

member of CSC Group 中鋼集團 



中鴻銹鐵股份有限公司
CHUNG HUNG STEEL CORPORATION

2021

Stock Code: 2014

The Company's website: <http://www.chsteel.com.tw>

TWSE Market Observation Post System website:

<http://mops.twse.com.tw/mops/web/index>

Chung Hung Steel Corporation

2021 General Shareholders' Meeting

Meeting Manual

Time: 09:30 June 24, 2021 (Thursday)

Venue: No. 2, Hongyi 1st Rd., Nanzi Dist., Kaohsiung City, Taiwan

CPC Corporation Hongnan Training Classroom (exit of R17 World Games MRT station)

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A. Agenda of the Annual Meeting of Shareholders

Time: June 24, 2021 (Thursday) 9:30 a.m.

Venue: No. 2, Ln. 12, Hongyi 1st Rd., Nanzi Dist., Kaohsiung
City, Taiwan

CPC Corporation Hongnan Training Classroom (exit of
R17 World Games MRT station)

- Agenda: I. Call Meeting to Order
- II. Chairman's Speech
- III. Reports
- IV. Ratifications
- V. Matters for Discussion
- VI. Elections
- VII. Other Proposals
- VIII. Extempore Motions
- IX. Meeting Adjourned

B. Reports

I. The Company's 2020 business and financial report

(Reported by the President Kuei-Sung Tseng. Please refer to the Letter to Shareholders refer on page 1 of the Annual Report)

II. The Audit Committee's review report on statements for 2020

Chung Hung Steel Corporation

Audit Committee's Audit Report

The Company's 2020 Individual Financial Report and Consolidated Financial Report (audited and certified by CPAs Yu-Hsiang Liu and Chia-Ling Chiang of Deloitte, Taiwan), Business Report, and Earnings Distribution Proposal prepared by the Board of Directors were audited by the Audit Committee, who found them to be compliant with regulations. The Audit Report is therefore provided in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act and filed for approval.

Please review and assess the preceding items.

The Company's 2021 General Shareholders Meeting

Audit Committee, Chung Hung Steel Corporation

Convener: Juh-Shan Chiou

February 24, 2021

III. Report on the 2020 distribution of remuneration to employees and Directors.

Proposed by the Board of Directors

Explanation:

- I. Processed in accordance with Article 28 of the Company's Articles of Incorporation and Jing-Shang No. 10402436190 Letter of the Ministry of Economic Affairs dated January 4, 2016.
- II. According to Article 28 of the Articles of Incorporation, the Company's remuneration for employees and Directors shall be no lower than 1‰ and under 1% of the earnings before tax of the year before deducting remuneration for employees and Directors.
- III. The profitability shall, according to Jing-Shang No. 10402436190 Letter of the Ministry of Economic Affairs dated January 4, 2016, refer to the earnings before tax before deducting remuneration for employees and Directors.
- IV. The 2020 employees' remuneration of 5% on the account after tax amounted to NT\$29,896,740, which is equivalent to 5.30% of the pre-tax profit excluding employee and director remuneration. The director remuneration on the account amounted to NT\$5,637,945, which is equivalent to 1% of the earnings before tax excluding employee and director remuneration. The items specified above meet requirements in Article 28 of the Company's Articles of Incorporation and all remuneration shall be distributed in cash.

IV. Implementation status of the Company's second tranche of unsecured ordinary corporate bonds in 2020.

Proposed by the Board of Directors

Explanation:

- I. It is processed in accordance with Article 246 of the Company Act.
- II. The Company completed the issuance of its second tranche of unsecured ordinary corporate bonds in 2020 totaling NT\$1 billion on September 25, 2020. The corporate bonds issuance conditions were as follows:
 1. Total issuance amount: NT\$1 billion.
 2. Issuance period: 5 years from September 25, 2020 to September 25, 2025.
 3. Par value: NT\$1 million.
 4. Issuing price: Issued at 100% of face value on the issuance date.
 5. Coupon rate: Fixed annual interest rate at 0.65%.
 6. Interest repayment method: Paid once each year at simple interest starting from the issuance date based on the coupon rate.
 7. Principal repayment method: Principal repayment in full at the expiry of the issuance period.

V. Report on the amendment of the Company's "Board of Directors' Meeting Procedure".

Proposed by the Board of Directors

Explanation:

- I. The amendment is implemented in accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies", the Company's "Articles of Incorporation", and practical operation requirements.
- II. Article 2, Article 4, Article 9, Article 11, Article 12, Article 20, Article 21, and Article 26 are amended in this amendment.
- III. The comparison table for revised clauses is provided in the Attachment.

Comparison Table of Revision of Rules

Name of Rules: Board of Directors' Meeting Procedure

Clause after Revision	Existing Clauses	Description
<p>Article 2</p> <p>Board meetings convened <u>by</u> the Chairman shall be chaired by the <u>Chairman</u>. However, the first meeting of each newly elected Board of Directors shall be called and chaired by the Director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected. If there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to do so.</p> <p><u>Where a meeting of the board of directors is called by a majority of directors on their own initiative in accordance with Article 203, paragraph 4 or Article 203-1, paragraph 3 of the Company Act, the directors shall choose one person by and from among themselves to chair the meeting.</u></p> <p>If the Chairman is on leave or unable to perform his duties, the Chairman shall appoint a Director to act on his behalf. If the Chairman does not appoint a Director to act on his behalf, a representative shall be elected from among the Directors.</p>	<p>Article 2</p> <p>Board meetings be convened <u>and</u> chaired by the Chairman. However, the first meeting of each newly elected Board of Directors shall be called and chaired by the Director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected. If there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to do so.</p> <p>If the Chairman is on leave or unable to perform his duties, the Chairman shall appoint a Director to act on his behalf. If the Chairman does not appoint a Director to act on his behalf, a representative shall be elected from among the Directors.</p>	<p>Wording in Paragraph 1 of this Article is revised, Paragraph 2 is added, and the original Paragraph 2 is moved to Paragraph 3 in accordance with regulations in Article 10 of the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies".</p>
<p>Article 4</p> <p>The meetings of the Board of Directors shall be convened once</p>	<p>Article 4</p> <p>The meetings of the Board of Directors shall be convened once</p>	<p>Paragraph 4 of this Article is incorporated into Paragraph 2 and</p>

Name of Rules: Board of Directors' Meeting Procedure

Clause after Revision	Existing Clauses	Description
<p>each quarter. The meeting reasons need to be notified to each Director at least seven days in advance to provide information on the agenda, the date and venue at which the meeting is held, the proceedings and any information deemed relevant. A meeting of the Board of Directors may be called at any time in the event of an emergency.</p> <p>The notice in the preceding paragraph shall be provided in print or in electronic format. Other appropriate methods may be used in the event of an emergency. For the convening notice herein, any director may waive in writing.</p> <p>Except in cases of emergency or under circumstances supported by justifiable reasons, all discussion topics listed in Article 7, Paragraph 1 shall be listed in advance as part of the agenda and cannot be raised through extempore motions.</p> <p>A director of the opinion that the pre-meeting materials provided are insufficiently comprehensive may request the Finance</p>	<p>each quarter. The meeting reasons need to be notified to each Director at least seven days in advance to provide information on the agenda, the date and venue at which the meeting is held, the proceedings and any information deemed relevant. A meeting of the Board of Directors may be called at any time in the event of an emergency.</p> <p>The notice in the preceding paragraph shall be provided in print or in electronic format. Other appropriate methods may be used in the event of an emergency.</p> <p>Except in cases of emergency or under circumstances supported by justifiable reasons, all discussion topics listed in Article 7, Paragraph 1 shall be listed in advance as part of the agenda and cannot be raised through extempore motions.</p> <p>Any director may waive in the three preceding paragraphs in writing before or after the meeting.</p> <p>A director of the opinion that the pre-meeting materials provided are insufficiently comprehensive may request the Finance</p>	<p>wording is revised in accordance with regulations in Article 18 of the "Articles of Incorporation".</p>

Name of Rules: Board of Directors' Meeting Procedure

Clause after Revision	Existing Clauses	Description
<p>Department to supplement the materials. Directors may resolve to postpone relevant proposals if they consider the information presented to them to be insufficient.</p> <p>The regulations in Paragraph 2 and Paragraph 3 shall not apply if the Board resolves to postpone or continue with the meeting with the same agenda within a certain period.</p>	<p>Department to supplement the materials. Directors may resolve to postpone relevant proposals if they consider the information presented to them to be insufficient.</p> <p>The regulations in Paragraph 2 and Paragraph 3 shall not apply if the Board resolves to postpone or continue with the meeting with the same agenda within a certain period.</p>	
<p>Article 9</p> <p>When convening a board meeting, the management team shall prepare sufficient materials to be used by the participating Directors. Managerial officers ranked Vice President or above, audit officer, <u>and</u> Advisors <u>and other people</u> designated by the chairman of the Board with or without compensation shall attend the meetings to report on the Company's business status and respond to Directors' questions to help Directors understand situations and make decisions accordingly.</p> <p>Assistant Vice Presidents, Grade A supervisors, related handling personnel, or personnel from subsidiary companies that are relevant to the reports or discussion items may attend the meeting of the Board of Directors to file reports and answer questions.</p>	<p>Article 9</p> <p>When convening a board meeting, the management team shall prepare sufficient materials to be used by the participating Directors. Managerial officers ranked Vice President or above, audit officer, <u>and</u> Advisors designated by the chairman of the Board with or without compensation shall attend the meetings to report on the Company's business status and respond to Directors' questions to help Directors understand situations and make decisions accordingly.</p> <p>Assistant Vice Presidents, Grade A supervisors, related handling personnel, or personnel from subsidiary companies that are relevant to the reports or discussion items may attend the meeting of the Board of Directors to file reports and answer questions.</p>	<p>Other people designated by the chairman are included as non-voting participants in Paragraph 1 based on actual operation.</p>

Name of Rules: Board of Directors' Meeting Procedure

Clause after Revision	Existing Clauses	Description
<p>The chairman may designate or invite technical, management, finance, accounting, or legal professionals or related individual to attend the meeting of the Board of Directors to answer questions and provide explanation. However, these professionals need to be dismissed during the discussion and voting stage.</p> <p>The chairman may request the personnel listed under Paragraph 2 and Paragraph 3 to enter and leave the meeting at any time.</p>	<p>The chairman may designate or invite technical, management, finance, accounting, or legal professionals or related individual to attend the meeting of the Board of Directors to answer questions and provide explanation. However, these professionals need to be dismissed during the discussion and voting stage.</p> <p>The chairman may request the personnel listed under Paragraph 2 and Paragraph 3 to enter and leave the meeting at any time.</p>	
<p>Article 11 Directors <u>in attendance</u>, personnel in attendance in accordance with Article 9, Paragraph 1, and the assistants specified in the preceding Article shall be required to sign in attendance book.</p> <p>Those who participate in the meeting using video conferencing are deemed to have attended in person.</p>	<p>Article 11 Directors, personnel in attendance in accordance with Article 9, Paragraph 1, and the assistants specified in the preceding Article shall be required to sign in attendance book.</p> <p>Those who participate in the meeting using video conferencing are deemed to have attended in person, <u>provided that an attendance form is signed and faxed in.</u></p>	<p>Wording in this Article is revised in accordance with regulations in Article 9 of the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies".</p>
<p>Article 12 If the Director cannot attend the board meeting in person, he/she may delegate one of the other Directors as a proxy.</p>	<p>Article 12 If the Director cannot attend the board meeting in person, he/she may delegate one of the other Directors as a proxy. <u>For any decisions that need to be resolved through a board meeting under Article 14-3 of the Securities and</u></p>	<p>The second half of Paragraph 1 of this Article is the same as Article 7, Paragraph 4 and is therefore deleted.</p>

Name of Rules: Board of Directors' Meeting Procedure

Clause after Revision	Existing Clauses	Description
<p>Each proxy may only represent one absent Director.</p> <p>If a Director wishes to seek proxy attendance by another Director, a new proxy form shall be issued for each board meeting, and the extent of delegated authority shall be specified for each agenda.</p>	<p><u>Exchange Act, if an Independent Director cannot attend the meeting in person, he/she may only appoint other independent directors as proxy.</u></p> <p>Each proxy may only represent one absent Director.</p> <p>If a Director wishes to seek proxy attendance by another Director, a new proxy form shall be issued for each board meeting, and the extent of delegated authority shall be specified for each agenda.</p>	
<p>Article 20</p> <p>If a Director, or a corporate entity that the Director represents is considered an interested party in the discussed agenda, a full disclosure is required during the current meeting session. The Director shall recuse himself/herself from all discussions and voting if it is in conflict against the Company's interests. In which case, the Director shall not exercise voting rights on behalf of other Directors.</p> <p><u>Where the spouse, a relative within the second degree of kinship of a Director, or any company which has a controlling or subordinate relation with a</u></p>	<p>Article 20</p> <p><u>If</u> a Director, or a corporate entity that the Director represents, <u>or an individual or company specified below</u> is considered an interested party <u>in</u> the discussed agenda, a full disclosure is required during the current meeting session. The Director shall recuse himself/herself from all discussions and voting if it is in conflict against the Company's interests. In which case, the Director shall not exercise voting rights on behalf of other Directors:</p> <p><u>I. Their spouse, parents, children, or relatives within the third degree of kinship;</u></p> <p><u>II. Companies in which the individuals in the</u></p>	<p>This Article is revised in accordance with regulations in Article 16 of the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies".</p>

