

Stock Code: 9905



Great China Metal Ind. Co., Ltd.

Handbook for the 2023 Annual

Meeting of Shareholders

MEETING TIME : 9:00 am. on Monday, June 19, 2023

PLACE : 5F, NO.533, Sec.3, Min chin Rd., Tai shang Dist,
New Taipei City, Taiwan, R.O.C.

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Great China Metal Ind. Co., Ltd.

Procedure for the 2023 Annual Meeting of Shareholders

1. Call the meeting to order
2. Chairperson remarks
3. Company Reports
4. Proposals
5. Discussion
6. Elections
7. Other Matters
8. Questions and Motions
9. Adjournment

Great China Metal Ind. Co., Ltd.
Year 2023
Agenda of Annual Meeting of Shareholders

Time: 9:00 am. on Monday, June 19, 2023

Place: 5F, NO.533, Sec.3, Min chin Rd., Tai shang Dist, New Taipei City, Taiwan,
R.O.C.

Convocation method : Physical shareholders meeting

Call the meeting to order (report shareholdings of the attendances)

Chairperson remarks

Company Reports:

1. 2022 Business Report. (Please refer to page 4)
2. Audit Committee's Review Report on the 2022 Financial Statements. (Please refer to page 5)
3. Report on the payment of employee compensation and director remuneration of 2022.
4. Report on the to formulated the company's "Ethical Corporate Management Best Practice Principles ".
5. Report on the to formulated the company's "Procedures for Ethical Management and Guidelines for Conduct ".

Proposals :

1. 2022 Company's business reports and financial statements.
2. Adoption of the proposal for distribution of 2022 profits.

Discussion :

1. The amendments to "Procedure for the Acquisitions or Dispositions of Assets".
2. The amendments to "Operating Procedure for Loaning of Funds and Making of Endorsements/Guarantees".

Elections :

Reelection of directors of the company (including independent directors)

Other Matters :

Proposal of releasing the Non-Competition Restrictions of newly-elected directors.

Questions and Motions

Adjournment

【Company Reports】

Motion 1: 2022 Business Report.

Last year was a challenging year. In the first half of last year, the price of raw material reached a historical high in recent years. Fortunately, it was more restrained in the second half of the year. Taiwan and China were affected by the epidemic throughout the year. In particular, part of areas were lockdown in China, affecting the production and demand of products. Under such environment, the net operating revenue of the Company, already wrote-off the merger of intra-group transactions in 2022, amounting to NT\$ 8.775 billion, increased by 1.14% compared to the previous year, while the net profit after tax at NT\$ 465 million. Hereunder, we'd like to summarize the Company's business operations in 2022 and the outlook for 2023.

1. Aluminum and iron cans, aluminum and iron ends-related business

In 2022, the net operating revenue of aluminum and iron cans, aluminum and iron ends of the Company came to NT\$8.26 billion, a 1.31% increase compared to NT\$8.15 billion in 2021. Analysed by region, the net operating revenue already wrote-off the merger of intra-group transactions was NT\$2.417 billion in Taiwan and NT\$5.786 billion in China. The operating revenue decrease in Taiwan was mainly due to a decline in export orders. The production and sales have been affected by the epidemic, but selling prices have risen with the costs of raw material, causing operating revenue growth in China. In terms of profitability, the decrease in production volume and sales volume in 2022, and the price of raw material rose in the first half of 2022, leading to a decline in profits.

Looking ahead to the 2023, the epidemic prevention policies continue to loosen in Taiwan and China. If there is no new epidemic peak, it can be expected that the demand for aluminum cans and ends will remain stable. However, the progress of economic recovery in China and the impact of the war on energy prices are expected to affect the price of aluminum. In this year, the Company will adopt appropriate policy to minimize the impact of changes in raw material prices, with the goal of restore previous profit.

2. Stretch films-related business

The Company reinvested in Huatong United (Nantong) Plastic Industry Co., Ltd. and Sunshui Changlee United Container Co., Ltd. which have been engaged in the production and marketing of stretch films. The year-round net operating revenue in the stretch films undertakings in 2022 came to NT\$518 million, a 1.4% decrease from 2021 mainly due to the decrease in sales volume. In terms of profitability, the decrease in production volume and sales volume, and the impact of raw material price fluctuations, resulting in a decline in gross margin and net profit after tax decreased as compared with the corresponding period of the preceding year. Looking ahead to 2023, we shall put forth added efforts toward the stretch films business to expand both domestic and foreign sales. It is hoped that in the future, we shall be able to steadily expand the market and increase the overall production volume and sales volume, with the goal of achieve higher profits.

Chairman : Chiang,Ming-Li

President : Chiang,Ming-Te

Finance Director : Chiang, Shao-May

Motion 2 : Audit Committee's Review Report on the 2022 Financial Statements.

Great China Metal Ind. Co., Ltd.
Audit Committee's Review Report
(Translated from Chinese)

I hereby state as following:

This proposal is the presentation by the Board of Directors of the Company's 2022 Business Report, Financial Statements, and the Profit Allocation Proposal. Of these items, the Financial Statements have been audited by external auditors Liu,Ming-Hsien and Cheng,Chin-Tsung of Deloitte &Touche, Taiwan,Republic of China, and an opinion and report have been issued on the Financial Statements. The aforementioned proposal regarding Business Report, Financial Statements, and the Profit Allocation Proposal have been reviewed and determined to be correct and accurate by the Audit Committee.

Per the regulations in Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To:

2023 General Shareholders' Meeting of Great China Metal Ind. Co., Ltd.

Great China Metal Ind. Co., Ltd.

Chairman of the Audit Committee: Tsai,Po-Hsien

March 7, 2023

Motion 3 : Report on the payment of employee compensation and director remuneration of 2022.

Explanation: 1. According to of Article 31 of the Company's Articles of Incorporation.

2. 2022 profit of NT\$473,295,773 the remuneration to employees NT\$12,374,329 the remuneration to directors NT\$12,374,329 is allocated in cash uniformly.

Motion 4: Report on the to formulated the company's "Ethical Corporate Management Best Practice Principles ".

Explanation: 1. In order to implement the corporate culture of honest management and establish a framework for good business operations, this code is formulated with reference to the " Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" of the Stock Exchange.

2. For the content of the article, Please refer to pages 54 - 60.

Motion 5 : Report on the to formulated the company's " Procedures for Ethical Management and Guidelines for Conduct ".

Explanation: 1. In order to implement the corporate culture of honest management and establish a framework for good business operations, this procedure and guidelines are formulated with reference to the " Procedures for Ethical Management and Guidelines for Conduct for Co., Ltd." of the Stock Exchange.

2. For the content of the article, Please refer to pages 61 - 72.

【Proposals】

Motion 1: 2022 Company's business reports and financial statements. (Proposed by the Board)

Explanation : 2022 Company's Financial Statements, (Please refer to pages 15-31) and business reports have been approved by the Board.

Resolution:

Motion 2: Adoption of the Proposal for Distribution of 2022 Profits (Proposed by the Board)

Explanation :

1. Distribution of 2022 Profits. (Please refer to page 32)
2. The motion proposes to allocate NT\$366,000,000 from distributable earnings as the cash dividend for 2022, at NT\$1.2 per share, calculated and truncated to the nearest NTD. Fractions that do not amount to a full NT\$1 shall be summed and recognized by the Company as other income.
3. Upon approval of a shareholders' meeting, the Board of Directors is authorized to determine the ex-dividend date, date of distribution and other related matters. The same shall be announced pursuant to laws.

Resolution:

【Discussion】

Motion 1: The amendments to "Procedure for the Acquisitions or Dispositions of Assets". (Proposed by the Board)

Explanation :

1. In accordance with the Financial Supervisory Commission's Jinguanzhengfazi No. 1110380465 order, some provisions of the company's "Procedures for Acquisition or Disposal of Assets" were revised.
2. Amendment comparison table, Please refer to pages 33 - 41.

Resolution:

Motion 2: The amendments to " Operating Procedure for Loaning of Funds and Making of Endorsements/Guarantees". (Proposed by the Board)

Explanation :

1. In accordance with the Stock Exchange Tai Zheng Zhi Zi No. 1110024366 Announcement, in order to strengthen the management of related party transactions, written regulations should be formulated in accordance with Article 17 of the "Code of Practice for Governance of Listed OTC Companies" to regulate transactions between companies, related parties and shareholders , expanded the applicable object of the operation specification from related enterprises to all related parties, and revised some articles of the company's "Procedures for Fund Loan and Endorsement/Guarantee".
2. Amendment comparison table, Please refer to page 42.

Resolution:

【Elections】

Motion : Reelection of directors of the company (including independent directors)
(Proposed by the Board)

Explanation :

1. The motion proposes to complete the re-election upon expiration of term of office served by 16th-term directors (including independent directors).
2. According to Article 18 of the Company's Articles of Incorporation, 11 directors (including independent directors) shall be elected for 17th term of the Board of Directors, who shall serve the term of office for 3 years.
From June 19, 112 to June 18, 115 end.
3. According to the Articles of Incorporation, the Company has adopted a nomination system for the election of directors and independent director elections. Upon resolution adopted by 20th meeting of the Board of Directors of 16th term, the candidates' information is stated as following:

| Items | Candidates | Shares | Education, Major Experience and Current position | Note |
|----------|--|------------|--|------|
| Director | ZHENG DA INVESTMENT CO., LTD. Representative : Chiang, Ming-Li | 11,806,451 | Education : Graduate Studies (Incomplete) , East Asian Languages & Culture, University of California Los Angeles Bachelor of Economics & Religious Studies, California State University Long Beach Experience : Special assistant of Great China Metal Ind. Co., Ltd.- Toufen Plant Current position : Chairman of Great China Metal Ind. Co., Ltd. | NA |
| Director | KANG NING INVESTMENT CO., LTD. Representative : Chiang, Chia-Chun | 19,551,088 | Education : Finance, California State University Experience : Financial manager of Great China Metal Ind. Co., Ltd.- Current position : Financial manager and Spokesperson and Concurrently corporate governance officer of Great China Metal Ind. Co., Ltd. | NA |
| Director | YONG ZEN INVESTMENT CO., LTD. Representative : Chiang, Kang-Ming | 10,205,000 | Education : EASTERN MICHIGAN UNI Experience : Plant manager of Great China Metal Ind. Co., Ltd.-Fugang plant Current position : Director and Special assistant of Great China Metal Ind. Co., Ltd. | NA |

| | | | | |
|-----------------------|---|------------|---|----|
| Director | GLORY TASK ENTERPRISE CO., LTD. Representative : Chiang,Shao-May | 22,059,503 | Education : Tamsui Institute of Business Administration Experience : Assistant manager of Great China Metal Ind. Co., Ltd. Current position : Director and Finance Director of Great China Metal Ind. Co., Ltd. | NA |
| Director | Jazwin Ventures Ltd. Representative : Chiang,Man-Tzyy | 2,715,676 | Education : Commercial High School Experience : HR Special assistant of Great China Metal Ind. Co., Ltd. Current position : Director of Great China Metal Ind. Co., Ltd. | NA |
| Director | Pinnacle Ventures Ltd. Representative : Chiang,Shou-Cheng | 7,052,752 | Education : FU-HSIN TRADE & ARTS SCHOOL Experience : Sales manager of Great China Metal Ind. Co., Ltd. Current position : Director of Great China Metal Ind. Co., Ltd. | NA |
| Director | Liu,Fei-Hu | 4,520 | Education : Minghsin University of Science and Technology Experience : QC manager of Great China Metal Ind. Co., Ltd. Current position : Director of Great China Metal Ind. Co., Ltd. Sales manager of Great China Metal Ind. Co., Ltd.- | NA |
| Director | Chang,Jung-Fei | 260 | Education : National Miao-Li Agricultural and Industrial Vocational Hight School Experience : Plant deputy manager of Great China Metal Ind. Co., Ltd.- Toufen Plant Current position : Director of Great China Metal Ind. Co., Ltd. Plant manager of Great China Metal Ind. Co., Ltd.- Toufen Plant | NA |
| Independent directors | Huang,Win-Jung | 0 | Education : Leadership and Management Studies at Southern Methodist University. Japan Foundation Trade Training Center International Business communication studies. Department of Business Administration Feng Chia University. Experience : Taipei World Trade Center International Trade Building Co., Ltd. full-time director. Secretary General of TAITRA. Executive Director of Taiwan | NA |

| | | | | |
|-----------------------|----------------|---|---|----|
| | | | <p>Creative Design Center.</p> <p>Vice Chairman of the Central and South American Economic and Trade Association of the Republic of China.</p> <p>Standing Director of the Arab Cultural and Economic Association of the Republic of China.</p> <p>Economic and Trade Association of the Association of Central and Eastern European and Independent States of the Republic of China Executive Supervisor.</p> <p>Standing Director of Taiwan Middle East Economic and Trade Association.</p> <p>Executive Supervisor and Convener of Taiwan Iran Economic and Trade Association.</p> <p>Vice President of Taiwan Israel Business Culture Promotion Association.</p> <p>Vice Chairman of Taiwan Korea Economic and Trade Association.</p> <p>Consultant of Taiwan Africa Economic and Trade Association.</p> <p>Current position : Secretary General of Importers and Exporters Association of Taipei.</p> <p>Independent director and Audit Committee member and Remuneration Committee member of Great China Metal Ind. Co., Ltd.</p> | |
| Independent directors | Hsieh,Ming-Jen | 0 | <p>Education : Master of Accountancy National Chengchi University</p> <p>Experience : Associate Professor of National Taipei University of Business.</p> <p>Auditor of TwC Taiwan.</p> <p>Accounting Keynote Speaker of Open College Affiliated with National Taipei University of Business.</p> <p>Professional Responsibility Appraisal Committee of the Society of Accountants.</p> <p>Independent monitor of Co-Tech Development Corporation.</p> <p>Current position : Adjunct Associate Professor of National Taipei University of Business.</p> <p>Independent director and Audit Committee member and Remuneration Committee member of Great China Metal Ind. Co., Ltd.</p> | NA |

| | | | | |
|----------------------|---------------|---|---|----|
| Independent director | Lin,Teng-Rong | 0 | Education : Chemical Industry, Chung Yuan Christian University Experience : President of HuaDong United Can Co., Ltd. Adjunct Associate Professor of Department of Mechanical Engineering, NUU Current position : None | NA |
|----------------------|---------------|---|---|----|

Note : Reasons for independent directors serving more than three consecutive terms.

