Stock Code:2038

HAI-KWANG ENTERPRISE CO., LTD.

Handbook for the 2026 Annual Meeting of Shareholders

Meeting Time: June 25, 2026 at 10:00 am

Meeting Place: 3F CONFERENCE ROOM, NO. 12, YEN HAI 2ND ROAD, XIAOGANG DISTRICT, KAOHSIUNG, TAIWAN, R.O.C.

Meeting Type: Physical Meeting

This meeting agenda of English version is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

HAI-KWANG ENTERPRISE CO., LTD.

2026 Annual Shareholders' Meeting Table of Contents

HAI-KWANG ENTERPRISE CO., LTD.

Agenda for the 2026 Annual Meeting of Shareholders

Time: 10:00 a.m. on Thursday, June 25, 2026

Place: 3F Conference Room, No. 12, Yen Hai 2nd Road, Xiaogang District, Kaohsiung, Taiwan, R.O.C.

Meeting Type: Physical Meeting

Meeting Procedure:

I. Call Meeting to Order

II. Chairman's Opening Remarks

III. Report Items

1. Year 2025 Business Report
2. Audit Committee's review report on the 2025 Financial Statements
3. Report on Employees' and Directors' Remuneration for Year 2025

IV. Proposal Items

1. 2025 Financial Statements
2. Proposal on the Distribution of 2025 Earnings

V. Election Matters

1. Proposal for the 20th Election of the Company's Directors (including Independent Directors)

VI. Other Matters

1. Proposal for Lifting the Non-Competition Restrictions for New Directors

VII. Extempore Motions

VIII. Adjournment

Report Items

1. Year 2025 Business Report

   Description: Please refer to Appendix 1 for the 2025 Annual Business Report

2. Audit Committee's review report on the 2025 Financial Statements

   Description: The audit committee was urged to read out the Review Report, Please refer to Appendix 2

3. Report on Employees' and Directors' Remuneration for Year 2025

   Description: (1) Pursuant to the Company Act and Article 23 of the Articles of Incorporation, when the Company makes a profit for the year, 2-5% shall be allocated as employee compensation, provided that the proportion allocated to entry-level employees shall not be less than 75%. The Board of Directors shall determine whether such compensation is to be distributed in stock or in cash. The recipients will be employees of the affiliated companies that meet certain conditions. The remuneration to directors shall not be higher than 3% of the balance and allocated in cash by the board of directors. The employees' and directors' remuneration shall be reported in the shareholders' meeting.

   However, if the company has accumulated losses for the year, the compensation amount shall be reserved in advance, and the appropriation for both directors and employees will be in accordance with the preceding paragraph.

   (2) The Company recorded a net loss before tax of NT$108,024,749 for the fiscal year 2025; accordingly, it is proposed that no employee or directors' compensation be distributed for this year.

   (3) This item was reviewed and approved by the Compensation Committee on March 10, 2026 and submitted to the Shareholders' meeting according to the company act.

Proposal Items

Item One: (Proposed by the Board of Directors)

Subject: 2025 Financial Statements

Explanation: The company's 2025 Business Report (please refer to Appendix 1 for details) and Financial Statements (please refer to Appendix 3 for details) have been submitted to the Audit committee for review and approval, and submitted to the 2026 Annual Shareholder's meeting for approval.

Resolution:

Item Two: (Proposed by the Board of Directors)

Subject: Proposal on the Distribution of 2025 Earnings

Explanation:

1. The company's unappropriated earnings at the beginning of the year amounted to NT$316,554,807, the net loss after tax in 2025 was NT$109,046,597, plus the actuarial gain on pensions of NT$1,630,806, the dividends for the year was NT$209,139,016.
2. Due to the loss incurred for the current year, it is proposed that no dividends be distributed. The company's dividend distribution plan was reviewed and approved on the 14th meeting of the Company's 19th Annual Meeting of Shareholders. Please refer to Appendix 4 for the proposed Profits Distribution Table.

Resolution:

Election Matters

Item One: (Proposed by the Board of Directors)

Subject: Proposal for the 20th Election of the Company's Directors (including Independent Directors)

Explanation: 1. The term of office for the Company's directors is set to expire on June 19, 2026. Accordingly, the Company proposes to hold a full re-election for ten (10) directors (including four (4) independent directors) at this Annual General Meeting.

2. The newly appointed directors will assume office right after the election. Their 3-year term will start from June 25, 2026 to June 24, 2029. The term of office of the current directors will be extended until the conclusion the company's Annual Meeting of Shareholders.

3. The election process of directors (including independent directors) goes through a nomination system. The list of candidates is shown below. Shareholders are expected to choose their preferred candidates from this list for both the position of directors and independent directors.

List of Candidates for the 20th Election of the Company's Directors

No.	Name	Shareholdings	Candidates' Education and Experience
1	Huang, Wei-Han	2,030,952	Education: Department of Chemical and Materials Engineering, Tamkang University Experience: Chairman of Hai-Kwang Enterprise Co., Ltd. Chairman of Hai Ming Investment Co., Ltd. Legal Director Representative of Taiwan Steel Union Co., Ltd. Chairman of Zheng Tung Environmental Protection Tech. Co., Ltd.
2	Yu Zhan Investment Co., Ltd. Representative: Wu, Yung-Tyze	1,899,261	Education: Department of Accounting, Chung Hsing University Experience: Vice Chairman of Hai-Kwang Enterprise Co., Ltd. Supervisor of Yu Zhan Investment Co., Ltd. Legal Director Representative of Zheng Tung Environmental Protection Tech. Co., Ltd.
3	You Ming Investment Co., Ltd. Representative: Huang, Tsan-Ming	13,712,514	Education: Department of Statistics, Fu Jen Catholic University Experience: Director and CEO of Hai-Kwang Enterprise Co., Ltd. Legal Director Representative and CEO of Zheng Tung Environmental Protection Tech. Co., Ltd. Chairman of Dong Guan Ming Yao Metal Products Co., Ltd.
4	Hai Ming Investment Co., Ltd. Representative: Chen, Shi-Cheng	44,279,502	Education: MBA, National Chengchi University Experience: Partner, The Georgia Society of CPAs Supervisor of Zheng Tung Environmental Protection Tech. Co., Ltd. Independent Director of Sun Far Computer Co., Ltd.
5	Hai Ming Investment Co., Ltd.Representative: Hung, Kuo-Yu	44,279,502	Education: Department of Accounting, Tamkang University Experience: Director of Cheng Yang Enterprise Management Consulting Co., Ltd. Partner, Cheng Yang United Accounting Firm
6	Hai Ming Investment Co., Ltd. Representative: Li, Mu-Sheng	44,279,502	Education: Ph.D., Graduate Institute of Environmental Engineering, National Sun Yat-sen University Experience: Consultant, Tainan City Government

			Technical Superintendent, Kaohsiung City Government Director-General, Environmental Protection Bureau, Kaohsiung City Government Division Director, Export Processing Zone Administration, Ministry of Economic Affairs
List of Candidates for the 20th Election of the Company's Independent Directors			
7	Chen, Po-Chung	0	Education: Department of Law, National Cheng Kung University Department of Law, National Taipei University Experience: Lawyer at Bo Lin Law Firm
8	Kuo, Shih-Hsien	0	Education: Department of Accounting, Tamkang University, Passed the CPA Exam In 1997 Experience: Teaching Assistant, Department of Accounting, Tamkang University Auditor at RSM Taiwan CPA of Qun Xian United Accounting Firm
9	Huang, Ming-Kung	0	Education: Department of Civil Engineering, Cheng Shiu University Experience: Chairman of Bao Shen Construction Engineering Co., Ltd. Director of Bao Shen Development Co., Ltd.
10	Chang, Shu-Kuei	0	Education: B.B.A. in International Business, Tamkang University Experience: Branch Manager, Chiayi Branch, Mega International Commercial Bank

4. Please refer to Appendix 3 for the Company's 'Directors and Independent Directors' Election Procedures'

Election Results:

Other Matters

Item One: (Proposed by the Board of Directors)

Subject: Proposal for Lifting the Non- Competition Restrictions for New Directors

Explanation: 1. In accordance of Article 209 of the Company Act, if a director conducts any act for himself or on behalf of others within the company's business scope, the director must explain the significant details of his or her act to the Shareholders' meeting and obtain approval.

2. The company allows its directors to invest in or engage in other positions that have the same or similar business scope but such acts are subject to legal limits and require approval from the Shareholders' meeting.

Resolution:

Extempore Motions:

Adjournment

【Attachment 1】

HAI-KWANG ENTERPRISE CO., LTD

Year 2025 Business Report

Ladies and Gentlemen, Shareholders:

In 2025, the Company's rebar sales volume amounted to 485.6 thousand tons, representing a decrease of 0.79% compared to the previous year. Net operating revenue was NT$8.763 billion, a decline of 8.37% compared to the previous year. Operating profit was NT$48 million, a decline of 67.78% compared to the previous year. The Company recorded a pre-tax net loss of NT$108 million, representing a decrease of NT$171 million compared to the pre-tax net profit of the previous year. Although sales volume remained relatively stable, revenue declined and operating profit dropped sharply, resulting in a shift from pre-tax profit to loss. The primary reason was that the global steel market in 2025 exhibited a "volatile downward trend." The decline in prices was mainly due to weaker-than-expected recovery in global demand. China's real estate market continued to undergo adjustments. Although the Chinese government implemented a series of economic stimulus measures, including reserve requirement ratio (RRR) cuts, interest rate reductions, expansion of special bond issuance, and urban village redevelopment, confidence in the property market recovered slowly. New construction starts remained at low levels, while local government debt pressure and weak domestic demand limited steel consumption growth. Steel producers continued to face pressure to reduce excess capacity, resulting in large volumes of exports to Asian markets, which in turn exerted downward pressure on regional prices. At the same time, China strengthened steel export regulatory measures in 2025, including export declaration and pricing record-filing systems. While the market initially expected these measures to restrict exports and support prices, actual export volumes remained at high levels, no significant reduction has been observed and supply pressure was not substantially alleviated. With demand yet to show meaningful improvement, these policies had limited impact on supporting Asian steel prices, which continued to fluctuate downward throughout the year. Additionally, weak demand in Southeast Asia further contributed to overall softness in regional steel pricing.

In the United States, the 25% tariffs on steel and aluminum provided protection for domestic steel producers. However, as global economic momentum had not fully recovered, these tariffs failed to effectively drive up global steel prices and only provided localized support in the North American market. Although expectations for post-war reconstruction in Russian-Ukraine war existed, actual reconstruction projects had not yet been fully implemented, leading to a gradual revision of demand expectations and a weakening of price-supporting sentiment.

Meanwhile, although global central banks gradually entered a rate-cutting cycle, the transmission of monetary easing to real steel demand lagged behind, and short-term demand stimulation remained limited. Overall, in 2025, the global steel market continued to face relatively loose supply and delayed demand recovery, resulting in a downward consolidation trend in prices.

Domestically, the rebar market exhibited a “declining volume and falling price” pattern. Affected by the central bank’s seventh round of credit controls and ongoing measures to curb property speculation, investors withdrew from the market and developers faced difficulties in obtaining financing. As a result, the launch of new construction projects slowed, housing transaction volumes shrank significantly, and new housing starts declined, directly impacting demand for rebar.

In the third quarter of 2025, the “Meinong Grand Canyon Incident” occurred. The issue of soil disposal in the Kaohsiung area persisted from the third into the fourth quarter without effective resolution, affecting both private and public construction progress. This led to delays in project initiation and a noticeable slowdown in rebar shipments. Although this was an isolated incident, it had a spillover effect on regional project progress and market sentiment, further weakening short-term demand for rebar.

On the supply side, domestic rebar supply remained unchanged. However, amid declining demand, market competition intensified, and domestic rebar prices were adjusted downward in line with international market trends. Meanwhile, rising electricity tariffs, persistently high natural gas costs, and the introduction of carbon fees in 2025 increased fixed cost burdens, leading to higher unit production costs.

Although scrap steel prices declined in line with international trends, the reduction in costs was offset by fixed cost allocation, resulting in a smaller decrease in costs compared to the drop in selling prices. Consequently, the gross margin declined to 2.35% from the previous year’s level. Coupled with non-operating expenses, the Company recorded a pre-tax loss for the year.