Name of Rules: Board of Directors' Meeting Procedure

Clause after Revision	Existing Clauses	Description
<p><u>Director has interests in the matters under discussion in the meeting of the preceding paragraph, the Director shall be deemed to have a personal interest in the matter.</u></p> <p>Where a Director is prohibited by the <u>two</u> preceding paragraph from exercising voting rights with respect to a <u>resolution at a board meeting, the provisions of Article 180, Paragraph 2 of the Company Act apply mutatis mutandis in accordance with Article 206, Paragraph 4 of the same Act.</u></p>	<p><u>subparagraph above directly or indirectly enjoy significant financial benefits;</u></p> <p><u>III. Companies in which they serve as the chairman, executive director, or senior managerial officers; however, this shall not apply to affiliated enterprises of the Company.</u></p> <p>Directors who have been prohibited to vote under the preceding paragraph <u>shall still be included into Directors in attendance when calculating the legal minimum attendance requirements for whether the board meeting can be convened in the first part of Article 19, Paragraph 1. When calculating the legal minimum requirements for voting on the resolution in the second part of the same paragraph, they shall be excluded from the number of Directors in attendance.</u></p>	
<p>Article 21</p> <p>Where voting is adopted to determine a proposal <u>and it is necessary to designate a ballot examiner and a ballot counter</u>, the chairman shall designate one Director as ballot examiner and designate one employee from the Finance Department as ballot counter.</p>	<p>Article 21</p> <p>Where <u>voting is adopted to determine a proposal</u>, the chairman shall designate one Director as ballot examiner <u>and designate</u> one employee from the Finance Department as ballot counter.</p> <p><u>If the voting requires a show of hands and a Director in</u></p>	<p>The provisions are simplified and this Article is revised in accordance with regulations in Article 14, Paragraph 3 of the "Sample Template for XXX Co., Ltd. Rules of Procedure for Board of Directors Meetings"</p>

Name of Rules: Board of Directors' Meeting Procedure

Clause after Revision	Existing Clauses	Description
	<u>attendance requests a ballot examiner and a ballot counter, the chairman shall designate a ballot examiner and a ballot counter based on the aforementioned method.</u>	
<p>Article 26</p> <p>Where a press release is required for a resolution of the board meeting, it shall be announced by the spokesperson. The Finance Department must disclose related information on the MOPS that constitute material information as defined by law or the rules of the Taiwan Stock Exchange Corporation.</p> <p>The Finance Department shall upload information on objections or qualified opinions expressed by independent directors on resolutions on record or in writing, <u>or resolutions adopted with the approval of two thirds or more of all Directors without having been passed by the Audit Committee</u> to the MOPS within two days of the board meeting.</p>	<p>Article 26</p> <p>Where a press release is required for a resolution of the board meeting, it shall be announced by the spokesperson. The Finance Department must disclose related information on the MOPS that constitute material information as defined by law or the rules of the Taiwan Stock Exchange Corporation.</p> <p>The Finance Department shall upload information on objections or qualified opinions expressed by independent directors on resolutions on record or in writing to the MOPS within two days of the board meeting.</p>	<p>Paragraph 2 of this Article is revised in accordance with regulations in Article 17, Paragraph 2, Subparagraph 2 of the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies".</p>

C. Ratifications

Agenda item #1

Proposed by the Board of Directors

Agenda: Ratification of the Company's 2020 business report and financial statements.

Explanation: The Company's 2020 Individual Financial Statements and Consolidated Financial Statements have been audited and certified by CPAs Yu-Hsiang Liu and Chia-Ling Chiang of Deloitte, Taiwan. The Audit Committee submitted the Audit Report which found them to be compliant with regulations.

Resolution:

Attachment

2020 Business Report

I. Business Strategy

Vision: Chung Hung maintains ethical business operations and strives to become a sustainable, reliable, and approachable steel company.

Philosophy: Flexibility in response to changes, streamlined efficiency, development of niches, and value creation

Tangible actions:

- ◎ Making full use of group resources and strengthening cost reduction
- ◎ Flexible production and sales for diversified development and sales expansion
- ◎ Accelerating full digitalization and promote smart production and sales
- ◎ Improving quality upgrade and enhance value-added products and niches
- ◎ Strengthening talent cultivation and improving knowledge passage
- ◎ Commit to environmental safety and health to fulfill social responsibilities

II. Implementation Overview

1. The Company's consolidated operating revenue in 2020 was NT\$36.79 billion which was a decrease of approximately 9.1% from the operating revenue of NT\$40.47 billion in 2019. Consolidated operating costs and consolidated operating expenses totaled NT\$36.45 billion which was an 10.4% decrease from NT\$40.69 billion in 2019. The annual profits for 2020 totaled NT\$528 million.
2. The following new products were developed in 2020: Hot-rolled EN 10149-2 S355MC products, hot-rolled EN 10025-2 S355JR products, and steel pipes CH300YU3 products.
3. The Company continues to update various production line equipment, make improvements, and optimize the process control system to improve product quality and grade and expand the variety of steel types for production. The main accomplishments in 2020 are as follows:
 - (1) Improved break-off rust on hot-rolled API steel pipe and board materials.

- (2) Improved tensile strength $\geq 590\text{Mpa}$ for the flatness of pickled steel products.
 - (3) Improved the pass rate of mechanical properties for hot-rolled SAPH440.
 - (4) Improved the achievement rate of crowning of thick board fineblanking materials in hot rolling.
4. Implemented occupational safety systems such as ISO 45001 and CNS 45001 and it received the following honors from related agencies for its outstanding performance:
- (1) The Dafa Steel Pipe Plant was recognized as an "Outstanding Unit in the Advancement of Occupational Safety and Health Unit in Kaohsiung City in 2020" and received the "2020 Outstanding Occupational Safety and Health Unit" award from the Ministry of Labor, Executive Yuan on September 22, 2020.
 - (2) The engineer Wen-Liang Chen of the Hot Rolling Department was recognized as an "Excellent Employee for Promoting Occupational Safety and Health in Kaohsiung City in 2020" and received the "2020 Excellent Employee for Promoting Occupational Safety and Health Award" from the Ministry of Labor, Executive Yuan on September 22, 2020.
 - (3) The Hot Rolling Department and Cold Rolling Department received the "Special Award" for safety and health performance in 2019 from Taiwan Steel & Iron Industries Association on November 19, 2020.
5. Implemented ISO 14001, ISO 50001, and ISO 14064 to strengthen environment and energy management, conserve energy and reduce waste, and fulfill corporate social responsibilities. It received recognition for its outstanding performance as company responsible for air quality improvements in Kaohsiung Clean Air Quality Region in 2019 from the Environmental Protection Bureau of Kaohsiung City Government on April 30, 2020. The heating furnace fuel conversion project of the Hot Rolling Department for replacing GHG emissions received the second certification for reducing 102,606 tons of CO₂e (2nd to 3rd year) on September 8, 2020.
6. Certifications:
- (1) The Hot Rolling Department and Cold Rolling Department passed the product licensing exchange review in Malaysia (MS).

- (2) The Hot Rolling Department and Cold Rolling Department passed the product licensing review in Vietnam (VN).
 - (3) The Hot Rolling Department passed the CE Mark certification of the European Union and licensing exchange review in the United Kingdom.
 - (4) The Hot Rolling Department passed the product licensing review in Singapore (FPC).
 - (5) The steel pipe products passed the CNS Mark certification review in the Republic of China and American Petroleum Institute (API) certification review.
 - (6) Dafa Steel Pipe Plant and Lukang Steel Pipe Plant passed FPC certification in New Zealand.
 - (7) Awarded the silver medal certification in the Talent Quality-management System (TTQS) of the Ministry of Labor.
7. Awards received:
- (1) The Company was rated among the top 6% to 20% of companies in the 6th Corporate Governance Evaluation of the Securities & Futures Institute in 2019 on April 30, 2020.
 - (2) Received recognition for 2019 Outstanding Green Procurement Enterprise Award in Kaohsiung city from the Environmental Protection Bureau of Kaohsiung City Government on September 16, 2020.
 - (3) Received the Gold Corporate Sustainability Report Award in the 2020 Taiwan Corporate Sustainability Awards on November 18, 2020.

III. Business Plan Implementation Results

1. Production plan implementation status:

Steel demand declined in the first half of 2020 due to the impact of the COVID-19 pandemic, but the economy gradually recovered in the second half of the year. The Company adjusted its production and sales plan in response and the product output compared to the previous year is listed as follows:

Item	Year			
	2020 production (10,000 tons)	2019 production (10,000 tons)	Difference (10,000 tons)	Difference %
Hot-rolled products	217.95	209.11	8.84	4.23%
Cold-rolled products	27.14	26.28	0.86	3.27%

Steel pipe products	5.83	13.68	-7.85	-57.38%
Galvanized products	2.64	1.40	1.24	88.57%
Total	253.56	250.47	3.09	1.23%

2. Sales plan implementation status:

The demand in the global steel market in the first half of 2020 declined due to the impact of the COVID-19 pandemic, which caused prices to fall. The economy gradually recovered in the second half of the year and the consolidated sales volume in 2020 was 2.4314 million tons which was a 5.51% increase from 2019.

IV. Analysis of operating income/expenses and profitability

The after-tax net profit was NT\$528 million in 2020. The operating revenue/expenses and profitability are as follows:

1. Revenue:

The consolidated operating revenue in 2020 was NT\$36.79 billion which was a decrease of approximately 9.1% from the operating revenue of NT\$40.47 billion in 2019.

2. Expenditures:

Consolidated operating costs and consolidated operating expenses totaled NT\$36.45 billion in 2020 which was a decrease of approximately 10.4% from NT\$40.69 billion in 2019.

3. Profitability:

As the steel market gradually recovered in the second half of 2020 and the decrease in costs was greater than the decrease in sales price, the pre-tax profit increased by NT\$517 million from 2019.

V. Research and Development

The Company continues to update the equipment, refine the process, and advance personal quality accountability. It also actively expands the product line and seeks to develop high add-value products with steel slab suppliers to improve product quality and the Company's overall competitiveness. The Company's material R&D and quality improvement in 2020 were as follows:

1. Product development:

- (1) The Company developed hot-rolled EN10149-2 S355MC products for automobile components based on customer requirements.
 - (2) The Company developed hot-rolled EN10025-2 S355JR products for outlet racks based on customer requirements.
 - (3) The Company developed heat treatment CH300YU3 steel pipe products suitable for J55 upgradable products based on customer requirements.
2. Product quality improvements:
- (1) Improved the break-off rust defect on hot-rolled API steel pipe and board materials.
 - (2) Improved coiling in hot rolling.
 - (3) Reduced the occurrence of Tail Pinch in hot rolling.
 - (4) Improved the pass rate of mechanical properties for hot-rolled SAPH440 with intelligent applications.
 - (5) Improved the production capacity of ultra-thin hot-rolled plates ($\leq 1.15\text{mm}$).
 - (6) Improved tensile strength $\geq 590\text{Mpa}$ for the flatness of pickled steel products in the Pickling & Galvanizing Department.
 - (7) Improved the achievement rate of crowning of thick board fineblanking materials in hot rolling.
 - (8) Reduced the occurrence of scratches in cold rolling.
3. Process research:
- (1) Establishment of the hot rolling S55C low-temperature rolled fineblanking technology.
 - (2) Establishment of optimized technologies for the CQC annealing process in cold rolling.
4. Equipment technology establishment:
- Improvement of the impact of fineblanking rust removal in the hot rolling process, establishment of the temperature increase monitoring and early warning system for the main fineblanking motors in the hot rolling process, improvement of the control technologies for heating boiler slab temperature (SRT) of the Hot Rolling Department, improvement of the control technologies for the hot rolling panels and the development of dedicated high-end composite CVC roll, establishment of the RCM roller smart production monitoring system in cold rolling, replacement of the

electrical control system for the No. 19 crane in the Pickling and Galvanizing Department, establishment of the steel band milling equipment at the #4 steel pipe process in the Steel Pipe Plant, installation of pipe shape monitoring cameras and steel forging simulation and analysis software for comparing simulation results at the #4 steel pipe process in the Steel Pipe Plant, and establishment of semi-automatic measurement equipment at the #4 steel pipe process in the Steel Pipe Plant.