Voting Results:

【Other Matters】

Motion : Proposal of releasing the Non-Competition Restrictions of newly-elected directors.
(Proposed by the Board)

Explanation :

1. According to Article 209 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 meeting of shareholders the essential contents of such an act and secure its approval.
2. Accordingly, any of the Company's directors who invests or engages in any act related or similar to the Company's business shall secure approval at a general shareholders' meeting pursuant to laws. Where any of the Company's new directors as elected satisfies said requirements, the director and its representative may be approved to be relieved from the non-competition restriction.
3. Directors holding other positions concurrently are stated as following:

| Name | Added concurrent positions in other companies |
|-------------------|--|
| Chiang, Ming-Li | Chairman of Huatong United (Nantong) Plastic Industry Co., Ltd. Sunshui Changlee United Container Co., Ltd. Chairman and President of GCM PACKAGING (VIETNAM) CO., LTD. Director of China Can Printing and Metal MFG. Co., Ltd. Shanghai United Can Co., Ltd. Chongqing United Can Co., Ltd. Jinan United Can Co., Ltd. |
| Chiang, Chia-Chun | Director of Shanghai United Can Co., Ltd. Chongqing United Can Co., Ltd. Jinan United Can Co., Ltd. Huatong United (Nantong) Plastic Industry Co., Ltd. GCM PACKAGING (VIETNAM) CO., LTD. |
| Chiang, Kang-Ming | Chairman of China Can Printing and Metal MFG. Co., Ltd. |
| Chiang, Shao-May | Director of Jinan United Can Co., Ltd. GCM PACKAGING (VIETNAM) CO., LTD. |
| Chiang, Man-Tzyy | Director of China Can Printing and Metal MFG. Co., Ltd. GCM PACKAGING (VIETNAM) CO., LTD. |

| | |
|-------------------|--|
| Chiang,Shou-Cheng | Chairman of Jinan United Can Co., Ltd. Chairman and President of Shanghai United Can Co., Ltd. Chongqing United Can Co., Ltd. Director of China Can Printing and Metal MFG. Co., Ltd. Huatong United (Nantong) Plastic Industry Co., Ltd. Sunshui Changlee United Container Co., Ltd. HuaDong United Can Co., Ltd. GCM PACKAGING (VIETNAM) CO., LTD. |
|-------------------|--|

Resolution:

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Great China Metal Ind. Co., Ltd

We have audited the financial statements of Great China Metal Ind. Co., Ltd (collectively referred to as the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, based on our audits, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit of the independent financial statements for the year ended December 31, 2022 in accordance with the Regulations Governing Auditing of Financial Statements 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 Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Company's financial statements for the year ended December 31, 2022 are stated as follows :

Revenue recognition

Refer to Note 19 to the financial statements.

Printing and painting of various metals, manufacturing and trading of metal containers and plastic products, are major business of Great China Metal Ind. Co., Ltd.. The specific transaction of sales revenue significantly affects the Company's overall revenue and profit. Revenue recognition is identified as a key audit matter since there are significant risks in the occurrence of revenue.

The key audit procedures that we performed in respect of revenue recognition included the following:

1. We understood and tested the design and operating effectiveness of the key controls over revenue recognition.
2. Select samples to perform test of details. Check the transaction documents from internal and external and perform the test of subsequent collection. Confirm the Company recognize revenue as the performance obligations are satisfied.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the independent 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the independent 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 Company to express an opinion on the independent financial statements. We are responsible for the direction, supervision, and performance of the Company 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 financial statements for the year ended December 31, 2022 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 Liu, Ming-Hsien and Zheng, Cin-Zong.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 7, 2023

Notice to Readers

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

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

GREAT CHINA METAL IND. CO., LTD
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

| Code | Assets | December 31, 2022 | | December 31, 2021 | |
|-------------|--|---------------------|------------|---------------------|------------|
| | | Amount | % | Amount | % |
| | CURRENT ASSETS | | | | |
| 1100 | Cash and cash equivalents (Notes 4 and 6) | \$ 156,380 | 2 | \$ 191,392 | 2 |
| 1110 | Financial assets at fair value through profit or loss - current (Notes 4 and 7) | 878,217 | 11 | 1,041,836 | 12 |
| 1120 | Financial assets at fair value through other comprehensive income – current (Notes 4 and 8) | 194,243 | 2 | 257,664 | 3 |
| 1136 | Financial assets at amortized cost - current (Notes 4, 9) | 819,830 | 10 | 852,597 | 10 |
| 1150 | Notes receivable - from unrelated parties (Note 4 and 10) | 37,508 | - | 52,461 | 1 |
| 1170 | Accounts receivable - from unrelated parties (Note 4 and 10) | 327,206 | 4 | 347,177 | 4 |
| 1180 | Accounts receivable – from related parties (Note 10 and 25) | 37,297 | - | 49,001 | 1 |
| 1200 | Other receivables | 2,182 | - | 2,375 | - |
| 130X | Inventories (Notes 4 and 11) | 969,023 | 12 | 794,407 | 9 |
| 1470 | Other current assets | 4,924 | - | 31,895 | 1 |
| 11XX | Total current assets | <u>3,426,810</u> | <u>41</u> | <u>3,620,805</u> | <u>43</u> |
| | NON-CURRENT ASSETS | | | | |
| 1550 | Investments accounted for using equity method (Notes 4 and 12) | 4,248,301 | 51 | 4,039,944 | 48 |
| 1600 | Property, plant and equipment (Notes 4, 13 and 25) | 651,439 | 8 | 782,519 | 9 |
| 1755 | Right-of-use assets (Note 4 and 14) | 20,636 | - | 26,901 | - |
| 1840 | Deferred tax assets (Notes 4 and 21) | 17,253 | - | 20,377 | - |
| 1915 | Prepayments for equipment | 17,039 | - | 3,506 | - |
| 1920 | Refundable deposits | 128 | - | 128 | - |
| 15XX | Total non-current assets | <u>4,954,796</u> | <u>59</u> | <u>4,873,375</u> | <u>57</u> |
| 1XXX | TOTAL ASSETS | <u>\$ 8,381,606</u> | <u>100</u> | <u>\$ 8,494,180</u> | <u>100</u> |
| Code | Liabilities | | | | |
| | CURRENT LIABILITIES | | | | |
| 2100 | Short-term borrowings (Note 15) | \$ 106,211 | 1 | \$ 69,868 | 1 |
| 2150 | Notes payable - to unrelated parties | 1,784 | - | 1,964 | - |
| 2170 | Accounts payable - to unrelated parties | 120,606 | 2 | 241,173 | 3 |
| 2180 | Accounts payable - to related parties (Note 25) | 1,035 | - | 2,427 | - |
| 2200 | Other payables (Note 16) | 105,426 | 1 | 125,594 | 1 |
| 2230 | Current tax liabilities (Notes 4 and 21) | 91,220 | 1 | 130,342 | 2 |
| 2280 | Lease liabilities - current (Notes 4 and 14) | 5,890 | - | 6,252 | - |
| 2300 | Other current liabilities | 2,963 | - | 2,494 | - |
| 21XX | Total current liabilities | <u>435,135</u> | <u>5</u> | <u>580,114</u> | <u>7</u> |
| | NON-CURRENT LIABILITIES | | | | |
| 2570 | Deferred tax liabilities (Notes 4 and 21) | 394,395 | 5 | 367,360 | 4 |
| 2580 | Lease liabilities - non-current (Notes 4 and 14) | 15,200 | - | 21,090 | - |
| 2640 | Net defined benefit liabilities - non-current (Notes 4 and 17) | 51,881 | 1 | 65,568 | 1 |
| 25XX | Total non-current liabilities | <u>461,476</u> | <u>6</u> | <u>454,018</u> | <u>5</u> |
| 2XXX | Total liabilities | <u>896,611</u> | <u>11</u> | <u>1,034,132</u> | <u>12</u> |
| | EQUITY (Notes 4 and 18) | | | | |
| | Share capital | | | | |
| 3110 | Ordinary shares | <u>3,050,000</u> | <u>36</u> | <u>3,050,000</u> | <u>36</u> |
| | Capital surplus | | | | |
| 3210 | Capital surplus - additional paid-in capital | 11,523 | - | 11,523 | - |
| 3220 | Capital surplus - treasury stock transactions | 12,908 | - | 12,908 | - |
| 3200 | Total capital surplus | <u>24,431</u> | <u>-</u> | <u>24,431</u> | <u>-</u> |
| | Retained earnings | | | | |
| 3310 | Legal reserve | 1,870,559 | 23 | 1,809,505 | 21 |
| 3350 | Unappropriated earnings | 2,284,604 | 27 | 2,328,474 | 28 |
| 3300 | Total retained earnings | <u>4,155,163</u> | <u>50</u> | <u>4,137,979</u> | <u>49</u> |
| | Other equity | | | | |
| 3410 | Exchange differences on translating the financial statements of foreign operations | 127,403 | 1 | 54,857 | 1 |
| 3420 | Unrealized gain (loss) on financial assets at fair value through other comprehensive income | 127,998 | 2 | 192,781 | 2 |
| 3400 | Total other equity | <u>255,401</u> | <u>3</u> | <u>247,638</u> | <u>3</u> |
| 3XXX | Total equity | <u>7,484,995</u> | <u>89</u> | <u>7,460,048</u> | <u>88</u> |
| | TOTAL LIABILITIES AND EQUITY | <u>\$ 8,381,606</u> | <u>100</u> | <u>\$ 8,494,180</u> | <u>100</u> |

The accompanying notes are an integral part of the independent financial statements.
(With Deloitte & Touche auditors' report dated March 7, 2023)

Chairman : Chiang, Ming-Li

President : Chiang, Min-Te

Finance Director : Chiang, Shao-May

GREAT CHINA METAL IND. CO., LTD
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars,
Except Earnings Per Share)

| Code | | For the Year Ended December 31, 2022 | | For the Year Ended December 31, 2021 | |
|------|--|---|--------------|---|--------------|
| | | Amount | % | Amount | % |
| | OPERATING REVENUE | | | | |
| 4100 | Sales (Notes 4, 19 and 25) | \$2,433,757 | 100 | \$2,700,977 | 100 |
| | OPERATING COST | | | | |
| 5110 | Cost of goods sold (Notes 11, 20, and 25) | (1,871,829) | (77) | (1,932,769) | (72) |
| 5900 | GROSS PROFIT | <u>561,928</u> | <u>23</u> | <u>768,208</u> | <u>28</u> |
| | OPERATING EXPENSES (Notes 20 and 25) | | | | |
| 6100 | Selling and marketing expenses | (42,729) | (2) | (63,774) | (2) |
| 6200 | General and administrative expenses | (80,138) | (3) | (110,061) | (4) |
| 6450 | Expected credit (loss)/ gain | <u>24</u> | <u>-</u> | <u>181</u> | <u>-</u> |
| 6000 | Total operating expenses | (<u>122,843</u>) | (<u>5</u>) | (<u>173,654</u>) | (<u>6</u>) |
| 6900 | PROFIT FROM OPERATIONS | <u>439,085</u> | <u>18</u> | <u>594,554</u> | <u>22</u> |
| | NON-OPERATING INCOME AND EXPENSES(Notes 20) | | | | |
| 7100 | Interest revenue | 9,508 | - | 6,342 | - |
| 7010 | Other revenue | 14,743 | 1 | 29,801 | 1 |
| 7020 | Other gains and losses | (4,293) | - | 1,935 | - |
| 7050 | Finance costs | (268) | - | (343) | - |
| 7070 | Share of profit (loss) of subsidiaries accounted for using equity method | <u>135,193</u> | <u>6</u> | <u>120,947</u> | <u>5</u> |
| 7000 | Total non-operating income and expenses | <u>154,883</u> | <u>7</u> | <u>158,682</u> | <u>6</u> |
| 7900 | PROFIT BEFORE INCOME TAX | 593,968 | 25 | 753,236 | 28 |
| 7950 | INCOME TAX EXPENSE (Notes 4 and 21) | (<u>120,672</u>) | (<u>5</u>) | (<u>151,354</u>) | (<u>6</u>) |
| 8200 | NET PROFIT FOR THE YEAR | <u>473,296</u> | <u>20</u> | <u>601,882</u> | <u>22</u> |
| | OTHER COMPREHENSIVE INCOME (LOSS) | | | | |
| 8310 | Items that will not be reclassified subsequently to profit or loss: | | | | |
| 8311 | Remeasurement of defined benefit plans | 1,735 | - | 10,826 | - |
| 8316 | Unrealized (gain) loss on investments in equity instruments at fair value through other comprehensive income | (64,783) | (3) | 42,722 | 2 |
| 8349 | Income tax expense relating to items that will not be reclassified subsequently to profit or loss | (<u>347</u>) | <u>-</u> | <u>2,165</u> | <u>-</u> |
| | | (<u>63,395</u>) | (<u>3</u>) | <u>51,383</u> | <u>2</u> |
| 8360 | Items that may be reclassified subsequently to profit or loss: | | | | |
| 8361 | Exchange differences on translating the financial statements of foreign operations | <u>72,546</u> | <u>3</u> | (<u>6,925</u>) | <u>-</u> |
| | | <u>72,546</u> | <u>3</u> | (<u>6,925</u>) | <u>-</u> |
| 8300 | Other comprehensive loss for the year, net of income tax | <u>9,151</u> | <u>-</u> | <u>44,458</u> | <u>2</u> |
| 8500 | TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ 482,447</u> | <u>20</u> | <u>\$ 646,340</u> | <u>24</u> |
| | EARNINGS PER SHARE (Note 22) | | | | |
| | Form continuing operation | | | | |
| 9710 | Basic | <u>\$ 1.55</u> | | <u>\$ 1.97</u> | |
| 9810 | Diluted | <u>\$ 1.55</u> | | <u>\$ 1.97</u> | |

The accompanying notes are an integral part of the independent financial statements.
(With Deloitte & Touche auditors' report dated March 7, 2023)

