence of the following: 1. Including but not limited to the director, supervisor or employee of the Company or its affiliates, such as the person himself/herself, spouse or relative within the second degree of kinship. 2. The number and percentage of shares held by the person, their spouse, or a relative within the second degree of kinship (or in the name of another person). 3. Serving as a director, supervisor,	0

Terms / Name	Professional qualifications and experience (Note 1)	Status of independence (Note 2)	No. of positions concurrently held in other companies as independent director
		or employee of a company that has a specific relationship with the Company. 4. The amount of remuneration for providing the Company or its affiliates with commercial, legal, financial, accounting services in the last two years.	
Chen Chi-Hsiung Independent Director	Taiwan High Court Kaohsiung Branch Judge and President, and not under the conditions specified in Article 30 of the Company Act	Compliance with the absence of the following: 1. Including but not limited to the director, supervisor or employee of the Company or its affiliates, such as the person himself/herself, spouse or relative within the second degree of kinship. 2. The number and percentage of shares held by the person, their spouse, or a relative within the second degree of kinship (or in the name of another person). 3. Serving as a director, supervisor, or employee of a company that has a specific relationship with the Company. 4. The amount of remuneration for providing the Company or its affiliates with commercial, legal, financial, accounting services in the last two years.	0
Wang Yi-Chen Independent Director	Possesses more than five years of attorney qualifications and is not subject to any of the circumstances specified in the various subparagraphs of Article 30 of the Company Act Experience: 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 Current Positions: 1. Managing Partner and Attorney, Yaomen Law Firm 2. Director, Kaohsiung Medical	Compliance with the absence of the following: 1. Including but not limited to the director, supervisor or employee of the Company or its affiliates, such as the person himself/herself, spouse or relative within the second degree of kinship. 2. The number and percentage of shares held by the person, their spouse, or a relative within the second degree of kinship (or in the name of another person). 3. Serving as a director, supervisor, or employee of a company that has a specific relationship with the Company. 4. The amount of remuneration for providing the Company or its	0

Terms / Name	Professional qualifications and experience (Note 1)	Status of independence (Note 2)	No. of positions concurrently held in other companies as independent director
	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.	affiliates with commercial, legal, financial, accounting services in the last two years.	

Note 1: Professional qualifications and experience: Specify the professional qualifications and experience of each director and supervisor. If a member of the Audit Committee, specify their accounting or finance background and work experience. Additionally, specify whether any circumstance under any subparagraph of Article 30 of the Company Act exists with respect to a director or supervisor.

Note 2: Describe the status of independence of each independent director, including but not limited to the following: did they or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates? ; specify the number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees); do they serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); specify the amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

5. Diversity and independence of the Board of Directors:

Diversity of the Board of Directors:

1. According to the Company's "Procedures for Election of Directors", the composition of the Board of Directors should take diversity into account, and an appropriate diversity policy should be formulated based on its own operation, business model and development needs, including but not 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.
2. 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 view.
   (7) Leadership.
   (8) Decision-making.

   The 22nd Board of Directors of the Company consists of 9 members, including 3 independent directors; 4 members concurrently serve as employees, accounting for 44.4%. One female independent director to achieve the goal of gender equality.

   The members of the Board of Directors are highly experienced in management and management, and each has relevant professional backgrounds and has the necessary professional knowledge, skills and literacy to perform their duties; at least one-third of the members of the Board of Directors have the ability to execute the business related to the eight core items.

Independence of the Board of Directors:

The 22nd Board of Directors of the Company consists of 9 members, including 3 independent directors, accounting for 33.3%, to ensure the independence of the board. None are subject to the circumstances stipulated under Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act.

(II) Information on the General Manager, Deputy General Manager, Associate Managers, and the heads of various departments and branches

April 19, 2026

Job Title (Note 1)	Nationality	Name	Gender	Date assumed office	Number of shares held		Spouse and minor children holding shares		Shares held in the name(s) of others		Main Experience (Education) (Note 2)	Office(s) Concurrently Held in Other Companies	Spouse or relatives within the second degree of kinship or closer acting as managerial officers			Remarks (Note 3)
					Number of shares	Percentage of ownership	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership			Job Title	Name	Relationship	
General Manager	Japan	Sheng Lu Rong Feng	Male	2002.6.21	6,293,995	3.30	—	—	—	—	Department of Mechanical Engineering, Tokai University, Japan Executive Manager, Chairman's Office	1. Director, KHC Steel International Corp. 2. Director, Huida Investment Co., Ltd.	—	—	—	
Chief Corporate Governance Officer	Taiwan	Lin Tzu-Hui	Male	2021.04.01	4,566	—	1,544	—	—	—	Department of Accounting, Feng Chia University	1. Consultant of the Company's Finance and Accounting Department 2. KHC Steel International Corp. Supervisor 3. Hsieh Chang Hsing Trading Co., Ltd. Supervisor	—	—	—	

Job Title (Note 1)	Nationality	Name	Gender	Date assumed office	Number of shares held		Spouse and minor children holding shares		Shares held in the name(s) of others		Main Experience (Education) (Note 2)	Office(s) Concurrently Held in Other Companies	Spouse or relatives within the second degree of kinship or closer acting as managerial officers			Remarks (Note 3)
					Number of shares	Percentage of ownership	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership			Job Title	Name	Relationship	
Foreman, Steel Pipe Factory	Taiwan	Chang Yin-Deng	Male	2021.08.13	—	—	—	—	—	—	Department of Mechanical Engineering, National Taipei Institute of Technology National Pingtung University of Science and Technology EMBA Deputy Manager of Steel Pipe Plant	None	—	—	—	
Manager, Steel Pipe Department	Taiwan	Hsu Pang-Feng	Male	2018.04.01	—	—	—	—	—	—	Department of Business Management, Feng Chia University Deputy Manager, Steel Pipe Department	None	—	—	—	

Job Title (Note 1)	Nationality	Name	Gender	Date assumed office	Number of shares held		Spouse and minor children holding shares		Shares held in the name(s) of others		Main Experience (Education) (Note 2)	Office(s) Concurrently Held in Other Companies	Spouse or relatives within the second degree of kinship or closer acting as managerial officers			Remarks (Note 3)
					Number of shares	Percentage of ownership	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership			Job Title	Name	Relationship	
Manager, Finance and Accounting Department	Taiwan	Chao Hui-Mei	Female	2021.04.01	—	—	—	—	—	—	Department of Accounting, Soochow University Assistant Manager, Finance and Accounting Department	1. Smartway Ark Alliance Co., Ltd. Supervisor 2. Da Dong Metroway Alliance Co., Ltd. Supervisor	—	—	—	

Note 1: Shall include information on the President, Vice-Presidents, Assistant Vice-Presidents, department heads and branch office heads, as well as any personnel with positions equivalent to President, Vice-President or Assistant Vice-President, regardless of the actual title.

Note 2: If work experience related to position now is in accounting firm or affiliated company in the period shown above, it shall show his/her title and function of position.

Note 3: In cases where the President or equivalent position (i.e., the highest-ranking manager) is the same person as the Chairman, or if they are spouses or first-degree relatives, the reasons, rationale, necessity, and corresponding measures must be disclosed (e.g., increasing the number of independent directors or ensuring that a majority of directors do not concurrently serve as employees or managers).

II. Remuneration Paid to Directors, the President, and Vice Presidents for the Most Recent Year

April 19, 2026

1. Remuneration to directors (including independent directors)

Unit: NTD thousand

Job Title	Name	Remuneration to directors								Sum of A+B+C+D and ratio to net income		Remuneration from those concurrently serving as employee						Ratio of the total amount of A, B, C, D, E, F and G vs. net profit after tax		Compensation received from investee companies outside of subsidiaries
		Remuneration (A)		Retirement pension (B)		Director's remuneration (C)		Business execution expenses (D)				Salary, bonuses, and special expenses (E)		Retirement pension (F)		Employee remuneration (G)					
																The Company		All companies included in the financial report			
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company (Note 2)	All companies in the financial reports (Note 2)	The Company	All companies Financial report	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies included in the financial report	
Chairman	Lu Tai Rong	—	—	—	—	—	—	300	300	4,518 3.4748%	4,518 3.4748%	2,608	2,608	—	—	4	—	—	—	11,053 8.5005%	11,053 8.5005%	40
Director	Pro Imp'ex Company Limited Sheng Lu Rong Feng	—	—	—	—	—	—	300	300			2,479	2,479	—	—	4	—	—	—			None
Director	Huida Investment Co., Ltd. Huang Li-Chun	—	—	—	—	—	—	900	900			—	—	—	—	—	—	—	—			None
Director	You Chang Co., Ltd. Wu Hsien-Ming	—	—	—	—	—	—	300	300			—	—	—	—	—	—	—	—			None
Director	You Chang Co., Ltd. Lu Wei-Cheng	—	—	—	—	—	—	300	300			716	716	—	—	4	—	—	—			None
Director	Pro Imp'ex Company Limited Sheng Lu An	—	—	—	—	—	—	300	300			716	716	—	—	4	—	—	—			None

Job Title	Name	Remuneration to directors								Sum of A+B+C+D and ratio to net income		Remuneration from those concurrently serving as employee								Ratio of the total amount of A, B, C, D, E, F and G vs. net profit after tax		Compensation received from investee companies outside of subsidiaries
		Remuneration (A)		Retirement pension (B)		Director's remuneration (C)		Business execution expenses (D)				Salary, bonuses, and special expenses (E)		Retirement pension (F)		Employee remuneration (G)						
																The Company		All companies included in the financial report				
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company (Note 2)	All companies in the financial reports (Note 2)	The Company	All companies Financial report	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies included in the financial report	
	De																					
Independent Director	Lin Hsien-Lang	318	318	—	—	—	—	420	420			—	—	—	—	—	—	—	—			None
Independent Director	Chen Chi-Hsiung	270	270	—	—	—	—	420	420			—	—	—	—	—	—	—	—			None
Independent Director	Wang Yi-Chen	270	270	—	—	—	—	420	420			—	—	—	—	—	—	—	—			None

Note 1: The Company provides automobiles for use by management personnel. In 2025, the undepreciated balance of such automobile equipment was NT$8,376,222 (cost of NT$24,294,900 less accumulated depreciation of NT$15,918,678). In addition, the Chairman of the Board is equipped with a driver, and salaries of drivers shall be the same as those of employees.

2: The Company was not required to prepare consolidated financial statements in 2025; net profit after tax for 2025 was NT$130,022 thousand.

2. Remuneration of the President and Vice Presidents April 19, 2026

Unit: NTD Thousand

Job Title	Name	Salary (A)		Retirement pension (B)		Bonuses and special expenses (C)		Employee compensation amount (D)				Sum of A+B+C+D and ratio to net income (%)		Compensation received from investee companies outside of subsidiaries
								The Company		All companies included in the financial report				
		The Company	All companies in the financial reports	The Company	All companies in the financial reports	The Company	All companies in the financial reports	Cash dividend amount	Stock dividend amount	Cash dividend amount	Stock dividend amount	The Company	All companies in the financial reports	
Director and General Manager	Sheng Lu Rong Feng	2,281	2,281	0	0	198	198	4	0	0	0	2,483 1.91%	2,483 1.91%	None

Note 1: One automobile was provided in 2025. The undepreciated balance of such automobile equipment was NT$0 (cost of NT$5,635,000 less accumulated depreciation of NT$5,635,000).

2. Vice-President of the Company (vacant).

3. Remuneration to the top five executives with the highest remuneration (disclose the name and means of remuneration individually) (Note 1)

Job Title	Name	Salary (A) (Note 2)		Retirement pension (B)		Bonuses and Special expenses, etc. (C) (Note 3)		Employee compensation amount (D) (Note 4)				Sum of A+B+C+D and ratio to net income (%) (Note 6)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 7)
								The Company		All companies in the financial reports (Note 5)				
		The Company	All companies in the financial reports (Note 5)	The Company	All companies in the financial reports (Note 5)	The Company	All companies in the financial reports (Note 5)	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies included in the financial report	
General Manager	Sheng Lu Rong Feng	2,281	2,281	0	0	198	198	4	0	4	0	2,483 1.91	2,483 1.91	300
Chief Corporate Governance Officer	Lin Tzu-Hui	777	777	0	0	71	71	4	0	4	0	852 0.66	852 0.66	None
Manager, Finance and Accounting Department	Chao Hui-Mei	1,338	1,338	0	0	125	125	4	0	4	0	1,467 1.13	1,467 1.13	None
Manager, Steel Pipe Department	Hsu Pang-Feng	930	930	0	0	127	127	4	0	4	0	1,061 0.82	1,061 0.82	None
Foreman, Steel Pipe Factory	Chang Yin-Deng	969	969	0	0	120	120	4	0	4	0	1,093 0.84	1,093 0.84	None

Note 1: In the "top five supervisors with the highest remuneration" mentioned here, "supervisor" indicates a manager of the Company and criteria for identification of the relevant managers are handled in accordance with the scope of the application of "managers" stipulated by the former Securities and Futures Commission of the Ministry of Finance in letter Taicaizheng San Zi No. 0920001301 dated March 27, 2003. As for principles of calculation and determination of the "top five supervisors with the highest remuneration," this refers to the total amounts of salaries, retirement pensions, bonuses, special expenses, etc., as well as employee remuneration (in other words, the total of four items A+B+C+D) that are received by the Company's managers from all companies in the consolidated financial statements; and after this data is sorted, the top five managers with the highest remunerations will be identified. If any concurrently serving director(s) is among those top, fill out this table and also Table (1-1) above.

Note 2: This refers to the salary, duty allowances, and severance pay of each of the five highest remunerated management personnel in the most recent fiscal year.

Note 3: This refers to the amount of all rewards, incentives, travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, and other remuneration of the five highest remunerated management personnel in the most recent fiscal year. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the company to the driver, but do not include it in the calculation of the director remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2 including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc.—should be included in the calculation of remuneration.

Note 4: This refers to employee profit-sharing compensation (including stocks and cash) received by the five highest remunerated management personnel in the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Table 1-3 should also be completed.

Note 5: Disclose the total amount of remuneration in each category paid to the five highest remunerated management personnel by all companies in the consolidated financial report (including the Company).

Note 6: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 7: a. In this column, specifically disclose the amount of remuneration received by the five highest remunerated management personnel of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state "None").

b. Remuneration means remuneration received by the five highest remunerated management personnel of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

* This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

4. Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers

	Job Title	Name	Stock amount	Cash amount	Total	As a % of net profit
Manager	General Manager	Sheng Lu Rong Feng	0	4	4	0
Manager	Chief Corporate Governance Officer	Lin Tzu-Hui	0	4	4	0
Manager	Manager, Finance and Accounting Department	Chao Hui-Mei	0	4	4	0
Manager	Manager, Steel Pipe Department	Hsu Pang-Feng	0	4	4	0
Manager	Manager of Pingnan Plant	Chang Yin-Deng	0	4	4	0

5. Separately compare the analysis of total remuneration paid in the last two years by the Company and all companies included in the consolidated financial statements to the Company's directors and General Manager, and the respective proportions of such remuneration to income after tax, as well as the policies, standards, and packages by which it was paid, the procedures through which the compensation was determined, and its association with future risk:

Units: NTD Thousand, %

Year	Net profit or loss after tax	Remuneration to directors		Ratio of remuneration to directors to gains or losses after tax		Remuneration to the President		Ratio of remuneration to the President to gains or losses after tax	
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements
2025	130,022	11,053	11,053	8.50%	8.50%	2,783	2,783	2.14%	2.14%
2024	48,730	10,803	10,803	22.17%	22.17%	2,781	2,781	5.71%	5.71%

Note: Three independent directors were appointed starting June 27, 2018 and an Audit Committee was established.

The Company's remuneration policy is based on the market salary level for comparable positions in the industry, the scope of responsibility within the Company and each individual's contribution to operating goals. The purpose is to attract top talent, retain individuals with development potential, form a high-performing management team and reward business results through remuneration mechanisms.

(1) Managers' remuneration

a. Managers’ remuneration is determined based on the overall market positioning of the Company, the results of relevant industry salary surveys, and the goal achievement and contribution of managers.

b. Managers’ remuneration includes basic salary, supervisor's allowance, various allowances, bonuses, year-end bonus and employee remuneration.

c. The individual salaries and remunerations to managers are handled in accordance with the Company's regulations governing the salaries of employees, and the reasonableness of remunerations is regularly evaluated by the Remuneration Committee.

(2) Remuneration to directors:

The Company’s remuneration payment policies, systems, standards, and structure for directors and independent directors, as well as the correlation between remuneration amounts and factors including responsibilities undertaken, risks, and time invested, are described as follows:

a. Pursuant to Article 26 of the Company’s Articles of Incorporation, an amount not exceeding 5% of the current year’s profits may be appropriated as directors’ remuneration for the current year and distributed based on the performance evaluation results of each director for the current year. No directors’ remuneration was distributed in 2025.

b. According to Article 21 of the Company’s Articles of Incorporation, the Company may remunerate directors for traveling expenses, pay remuneration to independent directors, and compensate directors for performing their duties in the Company. The Board of Directors is authorized to make these payments, which are determined by reference to the standards of peers and publicly listed companies.
Resolution of the 1995 shareholders' meeting: for the resident executive directors and supervisors of the Company, the monthly salary of each employee shall be within the limit of NTD 280,000 per person per month to authorize the Board of directors to make resolutions.
A transportation allowance of NTD 20,000 per month per director and NTD 30,000 per independent director per month; and NTD 10,000 per person attending Board meetings.
Directors and independent directors who serve as members of each functional committee of the Company may be paid a monthly remuneration to the functional committee member, and the transportation allowance will be paid based on the number of meetings attended.
Independent directors receive a monthly remuneration and do not participate in the distribution of earnings.

Over the most recent two years, the total remuneration paid to the Company’s directors and President only covered fixed remuneration such as transportation allowances and fixed monthly compensation, excluding variable remuneration related to performance.