The Business Results, Production and Market Situation in 2025 is shown below:

I. Business Results

1. The company’s profitability analysis is shown below Unit: NT$ Thousand

	2025	2024	Change (%)
Net Revenue	8,763,194	9,563,659	-8.37%
Operations Costs	8,557,478	9,259,460	-7.58%
Gross Profit (Loss)	205,716	304,199	-32.37%
Operating Expenses	158,066	155,803	1.45%
Net Operating Profit (Loss)	47,893	148,639	-67.78%
Non-operating Income (expense)	(155,918)	(85,693)	81.95%
Net income (loss) before tax	(108,025)	62,946	-271.62%
Net income (loss) after tax	(109,047)	37,717	-389.12%
Net income (loss) per share after tax	(0.56)	0.19	-394.74%

Note: The information above is the actual financial information of the company.

2. The Comparison of the Production Situation of the Company is shown below:

Unit: Ten thousand tons

	Steel Rebar Output		Small Steel Billet Output	
	2025	2024	2025	2024
Taiwan	649.10	650.00	731.50	812.11
Hai Kwang	45.26	46.90	25.30	27.73
Percentage	6.97%	7.21%	3.46%	3.41%

Source: Hai Kwang Group, Iron and Steel Workers Union

3. The Market Situation is as follows Unit: Ten thousand tons

	Steel Bar Sales		Estimated Consumption (Note)		Exported Amount	
	2025	2024	2025	2024	2025	2024
Taiwan	703	699.76	644.1	647.00	5.48	3.34
Hai Kwang	48.56	48.95	48.56	48.95	0	0
Percentage	6.91%	7.00%	7.54%	7.57%	0	0

Note: According to the calculation from the Iron and Steel Association, estimated consumption = production + imports - exports

Source: Hai Kwang Group, Iron and Steel Workers Union

II. Income & Expenditure and Profitability Analysis

Item / % / Year			2025	2024
Finance Structure	Debt to Asset Ratio (%)		58.32	58.56
	Long term Debt to Fixed Assets Ratio (%)		251.53	227.17
Profitability Analysis	Return on Assets (%)		(0.33)	1.20
	Return on Equity (%)		(2.81)	0.98
	Ratio to Paid-in Capital	Operating Income (Loss) (%)	2.47	7.81
		Net income (loss) before tax (%)	(5.56)	3.31
	Net Profit (Loss) Margin (%)		(1.24)	0.39
	Earnings Per Share (NTD)		(0.56)	0.19

Note: The above financial information is the actual results of the company.

III. Research and Development Status

Upgrade of the electric arc furnace (EAF) electrode control system, revamp of molten steel level control system, scrap steel feeding vehicle reservation and AI-based grade identification system, revamp of reheating furnace insulation system for rolling mills.

IV. Business Plan Overview

1. Business Policy

(1) Upgrade of oxygen supply systems, dust collection systems, continuous casting systems, scrap and alloy charging systems for electric furnaces, as well as rolling mills and cooling bed equipment, to improve production efficiency, reduce energy and material consumption, lower costs, and enhance profitability.

(2) Continued promotion of various energy-saving and carbon reduction equipment improvements and voluntary greenhouse gas reduction programs.

(3) Expansion of surface treatment business by diversifying customer segments, increasing the proportion of specialty screw business, and promoting wastewater treatment services.

(4) Automation and Digital Transformation: Upgrade of ERP systems and adoption of AI, IoT, and cloud technologies to transform traditional processes into data-driven operations. Automation is used to streamline workflows, optimize manpower allocation, and support data-driven decision-making.

2. Production and Sales Policy

(1) Instead of maximizing production and sales volume, adjust inventory and order quantities in response to market trends to avoid inventory devaluation losses.

(2) Stabilize product quality, improve service levels, and enhance customer satisfaction.

(3) Coordinate with direct customers to participate in domestic public projects and continue to build good relationships with distributors to consolidate existing market share.

(4) Provide a complete range of products in various sizes and expand the processing capacity and services for cutting and bending.

3. Impacts from External Competitions, Regulatory Compliance and Macro-environment

Overall Domestic Business Environment

Overall Economy

Looking ahead to 2026, the global economy is expected to exhibit a pattern of “slowing growth, easing inflation, and a shift toward accommodative policies.” The overall economic environment is transitioning from rapid recovery to moderate growth. According to major international institutions, global economic growth is projected at approximately 2.69% in 2026, lower than 2.82% in 2025, marking the third consecutive year of downward revision. Global inflation is expected to decline from 3.46% to 2.97%, indicating easing price pressures, although uncertainties in economic and trade policies remain high.

The U.S. economy is expected to maintain stable growth, but the manufacturing sector remains weak. The economy, supported by investments in artificial intelligence (AI) and industrial policies, remains relatively robust. The GDP growth is projected at approximately 2.2%–2.3% in 2026, slightly higher than in 2025. However, the manufacturing PMI remains below 50, indicating continued industrial adjustment. Inflation is projected at around 2.8%, slightly above the Federal Reserve’s target, and although monetary policy is shifting toward easing, rate cuts will proceed cautiously. For the steel industry, U.S. infrastructure and manufacturing reshoring policies will continuously support North American steel demand, but have limited impact on Asian steel prices.

In Europe, the economic growth remains weak, with limited fiscal space. Eurozone growth is projected at approximately 1.1% in 2026, lower than in 2025. Stabilizing energy prices may support manufacturing recovery, but fiscal tightening and weak external demand will continue to constrain growth. The EU's Carbon Border Adjustment Mechanism (CBAM) will impose long-term structural pressure on high-carbon industries.

For China economy, the domestic demand recovery remains slow, with ongoing structural adjustments. The economic growth is projected at approximately 4.5%–4.6% in 2026, lower than 5% in 2025. The real estate sector continues to be a major drag, with negative growth in fixed asset investment and private investment, indicating that structural pressures remain. While manufacturing PMI has returned above the expansion threshold, employment indicators remain weak. Government policies—including RRR cuts, rate cuts, and expansion of special bonds—are aimed at stabilization rather than aggressive stimulus. If domestic demand does not significantly recover, China's steel export pressure will continue to impact Asian markets.

Lastly, for Asia and emerging markets, growth divergence persists. ASEAN countries maintain moderate growth, with relatively stronger momentum in Vietnam and the Philippines. Japan's growth is expected to remain below 1%, indicating limited momentum. Overall, Asia shows a trend of regional divergence.

Taiwan's economic growth is expected to return to normal levels. According to forecasts by the Chung-Hua Institution for Economic Research (CIER) and the Taiwan Institute of Economic Research (TIER), GDP growth in 2026 is projected at approximately 2.7% – 3.5%, significantly lower than the high growth of around 6% – 7% in 2025, reflecting normalization after a high base effect.

Regarding external demand, AI continues to provide support, but industry divergence is evident. Electronic components and ICT products remain key export drivers, while basic metals and traditional industries show weaker momentum. Export growth is expected to normalize. AI applications and data center construction will be major growth drivers, but traditional manufacturing continues to face global competition and demand adjustments. For industrial production, technology sectors remain strong, while traditional industries lag. The ICT sector maintains double-digit growth, whereas basic metals, chemicals, and certain consumer industries continue to decline, highlighting ongoing structural divergence within manufacturing.

Regarding domestic demand, consumer spending remains moderate, while investment is concentrated in the technology sector. Private consumption is expected to grow moderately, supported by wage increases and stock market performance. Private investment remains concentrated in semiconductors and high-tech infrastructure. The real estate market remains in a consolidation phase, with credit controls still in place and limited momentum in construction activity.

Demand Analysis
Public Construction

In 2026, the government has allocated NT$670.4 billion for public construction, an increase of NT$22.1 billion compared to 2025. The budget mainly focuses on key infrastructure projects, including transportation rail systems (Keelung–Nangang commuter rail, Taoyuan Airport Terminal 3), water resource resilience (desalination plants, interconnection pipelines), and digital twin infrastructure. These investments are expected to generate substantial business opportunities in construction, water resource management, and digital technology sectors. Especially, in southern Taiwan, several major transportation projects are expected to enter a peak development phase starting in the second half of 2026. For example: Kaohsiung MRT expansion projects are actively progressing, including multiple extension lines and new routes. The Yellow Line (Y-shaped) core section along Chengcing Road began construction in late 2024. The Red Line extension from Gangshan to Luzhu is under construction, supporting the development of northern Kaohsiung's industrial corridor. The Xiaogang–Linyuan Line is being implemented in phases: a 23-kilometer project with an estimated budget of NT$135.8 billion is scheduled to commence in 2026 and is expected to be fully operational by 2030. The Second Kaohsiung–Pingtung Expressway (22.6 km, total budget approximately NT$98.4 billion) is expected to begin construction in 2026 (beginning in Pingtung at the soonest) and be completed by 2032. The extension of Provincial Highway No. 61 (West Coast Expressway), including key projects such as the Zengwen River Bridge and Anping Harbor Cross-Sea Bridge, is expected to be completed between 2026 and 2028, enabling further extension southward to Kaohsiung.

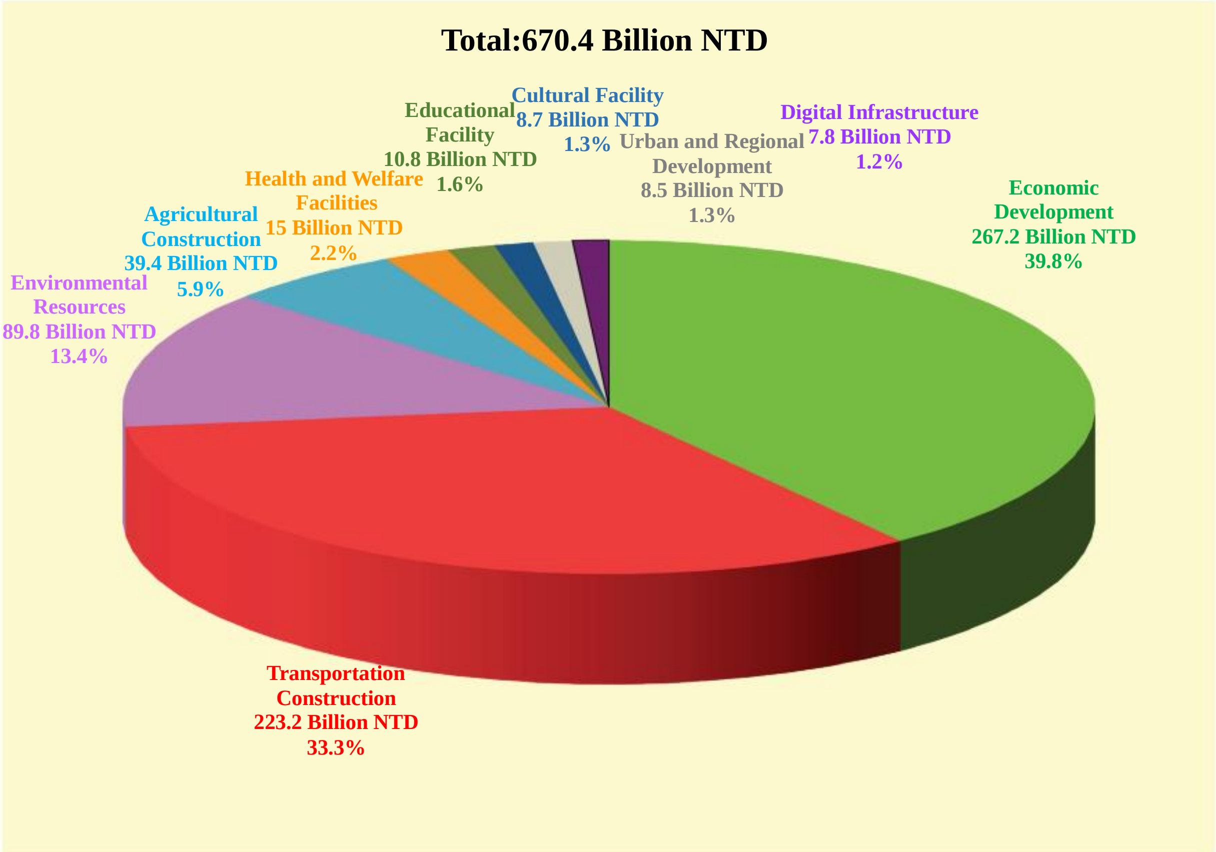

Figure: Budget Allocation by Category for Public Construction Projects
Source: 2026 Central Government General Budget Proposal

Real Estate Market

Despite Taiwan's overall economy benefiting from the semiconductor and AI supply chain in 2025—with GDP growth exceeding 7% and the stock market reaching record highs—this wave of growth did not effectively transmit to the real estate market. The primary reason lies in the strong implementation of the central bank's seventh round of selective credit controls, coupled with tightened mortgage lending by banks, which significantly constrained market liquidity. Homebuyers' affordability declined, investment demand was suppressed, and the gap in price expectations between buyers and sellers widened, resulting in a sharp contraction in transaction volume and a gradual price correction.