Chairman : Chiang, Ming-Li

President : Chiang, Min-Te

Finance Director : Chiang, Shao-Ma

GREAT CHINA METAL IND. CO., LTD
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

| Code | | Share capital | Capital surplus | | Retained earnings | | Other equity | | Total equity |
|------|---|---------------------|----------------------------|-----------------------------|---------------------|-------------------------|--|---|---------------------|
| | | | Additional paid-in capital | Treasury stock transactions | Legal reserve | Unappropriated earnings | Exchange differences on translating the financial statements of foreign operations | Unrealized gain (loss) on financial assets at fair value through other comprehensive income | |
| A1 | BALANCE AT JANUARY 1, 2021 | \$ 3,050,000 | \$ 11,523 | \$ 12,908 | \$ 1,753,575 | \$ 2,231,361 | \$ 61,782 | \$ 150,059 | \$ 7,271,208 |
| | Appropriation of 2020 earnings (Notes 18) | | | | | | | | |
| B1 | Legal reserve | - | - | - | 55,930 | (55,930) | - | - | - |
| B5 | Cash dividends paid to shareholders | - | - | - | - | (457,500) | - | - | (457,500) |
| D1 | Net profit for the year ended December 31, 2021 | - | - | - | - | 601,882 | - | - | 601,882 |
| D3 | Other comprehensive loss for the year ended December 31, 2021, net of income tax | - | - | - | - | 8,661 | (6,925) | 42,722 | 44,458 |
| D5 | Total comprehensive income (loss) for the year ended December 31, 2021 | - | - | - | - | 610,543 | (6,925) | 42,722 | 646,340 |
| Z1 | BALANCE AT DECEMBER 31, 2021 | 3,050,000 | 11,523 | 12,908 | 1,809,505 | 2,328,474 | 54,857 | 192,781 | 7,460,048 |
| | Appropriation of 2021 earnings (Notes 18) | | | | | | | | |
| B1 | Legal reserve | - | - | - | 61,054 | (61,054) | - | - | - |
| B5 | Cash dividends paid to shareholders | - | - | - | - | (457,500) | - | - | (457,500) |
| D1 | Net profit for the year ended December 31, 2022 | - | - | - | - | 473,296 | - | - | 473,296 |
| D3 | Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax | - | - | - | - | 1,388 | 72,546 | (64,783) | 9,151 |
| D5 | Total comprehensive income (loss) for the year ended December 31, 2022 | - | - | - | - | 474,684 | 72,546 | (64,783) | 482,447 |
| Z1 | BALANCE AT DECEMBER 31, 2022 | <u>\$ 3,050,000</u> | <u>\$ 11,523</u> | <u>\$ 12,908</u> | <u>\$ 1,870,559</u> | <u>\$ 2,284,604</u> | <u>\$ 127,403</u> | <u>\$ 127,998</u> | <u>\$ 7,484,995</u> |

The accompanying notes are an integral part of the independent financial statements.
(With Deloitte & Touche auditors' report dated March 7, 2023)

Chairman : Chiang, Ming-Li

President Chiang, Min-Te

Finance Director : Chiang, Shao-May

GREAT CHINA METAL IND. CO., LTD
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

| Code | | For the Year Ended December 31, 2022 | For the Year Ended December 31, 2021 |
|--------|--|---|---|
| | CASH FLOWS FROM OPERATING ACTIVITIES | | |
| A10000 | Income before income tax | \$ 593,968 | \$ 753,236 |
| A20010 | Adjustments for: | | |
| A20100 | Depreciation expenses | 153,877 | 163,266 |
| A20300 | Expected credit loss/(gain) | (24) | (181) |
| A20400 | Net loss (gain) on fair value changes of financial assets at fair value through profit or loss | (53) | 1,482 |
| A20900 | Finance costs | 268 | 343 |
| A21200 | Interest income | (9,508) | (6,342) |
| A21300 | Dividend income | (7,578) | (8,013) |
| A22400 | Share of loss of associates accounted for using the equity method | (135,193) | (120,947) |
| A23800 | Impairment and scrapped losses on inventory | 937 | 19,846 |
| A23900 | Unrealized gain from trading with subsidiaries | (618) | (617) |
| A24100 | Unrealized net loss (gain) on foreign currency exchange | 4,788 | (701) |
| A29900 | Net gain on disposal of right-of-use assets | - | (4) |
| A30000 | Net changes in operating assets and liabilities | | |
| A31115 | Financial assets mandatorily classified as at fair value through profit or loss | 163,672 | 78,696 |
| A31130 | Notes receivable | 14,953 | (14,708) |
| A31150 | Accounts receivable | 31,551 | (56,207) |
| A31180 | Other receivables | 678 | 320 |
| A31200 | Inventories | (175,553) | (200,881) |
| A31240 | Other current assets | 26,971 | (26,842) |
| A32130 | Notes payable | (180) | 849 |
| A32150 | Accounts payable | (121,787) | 125,317 |
| A32180 | Other payable | (16,744) | 6,985 |
| A32230 | Other current liabilities | 469 | (1,728) |
| A32240 | Net defined benefit liabilities | (11,952) | 436 |
| A33000 | Cash generated from operations | 512,942 | 713,605 |
| A33100 | Interest received | 9,023 | 6,285 |
| A33300 | Interest paid | (268) | (343) |
| A33500 | Income tax paid | (129,982) | (119,708) |
| AAAA | Net cash generated from operating activities | <u>391,715</u> | <u>599,839</u> |
| | CASH FLOWS FROM INVESTING ACTIVITIES | | |
| B00010 | Payment for financial assets at fair value through other comprehensive income | (1,362) | - |
| B00040 | Payment for financial assets at amortized cost | (1,521,779) | (1,865,346) |
| B00050 | Proceeds from sale of financial assets at amortized cost | 1,554,546 | 1,772,344 |
| B02700 | Payments for property, plant and equipment | (20,400) | (11,889) |
| B02800 | Proceeds from disposal of property, plant and equipment | 444 | - |
| B07100 | Increase in prepayments for equipment | (13,533) | - |
| B07600 | Dividend received | 7,578 | 8,013 |
| BBBB | Net cash used in investing activities | <u>5,494</u> | <u>(96,878)</u> |
| | CASH FLOWS FROM FINANCING ACTIVITIES | | |
| C00100 | Increase in short-term borrowings | 31,531 | - |
| C00200 | Decrease in short-term borrowings | - | (30,981) |
| C04020 | Repayment of the principal portion of lease liabilities | (6,252) | (6,777) |
| C04500 | Dividends paid | (457,500) | (457,500) |
| CCCC | Net cash used in financing activities | <u>(432,221)</u> | <u>(495,258)</u> |
| EEEE | NET DECREASE IN CASH AND CASH EQUIVALENTS | (35,012) | 7,703 |
| E00100 | CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>191,392</u> | <u>183,689</u> |
| E00200 | CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 156,380</u> | <u>\$ 191,392</u> |

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

(With Deloitte & Touche auditors' report dated March 7, 2023)

Chairman : Chiang, Ming-Li

President : Chiang, Min-Te

Finance Director : Chiang, Shao-May

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2022 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,
GREAT CHINA METAL IND. CO., LTD.
By:

Chiang, Ming-Li
Chairman
March 7, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Great China Metal Ind. Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Great China Metal Ind. Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, 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 (collectively referred to as the "consolidated financial statements").

In our opinion, based on our audits and the reports of other auditors (refer to the Other Matter section below), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, 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 of the Republic of China.

Basis for Opinion

We conducted our audit of the consolidated financial statements for the year ended December 31, 2022 in accordance with the Regulations Governing Auditing of Financial Statements 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, 2022. 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 identified in the Group's consolidated financial statements for the year ended December 31, 2022 are stated as follows :

Revenue recognition

Refer to Note 20 to the financial statements.

Printing and painting of various metals, manufacturing and trading of metal containers and plastic products, are major business of Great China Metal Ind. Co., Ltd. and its subsidiaries. The specific transaction of sales revenue significantly affects the Group 's overall revenue and profit. Revenue recognition is identified as a key audit matter since there are significant risks in the occurrence of revenue.

The key audit procedures that we performed in respect of specific revenue recognition included the following:

1. We understood and tested the design and operating effectiveness of the key controls over revenue recognition.
2. Select samples to perform test of details. Check the transaction documents from internal and external and perform the test of subsequent collection. Confirm the Group recognize revenue as the performance obligations are satisfied.

Other Matter

We have also audited the parent company only financial statements of Great China Metal Ind. Co., Ltd. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified report with other matter paragraph.

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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of 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 to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including 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, 2022 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 Liu, Ming-Hsien and Zheng, Cin-Zong.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 7, 2023

Notice to Readers

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

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

GREAT CHINA METAL IND. CO., LTD
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

| Code | Assets | December 31, 2022 | | December 31, 2021 | |
|------|---|---------------------|------------|---------------------|------------|
| | | Amount | % | Amount | % |
| | CURRENT ASSETS | | | | |
| 1100 | Cash and cash equivalents (Notes 4 and 6) | \$ 719,894 | 6 | \$ 670,372 | 6 |
| 1110 | Financial assets at fair value through profit or loss - current (Notes 4 and 7) | 1,830,977 | 17 | 1,488,214 | 14 |
| 1120 | Financial assets at fair value through other comprehensive income – current (Notes 4 and 8) | 194,243 | 2 | 257,664 | 3 |
| 1136 | Financial assets at amortized cost - current (Notes 4, 9 and 27) | 1,849,589 | 17 | 1,912,066 | 18 |
| 1150 | Notes receivable, net (Notes 4 and 10) | 64,144 | 1 | 146,070 | 1 |
| 1170 | Accounts receivable, net (Notes 4, 10, and 26) | 1,425,754 | 13 | 1,219,332 | 11 |
| 1200 | Other receivables | 51,950 | - | 79,228 | 1 |
| 130X | Inventories (Notes 4, and 11) | 2,102,594 | 19 | 2,044,049 | 19 |
| 1429 | Prepayments (Notes 15) | 131,724 | 1 | 256,454 | 2 |
| 1470 | Other current assets | 64 | - | 41 | - |
| 11XX | Total current assets | <u>8,370,933</u> | <u>76</u> | <u>8,073,490</u> | <u>75</u> |
| | NON-CURRENT ASSETS | | | | |
| 1600 | Property, plant and equipment (Notes 4, 13, 27 and 28) | 2,352,036 | 21 | 2,413,515 | 23 |
| 1755 | Right-of-use assets (Notes 4 and 14) | 198,161 | 2 | 206,387 | 2 |
| 1780 | Intangible assets (Note 4) | 4,343 | - | 11,517 | - |
| 1840 | Deferred tax assets (Notes 4 and 22) | 17,253 | - | 20,377 | - |
| 1915 | Prepayments for equipment | 19,860 | - | 16,685 | - |
| 1920 | Refundable deposits | 95,832 | 1 | 643 | - |
| 15XX | Total non-current assets | <u>2,687,485</u> | <u>24</u> | <u>2,669,124</u> | <u>25</u> |
| 1XXX | TOTAL ASSETS | <u>\$11,058,418</u> | <u>100</u> | <u>\$10,742,614</u> | <u>100</u> |
| | Liabilities | | | | |
| | CURRENT LIABILITIES | | | | |
| 2100 | Short-term borrowings (Note 16) | \$ 106,211 | 1 | \$ 69,868 | 1 |
| 2130 | Contract liability-current | 163,027 | 1 | 229,879 | 2 |
| 2150 | Notes payable | 1,531,034 | 14 | 1,243,164 | 12 |
| 2170 | Accounts payable (Note 26) | 576,743 | 5 | 539,047 | 5 |
| 2200 | Other payables (Note 17) | 294,579 | 3 | 273,774 | 2 |
| 2230 | Current tax liabilities (Notes 4 and 22) | 119,050 | 1 | 138,285 | 1 |
| 2280 | Lease liabilities - current (Notes 4 and 14) | 5,890 | - | 6,252 | - |
| 2300 | Other current liabilities | 3,619 | - | 11,072 | - |
| 21XX | Total current liabilities | <u>2,800,153</u> | <u>25</u> | <u>2,511,341</u> | <u>23</u> |
| | NON-CURRENT LIABILITIES | | | | |
| 2570 | Deferred tax liabilities (Notes 4 and 22) | 394,395 | 4 | 367,360 | 4 |
| 2580 | Lease liabilities - non-current (Notes 4 and 14) | 15,200 | - | 21,090 | - |
| 2630 | Deferred revenue - non-current (Note 4) | 26,518 | - | 27,540 | - |
| 2640 | Net defined benefit liabilities - non-current (Notes 4 and 18) | 51,881 | 1 | 65,568 | 1 |
| 2645 | Guarantee deposits | 9,480 | - | 9,781 | - |
| 25XX | Total non-current liabilities | <u>497,474</u> | <u>5</u> | <u>491,339</u> | <u>5</u> |
| 2XXX | Total liabilities | <u>3,297,627</u> | <u>30</u> | <u>3,002,680</u> | <u>28</u> |
| | EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT | | | | |
| | Share capital | | | | |
| 3110 | Ordinary shares | <u>3,050,000</u> | <u>28</u> | <u>3,050,000</u> | <u>28</u> |
| | Capital surplus | | | | |
| 3210 | Capital surplus - additional paid-in capital | 11,523 | - | 11,523 | - |
| 3220 | Capital surplus - treasury stock transactions | 12,908 | - | 12,908 | - |
| 3200 | Total capital surplus | <u>24,431</u> | <u>-</u> | <u>24,431</u> | <u>-</u> |
| | Retained earnings | | | | |
| 3310 | Legal reserve | 1,870,559 | 17 | 1,809,505 | 17 |
| 3350 | Unappropriated earnings | 2,284,604 | 21 | 2,328,474 | 22 |
| 3300 | Total retained earnings | <u>4,155,163</u> | <u>38</u> | <u>4,137,979</u> | <u>39</u> |
| | Other equity | | | | |
| 3410 | Exchange differences on translating the financial statements of foreign operations | 127,403 | 1 | 54,857 | - |
| 3420 | Unrealized gain (loss) on financial assets at fair value through other comprehensive income | 127,998 | 1 | 192,781 | 2 |
| 3400 | Total other equity | <u>255,401</u> | <u>2</u> | <u>247,638</u> | <u>2</u> |
| 36XX | NON-CONTROLLING INTERESTS | <u>275,796</u> | <u>2</u> | <u>279,886</u> | <u>3</u> |
| 3XXX | Total equity (Notes 4 and 19) | <u>7,760,791</u> | <u>70</u> | <u>7,739,934</u> | <u>72</u> |
| | TOTAL LIABILITIES AND EQUITY | <u>\$11,058,418</u> | <u>100</u> | <u>\$10,742,614</u> | <u>100</u> |

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated March 7, 2023)