III. Corporate governance operations

(I) Information on the operation of the Board of Directors

1. On June 20, 2024, at the shareholders' meeting, the Company conducted the election of the 22nd Board of Directors, appointing nine directors (including three independent directors).
2. The Board of Directors convened a total of six meetings in 2025, and directors' attendance at the meetings was as follows:

Job Title	Name		Number of times actually attending (observing)	Frequency of attendance	Actual attendance (observation) rate (%)	Remarks
Chairman	Lu Tai Rong		6	—	100%	
Director	Pro Imp'ex Company Limited	Sheng Lu Rong Feng	6	—	100%	
Director		Sheng Lu An De	6		100%	
Director	Huida Investment Co., Ltd.	Huang Li-Chun	6	—	100%	
Director	You Chang Co., Ltd.	Wu Hsien-Ming	5	1	83%	
Director		Lu Wei-Cheng	6		100%	
Independent Director	Lin Hsien-Lang		6	—	100%	
Independent Director	Chen Chi-Hsiung		6	—	100%	
Independent Director	Wang Yi-Chen		6	—	100%	

Other matters to be recorded:

I. If any of the following occurs in the operation of the Board, specify the date, the session, the content of the motion, the opinions of the Independent Directors, and the response of the Company to the opinions of the Independent Directors:

(I) Matters listed in Article 14-3 of the Securities and Exchange Act:

Date of Board of Directors Meeting Committee	Proposal content	Board resolution results	Opinions of independent directors	The Company's handling of independent directors' opinions
2025.01.22 4th meeting of the 22nd Board of Directors	Discussion item: Cooperation with developers to participate in government tenders	Approved by all directors present.	None	Not applicable
2025.03.06 5th meeting of the 22nd Board of Directors	Matters for Acknowledgment and Discussion, Proposal 1: Distribution of 2024 Employee and Director Remuneration	Approved by all directors present.	None	Not applicable
	Matters for Acknowledgment and Discussion, Proposal 2: The Company's 2024 Business Report and Financial Statements	All attending directors agreed to approve the proposal.	None	Not applicable
	Matters for Acknowledgment and Discussion, Proposal 3: Proposal for 2024 Earnings Distribution	All attending directors agreed to approve the proposal.	None	Not applicable
	Matters for Acknowledgment and Discussion, Proposal 4: Assessment of the independence and suitability of CPAs	Approved by all directors present.	None	Not applicable
	Matters for Acknowledgment and Discussion, Proposal 5: Issuance of the Statement on Internal Control System for 2024	Approved by all directors present.	None	Not applicable
	Matters for Acknowledgment and Discussion, Proposal 6: Proposed amendment to the Company's "Articles of Incorporation"	Approved by all directors present.	None	Not applicable
	Matters for Acknowledgment and Discussion, Proposal 7: Definition and Scope of the Company's Non-Executive Employees	Approved by all directors present.	None	Not applicable
2025.04.28 6th Meeting of the 22nd Board of Directors	Matters for Acknowledgment and Discussion, Proposal 1: Recognition of the 2025 Q1 financial statements	All attending directors agreed to approve the proposal.	None	Not applicable
	Matters for Acknowledgment	Approved by all	None	Not

Date of Board of Directors Meeting Committee	Proposal content	Board resolution results	Opinions of independent directors	The Company's handling of independent directors' opinions
	and Discussion, Proposal 2: Amendments to the Company's "Stock Services Internal Control System"	directors present.		applicable
	Matters for Acknowledgment and Discussion, Proposal 3: The Company cooperated with Yingshun Construction Co., Ltd. to participate in the Kaohsiung City Government's "Urban Renewal Project Open Implementation Case for Two Parcels of Land (Unit Three) at Lot Nos. 80-2, Bu Hou Section, Zuoying District, Kaohsiung City," was selected as the most favorable applicant, and jointly funded the establishment of a company to sign a contract with the Kaohsiung City Government	Approved by all directors present.	None	Not applicable
2025.08.07 7th Meeting of the 22nd Board of Directors	Discussion Matters, Proposal 1: Financial Report for the Second Quarter of 2025	All attending directors agreed to approve the proposal.	None	Not applicable
	Matters for Acknowledgment and Discussion, Proposal 2: Adoption of the Company's "Corporate Governance Best Practice Principles"	Approved by all directors present.	None	Not applicable
	Matters for Acknowledgment and Discussion, Proposal 3: Amendment to the Company's "Procedures for Prevention of Insider Trading"	Approved by all directors present.	None	Not applicable
	Matters for Acknowledgment and Discussion, Proposal 4: The 2024 Sustainability Report	Approved by all directors present.	None	Not applicable
2025.11.04 8th Meeting of the 22nd Board of Directors	Discussion Matters, Proposal 1: Financial Report for the Third Quarter of 2025	All attending directors agreed to approve the proposal.	None	Not applicable
	Matters for Acknowledgment and Discussion, Proposal 7: 2026 Audit Plan	Approved by all directors present.	None	Not applicable
	Proposal No. 8 under Matters for Recognition and Discussion: Establishment of the Company's "Regulations Governing Financial and Business Operations Between Related Parties"	Approved by all directors present.	None	Not applicable
	Proposal No. 9 under Matters	Approved by all	None	Not

Date of Board of Directors Meeting Committee	Proposal content	Board resolution results	Opinions of independent directors	The Company's handling of independent directors' opinions
	for Recognition and Discussion: Amendment to the Company's internal control system "Payroll Cycle – Payroll Operations"	directors present.		applicable
	Matters for Acknowledgment and Discussion, Proposal 10: Amendment to the Company's "Stock Affairs Internal Control System"	Approved by all directors present.	None	Not applicable
2025.12.24 9th Meeting of the 22nd Board of Directors	Discussion Matters, Proposal 2: Proposed cooperation with developers to participate in government tenders	Approved by all directors present.	None	Not applicable

(II) Further to the aforementioned matters, any adverse opinion or qualified opinion of the Independent Directors against the resolutions of the Board: None.

II. In the event that directors are required to recuse themselves due to conflicts of interest, the Company shall specify the director's name, subject matter of the resolution, reason for recusal and voting participation:

Director Name	Proposal content	Reason for Recusal	Voting Participation
Chairman Lu Tai-Rong and Director Lu Wei-Cheng	November 4, 2025, 8th Meeting of the 22nd Board of Directors Proposal No. 3 under Matters for Recognition and Discussion: Ratification of the equity transfer proposal of Apex Logistic Co., Ltd.	Related parties	Chairman Lu Tai-Rong and Director Lu Wei-Cheng recused themselves. The remaining directors present approved the appointment.

III. Pursuant to the “Procedures for Performance Evaluation of the Board of Directors,” the Board shall conduct an annual performance evaluation. In 2025, all directors completed a self-assessment using questionnaires.

Implementation Status of the 2025 Board Performance Evaluation

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Contents of evaluation
Once per year	2025.01.01–2025.12.31	Board Performance Evaluation	Board’s Internal Self-Evaluation	A. Level of participation in the Company's operations B. Improving the quality of the Board's decision making C. Composition and structure of the Board of directors D. Election and continuing education of directors E. Internal control
Once per year	2025.01.01–2025.12.31	Individual director’s performance evaluation	Board members’ self-evaluation	A. Alignment of the Company's goals and missions B. Awareness of the duties of directors C. Level of participation in the Company's operations D. Management of internal relationship and communication E. Directors' professionalism and continuing education F. Internal control
Once per year	2025.01.01–2025.12.31	Audit Committee Performance Evaluation	Internal Self-Evaluation of the Audit Committee	A. Level of participation in the Company's operations B. Awareness of the duties of the functional committee C. Improving the quality of decision making by the functional committee D. Composition of the functional committee and election of its members E. Internal control
Once per year	2025.01.01–2025.12.31	Remuneration Committee Performance Evaluation	Internal Self-Evaluation of the Remuneration Committee	A. Level of participation in the Company's operations B. Awareness of the duties of the functional committee

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Contents of evaluation
				C. Improving the quality of decision making by the functional committee D. Composition of the functional committee and election of its members

IV. The objectives of strengthening the functions of the Board of directors in the current year and the most recent year (such as setting up an audit committee, improving information transparency, etc.), and evaluation of their implementation.

1. On June 27,2018 a candidate nomination system was adopted for the election of directors at the General Meeting of Shareholders.
2. On June 27,2018 the General Meeting of Shareholders elected three independent directors and established an Audit Committee.
3. On May 6, 2019 the "Standard Operating Procedures for Handling Director Requests" was adopted.
4. On November 7, 2019 the "Procedures for Performance Evaluation of the Board of Directors" was adopted and implemented starting in 2020. The results of the 2022 Board performance evaluation were reported to the 8th meeting of the 21st Board of Directors on March 7, 2023.
5. The 13th meeting of the 20th Board of Directors on March 11, 2021 resolved to establish a corporate governance officer.
6. The 7th meeting of the 21st Board of Directors on November 11, 2022 resolved to establish the ESG Sustainability Report Implementation Committee.
7. The 7th meeting of the 22nd Board of Directors on August 7, 2025 resolved to adopt the Company's "Corporate Governance Best Practice Principles."

(II) Information on the operation of the Audit Committee:

The Company established the Audit Committee on June 27, 2018. The 3rd Audit Committee convened 4 meetings in 2025, and independent directors' attendance at the meetings was as follows:

Job Title	Name	Number of times actually attending (observing)	Frequency of attendance	Actual attendance (observation) rate (%)	Remarks
Convener	Lin Hsien-Lang	4	—	100%	
Member	Chen Chi-Hsiung	4	—	100%	
Member	Wang Yi-Chen	4	—	100%	

Other matters to be recorded:

I. If any of the following occurs in the operation of the Audit Committee, specify the date, the session, the content of the motion, the results of the Audit Committee's resolutions and the Company's handling of the Audit Committee's opinions.

(I) Matters specified in Article 14-5 of the Securities and Exchange Act:

Date and session of the Audit Committee	Proposal content	Audit Committee resolution results	The Company's handling of the Audit Committee's opinions (result of the resolution of the Board of Directors)
2025.03.06 4th Meeting of the 3rd Audit Committee	Discussion Matters, Proposal 1: 2024 Business Report and Financial Statements	It was unanimously approved by all attending members upon enquiry by the chairperson.	All attending directors agreed to approve the proposal.
	Discussion Matters, Proposal 2: 2024 Earnings Distribution Proposal	It was unanimously approved by all attending members upon enquiry by the chairperson.	All attending directors agreed to approve the proposal.
	Discussion Matters, Proposal 3: Evaluation of the Independence and Competence of Certifying CPAs	It was unanimously approved by all attending members upon enquiry by the chairperson.	Approved by all directors present.
	Discussion Matters, Proposal 4: Proposed issuance of the 2024 Internal Control System Statement	It was unanimously approved by all attending members upon enquiry by the chairperson.	Approved by all directors present
	Discussion Matters, Proposal 5: Proposed amendment to the Company's "Articles of Incorporation"	It was unanimously approved by all attending members upon enquiry by the chairperson.	Approved by all directors present
2025.04.28 5th Meeting of the 3rd Audit Committee	Discussion Matters, Proposal 1: Financial Report for the First Quarter of 2025	It was unanimously approved by all attending members upon enquiry by the chairperson.	All attending directors agreed to approve the proposal.
	Discussion Matters, Proposal 2: Amendment to the "Stock Affairs Internal Control System"	It was unanimously approved by all attending members upon enquiry by the chairperson.	Approved by all directors present
	Discussion Matters, Proposal 3: The Company cooperated with Yingshun Construction Co., Ltd. to participate in the Kaohsiung City Government's "Urban Renewal Project Open Implementation Case for Two Parcels of Land (Unit Three) at Lot Nos. 80-2, Bu Hou Section, Zuoying District, Kaohsiung City," was selected as the most favorable applicant, and jointly funded the establishment of a company to sign a contract with the Kaohsiung City Government	It was unanimously approved by all attending members upon enquiry by the chairperson.	Approved by all directors present
2025.08.07 6th Meeting of the 3rd Audit Committee	Discussion Matters, Proposal 1: The Company's financial statements for 2025 Q2	It was unanimously approved by all attending members upon enquiry by the chairperson.	All attending directors agreed to approve the proposal.
	Proposal No. 2 under Matters for Discussion: The Company's "Corporate Governance Best Practice Principles"	It was unanimously approved by all attending members upon enquiry by the chairperson.	Approved by all directors present
	Proposal No. 3 under Matters for Discussion:	It was unanimously approved by all	Approved by all

Date and session of the Audit Committee	Proposal content	Audit Committee resolution results	The Company's handling of the Audit Committee's opinions (result of the resolution of the Board of Directors)
	The Company's "Procedures for Management of Insider Trading Prevention"	attending members upon enquiry by the chairperson.	directors present
	Discussion Matters, Proposal 4: 2024 Sustainability Report	It was unanimously approved by all attending members upon enquiry by the chairperson.	Approved by all directors present
2025.11.04 7th Meeting of the 3rd Audit Committee	Discussion Matters, Proposal 1: Financial Report for the Third Quarter of 2025	It was unanimously approved by all attending members upon enquiry by the chairperson.	All attending directors agreed to approve the proposal.
	Discussion Matters, Proposal 3: Internal Audit Plan for 2025	It was unanimously approved by all attending members upon enquiry by the chairperson.	Approved by all directors present.
	Proposal No. 4 under Matters for Discussion: Establishment of the Company's "Regulations Governing Financial and Business Operations Between Related Parties"	It was unanimously approved by all attending members upon enquiry by the chairperson.	Approved by all directors present.
	Proposal No. 5 under Matters for Discussion: Amendment to the Company's internal control system "Payroll Cycle – Payroll Operations"	It was unanimously approved by all attending members upon enquiry by the chairperson.	Approved by all directors present.
	Matters for Acknowledgment and Discussion, Proposal 6: Amendment to the Company's "Stock Affairs Internal Control System"	It was unanimously approved by all attending members upon enquiry by the chairperson.	Approved by all directors present.

(II) Except for the aforementioned matters, other matters that have not been approved by the Audit Committee and approved by more than two-thirds of all directors: None.

II. For recusal of independent directors from motions due to conflicts of interest, specify the names of the independent directors, the content of the motions, the reasons for recusal, and the participation in voting: None.

III. Status of communication between independent directors, internal audit supervisors, and accountants.

(I) The audit supervisor of the Company attends regular Audit Committee meetings and Board of Directors meetings as non-voting delegates to report on the implementation of internal audit work; the audit department regularly sends audit reports and follow-up report results to independent directors for review.

Meeting Date	Nature	Contents of Communication Topics	Recommendations from Independent Directors	Company's Implementation and Response
2025/03/06	Audit Committee	Implementation Status of Internal Audit Work for 2024	None	None

Meeting Date	Nature	Contents of Communication Topics	Recommendations from Independent Directors	Company's Implementation and Response
2025/04/28	Audit Committee	Implementation Status of Internal Audit Work for the First Quarter of 2025	None	None
2025/08/07	Audit Committee	Implementation Status of Internal Audit Work for the Second Quarter of 2025	None	None
2025/11/04	Audit Committee	1. Implementation Status of Internal Audit Work for the Third Quarter of 2025 2. 2026 Audit Plan	None	None

(II) The Company's CPAs attend regular Audit Committee meetings and Board of Directors' meetings, and communicate and discuss matters related to financial statements separately before the meetings.

Meeting Date	Nature	Contents of Communication Topics	Recommendations from Independent Directors	Company's Implementation and Response
2025/03/06	Audit Committee	Explanation of Financial Reporting Matters	None	None
2025/03/06	Pre-Board Meeting	1. IFRS Sustainability Disclosure Standards Implementation Plan 2. Updates on key accounting standards, interpretations, securities and exchange act regulations and tax regulations	None	None

IV. Key Tasks of the Audit Committee in 2025:

1. Review the adequacy of the annual financial report and the financial statements of each quarter.
2. Review of the 2024 Business Report and Earnings Distribution.
3. Evaluate the independence and suitability of the hired CPAs with reference to the Audit Quality Indicators (AQIs).
4. Review of the amendments to the internal control system.
5. Review of annual audit plan.
6. Evaluation of the effectiveness of the internal control system.
7. Review of major asset transactions and major investments.

(III) Corporate Governance – Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation item	Operational status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and causes thereof:
	Yes	No	Summary Description	
I. Has the Company prepared and disclosed the Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies?	✓		The Company complies with the relevant regulations of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.	There are no significant differences.
II. The equity structure and shareholders' equity of the Company				
(I) Does the Company have internal operating procedures to handle shareholders' suggestions, doubts, disputes and litigation matters, and have they implemented them in accordance with the procedures?	✓		Directing relevant departments to handle shareholder suggestions, doubts, disputes, and litigation matters.	There are no significant differences in accordance with Article 13 of the guidelines.
(II) Does the Company keep track of the list of major shareholders who actually control the Company and the ultimate controllers of such major shareholders?	✓		The share affairs unit controls the major shareholders' changes in shareholdings.	There are no significant differences in accordance with Article 19 of the guidelines.
(III) Does the Company establish and implement risk control and firewall mechanisms for affiliates?	✓		The Board of Directors has passed and implemented the "Regulations Governing the Supervision and Management of Subsidiaries" and the "Regulations Governing Financial and Business Operations Between Related Parties."	There are no significant differences in accordance with Article 14 of the guidelines.
(IV) Does the Company establish internal regulations to prohibit insiders from trading securities using undisclosed information in the market?	✓		The Board of Directors approved the "Prevention of Insider Article 5 of the "Management Procedures for Preventing Insider Trading" approved by the Board of Directors stipulates that the Company's directors, managers, and employees may not inquire about or collect undisclosed material internal information of the Company unrelated to their individual duties from	There are no significant differences.

Evaluation item	Operational status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and causes thereof:
	Yes	No	Summary Description	
			persons aware of such material internal information of the Company, and may not disclose to others any undisclosed material internal information of the Company learned other than through the performance of duties. The Company's stock trading control measures applicable to insiders from the date they become aware of the Company's financial reports or related operating results include, but are not limited to, directors being prohibited from trading their shares during the closed period of 30 days before the announcement of the annual financial report and 15 days before the announcement of each quarterly financial report. The unit responsible for board meeting affairs of the Company shall notify directors 30 days/15 days prior to the announcement of financial reports.	
III. Composition and Duties of the Board of Directors (I) Does the Board of Directors establish and implement a diversified policy for the composition of members?	✓		Article 3 of the Company's "Procedures for Election of Directors" stipulates that the election of directors of the Company shall take into consideration the overall composition of the Board of Directors. The composition of Board members shall consider diversity, and appropriate diversity policies shall be formulated based on the Company's own operations, business model, and development needs, which should include, but not be limited to, standards for the following two major aspects: I. Basic conditions and values: gender, age, nationality and culture, among others. II. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience. Board members shall generally possess the knowledge, skills, and professional qualities necessary for the performance of their duties, and the Board as a whole shall possess the following capabilities: I. Operational judgment	There are no significant differences.

Evaluation item	Operational status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and causes thereof:
	Yes	No	Summary Description	
			II. Accounting and financial analysis III. Operation and management IV. Crisis management V. Industry knowledge VI. The international market view VII. Leadership VIII. Decision-making The selection of Board members considers both the overall composition and the basic qualifications, values, and professional knowledge and skills.	
(II) In addition to the Remuneration Committee and the Audit Committee, has the Company established other functional committees voluntarily?		✓	A remuneration committee has been established in accordance In accordance with the Articles of Incorporation, the Audit Committee has been composed entirely of independent directors starting from the 20th Board of Directors.	There are no significant differences.
(III) Does the Company establish the rules and methods for evaluating the performance of the Board of Directors, conduct the performance evaluation periodically, and submit the results of the performance evaluation to the Board of Directors, and use it as a reference for individual directors' remuneration and nomination?	✓		The Company has established the "Procedures for Performance Evaluation of the Board of Directors" on November 7, 2019. A self-assessment questionnaire will be distributed annually at the end of each fiscal year starting from 2020. The results of the assessment are reported to the Board of directors and the results of the assessment are reported to the Board of directors and serve as a reference for the individual directors' remuneration, compensation, and nomination for re-election.	There are no significant differences.
(IV) Does the Company evaluate the independence of CPAs on a regular basis?	✓		1. The independence and suitability of the certifying CPAs are evaluated annually. Pursuant to KPMG Letter An Jian (115) Gao No. 0048L, and in compliance with the applicable regulations of the competent authority requiring CPA rotation after seven years of engagement, it was recommended that CPA Hsu Chen-Lung and CPA Chen Yung-Hsiang be replaced by CPA Chen Yung-Hsiang and CPA Kao Yu-Lun. The proposal was approved by resolution at the 8th Audit Committee	There are no significant differences.

Evaluation item	Operational status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and causes thereof:
	Yes	No	Summary Description	
			Meeting of the 3rd Term and the 10th Board Meeting of the 22nd Term on March 6, 2026. 2. The certified public accountant issues a declaration of independence. 3. Reference is made to the audit quality indicators to assess the independence and suitability of the appointed CPAs, taking into account Article 47 of the Certified Public Accountant Act and Statement No. 10 of the Code of Professional Ethics for Certified Public Accountants of the Republic of China, "Integrity, Objectivity, and Independence," in establishing the evaluation criteria to assess the independence and suitability of the certifying CPAs for 2026. 4. Criteria for evaluating the independence of commissioned CPAs: (1) As of the most recent certification assignment, the Board has not been replaced for seven years. (2) There is no significant financial conflict of interest with the client. (3) Avoidance of any inappropriate relationship with the Company. (4) CPAs shall ensure the honesty, impartiality, and independence of their assistants. (5) The financial statements of the agency in the two years prior to practicing the law shall not be audited. (6) The name of CPAs shall not be used by others. (7) Does not hold shares in the Company and affiliated companies. (8) No loan with the Company and its affiliated companies. (9) There is no joint investment or benefit-sharing relationship with the Company or its affiliates. (10) Not receiving fixed salary from the regular work of the Company or any affiliated enterprise concurrently. (11) Does not involve the management functions of the decision-making of the Company or affiliated enterprises. (12) The Company does not engage in other	

Evaluation item	Operational status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and causes thereof:
	Yes	No	Summary Description	
			businesses that may lose its independence. (13) Not having a relationship with the Company's management personnel such as spouse, relatives by blood, or collateral blood within two degrees. (14) No business-related commission was received. (15) Up to now, there have been no penalties or violations of the independence principle. CPA Chen Yung-Hsiang and CPA Kao Yu-Lun of KPMG had no circumstances in violation of the aforementioned CPA independence requirements.	
IV. Is the TWSE / TPEx listed company equipped with qualified and appropriate number of corporate governance personnel, and appoint a corporate governance director responsible for corporate governance related matters (including but not limited to providing information needed by directors and supervisors to carry out business, assisting directors and supervisors to comply with laws and regulations, handling matters related to meetings of the Board of Directors and shareholders' meeting in accordance with the law, and producing minutes of Board meetings and shareholders' meetings)?	✓		Personnel of the Chairman's Office concurrently handle corporate governance affairs. For further information and contact information, please refer to the Company's website: http://www.khc.com.tw Resolution passed at the 13th meeting of the 20th Board of Directors on 2021/03/11 to appoint a Chief Corporate Governance Officer responsible for corporate governance-related matters.	There are no significant differences.
V. Has the Company established channels for the communications with the stakeholders	✓		A stakeholder section has been set up on the company's website, and relevant departments are responsible for the related matters. The stakeholder section includes stakeholder	There are no significant differences in accordance with Article 51 of the guidelines.