Data shows that from January to November 2025, the number of property ownership transfers in the six major metropolitan areas declined by 26.1% year-on-year, reaching an eight-year low. Total annual transactions are struggling to maintain 260,000 units, reflecting a clear deterioration in market confidence. The construction industry sentiment index has also remained in the "pessimistic" zone for several consecutive months, indicating an overall weak industry outlook.

The residential market in 2025 exhibited a pattern of "declining volume with mild price correction." High interest rates increased mortgage costs and weakened purchasing power, while government measures to curb speculation suppressed investment demand. Developers, facing slower sales absorption, have become more conservative in launching new projects. Both supply and demand have cooled simultaneously, leading to a market stalemate.

The commercial real estate and land markets weakened across the board. In 2025, the commercial property market did not sustain the momentum seen in 2024. Land transaction volume declined by 31.59%, the steepest drop among all asset classes. Small and mid-sized developers reduced land acquisitions due to higher financing costs, reinforcing a "the strong get stronger" trend, with investments concentrating in prime locations. The commercial real estate investment market declined by 8.03%. Although demand from the technology sector and insurance capital provided some support, structural adjustments in traditional industries and increasingly cautious corporate sentiment led to weaker overall investment momentum. With rising new supply, the office market is expected to shift from a landlord's market to a tenant's market in 2026.

Looking ahead to 2026, the residential market is expected to enter a consolidation phase. Transaction volumes are unlikely to recover significantly in the short term, while prices are expected to remain relatively stable, supported by construction costs and sellers' reluctance to cut prices. Policy remains the key variable. Although the central bank has shifted from broad controls to "targeted measures," restrictions such as tighter loan limits for second homes, reduced loan-to-value ratios, and ongoing regulatory inspections remain in place, indicating that policies have not been fully relaxed. Future market trends will depend on how the government balances curbing speculation, maintaining financial stability, and supporting genuine housing demand.

In the commercial sector, factory and industrial office products show relatively better visibility. The expansion in the technology industry drives demand for new smart industrial offices. The land market, however, is expected to remain subdued due to financial and regulatory pressures. Overall, the real estate market in 2025 experienced a policy-driven sharp correction, with economic growth failing to translate into property market momentum. In 2026, the market is expected to enter a phase of low transaction volume and consolidation, representing a structural adjustment characterized by "end-user demand dominance and the withdrawal of investment demand." Policy direction and liquidity conditions will continue to drive market dynamics.

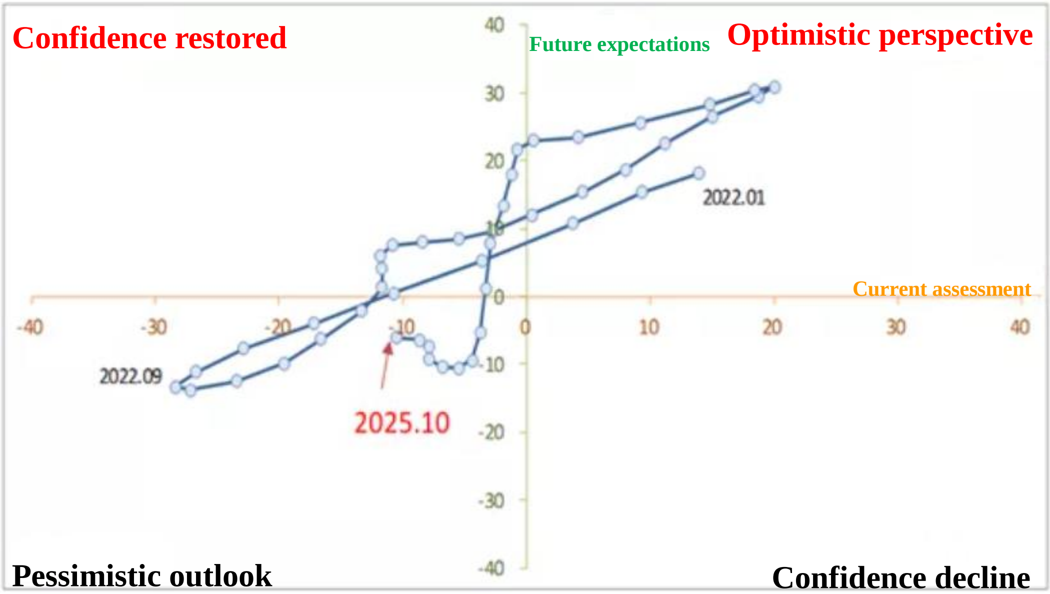

Figure: Cyclical Clock Chart Trends of the TIER Construction Business Climate Test Point
Source: Taiwan Institute of Economic Research (TIER) Industrial Data Bank, December 2025

Supply Analysis

The domestic rebar industry is a mature market with relatively fixed capacity allocation among major producers. In recent years, there have been no significant additions of electric arc furnaces or large-scale rolling equipment. While total installed capacity remains at a certain level, actual output is flexibly adjusted in response to demand conditions. As the real estate market remains in a consolidation phase and public construction demand is relatively stable, overall supply is not expected to become significantly excessive. However, without clear demand expansion, capacity utilization rates are unlikely to improve substantially.

In 2025, due to weakening demand, some steel mills proactively adjusted production days or adopted batch production strategies to avoid inventory buildup and intensified price competition. In 2026, if the residential market remains conservative, steel producers are expected to continue managing utilization rates to maintain market order and avoid price undercutting. The supply side is expected to follow a "produce-to-order" model rather than aggressive capacity expansion, so that excessive expansion is not expected. The industry will place greater emphasis on cost control and process optimization to address future carbon costs and energy policy challenges.

External Competitions

The domestic rebar market is a mature industry with stable capacity allocation and relatively stable market participants. In 2026, given the lack of significant demand expansion, competition among peers will focus primarily on maintaining market share and stable cash flow. Some rolling-only mills may adjust their cost structures through procurement of semi-finished products, enabling more flexible pricing strategies and adding competitive variability.

However, following the price corrections in 2025, the market has become more cautious about excessive price competition, and industry competition is expected to become more rational. Producers with integrated steelmaking capabilities and economies of scale have a relative advantage in cost control and supply stability.

Regulatory Compliance

Looking ahead to 2026, government policies and regulatory changes will continue to impact the operating cost structure and resource allocation strategies of the rebar industry. Notably, net-zero carbon policies have progressed from advocacy to institutionalization and budgeted implementation, exerting long-term and concrete impacts on the industry.

In line with the 2050 net-zero emissions target, the government has launched the “12 Key Strategies for Net Zero” and the “Six Sector Carbon Reduction Flagship Programs,” allocating approximately NT$90.2 billion in 2026 for investments in offshore wind, solar energy, hydrogen energy, energy storage systems, advanced energy technologies, and circular economy initiatives. With the formal implementation of carbon pricing and progressively stricter emission targets, high energy-consuming industries will face tighter carbon management and energy efficiency requirements. For the rebar industry, which relies heavily on electricity for electric arc furnaces, future carbon costs and electricity price fluctuations will directly impact manufacturing costs. Companies must continue to promote energy-saving improvements, enhance steelmaking efficiency, and optimize process control to reduce carbon intensity per unit.

On the other hand, the institutionalization of green budgeting presents transformation opportunities. The government is actively promoting the development of Energy Service Companies (ESCOs), subsidies for energy-efficient equipment, and green finance mechanisms. Enterprises can reduce medium- to long-term energy costs and strengthen sustainability competitiveness by applying for subsidies, adopting high-efficiency equipment, or participating in renewable energy projects.

In addition, following the revision of the Fiscal Revenue and Expenditure Allocation Act, the scale of centrally allocated tax revenues has expanded. In 2026, central government recurring revenue is expected to decrease by more than NT$416.5 billion, while local governments will experience a significant increase in fiscal resources. Although this fiscal redistribution may lead to a review of certain central government subsidies and project funding, it also means that local governments will have greater financial capacity to promote local public construction, urban renewal, and infrastructure projects. For the rebar industry, local public works and regional infrastructure investments will become key sources of demand. Companies should closely monitor local government budget allocations and project developments.

Overall, the regulatory environment in 2026 reflects trends of “intensified decarbonization pressure, institutionalized energy costs, and localization of fiscal resources.” While companies face rising cost challenges, they can also leverage technological upgrades and policy resources to pursue transformation and growth opportunities.

The Company's Future Development Strategy

1. In 2026, the Company will promote several key initiatives to capture the upcoming surge in demand from major transportation infrastructure projects in southern Taiwan: In line with the national 2050 net-zero carbon target and the new carbon pricing system, the steelmaking and rolling plants will continue to implement equipment upgrades under greenhouse gas voluntary reduction plans to reduce electricity, natural gas, and raw material consumption, while improving production efficiency.
2. Increase the automation of equipment and intelligent control of processes in steel mills and rolling mills.
3. Enhance product quality and improve customer satisfaction.

Thanks to our shareholders for the continued interest and support. Wishing you all good health and prosperity.

Chairman：Huang, Wei-Han General Manager：Huang, Tsan-Ming Accounting Officer：Wu, Yu-Hui

【Attachment 2】

HAI-KWANG ENTERPRISE CO., LTD
Year 2025 Audit Committee's Review Report

The Board of Directors has prepared the Business Report, Financial Statements (including consolidated Financial Statements) and earning distribution proposal for the year ended December 31, 2025. Certified Public Accountants of Deloitte Taiwan, Wang, Zhao-Qun and Wu, Zhang-Jun, have completed the audits and have issued an audit report. The above-mentioned business report, financial statements and earning distribution proposal have been reviewed and determined to be correct by the Audit Committee. We hereby submit this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

HAI-KWANG ENTERPRISE CO., LTD
Convener of the Audit Committee: Guo, Shi-Xian
March 10, 2026

【Attachment 3】

Independent Auditors' Report

To HAI-KWANG ENTERPRISE CO., LTD.：

Opinion

We have audited the accompanying financial statements of HAI-KWANG ENTERPRISE CO., LTD. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2025 and 2024, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits entrusted by the Company in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's parent company only financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2025 are stated as follows：

<u>Authenticity of revenue recgonition</u>

The operating revenue of the Company is mainly from the sales revenue of reinforcing steel bar. As the sales revenue of part of the items grew significantly ini 2025, according to regulation of Statement of Auditing Standard, which presumes that there is significant risk in revenue, the authenticity of sales revenue recgonition of the aforementioned specific items is indentified as a key audit matter.

Accounting policies and disclosure information regarding revenue recognition are disclosed in Note 4 and 22 of the Parent Company Only financial statements. The audit procedures for the sales revenue recgonition of the aforementioned specific items implemented are as follows：

1. Obtain an understanding and test the effectiveness of internal control related to the authenticity of sales revenue recognition；
2. Select appropriate samples of specific sales items from sales revenue account, check whether the delivery orders have been signed by customers, verify the record of receiving the payments and check whether the payers are consistent with the sales counterparties, to ensure the authenticity of revenue.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of the parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also：

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than from on resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, we are required to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance, with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Wang, Chao-Chin and Wu, Chang-Jin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 10, 2026

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

HAI-KWANG ENTERPRISE CO., LTD.