Chairman:
Min-Hsiung Liu

Managerial Officer: Kuei-
Sung Tseng

Chief Accounting Officer:
Pei-Yu Lee

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the shareholders
Chung Hung Steel Corporation

Opinion

We have audited the accompanying standalone financial statements of Chung Hung Steel Corporation (the Corporation), which comprise the standalone balance sheets as of December 31, 2020 and 2019, and the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the standalone financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Corporation as of December 31, 2020 and 2019, and its standalone financial performance and its standalone 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 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 standalone financial statements section of our report. We are independent of the Corporation 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 standalone financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Corporation's standalone financial statements for the year ended December 31, 2020 are stated as follows:

Measurement of Inventories

Inventories are one of the significant assets in the balance sheet. As of December 31, 2020, the carrying amount of inventories held by the Corporation was NT\$4,236,420 thousand, which accounted for 16% of total assets. Due to the fluctuations in the prices of raw materials and finished goods in steel the industry, inventory valuation, which involved critical accounting estimates, is deemed to be a key audit matter.

For the accounting policies on inventories and critical accounting estimates and judgments on inventories, refer to Note 4 (5) and Note 5 (1) to the standalone financial statements, respectively.

We focused on the inventory valuation at the end of the reporting period, including evaluation of obsolete inventory and inventories valuation. Our main audit procedures performed included the following:

1. We performed year-end inventory counts and assessed the condition of inventory through inquiry and observation to evaluate the obsolete of inventory and the appropriateness of inventory valuation;
2. We obtained the year-end inventory aging report, tested the accuracy of aging report and examined whether the management performed the obsolete of inventory in accordance with its policy;
3. We obtained the year-end detail of inventory report and evaluated the appropriateness of inventories valuation.
4. We examined the valuation supporting document of the underlying assumption and the market price to recalculated the appropriateness of inventories valuation.

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

Management is responsible for the preparation and fair presentation of the standalone 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 standalone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Corporation'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 Corporation, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 for one 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 Corporation'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 Corporation'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 standalone financial statements or, if such disclosures are inadequate, 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 Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the standalone financial statements. We are responsible for the direction, supervision, and performance of the Corporation 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 standalone financial statements for the year ended December 31, 2020 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 audit resulting in this independent auditors' report are Yu-Hsiang Liu and Jia-Ling, Jiang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2021

Notice to Readers

The accompanying standalone financial statements are intended only to present the standalone 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 standalone financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying standalone 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 standalone financial statements shall prevail.

CHUNG HUNG STEEL CORPORATION

STANDALONE BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Note 6)	\$ 285,899	1	\$ 66,137	-
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	242,410	1	181,351	1
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	819,454	3	791,311	3
Accounts receivable (Notes 4, 9 and 23)	830,087	3	466,017	1
Accounts receivable from related parties (Notes 4, 9, 23 and 29)	117,238	-	45,733	-
Other receivables (Note 9)	19,321	-	6,031	-
Other receivables from related parties (Notes 9 and 29)	26,523	-	539,939	2
Current tax assets (Note 25)	202	-	349	-
Inventories (Notes 4, 5 and 10)	4,236,420	16	6,577,637	21
Prepayments (Note 11)	150,961	1	228,531	1
Other financial assets - current (Notes 12 and 30)	300,000	1	300,000	1
Other current assets	3,961	-	1,690	-
Total current assets	<u>7,032,476</u>	<u>26</u>	<u>9,204,726</u>	<u>30</u>
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4 and 8)	43,345	-	44,843	-
Investments accounted for using equity method (Notes 4 and 13)	2,698,045	10	2,553,395	9
Property, plant and equipment (Notes 4, 14, 29 and 31)	11,162,643	41	12,552,287	41
Right-of-use assets (Notes 4 and 15)	78,330	-	74,901	-
Investment properties (Notes 4 and 16)	5,983,185	22	5,984,073	20
Prepayments for equipment (Note 31)	95,659	1	42,549	-
Refundable deposits	6,220	-	5,632	-
Total noncurrent assets	<u>20,067,427</u>	<u>74</u>	<u>21,257,680</u>	<u>70</u>
TOTAL	<u>\$ 27,099,903</u>	<u>100</u>	<u>\$ 30,462,406</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17, 29 and 30)	\$ 404,630	2	\$ 5,154,867	17
Short-term bills payable (Note 17)	3,599,577	13	1,799,550	6
Contract liabilities - current (Note 23)	57,283	-	285,052	1
Accounts payable (Note 19)	27,500	-	29,672	-
Accounts payable to related parties (Notes 19 and 29)	313,224	1	65,597	-
Other payables (Notes 20 and 29)	580,115	2	503,188	2
Lease liabilities - current (Notes 4 and 15)	15,230	-	13,273	-
Current portion of long-term bank borrowings (Note 17)	-	-	480,000	2
Refund liabilities - current	153,756	1	153,612	-
Other current liabilities	15,764	-	16,434	-
Total current liabilities	<u>5,167,079</u>	<u>19</u>	<u>8,501,245</u>	<u>28</u>
NONCURRENT LIABILITIES				
Bonds payable (Note 18)	2,995,039	11	-	-
Long-term bank borrowings (Note 17)	2,000,000	8	4,130,000	13
Long-term bills payable (Note 17)	1,109,674	4	2,609,138	9
Deferred tax liabilities (Notes 4 and 25)	182,222	1	182,222	1
Lease liabilities - noncurrent (Notes 4 and 15)	63,898	-	62,044	-
Net defined benefit liabilities (Notes 4 and 21)	313,717	1	373,860	1
Guarantee deposits received (Note 16)	35,000	-	35,000	-
Total noncurrent liabilities	<u>6,699,550</u>	<u>25</u>	<u>7,392,264</u>	<u>24</u>
Total liabilities	<u>11,866,629</u>	<u>44</u>	<u>15,893,509</u>	<u>52</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 4 and 22)				
Ordinary shares	14,355,444	53	14,355,444	47
Capital surplus	903	-	903	-
Retained earnings				
Legal reserve	90,568	-	90,450	-
Special reserve	549,578	2	497,607	2
Unappropriated earnings	662,620	3	174,071	1
Total retained earnings	<u>1,302,766</u>	<u>5</u>	<u>762,128</u>	<u>3</u>
	<u>(2)</u>		<u>(2)</u>	
Other equity	(425,839))	(549,578))
Total equity	<u>15,233,274</u>	<u>56</u>	<u>14,568,897</u>	<u>48</u>
TOTAL	<u>\$ 27,099,903</u>	<u>100</u>	<u>\$ 30,462,406</u>	<u>100</u>

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

CHUNG HUNG STEEL CORPORATION

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 29)				
Sales	\$ 36,406,042	99	\$ 39,930,527	99
Service revenue	324,620	1	475,462	1
Other operating revenue	<u>58,856</u>	<u>-</u>	<u>61,527</u>	<u>-</u>
Total operating revenue	36,789,518	100	40,467,516	100
OPERATING COSTS (Notes 10, 14, 24 and 29)	<u>35,335,654</u>	<u>96</u>	<u>39,225,201</u>	<u>97</u>
GROSS PROFIT	<u>1,453,864</u>	<u>4</u>	<u>1,242,315</u>	<u>3</u>
OPERATING EXPENSES (Note 24)				
Selling and marketing expenses	794,236	2	1,147,701	3
General and administrative expenses	<u>321,827</u>	<u>1</u>	<u>312,146</u>	<u>1</u>
Total operating expenses	<u>1,116,063</u>	<u>3</u>	<u>1,459,847</u>	<u>4</u>
PROFIT (LOSS) FROM OPERATIONS	<u>337,801</u>	<u>1</u>	<u>(217,532)</u>	<u>(1)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 13, 16, 24 and 29)				
Interest income	950	-	2,012	-
Other income	224,750	1	173,451	1
Other gains and losses	1,488	-	73,899	-
Finance costs	(86,219)	-	(123,047)	-
Share of the profit of associates	<u>49,490</u>	<u>-</u>	<u>102,102</u>	<u>-</u>
Total non-operating income and expenses	<u>190,459</u>	<u>1</u>	<u>228,417</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	528,260	2	10,885	-
INCOME TAX (Notes 4, 5 and 25)	<u>-</u>	<u>-</u>	<u>94</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>528,260</u>	<u>2</u>	<u>10,791</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 21 and 22)				
Items that will not be reclassified subsequently to profit or loss				

(Continued)

CHUNG HUNG STEEL CORPORATION

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
Remeasurement of defined benefit plans	\$ 12,378	-	\$ (9,614)	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	28,579	-	(13,359)	-
Share of the other comprehensive income of associates	<u>95,160</u>	<u>-</u>	<u>(38,612)</u>	<u>-</u>
	<u>136,117</u>	<u>-</u>	<u>(61,585)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 664,377</u>	<u>2</u>	<u>\$ (50,794)</u>	<u>-</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 0.37</u>		<u>\$ 0.01</u>	
Diluted	<u>\$ 0.37</u>		<u>\$ 0.01</u>	

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

(Concluded)

CHUNG HUNG STEEL CORPORATION

STANDALONE STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars)

	Issued and Outstanding Ordinary Shares	Capital Surplus	Retained Earnings			Other Equity Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		
BALANCE AT JANUARY 1, 2019	\$ 14,355,444	\$ 903	\$ -	\$ -	\$ 904,506	\$ (497,607)	\$ 14,763,246
Appropriation of 2018 earning (Note 22)							
Legal reserve	-	-	90,450	-	(90,450)	-	-
Special reserve	-	-	-	497,607	(497,607)	-	-
Cash dividends	-	-	-	-	(143,555)	-	(143,555)
Net profit for the year ended December 31, 2019	-	-	-	-	10,791	-	10,791
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	(9,614)	(51,971)	(61,585)
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	1,177	(51,971)	(50,794)
BALANCE AT DECEMBER 31, 2019	14,355,444	903	90,450	497,607	174,071	(549,578)	14,568,897
Appropriation of 2019 earning (Note 22)							
Legal reserve	-	-	118	-	(118)	-	-
Special reserve	-	-	-	51,971	(51,971)	-	-
Net profit for the year ended December 31, 2020	-	-	-	-	528,260	-	528,260
Other comprehensive gain for the year ended December 31, 2020, net of income tax	-	-	-	-	12,378	123,739	136,117
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	540,638	123,739	664,377
BALANCE AT DECEMBER 31, 2020	\$ 14,355,444	\$ 903	\$ 90,568	\$ 549,578	\$ 662,620	\$ (425,839)	\$ 15,233,274

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

CHUNG HUNG STEEL CORPORATION

STANDALONE STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 528,260	\$ 10,885
Adjustments for:		
Depreciation expense	1,162,246	1,213,635
Net loss (gain) on financial assets at fair value through profit or loss	(78,903)	32,516
Finance costs	86,219	123,047
Interest income	(950)	(2,012)
Dividend income	(31,821)	(47,601)
Share of the profit of associates	(49,490)	(102,102)
Loss on disposal of property, plant and equipment	9,371	8,491
Gain on disposal of non - current assets held for sale	-	(871)
Write-downs (reversal) of inventories	(304,435)	4,624
Recognition (reversal) of impairment loss	576,317	(77,532)
Others	692	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	17,844	3,414
Accounts receivable	(364,070)	482,915
Accounts receivable from related parties	(71,505)	137,707
Other receivables	(13,290)	10,140
Other receivables from related parties	513,416	(195,379)
Inventories	2,645,652	1,657,890
Prepayments	77,570	144,172
Other current assets	(2,271)	4,900
Contract liabilities	(227,769)	191,497
Accounts payable	(2,172)	(15,632)
Accounts payable to related parties	247,627	(530,167)
Other payables	71,195	(497,330)
Other current liabilities	(670)	(14,540)
Net defined benefit liabilities	(47,765)	(66,473)
Refund liabilities	144	37,892
Cash generated from operations	4,741,442	2,514,086
Income taxes refund (paid)	147	(51)
Net cash generated from operating activities	<u>4,741,589</u>	<u>2,514,035</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the capital reduction on financial assets at fair value through other comprehensive income	1,934	4,605
Proceeds from the capital reduction on investments accounted for using equity method	-	674
Proceeds from disposal of non-current assets held for sale	-	20,506
Acquisition of property, plant and equipment	(397,582)	(507,531)
Proceeds from disposal of property, plant and equipment	-	123

(Continued)

CHUNG HUNG STEEL CORPORATION

STANDALONE STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2020	2019
Increase in refundable deposits	\$ (588)	\$ -
Decrease in other financial assets	-	2,897
Interest received	950	2,012
Dividends received from subsidiaries and associates	-	2,829
Dividends received from others	<u>31,821</u>	<u>47,601</u>
Net cash used in investing activities	<u>(363,465)</u>	<u>(426,284)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	99,915,564	76,681,921
Repayments of short-term borrowings	(104,665,801)	(77,908,827)
Increase in short-term bills payable	10,900,027	8,700,597
Decrease in short-term bills payable	(9,100,000)	(10,100,000)
Proceeds from issuance of bonds	2,994,328	-
Proceeds from long-term borrowings	3,150,000	7,550,000
Repayments of long-term borrowings	(5,760,000)	(7,790,000)
Proceeds from long-term bills payable	200,536	2,589,580
Repayments of long-term bills payable	(1,700,000)	(1,660,000)
Decrease in guarantee deposits	-	(120)
Repayments of principal of lease liabilities	(15,074)	(11,222)
Dividends paid	-	(143,555)
Interest paid	<u>(77,942)</u>	<u>(125,663)</u>
Net cash used in financing activities	<u>(4,158,362)</u>	<u>(2,217,289)</u>
NET INCREASE (DECREASE) IN CASH	219,762	(129,538)
CASH AT THE BEGINNING OF THE YEAR	<u>66,137</u>	<u>195,675</u>
CASH AT THE END OF THE YEAR	<u>\$ 285,899</u>	<u>\$ 66,137</u>

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

(Concluded)

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Chung Hung Steel Corporation as of and for the year ended December 31, 2020, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Chung Hung Steel Corporation and its subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Chung Hung Steel Corporation

By

Min-Hsiung Liu
Chairman

February 24, 2021

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the shareholders
Chung Hung Steel Corporation

Opinion

We have audited the accompanying consolidated financial statements of Chung Hung Steel Corporation (the Corporation) and its subsidiaries (collectively referred to as the Group), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 (FSC) of the Republic of China.