Chairman : Chiang, Ming-Li

President : Chiang, Min-Te

Finance Director : Chiang, Shao-May

GREAT CHINA METAL IND. CO., LTD
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

| Code | | (In Thousands of New Taiwan Dollars, Except Earnings Per Share) | | | |
|------|--|--|-------------------|--------------------|-------------------|
| | | For the Year Ended | | For the Year Ended | |
| | | December 31, 2022 | December 31, 2021 | December 31, 2022 | December 31, 2021 |
| | | Amount | % | Amount | % |
| | OPERATING REVENUE | | | | |
| 4100 | Sales (Notes 4, 20 and 26) | \$8,774,698 | 100 | \$8,675,485 | 100 |
| | OPERATING COST | | | | |
| 5110 | Cost of goods sold (Notes 11, 13, 21 and 26) | (7,768,905) | (89) | (7,399,742) | (85) |
| 5950 | GROSS PROFIT | <u>1,005,793</u> | <u>11</u> | <u>1,275,743</u> | <u>15</u> |
| | OPERATING EXPENSES (Notes 21 and 26) | | | | |
| 6100 | Selling and marketing expenses | (297,066) | (3) | (359,453) | (4) |
| 6200 | General and administrative expenses | (186,923) | (2) | (211,935) | (3) |
| 6450 | Expected credit (loss)/gain | 509 | - | 323 | - |
| 6000 | Total operating expenses | (483,480) | (5) | (571,065) | (7) |
| 6900 | PROFIT FROM OPERATIONS | <u>522,313</u> | <u>6</u> | <u>704,678</u> | <u>8</u> |
| | NON-OPERATING INCOME AND EXPENSES (Note 21) | | | | |
| 7100 | Interest revenue | 30,478 | - | 24,760 | - |
| 7190 | Other revenue | 55,942 | 1 | 46,829 | 1 |
| 7020 | Other gains and losses | 15,179 | - | (2,560) | - |
| 7050 | Finance costs | (268) | - | (343) | - |
| 7000 | Total non-operating income and expenses | <u>101,331</u> | <u>1</u> | <u>68,686</u> | <u>1</u> |
| 7900 | PROFIT BEFORE INCOME TAX | 623,644 | 7 | 773,364 | 9 |
| 7950 | INCOME TAX EXPENSE (Notes 4 and 22) | (158,356) | (2) | (181,536) | (2) |
| 8200 | NET PROFIT FOR THE YEAR | <u>465,288</u> | <u>5</u> | <u>591,828</u> | <u>7</u> |
| | OTHER COMPREHENSIVE INCOME (LOSS) | | | | |
| 8310 | Items that will not be reclassified subsequently to profit or loss: | | | | |
| 8311 | Remeasurement of defined benefit plans | 1,735 | - | 10,826 | - |
| 8316 | Unrealized (gain) loss on investments in equity instruments at fair value through other comprehensive income | (64,783) | (1) | 42,722 | - |
| 8349 | Income tax expense relating to items that will not be reclassified subsequently to profit or loss | (347) | - | 2,165 | - |
| | | (63,395) | (1) | 51,383 | - |
| 8360 | Items that may be reclassified subsequently to profit or loss: | | | | |
| 8361 | Exchange differences on translating the financial statements of foreign operations | 76,464 | 1 | (9,009) | - |
| | | 76,464 | 1 | (9,009) | - |
| 8300 | Other comprehensive loss for the year, net of income tax | <u>13,069</u> | <u>-</u> | <u>42,374</u> | <u>-</u> |
| 8500 | TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ 478,357</u> | <u>5</u> | <u>\$ 634,202</u> | <u>7</u> |
| | NET INCOME ATTRIBUTABLE TO: | | | | |
| 8610 | Owners of the Corporation | \$ 473,296 | 5 | \$ 601,882 | 7 |
| 8620 | Non-controlling interests | (8,008) | - | (10,054) | - |
| 8600 | | <u>\$ 465,288</u> | <u>5</u> | <u>\$ 591,828</u> | <u>7</u> |
| | TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | |
| 8710 | Owners of the Corporation | \$ 482,447 | 5 | \$ 646,340 | 7 |
| 8720 | Non-controlling interests | (4,090) | - | (12,138) | - |
| 8700 | | <u>\$ 478,357</u> | <u>5</u> | <u>\$ 634,202</u> | <u>7</u> |
| | EARNINGS PER SHARE (Note 23) | | | | |
| | Form continuing operation | | | | |
| 9710 | Basic | <u>\$ 1.55</u> | | <u>\$ 1.97</u> | |
| 9810 | Diluted | <u>\$ 1.55</u> | | <u>\$ 1.97</u> | |

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated March 7, 2023)

Chairman : Chiang, Ming-Li

President : Chiang, Min-Te

Finance Director : Chiang, Shao-May

GREAT CHINA METAL IND. CO., LTD
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

| | | (in thousands of New Taiwan Dollars) | | | | | | | | |
|------|---|--------------------------------------|----------------------------|-----------------------------|-------------------|-------------------------|--|---|---------------------------|--------------|
| | | | | | | | Other equity | | | |
| | | | Capital surplus | | Retained earnings | | Exchange differences on translating the financial statements of foreign operations | Unrealized gain (loss) on financial assets at fair value through other comprehensive income | Non-controlling interests | Total equity |
| Code | | Share capital | Additional paid-in capital | Treasury stock transactions | Legal reserve | Unappropriated earnings | | | | |
| A1 | BALANCE AT JANUARY 1, 2021 | \$ 3,050,000 | \$ 11,523 | \$ 12,908 | \$ 1,753,575 | \$ 2,231,361 | \$ 61,782 | \$ 150,059 | \$ 292,024 | \$ 7,563,232 |
| | Appropriation of 2020 earnings (Note 19) | | | | | | | | | |
| B1 | Legal reserve | - | - | - | 55,930 | (55,930) | - | - | - | - |
| B5 | Cash dividends paid to shareholders | - | - | - | - | (457,500) | - | - | - | (457,500) |
| D1 | Net profit for the year ended December 31, 2021 | - | - | - | - | 601,882 | - | - | (10,054) | 591,828 |
| D3 | Other comprehensive loss for the year ended December 31, 2021, net of income tax | - | - | - | - | 8,661 | (6,925) | 42,722 | (2,084) | 42,374 |
| D5 | Total comprehensive income (loss) for the year ended December 31, 2021 | - | - | - | - | 610,543 | (6,925) | 42,722 | (12,138) | 634,202 |
| Z1 | BALANCE AT DECEMBER 31, 2021 | 3,050,000 | 11,523 | 12,908 | 1,809,505 | 2,328,474 | 54,857 | 192,781 | 279,886 | 7,739,934 |
| | Appropriation of 2021 earnings (Note 19) | | | | | | | | | |
| B1 | Legal reserve | - | - | - | 61,054 | (61,054) | - | - | - | - |
| B5 | Cash dividends paid to shareholders | - | - | - | - | (457,500) | - | - | - | (457,500) |
| D1 | Net profit for the year ended December 31, 2022 | - | - | - | - | 473,296 | - | - | (8,008) | 465,288 |
| D3 | Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax | - | - | - | - | 1,388 | 72,546 | (64,783) | 3,918 | 13,069 |
| D5 | Total comprehensive income (loss) for the year ended December 31, 2022 | - | - | - | - | 474,684 | 72,546 | (64,783) | (4,090) | 478,357 |
| Z1 | BALANCE AT DECEMBER 31, 2022 | \$ 3,050,000 | \$ 11,523 | \$ 12,908 | \$ 1,870,559 | \$ 2,284,604 | \$ 127,403 | \$ 127,998 | \$ 275,796 | \$ 7,760,791 |

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated March 7, 2023)

Chairman : Chiang, Ming-Li

President : Chiang, Min-Te

Finance Director : Chiang, Shao-May

GREAT CHINA METAL IND. CO., LTD
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

| | | (In Thousands of New Taiwan Dollars) | |
|--------|---|---|---|
| | | For the Year Ended December 31, 2022 | For the Year Ended December 31, 2021 |
| Code | | | |
| | CASH FLOWS FROM OPERATING ACTIVITIES | | |
| A10000 | Income before income tax | \$ 623,644 | \$ 773,364 |
| A20010 | Adjustments for: | | |
| A20100 | Depreciation expenses | 407,225 | 439,417 |
| A20210 | Amortization expenses | 7,671 | 10,847 |
| A20300 | Expected credit loss/(gain) | (509) | (323) |
| A20400 | Net gain on fair value changes of financial assets at fair value through profit or loss | (13,840) | (14,832) |
| A20900 | Finance costs | 268 | 343 |
| A21200 | Interest income | (30,478) | (24,760) |
| A21300 | Dividend income | (7,578) | (8,013) |
| A22500 | Loss on disposal of property, plant and equipment | 5,255 | 2,011 |
| A23800 | Impairment and scrapped losses on inventory | 1,372 | 27,574 |
| A24100 | Unrealized net loss (gain) on foreign currency exchange | 4,945 | (4,936) |
| A29900 | Net gain on disposal of right-of-use assets | - | (4) |
| A30000 | Net changes in operating assets and liabilities | | |
| A31115 | Financial assets mandatorily classified as at fair value through profit or loss | (314,416) | 576,430 |
| A31130 | Notes receivable | 81,926 | (40,809) |
| A31150 | Accounts receivable | (206,356) | (47,270) |
| A31180 | Other receivables | 25,235 | (46,885) |
| A31200 | Inventories | (110,719) | (475,990) |
| A31230 | Prepayments | 124,730 | (126,682) |
| A31240 | Other current assets | (23) | 40 |
| A32125 | Contract liability | (66,852) | 76,278 |
| A32130 | Notes payable | 287,870 | 247,721 |
| A32150 | Accounts payable | 37,958 | 30,721 |
| A32180 | Other payable | 24,932 | (16,076) |
| A32230 | Other current liabilities | (7,453) | 1,120 |
| A32250 | Deferred revenue | (1,022) | (1,626) |
| A32240 | Net defined benefit liabilities | (11,952) | 436 |
| A33000 | Cash generated from operations | 861,833 | 1,378,096 |
| A33100 | Interest received | 32,521 | 24,121 |
| A33300 | Interest paid | (\$ 268) | (\$ 343) |
| A33500 | Income tax paid | (147,779) | (147,022) |
| AAAA | Net cash generated from operating activities | <u>746,307</u> | <u>1,254,852</u> |
| | CASH FLOWS FROM INVESTING ACTIVITIES | | |
| B00010 | Paymnt for financial assets at fair value through other comprehensive income | (1,362) | - |
| B00040 | Paymnt for financial assets at amortized cost | (3,013,391) | (3,362,283) |
| B00050 | Proceeds from sale of financial assets at amortized cost | 3,075,868 | 2,888,873 |
| B02700 | Payments for property, plant and equipment | (271,557) | (149,338) |
| B02800 | Proceeds from disposal of property, plant and equipment | 4,639 | 13,311 |
| B03700 | Increase in refundable deposits | (95,189) | - |
| B03800 | Decrease in refundable deposits | - | 308 |
| B04500 | Purchase on intangible assets | (265) | (3,071) |
| B07100 | Increase in prepayments for equipment | (3,175) | - |
| B07600 | Dividend received | 7,578 | 8,013 |
| BBBB | Net cash used in investing activities | <u>(296,854)</u> | <u>(604,187)</u> |
| | CASH FLOWS FROM FINANCING ACTIVITIES | | |
| C00100 | Increase short-term borrowings | 31,531 | - |
| C00200 | Decrease short-term borrowings | - | (26,754) |
| C03000 | Increase in guarantee deposits | - | 9,217 |
| C03100 | Decrease in guarantee deposits | (301) | - |
| C04020 | Repayment of the principal portion of lease liabilities | (6,252) | (6,777) |
| C04500 | Dividends paid | (457,500) | (457,500) |
| CCCC | Net cash used in financing activities | <u>(432,522)</u> | <u>(481,814)</u> |
| DDDD | EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES | <u>32,591</u> | <u>3,816</u> |
| EEEE | NET DECREASE IN CASH AND CASH EQUIVALENTS | 49,522 | 172,667 |
| E00100 | CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>670,372</u> | <u>497,705</u> |
| E00200 | CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 719,894</u> | <u>\$ 670,372</u> |

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated March 7, 2023)

Chairman : Chiang, Ming-Li

President : Chiang, Min-Te

Finance Director : Chiang, Shao-May

Great China Metal Ind. Co., Ltd.

PROFIT DISTRIBUTION TABLE

Year 2022

Unit: NT \$

| | | |
|--|-------------|---------------|
| Beginning retained earnings | | 1,809,919,040 |
| Net profit after tax | 473,295,773 | |
| Remeasurement of defined benefit obligation | 1,388,554 | |
| Net profit for the year | | 474,684,327 |
| 10% legal reserve | | (47,468,433) |
| Net profit excluding legal reserve | | 427,215,894 |
| Distributable items | | |
| Dividend to shareholders (NT\$1.2 per share) | | (366,000,000) |
| Unappropriated retained earnings | | 1,871,134,934 |