Evaluation item	Operational status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and causes thereof:
	Yes	No	Summary Description	
(including but not limited to the shareholders, employees, customers, and suppliers), and the section for the shareholders on the official website of the Company to respond to all concerns of the stakeholders on corporate social responsibility?			needs and expectations (shareholders, employees, customers, partners, communities, and government departments). Shareholders can communicate with the company through a toll-free shareholder hotline and email.	
VI. Has the Company appointed a professional share registration and investors service agent for handling matters pertaining to the Shareholders Meeting?		✓	Stock services self-administered.	There are no significant differences.
VII. Disclosure of Information				
(I) Does the Company set up a website to disclose financial, business and corporate governance information?	✓		http://www.khc.com.tw The company has an investor section on its website, which is regularly updated with financial, business, and other information for investors' reference.	There are no major deviations from rules stipulated by Article 56 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(II) Has the Company adopted other means of information disclosure (e.g. setting up an English website, appointing dedicated personnel to collect and disclose information, implementing a spokesperson system, and posting the information of investor conference on the Company's website)?	✓		The Company has a designated spokesperson responsible for collecting media materials. All external statements are unified and made by the spokesperson, and other employees are not allowed to disseminate information to the public without authorization.	There are no significant differences.
(III) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and		✓	Currently, the deadline is announced in accordance with the law.	

Evaluation item	Operational status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and causes thereof:
	Yes	No	Summary Description	
announce and report the financial statements for the first, second, and third quarters and the operating status of each month before the prescribed deadline?				
VIII. Is there any other essential information that would help understand the pursuit of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, the continuing education of directors and supervisors, the pursuit of a risk management policy and standard of risk assessment, the pursuit of a customer policy, and professional liability insurance coverage for the directors and supervisors)?	✓		1. Set up a labor union and employee welfare committee to ensure employee rights and employee care, and strive to improve the working environment and welfare of employees. 2. Establish a dedicated unit to regularly disclose the Company's important operating information, continue to improve the transparency of the Company's information, and establish a feedback mechanism for investors to express relevant suggestions for the Company's development. 3. The Company's website has a dedicated area to respond to interested parties, who can get into direct contact and communicate via telephone, fax, and email.	There are no significant differences.

(I) Continuing Education of Directors in 2025:

Name	Date	Organizer	Course title	Hours
Chairman Lu Tai Rong	2025/ 11/04	Securities and Futures Institute	Enrestec training session – Corporate Governance – Case Studies and Legal Liability Analysis of Greenwashing and False Sustainability Reports	3 hours
Chairman Lu Tai Rong	2025/ 11/04	Securities and Futures Institute	Enrestec training session – Sharing of Securities and Exchange Act-related Case Studies	3 hours
Director Huang Li-Chun	2025/ 07/09	Taiwan Stock Exchange	2025 Cathay Pacific Sustainable Banking and Climate Change Summit	6 hours
Director Huang Li-Chun	2025/ 09/26	Securities and Futures Institute	"2025 Seminar on Prevention of Insider Trading"	3 hours
Director Wu Hsien-Ming	2025/ 11/04	Securities and Futures Institute	Enrestec training session – Corporate	3 hours

Evaluation item	Operational status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and causes thereof:
	Yes	No	Summary Description	
			Governance – Case Studies and Legal Liability Analysis of Greenwashing and False Sustainability Reports	
Director Wu Hsien-Ming	2025/ 11/04	Securities and Futures Institute	Enrestec training session – Sharing of Securities and Exchange Act-related Case Studies	3 hours
Director Sheng Lu Rong Feng	2025/ 07/09	Taiwan Stock Exchange	2025 Cathay Pacific Sustainable Banking and Climate Change Summit	6 hours
Director Sheng Lu Rong Feng	2025/ 11/04	Securities and Futures Institute	Enrestec training session – Corporate Governance – Case Studies and Legal Liability Analysis of Greenwashing and False Sustainability Reports	3 hours
Director Sheng Lu Rong Feng	2025/ 11/04	Securities and Futures Institute	Enrestec training session – Sharing of Securities and Exchange Act-related Case Studies	3 hours
Director Lu Wei-Cheng	2025/ 07/09	Taiwan Stock Exchange	2025 Cathay Pacific Sustainable Banking and Climate Change Summit	6 hours
Lin Hsien-Lang Independent Director	2025/ 08/18	KPMG Sustainability Foundation	Income Tax – Starting with the Fundamentals of Reconciling Financial and Tax Differences	3 hours
Lin Hsien-Lang Independent Director	2025/ 08/22	KPMG Sustainability Foundation	Accounting Treatment and Valuation Practices for Corporate Mergers and Acquisitions	3 hours
Chen Chi-Hsiung Independent Director	2025/ 07/09	Taiwan Stock Exchange	2025 Cathay Pacific Sustainable Banking and Climate Change Summit	6 hours
Wang Yi-Chen Independent Director	2025/ 10/03	Securities and Futures Institute	2025 Seminar on Prevention of Insider Trading	3 hours
Wang Yi-Chen Independent Director	2025/ 11/04	Securities and Futures Institute	Enrestec training session – Corporate Governance – Case Studies and Legal Liability Analysis of Greenwashing and False Sustainability Reports	3 hours
Wang Yi-Chen Independent Director	2025/ 11/04	Securities and Futures Institute	Enrestec training session – Sharing of Securities and Exchange Act-related Case Studies	3 hours

Evaluation item	Operational status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and causes thereof:
	Yes	No	Summary Description	

(II) Implementation of risk management policies and risk measurement standards, and implementation of customer policies:

1. The annual budget is sent to the Board of Directors for deliberation, and the budget and cash flow are controlled.
2. Board meetings include presentation of operational, financial and audit reports.
3. Review customer sales credit limits every year and instruct relevant departments to control them.
4. In order to reduce the credit risk of accounts receivable, most of the Company's customer's open letters of credit before shipment.

(III) Insurance purchased by the Company for directors and supervisors:

The Company has purchased liability insurance for directors:

1. Insurance company: ShinKong Insurance Co., Ltd.; Liability Insurance for Directors, Supervisors and Managers of ShinKong Insurance.
2. Insurance period: August 22, 2025 to August 22, 2026.
3. Insurance amount: US$5,000,000 (aggregate liability within the policy period).

IX. Please explain corrective action taken in response to the result of the Corporate Governance Evaluation conducted by the Corporate Governance Center of Taiwan Stock Exchange Corporation, and the priority of action on issues pending for corrective action in the most recent year.

9.1 Explanation of improvements:

9.1.1 Do the Company's Articles of Incorporation require a comprehensive candidate nomination system for director elections?
Yes, on 2018/06/27 a candidate nomination system was adopted for the election of directors at the Shareholders' Meeting.

9.1.2 Has the Company set up an Audit Committee for compliance?
Yes. On June 27, 2018, the Shareholders' Meeting elected three independent directors and established the Audit Committee.

9.1.3 Is information reported in English?
From 2020, the English version of financial statements, annual reports and meeting manuals were prepared as required.
Important news started to be released concurrently in Chinese and in English in 2022.

9.1.4 The first Sustainability Report was completed and submitted by the end of September 2023 and uploaded to the Company's website.

9.1.5 Does the Company report directors' remuneration at the annual shareholders' meeting, including remuneration policies, individual remuneration content, and amounts? Yes, this has been included as Proposal No. 4 for reporting at the 2026 annual shareholders' meeting.

9.1.6 Has the Company established written regulations governing financial and business operations between related parties, the contents of which include management procedures for transactions such as purchases and sales, acquisition or disposal of assets, and whether related material transactions are subject to Board approval and submitted to the shareholders' meeting for approval or reporting? Yes, the Company's "Regulations Governing Financial and Business Operations Between Related Parties" were approved at the 8th Board Meeting of the 22nd Term.

9.1.7 Has the Company established and disclosed on its website internal regulations prohibiting directors, employees, and other insiders from trading securities using undisclosed market information, including, but not limited to, prohibiting directors from trading their shares during the closed period of thirty days before the announcement of the annual financial report and fifteen days before the announcement of each quarterly financial report, and has the implementation status been explained? Yes, the 7th meeting of the 22nd Board of Directors approved amendments to the Company's "Procedures for Prevention of Insider Trading" to add relevant provisions.

9.1.8 Has the Company established corporate governance principles and obtained Board approval? Yes, the Company's "Corporate Governance Best Practice Principles" were approved at the 7th Board

Evaluation item	Operational status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and causes thereof:
	Yes	No	Summary Description	
Meeting of the 22nd Term. 9.2 Priority enhancements and measures for items that have not yet improved: 9.2.1 Does the Company's website disclose financial, business, and corporate governance information? Has been updated on the Company's website. 9.2.2 Does the Company establish an English website that includes financial, business and corporate governance related information? To be constructed.				

Kao Hsing Chang Iron & Steel Corp. Code of Ethical Conduct

Reported to the Shareholders' Meeting of 2016/06/17

Article 1 Purpose of establishment and its basis

In order to ensure that the behavior of the Company's directors, supervisors, managers and all employees (hereinafter referred to as "Company Personnel") complies with ethical standards, and to allow the Company's stakeholders to better understand the Company's ethical standards, the Company has developed these standards in an adherence with the Code of Ethical Conduct for TWSE/GTSM Listed Companies as announced by the Taiwan Stock Exchange Corporation.

Article 2 Ethical principles

Company Personnel shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

Article 3 Covered content

(I) Preventing conflicts of interest:

Company Personnel shall handle official duties in an objective and efficient manner, and shall not allow themselves, their spouses, parents, children, or their relatives within the second degree to obtain improper benefits while holding their positions. The Company and affiliated companies to which the aforementioned personnel belong, or provide them with guarantees, major asset transactions, or purchase (sales) of goods. Company Personnel should take the initiative to explain whether they have a potential conflict of interest with the Company.

(II) Avoiding opportunities for personal gain:

1. Company Personnel should avoid the following matters:
   (1) Opportunities for personal gain through the use of Company property, information, or the convenience of one's position.
   (2) Gaining personal benefit through the use of Company property, information, or the convenience of one's position.
   (3) Competition with the Company.
2. When the Company has a profit opportunity, the personnel of the Company are responsible for increasing the reasonable and legitimate interests that can be obtained by the Company.
3. Should not obtain or give rebates or other improper benefits from customers, suppliers, or groups related to the Company.

(III) Duty of confidentiality:

The personnel of the Company shall be obliged to keep confidential the Company's own information or that of its purchase (sales) customers, except when authorized or required by law to be disclosed. Information that should be kept confidential includes all unpublished information that may be used or leaked by competitors to harm the Company or customers.

(IV) Fair trading:

The Company's personnel shall treat the Company's purchase (sales) customers, competitors, and employees fairly, and shall not obtain them by manipulating, concealing, or misusing the information they have learned based on their duties, making misrepresentations on important matters, or other unfair trading methods to obtain improper interests.

(V) Protecting and appropriately using Company assets:

The Company's personnel are responsible for protecting the Company's assets and ensuring that they can be used effectively and legally for official duties. Theft, negligence, or waste would directly affect the Company's profitability.

(VI) Following laws and regulations:

Company Personnel must truly adhere to the Company Act, the Securities and Exchange Act, and other laws and regulations.

Insider trading is prohibited; implement the environment and establish a healthy and safe working environment.

(VII) Encouraging the reporting of any illegal or unethical conduct:

The Company should strengthen the promotion of ethical concepts. When Company Personnel know or discover any behavior that may violate laws, regulations, or the Code of Ethical Conduct, they should report to the supervisor, manager, internal audit supervisor or other appropriate personnel. Any individual use whistleblowing reporting method provided that sufficient information is provided. If anyone believes that he or she has been retaliated against (threats or harassment) for the above actions, this should be reported to the direct supervisor or personnel supervisor

or internal audit supervisor or other appropriate personnel, and the Company will do its best to protect the safety of the informant from retaliation.

(VIII) Disciplinary measures:

When Company Personnel violate the Code of Ethical Conduct, the Company shall deal with it in accordance with the disciplinary measures stipulated in the Code of Ethical Conduct. In addition, immediate disclosure shall be made on the Market Observation Post System regarding information on the date of violation, the reason for the violation, the violation of the standard and the handling situation of the person who violated the Code of Ethical Conduct; and remedial measures will be taken.

Before disciplinary action is taken, the person who violated ethical conduct should be issued a verbal explanation of the complaint.

Article 4 Procedures for exemptions

If Company Personnel are exempted from following the Company's code of ethical conduct, this must be approved by the Board of Directors, and immediate disclosure must be made on the Market Observation Post System regarding the date of approval of the waiver by the Board of Directors, the objections or reservations of independent directors, the period of application of the waiver, the reasons for the waiver and the criteria for the application of the waiver, and other information. This shall be done to facilitate shareholders' evaluation of whether the resolutions made by the Board of Directors are appropriate to prevent arbitrary or questionable exemptions from complying with the standards, and ensure that any exemptions from complying with the standards have appropriate control mechanisms to protect the Company.

Article 5 Methods of disclosure

The Company shall disclose its Code of Ethical Conduct on the Company website, annual report, public brochures, and Market Observation Post System, and the same shall apply for revisions.

Article 6 Implementation

This Code shall be implemented after the approval of the Board of Directors, and shall be sent to the supervisors and reported to the Shareholders Meeting. The same shall apply for revisions.

(IV) If the Company has established a remuneration committee, its organization, duties and operation shall be disclosed:

1. Information of Remuneration Committee Members

April 19, 2025

By identity (Note 1) / Terms / Name		Professional qualifications and experience (Note 2)	Status of independence (Note 3)	Number concurrently serving as members of the remuneration committees of other publicly issued companies
Convener of Independent Directors	Lin Hsien-Lang	Please refer to Table 1 on Page 12 for information on directors		0
Independent Director	Chen Chi-Hsiung			0
Independent Director	Wang Yi-Chen			0

2. Information on the operations of the Compensation and Remuneration Committee

(1) The Company's Remuneration Committee consists of 3 members.

(2) Term of the current (5th) Committee: June 20, 2024 to June 19, 2027. The Remuneration Committee convened 2 meetings in 2025, and the qualifications and attendance of members are as follows:

Job Title	Name	Number of times actually attending (B)	Frequency of attendance	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	Lin Hsien-Lang	2	—	100%	
Member	Chen Chi-Hsiung	2	—	100%	
Member	Wang Yi-Chen	2	—	100%	

Other matters to be recorded:

I. If the Board of Directors does not adopt or amend the recommendations of the Compensation and Remuneration Committee, the date and period of the Board of Directors, the content of the proposal, the resolution of the Board of Directors, and the Company's handling of the opinions of the Compensation and Remuneration Committee should be stated. (If the remuneration approved by the Board of Directors exceeds the recommendation of the Compensation and Remuneration Committee, the differences and reasons should be stated): None.

II. On resolutions of the Compensation and Remuneration Committee, if members have objections or reservations and have records or written declarations, the date, period, proposal content, opinions of all members and the handling of the opinions of the members shall be stated: None.

Note:

(A) Before the end of the year, if a member of the Compensation and Remuneration Committee resigns, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Compensation and Remuneration Committee during the term of service and the actual number of attendances.

(B) Before the end of the year, if the Compensation and Remuneration Committee is re-elected, the new and old Compensation and Remuneration Committee members should be listed, and the remarks column should indicate whether the member is old, new or re-elected and the date of reelection. The actual attendance rate (%) is calculated based on the number of meetings of the Compensation and Remuneration Committee during the term of service and the actual number of attendances.

In accordance with the Remuneration Committee Rules and Regulations:

1. The committee convenes twice a year.
2. The company regularly reviews the performance evaluation criteria for directors and executives, as well as the annual and long-term performance goals, and the policies, systems, standards, and structure of compensation and rewards.

The content of the performance evaluation criteria is disclosed in the annual report.

Remuneration Committee Meetings:

Date and session of the Remuneration Committee	Proposal content	Resolution of the Remuneration Committee	The Company's handling of the Remuneration Committee's opinions (result of the resolution of the Board of Directors)
2025.03.06 2nd Meeting of the 6th	Discussion Matters: 2024 distribution proposal for employee remuneration and directors' remuneration	The motion was approved unanimously by the members present.	Approved by all directors present.
2025.06.19 3rd Meeting of the 6th	Discussion Matters: Evaluation of the Company's existing policies, systems, standards, and structure regarding directors' and managerial officers' remuneration	The motion was approved unanimously by the members present.	Approved by all directors present.

(V) Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Operational status</th><th rowspan="2">Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td>I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the Board of directors authorized senior management to handle related matters under the supervision of the Board?</td><td>✓</td><td></td><td>1. At the 7th meeting of the 21st Board of the Company on November 11, 2022, the Company passed a resolution to establish an ESG Report Implementation Committee. The General Manager serves as the convener, and it is divided into governance, economic, social and environmental groups, and is composed of department heads and related personnel.
2. The 2024 Sustainability Report was approved by resolution of the 7th meeting of the 22nd Board of Directors on August 7, 2025.</td><td></td></tr>
<tr><td>II. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to company operations in accordance with the principle of materiality, and establish relevant risk management policies or strategies?</td><td>✓</td><td></td><td><table>
<tr><th>Category</th><th>Risk description</th><th>Risk management strategy (countermeasures)</th></tr>
<tr><td rowspan="2">Sustainable Environment</td><td>Greenhouse gas emissions continue to increase</td><td>To meet the requirements of Taiwan's Greenhouse Gas Management Regulation, the company must improve the energy efficiency and effectiveness of equipment. If the goal is not met, the carbon tax and carbon trading may have an impact on the greenhouse gas reduction plan, increasing operating costs and making operations more difficult. Countermeasures: A short-term environmental management system. New greenhouse gas inventory management measures and operating standards with reduction measures (target reduction of 1% per year), mid-term ISO 14064 certification, and more effective implementation of greenhouse gas reduction measures, long-term implementation of ISO 14064 effectiveness, and continuous improvement to meet the government's greenhouse gas reduction targets.</td></tr>
<tr><td>Inability to save energy effectively</td><td>If the required energy savings (1% as stipulated by the Bureau of Energy) and the reduction in greenhouse gas emissions (as stipulated by the Environmental Protection Administration) cannot be effectively achieved, there may be potential penalties and increased operational costs, as well as operational difficulties, due to the impact of carbon taxes and carbon trading. Corresponding measures: Response</td></tr>
</table></td><td>Currently formulated according to the ESG Sustainability Report implementation progress</td></tr>
</table>

Evaluation item	Operational status					Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary Description			
					Measures: Short-term: 1. Strengthen energy efficiency audits (check for air leaks, ensure lights, fans, and air conditioners are not in use when not needed). 2. Develop energy-saving measures and plans. 3. Establish an Energy Saving and Carbon Reduction Committee to hold regular meetings for review. 4. Replace old, high-energy-consuming equipment with high-efficiency, energy-saving equipment on-site. Medium-term: Implement ISO 14064 certification for more effective implementation of greenhouse gas reduction measures. Long-term: Consistently improve the effectiveness of ISO 14064 implementation to meet government energy-saving and carbon reduction requirements.	
				Effluent discharge continues to increase	Recycle and reuse process effluents.	
				Waste treatment volume increased/recycling rate decreased	Enhance automatic inspection of machinery, equipment and pipelines to prevent sludge from oil leakage. Resource sorting/recycling equipment (recycled water, recovered zinc) for general garbage retention is also strengthened. Automatic inspection and renovation are required to increase the recovery rate.	
				Water shortage and power shortage	Factory Department: 1. Groundwater can be used instead in case of water shortage. 2. There are 3 motors that can generate emergency power in case of power shortage. Supply Headquarters: one generator.	
				Typhoon and flood	The Company has established a typhoon and heavy rain emergency response team in response to typhoon flooding measures.	
				Violation of environmental protection laws and regulations	The factory is certified with the ISO 14001 environmental protection management system and continuously and effectively implements continuous improvement. The environmental, safety and health policies are formulated in accordance with environmental protection laws and regulations.	