Parent Company Only Balance Sheets

December 31, 2025 and 2024

(Expressed in thousands of New Taiwan Dollars)

	December 31, 2025		December 31, 2024	
Assets	Amount	%	Amount	%
Current assets				
Cash（Note 6）	$ 406,799	4	$ 421,130	4
Current financial assets at fair value through profit or loss（Note 4 and 7）	270	-	4,155	-
Current financial assets at fair value through other comprehensive income（Note 4 and 8）	44,414	1	48,185	1
Notes receivables（Note 4 and 9）	98,159	1	86,478	1
Accounts receivables, net（Note 4, 9, and 28）	799,579	9	846,634	9
Other receivables	212	-	4,539	-
Other receivables－related parties（Note 28）	200,770	2	150,462	2
Current tax assets（Note 24）	1,673	-	1,555	-
Inventories（Note 4, 5, and 10）	2,524,439	28	2,789,024	29
Prepayments	113,843	1	141,541	1
Other financial assets－current（Note 4, 11, and 29）	50,892	1	47,347	-
Other current assets	223	-	705	-
Total current assets	4,241,273	47	4,541,755	47
Non-current assets				
Non-current financial assets at fair value through other comprehensive income（Note 4 and 8）	987,620	11	1,071,051	11
Investments accounted for using equity method（Note 4 and 12）	1,183,232	13	1,296,168	14
Property, plant and equipment（Note 4, 13, and 29）	2,484,806	27	2,523,692	26
Right-of-use assets（Note 4 and 14）	25,277	-	26,755	-
Investment properties（Note 4, 15 and 30）	77,166	1	77,166	1
Intangible assets（Note 4）	6,048	-	5,552	-
Deferred tax assets（Note 4 and 24）	42,488	1	42,156	1
Prepayments for equipment	18,766	-	22,276	-
Refundable deposits	534	-	334	-
Net defined benefit assets－non-current（Note 4 and 20）	11,057	-	2,250	-
Other non-current assets	6,116	-	3,885	-
Total non-current assets	4,843,110	53	5,071,285	53
Total assets	$ 9,084,383	100	$ 9,613,040	100
Liabilities and equity				
Current Liabilities				
Short-term borrowings（Note 16 and 29）	$ 1,450,893	16	$ 1,745,352	18
Short-term notes payables（Note 16）	359,581	4	849,171	9
Current financial liabilities at fair value through profit or loss（Note 4 and 7）	-	-	958	-
Current contract liabilities（Note 4 and 22）	290,064	3	290,702	3
Notes payables（Note 17）	20,748	-	32,394	-
Accounts payables（Note 17 and 28）	280,592	3	321,732	3
Other payables（Note 18 and 28）	154,822	2	228,814	3
Current provisions（Note 4 and 19）	28,258	-	18,674	-
Lease liabilities, current portion （Note 4, 14 and 28）	1,217	-	1,193	-
Long-term borrowings, current portion（Note 16 and 29）	121,042	2	257,718	3
Other current liabilities	1,298	-	1,390	-
Total current liabilities	2,708,515	30	3,748,098	39
Non-current liabilities				
Long-term borrowings（Note 16 and 29）	2,463,583	27	1,749,508	18
Non-current provisions（Note 4 and 19）	-	-	6,530	-
Deferred tax liabilities（Note 4 and 24）	101,114	1	99,352	1
Non-current lease liabilities （Note 4, 14 and 28）	24,654	-	25,918	1
Guaranteed deposits received	11	-	11	-
Total non-current liabilities	2,589,362	28	1,881,319	20
Total liabilities	5,297,877	58	5,629,417	59
Equity（Note 21）				
Ordinary shares	1,941,343	22	1,903,277	20
Capital surplus	396,008	4	396,008	4
Retained earnings				
Legal reserve	92,424	1	88,414	1
Special reserve	156,469	2	156,469	1
Unappropriated earnings	209,138	2	358,630	4
Total retained earnings	458,031	5	603,513	6
Other equity	991,124	11	1,080,825	11
Total equity	3,786,506	42	3,983,623	41
Total liabilities and equity	$ 9,084,383	100	$ 9,613,040	100

The accompanying notes are an integral part of the parent company only financial statements.

HAI-KWANG ENTERPRISE CO., LTD.

Parent Company Only Statements of Comprehensive Income

For the Years Ended December 31, 2025 and 2024

(Expressed in thousands of New Taiwan Dollars, except earnings (losses) per share expressed in NTD)

	2025		2024	
	Amount	%	Amount	%
Operating revenue（Note 4, 22, and 28）				
Sales revenue	$ 8,626,977	98	$ 9,448,093	99
Service revenue	136,217	2	115,566	1
Total operating revenue	8,763,194	100	9,563,659	100
Operating costs（Note 4, 10, 23, and 28）				
Costs of goods sold	8,479,097	96	9,201,165	96
Service costs	78,381	1	58,295	1
Total operating costs	8,557,478	97	9,259,460	97
Net gross profit	205,716	3	304,199	3
Less：Unrealized losses from sales	-	-	13	-
Realized gains from sales	243	-	230	-
Realized net operating profit	205,959	3	304,442	3
Operating expenses（Note 23 and 28）				
Selling expenses	68,939	1	65,521	1
Administrative expenses	88,473	1	89,684	1
Research and development expense	654	-	598	-
Total operating expenses	158,066	2	155,803	2
Net operating income	47,893	1	148,639	1
Non-operating income and expenses（Note 23 and 28）				
Interest revenue	8,980	-	10,124	-
Other revenue	83,975	1	53,928	1

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	2025		2024	
	Amount	%	Amount	%
Other gains and losses	($ 39,907)	(1)	$ 40,139	-
Financial costs	(98,286)	(1)	(92,004)	(1)
Share of losses of subsidiaries accounted for using equity method	(110,680)	(1)	(97,880)	(1)
Total non-operating income and expenses	(155,918)	(2)	(85,693)	(1)
Net profit (loss) before tax	(108,025)	(1)	62,946	-
Income tax expenses (Note 4 and 24)	1,022	-	25,229	-
Net profit (loss)	(109,047)	(1)	37,717	-
Other comprehensive income (Note 20, 21, and 24)				
Items not to be reclassified into profit or loss				
Remeasurements of defined benefit plans	2,039	-	1,627	-
Unrealized valuation gains and losses from equity instrument investments measured at fair value through other comprehensive income	(87,201)	(1)	227,070	3
Share of other comprehensive income of subsidiaries accounted for using equity method	(2,500)	-	6,957	-
Income tax related to items of other comprehensive income not to be reclassified to profit or loss	(408)	-	(325)	-
Other comprehensive income (net of tax)	(88,070)	(1)	235,329	3
Total comprehensive income	($ 197,117)	(2)	$ 273,046	3
Earnings (losses) per share (Note 25)				
Basic	($ 0.56)		$ 0.19	
Diluted	($ 0.56)		$ 0.19	

The accompanying notes are an integral part of the parent company only financial statements.

HAI-KWANG ENTERPRISE CO., LTD.

Parent Company Only Statements of Changes in Equity

For the Years Ended December 31, 2025 and 2024

(Expressed in thousands of New Taiwan Dollars)

			Retained earnings				Other equity	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Unrealized valuation gains and losses from equity instrument investments measured at fair value through other comprehensive income	Total equity
Balance at January 1, 2024	$ 1,903,277	$ 384,489	$ 83,168	$ 156,469	$ 323,780	$ 563,417	$ 847,875	$ 3,699,058
Appropriation and distribution of 2023 earnings（Note 21）								
Legal reserve	-	-	5,246	-	(5,246)	-	-	-
Net profit of 2024	-	-	-	-	37,717	37,717	-	37,717
Other comprehensive income of 2024, net of tax	-	-	-	-	1,302	1,302	234,027	235,329
Total comprehensive income of 2024	-	-	-	-	39,019	39,019	234,027	273,046
Difference between consideration and carrying amount of subsidiaries acquired（Note 12）	-	11,519	-	-	-	-	-	11,519
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	1,077	1,077	(1,077)	-
Balance at December 31, 2024	1,903,277	396,008	88,414	156,469	358,630	603,513	1,080,825	3,983,623
Appropriation and distribution of 2024 earnings（Note 21）								
Legal reserve	-	-	4,010	-	(4,010)	-	-	-
Stock dividends of ordinary shares	38,066	-	-	-	(38,066)	(38,066)	-	-
	38,066	-	4,010	-	(42,076)	(38,066)	-	-
Net loss of 2025	-	-	-	-	(109,047)	(109,047)	-	(109,047)
Other comprehensive income of 2025, net of tax	-	-	-	-	1,631	1,631	(89,701)	(88,070)
Total comprehensive income of 2025	-	-	-	-	(107,416)	(107,416)	(89,701)	(197,117)
Balance at December 31, 2025	$ 1,941,343	$ 396,008	$ 92,424	$ 156,469	$ 209,138	$ 458,031	$ 991,124	$ 3,786,506

The accompanying notes are an integral part of the parent company only financial statements.

HAI-KWANG ENTERPRISE CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2025 and 2024

(Expressed in thousands of New Taiwan Dollars)

	2025	2024
Cash flows from operating activities		
Net profit (loss) before tax	($ 108,025)	$ 62,946
Items of income and expense		
Depreciation expenses	244,727	237,642
Amortization expenses	6,527	7,954
Net gains or losses on financial instruments at fair value through profit or loss	59,261	(37,866)
Financial costs	98,286	92,004
Interest revenue	(8,980)	(10,124)
Dividends revenue	(58,542)	(41,939)
Share of losses of subsidiaries accounted for using equity method	110,680	97,880
Gain on disposal and scrap of property, plant and equipment	(1,150)	(10,160)
Inventory valuation losses (reversal gains)	(1,731)	1,220
Increase in provisions	56,206	44,585
Others	(243)	(243)
Net changes in operating assets and liabilities		
Financial instruments mandatorily measured at fair value through profit or loss	(59,592)	12,647
Notes receivables	(11,681)	67,945
Accounts receivables	47,055	198,297
Other receivables (including related parties)	4,068	2,731
Inventories	266,316	(659,728)
Prepayments	27,698	(45,460)
Other current assets	482	(551)
Net defined benefit assets	(6,768)	103
Contract liabilities	(638)	82,407
Notes payables	(9,903)	(18,999)
Accounts payables	(41,140)	(196,633)
Other payables	(43,112)	33,531
Provisions	(53,152)	(98,142)
Other current liabilities	(92)	263
Cash flows generated from (used in) operations	516,557	(177,690)
Interest received	8,931	10,272
Interest paid	(97,763)	(92,624)

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	2025	2024
Income taxes paid	($ 118)	($ 791)
Net cash flows generated from (used in) operating activities	427,607	(260,833)
Cash flows from investing activities		
Acquisition of financial assets at fair value through profit or loss	-	(146)
Disposal of financial assets at fair value through profit or loss	3,258	4,744
Acquisition of property, plant and equipment	(233,640)	(238,806)
Proceeds from disposal of property, plant and equipment	1,150	10,160
Increase in refundable deposits	(200)	-
Decrease (increase) in other receivables－related parties	(50,000)	150,000
Acquisition of intangible assets	(2,610)	(869)
Decrease (increase)in other financial assets	(3,545)	1,847
Increase in other non-current assets	(6,644)	(4,338)
Dividends received	58,542	41,939
Net cash flows used in investing activities	(233,689)	(35,469)
Cash flows from financing activities		
Increase in short-term borrowings	8,591,902	10,123,821
Decrease in short-term borrowings	(8,886,361)	(10,080,780)
Decrease in short-term notes payables	(490,000)	-
Increase in long-term borrowings	1,000,901	1,600,455
Repayment of long-term borrowings	(423,502)	(1,091,406)
Repayment of principal of lease liabilities	(1,189)	(1,168)
Acquisition of shares of subsidiaries	-	(9,565)
Net cash flows generated from (used in) financing activities	(208,249)	541,357
Increase (decrease)in cash and cash equivalents	(14,331)	245,055
Cash at the beginning of period	421,130	176,075
Cash at the end of period	$ 406,799	$ 421,130

The accompanying notes are an integral part of the parent company only financial statements.

To HAI-KWANG ENTERPRISE CO., LTD.：

Opinion

We have audited the accompanying financial statements of HAI-KWANG ENTERPRISE CO., LTD. and subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company and subsidiaries as of December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits entrusted by the Company and subsidiaries in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company and subsidiaries's consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company and subsidiaries's consolidated financial statements for the year ended December 31, 2025 are stated as follows：

Authenticity of sales revenue recgonition

The operating revenue of the Company and subsidiaries is mainly from the sales revenue of reinforcing steel bars. As the sales revenue of part of the items grew significantly in 2025, according to regulation of Statement of Auditing Standard, which presumes that there is significant risk in revenue, the authenticity of sales revenue recgonition of the aforementioned specific items is indentified as a key audit matter.