" Procedure for the Acquisitions or Dispositions of Assets". Revision Comparison Chart

| Article | Current Provision | Provision After Proposed Amendments | Explanation |
|---------|--|---|---|
| 4.4 | When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following: | When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the <u>self-regulatory rules of the industry associations to which they belong</u> and with the following provisions: | In order to clarify the procedures and responsibilities that external experts should follow, and standardize professional appraisers and their appraisers, accountants, lawyers, or securities underwriters to issue valuation reports or opinions, in addition to handling the current items, they should also follow the rules of the trade associations to which they belong. self-regulatory norms. |
| 4.4.2 | When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. | When conducting a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. | In view of the fact that external experts undertake and execute cases of issuing valuation reports or reasonableness opinions in accordance with regulations, which are not audit work of financial reports, the wording of " examining " cases is revised to " conducting " cases. |
| 4.4.3 | They shall undertake an item-by-item evaluation on <u>comprehensiveness, accuracy,</u> and reasonableness of the sources of data used, parameters and information, as the basis for issuance of the appraisal report or the opinion. | They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. | In order to comply with the experts' actual evaluation of the data sources and parameters used, the wording of " comprehensiveness, accuracy, and reasonableness " in the evaluation is revised to " appropriateness and reasonableness " |

| | | | |
|-------|--|---|--|
| 4.4.4 | They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable <u>and accurate</u> , and that they have complied with applicable laws and regulations. | They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate and reasonable</u> , and that they have complied with applicable laws and regulations. | In order to comply with the experts' actual assessment of the data sources and parameters used, the wording of " reasonable and accurate " in the assessment is revised to " appropriate and reasonable ". |
| 5.4 | The acquisition or disposition of assets which is required to be approved by the Board of Directors pursuant to the Procedure or any other laws <u>shall be handled in accordance with Article 20 herein.</u> | The company acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations. <u>If a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each independent director in audit committee.</u> <u>Any transaction involving major assets or derivatives shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution.</u> <u>If approval of one-half or more of all audit committee members as required is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all audit committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.</u> | Text correction. |

| | | | |
|-----|--|--|--|
| 6.3 | <p>Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to <u>perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (hereinafter referred to as the “ARDF”)</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> | <p>Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> | <p>Considering that the new requirements for external experts to issue opinions should follow the self-regulatory norms of the trade associations to which they belong, which has covered the procedures that accountants should implement when issuing opinions, and deleted accountants should follow the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation of the Republic of China The text to be handled.</p> |
|-----|--|--|--|

| | | | |
|---|--|---|--|
| 7 | <p>Upon acquisition or disposition of securities, the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <u>If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u> This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> | <p>Upon acquisition or disposition of securities, the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> | <p>The reason for the revision is the same as that explained in 6.3.</p> |
|---|--|---|--|

| | | | |
|---|--|---|---|
| 8 | Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price. <u>The CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u> | Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price. | The reason for the revision is the same as that explained in 6.3. |
|---|--|---|---|

| | | | |
|-----|---|---|---|
| 9.3 | <p>When the Company acquires or disposes of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and the Board of Directors:</p> | <p>When the Company acquires or disposes of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the following matters <u>shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution.</u> the transaction contract can be signed and the payment can be made. <u>If approval of one-half or more of all audit committee members as required is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all audit committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.</u></p> | <p>In order to strengthen the management of related party transactions: with reference to the major international capital market norms, it is added that a public offering company or its subsidiaries that are not domestic public offering companies acquire or dispose of assets from related parties, and the transaction amount reaches 10% of the total assets of the public offering company. For the above, the public offering company shall submit the relevant materials to the shareholders' meeting for approval before doing so, so as to protect the rights and interests of shareholders. However, transactions between a public company and its parent company, its subsidiaries, or its subsidiaries are exempt from the resolution of the shareholders' meeting.</p> |
|-----|---|---|---|

| | | |
|---|---|--|
| <p>9.3.1 Purpose, necessity and anticipated benefit of the acquisition or disposition of assets.</p> <p>9.3.2 The reason for choosing a related party as the trading counterpart.</p> <p>9.3.3 With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 9.5~Article 9.7 and Article 10 herein.</p> <p>9.3.4 The date and price at which the related party originally acquired the real property, the original trading counterpart, and trading counterpart's relationship to the Company and the related party.</p> <p>9.3.5 The projection of cash flows from the month the agreement is made in one year ahead with assessment of the necessity of the transaction and the reasonableness of capital utilization.</p> <p>9.3.6 An appraisal report from a professional appraiser or a CPA's opinion obtained according to Article 9.1 herein.</p> <p>9.3.7 Restrictions and other important covenants for the transaction concerned.</p> | <p>9.3.1 Purpose, necessity and anticipated benefit of the acquisition or disposition of assets.</p> <p>9.3.2 The reason for choosing a related party as the trading counterpart.</p> <p>9.3.3 With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 9.5~Article 9.7 and Article 10 herein.</p> <p>9.3.4 The date and price at which the related party originally acquired the real property, the original trading counterpart, and trading counterpart's relationship to the Company and the related party.</p> <p>9.3.5 The projection of cash flows from the month the agreement is made in one year ahead with assessment of the necessity of the transaction and the reasonableness of capital utilization.</p> <p>9.3.6 An appraisal report from a professional appraiser or a CPA's opinion obtained according to Article 9.1 herein.</p> <p>9.3.7 Restrictions and other important covenants for the transaction concerned.</p> | |
|---|---|--|

| | | | |
|-----|---|---|-------------------------------|
| | | <p><u>If the company or its subsidiaries conduct the above-mentioned transactions, and the transaction amount reaches more than 10% of the company's total assets, the company shall submit the listed materials to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the public company and its parent company or subsidiaries or between its subsidiaries.</u></p> | |
| 9.4 | <p>With respect to the transactions, such as acquisition or disposition of equipment or right-of-use assets thereof held for business use, or real property right-of-use assets for business use, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board of Directors may authorize the Chairman of Board to decide such matters when the transaction is within NT\$600 million and have the decisions subsequently submitted to and ratified by the latest meeting of the Board of Directors, <u>and Article 20 herein shall apply accordingly.</u></p> | <p>With respect to the transactions, such as acquisition or disposition of equipment or right-of-use assets thereof held for business use, or real property right-of-use assets for business use, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board of Directors may authorize the Chairman of Board to decide such matters when the transaction is within NT\$600 million and have the decisions subsequently submitted to and ratified by the latest meeting of the Board of Directors.</p> | Text correction and deletion. |

| | | | |
|--------|--|--|--|
| 17.6.1 | Trading of domestic government bonds. | Trading of domestic government bonds <u>or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u> | Considering that the current public offering companies have been exempted from the announcement declaration for the sale and purchase of domestic government bonds. Relaxation of foreign government bonds whose bond issuance rating is not lower than my country' s sovereign rating may also be exempted from the announcement declaration. |
| 19 | The transaction amount of the Company's acquisition or disposition of real property, equipment or right-of-use assets thereof, securities, and transactions with related parties, intangible assets or right-of-use assets thereof, or memberships shall be calculated in the manner referred to in Article 17.7 herein. Notwithstanding, under the Procedure transactions accompanied by appraisal reports of professional appraisal firms or opinions from certified public accountants or the part submitted to the audit committee, the board of directors, for approval can be excluded from the calculation. | The transaction amount of the Company's acquisition or disposition of real property, equipment or right-of-use assets thereof, securities, and transactions with related parties, intangible assets or right-of-use assets thereof, or memberships shall be calculated in the manner referred to in Article 17.7 herein. Notwithstanding, under the Procedure transactions accompanied by appraisal reports of professional appraisal firms or opinions from certified public accountants or the part submitted to the audit committee, the board of directors, <u>or the shareholders' meeting</u> for approval can be excluded from the calculation. | The calculation of the revised transaction amount shall be included in the transaction submitted to the general meeting of shareholders for approval. |

" Operating Procedure for Loaning of Funds and Making of Endorsements/ Guarantees".
Revision Comparison Chart

| Article | Current Provision | Provision After Proposed Amendments | Explanation |
|---------|---|--|--|
| 6.3.1 | For the loaning of funds to any <u>affiliate of the Company</u> , the Company's handling department shall review the necessity and evaluate the application, purpose and effect thereof, based on the application form for financing issued by the affiliate, and produce a risk assessment report. Then, it shall submit the same, together with Financial Accounting Dept.' s comments, to the senior management, such as President or above, for approval and then to the Board of Directors for resolution. | For the loaning of funds to any <u>related parties</u> , the Company's handling department shall review the necessity and evaluate the application, purpose and effect thereof, based on the application form for financing issued by the affiliate, and produce a risk assessment report. Then, it shall submit the same, together with Financial Accounting Dept.' s comments, to the senior management, such as President or above, for approval and then to the Board of Directors for resolution. | In order to strengthen the management of related party transactions, in line with the revision of Article 17 of the "Code of Practice for Corporate Governance of Listed OTC Companies", the scope of application of the operating rules has been expanded from related companies to all related parties, and the text has been revised. |
| 6.3.2 | For the loaning of funds to any <u>company other than an affiliate of the Company</u> , in addition to complying with the requirements referred to in the preceding paragraph, the Company shall seek a promissory note bearing the same amount as security, and create adequate pledge or mortgage on chattel or real property if necessary. | For the loaning of funds to any <u>non-related party</u> , in addition to complying with the requirements referred to in the preceding paragraph, the Company shall seek a promissory note bearing the same amount as security, and create adequate pledge or mortgage on chattel or real property if necessary. | The reason for the revision is the same as that explained in 6.3.1. |

【Questions and Motions】

【Adjournment】

Appendices 1

Great China Metal Ind. Co., Ltd.

Articles of Incorporation

Chapter 1 General Provision

- Article 1: The Company was duly incorporated in accordance with the Company Act and named as GREAT CHINA METAL IND. CO., LTD.
- Article 2: The Company is engaged in the principal business specified below:
- 1 CA02060 Metal Containers Manufacturing.
 - 2 CA02990 Other Metal Products Manufacturing.
 - 3 CQ01010 Mold and Die Manufacturing.
 - 4 CB01010 Mechanical Equipment Manufacturing.
 - 5 C805010 Manufacture of Plastic Sheets, Pipes and Tubes.
 - 6 C805020 Manufacture of Plastic Films and Bags.
 - 7 C805030 Plastic Daily Necessities Manufacturing.
 - 8 C805050 Industrial Plastic Products Manufacturing.
 - 9 C805060 Plastic Leathers Products Manufacturing.
 - 10 C805990 Other Plastic Products Manufacturing.
 - 11 H701010 Housing and Building Development and Rental.
 - 12 H701060 New Towns, New Community Development.
 - 13 ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-1: The Company's investment in other businesses may be exempted from the limit of total investment referred to in the Company Act, except the long-term equity investment, which shall be decided upon resolution by the Board of Directors.
- Article 2-2: It necessary, the Company may make endorsements/guarantees in accordance with the "Operating Procedure for Loaning of Funds and Making of Endorsements/Guarantees".
- Article 3: The Company's headquarters is situated in Taipei City. The Company may establish domestic or overseas branches under the resolution of the Board of Directors, where necessary.
- Article 4: (Deleted)

Chapter 2 Shares

- Article 5: The Company's authorized capital is NT\$3.3 billion, divided into 330 million shares at face value NT\$10 per share, all common shares and issued in batch. The Board of Directors has been authorized to be in charge.
- Article 6: The stock certificates of the Company shall be nominal and issued after being signed or sealed by the directors representing the Company, assigned the serial number, and authenticated by the competent authority pursuant to laws. The Company may issue shares without printing physical stock certificates, and shall register these issued shares with a securities depository organization.
- Article 7: Shareholders shall report their real names or designations and addresses to the Company, and submit the completed specimen seal certificates to the Company for record.
- Article 8: (Deleted)
- Article 9: (Deleted)
- Article 10: (Deleted)
- Article 11: Registration for the transfer of stock shall be suspended 60 days before any general shareholders' meeting, 30 days before any extraordinary shareholders' meeting, or 5 days before the record date for determination of the shareholders entitled to dividends, bonuses or any other profits distributed by the Company.

Chapter 3 Shareholders' Meeting

- Article 12: The shareholders' meetings of the Company consist of general shareholders' meetings and extraordinary shareholders' meeting to be convened pursuant to related laws and regulations.
- Article 13: Any shareholder who is unable to attend the shareholders' meeting in person may appoint a proxy to attend each session of the General Meeting by presenting the power of attorney in the format prepared by the Company indicating the scope of authorization.
- Article 14: During the session of a shareholders' meeting, the Chairman of Board shall be the chairperson. In case the Chairman is absent for

any cause, he/she shall appoint one director to act on behalf of him/her. In the absence of such a designation, the Directors shall elect from among themselves an acting Chairman of the Board.

Article 15:

A shareholder shall be entitled to one voting right for each share held by him/her, unless he/she meets the exceptional circumstances referred to in Article 179 of the Company Act.

Article 16:

Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority of voting rights of the shareholders present, who represent more than one-half of the total issued shares. The Company's shareholders are allowed to exercise their voting rights by way of electronic transmission, pursuant to the competent authority's requirements. A shareholder who exercises his/her/its voting power by way of electronic transmission shall be deemed to have attended the meeting in person. Other related matters shall be governed by the relevant laws and regulations. Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting. With regard to a company offering its shares to the public, the distribution of the minutes of shareholders' meeting may be effected by means of a public notice.

Article 17: (Deleted)

Chapter 4 Directors and Audit Committee

Article 18:

The Company shall appoint 9~11 directors, who shall held the office for a term of 3 years, via the candidate nomination system. They shall be elected by the shareholders' meeting from the list of candidates and may be reelected for a second term of office. In response to Article 14-2 of the Securities and Exchange Act, of all said directors, there shall be at least 3 independent directors who shall be elected from the list of candidates via a candidate nomination system, and the number of independent directors shall constitute at least one-fifths of the total directors. The election of independent directors and the other directors shall be consolidated, provided that the quota of the elected shall be counted separately. In case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office.

- Article 18-1: The Company has formed the Audit Committee consisting of the whole independent directors in accordance with Article 14-4 of the Securities and Exchange Act. The number, term of office and authority of the Committee members and parliamentary rules and exercise of powers of the Committee shall be governed by the Articles of Association of Audit Committee established in accordance with the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies separately. A supervisor's powers defined under the Company Act and Securities and Exchange Act shall be exercised by the Audit Committee instead. Any provisions related to supervisors' acts or exercise of powers on behalf of the Company shall apply to the independent directors forming the Audit Committee *mutatis mutandis*.
- Article 19: In case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office.
- Article 20: The Board of Directors shall consist of all directors. A Chairman of Board shall be elected among and from the directors upon resolution adopted by a majority of the directors present at a meeting attended by more than two-thirds of the whole directors, in order to execute all of the Company's affairs per laws, Articles of Incorporation, and resolution adopted by a shareholders' meeting and Board of Directors' meeting.
- Article 21: (Deleted)
- Article 22: Where a meeting of the Board of Directors is convened by the Chairman pursuant to laws, the meeting shall be chaired by the Chairman. The first meeting of each term of the Board of Directors shall be convened by the director who received a ballot representing the largest number of votes at the election of directors. Where a meeting of the Board of Directors is convened by a majority of directors on their own initiative in accordance with Paragraph 4 of Article 203 or Paragraph 3 of Article 203-1 of the Company Act, the chairperson shall be elected among these directors. In case the Chairman is absent for any cause, he/she shall appoint one director to act on behalf of him/her. In the absence of such a designation, the Directors shall elect from among themselves an acting Chairman of the Board. A notice

setting forth therein the causes of a meeting of the Board of Directors shall be sent to each director within 7 days prior to the meeting, provided that the meeting may be convened at any time, in the case of emergencies. The convening of the meeting may be notified to each director, in writing or via email or fax.