Evaluation item	Operational status					Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary Description			
			Employees	Occupational disaster (including impacts from COVID-19)	I. 1. The factory has passed the ISO 45001/CNS 45001 occupational safety management system and continuously improves and effectively implements it. 2. The establishment of occupational safety and health policies must comply with environmental protection laws and regulations to prevent occupational accidents. 3. The production unit implements the PDCA continuous improvement management program. The implementation status is reported to the monthly industrial safety meeting and requires units with deficiencies to propose corrective and preventive measures. This can effectively prevent occupational hazards and achieve zero industrial safety, allowing employees to work with peace of mind and improving production quality and quantity to achieve a win-win situation for both employers and employees. 4. All dangerous machinery and equipment have passed the required inspections to ensure the safe operation of machinery and equipment and the protection of employees' safety and smooth production. 5. All personnel who operate dangerous machinery and equipment shall be licensed and shall comply with the laws and regulations. They shall be retrained on a regular basis to meet the requirements and knowledge of suitability, which can improve safe operation and increase output. 6. The Company provides odd-job labor bonuses to comfort employees. II. In response to the COVID-19 pandemic, the company has implemented measures to protect employees' health. These include measuring the temperature of incoming personnel at the guardhouse at the factory entrance, providing 75% alcohol and masks, encouraging employees to get vaccinated, regularly disinfecting the environment, and complying with the epidemic prevention policies of the Central Epidemic Command Center.	
				Burnout (long working hours)	The management system must be implemented in accordance with the "Implementation Measures for Prevention of Illnesses Caused by Abnormal Workloads of ISO 45001 Management System." Employees must not (1) extend their working hours for more than 100 hours in a month, (2) have an average monthly extension of hours for two to six months. over 80 hours. (3) For one to six months, the average	

Evaluation item	Operational status					Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary Description			
					monthly overtime exceeds 45 hours.	
				High turnover rate (labor shortage)	1. Improve the Company's promotion and salary adjustment system. 2. Register the required talents on the manpower website and post the company's benefits. 3. Foreign worker application.	
			Business performance	Ethical integrity risk	1. Establish a "Code of Ethical Conduct" for directors, managers and all employees to follow, including prevention of conflict of interest, avoidance of opportunities for personal gain, confidentiality obligations, fair trade, protection and appropriate use of company assets, and compliance with laws and regulations, encourage the reporting of any illegal or violation of the Code of Conduct, and disciplinary measures, hoping that the Company's personnel will comply with ethical standards. 2. The principle of good faith: In the course of engaging in business activities, the personnel of the Company shall not directly or indirectly offer, promise, request or accept any improper benefits, seeking to obtain or maintain benefits.	
				Insufficient transparency of information disclosure	1. The Company's website is currently not updated regularly. 2. Certain information had not been digitized, resulting in its initial presentation on the website. 3. The policy is implemented in accordance with government regulations. Insufficient transparency will not affect the Company's operations.	
				Decline of market competitiveness	The Company is a steel pipe manufacturer and the carbon emissions from liquid petroleum gas combustion and Taiwan Power are as high as 80%. Therefore, we are still unable to find other alternative energy sources for carbon reduction. For the time being, this does not affect the market competition of the Company.	
				Information security incident	1. Implement information security incident reporting and drills/educational training every year. 2. Management and control of software and hardware such as the use of the original software and the recording of hardware-related information and specifications. 3. No major information security incident has occurred so far.	

Evaluation item	Operational status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary Description	
			Product Responsibility - Facing Recycling / Removed: Kao Hsing Chang has been in the steel pipe industry for more than 50 years, and we have established a brand indicator with no recycling or removal from the shelves. We are striving for sustainable and stable development. Supply chain disruption: 1. Maintain at least 2 suppliers of major raw materials. 2. Production and marketing meeting and raw material scheduling discussion once a month to solve the problem of unstable raw material delivery. 3. If there is a rush for materials, the frequency is followed up with the supplier and the interaction is maintained. 4. Conduct annual supplier evaluation. 5. If there is any abnormality in the raw materials, handle it immediately and file a customer complaint with the supplier.	
III. Environmental Issues (I) Has the Company established an appropriate environmental management system based on the characteristics of its industry?	✓		Passed the ISO14001 environmental management system certification.	No significant difference.
(II) Is the Company committed to improve the efficiency of resource utilization and to use recycled materials with low impact on the environment?	✓		We are committed to reducing the amount of residues in the process and recycling and reusing resources in the factories.	No significant difference.
(III) Has the Company assessed the potential risks and opportunities posed by climate change to the Company at present and in the future, and taken countermeasures to deal with climate-related issues?	✓		Please refer to the table on page 57 of this annual report for Climate-Related Information of TWSE/TPEx Listed Companies.	No significant difference.

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Operational status</th><th rowspan="2">Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td>(IV) Has the Company kept statistics on its greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and established policies for energy conservation, carbon reduction, greenhouse gas reduction, water consumption reduction, or other waste management?</td><td>✓</td><td></td><td>1. Please refer to page 59 of this annual report for “Climate-Related Information of TWSE/TPEx Listed Companies: Greenhouse Gas Inventory Information.”
The Company conducted Scope 1 and Scope 2 greenhouse gas inventories in 2023 and has conducted annual verification since 2024.
2. Groundwater is the main source of water used by the factory. Wastewater from Pingnan Industrial Park is treated and recycled.
Water Consumption:
<table><tr><th>Year</th><th>Water Consumption (metric tons)</th><th>Water intensity (metric tons/per metric ton of product)</th></tr><tr><td>2024</td><td>33,717</td><td>1.0382</td></tr><tr><td>2025</td><td>35,944</td><td>0.8095</td></tr></table>The Company's water resource management policy: use of groundwater, recycling of process water (recycled water), and wastewater treatment.
3. Waste output in the last 2 years:
<table><tr><th>Year</th><th>Hazardous waste (metric tons)</th><th>Non-hazardous waste (metric tons)</th><th>Gross weight (metric tons)</th><th>Waste intensity (tons/turnover in millions)</th></tr><tr><td>2024</td><td>0</td><td>496.57</td><td>496.57</td><td>0.34</td></tr><tr><td>2025</td><td>0.035</td><td>547.79</td><td>547.825</td><td>0.38</td></tr></table>The Company's waste management is to establish an economical and effective waste management mechanism to achieve the goals of safety, sanitation, harmlessness, and reuse of resources.</td><td>No significant difference.</td></tr>
<tr><td>IV. Social Issues
(I) Does the Company establish relevant management policies and procedures in accordance with relevant laws and international human rights conventions?</td><td>✓</td><td></td><td>According to the Labor Standards Act and other relevant laws and regulations, the Company has formulated the Work Rules for the Employees of the Company, and established an industrial union to implement the protection of the legitimate rights and interests of employees and the non-discriminatory treatment of the employment policy.</td><td>No significant difference.</td></tr>
</table>

Evaluation item	Operational status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary Description	
(II) Does the Company establish and implement reasonable employee welfare measures (including remuneration, leave and other benefits, etc.), and appropriately reflect the operating performance or results in the employee remuneration?	✓		1. The Company has always cared about and valued the welfare of its employees. In addition to providing benefits on a monthly basis as required, an Employee Welfare Committee has been established to select committee members and formulate the annual plan to facilitate the implementation of various welfare activities. The Company also provides employee group insurance, In-service education and training for employees and implementation of employee bonuses to achieve the purpose of enriching and enriching employee benefits. Salary, pension and leave are handled in accordance with government regulations. 2. The Company's remuneration policy is linked to the employee performance appraisal system, and salary adjustments are made once every two years based on the appraisal results. In addition, pursuant to the Articles of Incorporation, if the Company records profits for the year, no less than 0.5% shall be appropriated as employee remuneration and 0.1% as non-executive employee remuneration.	No significant difference.
(III) Does the Company provide employees with a safe and healthy work environment, and provide employees with safety and health education on a regular basis?	✓		1. Regular health checkups and occupational safety education and training are arranged for employees each year. 2. Accredited with ISO14001, ISO45001 & CNS45001 and other occupational safety system certification. 3. No occupational accidents occurred in 2025. Regular promotion and education were conducted, and operating personnel were required to comply with safety operation standards. 4. There were no fire incidents in 2025. The Company conducts two fire drills annually and ensures routine inspection and maintenance of all fire safety equipment.	No significant difference.
(IV) Does the Company establish an effective career ability development training program for employees?	✓		We organize pre-employment and on-the-job education and training for employees, select employees with development potential and cultivate reserve managers, and attach importance to the development of professional competence of employees.	No significant difference.
(V) Does the Company comply with relevant laws and regulations and international standards regarding	✓		We comply with relevant laws and regulations such as fair trade, and also collect information on major international environmental protection regulations to grasp trends and responses. We carry out customer satisfaction surveys and	No significant difference.

Evaluation item	Operational status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary Description	
customer health and safety, customer privacy, marketing and labeling of products and services, and establish relevant policies and complaint procedures to protect consumers' or customers' rights and interests?			provide complaints channels for products and services every year.	
(VI) Has the Company established a supplier management policy that requires suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or labor rights, and the implementation status thereof?	✓		The Company has established supplier review and evaluation procedures, and evaluates supplier products, environmental safety, ethics, and social responsibility items.	No significant difference.
V. Does the Company prepare reports disclosing its non-financial information, such as the Sustainability Report, with reference to international reporting standards or guidelines? Has the preliminary report obtained the confidence or assurance opinion of the third-party verification unit?	✓		1. The Company's 2024 Sustainability Report was prepared in accordance with the GRI Standards and was completed and posted on the Company's website by the end of August 2025. 2. On June 5, 2025, the Company obtained an Assurance Statement for the Company's 2024 Sustainability Report from GREAT International Certification Co., Ltd. The assurance was provided at a moderate assurance level under Type 1 of the AA1000 Assurance Standard V3.	No significant difference.
VI. If the Company has established its own sustainable development principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," please describe the current practices and any deviations from the established principles: Not yet established.				
VII. Other important information helpful to understand the status of implementation of sustainable development: 1. In implementing and promoting energy saving and waste reduction, in addition to budgeting and investing in environmental protection capital expenditures, the entire Company's waste is classified and recycled, and waste and other pollutants are entrusted to a qualified cleaning company. 2. Community involvement:				

Evaluation item	Operational status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary Description	
Sponsored community activities in Gushan District, Yongan District, Kaohsiung City, and Fangliao Township in Pingtung County, and participated in the promotion of softball activities, and gave priority to employing local villagers. 3. The Company has set up parking lots on a portion of land in Kaohsiung City to help alleviate public parking difficulties.				

Climate-Related Information of TWSE/TPEx Listed Company

1. Implementation of Climate-Related Information

Item	Status of implementation
1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and the management.	The company's Board of directors has formed the "ESG Report Implementation Committee." The General Manager serves as the convener. The committee is in charge of carrying out actual work in areas such as environmental sustainability, corporate social responsibility, corporate governance, ethical management, risk management, talent development, and information security. The "ESG Reporting Implementation Committee" is responsible for reporting annual plans and implementation results to the "Board of Directors."
2. Describe how the identified climate risks and opportunities affect the business, strategy and finance of the Company (short-, medium-, and long-term).	Business: The Company will have little impact on the Company in the short term. Necessary adjustments will be made in the medium and long term based on customer needs. The structure of supply and demand changes the mechanism of products and services, and the ways in which they affect the market are complex and adjusted according to the actual situation. Strategy: Limit any impacts that may contribute to the adverse impacts of climate change, and promote climate change adaptation. Finance: Short-term increase in electricity bills and operating costs for the replacement of energy-saving equipment; medium- and long-term impairment of existing assets and early scrapping; and the impact of the government's carbon tariff policy. - Countermeasures: The plant must improve the energy efficiency of equipment and introduce energy-saving equipment. The purchase or repair of plant equipment will increase the Company's capital expenditure. Cooperate with customers to strengthen green procurement activities for raw materials.
3. Describe the financial impact of extreme climate events and transformation actions.	Extreme climate events: Situations that may result in damage to assets or interruption of the supply chain. Transformation actions: The Company will gradually shift to supporting low-carbon and high-performance technology improvement and innovation, which will affect the competitiveness of the organization and increase the cost of production and distribution.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	The purpose of identifying climate change is not to make an accurate forecast, but to strengthen the completeness of the identity through regular monitoring of relevant laws and regulations, guidelines and literature, and to explore and understand potential major risks, thereby strengthening the identification and measurement of risks, and providing a reference for the Company's operating decisions. The Company evaluates the possible risks and opportunities of climate change to the enterprise, incorporates the climate change factor into the business strategy planning and decision-making process, and incorporates it into the overall risk management policy. Promote green services to mitigate and adapt to the operational impact of climate change.

Item	Status of implementation
5. If a scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used shall be explained.	Slight scenario: Low emission scenario, where the temperature increase does not exceed 2°C; warming under control and low physical risk. Severe scenario: High emission scenario, where the temperature increase does not exceed 4°C Scenario analysis (including 2°C or more severe scenarios): The Company is concerned about potential equipment damage and production delays due to flooding from heavy rain and typhoons, which are becoming more common as a result of climate change. To mitigate these risks, they are assessing the likelihood and severity of flooding, developing various flood prevention strategies, and have installed floodgates and purchased water pumps to prevent asset loss.
6. If there is a transformation plan in response to the management of climate-related risks, describe the content of the plan, and the indicators and goals used to identify and manage physical risks and transformation risks.	Responding actions: The transition risk is partly due to the correspondence with the requirements of ISO 14064-1. For the physical risk section, "Yearly typhoons and rainstorms caused by climate change", "Each unit shall formulate appropriate emergency response plans based on the level of risk," and "Each unit shall conduct and conduct inspections."
7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be explained.	At present, the Company has not planned an internal carbon pricing mechanism. Other than waiting for the confirmation of further greenhouse gas regulations or guidelines by the government agencies, it is expected to implement self-investment and reduction measures.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	Short-term goal: Average annual power savings of 1%. Mid-term goal: To achieve 1% annual power savings. Long-term goal: Use government policies to achieve the highest energy-saving efficiency over the long term and continue to promote various environmental protection projects.
9. Greenhouse gas inventories, assurance status, and reduction targets, strategies, and concrete action plans (please fill in 1-1 and 1-2 separately).	Please also fill out Tables 1-1 and 1-2.

1-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

1-1-1 Greenhouse Gas Inventory Information

Describe the emission volume (metric tons CO2e), intensity (metric tons CO2e/NT$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.

The Company (which has no subsidiaries) shall commence inventorying from 2023.
A greenhouse gas inventory mechanism has been established in accordance with the ISO 14064-1 greenhouse gas inventory standard issued by the International Organization for Standardization (ISO). Beginning in 2023, the Company has conducted annual regular inventories of its greenhouse gas emissions. The greenhouse gas emissions for the most recent two years are described as follows:

Year		2024		2025	
		Emissions (tons CO_2e)	Intensity (tons CO2e/NT$ million of revenue)	Emissions (tons CO_2e)	Intensity (tons CO2e/NT$ million of revenue)
Scope 1 (Category 1) Direct greenhouse gas emissions		2,717.2881		2,720.3797	
Scope 2 (Category 2) Indirect greenhouse gas emissions		3,317.0553		3,452.1329	
Subtotal		6,034.3434	4.1377	6,172.5126	3.3943
Scope 3	Category 3	1,247.6538		1,541.6608	
	Category 4	754.1056		872.1710	
Subtotal		2,001.7594		2,413.8318	
Total		8,036.1028	5.5103	8,586.3444	4.7217

2024: Production volume of 32,120.806 metric tons/revenue of NT$1,458.367 million
2025: Production volume of 44,403.673 metric tons/revenue of NT$1,818.497 million

Scope of data coverage includes the Kaohsiung Headquarters, Pingtung Branch and Taipei Branch

Note 1: Direct emissions (scope 1, i.e., emissions directly from sources owned or controlled by the Company), indirect energy emissions (scope 2, i.e., indirect greenhouse gas emissions from electricity, heat, or steam) and other indirect emissions (scope 3, i.e., emissions from company activities that are not indirect energy emissions, but originate from sources owned or controlled by other companies).

Note 2: The data coverage scope for direct emissions and indirect energy emissions shall comply with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. Other indirect emissions information may be voluntarily disclosed.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064--1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but at least the data calculated in terms of revenue (NT$ 1 million) shall be disclosed.

1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.
2023: Scope of assurance: Kaohsiung Headquarters, Pingtung Branch, Taipei Branch Assurance institution: ARES INTERNATIONAL CERTIFICATION CO., LTD. Assurance standards: ISO 14064-1 guidelines Assurance Statement: On August 13, 2024, Ares International Certification Corp. issued a greenhouse gas verification statement. The verification was conducted in accordance with ISO 14064-3:2019 and in compliance with the requirements of ISO 14064-1:2018. The assurance opinion was provided (reasonable assurance level for Categories 1–2 / limited assurance level for Categories 3–4). 2024: Scope of assurance: Kaohsiung Headquarters, Pingtung Branch, Taipei Branch Assurance institution: ARES INTERNATIONAL CERTIFICATION CO., LTD. Assurance standards: ISO 14064-1 guidelines Assurance Statement: On April 17, 2025, Ares International Certification Corp. issued a greenhouse gas verification statement. The verification was conducted in accordance with ISO 14064-3:2019 and in compliance with the requirements of ISO 14064-1:2018. The assurance opinion was provided (reasonable assurance level for Categories 1–2 / limited assurance level for Categories 3–4). 2025: Scope of assurance: Kaohsiung Headquarters, Pingtung Branch, Taipei Branch Assurance institution: ARES INTERNATIONAL CERTIFICATION CO., LTD. Assurance standard: ISO 14064-1:2018 Standard Assurance Statement: On April 16, 2026, Ares International Certification Corp. issued a greenhouse gas verification statement. The verification was conducted in accordance with ISO 14064-3:2019 and in compliance with the requirements of ISO 14064-1:2018. The assurance opinion was provided (reasonable assurance level for Categories 1–2 / limited assurance level for Categories 3–4).

Note 1: This information shall be disclosed in compliance with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. If the Company has not obtained a complete greenhouse gas assurance opinion by the date of printing of the annual report, it shall note that "Complete assurance information will be disclosed in the sustainability report." If the Company does not prepare a sustainability report, it shall note that "Complete assurance information will be disclosed on the Market Observation Post System (MOPS)," and shall disclose the complete assurance information in the annual report of the following fiscal year.

Note 2: The assurance institutions shall meet the directions regarding assurance of sustainability reports prescribed by the TWSE/TPEx.

Note 3: When preparing the disclosure content, the Company may refer to the best practice reference examples on the TWSE Corporate Governance Center website.

1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.
Baseline year for greenhouse gas reduction: 2024, with Scope 1 + Scope 2 emissions of 6,034.3434 metric tons CO2e Reduction targets / strategy and concrete action plan / status of achievement of the reduction targets: The 2025 Scope 1 + Scope 2 data amounted to 6,172.5126 tons CO2e. The primary reason was the increase in carbon emissions resulting from increased production volume; however, in terms of intensity, it declined. Reduction target: 1% annually (electricity savings) Strategy and concrete action plan: Replacement of old air compressor in the Galvanizing Section with an energy-efficient variable-frequency model Energy savings: 80,859.08 kWh Carbon reduction: 38.33 metric tons CO2e Achievement of reduction targets: In 2025, the electricity saving rate was 1.66%, with a total reduction of 38.327 metric tons CO2e

Note 1: This information shall be disclosed in compliance with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations.

Note 2: The base year shall be the fiscal year in which the greenhouse gas inventory is completed based on the consolidated financial reporting boundary. For example, under the order issued under Article 10, paragraph 2 of the Regulations, a company with capital of NT$10 billion shall complete the inventory for its fiscal 2024 annual consolidated financial report in 2025, so the base year will be 2024. If a company has disclosed its inventory in its consolidated financial report in an earlier year, it may take the earlier fiscal year as its base year. Also, the data for the base year may be calculated based on a single fiscal year or the average of multiple fiscal years.

Note 3: When preparing the disclosure content, the Company may refer to the best practice reference examples on the TWSE Corporate Governance Center website.

(VI) Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation item	Operational status			Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
I. Formulation of ethical management policy and plans				
(I) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?		✓	Established the "Code of Ethical Conduct" for Directors, Managers and all employees. The company explicitly states its policy of operating with integrity, and both the Board members and management are committed to actively implementing this policy in the execution of their duties. .	None.
(II) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?	✓		The Company's personnel shall not directly or indirectly provide, promise, request, or accept any improper benefits or engage in other dishonest behaviors that violate integrity, law, or entrusted obligations in the course of engaging in commercial activities, in order to obtain or maintain benefits.	None.
(III) Has the Company established the program to prevent unethical conduct, including operational procedures, guidelines, penalties for violations, and a complaint system, and implemented the program, and regularly review and amend the aforementioned programs?	✓		Prevention of conflicts of interest: The Company's personnel shall handle public affairs objectively and efficiently, and shall not, while holding their positions, provide undue benefits to themselves, their spouses, parents, children, or second-degree relatives. The Company shall provide funds to related enterprises of the aforementioned personnel or provide guarantees, engage in significant asset	None.