Basis for Opinion

We conducted our audits 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 Group 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 consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Group's consolidated financial statements for the year ended December 31, 2020 are stated as follows:

Measurement of Inventories

Inventories are one of the significant assets in the balance sheet. As of December 31, 2020, the carrying amount of inventories held by the Group was NT\$4,236,420 thousand, which accounted for 16% of the consolidated total assets. Due to the fluctuations in the prices of raw materials and finished goods in steel the industry, inventory valuation, which involved critical accounting estimates, is deemed to be a key audit matter.

For the accounting policies on inventories and critical accounting estimates and judgments on inventories, refer to Note 4 (6) and Note 5 (1) to the consolidated financial statements, respectively.

We focused on the inventory valuation at the end of the reporting period, including evaluation of obsolete

inventory and inventories valuation. Our main audit procedures performed included the following:

1. We performed year-end inventory counts and assessed the condition of inventory through inquiry and observation to evaluate the obsolete of inventory and the appropriateness of inventory valuation;
2. We obtained the year-end inventory aging report, tested the accuracy of aging report and examined whether the management performed the obsolete of inventory in accordance with its policy;
3. We obtained the year-end detail of inventory report and evaluated the appropriateness of inventories valuation.
4. We examined the valuation supporting document of the underlying assumption and the market price to recalculate the appropriateness of inventories valuation.

Other Matter

We have also audited the standalone financial statements of the Corporation as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified 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, and for such internal control as management determines is necessary to enable the preparation of 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 Group'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 Group, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group'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 for one 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 Group'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 Group'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 consolidated financial statements or, if such disclosures are inadequate, 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 Group 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 and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group 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, 2020 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 audit resulting in this independent auditors' report are Yu-Hsiang Liu and Jia-Ling, Jiang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2021

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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.

CHUNG HUNG STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Note 6)	\$ 287,373	1	\$ 67,028	-
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	242,410	1	181,351	1
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	819,454	3	791,311	3
Accounts receivable (Notes 4, 9 and 23)	830,087	3	466,017	1
Accounts receivable from related parties (Notes 4, 9, 23 and 29)	117,238	-	45,733	-
Other receivables (Note 9)	19,321	-	6,031	-
Other receivables from related parties (Notes 9 and 29)	26,672	-	541,414	2
Current tax assets (Note 25)	514	-	661	-
Inventories (Notes 4, 5 and 10)	4,236,420	16	6,577,637	21
Prepayments (Note 11)	150,961	1	228,531	1
Other financial assets - current (Notes 12 and 30)	301,700	1	301,700	1
Other current assets	3,961	-	1,690	-
Total current assets	7,036,111	26	9,209,104	30
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4 and 8)	68,193	-	68,838	-
Investments accounted for using equity method (Notes 4 and 13)	2,669,716	10	2,526,222	9
Property, plant and equipment (Notes 4, 14, 29 and 31)	11,162,643	41	12,552,287	41
Right-of-use assets (Notes 4 and 15)	78,330	-	74,901	-
Investment properties (Notes 4 and 16)	5,983,185	22	5,984,073	20
Prepayments for equipment (Note 31)	95,659	1	42,549	-
Refundable deposits	6,220	-	5,632	-
Total noncurrent assets	20,063,946	74	21,254,502	70
TOTAL	\$ 27,100,057	100	\$ 30,463,606	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17, 29 and 30)	\$ 404,630	2	\$ 5,154,867	17
Short-term bills payable (Note 17)	3,599,577	13	1,799,550	6
Contract liabilities - current (Note 23)	57,283	-	285,052	1
Accounts payable (Note 19)	27,500	-	29,672	-
Accounts payable to related parties (Notes 19 and 29)	313,224	1	65,597	-
Other payables (Notes 20 and 29)	580,264	2	504,388	2
Current tax liabilities (Note 25)	5	-	-	-
Lease liabilities - current (Notes 4 and 15)	15,230	-	13,273	-
Current portion of long-term bank borrowings (Note 17)	-	-	480,000	2
Refund liabilities - current	153,756	1	153,612	-
Other current liabilities	15,764	-	16,434	-
Total current liabilities	5,167,233	19	8,502,445	28
NONCURRENT LIABILITIES				
Bonds payable (Note 18)	2,995,039	11	-	-
Long-term bank borrowings (Note 17)	2,000,000	8	4,130,000	13
Long-term bills payable (Note 17)	1,109,674	4	2,609,138	9
Deferred tax liabilities (Notes 4 and 25)	182,222	1	182,222	1
Lease liabilities - noncurrent (Notes 4 and 15)	63,898	-	62,044	-
Net defined benefit liabilities (Notes 4 and 21)	313,717	1	373,860	1
Guarantee deposits received (Note 16)	35,000	-	35,000	-
Total noncurrent liabilities	6,699,550	25	7,392,264	24
Total liabilities	11,866,783	44	15,894,709	52
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 4 and 22)				
Ordinary shares	14,355,444	53	14,355,444	47
Capital surplus	903	-	903	-
Retained earnings				
Legal reserve	90,568	-	90,450	-
Special reserve	549,578	2	497,607	2
Unappropriated earnings	662,620	3	174,071	1
Total retained earnings	1,302,766	5	762,128	3
	(2)	-	(2)	-
Other equity	(425,839))	(549,578))
Total equity	15,233,274	56	14,568,897	48
TOTAL	\$ 27,100,057	100	\$ 30,463,606	100

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

CHUNG HUNG STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 29)				
Sales	\$ 36,406,042	99	\$ 39,930,527	99
Investment revenue	502	-	1,004	-
Service revenue	324,754	1	477,071	1
Other operating revenue	<u>58,856</u>	<u>-</u>	<u>61,527</u>	<u>-</u>
Total operating revenue	36,790,154	100	40,470,129	100
OPERATING COSTS (Notes 10, 14, 24 and 29)	<u>35,335,654</u>	<u>96</u>	<u>39,225,201</u>	<u>97</u>
GROSS PROFIT	<u>1,454,500</u>	<u>4</u>	<u>1,244,928</u>	<u>3</u>
OPERATING EXPENSES (Note 24)				
Selling and marketing expenses	794,236	2	1,147,701	3
General and administrative expenses	<u>322,052</u>	<u>1</u>	<u>314,816</u>	<u>1</u>
Total operating expenses	<u>1,116,288</u>	<u>3</u>	<u>1,462,517</u>	<u>4</u>
PROFIT (LOSS) FROM OPERATIONS	<u>338,212</u>	<u>1</u>	<u>(217,589)</u>	<u>(1)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 13, 16, 24 and 29)				
Interest income	966	-	2,026	-
Other income	224,631	1	173,330	1
Other gains and losses	1,488	-	73,899	-
Finance costs	(86,219)	-	(123,047)	-
Share of the profit of associates	<u>49,187</u>	<u>-</u>	<u>102,266</u>	<u>-</u>
Total non-operating income and expenses	<u>190,053</u>	<u>1</u>	<u>228,474</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	528,265	2	10,885	-
INCOME TAX (Notes 4, 5 and 25)	<u>5</u>	<u>-</u>	<u>94</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>528,260</u>	<u>2</u>	<u>10,791</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 21 and 22)				
Items that will not be reclassified subsequently to profit or loss				

(Continued)

CHUNG HUNG STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
Remeasurement of defined benefit plans	\$ 12,378	-	\$ (9,614)	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	29,432	-	(13,710)	-
Share of the other comprehensive income of associates	<u>94,307</u>	<u>-</u>	<u>(38,261)</u>	<u>-</u>
	<u>136,117</u>	<u>-</u>	<u>(61,585)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 664,377</u>	<u>2</u>	<u>\$ (50,794)</u>	<u>-</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	<u>\$ 528,260</u>	<u>1</u>	<u>\$ 10,791</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	<u>\$ 664,377</u>	<u>2</u>	<u>\$ (50,794)</u>	<u>-</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 0.37</u>		<u>\$ 0.01</u>	
Diluted	<u>\$ 0.37</u>		<u>\$ 0.01</u>	

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

(Concluded)

CHUNG HUNG STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars)

	Issued and Outstanding Ordinary Shares	Capital Surplus	Retained Earnings			Other Equity Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		
BALANCE AT JANUARY 1, 2019	\$ 14,355,444	\$ 903	\$ -	\$ -	\$ 904,506	\$ (497,607)	\$ 14,763,246
Appropriation of 2018 earning (Note 22)							
Legal reserve	-	-	90,450	-	(90,450)	-	-
Special reserve	-	-	-	497,607	(497,607)	-	-
Cash dividends	-	-	-	-	(143,555)	-	(143,555)
Net profit for the year ended December 31, 2019	-	-	-	-	10,791	-	10,791
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	(9,614)	(51,971)	(61,585)
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	1,177	(51,971)	(50,794)
BALANCE AT DECEMBER 31, 2019	14,355,444	903	90,450	497,607	174,071	(549,578)	14,568,897
Appropriation of 2019 earning (Note 22)							
Legal reserve	-	-	118	-	(118)	-	-
Special reserve	-	-	-	51,971	(51,971)	-	-
Net profit for the year ended December 31, 2020	-	-	-	-	528,260	-	528,260
Other comprehensive gain for the year ended December 31, 2020, net of income tax	-	-	-	-	12,378	123,739	136,117
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	540,638	123,739	664,377
BALANCE AT DECEMBER 31, 2020	\$ 14,355,444	\$ 903	\$ 90,568	\$ 549,578	\$ 662,620	\$ (425,839)	\$ 15,233,274

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

CHUNG HUNG STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 528,265	\$ 10,885
Adjustments for:		
Depreciation expense	1,162,246	1,213,635
Net loss (gain) on financial assets at fair value through profit or loss	(78,903)	32,516
Finance costs	86,219	123,047
Interest income	(966)	(2,026)
Dividend income	(32,323)	(48,605)
Share of the profit of associates	(49,187)	(102,266)
Loss on disposal of property, plant and equipment	9,371	8,491
Gain on disposal of non - current assets held for sale	-	(871)
Write-downs (reversal) of inventories	(304,435)	4,624
Recognition (reversal) of impairment loss	576,317	(77,532)
Others	692	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	17,844	3,414
Accounts receivable	(364,070)	482,915
Accounts receivable from related parties	(71,505)	137,707
Other receivables	(13,290)	9,971
Other receivables from related parties	514,742	(192,705)
Inventories	2,645,652	1,657,890
Prepayments	77,570	144,352
Other current assets	(2,271)	4,900
Other financial assets	-	(1,700)
Contract liabilities	(227,769)	191,497
Accounts payable	(2,172)	(15,632)
Accounts payable to related parties	247,627	(530,167)
Other payables	70,144	(497,342)
Other current liabilities	(670)	(14,540)
Net defined benefit liabilities	(47,765)	(66,473)
Refund liabilities	144	37,892
Cash generated from operations	4,741,507	2,513,877
Income taxes refund (paid)	147	(872)
Net cash generated from operating activities	<u>4,741,654</u>	<u>2,513,005</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the capital reduction on financial assets at fair value through other comprehensive income	1,934	4,605
Proceeds from disposal of non-current assets held for sale	-	20,506
Acquisition of property, plant and equipment	(397,582)	(507,531)
Proceeds from disposal of property, plant and equipment	-	123

(Continued)

CHUNG HUNG STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2020	2019
Increase in refundable deposits	\$ (588)	\$ -
Decrease in other financial assets	-	2,897
Interest received	966	2,026
Dividends received from others	<u>32,323</u>	<u>48,605</u>
Net cash used in investing activities	<u>(362,947)</u>	<u>(428,769)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	99,915,564	76,681,921
Repayments of short-term borrowings	(104,665,801)	(77,908,827)
Increase in short-term bills payable	10,900,027	8,700,597
Decrease in short-term bills payable	(9,100,000)	(10,100,000)
Proceeds from issuance of bonds	2,994,328	-
Proceeds from long-term borrowings	3,150,000	7,550,000
Repayments of long-term borrowings	(5,760,000)	(7,790,000)
Proceeds from long-term bills payable	200,536	2,589,580
Repayments of long-term bills payable	(1,700,000)	(1,660,000)
Decrease in guarantee deposits	-	(120)
Repayments of principal of lease liabilities	(15,074)	(11,222)
Dividends paid to owner of the corporation	-	(143,555)
Interest paid	<u>(77,942)</u>	<u>(125,663)</u>
Net cash used in financing activities	<u>(4,158,362)</u>	<u>(2,217,289)</u>
NET INCREASE/(DECREASE) IN CASH	220,345	(133,053)
CASH AT THE BEGINNING OF THE YEAR	<u>67,028</u>	<u>200,081</u>
CASH AT THE END OF THE YEAR	<u>\$ 287,373</u>	<u>\$ 67,028</u>

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

(Concluded)

To help shareholders learn more and download the contents of the full financial report,

please visit Chung Hung Steel's website

(Website: <http://www.chsteel.com.tw>)

and inquire in “Financial Information” under “Stockholder Service”

Agenda item #2**Proposed by the Board of Directors**

Agenda: The Company's 2020 earnings distribution proposal is filed for ratification.