Article 23: Resolutions at a meeting of the Board of Directors shall, unless otherwise provided for in the Company Act, be adopted by a majority of the directors present at the meeting attended by a majority of the whole directors. Where any director fails to attend the meeting in person, he/she may appoint another director as his/her proxy to attend the meeting on behalf of him/her by issuing a power of attorney specifying the scope of authority with reference to the subjects to be discussed at the meeting, provided that a director may accept the appointment to act as the proxy of another director only. In case a meeting of the Board of Directors is conducted in the form of video conference, the directors taking part in such a video conference shall be deemed to have attended the meeting in person.

Article 24: (Deleted)

Article 25: (Deleted)

Article 26: Remuneration to the Company's directors for performance of job duties must be paid, irrelevant with profit or loss retained by the Company. The Board of Directors is authorized to determine the remuneration to the Company's whole directors subject to the directors' engagement in and contribution to the Company's operations. The directors may claim transportation allowances, if necessary.

Article 26-1: The Company shall take out for directors the liability insurance with respect to liabilities resulting from exercising their duties during their term of office.

Chapter 5 Managers and Officers

Article 27: The Company shall employ several executive officers and the appointment and dismissal of whom shall be carried out pursuant to Article 29 of the Company Act.

Article 28: (Deleted)

Article 29: (Deleted)

Chapter 6 Final Accounts

- Article 30: At the end of the fiscal year, the Board shall prepare the following documents, and submit it at a shareholders' meeting for ratification through the procedures required by laws:
Business report;
Financial statements;
Motion for allocation of earnings or covering of losses.
- Article 31: If the Company retains earnings at end of any fiscal year, the Company shall allocate no less than 1% of the earnings as the remuneration to employees, which shall be distributed in the form of stock or in cash upon a resolution adopted at a meeting of the Board of Directors. The recipients entitled to receive the remuneration include the employees of subsidiaries of the Company meeting certain specific requirements. The Company may also allocate no more than 5% of said earnings as the remuneration to directors upon a resolution adopted at a meeting of the Board of Directors. The motion for allocation of remuneration to employees and directors shall be reported to a shareholders' meeting. Notwithstanding, where the Company retains accumulated losses, the losses shall have been covered first, and the remainder, if any, shall be allocated as the remuneration to employees and directors on a pro rata basis as referred to in the preceding paragraph.
- Article 31-1: If the Company retains earnings upon final account of any fiscal year, it shall first pay the taxes, make up any losses from past years, and then make contribution of 10% as the legal reserve unless the legal reserve has reached the amount of the Company paid-in capital. After appropriating or reversing a special reserve in accordance with the laws and regulations, the motion for distribution of the balance, if any, plus the accumulative undistributed profit is formulated by the Board of Directors and submitted to a shareholder's meeting for resolution. The Company adopts the dividend policy in response to the current and future development plans and by taking into account the investment environment, funding needs and domestic/foreign competition overview, as well as shareholders' interest. As the Company is still growing, in response to the potential business expansion plan, the Company may allocate at least 30% of the earnings after tax for the current year as bonus to shareholders, unless no earnings are

retained for the current year. The bonus to shareholders may be allocated in the form of cash dividends and stock dividends (50%~100% for cash dividends and 50%~0% for stock dividends). Notwithstanding, the Company may adjust the percentage for allocation of cash dividends and stock dividends, subject to the economic overview, industrial development and funding needs, if necessary.

Chapter 7 Supplementary Clauses

- Article 32: The Company's Memorandum and Articles of Association shall be enacted by the Board of Directors separately.
- Article 33: Any matters not covered herein shall be governed by the Company Act and other related laws & regulations.
- Article 34: These Articles shall be enforced upon resolution of a shareholders' meeting and approval of the competent authority. The same shall apply where these Articles are amended.
- Article 35: These Articles were duly enacted on Oct.18,1973 and duly amended on:

- | | |
|------------------|------------------|
| (01) Nov.15,1973 | (02) Apr.02,1974 |
| (03) Nov.18,1975 | (04) Feb.14,1976 |
| (05) Sep.30,1979 | (06) Aug.08,1980 |
| (07) Sep.15,1981 | (08) Nov.03,1981 |
| (09) Nov.20,1981 | (10) Dec.14,1984 |
| (11) Dec.26,1984 | (12) Mar.04,1985 |
| (13) Jun.02,1987 | (14) Aug.01,1987 |
| (15) Mar.24,1988 | (16) May.20,1989 |
| (17) Oct.12,1989 | (18) Feb.17,1990 |
| (19) Apr.26,1991 | (20) May.08,1992 |
| (21) May.08,1993 | (22) May.14,1994 |
| (23) May.06,1995 | (24) Jun.07,1997 |
| (25) Jun.06,1998 | (26) Jun.05,1999 |
| (27) Jun.03,2000 | (28) May.15,2001 |
| (29) Jun.18,2002 | (30) Jun.11,2003 |
| (31) Jun.17,2005 | (32) Jun.23,2006 |
| (33) Jun.27,2011 | (34) Jun.28,2016 |
| (35) Jun.27,2017 | (36) Jun.23,2020 |

Appendices 2

Great China Metal Ind. Co., Ltd.

Rules of Procedure for Shareholders' Meetings

20200623

- Article 1: The shareholders' meeting shall be governed by these Rules unless laws otherwise specified.
- Article 2: The shareholders referred to herein shall mean the shareholders per se and proxies attending the meetings on behalf of them.
- Article 3: The shareholders shall bring with them the attendance card, and submit the sign-in card in lieu of check-in. A shareholders' delivery of the sign-in card to the Company shall constitute the personal attendance of the shareholder or his/her proxy referred to in the sign-in card. The Company is not responsible for identifying the shareholder.
- Article 4: Attendance and votes during shareholder meetings shall be calculated based on number of shares held. The quantity of shares represented by the shareholders attending the meeting shall be based on the information of the sign-in cards being surrendered, plus the votes representing the shares cast in written or electronic means. Any proposal for counting of attendees initiated by a shareholder shall not be accepted by the chairperson. Where the statutory quota has been satisfied at the time of voting, a motion shall be considered passed. Any corporate entity that has been designated as a proxy can only appoint one representative to attend the shareholder meeting. For corporate shareholders appointing two (2) or more representatives to a shareholder's meeting, only one representative may express opinions on the same motion.
- Article 5: Shareholder meetings shall be held at the Company's location or any other locations that are suitable and convenient for shareholders to attend. Meetings must not commence anytime earlier than 9AM or later than 3PM.
- Article 6: Where the Board of Directors convenes a shareholders' meeting, the Chairman shall preside over the meeting. If the Chairman is unable to perform duties due to leave of absence or any reason, a proxy shall be appointed in accordance with the Company Act.

Where any person other than the Board of Directors convenes a shareholders' meeting, such person shall preside over the meeting. In case there are two persons convening the meeting, one of them shall be nominated to preside over the meeting.

Article 7: The chairperson shall announce the commencement of meeting as soon as it is due. However, if current attendants represent less than half of the Company's outstanding shares, the chairperson may announce to postpone the meeting for no more than twice for a period totaling no more than one hour. In the event of that postponement has been made for twice and the shareholders present at the meeting are less than those representing one-half but more than those representing more than one-thirds of the total outstanding shares, Paragraph 1 of Article 175 of the Company Act shall apply whereby provisional resolution could be made. If the session is still in progress with the eventual presence of shareholders representing more than half of the total outstanding shares, the Chairman shall refer the provisional resolution to the shareholders' meeting for the finalization pursuant to Article 174 of the Company Act.

Article 8: Where a shareholders' meeting is convened by the Board of Directors, the Board of Directors shall determine the agenda. The agenda cannot be changed unless resolved during a shareholders' meeting. The provision referred to in the preceding paragraph shall apply even when the shareholders' meeting is convened by any person other than the Board of Directors. Before the parliamentary procedure is accomplished in accordance with the agenda (including extempore motions) as stated in the preceding two paragraphs, the chairperson cannot announce for the adjournment of the meeting unless with the resolution rendered by the shareholders. However, the chairperson may proceed to announce adjournment of the meeting in order to maintain the order at the meeting, or there is something that cannot allow for the smooth progress of the meeting. After the meeting is adjourned, shareholders cannot nominate another chairman or seek another venue for the continuation of the meeting.

Article 9: (Deleted)

Article 10: Before a shareholder who is present at the meeting may take the floor, the chairperson may instruct him or her to prepare the speech memo by specifying the summary and shareholder

attendance card No. and name, and then arrange for the priority of the shareholder to deliver his/her speech. Shareholders who have just prepared the speech memo without taking the floor for delivery of speech shall be deemed having no delivery of speech. In case the contents of the speech delivered on the floor are irrelevant with the contents in the speech memo, the latter shall prevail. Where any shareholder has specified the scope of authority exercisable by his/her proxy in a power of attorney or in any other manner, the proxy's speech or voting shall apply, irrelevant with whether the Company is aware of the scope of authority or not.

Article 11: Shareholders cannot speak for more than twice, for no more than 5 minutes each, on the same motion without the consent of the chairperson. The chairperson shall prevent further speech of a particular shareholder who deliver the speech in violation of the requirements about time limit and frequency, or deliver the speech with contents beyond the scope of the motion at issue. When a shareholder is having the floor, all of the other shareholders shall not interfere unless at the consent of the chairperson or the shareholder who is taking the floor. Any unrestrained action shall discouraged by the chairperson. Any shareholder who fails to observe the restraint order by the chairperson referred to in the preceding two paragraphs shall be disciplined in accordance with Paragraph 2 of Article 19 herein.

Article 12: After a shareholder has delivered his/her speech, the chairperson may answer the shareholder's queries personally or appoint any relevant personnel to do so.

Article 13: The chairperson shall offer adequate opportunities for explanation and discussion on the motions and amendments or extempore motions brought up by shareholders. Where the chairperson thinks same are ready to vote, the chairperson may proclaim the closure of discussion and proceed to vote.

Article 14: Unless otherwise specified in The Company Act and the Articles of Incorporation, a resolution shall pass with the consent of shareholders representing more than half of total voting interests at the meeting, subject to the total of votes cast on the site and those cast in electronic means. The voting for a resolution referred to in the preceding paragraph may be exercised in electronic means, or on site, at the shareholders' option. A shareholder who

decides to exercise his/her voting right in electronic means shall do so on the e-voting platform designated by the Company, in accordance with the Company Act, Securities and Exchange Act, and Regulations Governing the Administration of Shareholder Services of Public Companies. In cases where several amendments or alternatives for the same motion have been proposed at the same time, the chairperson shall determine the order in which the same are voted. If one of them is being passed, all of the others shall be deemed vetoed and no further voting is necessary.

- Article 15: A shareholder shall be entitled to one voting right for each share held by him/her, unless he/she meets the exceptional circumstances referred to in Article 179 of the Company Act.
- Article 16: The chairperson shall appoint a ballot examiner and a ballot counter, provided that the ballot examiner must be a shareholder. The outcome of the vote must be documented and announced on site.
- Article 17: The Company may designate the attorney-at-law, CPA or related personnel appointed by it to be present at a shareholders' meeting. Organizers of the shareholders' meeting must wear proper identification or arm badges.
- Article 18: The minutes of a shareholders' meeting shall be kept on record by voice recording or videotaping, and retained for at least one year.
- Article 19: The chairperson may appoint picketers or security staff to help maintain order in the meeting. The picketers or security staff at the meeting venue assisting with maintenance of order shall wear the arm badge to identify their role as "Picketer". Shareholders shall follow the command by the chairperson, picketers or security staff on maintenance of the order. When a shareholder obstructs the parliamentary procedure and defies the chairperson's correction, the chairperson or picketers or security staff may remove such shareholder from the meeting venue.
- Article 20: The chairperson may call the meeting into recess at a suitable time.
- Article 21: Any matters not covered herein shall be governed by the Company Act and other related laws and regulations.
- Article 22: The Rules shall be enforced upon approval by a shareholders' meeting. The same shall apply where the Rules are amended.

Appendices 3

Great China Metal Ind. Co., Ltd.

Ethical Corporate Management Best Practice Principles

Article 1

These Principles are adopted to assist Great China Metal Ind. Co., Ltd. (collectively, "GCM Ind. Co., Ltd.") to foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices.

Each TWSE/GTSM listed company is advised to, in accordance with these Principles, adopt its own ethical corporate management best practice principles applicable to its business groups and organizations of such TWSE/GTSM listed company, which comprise its subsidiaries, any foundation to which the TWSE/GTSM listed company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by such company ("business group").

Article 2

When engaging in commercial activities, directors, supervisors, managers, employees, and mandatories of GCM Ind. Co., Ltd. or persons having substantial control over such companies ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.

Article 3

"Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 4

GCM Ind. Co., Ltd. shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

Article 5

GCM Ind. Co., Ltd. shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and obtain approval from the board of directors, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

Article 6

GCM Ind. Co., Ltd. shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management. Prior to any commercial transactions, GCM Ind. Co., Ltd. shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with their agents, suppliers, clients, or other trading counterparties, GCM Ind. Co., Ltd. shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, GCM Ind. Co., Ltd. may at any time terminate or rescind the contracts.

Article 7

When conducting business, GCM Ind. Co., Ltd. and their directors, supervisors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

Article 8

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, GCM Ind. Co.,

Ltd. and its directors, supervisors, managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 9

When making or offering donations and sponsorship, GCM Ind. Co., Ltd. and their directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 10

GCM Ind. Co., Ltd. and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

Article 11

GCM Ind. Co., Ltd. and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 12

GCM Ind. Co., Ltd. shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 13

In the course of research and development, procurement, manufacture, provision, or sale of products and services, GCM Ind. Co., Ltd. and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the

protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.

Article 14

The directors, supervisors, managers, employees, mandatories, and substantial controllers of GCM Ind. Co., Ltd. shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

Article 15

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers, and other stakeholders attending or present at board meetings of GCM Ind. Co., Ltd. the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings. GCM Ind. Co., Ltd. and its directors, supervisors, managers, employees, mandatories, and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 16

The member of GCM Ind. Co., Ltd. shall abide by the trade secrets of the company's regulation, shall not reveal any secrets to others, and shall not inquire or collect the company's trade secrets that are not related to their positions.

Article 17

The member of GCM Ind. Co., Ltd. shall abide by the regulation of the Securities and Exchange Act, and shall not engage in insider trading by the undisclosed information they know, and shall not disclose to others to prevent insider trading.