Please refer to Note 4 and 22 to the consolidated financial statements for the accounting policies and information disclosed of sales revenue recognition. The audit procedures for the sales revenue recgonition of the aforementioned specific items implemented are as follows：

1. Obtain an understanding and test the effectiveness of internal control related to the authenticity of sales revenue recognition；
2. Select appropriate samples of specific sales items from sales revenue account, check whether the delivery orders have been signed by customers, verify the record of receiving the payments and check whether the payers are consistent with the sales counterparties, to ensure the authenticity of revenue.

Other Matter

We have also audited the parent company only financial statements of HAI-KWANG ENTERPRISE CO., LTD. as of and for the years ended December 31, 2025 and 2024 on which we have issued an unqualified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company and subsidiaries's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company and subsidiaries's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also：

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than from on resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, we are required to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance, with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Wang, Chao-Chin and Wu, Chang-Jin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 10, 2026

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

HAI-KWANG ENTERPRISE CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2025 and 2024

(Expressed in thousands of New Taiwan Dollars)

	December 31, 2025		December 31, 2024	
Assets	Amount	%	Amount	%
Current assets				
Cash（Note 6）	$ 430,946	4	$ 449,014	4
Current financial assets at fair value through profit or loss（Note 4 and 7）	270	-	4,155	-
Current financial assets at fair value through other comprehensive income（Note 4 and 8）	78,864	1	85,560	1
Notes receivables（Note 4 and 9）	102,870	1	89,101	1
Accounts receivables, net（Note 4, 9, and 29）	832,913	9	879,423	9
Other receivables	369	-	4,741	-
Current tax assets（Note 4 and 24）	1,683	-	1,930	-
Inventories（Note 4, 5, and 10）	2,537,879	26	2,796,407	27
Prepayments	124,537	1	153,091	2
Other financial assets－current（Note 11 and 30）	53,892	1	50,347	-
Other current assets	516	-	728	-
Costs to fulfill contracts－current（Note 22）	6,499	-	2,148	-
Total current assets	4,171,238	43	4,516,645	44
Non-current assets				
Non-current financial assets at fair value through other comprehensive income（Note 4 and 8）	987,620	10	1,071,051	11
Property, plant and equipment（Note 4, 13, and 30）	4,315,119	45	4,441,745	44
Right-of-use assets (Note 4 and 14)	11,360	-	12,028	-
Investment properties (Note 4, 15, and 30)	77,166	1	77,166	1
Intangible assets（Note 4）	6,048	-	5,552	-
Deferred tax assets（Note 4 and 24）	42,488	1	42,156	-
Prepayments for equipment	19,442	-	22,276	-
Refundable deposits	675	-	476	-
Net defined benefit assets－non-current（Note 4 and 20）	11,057	-	2,250	-
Other non-current assets	6,613	-	4,535	-
Total non-current assets	5,477,588	57	5,679,235	56
Total assets	$ 9,648,826	100	$10,195,880	100
Liabilities and equity				
Current Liabilities				
Short-term borrowings（Note 16 and 30）	$ 1,545,893	16	$ 1,800,352	18
Short-term notes payables（Note 16）	359,581	4	849,171	8
Current financial liabilities at fair value through profit or loss（Note 4 and 7）	-	-	958	-
Current contract liabilities（Note 4 and 22）	290,064	3	290,702	3
Notes payables（Note 17）	20,748	-	32,394	-
Accounts payables（Note 17 and 29）	295,946	3	333,836	3
Other payables（Note 18 and 29）	179,612	2	255,472	3
Current provisions（Note 4 and 19）	28,258	-	18,674	-
Lease liabilities, current portion （Note 4 and 14）	551	-	540	-
Long-term borrowings, current portion（Note 16 and 30）	149,793	2	289,384	3
Other current liabilities	1,356	-	10,906	-
Total current liabilities	2,871,802	30	3,882,389	38
Non-current liabilities				
Long-term borrowings（Note 16 and 30）	2,548,583	27	1,863,258	19
Non-current provisions（Note 4 and 19）	-	-	6,530	-
Deferred tax liabilities（Note 4 and 24）	228,345	2	226,583	2
Non-current lease liabilities （Note 4 and 14）	11,087	-	11,659	-
Guaranteed deposits received	11	-	91	-
Total non-current liabilities	2,788,026	29	2,108,121	21
Total liabilities	5,659,828	59	5,990,510	59
Equity attributable to the owner of the parent company（Note 21）				
Ordinary shares	1,941,343	20	1,903,277	19
Capital surplus	396,008	4	396,008	4
Retained earnings				
Legal reserve	92,424	1	88,414	1
Special reserve	156,469	2	156,469	2
Unappropriated earnings	209,138	2	358,630	3
Total retained earnings	458,031	5	603,513	6
Other equity	991,124	10	1,080,825	10
Total equity attributable to the owner of the parent company	3,786,506	39	3,983,623	39
Non-controlling interests（Note 21 and 26）	202,492	2	221,747	2
Total equity	3,988,998	41	4,205,370	41
Total liabilities and equity	$ 9,648,826	100	$10,195,880	100

The accompanying notes are an integral part of the consolidated financial statements.

HAI-KWANG ENTERPRISE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2025 and 2024

(Expressed in thousands of New Taiwan Dollars, except earnings (losses) per share expressed in NTD)

	2025		2024	
	Amount	%	Amount	%
Operating revenue（Note 4, 22 and 29）				
Sales revenue	$ 8,626,720	97	$ 9,448,020	97
Service revenue	296,385	3	276,312	3
Total operating revenue	8,923,105	100	9,724,332	100
Operating costs（Note 4, 10, 23, and 29）				
Costs of goods sold	8,469,021	95	9,191,436	95
Service costs	336,504	4	292,372	3
Total operating costs	8,805,525	99	9,483,808	98
Net gross profit	117,580	1	240,524	2
Operating expenses（Note 23 and 29）				
Selling expenses	86,524	1	81,985	1
Administrative expenses	105,235	1	121,792	1
Research and development expense	3,498	-	3,034	-
Total operating expenses	195,257	2	206,811	2
Net operating income (loss)	(77,677)	(1)	33,713	-
Non-operating income and expenses（Note 23）				
Interest revenue	4,974	-	6,725	-
Other revenue	97,496	1	56,744	1
Other gains and losses	(51,262)	-	40,793	-
Finance costs	(100,392)	(1)	(93,029)	(1)
Total non-operating income and expenses	(49,184)	-	11,233	-
Net profit (loss) before tax	(126,861)	(1)	44,946	-

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	2025 Amount	2025 %	2024 Amount	2024 %
Income tax expenses（Note 4 and 24）	$ 1,015	-	$ 25,256	-
Net profit (loss)	(127,876)	(1)	19,690	-
Other comprehensive income（Note 20, 21, and 24）				
Items not to be reclassified into profit or loss				
Remeasurements of defined benefit plans	2,039	-	1,627	-
Unrealized valuation gains and losses from equity instrument investments measured at fair value through other comprehensive income	(90,127)	(1)	235,109	3
Income tax related to items of other comprehensive income not to be reclassified to profit or loss	(408)	-	(325)	-
Other comprehensive income (net of tax)	(88,496)	(1)	236,411	3
Total comprehensive income	($ 216,372)	(2)	$ 256,101	3
Net profit (loss) attributable to：				
Owners of the parent	($ 109,047)	(1)	$ 37,717	-
Non-controlling interests	(18,829)	-	(18,027)	-
	($ 127,876)	(1)	$ 19,690	-
Total comprehensive income (loss) attributable to：				
Owners of the parent	($ 197,117)	(2)	$ 273,046	3
Non-controlling interests	(19,255)	-	(16,945)	-
	($ 216,372)	(2)	$ 256,101	3
Earnings (losses) per share（Note 25）				
Basic	($ 0.56)		$ 0.19	
Diluted	($ 0.56)		$ 0.19	

The accompanying notes are an integral part of the consolidated financial statements.

HAI-KWANG ENTERPRISE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2025 and 2024

(Expressed in thousands of New Taiwan Dollars)

	Equity attributable to owners of parent								
			Retained earnings			Other equity			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized valuation gains and losses from equity instrument investments measured at fair value through other comprehensive income	Total	Non-controlling interests	Total equity
Balance at January 1, 2024	$ 1,903,277	$ 384,489	$ 83,168	$ 156,469	$ 323,780	$ 847,875	$ 3,699,058	$ 259,587	$ 3,958,645
Appropriation and distribution of 2023 earnings (Note 21)									
Legal reserve	-	-	5,246	-	(5,246)	-	-	-	-
Net profit of 2024	-	-	-	-	37,717	-	37,717	(18,027)	19,690
Other comprehensive income of 2024, net of tax	-	-	-	-	1,302	234,027	235,329	1,082	236,411
Total comprehensive income of 2024	-	-	-	-	39,019	234,027	273,046	(16,945)	256,101
Difference between consideration and carrying amount of subsidiaries acquired (Note 26)	-	11,519	-	-	-	-	11,519	(21,084)	(9,565)
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	1,077	(1,077)	-	189	189
Balance at December 31, 2024	1,903,277	396,008	88,414	156,469	358,630	1,080,825	3,983,623	221,747	4,205,370
Appropriation and distribution of 2024 earnings (Note 21)									
Legal reserve	-	-	4,010	-	(4,010)	-	-	-	-
Stock dividends of ordinary shares	38,066	-	-	-	(38,066)	-	-	-	-
	38,066	-	4,010	-	(42,076)	-	-	-	-
Net loss of 2025	-	-	-	-	(109,047)	-	(109,047)	(18,829)	(127,876)
Other comprehensive income of 2025, net of tax	-	-	-	-	1,631	(89,701)	(88,070)	(426)	(88,496)
Total comprehensive income of 2025	-	-	-	-	(107,416)	(89,701)	(197,117)	(19,255)	(216,372)
Balance at December 31, 2025	$ 1,941,343	$ 396,008	$ 92,424	$ 156,469	$ 209,138	$ 991,124	$ 3,786,506	$ 202,492	$ 3,988,998

The accompanying notes are an integral part of the consolidated financial statements.

HAI-KWANG ENTERPRISE CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024
(Expressed in thousands of New Taiwan Dollars)

	2025	2024
Cash flows from operating activities		
Net profit (loss) before tax	($ 126,861)	$ 44,946
Items of income and expense		
Depreciation expenses	333,328	319,855
Amortization expenses	6,680	8,406
Net gains or losses on financial instruments at fair value through profit or loss	59,261	(37,817)
Financial costs	100,392	93,029
Interest revenue	(4,974)	(6,725)
Dividends revenue	(60,492)	(43,449)
Gain on disposal of property, plant and equipment	(1,150)	(10,160)
Property, plant and equipment transferred to expenses and losses	12,509	-
Inventory valuation losses (reversal gain)	(1,453)	1,226
Increase in provisions	56,206	44,585
Net changes in operating assets and liabilities		
Financial instruments mandatorily measured at fair value through profit or loss	(59,592)	11,727
Notes receivables	(13,769)	66,467
Accounts receivables	46,510	186,690
Other receivables	4,357	2,725
Inventories	259,981	(663,653)
Prepayments	28,554	(32,972)
Other current assets	212	(492)
Costs to fulfill contracts	(4,351)	220
Net defined benefit assets	(6,768)	103
Contract liabilities	(638)	82,407
Notes payables	(9,903)	(19,000)
Accounts payables	(37,890)	(191,138)
Other payables	(48,783)	41,821
Provisions	(53,152)	(98,142)
Other current liabilities	(9,550)	(720)
Cash flows generated from (used in) operations	468,664	(200,061)
Interest received	4,989	6,716
Interest paid	(99,479)	(98,404)
Income taxes refunded (paid)	254	(615)
Net cash flows generated from (used in) operating activities	374,428	(292,364)

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(continued)

	2025	2024
Cash flows from investing activities		
Proceeds from disposal of financial assets at fair value through other comprehensive income	$ -	$ 3,005
Acquisition of financial assets at fair value through profit or loss	-	(146)
Disposal of financial assets at fair value through profit or loss	3,258	24,965
Acquisition of property, plant and equipment	(245,566)	(265,400)
Proceeds from disposal of property, plant and equipment	1,661	10,160
Decrease (increase) in refundable deposits	(199)	-
Acquisition of intangible assets	(2,610)	(869)
Decrease (increase) in other financial assets	(3,545)	32,421
Increase in other non-current assets	(6,644)	(4,338)
Dividends received	60,492	43,449
Net cash flows used in investing activities	(193,153)	(156,753)
Cash flows from financing activities		
Increase in short-term borrowings	9,158,379	10,198,821
Decrease in short-term borrowings	(9,412,838)	(10,100,780)
Decrease in short-term notes payables	(490,000)	-
Increase in long-term borrowings	1,000,903	1,875,871
Repayment of long-term borrowings	(455,169)	(1,304,889)
Decrease in guaranteed deposits received	(80)	-
Repayment of principal of leases	(538)	(529)
Acquisition of equity of subsidiaries	-	(9,565)
Net cash flows generated from (used in) financing activities	(199,343)	658,929
Increase (decrease) in cash	(18,068)	209,812
Cash at the beginning of period	449,014	239,202
Cash at the end of period	$ 430,946	$ 449,014

The accompanying notes are an integral part of the consolidated financial statements.