Explanation:

- I. The earnings distribution is processed in accordance with Article 228 of the Company Act and Article 28-1 of the Company's Articles of Incorporation.
- II. The Company plans to distribute shareholder bonuses in common stocks at NT\$0.3 per share.
- III. The Company plans to authorize the Chairman to determine the ex-dividend date for the cash dividends after the shareholder's meeting passes the earnings distribution proposal. Cash dividends shall be issued to the "NTD" to each shareholder. The decimals shall be rounded up to the nearest NTD and the difference shall be listed as company expenses.
- IV. The Company has drafted the earnings distribution statement for 2020 as follows:

Earnings Distribution Statement
2020

Item	Unit: NT\$ Amount
Balance of undistributed earnings at the beginning of the year	121,982,280
Remeasurement of defined benefit plan converted into retained earnings	12,378,376
Balance of undistributed earnings after adjustment	134,360,656
After-tax net profit of 2020	528,259,840
Minus: Statutory surplus reserves	(54,063,822)
Plus: Reversal of special surplus reserve	123,738,790
Distributable earnings	732,295,464
Common stock bonus available for distribution - 1,435,544,446 common stocks at NT\$0.3 per share (cash NT\$0.3)	(430,663,334)
Undistributed earnings at the end of the period	301,632,130

Chairman:
Min-Hsiung Liu

Managerial Officer: Kuei-
Sung Tseng

Chief Accounting Officer:
Pei-Yu Lee

Resolution:

D. Matters for Discussion

Agenda item #1

Proposed by the Board of Directors

Agenda: The amendment of the Company's "Rules of Procedure for Shareholders' Meetings" is filed for approval.

Explanation:

- I. The Rules are amended based on the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" of Taiwan Stock Exchange.
- II. Article 2, Article 11, and Article 20 are amended in this amendment.
- III. The comparison table for revised clauses and the full clause before the revision are provided in the Attachment.

Resolution:



Comparison Table of Revision of Rules

Name of Rules: Rules of Procedure for the Shareholders' Meeting

Clause after Revision	Existing Clauses	Description
<p>Article 2</p> <p>Unless otherwise specified by law, shareholders' meetings are convened by the board of directors.</p> <p>Clauses unchanged</p> <p>Clauses unchanged</p>	<p>Article 2</p> <p>Unless otherwise specified by law, shareholders' meetings are convened by the board of directors.</p> <p>Notices for general shareholders meetings or extraordinary shareholders meetings shall include the purpose of the meeting and they shall be delivered to shareholders 30 days or 15 days in advance. If the receiving party agrees, meeting notices may also be delivered electronically. For shareholders holding less than one thousand shares, the meeting notices can be communicated by way of public announcement instead.</p> <p>The Company shall prepare an electronic file that contains the meeting notice, a proxy form, a detailed description of various agenda items to be acknowledged or discussed during the meeting, and notes on re-election or dismissal of Directors and post it onto the Market Observation Post System (MOPS) at least 30 days before a general shareholders' meeting, or 15 days before an extraordinary shareholders'</p>	

Name of Rules: Rules of Procedure for the Shareholders' Meeting

Clause after Revision	Existing Clauses	Description
<p>Matters pertaining to election or discharge of Directors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Article 185, Paragraph 1 of the Company Act, Article 26-1, Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.</p>	<p>meeting.</p> <p>Matters pertaining to election or discharge of Directors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Article 185, Paragraph 1 of the Company Act, Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion; <u>the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.</u></p>	<p>Paragraph 4 and Paragraph 5 of this Article are amended in accordance with regulations in Article 3, Paragraph 4 and Paragraph 6 of the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings".</p>

Name of Rules: Rules of Procedure for the Shareholders' Meeting

Clause after Revision	Existing Clauses	Description
<p>Shareholders who own more than 1% of the company's outstanding shares are entitled to propose agenda items for discussion in <u>general</u> shareholders' meetings. However, they may only propose one agenda item and additional proposals shall not be included in the agenda. The Board of Directors may disregard shareholders' proposals if the proposed agenda items involve any of the circumstances listed in Article 172-1, Paragraph 4 of the Company Act.</p>	<p>Shareholders who own more than 1% of the company's outstanding shares are entitled to propose <u>.in writing.</u> agenda items for discussion in general shareholders' meetings. <u>However,</u> they may only propose one agenda item and additional proposals shall not be included in the agenda. The Board of Directors may disregard shareholders' proposals if the proposed agenda items involve any of the circumstances listed in Article 172-1, Paragraph 4 of the Company Act.</p>	
<p>Clauses unchanged</p>	<p>The Company shall announce, before the book closure date, the conditions, the written or digital format accepted, and places and time in which shareholders' proposals are accepted. The period of acceptance shall be no shorter than ten days.</p>	
<p>Clauses unchanged</p>	<p>Shareholders shall limit their proposed agenda items to 300 words. Shareholders who have successfully proposed agenda items shall attend the shareholders' meeting in person or through proxy attendance and participate in the discussion.</p> <p>The Company shall notify the</p>	

Name of Rules: Rules of Procedure for the Shareholders' Meeting

Clause after Revision	Existing Clauses	Description
	<p>proposing shareholders of the outcome of their proposed agenda items before the date the meeting notice is sent. Meanwhile, agenda items that satisfy the conditions listed in this Article shall be included as part of the meeting notice. During the shareholders' meeting, the Board of Directors shall explain the reasons why certain proposed agenda items are excluded from discussion.</p>	
<p>Article 11</p> <p>The chairman shall announce the commencement of the meeting as soon as the appointed time arrives, <u>and announce related information including the number of shares without voting rights and the number of shares in attendance at the same time.</u> However, if those in attendance represent less than half of the company's outstanding shares, the chairman may announce to postpone the meeting up to two times, for a period totaling no more than one hour. Except for cases processed in accordance with Paragraph 2, the chairman shall dismiss the meeting if shareholders in attendance represent less than half of outstanding shares after two postponements.</p>	<p>Article 11</p> <p>The chairman shall announce the commencement of the meeting as soon as the appointed time arrives. However, if those in attendance represent less than half of the company's outstanding shares, the chairman may announce to postpone the meeting up to two times, for a period totaling no more than one hour. Except for cases processed in accordance with Paragraph 2, the chairman shall dismiss the meeting if shareholders in attendance represent less than half of outstanding shares after two postponements.</p>	<p>Paragraph 1 of this Article are amended in accordance with regulations in Article 9, Paragraph 2 of the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" to improve corporate governance and protect the rights and interests of shareholders.</p>

Name of Rules: Rules of Procedure for the Shareholders' Meeting

Clause after Revision	Existing Clauses	Description
Clauses unchanged	If the shareholders in attendance represent more than one-third but less than half of outstanding shares after two postponements, the shareholders in attendance may reach a tentative resolution according to Article 175, Paragraph 1 of the Company Act. This tentative resolution shall be communicated to every shareholder and another shareholders' meeting shall be held within one month. The establishment of resolutions that involve special resolutions in accordance with the Company Act, the regulations in the Company Act shall apply.	
Clauses unchanged	If during the process of the meeting the number of issued shares represented by the shareholders present are sufficient to constitute the quorum, the chairman may submit the tentative resolutions to the meeting for approval in accordance with Article 174 of the Company Act.	
Article 20 Where the shareholders' meeting involves re-election of Directors, the election must proceed according to the Rules Governing the Election of Directors of the Company and results shall be	Article 20 Where the shareholders' meeting involves re-election of Directors, the election must proceed according to the Rules Governing the Election of Directors of the Company and results shall be	This Article is amended in accordance with regulations in Article 14, Paragraph 1 of the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" to improve corporate

Name of Rules: Rules of Procedure for the Shareholders' Meeting

Clause after Revision	Existing Clauses	Description
announced on-site immediately including the names of those elected as Directors and the numbers of votes with which they were elected, <u>as well as the names of those not elected as Directors and the numbers of votes they received.</u>	announced on-site immediately including the names of those elected as Directors and the numbers of votes with which they were elected.	governance and protect the rights and interests of shareholders.

Chung Hung Steel Corporation

Rules of Procedure for Shareholders Meetings

Amended by the Board of Directors on May 2, 2019

Approved by the shareholders' meeting on June 26, 2019

Article 1 Unless otherwise stated by law or the Articles of Incorporation, the shareholders' meeting of the Company shall be organized according to these Rules.

Article 2 Unless otherwise specified by law, shareholders' meetings are convened by the board of directors.

Notices for general shareholders meetings or extraordinary shareholders meetings shall include the purpose of the meeting and they shall be delivered to shareholders 30 days or 15 days in advance. If the receiving party agrees, meeting notices may also be delivered electronically. For shareholders holding less than one thousand shares, the meeting notices can be communicated by way of public announcement instead.

The Company shall prepare an electronic file that contains the meeting notice, a proxy form, a detailed description of various agenda items to be acknowledged or discussed during the meeting, and notes on re-election or dismissal of Directors and post it onto the Market Observation Post System (MOPS) at least 30 days before a general shareholders' meeting, or 15 days before an extraordinary shareholders' meeting.

Matters pertaining to election or discharge of Directors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Article 185, Paragraph 1 of the Company Act, Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be itemized in the causes or subjects to be described and the

essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as special motions; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.

Shareholders who own more than 1% of the company's outstanding shares are entitled to propose, in writing, agenda items for discussion in general shareholders' meetings. However, they may only propose one agenda item and additional proposals shall not be included in the agenda. The Board of Directors may disregard shareholders' proposals if the proposed agenda item involve any of the circumstances listed in Article 172-1, Paragraph 4 of the Company Act. The Company shall announce, before the book closure date, the conditions, the written or digital format accepted, and places and time in which shareholders' proposals are accepted. The period of acceptance shall be no shorter than ten days.

Shareholders shall limit their proposed agenda items to 300 words. Shareholders who have successfully proposed agenda items shall attend the shareholders' meeting in person or through proxy attendance and participate in the discussion.

The Company shall notify the proposing shareholders of the outcome of their proposed agenda items before the date the meeting notice is sent. Meanwhile, agenda items that satisfy the conditions listed in this Article shall be included as part of the meeting notice. During the shareholders' meeting, the Board of Directors shall explain the reasons why certain proposed agenda items are excluded from discussion.

Article 3 The Company shall formulate meeting manuals for the shareholders' meeting in accordance with the regulations of the competent authority of securities. Physical copies of the shareholders' meeting manual and supplementary information shall also be prepared at least 15 days before the meeting and made accessible to shareholders at any time. These documents must be placed within the company's premises and at the share administration agency appointed by the

Company, and distributed on-site at the shareholders' meeting.

At least 21 days before an annual general meeting, or 15 days before an extraordinary shareholders' meeting, the Company shall upload an electronic copy of the shareholders' meeting manual and supplementary information to MOPS.

The Company shall prepare electronic versions of the Annual Report and Annual Financial Report and upload them to the MOPS at least 7 days before the date of the general shareholders' meeting or At least 21 days before the date of the general shareholders meeting if the Annual Report is used as supplementary information for the Procedures Manual of the shareholders' meeting.

The contents of the English versions of the electronic files shall be consistent with those of the Chinese version uploaded to the MOPS.

Article 4 Shareholders may appoint proxies to attend shareholders' meetings by completing the Company's proxy form and specifying the scope of delegated authority.