Article 18

Institutions or persons involved in the merger, division, acquisition, share transfer, important memorandums, strategic alliances, and other business cooperation plans or important contracts of GCM Ind. Co., Ltd. should sign a confidentiality agreement with GCM Ind. Co., Ltd. and promise not to disclose the information they know. Without the consent of GCM Ind. Co., Ltd., they cannot disclose trade secrets or other material information to others.

Article 19

GCM Ind. Co., Ltd. shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The internal auditor of GCM Ind. Co., Ltd. shall, based on the results of risk assessment of involvement in unethical conduct, devise relevant audit plans including auditees, audit scope, audit items, audit frequency, etc., and examine accordingly the compliance with the prevention programs. The internal auditor may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary. The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated department and put down in writing in the form of an audit report to be submitted to the board of directors.

Article 20

The chairperson, general manager, or senior management of GCM Ind. Co., Ltd. shall communicate the importance of corporate ethics to its directors, employees, and mandatories on a regular basis.

GCM Ind. Co., Ltd. shall periodically organize training and awareness programs for directors, supervisors, managers, employees, mandatories, and substantial controllers and invite the companies' commercial transaction counterparties so they understand the companies' resolve to implement ethical

corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

GCM Ind. Co., Ltd. shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 21

GCM Ind. Co., Ltd. shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:

1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the company to submit reports.
2. Dedicated personnel or department appointed to handle the whistle-blowing system. Any tip involving a director or senior management shall be reported to the independent directors or supervisors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
3. Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.
4. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
5. Confidentiality of the identity of whistle-blowers and the content of reported cases, and an undertaking regarding anonymous reporting.
6. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
7. Whistle-blowing incentive measures.

When material misconduct or likelihood of material impairment to GCM Ind. Co., Ltd. comes to their awareness upon investigation, the dedicated personnel or department handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in written form.

Article 22

GCM Ind. Co., Ltd. shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on the company's internal website

of the title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 23

GCM Ind. Co., Ltd. shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. They shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on their company websites, annual reports, and prospectuses, and shall disclose their ethical corporate management best practice principles on the Market Observation Post System(M.O.P.S).

Article 24

GCM Ind. Co., Ltd. shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, managers, and employees to make suggestions, based on which the adopted ethical corporate management principles and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

Article 25

These Principles shall be implemented after being approved by the board of directors, and shall be sent to all supervisors and Report to the shareholders' meeting, and the same applies when amending. When a TWSE/GTSM listed company submits its ethical corporate management best practice principles to the board of directors for discussion pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.

Article 26

The ethical corporate management best practice principles was published on Aug. 2, 2022.

Appendices 4

Great China Metal Ind. Co., Ltd.

Procedures for Ethical Management and Guidelines for Conduct

Article 1 (Purpose of adoption and scope of application)

This Corporation engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct, these Procedures for Ethical Management and Guidelines for Conduct (hereinafter, "Procedures and Guidelines") are adopted pursuant to the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the applicable laws and regulations of the places where this Corporation and its business groups and organizations operate, with a view to providing all personnel of this Corporation with clear directions for the performance of their duties.

The scope of application of these Procedures and Guidelines includes the subsidiaries of this Corporation, any incorporated foundation in which this Corporation's accumulated contributions, direct or indirect, exceed 50 percent of the total funds of the foundation, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by this Corporation.

Article 2 (Applicable subjects)

For the purposes of these Procedures and Guidelines, the term "personnel of this Corporation" refers to any director, managerial officer, employee, mandatary or person having substantial control, of this Corporation or its group enterprises and organizations.

Any provision, promise, request, or acceptance of improper benefits by any personnel of this Corporation through a third party will be presumed to be an act by the personnel of this Corporation.

Article 3 (Unethical conduct)

For the purposes of these Procedures and Guidelines, "unethical conduct" means that any personnel of this Corporation, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper

benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties.

Article 4 (Types of benefits)

For the purposes of these Procedures and Guidelines, the term "benefits" means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

Article 5 (Responsible unit and duties)

This Corporation shall designate the Integrity management promotion group as the solely responsible unit (hereinafter, "responsible unit") under the board of directors and provide it with sufficient resources and competent personnel to be in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports (at least once a year) to the board of directors:

1. Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
2. Accordingly adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business.
3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.

6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

Article 6 (Prohibition against providing or accepting improper benefits)

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the given personnel of this Corporation shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for Procedures and Guidelines, and the relevant procedures shall have been carried out:

1. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
2. The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
3. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
4. Attendance at folk festivals that are open to and invite the attendance of the general public.
5. Rewards, emergency assistance, condolence payments, or honorariums from the management.
6. Provide or receive money, property or other benefits from people other than relatives or frequent friends; or people who give property to most of the company's personnel are in line with customs and customs and do not hinder social outlook. Feelings.
7. Property with a market value not exceed the gold of legitimate communication due to engagement, marriage, maternity, relocation, assumption of a position, promotion or transfer, retirement, resignation, or severance, or the injury, illness, or death of the recipient or the recipient's spouse or lineal relative.
8. Other conduct that complies with the rules of this Corporation.

Article 7 (Procedures for handling the acceptance of improper benefits)

Except under any of the circumstances set forth in the preceding article, when any personnel of this Corporation are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:

- 1.If there is no relationship of interest between the party providing or offering the benefit and the official duties of this Corporation's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.
- 2.If a relationship of interest does exist between the party providing or offering the benefit and the official duties of this Corporation's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

"A relationship of interest between the party providing or offering the benefit and the official duties of this Corporation's personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:

- 1.When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
- 2.When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
- 3.Other circumstances in which a decision regarding this Corporation's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The responsible unit of this Corporation shall make a proposal, based on the nature and value of the benefit under paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being Board of Directors reported and approved.

Article 8 (Prohibition of and handling procedure for facilitating payments)

This Corporation shall neither provide nor promise any facilitating payment.

If any personnel of this Corporation provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the responsible unit.

Upon receipt of the report under the preceding paragraph, the responsible unit shall take immediate action and undertake a review of relevant matters in

order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency.

Article 9 (Procedures for handling political contributions)

The company provides political donations, which should be handled in accordance with the following regulations. After the approval of Chairman and the notification to the company's dedicated unit, the amount is higher than the company's "Board of Directors' Rules of Procedure" for donations to related parties or major donations to non-related parties The regulations shall be submitted to the board of directors for approval before:

- 1.It shall be ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum amount and the form in which a contribution may be made.
- 2.A written record of the decision-making process shall be kept.
- 3.Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment.
- 4.In making political contributions, commercial dealings, applications for permits, or carrying out other matters involving the interests of this Corporation with the related government agencies shall be avoided.

Article 10 (Procedures for handling charitable donations or sponsorships)

The company provides charitable donations or sponsorships, which should be handled in accordance with the following matters, and reported to the chairman for approval and notification

If the amount of the company's dedicated unit exceeds the provisions of the company's "Board of Directors' Rules of Procedure" for donations to related parties or major donations to non-related parties, it should be reported to the board of directors for approval before it can:

- 1.It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where this Corporation is doing business.
- 2.A written record of the decision making process shall be kept.
- 3.A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.
- 4.The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of

this Corporation's commercial dealings or a party with which any personnel of this Corporation has a relationship of interest.

Article 11 (Recusal)

When a director , officer or other stakeholder of this Corporation attending or present at a board meeting, or the juristic person represented thereby, has a stake in a matter under discussion in the meeting , that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Corporation would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

If in the course of conducting company business, any personnel of this Corporation discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.

No personnel of this Corporation may use company resources on commercial activities other than those of this Corporation, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of this Corporation.

Article 12(Special unit in charge of confidentiality regime and its responsibilities)

The company's engineering unit charged with formulating and implementing procedures for managing, preserving, and maintaining the confidentiality of this Corporation's trade secrets, trademarks, patents, works and other intellectual properties and it shall also conduct periodical reviews on the results of implementation to ensure the sustained effectiveness of the confidentiality procedures.

All personnel of this Corporation shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of this Corporation of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of this Corporation unrelated to their individual duties.

Article 13 (Prohibition against unfair competition)

This Corporation shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 14 (Prevention of damage caused by products and services to stakeholders)

This Corporation shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of this Corporation to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.

This Corporation shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.

Where there are media reports, or sufficient facts to determine, that this Corporation's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company should take the initiative or cooperate with the request of the government authority to recall the batch of products or stop their services within the shortest possible period, investigate whether the facts are true, and propose a review and improvement plan.

The relevant responsible unit of the company shall report the aforementioned incident, its handling method and follow-up review and improvement measures to the supervisor of the responsible unit, and the responsible unit shall report to the board of directors if necessary.

Article 15 (Prohibition against insider trading and non-disclosure agreement)

All personnel of this Corporation shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading.

Any organization or person outside of this Corporation that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by this Corporation shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of this Corporation acquired as a result, and that they may not use such information without the prior consent of this Corporation.

Article 16 (Compliance and announcement of policy of ethical management)

This Corporation shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.

Article 17 (Ethical management evaluation prior to development of commercial relationships)

Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterparty in commercial dealings, this Corporation shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.

When this Corporation carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:

1. The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.

2. Whether the enterprise has adopted an ethical management policy, and the status of its implementation.
3. Whether enterprise's business operations are located in a country with a high risk of corruption.
4. Whether the business operated by the enterprise is in an industry with a high risk of bribery.
5. The long-term business condition and degree of goodwill of the enterprise.
6. Consultation with the enterprise's business partners on their opinion of the enterprise.
7. Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.

Article 18 (Statement of ethical management policy to counterparties in commercial dealings)

Any personnel of this Corporation, when engaging in commercial activities, shall make a statement to the trading counterparty about this Corporation's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.

Article 19 (Avoidance of commercial dealings with unethical operators)

All personnel of this Corporation shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement this Corporation's ethical management policy.

Article 20 (Stipulation of terms of ethical management in contracts)

Before entering into a contract with another party, this Corporation shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of this Corporation part of the terms and conditions of the contract, stipulating at the least the following matters:

1. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in

which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim from the other party of a certain percentage of the contract price as damages, and may also deduct the full amount of the damages from the contract price payable.

2. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
3. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

Article 21 (Handling of unethical conduct by personnel of this Corporation)

The company encourages internal and external personnel to report dishonesty or misconduct. Bonuses will be awarded according to the seriousness of the incident. If an insider makes a false report or malicious accusation, he shall be subject to disciplinary action, and if the circumstances are serious, he shall be dismissed.

This Corporation shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for insiders and outsiders of this Corporation to submit reports. A whistleblower shall at least furnish the following information:

1. the whistleblower's name and I.D. number (whistleblowing reports may be submitted anonymously), and an address, telephone number and e-mail address where it can be reached.
2. the informed party's name or other information sufficient to distinguish its identifying features.
3. specific facts available for investigation.

Personnel of this Corporation handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. This Corporation also undertakes to protect the whistleblowers from improper treatment due to their whistleblowing.

The responsible unit of this Corporation shall observe the following procedure in handling whistleblowing matters:

1. An information shall be reported to the department head if involving the rank and file and to an independent director if involving a director or a senior executive.
2. The responsible unit of the company shall ascertain the relevant facts together with the audit office, and other relevant departments shall provide the relevant facts if necessary for assistance.
3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or this Corporation's policy and regulations of ethical management, this Corporation shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, this Corporation will report to the competent authority, refer said person to judicial authority for investigation, or institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.
4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.
5. With respect to a confirmed information, this Corporation shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.
6. The responsible unit of this Corporation shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.

Article 22 (Actions upon event of unethical conduct by others towards this Corporation)

If any personnel of this Corporation discovers that another party has engaged in unethical conduct towards this Corporation, and such unethical conduct involves alleged illegality, this Corporation shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, this Corporation shall additionally notify the governmental anti-corruption agency.

Article 23 (Internal awareness sessions and establishment of a system for rewards, penalties, and complaints, and related disciplinary measures)

The company's responsible unit should organize or encourage the company's personnel to participate in internal and external education and training related to honest management every year, so as to convey the importance of integrity. This Corporation administration departments shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.

If any personnel of this Corporation seriously violates ethical conduct, this Corporation shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of this Corporation.

This Corporation shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.

Article 24 (Enforcement)

These Procedures and Guidelines, and any amendments hereto, shall be implemented after adoption by resolution of the audit committee and the board of directors, and shall be delivered and reported to the shareholders meeting. When these Procedures and Guidelines are submitted to the board of directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the board of directors meeting. An independent director that is unable to attend a board meeting in person to express objection or reservation shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the board of directors meeting.

Article 25 (Revision History)

This code of conduct was established on Aug. 2, 2022.

Procedure for the Acquisitions or Dispositions of Assets

20190625

1 Purpose and Legal Basis

The Procedure is adopted in accordance with Article 36-1 of the Securities and Exchange Act, and related laws and regulations. The Company's acquisitions or disposition of assets shall be governed by the Procedure.

2 The Procedure is applicable to the following assets:

- 2.1 Investment in stocks, government bonds, corporate bonds, bank debentures, fund certificates, depository receipts, call (put) warrants, beneficiary certificates, and asset-backed securities.
- 2.2 Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
- 2.3 Memberships.
- 2.4 Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- 2.5 Derivatives.
- 2.6 Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with laws.
- 2.7 Intangible assets including patents, copyrights, trademarks and franchise.
- 2.8 Right-of-use assets.
- 2.9 Other major assets.

3 Definitions:

- 3.1 Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid products of above contracts; or hybrid or structured products containing embedded derivatives. The term forward contracts exclude insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
- 3.2 Assets acquired or disposed of through mergers, demergers, acquisitions, or transfer of shares in accordance with law: The assets acquired or disposed of through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.

- 3.3 Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
 - 3.4 Professional appraiser: A real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
 - 3.5 Date of occurrence: The date of contract signing, date of payment, date of consignment trade, date of transfer registration, dates of Board of Directors resolutions, or other date that can confirm the trading counterpart and trading value, whichever is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
 - 3.6 Mainland China area investment: The investment in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
 - 3.7 The expression, "Within the preceding year", as used herein refers to the year preceding the date of occurrence of the current transaction. The portion of trade already declared as required in this procedure could be exempted from calculation.
 - 3.8 Securities exchange: "Domestic securities exchange" refers to Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
 - 3.9 Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.
 - 3.10 For the calculation of 10 percent of total assets under, the total assets stated in the most recent separate or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.
- 4 Those professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall satisfy the following requirements:
- 4.1 Never received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Securities and Exchange Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.