【Attachment 4】

HAI-KWANG ENTERPRISE CO., LTD

Profits Distribution Table

Year 2025

1. According to Article 23-1 of the Company's Articles of Incorporation, the company's unappropriated earnings at the beginning of the period was NT$316,554,807 and the net loss for the year is NT$109,046,597 (as shown below) , adding the actuarial gain on pensions of NT$1,630,806 for the current period, and the dividends for the current year amounted to NT$209,139,016. Due to the loss incurred this year, it is proposed that no dividends be distributed, and the undistributed dividends at the end of the period was NT$209,136,016.

2. Attached below is the Profit Distribution Table prepared by the company:

Unit: NTD

Item	Amount	
Unappropriated earnings, beginning balance		$316,554,8076
Add: Net Loss of 2025	(109,046,597)	
Add: Actuarial Loss for 2025 included in the retained earnings	1,630,806	(107,415,791)
Unappropriated earnings, ending balance		$ 209,139,016

Article 23: If the final annual accounts of the Company show a net profit for a given year, it shall allocate 2-5 percent of the net profit as profit-sharing compensation to employees, when proportion allocated to entry-level employees shall not be less than 75%, and the amount distributed by the board of directors in stock or cash and not more than 3 percent as profit-sharing compensation to Directors distributed by the board of directors in cash…(The remainder is omitted).

Article 23-1: If the company has recorded earnings in the final reports, it shall be handled in according to the preceding article. After paying taxes as well as making up for accumulated losses according to the law, 10% shall be raised as appropriation for legal capital reserves, and the remaining shall be set aside in compliance with the relevant laws and regulations or appropriated as special reserves. If there is still remaining balance after the aforementioned allocations, it will be combined with the unappropriated earnings, and the board of directors will prepare a profit distribution proposal for distribution of shareholder dividends and submit to the shareholders' meeting for approval.

Article 23-2: ... The preceding item is omitted. The company's industrial development has matured, and the company's dividend distribution prioritizes the improvement of the financial structure and the fulfillment of major capital expenditures, while ensuring that no less than 50% of the total dividends distributed in the current year are paid in cash.

Note: With the adoption of IFRS for the first time, the company will transfer the special surplus reserve that is set aside for unrealized revaluation gains and accumulated conversion adjustments (surplus) to retained earnings to compensate for any losses in subsequent years. If there is still remaining surplus, until the reason for allocation the special surplus reserve is resolved, any shortfall should be supplemented and allocated before surplus distribution is made.

HAI-KWANG ENTERPRISE CO., LTD
Articles of Incorporation

Chapter 1 General Provisions

Article 1: The company is incorporated as a company limited by shares in accordance with the Company Act and is named Hai Kwang Enterprise Corporation.

Article 2: The business scope of the Company is as follows:

1. CA01010 Iron and Steel Smelt
2. CA01020 Iron and Steel Rolling and Extruding
3. CA01030 Iron and Steel Casting
4. CA01070 Scrapped Car and Boat Dismantling and Scrap Iron and Steel Metal Processing
5. C901990 Other Non-Metallic Mineral Products Manufacturing
6. CA02990Other Metal Products Manufacturing
7. CA01990 Other Non-ferrous Metal Basic Industries
8. F401010 International Trade
9. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company is located in Kaohsiung City. The Company may, if necessary, set up branches domestically and abroad upon the resolution of the Board of Directors. It is also not subject to the provisions of Article 13 of the Company Act wherein reinvestment should not exceed 40% of the paid-in capital. Reinvestment Related Matters should be approved by the Board of Directors.

Article 4: Except for company subsidiaries, the company may not provide endorsement and guarantee.

Chapter 2 Shares

Article 5: The total amount of authorized capital stock of the Company is NTD 3.5 Billion which is divided into 350 Million Shares at a par value of NTD 10 each. The Board of Directors is authorized to issue the shares in multiple installments as needed.

Article 6: The Company issues registered shares. The certificate should be signed or stamped by the directors representing the company, and duly certified by the competent authority. When the Company issues new shares, it may print physical share certificates or may be exempted from printing share certificates. For non-printed stock certificates, it should be registered with a centralized securities depository enterprise for safekeeping and registration.

Article 7: The stock affairs of the company shall be handled in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies promulgated by the competent authority.

Chapter 3 Shareholders' Meeting

Article 8: Trading of stocks shall be suspended 60 days prior to the scheduled regular shareholders meeting, 30 days prior to the special shareholders meeting, or 5 days before the company dividend announcement, bonus or other benefits.

Article 9: The Shareholders meetings are comprised of regular and special meetings, where a regular meeting is conducted annually, within six months upon the close of the fiscal year, and convened by the board of directors. Shareholders shall be notified of the date, place and meeting agenda of regular shareholders meetings, 30 days in advance to the regular meeting date; and 15 days in advance to the date of special meetings.

With the agreement of the relevant parties, the notice of the shareholders meeting may be conducted electronically. For shareholders who hold less than 1000 registered shares, the aforementioned notice may be conducted through announcement.

Article 10: If a shareholder is unable to attend a shareholders' meeting due to unforeseen circumstances, a proxy may be appointed to attend by executing a power of attorney issued by the company that specifies the scope of authorization. The regulations for shareholders' proxy attendance shall be handled in accordance with the 'Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies' issued by the relevant authorities, aside from that provided in Article 177 of the Company Act.

Article 11: The Chairman shall have the authority to represent the Company and shall chair the of shareholders' meeting. In case the Chairman is on leave or unable to exercise his duties for any cause, the Chairman shall designate one of the directors to act on his behalf. If someone other than the board of directors convenes the meeting, the person who called the meeting shall appoint the chairman. If there are two or more persons authorized to call the meeting, they shall elect a chairman together.

Article 12: A shareholder of the Company shall have one voting right for each share. Restrictions to the exercise of the above voting rights does not apply to those who are restricted or who have no voting rights in accordance with the Company Act.

Article 12-1: From January 1st, 2018, the Company is included electronic voting as one of the options for exercising voting rights during shareholder meetings. Shareholders who choose to exercise their voting rights electronically will be considered as present in person, and all relevant matters will be handled in accordance with the laws and regulations.

Article 12-2: The Company may hold a shareholder meeting through video conferencing or other methods that have been announced by the competent authorities.

Article 13: Unless otherwise provided by the Company Act, the resolutions of the shareholders' meeting shall require the presence of shareholders representing more than half of the total issued shares, and the approval of more than half of the voting rights represented by the shareholders in attendance. If the number of shareholders in attendance falls short of the required quorum but shareholders representing more than one-third of the total issued shares are present, the resolutions passed shall be considered tentative, and notice of such tentative resolutions shall be given to all shareholders for another meeting to be held within one month. If, at the second meeting, shareholders representing more than one-third of the total issued shares are present and more than half of the voting rights represented by them approve the resolutions, the resolutions shall be considered valid.

Article 13-1: When the company plans to cancel its public stock offering, a shareholders meeting resolution must be submitted, and this provision shall remain unchanged during both the Stock Market period and the period of listing on the stock exchange.

Article 14: The shareholders meeting minutes shall be recorded, including the date, time, location, summary of the meetings and results, the name of the chairman, the method of resolution, and the number of shareholders present, their shareholdings and voting rights. The record shall be signed or sealed by the chairman and distributed to all shareholders within 20 days after the meeting. The distribution of the record may be done by announcement. The record, along with the attendance sheet and proxy form of the shareholders present, shall be kept by the company in accordance with the provisions prescribed by the Company Act.

Chapter 4 Directors

Article 15: The Company shall appoint 9-12 directors and a candidate nomination system shall be adapted. Shareholders with legal capacity should be elected to serve a term of three year, and may be eligible for re-election. The shareholdings of directors should not be less than a certain percentage of the total shares issues by the company.

Article 15-1: The Company is required to reserve a certain number of seats for independent directors, which shall not be less than three and shall not be less one-third of the total number of directors, and an independent director serve for not more than three consecutive terms. Effective July 1, 2023, if the Chairman and the General Manager or equivalent positions are held by the same person or by spouses or first-degree relatives, the number of independent directors shall not be less than four. The qualifications, shareholding, restrictions, nomination and election procedures, and other matters related to independent directors shall be governed by the relevant regulations of the competent authorities. Independent and non-independent directors shall be elected simultaneously, and the number of seats to be filled by each type of director shall be calculated separately.

Article 15-2: The company shall establish an audit committee in accordance with Article 14-4 of the Securities Exchange Act. The committee shall be composed of all independent directors and the exercise of their duties and related matters shall be handled in accordance with the Securities Exchange Act and related laws and regulations.

Article 15-3: The company may buy liability insurance for its directors while they hold office, and the extent of coverage must be approved by the board of directors.

Article 16: When one-third of the director positions become vacant or all independent directors are dismissed, the board of directors shall convene a special shareholder meeting within 60 days to elect new directors to fill the vacancies. The term of the newly elected directors shall be limited to the remaining term of their predecessors.

Article 17: The Board of Directors is responsible for organizing the board meetings. A chairman and a Vice Chairman, if necessary, shall be elected by more than two-thirds of the directors and with the approval of more than half of the directors present. All company affairs shall be handled in accordance with the laws, regulations, and resolutions of the shareholders' meetings.

Article 18: The company's board of directors resolves important matters and business policies. The first meeting of each term is called by the director who receives the most votes, while the other meetings are called by the chairman. The board should notify all directors at least seven days prior to the meeting, and this can be done in writing, e-mail or fax. However, in case of emergencies, the board may be called into a meeting at any time. The chairman represents the company to the public, and if the chairman is on leave or is unable to perform his duties, the Vice Chairman acts as a substitute. If there is no Vice Chairman or if he is also on leave or unable to perform his duties, the chairman may appoint a director to act on their behalf, or if the chairman does not appoint a director, the directors may elect one among themselves.

Article 19: In order for a board meeting to proceed, at least two-thirds of the directors must be present. If the directors are unable to attend, a proxy may be appointed to attend by executing a power of attorney specifying the scope of authority and the reason for convening. However, each proxy may only represent one director. Resolutions must be approved by a majority of the directors present, and a record of the resolutions should be signed and sealed by the chairman and attending directors for future reference.

Article 20: Directors may receive compensation or attendance fees when conducting business on behalf of the company. The total amount of compensation for all directors, not including the director remuneration specified in Article 23 of this Articles of Incorporation, can be determined by the Board of Directors within the range of NTD 15 million per year, regardless of the company's profitability, and within the monthly payment standards set by the Board of Directors. For each meeting that directors attend, depending on the necessity, they can be reimbursed up to NTD 20,000 per person for actual expenses.

Chapter 5 Managers

Article 21: The company may appoint several managers. The appointment, dismissal and remuneration thereof shall be handled pursuant to Article 29 of the Company Act.

Chapter 6 Accounting

Article 22: The Company's fiscal year is from 1 January to 31 December for each year. When the fiscal year has closed, the board of directors shall prepare the following statements, submits them for audit 30 days before the shareholders' meeting and present these statements at the shareholders' meeting for approval according to the regulations.