Evaluation item	Operational status			Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
			transactions, or engage in purchase/sales transactions. The Company's personnel shall voluntarily disclose any potential conflicts of interest with the company.	
II. Implementation of Ethical Corporate Management				
(I) Does the Company evaluate the ethical records of its trading counterparts, and specify the ethical conduct clauses in the contracts signed with its trading counterparts?	✓		Avoiding opportunities for personal gain: The company shall not receive or provide kickbacks or other improper benefits from customers, suppliers, or related groups. The company conducts regular assessments and reviews of its customers and suppliers.	None.
(II) Has the Company set up a dedicated unit under the Board of Directors to promote corporate ethical management, and report the implementation of ethical management policies and programs to prevent unethical behaviors and supervision to the Board of Directors on a regular basis (at least once a year)?		✓	Integrity and honesty are the most important core values of the company's culture. Under the supervision of the Board of directors, the company's managers are responsible for ensuring that all information disclosed by the company to the public is complete, accurate, and timely.	None.
(III) Does the Company establish and implement policies to prevent conflicts of interest, provide appropriate communication channels?	✓		Encourage reporting of any illegal or unethical behavior in accordance with the Code of Ethical Conduct: The Company should strengthen the promotion of ethical concepts. When Company Personnel know or discover any behavior that may violate laws, regulations, or the Code of Ethical Conduct, they should report to the manager, internal audit supervisor or other appropriate personnel. Any individual use whistleblowing reporting method provided that sufficient information is provided. The personnel unit has a complaint mechanism and the Company website has a complaint channel.	None.
(IV) Does the company have effective accounting and internal	✓		The Company has always attached importance to the accuracy and	None.

Evaluation item	Operational status			Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?			completeness of financial reporting. The audit unit drafts an annual audit plan based on risk assessment, conducts audits, prepares audit reports for submission to the Board of directors, and delivers them to independent directors for review.	
(V) Does the Company organize internal and external training on ethical corporate management on a regular basis?	✓		The HR unit organizes related training and promotion annually.	None.
III. Operation of the Company's reporting system				
(I) Does the Company establish a specific whistle-blowing and reward system, and establish a convenient channel for whistle-blowing, and assign appropriate dedicated personnel to handle the reported subjects?		✓	The Company incorporates ethical operations into employee evaluations and HR policies, including a system for rewards, penalties, and appeals.	None.
(II) Does the Company establish standard operating procedures for the investigation of whistle-blowing matters, the follow-up measures to be taken after the investigation is completed, and the related confidentiality mechanism?		✓	To be established	None.
(III) Has the Company taken measures to protect the whistleblower from improper treatment due to their whistleblowing?	✓		Individuals who suspect that they have been subjected to retaliation (harassment or threats) for disclosing instances of illegal or unethical conduct ought to notify their immediate supervisor, the human resources manager, the internal audit manager, or another suitable representative. The company shall exert utmost diligence in safeguarding the reporter's well-being and averting any potential reprisals.	None.

Evaluation item	Operational status			Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
IV. Strengthening information disclosure (I) Does the company disclose the content of the ethical corporate management principles established by the Company on its website and Market Observation Post System (MOPS), and the progress of its implementation?	✓		(I) Company website: http://www.khc.com.tw; disclosure of the integrity policy in annual reports and internal regulations.	None.
V. If the Company has enacted the Ethical Corporate Management Best Practice Principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies, please describe the difference between its operation and the Principles: A code of ethical management has not yet been formulated, while a code of ethical conduct has been formulated, and there is no difference between the Company's operations and the established guidelines.				
VI. Other information that enables a better understanding of the Company's ethical corporate management (for example, the Company's review and revision the Ethical Corporate Management Best Practice Principles, etc.): None.				

(VII) Other important information that is sufficient to enhance the understanding of corporate governance and operation conditions must be disclosed together: None.

(VIII) Implementation status of internal control system

1. Internal Control System Statement

Kao Hsing Chang Iron & Steel Corp.

Internal Control System Statement

Date: March 6, 2026

For the Company's internal control system of 2025, it is hereby declared as follows according to self-assessment findings:

I. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the Board and managerial officers of the Company, and that such a system has been implemented within the Company. The purpose of the system is to reasonably ensure that the effectiveness and efficiency of operations (including profits, performance, and protecting the security of assets), reliability, timeliness, and regulatory compliance of reporting, as well as the compliance with applicable laws, regulations, and bylaws are achieved.

II. The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide a reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes of environment and circumstances. However, the Company's internal control system has a self-supervision mechanism. Once the missing element is recognized, the Company takes corrective action.

III. The Company evaluates the design and execution of its internal control system based on the criteria specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations") to determine whether the existing system continues to be effective. The criteria defined in "the Regulations" include five elements depending on the management control process: 1. environment control, 2. risk assessment, 3. control process, 4. information and communication, and 5. supervision. Each element further encompasses several sub-elements. Please refer to "the Regulations" for details.

IV. The Company has adopted the said criteria to validate the effectiveness of its internal control system design and execution.

V. The Company believes that its internal control system (including the supervision and management of subsidiaries) is effective and can reasonably ensure the achievement of the aforementioned objectives as of December 31, 2025, based on the evaluation results stated above. The internal control system is designed and implemented in a manner that is dependable, timely, transparent, and compliant with relevant laws and regulations.

VI. The Statement of Declaration will be the major contents of the annual report and prospectus of the Company and to be publicly disclosed. The Company shall be held liable for misrepresentation or nondisclosure in the above content, according to Articles 20, 32,171, and 174 of the Securities and Exchange Act.

VII. This statement was approved by the Company's Board of Directors on March 6, 2026. Among the nine directors present, none expressed opposition, and all agreed to the content of this statement and hereby issue this declaration.

Chairman: Lu Tai Rong

General Manager: Sheng Lu Rong Feng

2. If a CPA is retained for the conduct of the internal audit system, disclose the Auditor's Report: None

(IX) In the most recent year and as of the printing date of the Annual Report, important resolutions of the Shareholders' Meeting and Board of Directors:

1. Important resolutions of the 2025 shareholders' meeting (2025/06/19):

   (1) Voted to approve the 2024 Business Report and Financial Statements.

   (2) Voted to approve the 2024 Earnings Distribution Proposal.

   (3) Voted to approve the amendments to the Company's "Articles of Incorporation."

   Implementation status of resolutions of the 2025 shareholders' meeting:

   (1) Voted to approve the 2024 Business Report and Financial Statements: Passed as proposed.

   (2) Voted to approve the 2024 Earnings Distribution Proposal: Passed as proposed.

   Cash dividends from earnings amounted to NT$95,426,147, representing a cash dividend of NT$0.50 per share.

   Ex-dividend trading date: 2025/07/11.

   Last date of share transfer registration: 2025/07/14.

   Commencement date of suspension of share transfer registration: 2025/07/15.

   Closing date of suspension of share transfer registration: 2025/07/19.

   Ex-dividend record date: 2025/07/19.

   Distribution date for ordinary share cash dividends: 2025/08/14.

   (3) The proposal for amendment to the Company's "Articles of Incorporation" was approved by voting: approved as proposed, and the company amendment registration was completed upon approval under Ministry of Economic Affairs Letter Jing-Shou-Shang No. 11430100600 dated 2025.07.11.

   After the meeting, the resolutions of the Shareholders' Meeting would be released within the specified time.

2. Important resolutions of the Board of Directors in 2025

Item	Important resolutions
1. 4th meeting of the 22nd Board of Directors (2025.01.22)	1. Approved cooperation with construction companies to participate in government tender projects.
2. 5th meeting of the 22nd Board of Directors (2025.03.06)	1. Approved the distribution proposal for 2024 employee remuneration and director remuneration. 2. Approved the 2024 Business Report and Financial Statements. 3. Approved the 2024 Earnings Distribution Proposal. 4. Approved the evaluation of the independence and suitability of CPAs 5. Approved the 2024 Internal Control System Statement. 6. Approved the amendment to the Company's "Articles of Incorporation" 7. Approved the definition and scope of the Company's basic-level employees 8. Approved the convening of the 2025 annual shareholders' meeting on June 19, 2025 and the meeting agenda. 9. Approved the Procedures for Accepting Proposals from Shareholders Holding 1% or More of Shares.
3. 6th meeting of the 22nd Board of Directors (2025.04.28)	1. Approved the financial statements for the first quarter of 2025. 2. Approved the amendments to the "Internal Control System for Share Affairs" 3. Approved the Company's cooperation with Yingshun Construction Co., Ltd. to participate in the Kaohsiung City Government's "Urban Renewal Project Open Implementation Case for Two Parcels of Land (Unit Three) at Lot Nos. 80-2 and Others, Bu Hou Section, Zuoying District, Kaohsiung City," for which the parties were selected as the preferred applicants, and jointly funded the establishment of a company to execute the contract with the Kaohsiung City Government.
4. 7th meeting of the 22nd Board of Directors (2025.08.07)	1. Approved the financial statements for the second quarter of 2025. 2. Approved the establishment of the Company's "Corporate Governance Best Practice Principles" 3. Approved the amendments to the Company's "Management Procedures for Prevention of Insider Trading." 4. Approved the 2024 Sustainability Report.
5. 8th meeting of the 22nd Board of Directors (2025.11.04)	1. Approved the financial statements for the second quarter of 2025. 2. Approved the capital increase proposal for Da Gang Metroway Alliance Co., Ltd. 3. Approved the ratification of the equity transfer proposal of Apex Logistic Co., Ltd. 4. Approved the capital increase proposal of Smartway Ark Alliance Co., Ltd. 5. Approved the Company's borrowings from financial institutions for 2026. 6. Approved the 2026 budget. 7. Approved the 2026 audit plan.

Item	Important resolutions
	8. Approved the establishment of the Company's "Regulations Governing Financial and Business Operations Between Related Parties" 9. Approved the amendment to the Company's internal control system "Payroll Cycle – Payroll Operations" 10. Approved the amendments to the Company's "Internal Control System for Shareholder Services Operations." 11. Approved the update to the general principles of the Company's policy on pre-approval of non-assurance services.
6. 9th meeting of the 22nd Board of Directors (2025.12.24)	1. Approved the capital increase proposal of Da Dong Metroway Alliance Co., Ltd. 2. Approved cooperation with construction companies to participate in government tender projects.

(X) During the most recent year and up to the date of publication of the annual report, the main contents of any dissenting opinions of directors or independent directors with respect to important resolutions passed by the Board of directors, with records or written statements: None.

IV. Information on fees paid to attesting CPAs

Value: NTD thousand

Accounting firm name	Accountant name	Accountant audit period	Audit fees	Non-audit fees	Total	Remarks
KPMG Taiwan	Hsu Chen-Lung	2025	1,800	67	1,867	
	Chen Yung-Hsiang	2025				

Please specify the content of non-audit services:

Business tax attestation fee: NT$30 thousand; registration amendment service fee: NT$12 thousand; non-executive employee salary information service fee: NT$25 thousand.

Note: If the Company has replaced CPA or CPA firm this year, please list the audit period separately, and explain the reason for the replacement in the remark column, and disclose the audit and non-audit public fees paid in order. Non-audit fees and service contents should be explained in notes.

V. Information on changes in CPAs

Information about changes of CPAs

(I) Regarding the former CPA

<table>
<tr><td>Date of replacement</td><td colspan="3">2026</td></tr>
<tr><td>Reason for replacement and description</td><td colspan="3">Pursuant to KPMG Letter An Jian (115) Gao No. 0048L, in compliance with applicable regulations of the competent authority requiring CPA rotation after seven years of engagement, it was recommended that CPA Hsu Chen-Lung and CPA Chen Yung-Hsiang be replaced by CPA Chen Yung-Hsiang and CPA Kao Yu-Lun.</td></tr>
<tr><td rowspan="3">Explain when the appointing person or accountant was terminated or did not accept the appointment</td><td>Circumstances of the parties / Circumstances</td><td>Accountants</td><td>Appointed person</td></tr>
<tr><td>Voluntary termination of appointment</td><td colspan="2" rowspan="2">Not applicable</td></tr>
<tr><td>No longer accepting (continuing) appointment</td></tr>
<tr><td>Comments and reasons for audit reports having other than an unqualified opinion issued in the last two years</td><td colspan="3">Not applicable</td></tr>
<tr><td rowspan="7">Any discrepancies with the issuer</td><td rowspan="5">Not applicable</td><td></td><td>Accounting principles or practices</td></tr>
<tr><td></td><td>Disclosure of financial reports</td></tr>
<tr><td></td><td>Audit scope or steps</td></tr>
<tr><td></td><td>Others</td></tr>
<tr><td></td><td></td></tr>
<tr><td colspan="3">No such situation</td></tr>
<tr><td colspan="3">Explanation</td></tr>
<tr><td>Other disclosures (Article 10, Section 6, Item 1, Items 4 to 1-7 of this Code shall be disclosed)</td><td colspan="3">Not applicable</td></tr>
</table>

Note: Explanation for change of CPAs in 2025

Explanation for change of CPAs	CPAs who have completed seven years of engagement shall be subject to rotation.

(II) Regarding the succeeding CPA

Firm name	KPMG Taiwan
Accountant name	CPA Chen Yung-Hsiang and CPA Kao Yu-Lun
Date of appointment	2026
Prior to appointment, the accounting treatment methods or accounting principles for holding transactions and the possible issuance of financial reports and consultation matters and results	Not applicable
Written opinion of the successor accountant on the dissenting opinions of the former accountant	Not applicable

(III) The reply of the former CPA in accordance with Article 10, Paragraph 6, Item 1 and 2-3 of the Guidelines: Not applicable.

VI. The Company's Chairman, President, or the manager responsible for financing or accounting affairs, who has worked for the accounting firm to which CPAs belong or the affiliated enterprises in the past year:

None.

VII. Changes in shareholding of directors, managers, and major shareholders

Job Title	Name	2025		From the current year up to April 19	
		Increase (decrease) in equity	Increase (decrease) in the number of pledged shares	Increase (decrease) in equity	Increase (decrease) in the number of pledged shares
Chairman	Lu Tai Rong	—	—	—	—
Director	Pro Imp'ex Company Limited	—	—	—	—
	Sheng Lu Rong Feng	—	—	—	—
	Sheng Lu An De	—	—	—	—
Director	Huida Investment Co., Ltd.	4,000,000	—	—	—
	Huang Li-Chun	—	—	—	—
Director	You Chang Co., Ltd.	—	—	—	—
	Wu Hsien-Ming		—	19,000	—
	Lu Wei-Cheng	—	—	—	—
Independent Director	Lin Hsien-Lang	—	—	—	—
Independent Director	Chen Chi-Hsiung	—	—	—	—
Independent Director	Wang Yi-Chen	—	—	—	—
General Manager	Sheng Lu Rong Feng	—	—	—	—
Chief Corporate Governance Officer	Lin Tzu-Hui	—	—	—	—
Financial and Accounting Manager	Chao Hui-Mei	—	—	—	—
Major Shareholder	Lu Tai Rong	—	—	—	—
Major Shareholder	Huida Investment Co., Ltd.	4,000,000	—	—	—
Major Shareholder	Hsieh Chang Hsing Trading Co., Ltd.	—	—	—	—

Note 1: Shareholders holding over 10%: Huida Investment Co. (23.58%), Lu Tai Rong (14.44%), Hsieh Chang Hsing Trading Co. (13.63%).

Note 2: If the counterparty of the equity transfer or equity pledge is a related party, the following table should be filled in.

Equity transfer information:

Name (Note 1)	Reasons for equity transfer (Note 2)	Transaction date	Trade counterparty	The relationship between the counterparty of the transaction and the Company's directors, supervisors, managers, and shareholders who hold more than 10% of shares	Number of shares	Trading price
Huida Investment Co., Ltd.	Acquisition	2026/04/20	KHC Steel International Corp.	Company invested in by the Company	3,000,000	27.05
Huida Investment Co., Ltd.	Acquisition	2026/04/22	KHC Steel International Corp.	Company invested in by the Company	688	27.8

Note 1: Fill in the names of the Company's directors, supervisors, managers, and shareholders holding more than 10% of shares.

Note 2: Indicate associated acquisition or disposal.

Equity pledge information: None

Name	Reasons for pledge changes	Date of change	Trade counterparty	The relationship between the counterparty of the transaction and the Company's directors, supervisors, and shareholders who hold more than 10% of shares	Number of shares	Percentage of ownership	Pledge ratio	Pledge (redemption) amount
—	—	—	—	—	—	—	—	—

VIII. Information about the relationship of the ten largest shareholders:

April 19, 2026

Sequence	Name	Number of shares personally held		Spouse and minor children holding shares		Held in the name(s) of others Total number of shares held		Where top ten shareholders have a relationship with each other or a relative relationship within the scope of their spouse or relative within the second degree of kinship, the name or designation and the relationship			Remarks Note
		Number of shares	Percentage of ownership	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership	Designation (or name)	Relationship		
1	Huida Investment Co., Ltd. Representative: Huang Li-Chun	44,999,312	23.58	—	—	—	—	Corporate Director			
		22,343	—	5,785,926	3.03	—	—		Lu Ho-Ching	Spouse	
2	Lu Tai Rong	27,551,329	14.44	6,053,477	3.17	—	—	Chairman	Yang Yen-Ju Lu Chung-Chi Lu Ho-Ching Lu Ho-Lin	Spouse Brother Sister and brother Sister and brother	
3	HSIEH CHANG HSING TRADING CO., LTD. Representative: Lu Ho-Lin	26,007,915	13.63	—	—	—	—				
4	Lu Ho-Lin	16,426,010	8.61	—	—	—	—				
5	KHC STEEL INTERNATIONAL CORP. Representative: Lu Ho-Lin	13,599,000	7.13	—	—	—	—				
6	Chiang Yi Investment Co., Ltd. Representative: Lu Ho-Lin	7,546,283	3.95	—	—	—	—				
7	Sheng Lu Rong Feng	6,293,995	3.30	—	—	—	—	Director and General Manager			
8	Yang Yen-Ju	6,053,477	3.17	27,551,329	14.44	—	—				
9	Lu Ho-Ching	5,785,926	3.03	22,343	—	—	—				
10	Lu Chung-Chi	2,718,365	1.42	—	—	—	—				

IX. Aggregate shareholding ratio in the same investee enterprise

Units: Shares; %

Reinvested business (Note 1)	The Company's investment		Directors, supervisors, managers, and investments holding direct or indirect control of the business		Comprehensive investment	
	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding
Hsieh Chang Hsing Trading Co., Ltd.	17,172,851	45.79%	5,736,200	15.30%	22,909,051	61.09%
KHC Steel International Corp.	7,280,000	38.32%	7,591,829	39.95%	14,871,829	78.27%
Sunward Refractories Co., Ltd.	4,588,600	20.00%	—	—	4,588,600	20.00%
Smartway Ark Alliance Co., Ltd.	32,400,000	45.00%	—	—	32,400,000	45.00%
Da Dong Metroway Alliance Co., Ltd.	3,500,000	35.00%	—	—	3,500,000	35.00%
Da Gang Metroway Alliance Co., Ltd.	8,400,000	35.00%	—	—	8,400,000	35.00%
Wanxiang Development Co., Ltd.	2,000,000	20.00%			2,000,000	20.00%

Note 1: Investment using the equity method.