Each shareholder may issue one proxy form and delegate one proxy only. All proxy forms must arrive at the company at least five days before the shareholders' meeting. In the event that multiple proxy forms are issued, the proxy form that arrives first shall prevail. However, exception shall be granted if the shareholder issues a proper declaration to withdraw the previous proxy arrangement.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company at least 2 business days before the meeting date. If the withdrawal is made after the prescribed period, then the voting decision exercised by the proxy shall prevail.

Article 5 Shareholders' meetings shall be held at locations that are suitable and convenient for shareholders to attend. Meetings shall not begin earlier than 9 AM or later than 3 PM.

Article 6 The Company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. With regard to the certification documents for shareholders' attendance, the Company may not arbitrarily request shareholders to present other additional certification documents. Shareholders who wish to acquire a proxy form must present proof of identity on-site for verification.

Shareholders who attend the meeting shall be given a copy of the meeting manual, annual report, attendance pass, attendance sign-in card, opinion slip, ballots and any information relevant to the meeting. Shareholders shall also be given election ballots where election of Directors is to take place.

Where the shareholder is a government agency or corporate entity, more than one representative may attend the shareholders' meetings on their behalf. Corporate entities that have been designated as proxy attendants shall only appoint one representative to attend the shareholders' meeting.

Article 7 Shareholders' meetings that are convened by the Board of Directors shall be chaired by the Chairman. If the Chairman is unable to perform such duties due to leave of absence or any reason, the Chairman may appoint one of the Directors to act on the Chairman's behalf. If the Chairman does not appoint a delegate, one shall be elected among the Directors to act on the Chairman's behalf.

When a Director serves as chair in accordance with the preceding paragraph, the Director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The

same shall apply for a representative of a corporate director that serves as chair. For shareholders' meetings convened by any authorized party other than the Board of Directors, the convener will act as the meeting chair. If there are two or more conveners at the same time, one shall be appointed from among them to chair the meeting.

Article 8 Shareholders meetings convened by the board of Directors should be chaired by the Chairman in person, attended by more than half of the Director and the convener of the Audit Committee in person, and attended by at least one representative member of each functional committee. In addition, a record of attendance shall be made in the shareholders' meeting minutes.

The Company may summon its lawyers, certified public accountants, and any relevant personnel to be present at the shareholders' meeting.

Article 9 The Company shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures starting from the time it accepts shareholder attendance registrations.

The recorded materials of the preceding paragraph shall be retained for at least 1 year. However, if a shareholder makes a litigious claim against the Company according to Article 189 of the Company Act, the abovementioned documents must be retained until the end of the litigation.

Article 10 The attendance in shareholders' meetings shall be calculated based on numbers of shares. The shares in attendance shall be calculated in accordance with the number of attendance cards submitted by shareholders in attendance. Where the voting right is exercised in writing or by way of electronic transmission in accordance with Article 16-1, Paragraph 1, the number of shares that have been used to exercise voting rights in writing or in electronic format shall be used for the calculation.

Article 11 The chair shall announce the commencement of the meeting as soon as the appointed time arrives. However, if those in attendance represent less than half of the company's outstanding shares, the chair may announce to postpone the meeting up to two times, for a period totaling no more than one hour. Except for

cases processed in accordance with Paragraph 2, the chair shall dismiss the meeting if shareholders in attendance represent less than half of outstanding shares after two postponements.

If the shareholders in attendance represent more than one-third but less than half of outstanding shares after two postponements, the shareholders in attendance may reach a tentative resolution according to Article 175, Paragraph 1 of the Company Act. This tentative resolution shall be communicated to every shareholder and another shareholders' meeting shall be held within one month. The establishment of resolutions that involve special resolutions in accordance with the Company Act, the regulations in the Company Act shall apply.

If during the process of the meeting the number of issued shares represented by the shareholders present are sufficient to constitute the quorum, the chairman may submit the tentative resolutions to the meeting for approval in accordance with Article 174 of the Company Act.

Article 12 If the shareholders' meeting is convened by the Board of Directors, the Board of Directors shall determine the meeting proceedings. The proceedings shall not be changed unless resolved during the shareholders' meeting.

The above rule also applies if the shareholders' meeting is convened by any authorized party other than the Board of Directors.

In either of the two arrangements described above, the chair cannot dismiss the meeting while an agenda item (including extempore motions) is still in progress. If the chair violates the meeting policy by adjourning the meeting when he/she is not permitted to do so, other members of the board shall immediately assist the attending shareholders to elect another chair with the support of more than half of voting rights represented and continue the meeting.

The shareholders cannot designate any other person as chair and continue the meeting in the same or another place after the discussions are over and the chair adjourns the meeting in accordance with the Rules of Procedure.

Article 13 The chair shall be objective and independent and he/she shall strictly abide by the Rules of Procedure to ensure the smooth progression of the meeting.

Shareholders in attendance are obligated to follow the Rules of Procedure,

speak politely, and maintain the order of the meeting.

Article 14 Shareholders who wish to speak during the meeting must produce an opinion slip, detailing the topics and the shareholder's account number and name. The order of shareholders' comments shall be determined by the chair.

Shareholders who submit an opinion slip without actually speaking are considered to have remained silent. If the shareholder's actual comments differ from those stated on the opinion slip, only the actual comments expressed shall be recorded.

Each shareholder shall not speak more than twice, for five minutes each, on the same agenda item unless otherwise agreed by the chair. The chair may stop shareholders from speaking they violate the rules or speak outside the agenda item under discussion.

While a shareholder is speaking, other shareholders shall not speak simultaneously or interfere in any way unless agreed by the chair and the person speaking. Any violators shall be restrained by the chair.

Where a corporate shareholder has appointed two or more representatives to attend the shareholders' meeting, only one representative may speak per agenda item.

After the shareholder has finished speaking, the chair may answer to the shareholder's queries personally or appoint any relevant personnel to do so.

Article 15 With regard to the agenda items, amendments or special motions proposed during the meeting, the chair may announce to discontinue further discussion if the issue in question is considered to have been sufficiently discussed to proceed with the voting.

Article 16 The Company's shareholders shall be entitled to one vote for each share held, except for the circumstances described in Subparagraph 3, Paragraph 1 of Article 157, Paragraph 2 of Article 179, or Article 197-1 of the Company Act where shareholders have restricted or no voting rights.

Shares that do not carry voting rights are excluded from the calculation of outstanding shares when voting for the final resolution.

Except in the exercise of voting rights for electing Directors, shareholders

cannot vote, or appoint proxies to vote, on any agenda items in which they have a conflict of interest that would be detrimental to the best interests of the Company. The number of shares held by shareholders who are not permitted to vote shall be excluded from the total voting rights represented in the meeting.

With the exception of trust enterprises and certain share administration agencies approved by the competent authority, a proxy may not represent more than 3% of total voting rights in aggregate when representing two or more shareholders during the meeting. Voting rights that exceed this threshold shall be excluded from calculation. However, they shall still be included into the number of voting rights of the shareholder in attendance.

Article 16-1 The Company shall specify in the meeting notice for the shareholders' meeting that shareholders who do not attend the meeting in person and did not issue a proxy letter to assign a proxy to attend the shareholders' meeting may exercise their voting rights in writing or electronically based on the Company's regulations. Shareholders who have voted in writing or using the electronic method are considered to have attended shareholders' meeting in person. However, they are considered to have waived their rights to participate in any special motions or amendments to the original proposals, alternative proposals, and other motions that may arise during the shareholders' meeting.

Instructions to exercise written and electronic votes must be delivered to the company at least two days before the shareholders' meeting. In the event where there are duplicate submissions, the earliest submission shall be taken into record. However, exception shall be granted if the shareholder issues a proper declaration to withdraw the previous vote.

If the shareholder decides to attend the shareholders' meeting in person after submitting a written or electronic vote, a proper declaration of withdrawal must be issued in the same method as did the original vote no later than two days before the shareholders' meeting. If the withdrawal is not received in time, then the written or electronic vote shall be taken into record. If the shareholder has exercised written or electronic votes, and at the same time delegated a proxy to attend the shareholders meeting, then the voting decision exercised by the proxy

shall prevail.

Article 17 Unless otherwise specified in the Company Act or the Articles Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the meeting. At the time of a vote, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders for each proposal. The shareholder shall vote on each proposal and the results of shareholders' agreement, objection, and abstention shall be input on the Market Observation Post System.

Article 18 In cases where there are several amendments or alternative resolutions to a certain agenda item, the chair shall determine the order in which the new and original proposals are voted on. If any resolution is passed, all other proposals shall be deemed rejected and no further voting is necessary.

Article 19 Before the voting begins, the chair shall appoint a number of persons who are shareholders to perform the respective duties of ballot examiners and ballot counters, provided that the ballot examiners shall be shareholders of the Company.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 20 Where the shareholders' meeting involves re-election of Directors, the election must proceed according to the Rules Governing the Election of Directors of the Company and results shall be announced on-site immediately including the names of those elected as Directors and the numbers of votes with which they were elected.

Article 21 Shareholders' meeting resolutions shall be compiled into detailed minutes, and signed or sealed by the chair then disseminated to each shareholder no later than 20 days after the meeting.

The preparation and distribution of meeting minutes can be done in electronic

form. Distribution of the meeting minutes as described in the preceding may be conducted by uploading them to the Market Observation Post System.

The minutes must detail the date and venue of the meeting, the chair's name, the method of resolution, and the proceeding and results of various meeting agenda items. These minutes must be retained for as long as the company is in existence. They shall also be fully disclosed on the Company's website.

Where an election of the Directors took place, the weighted number of shares of elected Directors shall be specified.

Article 22 During the shareholders' meeting, the Company shall publish information regarding the number of shares acquired by solicitors and the number of shares represented by proxies using the prescribed format.

Article 23 The company must disclose on MOPS any shareholders' meeting resolutions that constitute material information as defined by law or the rules of the Taiwan Stock Exchange Corporation.

Article 24 Organizers of the shareholders' meeting must wear proper identification or arm badges.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. While maintaining order in the meeting, all proctors or security staff must wear arm bands which identify their roles as "Proctors."

The chair may stop anyone who attempts to speak using speaker equipment not provided by the Company and use the speaker equipment he/she prepared.

The chair may instruct proctors or security staff to remove shareholders who continue to violate the meeting rules or other conduct other actions that disrupts order in the meeting despite being warned by the chair.

Article 25 The chair may put the meeting in recess at appropriate times. In the occurrence of force majeure events, the chair may suspend the meeting temporarily and resume at another time.

If the shareholders' meeting is unable to conclude all scheduled agenda items (including special motions) before the venue is due to be returned, participants may resolve to continue the meeting at an alternative location.

A resolution may be adopted at a shareholders' meeting to defer or resume the

meeting within 5 days in accordance with Article 182 of the Company Act.

Article 26 These Rules shall be implemented following approval from the shareholders' meeting. The same procedure shall apply for amendments to these Rules.

E. Elections

Agenda item #1

Proposed by the Board of Directors

Agenda: Election of 7 Members of 15th-term Directors (including 3 Independent Directors).

Explanation:

- I. The terms of the 7 current (14th) term Directors (including 3 Independent Directors) shall expire on June 21, 2021. The meeting calls for the election of 7 members of the 15th-term Directors (including 3 Independent Directors) with a term of 3 years from June 24, 2021 to June 23, 2024.
- II. The election of the Board of Directors shall be based on a candidate nomination system. The list of candidates is specified in the Attachment. Shareholders are requested to vote on the candidates on the list.

Resolution:

List of Candidates for the Election of the 15th-Term Directors of Chung Hung Steel Corporation

Shareholder No. or ID No.	Name of corporate shareholder	Shares Held	Representative	Experience of Representative
192090	China Steel Corporation	582,673,153	Chao-Tung Wong	Ph.D. in Resources Engineering, National Cheng Kung University Chairman of China Steel Corporation
192090	China Steel Corporation	582,673,153	Min-Hsiung Liu	Bachelor of Business Administration, National Cheng Kung University Chairman of Chung Hung Steel Corporation
192090	China Steel Corporation	582,673,153	Kuei-Sung Tseng	Bachelor of Systems and Naval Mechatronic Engineering, National Cheng Kung University President of Chung Hung Steel Corporation
192090	China Steel Corporation	582,673,153	Kai-Ming Huang	Bachelor of Business Administration, National Chengchi University Assistant Vice President of Commercial Division, China Steel Corporation
D22054****	Independent Director	-	Lin-Lin Lee	Master of Law, National Taiwan University Partner-in-Charge, Ling-Yun Attorneys-At-Law

R10073****	Independent Director	-	Juh-Shan Chiou	MBA, National Sun Yat-Sen University CPA, Chung Sun Certified Public Accountants
R10314****	Independent Director	-	Hsien-Tang Tsai	Ph.D. in Management, Purdue University Dean of the College of Management, National Sun Yat-Sen University

F. Other Proposals

Agenda item #1

Proposed by the Board of Directors

Agenda: Approval of the removal of the non-compete clause for the 15th-term Directors of the Company.