1. Business report.
2. Financial statements.
3. Proposals of profit distribution or deficit compensation.

Article 23: If the final annual accounts of the Company show a net profit for a given year, it shall allocate 2-5 percent of the net profit as profit-sharing compensation to employees, when proportion allocated to entry-level employees shall not be less than 75%, and the amount distributed by the board of directors in stock or cash and not more than 3 percent as profit-sharing compensa-tion to Directors distributed by the board of directors in cash; Distribution proposals and director remuneration shall be re-ported to the shareholders' meeting. However, if the Company still has any accumulated loss, it shall first set aside the amount to offset the loss before such allocation.

Article 23-1: If the company has generated profits for the year, it shall first handle it in accordance with the preceding article, pay taxes and make up for accumulated losses, before allocating 10% of the surplus as legal reserve. The rest shall be allocated in accordance with legal regulations as special reserve. If there is still a balance, it shall be combined with the accumulated undistributed earnings, and the board of directors shall propose a profit distribution proposal and submit it to the shareholders meeting for resolution of shareholder dividends.

Article 23-2: In addition to the profit distribution proposal mentioned above, employee stock ownership plans, employee stock option certificates, employee new stock subscription rights, and restricted new stock issuance to employees may be used to reward employees, including those who meet certain criteria among employees of parent or subsidiary companies.

The company's industrial development has matured, and the company's dividend distribution prioritizes the improvement of the financial structure and the fulfillment of major capital expenditures, while ensuring that no less than 50% of the total dividends distributed in the current year are paid in cash.

Article 23-3: The compensation for all directors is authorized by the board of directors, considering the level of involvement and value of contribution of each Director and by reference to the usual level of such pay in the domestic and international industries. Independent directors may be offered reasonable compensation that differs from that of regular directors. The board of directors is authorized to determine the attendance allowances for the company's directors, following industry standards.

Article 24: When the total amount of the reserves reaches the amount of the company's capital, the company may decide to stop further contributions to the fund by passing a resolution at a shareholders meeting.

Chapter 7 Supplementary Provisions

Article 25: Matters not set forth in the Articles of Incorporation shall be subject to the Company Act and relevant laws and regulations.

Article 26: Rules governing the organization and the procedures of the Company shall be separately stipulated by the resolution of the board of directors.

Article 27: These Rules were established on February 24, 1969; the first amendment was made on May 15, 1972; the second amendment was made on October 27, 1972; the third amendment was made on September 6, 1974; the fourth amendment was made on August 30, 1977; the fifth amendment was made on May 10, 1979; the sixth amendment was made on March 3, 1980; the seventh amendment was made on December 15, 1982; the eighth amendment was made on February 1, 1986; the ninth amendment was made on April 8, 1987; the tenth amendment was made on November 21, 1988; the eleventh amendment was made on September 1, 1989; the twelfth amendment was made on September 18, 1989; the thirteenth amendment was made on March 12, 1990; the fourteenth amendment was made on June 26, 1991; the fifteenth amendment was made on June 2, 1992; the sixteenth amendment was made on June 5, 1993; the seventeenth amendment was made on July 17, 1993; the eighteenth amendment was made on August 30, 1996; the nineteenth amendment was made on July 14, 1999; the twentieth amendment was made on June 28, 2002; the twenty-first amendment was made on June 30, 2004; the twenty-second amendment was made on June 22, 2005; the twenty-third amendment was made on June 29, 2006; the twenty-fourth amendment was made on June 26, 2007; the twenty-fifth amendment was made on April 30, 2008; the twenty-sixth amendment was made on June 4, 2009; the twenty-seventh amendment was made on June 29, 2010; the twenty-eighth amendment was made on June 28, 2011; the twenty-ninth amendment was made on April 27, 2012; the thirtieth amendment was made on June 11, 2014; the thirty-first amendment was made on June 23, 2016; the thirty-second amendment was made on June 27, 2017; the thirty-third amendment was made on June 25, 2019; the thirty-fourth amendment was made on June 17, 2020; the thirty-fifth amendment was made on December 29, 2020; the thirty-sixth amendment was made on June 21, 2022; the thirty- seventh amendment was made on June 25, 2024; and the thirty-eighth amendment was made on June 25, 2025.

【Appendix 2】

HAI-KWANG ENTERPRISE CO., LTD
Rules of Procedure for Shareholders Meetings

1. The Rules which are established according to Article 5 of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, shall be followed. The rules of procedures for the Company's shareholder meetings shall be as provided in these Rules.
2. The company shall include in the meeting notice the time and location for shareholder registration, as well as other matters to be noted. The registration time for shareholders in the preceding paragraph shall be at least 30 minutes before the start of the meeting. The registration location should be clearly stated, and a suitable employee should be assigned to handle it.

   Shareholders or their proxies (hereinafter referred to as "shareholders") should attend the shareholders meeting with their attendance certificate, attendance card, or other attendance documents. A proxy solicitor shall also carry an identity document for verification.

   The number of shares obtained by the solicitor and the number of shares represented by the authorized proxy in attendance shall be clearly disclosed and compiled in a table by the company on the day of the shareholders meeting created according to the prescribed format.

   The company shall provide an attendance book for shareholders to sign when they attend a meeting, or allow them to submit a sign-in card to represent their attendance.

   The company will provide shareholders who attend the meeting with a meeting handbook, annual report, attendance certificate, speaker’s slip, ballots, and other related documents. If directors or independent directors are elected, additional election ballot should also be attached. There are no limitations on the number of representatives that can attend on behalf of a government or legal entity shareholder. However, if a legal entity is designated to attend, only one representative may attend.
3. Unless otherwise specified by law, the board of directors is responsible for convening the shareholders meetings. The attendance and voting at the meeting will be determined based on the shareholder's shares, which will be calculated by adding the shares represented by the attendance book or sign-in card, along with any shares that exercised voting rights through written or electronic means.

   The company shall submit the notice of the shareholders' meeting, power of attorney form, proposals for acknowledgment, discussion, and election or dismissal of directors and independent directors, and other relevant materials for the meeting to the Public Information System as electronic files. This should be done either 30 days before the regular shareholders' meeting or 15 days before the special shareholders' meeting. Additionally, the shareholders' meeting manual and supplementary materials for the meeting should be prepared and sent to the public information system as electronic files 21 days before the regular shareholders' meeting or 15 days before the special shareholders' meeting. The manual and supplementary materials must be prepared and displayed 15 days before the meeting for shareholders to request and read at any time. They should also be displayed at the company and its stock transfer office and distributed at the shareholders' meeting.

4. The place for convening a shareholders meeting shall be inside the premises of the Company, or any other place convenient for the shareholders, and suitable for holding of the said meeting. The time for commencing the said meeting shall not be earlier than 9 a.m. or later than 3 p.m. The place and time shall be in full consideration of the opinion of independent directors.
5. The Chairman shall have the authority to represent the Company and shall chair the of shareholders' meeting. In case the Chairman is on leave or unable to exercise his duties for any cause, it shall be handled in accordance with the company's articles of incorporation.
   The shareholders meeting convened by the board of directors should be presided over in person by the chairman,. More than half of the board of directors, including at least one independent director, should also attend in person, along with at least one representative from various functional committees. The attendance of all attendees should be recorded in the shareholders meeting record. If the shareholder meeting is convened by someone other than the board of directors, that person should act as the chairman. If there are two or more people with the right to convene, they should nominate one person to act as chairman.
6. The Company may designate its lawyer, certified public accountant or other relevant persons to attend the shareholders meeting.
7. The Company shall document the shareholders meeting by audio or video, and the recorded materials shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recordings shall be retained until the conclusion of the litigation.
8. The chairman should announce the opening of a shareholders' meeting at the specified meeting time if the attending shareholders represent more than one-half of the total number of voting shares, and also announce the number of non-voting rights, the number of shares present, and other relevant information. The chairman may declare the meeting postponed only in the event where attending shareholders represent less than one-half of the total number of voting shares, provided that no more than two postponements may be made and not for a combined total of more than one hour; if the meeting has been postponed twice and the shareholders present still do not represent at least one-third of the total issued shares, the chair shall declare the meeting adjourned.
   If the meeting has been postponed twice as stated in the preceding paragraph and if, despite the absence of the legal quorum, shareholders representing at least one-third of the total issued shares are present, a temporary resolution may be adopted with the approval of a majority of the voting rights of the shareholders present in accordance with Article 175, paragraph 1 of the Company Act, in which case a notice of the temporary resolution shall be given to each shareholder and the shareholders' meeting shall be convened again within one month.
   If the number of shares represented by the shareholders present reaches more than one-half of the total number of voting shares before the close of the meeting, the chair may re submit the tentative resolution being adopted to the shareholders' meeting for voting in accordance with Article 174 of the Company Act.
9. The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors, and relevant proposals shall be voted on case-by-case . Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda. Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (including temporary motions) listed in the agenda are resolved. In the event that the Chairman adjourns the Meeting in violation of these Rules and Procedures, the shareholders may designate, by a majority of votes represented by shareholders attending the Meeting, one person as chairman to continue the Meeting.

In order to hold a regular shareholders' meeting, a manual with the procedures must be prepared and all shareholders must be notified at least 30 days in advance. However, for shareholders holding less than 1,000 registered shares, an announcement can be made by posting on the Public Information System at least 30 days in advance.；to hold a special shareholders meeting, all shareholders must be notified at least 15 days in advance. However, for shareholders holding less than 1,000 registered shares, an announcement can be made by posting on the Public Information System at least 15 days in advance. The reason for convening the meeting shall be specified in the notification and announcement. If agreed by the counterparties, the notification may be delivered electronically.

Appointment or dismissal of directors, supervisors, change in articles of incorporation, reduction of capital, application to suspend public offering, directors non-competition clause, capital increase from public reserve, company dissolution, mergers, splits, or matters listed in Article 185, Paragraph 1 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, Article 56-1 and Article 60-2 of the Guidelines for the Handling of Securities Issuance and Offering by Issuers shall be listed in the notice for convening and may not be proposed by an interim motion. Shareholders may suggest proposals to urge the company to promote the public interest or fulfill its social responsibilities, but such proposals shall be limited to one item in accordance with the relevant provisions of Article 172-1 of the Company Act. If a shareholder proposes more than one item, they shall not be included in the proposal.

The shareholders' meeting has specified the purpose of the meeting, which is the re-election of directors, along with the date of their assumption of office. Once the re-election of directors is completed, the date of their assumption of office cannot be altered through a temporary motion or any other means.

Shareholders who hold over 1% of the total issued shares may submit proposals for the general shareholders' meeting, limited only to one, if there is more than one proposal, these will not be included in the motion. Additionally, if the proposal submitted by a shareholder falls under any of the circumstances listed in Article 172-1, Paragraph 4 of the Company Act, the board of directors may choose not to include it as a proposal for the meeting. The company should make an announcement regarding the acceptance of shareholders' proposal, the place of acceptance, and the acceptance period before the closing of the shareholders' general meeting. The acceptance period shall not be less than ten days. The proposal are limited to 300 words, and those that exceed this limit will not be considered. The proposing shareholder or their proxy should attend the general meeting in person to participate in the discussion of the proposal.

10. The company must notify the shareholders who proposed the motions of the results before the notice date of the shareholders' meeting. The proposals that comply with this article will be included in the meeting notice. If any shareholder proposals are not included, the board of directors must provide reasons for not including them at the meeting. The total number of issued shares for voting on resolutions of the shareholders' meeting shall not include the shares held by non-voting shareholders. Shareholders who have a vested interest in matters that may harm the company's interests may not vote or exercise their voting rights on behalf of other shareholders. The number of shares for which voting is not allowed in the previous paragraph will not be counted as the number of voting rights of shareholders present.

    Except for a trust enterprise or a stock affairs agency approved by the competent securities authority, the voting rights of an individual who is entrusted by two or more shareholders at the same time shall not exceed 3% of the total number of issued shares, and the excess voting rights shall not be counted.