Three. Status of Fundraising

I. Capital and Shares

(I) Sources of share capital

Year and Month	Issuance price (NTD)	Approved share capital		Paid-in capital		Remarks		
		Number of shares (thousand shares)	Amount (NTD thousand)	Number of shares (thousand shares)	Amount (NTD thousand)	Sources of equity	Property other than cash contributed as equity capital	Others
1966.01	10.00	0.8	800	0.8	800	Founded	None	None
1966.09	10.00	10	10,000	10	10,000	Cash capital increase, NTD 9,200 thousand	None	None
1970.08	10.00	40	40,000	40	40,000	Cash capital increase, NTD 30,000 thousand	None	None
1971.06	10.00	120	120,000	120	120,000	Cash capital increase, NTD 80,000 thousand	None	None
1975.02	10.00	220	200,000	200	200,000	Capital increase of NTD 32,000 thousand in cash, merger with Kao Hsing Iron & Steel Company of NTD 40,000 thousand, capitalization of retained earnings of NTD 8,000 thousand.	None	None
1976.12	10.00	230	280,000	280	280,000	Cash capital increase of NTD 20,000 thousand, capital revaluation value resulting in capital increase of NTD 60,000 thousand	None	None
1977.06	10.00	400	400,000	400	400,000	Capital increase through shareholder transactions of NTD 120,000 thousand	None	None
1979.08	10.00	50,000	500,000	50,000	500,000	Capitalization of retained earnings, NTD 100,000 thousand	None	None
1981.04	10.00	60,000	600,000	60,000	600,000	Capitalization of retained earnings, NTD 100,000 thousand	None	None
1986.05	10.00	65,000	650,000	65,000	650,000	Cash capital increase, NTD 50,000 thousand	None	None
1986.11	10.00	75,000	750,000	75,000	750,000	Capitalization of capital reserves, NTD 100,000 thousand	None	None
1988.11	15.00	160,000	1,600,000	160,000	1,600,000	Cash capital increase, NTD 850,000 thousand (Note)	None	None

Year and Month	Issuance price (NTD)	Approved share capital		Paid-in capital		Remarks		
		Number of shares (thousand shares)	Amount (NTD thousand)	Number of shares (thousand shares)	Amount (NTD thousand)	Sources of equity	Property other than cash contributed as equity capital	Others
1989.08	10.00	184,000	1,840,000	184,000	1,840,000	Capitalization of capital reserves, NTD 100,000 thousand	None	None
1990.03	40.00	234,000	2,340,000	234,000	2,340,000	Cash capital increase, NTD 500,000 thousand (Note)	None	None
1990.12	10.00	280,800	2,808,800	280,800	2,808,800	Capitalization of retained earnings of NTD 234,000 thousand, capitalization of capital reserves of NTD 234,000 thousand	None	None
1991.10	10.00	308,880	3,088,800	308,880	3,088,800	Capitalization of capital reserves, NTD 280,800 thousand	None	None
1994.01	10.00	339,768	3,397,680	339,768	3,397,680	Capitalization of capital reserves of NT$308,880 thousand (1994.1.07 (83) Taizaizheng No. 44814)	None	None
1996.10	10.00	445,000	4,450,000	366,949	3,669,494	Capitalization of capital reserves of NT$271,814.4 thousand (1996.10.09 (85) Taizaizheng No. 59439)	None	None
1997.12	10.00	450,000	4,500,000	403,644	4,036,443	Capitalization of capital reserves of NT$146,779 thousand, capitalization of retained earnings of NT$220,169 thousand (1997.9.11 (86) Taizaizheng (1) No. 70405)	None	None
1998.09	10.00	480,000	4,800,000	423,826	4,238,266	Capitalization of capital reserves of NT$201,822 thousand, (1998.6.23 (87) Taizaizheng (1) No. 54948)	None	None
2013.12	10.00	580,000	5,800,000	275,487	2,754,872	Cash capital reduction of NTD 1,483,393 thousand (2013.10.16 Jinguanzheng Fazi No. 10300406085)	None	None
2016.03	10.00	580,000	5,800,000	272,342	2,723,422	Capital reduction by treasury stock, NT$31,450 thousand (2016.3.15 MOEA Jingshou Shangzi No. 10501059460)	None	None
2016.05	10.00	580,000	5,800,000	247,942	2,479,422	Capital reduction by treasury stock, NT$244,000 thousand (2016.5.16 MOEA Jingshou Shangzi No. 10501097240)	None	None

Year and Month	Issuance price (NTD)	Approved share capital		Paid-in capital		Remarks		
		Number of shares (thousand shares)	Amount (NTD thousand)	Number of shares (thousand shares)	Amount (NTD thousand)	Sources of equity	Property other than cash contributed as equity capital	Others
2017.03	10.00	580,000	5,800,000	223,152	2,231,522	Capital reduction by treasury stock, NT$247,900 thousand (2017.3.27 MOEA Jingshou Shangzi No. 10601039190)	None	None
2018.03	10.00	580,000	5,800,000	200,852	2,008,522	Capital reduction by treasury stock, NT$223,000 thousand (2018.3.23 MOEA Jingshou Shangzi No. 10701031740)	None	None
2023.05	10.00	580,000	5,800,000	190,852	1,908,522	Capital reduction by NT$100,000 thousand on treasury shares (Ministry of Economic Affairs, Jing-Shou-Shang No. 11230084810 dated May 17, 2023)	None	None

Notes: 1988.11 the subscription price of cash capital increase issuance was NTD 15 per share; the 1990.03 cash capital increase issuance subscription price was NTD 40 per share, the rest was issued at par.

Type of shares

April 19, 2026

Type of shares	Approved share capital					Remarks
	Outstanding shares			Unissued shares	Total	
	Already listed on main board (OTC market)	Not yet listed on main board (OTC market)	Total			
Registered common shares	190,852,293	0	190,852,293	389,147,707	580,000,000	

Information concerning the collective reporting system: None.

(II) List of major shareholders: (holding more than 5% of total shares or where the shareholding ratio falls within the top ten shareholders)

April 19, 2026; Unit: Shares

Shares / Name	Number of shares held	Percentage of shareholding
Huida Investment Co., Ltd.	44,999,312	23.58%
Lu Tai Rong	27,551,329	14.44%
Hsieh Chang Hsing Trading Co., Ltd.	26,007,915	13.63%
Lu Ho-Lin	16,426,010	8.61%
KHC Steel International Corp.	13,599,000	7.13%
Qiangyi Investment Co., Ltd.	7,546,283	3.95%
Sheng Lu Rong Feng	6,293,995	3.30%
Yang Yen-Ju	6,053,477	3.17%
Lu Ho-Ching	5,785,926	3.03%
Lu Chung-Chi	2,718,365	1.42%

(III) Company dividend policy and implementation status

1. Dividend policy:

   Article 26 and Article 26-1 of the Company's Articles of Incorporation:

   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. 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.

   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%.

2. Proposed dividend distribution for presentation to this year’s Shareholders’ Meeting:

   The Company’s 10th meeting of the 22nd Board of Directors resolved to distribute cash dividends to shareholders in the amount of NT$190,852,293 from the distributable earnings for 2025, representing a cash dividend of NT$1 per share. 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. 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 cancelation of repurchased shares or other reasons.

3. Any material changes expected in the dividend policy: None.

(IV) Effect of the proposed stock dividends on the Company's operating performance and earnings per share: Not applicable.

(V) Employee and director remuneration

1. The percentage or scope of remuneration for employees and directors as set out in the Articles of Incorporation:

   Article 26 of the Company's Articles of Incorporation:

   If the Company records a profit for the year, no less than 0.5% shall be appropriated as employee remuneration and no more than 5% as director remuneration. In addition, no less than 0.1% shall be appropriated as remuneration for non-executive employees. However, if the Company has accumulated losses, such losses shall first be offset before calculating employee remuneration, director remuneration, and remuneration for non-executive employees.

2. The calculation basis for the estimated amount of remuneration for employees and directors in the current period, the calculation basis for the number of shares distributed, and the accounting treatment when the actual distribution amount differs from the estimated amount:

   The pre-tax net profit for 2025 audited by the CPA amounted to NT$136,849,135 (after deducting estimated employee remuneration of NT$759,500 and estimated remuneration for non-executive employees of NT$141,050). No director remuneration will be distributed. Employee remuneration and remuneration for non-executive employees shall be appropriated at no less than 0.5% and 0.1%, respectively, in accordance with the Articles of Incorporation, and shall be paid in cash.

   Employee remuneration: According to the Legislative Reason of Article 235-1 of the Company Act: Profitability refers to the pre-tax income before the distribution of employee remuneration. The calculation is as follows:
   Minimum employee remuneration = NT$137,749,685 × 0.5% = NT$688,748.

   Minimum remuneration for non-executive employees = NT$137,749,685 × 0.1% = NT$137,750.

   Employee remuneration and remuneration for non-executive employees for 2025 will be distributed based on the amounts estimated in the financial statements, namely NT$759,500 and NT$141,050, respectively; therefore, there is no difference in the accounting treatment.

3. Remuneration distribution approved by the Board of Directors:

   Resolved and approved at the 4th meeting of the 6th Remuneration Committee and the 10th meeting of the 22nd Board of Directors on 2026.03.06: 2025 employee remuneration of NT$759,500 and remuneration for non-executive employees of NT$141,050 will be distributed in cash, and no director remuneration will be distributed.

4. The actual distribution of remuneration for employees and directors in the previous year (including the number of distributed shares, amount and stock price). If there is a difference in the recognition of remuneration for employees and directors, the number of differences, reasons, and handling circumstances shall be stated:

   In 2024, employee remuneration of NT$414,200 was actually distributed in cash, and no director remuneration was distributed, with no difference from the amount recognized.

(VI) Buyback of the Company's shares:

1. **Completed buybacks:** Most recent fiscal year and up to the annual report publication date

   The Company's 8th meeting of the 21st Board on March 7, 2023 approved the share repurchase from the Taiwan Stock Exchange.

Buyback of the Company's shares

May 19, 2023

Number of repurchase	7th
Purpose of repurchase	In order to protect the Company's credit and shareholders' equity
Repurchase periods	2023/03/09～2023/04/14
Repurchase range price	NTD 13.5～NTD 27
Type and quantity of shares repurchased	10,000,000 common shares
Amount of shares repurchased	NTD 199,906,204
Ratio of repurchased shares to expected repurchased shares (%)	100%
Quantity of canceled and transferred shares	10,000,000 shares
Accumulated number of the Company's shares held by the Company	0
Ratio of the accumulated number of the Company's shares held by the Company to the total number of issued shares (%)	0%

2. **Ongoing buybacks:** None.

II. Handling of corporate bonds

(I) The status of corporate bonds shall include corporate bonds that have not been repaid or in progress, and the relevant matters and the impact on shareholders' equity shall be disclosed with reference to Article 248 of the Company Act. Any privately placed corporate bonds shall be prominently identified as such: None.

(II) The preferred shares issued shall include both outstanding and under-going preferred shares, and the terms and conditions of the issuance, the impact on shareholders' equity, and matters specified in Article 157 of the Company Act shall be disclosed. Any privately placed preferred shares shall be prominently identified as such: None.

(III) GDRs that have participated in the issuance but have not been redeemed in full, shall be disclosed, and the relevant information such as the issue date, issue total amount, and the rights and obligations of the GDR holders shall be disclosed. matters. Any privately placed global depository receipts shall be prominently identified as such: None.

(IV) The following information shall be specified for the issuance of employee stock options:

1. Disclosure of unexpired employee subscription warrants issued by the Company in existence as of the date of publication of the Annual Report, and the effect of such warrants upon shareholders' equity. Any privately placed employee subscription warrants shall be prominently identified as such: None.
2. Names of top-level Company executives holding employee share subscription warrants as of the date of publication of the Annual Report, and the names of the ten employees holding employee subscription warrants authorizing purchase of the most shares, along with the cumulative number of warrants exercised by these ten employees: None.

(V) The following matters shall be stated for the issuance of restricted employee shares:

1. For all new restricted employee shares for which the vesting conditions have not yet been met for the full number of shares, disclose the status up to the date of publication of the Annual Report and the effect on shareholders' equity: None.
2. Names and acquisition status of managerial officers who have acquired new restricted employee shares and of employees who rank among the top ten in the number of new restricted employee shares acquired, cumulative to the date of publication of the Annual Report: None.

(VI) For the issuance of new shares for the merger or acquisition of shares of another company, the following shall be stated:

1. If, during the most recent fiscal year or during the current fiscal year up to the date of publication of the Annual Report, the Company has completed any issuance of new shares in connection with a merger or acquisition or with acquisition of shares of any other company, the Annual Report shall specify the following matters: None.
2. Where the Board of Directors has, during the most recent fiscal year or during the current fiscal year up to the date of publication of the Annual Report, adopted a resolution approving any issuance of shares in connection with a merger or acquisition or with acquisition of shares of any other company, the Annual Report shall disclose the state of the plan's implementation together with the basic identifying information of the company (or companies) to be merged or acquired or

whose shares are to be acquired. Where any issuance of new shares in connection with a merger or acquisition or with acquisition of shares of any other company is currently in progress, the Annual Report shall disclose the state of the plan's implementation and its effect upon shareholders' equity: None.

III. Implementation status of fund utilization plan:

The implementation status of fund utilization plan must disclose the following:

(I) **Plans:** as of the quarter prior to the date of publication of the annual report, for which the previous securities offerings or private placements have not been completed, or have been completed in the last three years and the benefits of the plan have not yet emerged: None.

(II) **Implementation status:** Analysis of the purpose of each plan in the preceding subparagraph, and its implementation status and comparison with the original expected benefits as of the quarter prior to the publication date of the annual report: None.

Four. Business Overview

I. Business content

(I) Business scope

1. Main content of the business:

(1) Steel pipes, galvanized steel pipes, steel pipes, hot-rolled steel coils (sheets), cold-rolled steel coils (sheets), cold-rolled steel strips, packing steel strips, steel billets, shaped steel, stainless steel coils (sheets), silicon steel coils (sheets) and coated steel coils (sheets), equipment and manufacturing of the above and other iron and steel products.

(2) Heat treatment and processing.

(3) Manufacture of motorcycles, bicycles, engines and accessories, and the assembly and sale of motorcycles.

(4) Commission of construction companies to build residential buildings and commercial buildings for lease or sale.

(5) Management of animal husbandry business and manufacturing, processing and trading of agricultural and livestock products.

(6) Agency services for the aforementioned items.

(7) Import and export business.

(8) Waste recycling and disposal.

(9) C801010 Basic Chemical Industrial Manufacturing.

(10) C802120 Industrial and Additive Manufacturing.

(11) CA02010 Manufacture of Metal Structure and Architectural Components.

(12) I501010 Product Designing.

(13) I601010 Rental and Leasing.

(14) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Current merchandise and business contributions

Main industry sector	Main products	Operating profit contribution	
		2025	2024
Steel pipe	Galvanized steel pipe, black steel pipe, API steel pipe, PE coated pipe submerged arc welding straight seam steel pipe	91%	91%
Logistics and circulating products	Cold rolled steel coil, hot rolled steel coil, galvanized steel coil	5%	4%
Others	Zinc products and film, etc.	4%	5%

3. R&D Products in 2025

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 2025, galvanized steel and pipe manufacturing process equipment continued to undergo replacement and upgrading, including new galvanizing kettle construction, pipe mill forming sections, and API medium- and small-sized mill forming sections, among other related equipment improvements.

(II) Industry Overview

1. Current status and development of the industry:

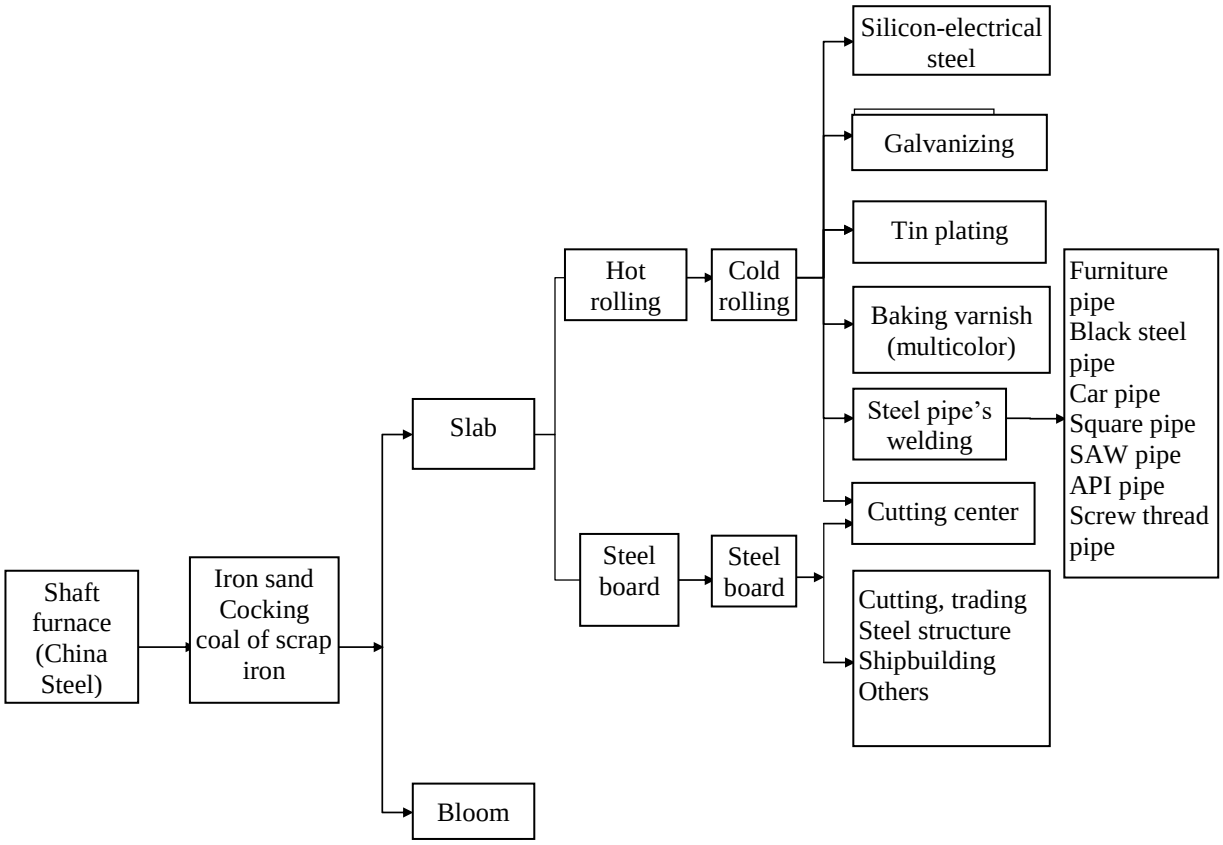
According to the production process, steel pipes are divided into welded steel pipes and seamless steel pipes. As the steel pipe manufacturers in Taiwan are actively expanding the export market of petroleum pipes, the export volume of steel pipe products will gradually increase.

The steel pipe industry is an important downstream application industry for hot-rolled and cold-rolled steel products. Black and galvanized steel pipes are mainly supplied to the construction industry, while cold-rolled steel pipes are mainly used by the furniture and bicycle industries. Hot-rolled steel pipes are used for the sports equipment and automobile industries.

The steel industry is currently affected by geopolitical instability and a high interest rate environment, which continues to suppress both domestic and export market demand. This has impacted order intake and inventory restocking in many downstream steel industries. However, stable upstream raw material prices have provided support for product pricing.

The Company’s principal domestic sales product, galvanized steel pipes, benefited from the government’s continued promotion of infrastructure projects, the return of Taiwanese businesses to Taiwan, and the establishment of plants in Taiwan by electronics manufacturers, driving growth in engineering and plant construction orders. In the export market, the steel industry continues to face high tariff barriers under the U.S. Section 232 measures and challenges posed by the 50% tariffs on steel and aluminum, resulting in intense competition for export orders. In addition, overall demand in the U.S. market remains weak, and export customers have not yet fully depleted their inventories. Export order intake will depend on customers’ inventory reduction progress.

2. Relationships with upstream, middle-stream, and downstream industries:



Important production and supply of the Company:

(1) Cold-rolling plant: cold-rolled coils, acid-washed coils, cold-rolled hardened and tempered coils, baled strips (production temporarily suspended in June 2012)

(2) Steel pipe plant: galvanized steel pipes, black steel pipes, API steel pipes, PE coated pipe, submerged arc welded straight seam steel pipe.

Demand industries include home appliances, personal computers, machinery, automobiles, motorcycles, bicycles, and construction industries.

3. Product development trends and competition

(1) Product development trend

Steel pipe is a basic material for the construction industry and metal processing industry, and raw materials constitute the main cost of steel pipe. Therefore, the domestic steel processing industry mostly develops products with higher added value. Production costs have increased with the increase of domestic environmental protection requirements and the implementation of the One Mandatory Day Off and One Flexible Rest Day Policy. At the same time, the domestic market is opening up and competition between imported materials and peers has formed. Therefore, the demand for steel is not only changing in quantity but also in pursuit of "quality" change.

(2) Competition:

A. The relationship between China and the USA remains tense. The trade war causes the global market disorder. The export end-customers' demand becomes unstable due to the tariff and prevailing Protectionism for steel products trading. As a result, the high inventory retained by customers is squeezing the confidence in market demand.

B. The Russia–Ukraine war has shown signs of a ceasefire, which is conducive to steel circulation and price stabilization. After four years of the Russia-Ukraine war, if a gradual ceasefire can be achieved, the resulting reconstruction demand is expected to stimulate the restoration of global raw material circulation, and pressure from steel price competition is also expected to ease.

C. The Chinese government's strong promotion of downstream industries such as electric vehicles, solar energy, and wind power may drive demand for upstream steel materials. Military expenditure by NATO and European countries is expected to gradually increase, which is expected to drive demand for structural steel and infrastructure steel. In addition, continued strong demand for AI server construction is supporting growth in industrial land and factory office construction projects.

D. China's annual crude steel production has long remained at approximately 1 billion metric tons. As the real estate market remains sluggish over the long term and domestic demand remains weak, steel demand continues to decline, while production remains at high levels, forcing steel mills to increase exports and compete for overseas markets with low-priced steel products, thereby placing tremendous pressure on the steel industries in Europe, the United States, and Asia.

E. According to the latest forecast by the World Steel Association, global steel demand in 2026 will reach 1.772 billion metric tons, representing an annual growth rate of 1.3% and an increase of approximately 23.3 million metric tons. The market interprets this as a moderate recovery after bottoming out. The primary drivers of steel demand recovery are strong growth in India, ASEAN, and the Middle East, contributing growth of approximately 3% to 7%. Large-scale infrastructure construction, foreign investment, and demographic dividends are supporting rapid growth in steel demand, making these regions the most promising regional markets for the future.