Explanation:

- I. The matter is processed in accordance with Article 209, Paragraph 1 of the Company Act: “A Director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the shareholders' meeting the essential contents of such an act and secure its approval”.
- II. As the Company’s newly-elected 15th-term Directors (where a corporate shareholder is elected as a Director, it shall include the corporate shareholder and its designated representative) may have investments in, manage, and serve as directors or managerial officers in other companies with identical or similar business operations as the Company, the shareholders' meeting shall be asked to agree to the removal of the non-compete clause for the Company’s newly-elected 15th-term Directors (where a corporate shareholder is elected as a Director, it shall include the corporate shareholder and its designated representative) if such conditions apply. Please see the attachment for information on other concurrent positions in other companies occupied by the elected candidates for Directors.

Resolution:

Attachment

Name of Legal Entity	Representative	Other related positions in other companies
China Steel Corporation	Chao-Tung Wong	Chairman of China Steel Corporation Director of Dragon Steel Corporation Director of China Ecotek Corporation Director of China Steel Global Trading Corporation Director of InfoChamp Systems Corporation
	Min-Hsiung Liu	Vice President of Commercial Division, China Steel Corporation Director of Dragon Steel Corporation Director of China Steel Global Trading Corporation Director of China Steel Express Corporation Director of InfoChamp Systems Corporation
	Kuei-Sung Tseng	Chairman of China Steel Corporation India Pvt. Ltd.
	Kai-Ming Huang	Assistant Vice President of Commercial Division, China Steel Corporation

G. Extempore Motions

H. Rules of Procedure

Chung Hung Steel Corporation

Rules Governing the Election of Directors

Amended by the Board of Directors on May 2, 2019

Approved by the shareholders' meeting on June 26, 2019

Article 1: Unless elsewhere regulated by law or the Articles of Incorporation, the election of the Company's Directors shall be governed by these Rules.

Article 2: The Company's director elections shall proceed during shareholders' meetings. The overall composition of the Board of Directors shall be taken into consideration in the selection of the Company's Directors. The composition of the Board of Directors shall be determined by taking diversity into consideration. Furthermore, an adequate diversification policy shall be developed based on the operations, mode of operation, and development requirements of the Board. This policy should include, but not be limited to, the following two categories of standards:

- I. Basic qualifications and value: Gender, age, nationality and culture.
- II. Professional knowledge and skills: Professional background (e.g. legal, accounting, business sector, finance, marketing, or technology), professional skills or industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

- I. Ability to make sound business judgments.
- II. Ability to conduct accounting and financial analysis.
- III. Ability to manage a business.
- IV. Ability to respond to a crisis.
- V. Industry knowledge.
- VI. An understanding of international markets.
- VII. Leadership ability.
- VIII. Decisioning abilities.

More than half of the Directors of the Company shall be persons who have neither a

spousal relationship nor a relationship within the second degree of kinship with any other Director.

Article 3: The Company adopts the candidate nomination system for the election of Directors. It shall carefully review the qualifications of the nominees and whether any of them exhibit circumstances as prescribed in Article 30 of the Company Act. The process shall be completed in accordance with Article 192-1 of the Company Act. Independent Directors and non-independent Directors shall be nominated separately and shareholders shall choose from the two candidate lists.

The Company's Independent Directors and non-independent Directors shall be elected concurrently and the seats shall be calculated separately.

Where special provisions in Articles 5 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies apply to the nomination of the Company's Independent Directors, such provisions shall apply. With regard to Independent Director candidates nominated pursuant to the preceding paragraph that have served as Independent Director for more than three consecutive terms, the Company shall announce the reason of continuous nomination at the time review results are published and state the aforementioned reason(s) to shareholders when elections are held at shareholders' meetings.

The qualifications for the Independent Directors of the Company shall be pursuant to Articles 2, 3, and 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."

When the number of Directors falls below the number of Directors elected in accordance with the Articles of Incorporation due to the dismissal of a Director for any reason, the Company shall hold a by-election to fill the vacancy at its next shareholders meeting. However, once the vacancies on the board reach one-third of the number of seats as established in the Company's regulations, the Company shall convene an extraordinary shareholders' meeting to elect replacements within sixty days of the occurrence of the vacancies.

When the number of Independent Directors of the Company falls below that required under the proviso of Article 14-2, Paragraph 1 of the Securities and Exchange Act, the Company shall hold a by-election to fill the vacancy at its next shareholders meeting.

When the Independent Directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 4: The Company shall elect Directors by single-name cumulative voting. The shares of voters shall be based on the number of shares registered in the Company's shareholder register. Each share with voting right shall be entitled to the voting rights equivalent to the number of Directors to be elected. The voting rights may be concentrated to one candidate or be distributed to several candidates.

Article 5: The Board of Directors shall prepare ballots for Directors in numbers corresponding to the Directors to be elected and the serial number on attendance cards shall also be printed and filled with the number of voting rights, which shall then be distributed to shareholders attending the shareholders meeting.

The name of a voter may be replaced by the attendance card serial number printed on the ballot.

No ballots shall be produced for shareholders who exercised their voting rights electronically.

Article 6: Directors of the Company shall be elected in accordance with the number of seats specified in the Company's Articles of Incorporation and the candidates with the most votes shall be elected in sequence. If two or more candidates receive the same number of votes and the total number of Directors elected exceeds the stipulated number of appointed Directors, the winner shall be determined through lot-drawing. The lot may be drawn by the chair on behalf of the absentees.

Article 7: (Deleted)

Article 8: Before the election begins, the chair shall appoint several ballot examiners and ballot counters to perform duties relating to the election. Ballot examiners must be shareholders. The ballot box, produced by the Board of Directors, must be inspected by the ballot examiners in public before voting commences.

Article 9: The missions of the ballot examiners are as follows:

- I. Inspection of the ballot box publicly prior to voting.
- II. Immediately open the seal and retrieve ballots after voting is completed and deliver the ballots to the ballot counter for counting.

- III. Inspection or determination of invalid ballots.
- IV. Verify the number of ballots and number of voting rights compiled by the ballot counter.
- V. Assist the chair in maintaining order in voting and vote counting.

Article 10: The voter shall specify information from the list of Independent Directors or non-independent Directors on the "Candidate" column of the ballot and place the ballot into the ballot box. When a candidate is a shareholder, the voter shall indicate the account name and number of the candidate in the candidate column of the ballot. If the candidate is not a shareholder, the voter shall enter the candidate's full name and identity card number. If the candidate is the government or a corporate shareholder, the name of the government or corporate shareholder shall be provided in the candidate's column on the ballot; voter may also specify the name of the government or corporate shareholder along with that of its representative. When there are multiple representatives, the names of each respective representative shall be entered.

Article 11: Ballots are considered void in any of the following circumstances:

- I. The voter fails to complete registration procedures.
- II. The voter does not use ballots prepared by the Board of Directors.
- III. Blank ballot cast into the ballot box.
- IV. Ballots with unrecognizable writing.
- V. Contaminated ballots on which the voted candidate cannot be identified.
- VI. Ballots that are torn and incomplete.
- VII. Ballots that contain writings other than the candidate's account name (name), shareholder I (identity card number) and the number of voting rights allotted.
- VIII. The selected number of candidates exceeds the number of candidates that should be elected.
- IX. The selected candidate is not in the list of candidates for Independent Directors or non-Independent Directors.
- X. The candidate's name written on the ballot coincides with other shareholders, but no information such as shareholder ID or ID card number has been provided for identification.
- XI. The candidate whose name is entered in the ballot is a shareholder, but the

candidate's account name and shareholder account number do not conform with those specified in the shareholder register; or the specified candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.

Article 12: The ballots should be counted onsite after voting. The ballot examiners shall determine whether the ballots are invalid. In the event of a dispute, it shall be determined by a vote of all ballot examiners. Where the numbers of votes for and against the validity of the ballot are the same, the ballot shall be deemed as invalid.

After the ballots are counted, the ballot examiners shall verify the total number of valid ballots and invalid ballots and enter the number allocated to valid votes and invalid votes and the voting rights into the records which shall be delivered to the chair to announce the list of elected Directors and the number of voting rights they received.

The ballot examiners shall seal the valid and invalid votes separately and jointly sign on the seal. They shall also specify envelopes containing invalid ballots as “invalid” and deliver them to the Company for custody. The ballots shall be kept for at least one year. However, if a shareholder makes a litigious claim regarding the election of Directors against the Company according to Article 189 of the Company Act, the abovementioned documents shall be retained until the end of the litigation.

The Board of Directors shall issue notifications to the persons elected as Directors.

Article 13: These Rules shall come into force after the Implementation of the shareholders' meeting; the same applies to revisions.

Chung Hung Steel Corporation Articles of Incorporation

Amended by the Board of Directors on April 30, 2020

Passed by the Shareholders Meeting on June 24, 2020

Chapter 1 General provisions

Article 1: The Company shall be incorporated as a company limited by shares in accordance with the Company Act, and it shall be named Chung Hung Steel Corporation.

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

- I. Operations of animal husbandry business.
- II. Manufacturing, processing, and import/export of timber, agricultural products (excluding mushrooms and asparagus) and iron wire (under 12mm).
- III. Manufacturing, processing, wholesale, retail, and domestic sales/export of slotted angle iron, iron pipes, fish net, Tetoron fiber, plastic fiber, and iron plate.
- IV. Processing, manufacturing, domestic sales/export of steel coils, steel, steel mold, steel wire, stainless steel plate, stainless steel pipe, iron wire, galvanized iron plate and painted iron plate.
- V. Appointment of construction contractors to build public housing and commercial buildings for lease and sale and appointment of construction contractors to build general plants on industrial land for lease and sale.
- VI. Processing, manufacturing, and domestic sale/export of aluminum products and materials.
- VII. Processing, manufacturing, and domestic sale/export of steel and non-iron metal furniture.
- VIII. Processing, manufacturing, and domestic sale/export of wood and plastic furniture.
- IX. Processing, manufacturing, and domestic sale/export of silicon steel sheets.
- X. Processing, manufacturing, and domestic sale/export of sports equipment (exercise bikes, rowing machines, golf clubs, strollers, trolleys, jogging strollers, jumpers, kick scooters, surfboards, tennis rackets, and ball equipment).
- XI. Processing, manufacturing, and domestic sale/export of transportation equipment (automobile, motorcycle, and bicycle parts) and jacks.

- XII. Design, manufacturing, processing, and domestic sale/export of mechanical bodies and machinery parts.
- XIII. Processing, manufacturing, and domestic sale/export of oxidized soft and hard iron powder, magnets, magnetic materials, metallurgy powder, and ceramic materials.
- XIV. (1) F107100 Wholesale of basic chemical raw materials.
(2) F207100 Retail sale of basic chemical materials.
(3) C801010 Basic chemical manufacturing industry.
- XV. All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1: When the Company becomes the shareholder of limited liability in other companies, its total amount of investment in such companies shall not be subject to restrictions regarding certain proportions of the total paid-up capital specified in the Company Act.

Article 2-2: The Company may provide guarantees in accordance with the Procedures for Making Endorsements and Guarantees based on business requirements.

Article 3: The Company is headquartered in Kaohsiung City. Where necessary, the Company may set up branch companies or other branch institutions at other suitable locations. Such set up or revocation shall be determined by the Board of Directors.

Article 4: Unless otherwise stated in regulations of the competent authority of securities, the Company's announcements shall be made on newspapers, electronic newsletters, or a website set up or designated by the central competent authority.

Chapter 2 Shares

Article 5: The Company has an authorized capital of NT\$30 billion, totaling to 3 billion shares, which can be raised in multiple issues at NT\$10 per share. The Company may issue special shares.

Article 6: The Company's stocks shall not be printed. They shall be registered, numbered, and affixed with the signatures or personal seals of the director representing the company. They shall also be duly certified or authenticated by the bank which is competent to certify shares under the laws before issuance thereof.

Stocks issued by the Company are not required to be printed. The Company, however,

shall contact the centralized securities depository enterprise institution for registration of the share certificates. The shares issued shall be processed in accordance with the regulations of the institution.

Article 7: The Company shall administer all the stock-related operations in accordance with related laws and regulations of the competent authority.

Article 8: Transfer of title for the stocks is not permitted within sixty days prior to the annual meeting of shareholders; within thirty days prior to the special meeting of shareholders; or within five days prior to the cut-off date determined for the distribution of dividends, bonus or other benefits.

Chapter 3 Shareholder's meeting

Article 9: Unless otherwise specified by law, shareholders' meetings are convened by the board of directors.

The Company holds general and special shareholders' meetings; the general meeting shall be convened once a year within six months of the end of each fiscal year. The Board of Directors shall notify shareholders to convene the meeting thirty days in advance. Special meetings may be convened according to the law when necessary.

Article 10: A shareholder who cannot attend shareholders' meeting may appoint a proxy to attend on his/her behalf by executing a power of attorney printed and issued by the Company, stating clearly the scope of the authorization.