11. Before a shareholder can speak at a shareholders' meeting, a shareholder shall submit a speaker's slip specifying thereon the shareholder account number (or meeting attendance card number), account name of the shareholder, and the subject of speech. The chairman shall determine the order of speaking for each such shareholder. A shareholder who has not spoken at a meeting despite the submission of a speaker's slip shall be deemed to not have spoken. If the content of a shareholder's speech does not correspond to that specified on the speaker's slip, the spoken content shall prevail. When a shareholder is giving a speech, the other shareholders shall not interrupt unless they have obtained prior consent from the Chair and the said shareholder, and the Chair shall prevent such violations.
12. A shareholder shall not speak more than two times for the same proposal, unless he has obtained prior consent from the Chairman, and each speech shall not exceed five minutes. If a shareholder violates the above provisions or his speech exceeds the scope of the motion, or disrupts the order of the meeting, the Chairman may terminate the speech, and other shareholders may request the Chairman to do so.
13. If a legal entity shareholder is authorized to attend the shareholders' meeting, it can only appoint one representative to attend. If a legal entity shareholder designates multiple representatives to attend the shareholders' meeting, only one person may speak on the same proposal.
14. After the speech of a shareholder, the chairman may respond in person or appoint an appropriate person to respond.
15. The chairman shall provide complete explanations and allow for sufficient discussion on proposals, amendments or special motions put forward by shareholders. Once the chairman deems that the proposals have reached the level that they can be voted on, he may stop the discussions, initiate voting, and arrange sufficient time for voting.
16. For agenda items put to vote by a poll, the chairman shall designate multiple ballot inspectors and ballot counters to discharge all relevant tasks, provided that only shareholders may be appointed as ballot inspectors. The vote on agenda items, and the counting of ballots in an election listed on the agenda, shall be conducted in a public place on the site of the relevant shareholders' meeting. After the counting is completed, the results will be announced immediately, and the weights shall be recorded. When a general shareholders meeting is called by the company, voting rights can be exercised through written or electronic means. The notice of meeting should specify the method of exercise for such voting. If a shareholder exercises their voting rights in writing or electronically, it will be considered equivalent to attending the shareholders' meeting in person. However, abstention from voting shall be assumed In the case of a temporary motion of the shareholders' meeting or an amendment to the original motion,

    After the shareholders exercise their voting writes in writing or electronic form, if the shareholder wishes to attend the shareholder meeting in person, he must withdraw the declaration of intention to exercise voting rights stated in the previous paragraph in the same manner as exercising voting rights, two days prior to the meeting. If the voting rights have been exercised through written or electronic means, and a proxy is authorized with a power of attorney to attend the meeting, then the voting rights executed by the proxy shall prevail.

    For those who exercised the right to vote in writing or electronic form, their declaration of intent should be delivered to the company two days before the shareholders meeting. This rule does not apply to those who have already expressed their intention before the revocation of the declaration.
17. The Chairman may call for breaks during the meeting when appropriate. If a force majeure event occurs, the chairman may decide to suspend the meeting and, having regard to the circumstances, announce the time for the resumption of the meeting. If the venue of a shareholder's meeting becomes unavailable for

use before the conclusion of all agenda items (including extraordinary motions), the shareholders at the meeting may resolve to continue the meeting at another venue.

A shareholders' meeting may, by a resolution made under Article 182 of the Company Act, be adjourned to or resumed on a date within the next five days.

18. Unless otherwise provided by the Company Act and the company's Articles of Incorporation, the voting of proposals shall be passed by the positive vote of more than half of the voting rights of the shareholders present. When voting, the chairman or his designated representative should announce the total voting rights of the attending shareholders for each proposal, and the shareholders should vote on each proposal. The results of the shareholders' approval, objection, and abstention should be entered into the Public Information System on the same day as the shareholders' meeting.
19. If there is amendment to or substitute for a proposal, the chairman shall decide the sequence of voting for such proposal, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.
20. During the election of directors and independent directors at the shareholders meeting, the company's relevant election rules should be followed. The results of the election should be announced immediately, which should include the list of elected directors and independent directors along with the number of votes received, as well as the list of unsuccessful directors and the number of votes they received.

    The election votes as described in the preceding paragraph should be sealed and signed by the competent authority and shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recordings shall be retained until the conclusion of the litigation.
21. The minutes of the meeting for the shareholders meetings' resolutions should be prepared, signed or sealed by the chairman, and distributed to all shareholders within 20 days after the meeting. The preparation and distribution of the minutes can be done electronically.

    The distribution aforementioned can be entered into the Public Information System by means of an announcement,

    The minutes of the meeting shall be accurately recorded, indicating the year, month, day, location, name of the chairman, resolution method, matters discussed, and voting results (including weights). If there were director and supervisor elections, the number of votes received by each candidate shall be disclosed. The meeting minutes shall be preserved permanently throughout the existence of the company.
22. The Chair may direct the proctors (security personnel) to help maintain order at the meeting place.
23. All matters not covered by these Rules shall be subject to the provisions provided by the Company Act, the Securities and Exchange Act, other applicable laws or regulations, or the Corporation's Articles of Incorporation.
24. These Rules, and any amendment hereto, shall take force after approval at a shareholders' meeting.
25. These Rules were established on March 12, 1990; the first amendment was made on June 25,1998; the second amendment was made on June 28,2002; the third amendment was made on June 28,2006; the fourth amendment was made on April 13,2007; the fifth amendment was made on June 26,2007; the sixth amendment was made on June 28,2011; the seventh amendment was made on April 27,2012; the eighth amendment was made on June 7,2013; the ninth amendment was made on June 17,2020; the tenth amendment was made on July 29,2021.

HAI-KWANG ENTERPRISE CO., LTD

Election Procedure for Directors and Independent Directors

Article 1 To ensure a fair, impartial, and transparent selection process, the election of Directors and Independent Directors shall be conducted in accordance with the ‘Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies’

Article 2 The selection and appointment of directors and independent directors must follow these procedures, except in cases where laws and regulations or the company's articles of incorporation stipulate otherwise.

Article 3 When selecting directors for the company, the composition of the board of directors must be taken into account. The board should be diverse, and a diversification policy should be developed based on the company's operations and development needs. It should include, but not limited to, the following two main aspects:

1. Basic conditions and values: Gender, Age, Nationality, Culture, etc.
2. Professional Knowledge and Skills: Professional Background (including law, accounting, trade, finance, marketing or technology), professional skills and industry experience etc.

The board of directors' members are expected to generally have the knowledge, skills, and expertise to carry out their responsibilities effectively. Their overall capabilities should include the following:

1. Business Judgment
2. Accounting and Financial Analysis Skills
3. Operations Management Ability
4. Crisis Management Ability
5. Industry Knowledge
6. International Market Outlook
7. Leadership Ability
8. Decision-making Ability

Directors shall occupy more than half the seats, and should not have spouses or relatives within the second degree of kinship. The company's board of directors should review the composition of the board based on the results of performance evaluations.

Article 4 The selection and appointment of the company’s independent directors shall be in compliance with the provisions of the ‘Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies’, and shall be handled in accordance with the "Code of Best Practice of Corporate Governance of Listed OTC Companies" and relevant laws and regulations.

The qualification of independent directors shall comply with the provisions of the ‘Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies’

Article 5 Elections of the Company's directors shall be conducted in accordance with the candidate nomination system and procedures established in Article 192-1 of the Company Act to examine the candidates qualification, educational background as listed in Article 30 of the Company Act. Other qualification documents shall not be added without authority, and the results of the review shall be made available to shareholders as a reference for the selection of appropriate directors and independent directors.

In case less than five directors are removed from their positions for any reason, the company must hold an election during the nearest shareholders meeting. However, if one-third of the director positions become vacant or all independent directors are dismissed, the board of directors shall convene a special shareholder meeting within 60 days to elect new directors to fill the vacancies.

If the number of independent directors is insufficient according to the provisions of Article 14-2, paragraph 1, subparagraph 1 of the Securities and Exchange Act, relevant regulations of the Taiwan Stock Exchange's listing review guidelines, or specific determination criteria of the Article 10, Paragraph 1, Subparagraphs of the 'Regulations Governing Securities Firms' of the Taiwan OTC Securities Exchange, they shall be supplemented in the latest shareholder meeting. If all independent directors are dismissed, a special shareholder meeting shall be convened within 60 days from the date of occurrence of the fact.

Article 6 The election process of directors and independent directors goes through a nomination system. The voting rights of each share shall be equal to the number of directors or independent directors to be elected. The election can be conducted either by collective election of one person or by allocating a number of persons for election.

Article 7 The board of directors should provide ballots to the shareholders who are present at the meeting, with a number of ballots equal to the total number of directors and independent directors to be elected, and the votes of each ballot shall be counted equally.

Article 8 The directors and independent directors shall calculate the voting rights by the quotas specified in the company's articles of incorporation. In case of a tie in votes, a selection shall be made by drawing lots, and for those who are not present, the chairman shall draw lots for them.

Article 9 Before the election begins, the Chairman shall appoint a number of shareholders to perform the duties of vote monitoring and counting. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before the voting commences.

Article 10 If the candidate is a shareholder, the voter shall enter the candidate's name and the shareholders' account number in the candidate column in the ballot; if the candidate is not a shareholder, the candidate's name and the number of the candidate's identity certificate. However, when the candidate is a government organization or legal entity shareholder, the name of the government organization or legal entity shareholder shall be entered in the column for the candidate's account name in the ballot, or both the name of the government organization or legal entity shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each representative should be added separately.

Article 11 Ballots shall be deemed void under the following conditions:

1. The ballot cast is not a ballot prepared and issued by the board of directors.
2. The ballot inserted into the ballot box is a blank ballot.
3. The handwriting on the ballot is unclear or altered.
4. If the candidate is a shareholder of the Company, the name or shareholder's number of the candidate filled in the ballot is inconsistent with the shareholders' register. If the candidate is not a shareholder of the Company, the name or ID number of the candidate filled in the ballot is incorrect.
5. Ballots with other written words in addition to candidate's name, shareholder's number (ID number).
6. The name of the candidates filled in the ballots being the same as another candidate's name and the respective shareholder's numbers or ID numbers not being indicated to distinguish them.

Article 12 After the voting is completed, the ballots are counted on the spot and the voting results shall be announced by the chair on site by indicating the list of candidates elected as Directors and Independent Directors and the numbers of votes with which they were elected.

The election votes as described in the preceding paragraph should be sealed and signed by the competent authority and shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recordings shall be retained until the conclusion of the litigation.

Article 13 These Rules shall take effect after having been approved by a shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.

Article 14 These Rules were established on April 20, 2005; the first amendment was made on April 13, 2006; the second amendment was made on June 26, 2007; the third amendment was made on June 28, 2011; the fourth amendment was made on June 28, 2018; and the fifth amendment was made on June 17, 2020.

【Appendix 4】

HAI-KWANG ENTERPRISE CO., LTD.

Shareholdings of All Directors

As of: April 27, 2026

Shares held in share register on the book closing date			
Position	Name	Shareholdings	%
Chairman	Huang, Wei-Han	2,030,952	1.05
Deputy Director	Yu Zhan Investment Co., Ltd.	1,899,261	0.98
	Representative: Wu, Yung-Tyze	1,410,622	0.73
Director	You Ming Investment Co., Ltd.	13,712,514	7.06
	Representative: Huang, Tsan-Ming	0	0
Director	Hai Ming Investment Co., Ltd.	44,279,502	22.81
	Representative: Chen, Shi-Cheng	0	0
Director	Hai Ming Investment Co., Ltd.	44,279,502	22.81
	Representative: Hung, Kuo-Yu	0	0
Independent Director	Yang, Chang-Hsi	0	0
Independent Director	Chen, Po-Chung	0	0
Independent Director	Kuo, Shih-Hsien	0	0
Independent Director	Huang, Ming-Kung	0	0

Note: In accordance with the 'Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies', if the company's paid-in capital falls between NTD 1 billion and NTD 2 billion, the total number of registered shares held by all directors should not be less than 7.5%, and if there are more than 2 independent directors, the shareholding ratio of all directors except independent directors should be reduced to 80% according to the ratio in the preceding paragraph.

The table above displays the number of shares held by individual directors and all directors recorded in the shareholder register as of April 27, 2026. As of that date, the company's total paid-in capital was NTD 1,941,343,030, which was divided into 194,134,303 shares. The minimum number of shares required to be held by all directors was 11,648,058 shares (7.5%*80%=6%). As the company has an audit committee, there is no minimum shareholding requirement for supervisors.