F. Trump announced the imposition of reciprocal tariffs on various countries, triggering disorder in global economic and trade activities, which also affected steel demand. In addition, tariffs on steel and aluminum products were doubled to 50%; furthermore, the outbreak of the Iran-Israel war has broadened the scope of impacts, all of which add numerous uncertainties to the future development of the steel market.

G. The challenges of the "Triple Carbon" initiatives of carbon pricing, carbon tariffs, and carbon neutrality are severe. Facing known carbon costs, such costs will be passed on to distributors and product quotations. Beginning in 2026, the mandatory implementation of carbon pricing will make

carbon reduction no longer merely a matter of corporate social responsibility, but rather a matter of controlling operating costs directly related to operational capability. Enterprises must make early arrangements for carbon reduction and transform carbon fees into opportunities for enhancing green competitiveness.

(III) Technology and R&D overview

The Company's products have a long life cycle and require a large investment in equipment. Most of the new technologies in the products are imported from abroad, with emphasis on improving production efficiency, saving energy, preventing pollution and improving product quality.

(IV) Long-term and short-term business development plans:

1. Short-term:

   (1) Improve product quality and increase the production capacity of steel pipes; strictly control the production and sale time from ordering to delivery to improve customer satisfaction.

   (2) Develop domestic and overseas sales channels, expand market decentralized sales channels, and increase steel trading. The sales strategy focuses on domestic sales, supplemented by foreign sales, and adjusts the product mix to meet market demand.

   (3) As the trade war intensifies, the Company has to strengthen the control of raw material inventory to reduce capital demand and cost risks. Continue to enhance the added value of products to maintain the Company's product niche.

2. Long-term:

   (1) Actively adjust the core industry structure and implement product differentiation, continue to improve and upgrade products and technologies, and ensure quality competitive advantages.

   (2) Strengthen cooperation with customers to stabilize sales channels, flexibly operate the mix of production and sales, and achieve balanced development of domestic and overseas sales.

   (3) Prudent development of diversified business operations, and evaluation of additional business items when opportunities are available, hoping to pursue corporate sustainability and growth.

II. Market and production and sales overview

(I) Market analysis

Steel market orders for domestic and export sales in 2025 had originally remained robust; however, beginning in June, export orders nearly came to a standstill in the second half of the year due to the impact of the United States' 50% tariffs on steel and aluminum and policy uncertainties. Since 2025, affected by rapidly changing international circumstances, including rising trade protectionism, ongoing geopolitical conflicts, repeated changes in the United States' "reciprocal tariffs" and trade policies, and fluctuations in the NT$ exchange rate, global economic and trade growth momentum has slowed, which has also delayed the recovery of steel market demand. In addition, as the global trade landscape undergoes restructuring, market uncertainty has increased, and the future development of the steel industry will continue to face significant challenges.

In terms of steel pipe sales, market conditions and demand in 2025 increased significantly compared with 2024. Total steel pipe sales volume reached 42,095 metric tons, an increase of 30% from 32,138 metric tons in the previous year. For export sales of API pipes, stable international oil prices enabled order intake in the first half of 2025 to meet targets, while steel and aluminum tariff issues caused export order intake to nearly come to a standstill in the second half of the year. Total export steel pipe sales volume in 2025 was 8,283 metric tons, representing an increase of 190% from 2,851 metric tons in 2024. In the domestic market, despite weak domestic demand for steel pipes, ongoing expansion demand from electronics manufacturers continued to generate orders, and order intake for galvanized steel pipes, the Company's principal products, remained relatively favorable. Total domestic steel pipe sales volume was 33,812 metric tons, an increase of 15% from 29,288 metric tons in the previous year.

1. Supply and demand status of major domestic steel products

Unit: Tons

Steel products	Item	2021	2022	2023	2024	2025
Hot rolled	Production	16,447,419	14,733,471	14,572,129	13,332,711	12,312,806
	Domestic sales	6,270,901	4,879,181	4,606,768	4,403,490	4,315,302
	Inventory	1,267,641	1,080,518	1,106,232	1,147,759	922,739
Cold rolled	Production	4,290,528	3,086,327	2,986,669	3,192,073	2,602,511
	Domestic sales	1,216,221	819,723	622,855	680,995	608,097
	Inventory	233,862	205,479	211,353	201,980	172,379
Welded steel pipe	Production	759,365	821,426	634,237	750,509	776,094
	Domestic sales	540,454	449,652	423,692	428,342	432,822
	Inventory	66,368	49,254	57,045	55,850	55,898

Source: Taiwan Steel & Iron Industries Association

2. Domestic welded steel pipes apparent consumption, most recent two years

Unit: Tons

Item	Production volume	Import volume	Export volume	Apparent consumption	Self-sufficiency
2024	750,509	58,281	284,223	524,567	134.87%
2025	774,625	248,613	315,780	707,458	109.49%

Source: Taiwan Steel & Iron Industries Association

3. Main domestic steel product market (2024)

Unit: Factory price NTD/ton; Steel pipe NTD/kg

Steel products	Q1	Q2	Q3	Q4
Hot rolled	18,000～20,116	18,000～19,166	16,350～17,566	16,400～17,266
Black steel pipe (BS)	20.0～33.3	19.0～33.9	19.0～32.7	19.0～32.7
Galvanized steel pipe (BS)	35.6～56.4	35.7～57.0	34.5～55.8	34.8～56.1

Source: Taiwan Steel & Iron Industries Association

4. Main product sales areas of the Company

Unit: NTD Thousand

Year / Item	2024		2025	
	Subtotal	Total	Subtotal	Total
Taiwan		1,376,088		1,574,739
Hong Kong - mainland China	—		—	
Americas	81,482		239,323	
Northeast Asia	797		4,435	
Southeast Asia	—		—	
Other regions	—		—	
Operating income from exports		82,279		243,758
Net operating income		1,458,367		1,818,497

5. Market share and future supply and demand conditions and growth of the market, expected sales volume and its basis, and competitive niche

(1) Cold-rolled steel products

In addition to domestic cold rolled steel products used in the computer industry, strollers, bicycles, metal furniture, and other industries, demand for cold rolled steel products is driven by demand for galvanized and painted steel plates and the cold rolled materials used by Taiwanese mainland factories. For cold rolled steel products, the market is facing greater competitive pressure in the wake of mass production at China Steel's third cold rolled line (with annual production capacity 1.8 million tons), and this is bound to squeeze a portion of the Company's market space. Coupled with the poor market outlook, the Company temporarily suspended production in June 2012.

(2) Steel pipe

(1). The Company mainly sells steel pipe products

	Sales targets
Galvanized steel	Buildings, firefighting, engineering, water conservation
Black steel pipe	Buildings, firefighting, engineering, water conservation
API steel pipe	High pressure oil pipeline, petrochemical pipeline, building, water conservation
PE coated pipe	High pressure oil pipeline, petrochemical pipeline, building, water conservation
Steel pipe pile	Piling for foundations of ports, bridges, etc.

(2). Various types of welded steel pipe production statistics unit: metric ton

Type	Percentage in 2025	2025 (A)	2024 (B)	(A)－(B)	Growth (%)
Oil pipeline	8.92%	59,936	51,787	8,149	15.74%
Furniture pipe	8.35%	56,091	61,359	(5,268)	(8.59)%
Square pipe	10.98%	73,778	77,001	(3,223)	(4.19)%
Mechanical pipe	1.37%	9,211	9,572	(361)	(3.77)%
Black pipe	37.48%	251,813	241,776	10,037	4.15%
Galvanized pipe	23.31%	156,646	149,329	7,317	4.90%
Other pipes	9.59%	64,404	64,404	0	0.00%
Total	100%	671,879	655,228	16,651	2.54%

Source: Taiwan Steel & Iron Industries Association

Major domestic manufacturers:

The Company, Mayer, Chung Hung, Shin Yang, Far East Machinery, Tension Steel, etc.

The total sales volume of domestic manufacturers in 2025 was approximately 408,500 metric tons per year.

Kao Hsing Chang: sales volume was approximately 29,900 metric tons per year, with a market share of 7.32%.

The market share of galvanized steel pipes was approximately 17.60%.

The Company’s sales target for 2026 is approximately 51,841 tons (3,000 tons for distribution and logistics included), of which 48,841 tons are steel pipes.

(3). The steel pipe factory has obtained the ISO 9001 quality management system certification, and has passed the domestic and international product specifications such as CNS and API. It has the largest pipe manufacturing vehicle in Taiwan and the production technology to produce API-5L 52" large pipes. Completed the development of API 5CT oil well casing and was authorized by the American Petroleum Institute.

The API oil pipeline produced by the Company is an American Petroleum Institute (API) authorized manufacturer and sold to major private enterprises such as CPC Corporation, Taiwan Power, the military,

and Formosa Plastics. The galvanized steel pipe is of high quality and is designated for many major domestic projects. At the same time, the API 5CT certification was completed and it was exported to the US market. Simultaneously, it has excellent quality, timely delivery, and high customer satisfaction.

The domestic marketing benefits from domestic leading semi-conductor manufacturers' continuous expansion of capital expenditure, reconstruction of unsafe and old buildings and urban renewal driving the investment in construction projects, global technology enterprises' increase in investment in Taiwan, and private enterprises' response to the government's green power policy, the investment in green power has been increasing, especially the offshore wind farm. All of these could help boost growth of the domestic steel materials demand.

6. Favorable and unfavorable factors for development prospects

(1) Favorable factors for development prospects

(1). The brand has a good reputation and strict quality control. It has passed the certifications of ISO 9001, CNS, API, ISO 14001, ISO45001 & CNS45001.

(2). Complete sizes, great flexibility in ordering, material preparation, production plans, shortened delivery deadlines, and enhanced customer services.

(3). The Company's overall operation is oriented toward low-debt operation, and actively develops quality products to enhance competitiveness and to facilitate the Company's sustainable operation.

(4). There are many land assets, and some of them are located in prime locations in Kaohsiung City.

(2) Unfavorable factors for development prospects

(1). Product homogeneity is high and supply exceeds demand, resulting in fierce market competition.

(2). The order cannot be placed in a large quantity. There are many models and batch numbers, and the production cost rises.

(3). The ratio of raw material costs to the overall cost is high, and the rise and fall of raw materials is rapid and difficult to control.

(4). The iron and steel industry has a large investment, which is slow to recover and difficult to recruit and train professional and technical personnel.

(5). The domestic peers have expanded their investments in petroleum steel pipes and put them into competition in the market supply. A large amount of production capacity has to be exported to the export market, which has significantly increased the sales competition in the industry.

(6). The US-China trade war has caused disorder in the global market. Tariff barriers and steel trade protectionism are prevalent, resulting in unstable market demand.

(3) Countermeasures:

Improve product process capability and quality, and continue to differentiate products and segment the market.

Adhere to the image of good quality and stable supply of products, and strengthen cooperation with customers to stabilize sales channels.

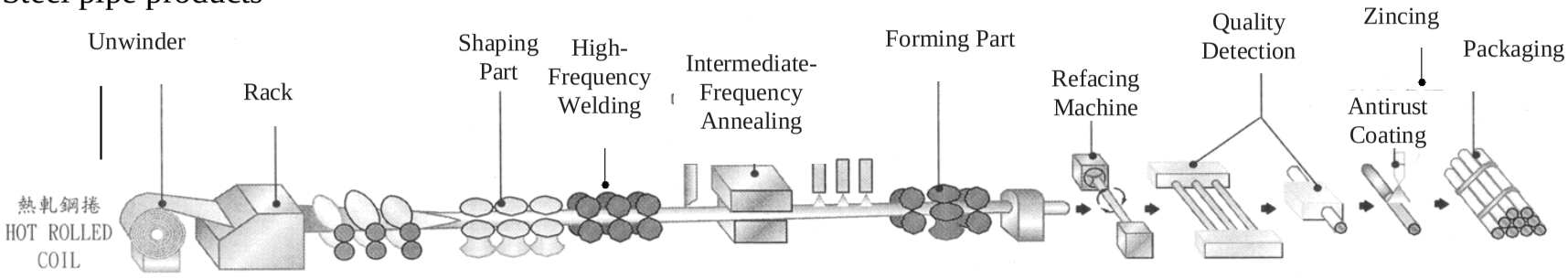
(II) Important uses of the main products and production processes:

1. Important uses of main products

Steel pipe: construction, gas pipes, transportation equipment, refrigeration pipes, high-pressure oil pipelines, petrochemical engineering pipes, fire-fighting pipes, mechanical processing, furniture processing, structural pipes, scaffold pipes, etc.

2. Production processes

Steel pipe products



(III) Supply of main raw materials

The main raw material of the Company's products is hot rolled steel coil (sheet), and the main domestic raw material suppliers are China Steel, Chung Hung, Shang Chen, and other companies. Due to the signing of supply contracts, the sources of raw materials are stable. Some of the raw materials are supplied by steel plants in China, Brazil, South Korea, etc. Because the Company's procurement is based on the long-term relationship between the price, quantity, delivery, quality, exchange rates, and long-term cooperation among manufacturers, raw material supplies are still stable and abundant.

(IV) List of major customers in the last two years

1. Information of major suppliers in the last two years:

Unit: NTD Thousand

	2024				2025				Up to the end of the first quarter of 2026			
Item Item	Designation	Amount	Percentage of total annual net purchases (%)	Relationship with issuer	Designation	Amount	Percentage of total annual net purchases (%)	Relationship with issuer	Designation	Amount	Percentage of total annual net purchases (%)	Relationship with issuer
1	China Steel	411,690	60	—	China Steel	585,588	66	—	China Steel	118,480	63	—
2	Shang Chen	129,890	19	—	Shang Chen	195,075	22	—	Shang Chen	55,406	30	—
3	Hyosung	75,318	11	—	Hyosung	37,379	4	—	Yi Cheng	7,039	4	—
	Others	73,056	10		Others	65,990	8		Others	5,471	3	
	Net purchases	689,954	100		Net purchases	884,032	100		Net purchases	186,396	100	

Reason for increase/decrease variation: Increased domestic and export orders in 2025 resulted in increased production demand.

2. Information on main sales customers in the last two years:

Unit: NTD Thousand

	2024				2025				Up to the end of the first quarter of 2026			
Item Item	Designation	Amount	Percentage of total annual net sales (%)	Relationship with issuer	Designation	Amount	Percentage of total annual net sales (%)	Relationship with issuer	Designation	Amount	Percentage of current year net sales through the prior quarter (%)	Relationship with issuer
1	Customer A	503,351	35	—	Customer A	683,336	37	—	Customer A	120,139	34	—
2	Customer B	262,073	18	—	Customer B	268,656	15	—	Customer B	70,603	20	—
3	Customer D	154,848	11	—	Customer D	178,958	10	—	Customer C	56,132	16	—
4	Others	538,095	36		Others	687,547	38		Others	103,107	30	
	Net sales amount	1,458,367	100		Net sales amount	1,818,497	100		Net sales amount	349,981	100	

Reason for increase/decrease variation: Domestic and export orders in 2025 increased compared with 2024.

III. Information of employees in the latest two years and as of the publication date of the Annual Report

Year		2024	2025	From the current year through April 30, 2026
Number of employees	Headquarters	49	49	48
	Yongan Factory	3	1	1
	Pingnan Factory	165	161	160
	Total	217	211	209
Average age		48	46	47
Average years of service		18	16	17
Education distribution ratio	Ph.D.	0	0	0
	Master's degree	3	4	4
	College and university	98	90	91
	High school	105	107	105
	Below high school	11	10	9

IV. Environmental expenditure information

(I) 1. Pollution losses in the last two years

Unit: NTD

	2024	2025
Pollution status (type, degree) (Including occupational safety and health penalties by the Ministry of Labor Affairs)	1. Violation of Article 32, Paragraph 2 of the Labor Standards Act. 2. Violation of Article 6, Paragraph 1 of the Occupational Safety and Health Act. 3. Violation of Article 49, Subparagraph 2 of the Occupational Safety and Health Act.	None
Explanation	1. An employee surnamed Jian worked a total of 56 hours of overtime in January 2024. 2. On October 11, 2024, a worker surnamed Lin was operating on a 1-meter-high platform in the API small car hydrostatic testing area of Plant 2. After securing a waterproof baffle, the worker fell while descending and struck their left chest, resulting in two cracked ribs. 3. On August 2, 2024, a worker surnamed Chang was operating in the tubing material transport area of Plant 1. While hoisting tubing materials onto a cart using a C-hook, the hook became unstable. The worker attempted to steady it and accidentally pinched their right pinky finger between the handle and a cart barrier, resulting in a deep laceration.	None
Compensated party or sanctioned unit	1. Pingtung County Government. 2. Occupational Safety and Health Administration, Ministry of Labor. 3. Occupational Safety and Health Administration, Ministry of Labor.	None
The amount of compensation or sanctions	1. NT$50,000 fine. 2. NT$110,000 fine. 3. NT$200,000 fine.	None
Other losses	None	None

2. In 2026 as of the date of publication of the annual report, the Company has not been fined for environmental protection and work safety pollution.

(II) Continuous management measures

1. A portion of proposed improvement measures

(1) In terms of industrial safety:

A. The Company applies PDCA (Plan-Do-Check-Act) for ongoing improvement. Units where safety incidents occurred are required to submit "zero incident" safety management plans. Monthly safety committee meetings include reports on implementation progress and require corrective and preventive actions from units with deficiencies. These measures effectively reduce occupational injuries and support a safe working environment, which in turn enhances productivity and quality, achieving a win-win for both labor and management.

B. Comply with occupational safety and health laws and regulations, identify hazards in the workplace, perform risk assessment and implement risk management.

C. Implement automatic inspections, strengthen employee safety observation and analysis, and education and training on safety operating standards.

D. Send relevant personnel to attend occupational safety, environmental protection, and fire safety courses and provide guidance on obtaining licenses.

E. Strengthen on-site industrial safety inspections. If there are any industrial safety deficiencies, require immediate improvement and corrective/preventive measures.

F. Annual health checks are conducted for all employees. Occupational physicians and nurses visit the facilities to provide health consultations, analyze health check results and deliver health education and promotion programs.

G. Set occupational safety goals, implement high-risk control, strive to eliminate hazards, reduce occupational safety and health risks, and evaluate occupational safety and health opportunities; strengthen engineering control and implement safe operation standards to ensure employee safety and health; The management cycle for taking improvement measures confirms the adequacy and effective implementation of the occupational safety and health system, and continues to improve the performance of safety and health.

H. Contractor management was strengthened, with increased inspections during the construction period. Any violations discovered were subject to immediate suspension of work and penalties.

(2) Environmental protection:

A. Comply with environmental protection laws and regulations, reduce industrial waste, strengthen resource management, pursue continuous improvement, and encourage full employee participation.

B. Implement environmental management system (ISO14001) to maintain effective operation and continuous improvement.

C. Evaluate and grade the environmental considerations in the manufacturing process, propose improvement plans and set management goals for the major environmental considerations.

D. In response to global climate change and global warming, and in line with ESG sustainability reporting requirements related to environmental and safety disclosures, the Company has established a Greenhouse Gas Inventory and Voluntary Emissions Reduction Implementation Committee, enhanced its internal management procedures and operational standards for self-directed greenhouse gas inventories, and arranges for annual third-party verification in accordance with ISO 14064 to implement energy conservation and carbon reduction efforts, thereby contributing to environmental protection.

2. Estimated environmental capital expenditure in the next three years

	2026	2027	2028
Pollution prevention equipment or expenditures to be purchased	1. Renovation of washing tower. 900,000 2. High energy consumption lighting fixtures are replaced by power-saving LED lighting fixtures. 100,000 3. Dust collector refurbishment. 400,000 4. Replacement of 2 distribution pipes (400 pcs). 1,000,000 5. Dust removal powder pipe cleaning operations. 1,350,000	1. Renovation of washing tower. 900,000 2. Dust removal powder pipe cleaning operations. 1,350,000 3. Replacement of pure water resin. 600,000 4. Replacement of activated carbon. 400,000 5. Replacement of filter cloth for sludge dehydrators. 500,000	1. Renovation of washing tower. 900,000 2. Replacement of two cloth pipes (400 pcs). 1,000,000 3. Dust removal powder pipe cleaning operations. 1,350,000
Expected improvements	1. Improve the operating environment of the acid cleaning area. 2. Improve the air pollution situation of the operating environment, reduce the amount of particulate matter emissions and air pollution charges. 3. Energy conservation and carbon reduction.	1. Improve the operating environment of the acid cleaning area. 2. Improve the air pollution situation of the operating environment, reduce the amount of particulate matter emissions and air pollution charges. 3. Water quality improvement	1. Improve the operating environment of the acid cleaning area. 2. Improve the air pollution situation of the operating environment, reduce the amount of particulate matter emissions and air pollution charges.
Amount	Approximately NT$3.75 million	Approximately NT$3.75 million	Approximately NT$3.25 million

3. Estimated impact of environmental capital expenditures

   - Can reduce costs, improve Company image and competitiveness.
   - Avoids affecting production and sales due to environmental protection or industrial safety issues.