Article 11: The Chairman of the Board shall chair shareholders' meetings that are convened by the Board of Directors. Where the Chairman is absent, the Chairman shall appoint one of the Directors to act on behalf of the Chairman. For shareholders' meetings convened by any authorized party other than the Board of Directors, the convener will act as the meeting chair. If there are two or more conveners at the same time, one shall be appointed from among them to chair the meeting.

Article 12: The Company's shareholders shall be entitled to one vote for each share held, except where shareholders are restricted or prohibited from exercising voting rights by law. Except for trust enterprises or stock agencies approved by the competent authority in charge of the securities business, when a person concurrently acts as the proxy for two

or more shareholders in a shareholders' meeting, the number of voting right represented by him/her shall not exceed 3% of the total number of issued voting shares. Else, the portion of excessive voting right shall not be counted.

Article 13: Unless otherwise regulated by the Company Act, a shareholders' meeting resolution is passed when more than 50% of all outstanding shares are represented in the meeting, and voted in favor by more than 50% of all voting rights represented at the meeting.

Article 14: Shareholders' meeting resolutions shall be compiled into detailed minutes, and signed or sealed by the chair then disseminated to each shareholder no later than 20 days after the meeting.

The preparation and distribution of meeting minutes can be done in electronic form. The meeting minutes may be delivered by way of public announcement.

The sign-in cards and proxy authorization forms of shareholders in attendance shall be kept for at least one year. However, if a shareholder makes a litigious claim according to Article 189 of the Company Act, the abovementioned documents shall be retained until the end of the litigation.

Chapter 4 Director

Article 15: The Company shall have seven to nine Directors. The election of Directors is held by nomination and the shareholders shall vote on the list of candidates. They shall serve three-year terms and they may be reelected.

Among the Directors to be elected in accordance with the preceding paragraph, the number of Independent Directors shall be no less than three and they shall not represent less than one-fifth of the Directors to be elected. With respect to other requirements on Independent Directors including professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other compliance matters, the Company shall observe the regulations announced by the competent authority of the securities industry. The Independent Directors and non-independent Directors shall be nominated separately and elected concurrently. The seats shall be calculated separately.

Article 15-1: The Company shall establish an Audit Committee in accordance with Article 14-4 of

the Securities and Exchange Act. The Committee shall be composed of the entire number of Independent Directors. It shall not be fewer than three persons in number, one of whom shall be the convener, and at least one of whom shall have accounting or financial expertise.

Resolutions at meetings of the Audit Committee shall be adopted with the approval of one half or more of the entire membership.

The exercise of the powers of the Audit Committee, its organization charter, and other matters for compliance shall be processed in accordance with the Securities and Exchange Act and other relevant laws or the Company's regulations.

Article 16: If the re-election cannot be completed before the expiration of the term of office, the term of office for the Directors shall be extended until the re-elected Directors assume office. However, where the competent authority requires the Company to organize a re-election, the Company shall organize the re-election immediately. Where a re-election is not organized at the time of the expiry, the Directors shall be dismissed immediately.

Article 17: The Board of Directors consists of Directors. The Board of Directors shall appoint one Chairman of the Board during a board meeting with more than two-thirds of Directors present, and with the approval of more than half of all attending Directors. The Chairman shall represent the Company externally. The Board of Directors may assign one consultant to attend meetings of the Board of Directors in a non-voting capacity. The appointment and dismissal shall be approved by the Chairman.

Article 18: Except for the first meeting of each newly elected Board of Directors which shall be called and chaired by the Director that received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected, the Chairman shall convene meetings of the Board of Directors and serve as the chair.

The meetings of the Board of Directors shall be convened once each quarter. A meeting notice shall be delivered to each Director at least seven days in advance to provide information on the agenda, the date and venue at which the meeting is held, the proceedings and any information deemed relevant. A meeting of the Board of Directors may be called at any time in the event of an emergency.

The notice in the preceding paragraph shall be provided in print or in electronic format.

Other appropriate methods may be used in the event of an emergency. Any director may waive the preceding two convening notice in writing before or after the meeting.

If the Chairman is on leave or unable to perform his duties, the Chairman shall appoint a Director to act on his behalf. If the Chairman does not appoint a Director to act on his behalf, a representative shall be elected from among the Directors.

Directors' attendance in board meetings via video conference shall be considered as attendance in person.

Article 19: Except where otherwise specified in the Company Act, the passage of a proposal at a board meeting shall require the approval of a majority of the Directors in attendance at a board meeting attended by a majority of all Directors. If a Director is unable to attend a meeting, he/she may appoint a proxy to attend the meeting by completing the Company's proxy form, specifying the scope of delegation. However, a Director may only be made proxy for a maximum of one other Director.

Article 20: Discussions in board meetings shall be compiled into detailed minutes, and signed or sealed by the chair then disseminated to each Director no later than 20 days after the meeting. The meeting minutes, Directors' attendance sheets, and proxy forms shall be kept by the Company.

Article 21: (deleted)

Article 22: The transportation allowance of Directors, remuneration of Independent Directors, and salary of the Chairman shall be determined by the Board of Directors based on prevailing rates of the industry and listed companies. The Chairman shall be applicable to related regulations regarding employee salary payment and provided with other allowances.

Article 22-1: The Company may purchase liability insurance for its Directors to cover their terms of service based on the compensation liabilities associated with their business liabilities to reduce and diversify the risk of any material damages to the Company and its shareholders caused by any error or negligence of its Directors.

The Company shall report the insured amount, coverage, premium rate, and other major contents of the liability insurance it has purchased or renewed for Directors at the next board meeting.

Article 23: The Board of Directors shall be comprised of Directors whose functional duties are as follows:

- I. Filing proposals for capital increase or decrease;
- II. Review annual budgets and formulate financial statements at the end of each fiscal year in accordance with regulations;
- III. Clarification and amendment of material business policies;
- IV. Proposals for distribution of earnings or loss reimbursement plans;
- V. Review of important contracts;
- VI. Approval of domestic medium and long-term borrowings and foreign loans;
- VII. Approval of important charters;
- VIII. Establishment and withdrawal of branch companies or other branch institutions;
- IX. Appointment and dismissal of the President and Vice Presidents and the approval for their remuneration;
- X. Approval of employees' salary standards;
- XI. Approval of investments in other businesses;
- XII. Other exclusive powers expressly provided in the Company Act, Securities and Exchange Act, related regulations, or the Articles of Incorporation.

Chapter 5 Managerial officers and other employees

Article 24: The Company shall appoint one President and several Vice Presidents. The appointment, dismissal and remuneration of the said parties shall be decided by a majority vote at a meeting of the Board of Directors attended by more than one half of the Directors.

Article 25: The appointment and dismissal shall be processed in accordance with the Company's "Duties Division Table of the Board of Directors, Chairman, and President".

Article 26: The President shall be in charge of the Company's business operations. The President's scope of duties shall include all powers except for the exclusive powers of the shareholders' meeting and the Board of Directors that are specified in the Company Act, Securities and Exchange Act, related regulations, and the Articles of Incorporation.

Chapter 6 Financial Report

Article 27: The Company's fiscal year begins on January 1 and ends on December 31. At the end of

each fiscal year, the Board of Directors shall formulate the following documents and submit them to the general shareholders' meeting for ratification.

- I. Business Report;
- II. Financial statements;
- III. Proposal of earnings distribution or loss reimbursement plans.

Article 28: If the Company has profit for the year, it shall allocate no less than 0.1% of the profit as remuneration for employees and no more than 1% as remuneration for Directors. A sum shall be set aside to make up for any outstanding cumulative losses of the Company.

The remuneration for employees and Directors specified in the preceding paragraph shall be distributed in cash. It shall be implemented based on a resolution adopted by the Board of Directors in accordance with laws and presented to the shareholders' meeting.

Article 28-1: In the event of surplus earnings after closing of annual accounts, after taxes are paid in accordance with the law, and losses incurred in previous years shall be compensated. Upon completion of the preceding actions, the remainder surplus shall be allocated as statutory reserve. However, in the event that the accumulated statutory reserve is equivalent to or exceeds the Company's total paid-in capital, such allocation may be exempted. The remainder may be set aside or reversed as special surplus reserve in accordance with laws and regulations. The remaining profit, if any, shall be included in the accumulated undistributed earnings for the previous year, and the shareholder's meeting shall determine whether to distribute dividends or retain the earnings.

The Company shall allocate no less than 30% of the distributable earnings for the distribution of shareholder dividends and bonuses each year. However, dividends may be canceled if the accumulated earnings available for distribution are less than 3% of the paid-up capital.

The development of the Company's industry has matured. Therefore, the distribution of the shareholder dividends specified above shall be distributed with appropriate ratios of cash dividends and stock dividends. Cash dividends shall be no lower than 50%.

Chapter 7 Supplementary provisions

- Article 29: Where an individual or his/her ancestor who has or has not established a will currently serves or had previously served as the Company's Director or employee or performs duties for Directors or employees of any other company based on the Company's invitation and becomes a party to any litigation or legal proceedings, the Company may provide compensation for all actual and necessary fees, including attorneys' expenses, for the litigation or legal procedures that involve such individuals or for any appeals made. However, such Directors or employees shall be held liable for negligence or violation of duties. The compensation and rights awarded to Directors and employees shall not preclude any other due rights and interests.
- Article 30: Matters not addressed in this Article shall be processed in accordance with the Company Act and other relevant regulations.
- Article 31: The Articles of Incorporation were established on January 24, 1983. The 1st amendment was on April 21, 1983. The 2nd amendment was on June 25, 1983. The 3rd amendment was on January 18, 1984. The 4th amendment was on May 23, 1984. The 5th amendment was on July 20, 1985. The 6th amendment was on September 20, 1985. The 7th amendment was on December 10, 1985. The 8th amendment was on February 28, 1986. The 9th amendment was on May 15, 1986. The 10th amendment was on November 3, 1987. The 11th amendment was on March 13, 1988. The 12th amendment was on March 25, 1988. The 13th amendment was on March 4, 1989. The 14th amendment was on May 20, 1989. The 15th amendment was on October 3, 1989. The 16th amendment was on November 6, 1989. The 17th amendment was on February 24, 1990. The 18th amendment was on March 23, 1990. The 19th amendment was on May 10, 1991. The 20th amendment was on May 27, 1991. The 21st amendment was on January 27, 1992. The 22nd amendment was on June 18, 1993. The 23rd amendment was on June 2, 1994. The 24th amendment was on June 4, 1995. The 25th amendment was on May 17, 1996. The 26th amendment was on June 29, 1999. The 27th amendment was on February 2, 2000. The 28th amendment was on June 20, 2000. The 29th amendment was on June 28, 2002. The 30th amendment was on May 27, 2003. The 31st amendment was on June 24, 2004. The 32nd amendment was on June 28, 2005. The 33rd amendment was on June 29, 2006. The 34th amendment was on June 26, 2007. The 35th amendment was

on June 26, 2008. The 36th amendment was on June 30, 2009. The 37th amendment was on June 24, 2010. The 38th amendment was on June 10, 2011. The 39th amendment was on June 14, 2012. The 40th amendment was on June 19, 2013. The 41st amendment was on June 23, 2014. The 42nd amendment was on June 26, 2015. The 43rd amendment was on June 24, 2016. The 44th amendment was on June 24, 2020.

I. Additional Descriptions

I. Directors' shareholdings

- (I) According to Article 26 of the Securities and Exchange Act and the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies:

The minimum combined shareholding of all Directors by law is 34,453,066 shares. (It may not be lower than 2.4% of the total number of shares)

Note: The Company has issued 1,435,544,446 common shares.

- (II) The shareholdings of all Directors as recorded in the shareholder register up until the book closure date of the current shareholders' meeting:

April 25, 2021

Title	Name or Institution Name	Number of Shares Held
Director	China Steel Corporation	582,673,153 shares
Shareholdings of all directors		582,673,153 shares

The number of shares held by all Directors of the Company meet the legally required percentage.

II. The effects of the stock dividends on the Company's business performance, earnings per share and shareholder ROI

According to the requirements specified in the Ministry of Finance's official letter No. 00371 dated February 1, 2000, disclosure of such information is not required because the Company did not distribute shares or announce its 2021 financial forecast.

-  Head Office/Cold Rolling Department: No. 317, Yuliao Road, Ciaotou Dist., Kaohsiung City
-  Hot Rolling Department: No. 576, Xinglong St., Gangshan Dist., Kaohsiung City
-  Pickling and Galvanizing Department: No. 24, Yanhai 3rd Rd., Xiaogang Dist., Kaohsiung City
-  Steel Pipe Plant (Dafa Plant): No. 18, Huazhong Rd., Dafa Industrial Park, Daliao Dist., Kaohsiung City
-  Steel Pipe Plant (Lukang Plant): No. 42, Lugong Rd., Lukang Township, Changhua County