4. Portion of countermeasures not taken: Not applicable.

V. Labor Relations

(I) The Company's employee welfare measures, continuing education, training, and retirement systems and their implementation, as well as labor-management agreements and various measures to protect the rights and interests of employees

1. Employee benefits:

   Established an employee welfare committee to handle welfare matters for all colleagues:

   Educational subsidies for employees' children

   Gift money for Chinese New Year, Dragon Boat Festival and Mid-Autumn Festival

   Employee marriage stipend

   Funeral stipend for employees and parents

   Group accident insurance, life insurance, and hospitalization allowances for employees

2. Status of employee education and training

   Each year, internal professional training and external on-the-job training are scheduled based on the Company’s operational policies and budgetary objectives, taking into account the personnel needs of each department. Training is arranged across various professional fields to enhance employees’ professional competencies. In 2025, there were 644 training participants, with total training hours of 2,255 hours.

3. Retirement system

   The Company’s retirement matters are handled in accordance with the provisions of the Labor Standards Act. As of December 31, 2025, a total of NT$110,823,520 of the old system has been contributed. In addition, in accordance with the Labor Pension Act (hereinafter referred to as the “New System”), which came into effect on July 1, 2005, employees who were subject to it and choose to apply for service years after the new system, or employees who join the job after the implementation of the new system, will have their service years changed to the defined contribution system. Pension payments are made by the Company at 6% of the monthly salary, which is deposited into the labor pension personal account. The pension under the new retirement system in 2025 has allocated a total of NT$5,035,269.

4. Collective agreements

   To maintain stable labor relations and enhance employee welfare, the Company and its enterprise union signed a Collective Agreement on January 8, 2016, covering 100% of union-eligible employees. The agreement was subsequently renewed for

the first time on May 1, 2019, the second time on May 1, 2022, and the third time on May 1, 2025. The term of the collective agreement is three years, running from the date of signing through April 30, 2028.

5. Other important agreements

The Company has stipulated the work rules and regulations for its employees, and held regular labor meetings with the industrial unions to maintain harmonious relations between labor and management, exert team spirit, improve work efficiency, increase profits, share due rights and fulfill obligations.

(II) Losses due to labor disputes in the last three years

		2023	2024	2025
1.	Status of labor disputes	None	None	None
2.	Amount of loss that has occurred	_	_	_
3.	Estimated possible future loss	_	_	_
4.	The Company's countermeasures	The Company upholds the business philosophy of "righteousness, diligence, and thrift" and maintains a harmonious relationship with labor and management of the labor union. There have been no major labor disputes over the years. In the future, it will further enhance the harmony between labor and management, and continue to promote revenue and expenditure, lower costs, improve work efficiency, increase profits, and create opportunities for enterprise development.		

Violations of the Labor Standards Act in 2025 as of the date of report publication in 2023

Unit: NTD

	2025	2026
Date of punishment	None	None
Reference number of the penalty document	None	None
Violation of laws and regulations	None	None
Contents of violation	None	None
Penalty details	None	None

VI. Information Communication Security Management

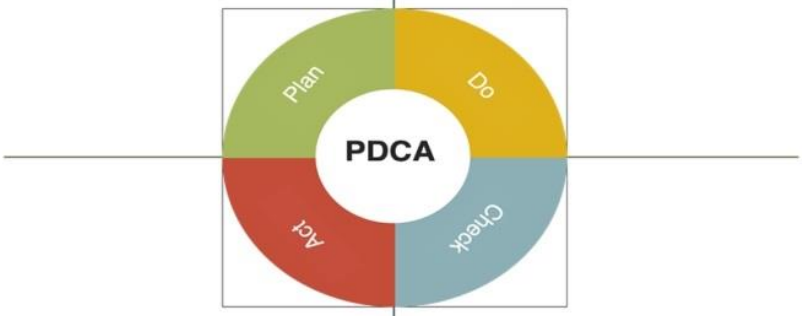
(I) Information security risk management framework

In terms of information security management, the Company has established a network and system security system, and has established the "Information Security Policy" that is reviewed once a year. In order to strengthen the Company's information security management and ensure data, system and network security, an information security officer and information security personnel are appointed to implement computer information management and maintain the effective use of computer resources for the smooth progress of overall information operations.

The PDCA (Plan-Do-Check-Act) cycle management is adopted for the operation mode to ensure the achievement of the reliability target and continuous improvement.

Information security management: Define the security policy and the management system.

Implementation and enforcement: communicate and introduce information security measures



Improvement and management: improve the internal management system

Risk assessment: Information and cyber risk analysis

(II) Information Communication Security Policy

The information communication policy covers the following areas. Relevant units and personnel shall formulate relevant management regulations or implementation plans according to their authority, and regularly evaluate the implementation results.

- Personnel management and information security training
- Computer system security management
- Network system security management
- Information system access control
- System development and maintenance safety management
- Classification and management of information assets
- Sustainable operation planning for the business
- Planning and management of emergency response plans and notification mechanisms

(III) Specific management plan

The specific plan for information security management is implemented in accordance with the Company's standards. In addition to the regular internal audits of information operation general control and information communication security inspections, the CPA firm also conducts annual inspections of information environment operations.

- Server Room Access Control Regulations
- Internet Openness Related Regulations Matters
- Database Backup Procedures
- Main System Recovery Test Drills
- E-mail Management and Usage Guidelines
- Information System Management Regulations
- Information Security Reporting Incident Handling Procedure
- Personal Information Management Policy
- System Permission Setting Management Regulations

(IV)Investment of information security resources and major events

The Company's investment in information systems mainly improves management and competitiveness. Budgets are continuously allocated for the construction and maintenance of information security related equipment (including firewall updates, intrusion detection updates, anti-virus software and virus pattern updates, etc.).

At present, users rely more and more on the information system. In recent years, the remote backup and data backup mechanism and equipment have been continuously strengthened to ensure that system services are not interrupted.

Losses due to major IT security incidents, possible impacts, and responsive measures in the most recent year and up to the publication date of the annual report: None.

VII. Important contracts

Contract nature	Parties	Contract start and end date	Main content	Restriction clause
Purchase contract	China Steel Corporation	2025.01.01 – 2025.12.31	Hot rolled steel products	—
Purchase contract	KZ Trading Singapore Pte Ltd	2025.01.01 – 2025.12.31	Zinc slab	—

Five. Financial status and financial performance review analysis and risk issues

I. Financial status

Unit: NTD Thousand

Item \ Year	2025	2024	Difference	
			Amount	%
Current assets	2,301,331	2,194,053	107,278	4.89
Non-current assets	5,933,051	5,670,419	262,632	4.63
Total assets	8,234,382	7,864,472	369,910	4.70
Current liabilities	1,904,280	2,010,178	(105,898)	(5.27)
Non-current liabilities	2,589,992	2,311,885	278,107	12.03
Total liabilities	4,494,272	4,322,063	172,209	3.98
Share capital	1,908,523	1,908,523	0	0
Capital surplus	0	0	0	0
Retained earnings	1,337,296	1,205,655	131,641	10.92
Other equity interest	494,291	428,231	66,060	15.43註1
Treasury stock	0	0	0	0
Total equity	3,740,110	3,542,409	197,701	5.58
Net value per share (NTD)	19.60	18.56	1.04	5.60

Description of major changes:

1. Other equity increased by NTD 66,060 thousand, which was mainly due to the increase in unrealized equity investments at fair value through other comprehensive income.

II. Financial performance

(I) Financial performance Unit: NTD thousands

Item \ Year	2025 Total	2024 Total	Amount of increase or decrease	Change (%)
Revenue	1,818,497	1,458,367	360,130	24.69
Operating costs	1,513,022	1,237,533	275,489	22.26
Operating margin (loss)	305,475	220,834	84,641	38.33
Selling expenses	61,866	37,969	23,897	62.94
Overhead	82,032	82,291	(259)	(0.31)
Operating expenses	143,898	120,260	23,638	19.66
Operating profit (loss)	161,577	100,574	61,003	60.65
Non-operating income and expense	(24,728)	(30,978)	6,250	20.18
Net profit before tax for continuing operations (loss)	136,	69,596	67,253	96.63
Income tax expense (benefit)	6,827	20,866	(14,039)	(67.28)
Net profit (loss) for the period	130,022	48,730	81,292	166.82
Other comprehensive income (net amount)	163,105	236,931	(73,826)	(31.16)
Total combined gains or losses for the period	293,127	285,661	7,466	2.61
Earnings per share (NTD)	0.68	0.26	0.42	161

Analysis and explanation of increases and decreases in ratios:

1. The increase in non-operating income for the current period was mainly attributable to increased domestic and export sales volume compared with the previous period; correspondingly, operating costs and selling expenses also increased.
2. The increase in non-operating income and expenses was mainly attributable to an increase in dividend income.
3. Decrease in other comprehensive income: Primarily due to a reduction in unrealized valuation gains recognized on equity instruments measured at fair value through other comprehensive income.
4. Differences resulting from varying investment tax credit amounts for each year.

(II) Expected sales volume and the basis thereof, possible impact on the Company's future finance and business, and responsive plan: Please refer to page 6 of the annual report for details.

III. Cash flows

(I) Liquidity analysis for the most recent two years

Item \ Year	2025	2024	Increase (decrease) proportion %
Cash flow adequacy ratio	8.90%	10.52%	(15.40)%
Cash flow adequacy ratio	61.06%	22.60%	170.18%
Cash reinvestment ratio	0.74%	0.23%	221.74%

Analysis and explanation of increases and decreases in ratios:

1. The decrease in the cash flow ratio is mainly due to inventory discrepancies and adjustments to borrowing rates.
2. The increase in cash flow adequacy ratio is mainly due to the increase in net cash outflow from operating activities in the last five years compared to the five-year period accumulated in 2024.
3. The increase in the cash reinvestment ratio was mainly due to increased profitability, which led to an increase in net cash inflows from operating activities.

(II) Cash flow analysis for the coming year

Unit: NTD Thousand

Year	Beginning cash balance	Projected annual net cash inflow from operating activities	Projected net cash inflow from investing activities for the year	Projected net cash outflow from financing activities for the year	Projected cash surplus (insufficiency) amount	Remedial measures for cash shortages
						Financing plan
2026	262,448	120,000	(300,000)	200,000	282,448	—

Analysis of changes in cash flows for 2026:

1. Net cash inflows from operating activities were primarily due to expected operating profits and inventory digestion, resulting in positive cash flows from operations.
2. Net cash outflows from investing activities were due to the anticipated approval by the Board of Directors of an investment project involving proportional capital injections in cash.
3. Net cash inflows from financing activities were due to the anticipated increase in long-term borrowings.
4. Remedial measures and liquidity analysis for expected cash shortage: Not applicable.

IV. The impact of major capital expenditures in recent years on financial operations: Not applicable.

V. Reinvestment policy in the most recent year, main reasons for its profit or loss, improvement plan and investment plan for the next year:

Explanation:

1. The Company's reinvestment policy is mainly to act in line with its deep cultivation of the steel industry, with a main focus on enhancing product competitiveness. This is supplemented by diversified operations to maximize the benefits of investment and enhance shareholder rights.
2. The main reason for the profit or loss of the Company's reinvestment policy in the most recent year: None.
3. Investment plan for the coming year: None.

VI. Risk analysis

The following matters shall be analyzed and evaluated in the most recent year and up to the date of publication of the Annual Report:

(I) Impacts of changes in interest rates, exchange rates and inflation on the Company's profit and loss, and future countermeasures

1. Credit risk:

(1) Credit risk exposure

The book value of financial assets represents the maximum credit risk exposure amount.

(2) Concentration of credit risk

As the Company has no significant concentration of transactions with a single customer and the sales regions are dispersed, there is no significant risk of concentration of credit risk of accounts and notes receivable. In order to reduce credit risk, the Company also regularly evaluates customers' financial status.

2. Liquidity risk:

The following table shows the contract maturity dates of financial liabilities. It contains estimated interest but does not include the impact of netting agreements.

	Book amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
December 31, 2025							
Non-derivative instruments							
Short-term loans (floating rate)	$1,648,007,533	(1,667,517,017)	(753,930,716)	(913,586,301)	—	—	—
Notes payable (non-interest bearing)	18,710,132	(18,710,132)	(18,710,132)	—	—	—	—
Other notes payable (non-interest bearing)	9,700,547	(9,700,547)	(9,700,547)	—	—	—	—
Accounts payable (non-interest bearing)	48,161,116	(48,161,116)	(48,161,116)	—	—	—	—
Other payables (non-interest bearing)	88,394,614	(88,394,614)	(88,394,614)	—	—	—	—
Lease liabilities	12,468,295	(13,161,120)	(1,645,140)	(1,645,140)	(3,290,280)	(6,580,560)	—
Guarantee deposits paid (non-interest bearing)	5,000,000	(5,000,000)	—	—	—	(5,000,000)	—
Long-term loan (floating rate)	2,459,500,000	(2,591,484,158)	(45,332,073)	(60,059,455)	(1,755,448,447)	(476,665,516)	(253,978,667)
	$4,289,942,237	**(4,442,128,704)**	**(965,874,338)**	**(975,290,896)**	**(1,758,738,727)**	**(488,246,076)**	**(253,978,667)**

The Company does not anticipate that the cash flow timing in the maturity analysis will be significantly earlier, or that the actual amounts will differ significantly

3. Exchange rate risk:

(1) The financial assets and liabilities of the Company exposed to significant foreign exchange rate risk are as follows:

	2025.12.31			2024.12.31		
	Foreign currency (NTD)	Exchange rate	NTD	Foreign currency (NTD)	Exchange rate	NTD
Financial assets						
Monetary item						
USD	$ 112,975.82	31.43	3,550,831	966,377.91	32.785	31,682,699
Financial liabilities						
Monetary item						
USD	582,183.70	31.43	18,298,034			

Sensitivity analysis

The Company's exchange rate risk on monetary items primarily arises from foreign currency-denominated cash and cash equivalents, accounts receivable, borrowings, and accounts payable, which generate foreign exchange gains or losses upon translation. As of December 31, 2025 and 2024, assuming a 4% depreciation or appreciation of the New Taiwan Dollar against the U.S. Dollar while all other factors remained constant, after-tax net profit for 2025 would increase or decrease by NT$471,910, and after-tax net profit for 2024 would increase or decrease by NT$1,013,846. The same base is used for the analysis of both periods.

As the Company's functional currency is the New Taiwan dollar, foreign exchange gains and losses (including realized and unrealized) for 2025 and 2024 amounted to gains of NT$1,099,405 and NT$798,369, respectively.

4. Inflation:

(1) The Company's main raw materials are hot-rolled coils. The suppliers are China Steel, CHUNG HUNG, and ECOLUX. As the supply contracts are signed, the source of raw materials is stable.

(2) The Company outsourced the plating of galvanized steel pipes and the re-use of recovered zinc to mitigate the impact of rising zinc prices.

(3) Electricity, water, and fuel expenses: accounted for approximately 15.90% of manufacturing costs at the steel pipe plant. In addition to actively promoting revenue and reducing expenditures, production units are also instructed to make more use of off-peak electricity prices for production and recycled water for reuse.

(II) Policies on engaging in high-risk and highly leveraged investments, loans to others, endorsements and guarantees, and derivative transactions, the main reasons for profit or loss, and future countermeasures

1. High risks engaged in by the Company in recent years: None.
2. Highly leveraged investments: None.
3. Loans of funds to others: None.
4. Endorsements / guarantees provided: None.
5. Derivative trading
   (1) In 2025, the Company did not engage in derivative financial instrument transactions.

(III) Future R&D plans and expected R&D expenses

The Company focuses on the improvement of production efficiency, energy conservation, pollution prevention and product quality improvement; currently, there is no major R&D plan.

(IV) Impacts of important domestic and foreign policies and legal changes on the Company's financial operations, and responsive measures:

The Company pays attention to changes in important domestic and foreign political and economic policies and laws at all times, and takes the initiative to propose corresponding measures in a timely manner; in the most recent year and up to the publication date of the annual report, the Company has not been affected by important domestic and foreign policies and legal changes that have significant impact on financial business and business love affair.

(V) Impacts of technological and industrial changes on the Company's financial operations, and countermeasures:

In view of the current market conditions of the product, the Company seeks a corresponding profit model to improve operating performance.

(VI) Impacts of changes in corporate image on corporate crisis management and countermeasures:

The Company has a dedicated spokesperson responsible for maintaining the relationship with the public and investors, and establishing the Company's image. In the most recent year and as of the publication date of the Annual Report, no major incidents affecting the Company's corporate image have occurred.

(VII) Expected benefits and possible risks of mergers and acquisitions, and countermeasures:

The Company has no plans for mergers and acquisitions in the most recent year and as of the publication date of the Annual Report. If there are merger and acquisition plans in the future, the M&A will be carefully evaluated and considered to ensure the interests of shareholders.

(VIII) Expected benefits and possible risks associated with any plant expansion, and countermeasures:

The Company's operations are on track and the head office regularly communicates information with the production unit's factory area to relatively reduce the possibility of potential risks, such as: lack of materials or labor and so on.

(IX) Risks associated with any concentration of purchases or sales, and countermeasures:

The main suppliers of raw materials purchased by the Company are China Steel, Chung Hung, and Shang Chen. Due to the signing of supply contracts, the sources of raw materials are stable and the sales targets are mostly long-term stable customers. The Company provides high-quality products and optimal services to establish close interactive relationships and improve customer satisfaction.

(X) Effects and risks to the Company in the event a major quantity of shares belonging to a director or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, and countermeasures:

On April 20, 2026 and April 22, 2026, the Company's major shareholder, Huida Investment Co., Ltd., acquired 3,000,000 shares and 688 shares, respectively, of the Company from the Company's investee company, KHC International Corp. There is no impact on the Company's operations. Please refer to page 75 of this Annual Report.

(XI) Impacts and risks to the Company due to change in management rights, and countermeasures:

In most recent year and as of the printing date of the Annual Report, there has been no change in management rights for the Company.

(XII) For litigation or non-litigation incidents, the company and its directors, supervisors, general managers, substantive persons in charge, major shareholders with more than 10% shareholding, and subordinate companies shall be listed any major litigation, non-litigation, or administrative dispute involving the Company, and the results of which may have a significant impact on shareholders' equity or securities prices, the Company shall disclose the facts of the dispute, the amount of the dispute, the date of litigation commencement, the main parties involved, and the legal status of the dispute as of the publication date of the annual report: None.

(XIII) Other major risks and countermeasures: information security risk assessment.

Information security risk assessment and analysis: In the past few years, ransomware has swept the global enterprises and consumers, and the IoT environment has gradually matured. The vulnerabilities of IoT devices can easily be exploited by hackers to launch network attacks. Therefore, in addition to strengthening the gateway facilities, the Company is also gradually implementing protection at endpoints, checking websites and increasing mail filtering levels, as well as regular employee education and training, to ensure the Company's important assets.

Name of asset	Risk event		Controllable measures or disposal
	Weakness	Derivative threat	
Server host	Operating system vulnerabilities	Causing the system to be compromised	Perform operating system vulnerability patching tests or network control from time to time
	Damaged hardware	Host is not working	Host virtualization or physical host backup
	No backup of software data	Data loss or damage	File remote backup on a regular basis
	Account password control	Data leakage or alteration	Regular changes and complexity of account passwords
	Unavoidable natural disasters	Host crash	Remote backup and storage of virtualized host data
Personal computers	Operating system vulnerabilities	Causing the system to be compromised	Unscheduled patching of operating system vulnerabilities or network control
	Computer virus	Computer is not working	Personal antivirus software installation and regular updates
Network equipment	Network protocol vulnerability	Internet is not available	Network protocol control or host firmware update
	Unavoidable natural disasters	Equipment is not working	Other related network equipment backup
Employees	Insufficient information security concepts	Computer infection or data theft	Advocacy and education of irregular information security views

VII. Other important matters: None.

Six. Special Disclosures

I. Related information of affiliated companies: Preparation unnecessary.

II. Where the Company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the Annual Report, disclose the date on which the placement was approved by the Board of Directors or by a Shareholders' Meeting, the amount thus approved, the basis for and reasonableness of the pricing, the manner in which the specified persons were selected, and the reasons why the private placement method was necessary: None.

III. Status of holding or disposing of the Company's stocks by subsidiaries in the most recent year and as of the date of publication of the Annual Report: None.

IV. Other necessary supplementary explanations: None.

Seven. In the most recent year and as of the printing date of the Annual Report, the occurrence of matters that have a significant impact on shareholders' equity or securities prices: None.

Kao Hsing Chang Iron & Steel Corp.

Chairman 呂芳榮