- 4.2 May not be a related party or de facto related party of any party to the transaction.
- 4.3 If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.
- 4.4 When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:
 - 4.4.1 Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
 - 4.4.2 When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
 - 4.4.3 They shall undertake an item-by-item evaluation on comprehensiveness, accuracy, and reasonableness of the sources of data used, parameters and information, as the basis for issuance of the appraisal report or the opinion.
 - 4.4.4 They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.
- 5 Procedure for the Acquisitions or Dispositions of Assets:
 - 5.1 Division of authority and responsibility:
 - 5.1.1 The financial unit shall be responsible for executing the securities exchange.
 - 5.1.2 Acquisition or disposition of real property and equipment, and the right-of-use assets thereof, shall be initiated by the requesting unit respectively.
 - 5.1.3 Any single transaction for acquisition or disposition valuing less than NT\$100 million shall be conducted per the decision made by the assistant vice president or above of Financial Dept. Any single transaction for acquisition or disposition of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises valuing less than NT\$300 million shall also be conducted per the decision made by the assistant vice president or above of Financial Dept., as said assets are classified as securities but actually fall in the scope of fund appropriation and management. Any single transaction for acquisition or disposition of equipment and the right-of-use assets thereof valuing less than NT\$600 million shall be conducted per the decision made by the President or above. Any transaction valuing more than said amount,

and the transaction for acquisition or disposition of real property and the right-of-use assets thereof shall be subject to prior approval of the Board of Directors.

- 5.1.4 Aggregate amount of transactions for non-operating real property and right-of-use assets thereof or securities acquired by the Company and each subsidiary, and limit of the transaction for individual securities, shall not exceed the net worth of the Company and subsidiary. Any transaction valuing more than said amount shall be subject to prior approval of the Board of Directors.
- 5.2 Operating procedure: The acquisition or disposition of related assets shall follow the Company's internal control system requirements. Any violation of the criteria defined herein shall be disciplined according to the Procedure.
- 5.3 Determination of evaluation and trading terms and conditions:
 - 5.3.1 The transaction price for acquisition or disposition of securities traded in securities exchanges or OTC markets shall be decided based on the price of the securities prevailing at that moment. Then, the transaction may be conducted by the related unit upon approval of the person with powers.
 - 5.3.2 The Company shall, prior to acquisition or disposition of equity traded in securities exchanges or OTC markets, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price. Determination of such transaction price shall also take into account the net worth per share, profitability, future development, and the transaction price prevailing at that moment. Then, the transaction may be conducted by the related unit upon approval of the person with powers.
 - 5.3.3 The transaction price for acquisition or disposition of fixed-income securities, which are not traded in securities exchanges or OTC markets, shall be decided based on the market interest rate, coupon rate and debtor's credit rating prevailing at that moment. Then, the transaction may be conducted by the related unit upon approval of the person with powers.
 - 5.3.4 The transaction price for acquisition or disposition of any real property shall be decided based on the announced current value, assessed value and actual transaction price of adjacent real property. For the transaction valuing more than NT\$300 million, a professional appraisal organization shall be retained to conduct the assessment. Then, the transaction may be conducted by the related unit upon approval of trading terms and conditions and transaction price by the person with powers.
 - 5.3.5 The transaction for acquisition or disposition of equipment shall be conducted in either of the manners including price comparison, price negotiation or tender solicitation. Then, the transaction may be

conducted by the related unit upon approval of the person with powers.

5.3.6 If the Company acquires or disposes of assets through court auction procedures, the certified documentation issued by the court may supersede an appraisal report or a CPA's opinions.

5.4 The acquisition or disposition of assets which is required to be approved by the Board of Directors pursuant to the Procedure or any other laws shall be handled in accordance with Article 20 herein.

6 In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

6.1 Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.

6.2 Where the transaction amount is NT\$1 billion or more, appraisals from more than two professional appraisers shall be obtained.

6.3 Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (hereinafter referred to as the "ARDF") and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

6.3.1 The difference between the appraisal value and the transaction amount exceeds 20% of the transaction amount.

6.3.2 The appraisal values presented by more than two professional appraisal firms showed variation of more than 10% of the transaction value.

6.4 The date on which the professional appraisal firms issued the appraisal reports shall not fall beyond 3 months from the contract execution date. If the announced present value in the same period is applicable and is falling within 6 months, the original appraisal firms shall present a statement of opinion.

7 Upon acquisition or disposition of securities, the Company shall, prior to the date

of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

- 8 Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price. The CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.
- 9 The procedure for processing the transactions between the Company and related parties:
 - 9.1 When the Company engages in any acquisition or disposition of assets from or to a related party, in addition to complying with said requirements, it shall ensure that the following necessary resolutions are adopted and the reasonableness of the transaction terms is appraised. If the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion according to Articles 6~8 herein.
 - 9.2 When judging whether a trading counterpart is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.
 - 9.3 When the Company acquires or disposes of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and the Board of Directors:
 - 9.3.1 Purpose, necessity and anticipated benefit of the acquisition or disposition of assets.
 - 9.3.2 The reason for choosing a related party as the trading counterpart.

- 9.3.3 With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 9.5~Article 9.7 and Article 10 herein.
- 9.3.4 The date and price at which the related party originally acquired the real property, the original trading counterpart, and trading counterpart's relationship to the Company and the related party.
- 9.3.5 The projection of cash flows from the month the agreement is made in one year ahead with assessment of the necessity of the transaction and the reasonableness of capital utilization.
- 9.3.6 An appraisal report from a professional appraiser or a CPA's opinion obtained according to Article 9.1 herein.
- 9.3.7 Restrictions and other important covenants for the transaction concerned.
- 9.4 With respect to the transactions, such as acquisition or disposition of equipment or right-of-use assets thereof held for business use, or real property right-of-use assets for business use, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board of Directors may authorize the Chairman of Board to decide such matters when the transaction is within NT\$600 million and have the decisions subsequently submitted to and ratified by the latest meeting of the Board of Directors, and Article 20 herein shall apply accordingly.
- 9.5 A public company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:
 - 9.5.1 Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. Necessary interest on funding is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
 - 9.5.2 Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the parties to the transaction. Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in either of said means.

- 9.6 Where the Company acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with Article 9.5 herein, shall also engage a CPA to check the appraisal and render a specific opinion.
- 9.7 Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 9.3 herein and Article 9.5~Article 9.6 do not apply:
- 9.7.1 The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
- 9.7.2 More than 5 years shall have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
- 9.7.3 The real property is acquired through execution of a joint development contract with the related party, or through engagement of a related party to build real property, either on the Company's own land or on rented land.
- 9.7.4 The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or subsidiaries which it directly or indirectly holds 100% of the issued shares or authorized capital.
- 10 In the event that the appraisal prices conducted pursuant to Article 9.5.1 and Article 9.5.2 herein falls below the transaction price, the matter shall be handled in accordance with Article 11 herein. The followings are exception on condition that the professional appraisal firms and the certified public accountants have presented their opinions on the reasonableness of the transaction on the real property:
- 10.1 Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
- 10.1.1 Undeveloped land shall be assessed in accordance with the means in the preceding article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. Reasonable construction profit as referred to shall be the average gross margin of the related party's construction segment over the last 3 years, or the latest gross margin for the construction industry as announced by the Ministry of Finance, whichever is lower.
- 10.1.2 Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are found similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.

10.1.3 Deleted.

10.2 The Company can prove with evidence that the real property purchased or the real property right-of-use assets obtained through lease from the related party is conducted with terms and conditions similar to the successful transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land referred to herein, in principle, refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

11 For the acquisition of real property or right-of-use assets thereof from related parties by the Company, if the appraisal value performed pursuant to Article 9.5~Article 9.7 and Article 10 falls below the transaction price, the following measures shall be taken:

11.1 State the difference between the transaction price and the appraisal value of the real property or right-of-use assets in transaction as special reserve pursuant to Paragraph 1 of Article 41-1 of the Securities and Exchange Act, and such amount in difference cannot be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.

11.2 The independent directors forming the Audit Committee shall act subject to Article 218 of the Company Act.

11.3 Actions taken pursuant to Article 11.1 and Article 11.2 herein shall be reported to a shareholders' meeting the transaction shall be disclosed in the annual report and any investment prospectus. For the special reserve being recognized by the Company in accordance with the requirement of preceding paragraphs, it may be utilize only after the assets purchased or leased at high price has been recognized for loss due to falling price or disposition, or the termination of the leasing contract, or under appropriate compensation, or recovery to original condition, or being proved as not unreasonable with evidence and at the approval of FSC. If the acquisition of real property or right-of-use assets thereof from a related party by the Company proved to be not being conducted under the arm's-length principle with evidence, proceed to the requirements as stated in the two preceding paragraphs.

12 Procedure for Engaging in Derivatives Trading:

12.1 Trading principles and policy:

12.1.1 Division of authority and responsibility:

The Board of Directors perform the following functions:

- (1) Authorize the object of transaction and list of product types.
- (2) Authorize the trading contract amount to be undertaken.
- (3) Determine the limit of loss.
- (4) Designate senior management personnel to pay continuous attention to monitoring and control over derivatives trading risk.

Head of the Finance Dept. (immediate executive officers of the trading department) shall perform the following duties and responsibilities:

- (1) Determine the management report format and control the limit authorized by the Board of Directors.
- (2) Determine the risk assessment model and performance assessment model.

Traders of the Finance Dept. (handlers and risk managers of the trading department) shall perform the following duties and responsibilities:

- (1) Responsible for setting forth the strategies of foreign exchange operations throughout the Company.
- (2) Collect related information from time to time, judge trends, assess risk, get familiar with financial instruments and relevant laws & regulations, and then consider the Company's foreign exchange positions, as the basis for evasion of risks.
- (3) Confirm the foreign exchange positions based on the Company's turnover and import/export volume, and then set the limit to be hedged each month to mitigate the level of foreign exchange positions exposed to risk.
- (4) Set forth trading strategies and conduct transactions within the scope of their authority.
- (5) Provide trading documents and receipts timely.

Back office function staff shall perform the following duties and responsibilities:

- (1) Execute contracts with trading counterparts, and process and review applications for account opening.
- (2) Complete verification, settlement, announcement and report, evaluation and clearance related to transactions. (Finance Department)
- (3) Review the trading documents and reports issued by the trading department. (Accounting Department)

12.1.2 Types of trading: Transaction contracts whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests (such as the forward contracts, options contracts, futures contracts, swap contracts and compound contracts combining the above products). The margin trading related to bonds shall be

governed by the relevant requirements defined herein.

12.1.3 Hedging strategy: The Company shall engage in financial derivatives trading for hedging, and choose the trading instruments that may evade the risk resulting from the Company's business management as possible as it can. The foreign exchange positions shall pursue the offset of internal positions (foreign exchange revenue and expenditure) throughout the Company on a voluntary basis, in principle, in order to save the costs in foreign exchange operations. Financial derivatives may be exercised only if there are insufficient or surplus positions.

12.1.4 Performance assessment:

Hedging trade: The performance assessment shall be conducted based on the Company's carrying foreign exchange cost, and the income generated from financial derivatives trading. In order to completely control and express the valuation risk over trading, the Company assesses the income on a monthly evaluation basis.

Trading for particular purposes: Assess performance based on the income generated actually, and prepare the report on positions periodically to submit the same to the management for reference.

12.1.5 Total contract amount:

(1) Limit of hedging trade: The limit of foreign exchange hedge positions shall be no more than the net after offset of the Company's import volume against its export volume physically. The net foreign exchange positions shall be set based on the annual budget, while the other hedge positions shall be set whenever necessary.

(2) Trading for particular purposes: Based on the forecast about changes in the market, Finance Dept. may set forth some trading plan, if necessary, based on risk control principles, and submit the same to the assistant vice president or above of Financial Dept. for approval before conducting any transaction, provided that any single transaction valuing more than US\$2 million shall be submitted to the Board of Directors for approval. The total contract amount for the net accumulated positions of the Company's trading for particular purposes shall be no more than US\$10 million.

12.1.6 Determination of the limit of loss:

(1) The Company shall engage in financial derivatives trading for hedging. Meanwhile, upon offset of the income thereof against hedged income, the maximum loss limit for the total trading contracts and for each individual contract shall be no more than 20% of the total contracts/individual contract. Notwithstanding, the significant influence on foreign exchange rate and interest rate (excess of the limit of loss), if any, shall be reported to the

President and Chairman of Board immediately for resolution on necessary responsive actions.

- (2) If the loss of all contracts of trading for particular purposes exceeds 5% of the transaction price, the senior management shall be gathered to meet to negotiate for responsive actions. The limit of loss on individual contract shall be no more than US\$100,000 or 10% of the transaction price, whichever lower.

12.1.7 Internal audit system:

An internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing.

- 13 The Company, when engaging in derivatives trading, shall adopt the following risk management measures:

- 13.1 Credit risk management: Considering that the market varies subject to various factors and thereby causes risk over operations of financial derivatives easily, the risk management shall be performed in the following manners:

Trading counterpart: Primarily the domestic/foreign renowned financial institutions.

Traded instruments: Primarily the instruments provided by domestic/foreign renowned financial institutions.

Transaction price: Uncovered transaction price for the same trading counterpart shall be no more than 20% of the total authorized limit, unless the transaction is approved by the assistant vice president or above of Financial Dept.

- 13.2 Market risk management: Primarily the public market provided by any financial institution.

- 13.3 Liquidity risk management: To ensure market liquidity, the financial instruments with higher market liquidity (to be offset on the market at any time) shall be the first priority. The financial institution commissioned to trade shall keep sufficient information and may be able to engage in trading in any market at any time.

- 13.4 Cash flow risk management: To ensure stability of the Company's working capital, the Company engages in derivatives trading with the capital sourcing from its own fund only. Meanwhile, the funding need identified based on the cash revenue and expenditure forecast for next three months shall be taken into consideration during operation of the funds.

- 13.5 Operational risk management:

- 13.5.1 To strictly comply with the Company's authorized limit and operating procedures, and include it into the internal audit to prevent any operational risk.

- 13.5.2 Personnel engaged in derivatives trading may not serve concurrently in other operations, such as confirmation and settlement.
- 13.5.3 Risk measurement, monitoring, and control personnel shall be assigned from departments different from the personnel referred to in the previous subparagraph and shall report to the Board of Directors or senior management personnel with no responsibility for trading or position decision-making.
- 13.5.4 The position of derivatives held shall be assessed at least once per week; however, positions for hedge trades required by business shall be assessed at least twice per month. Assessment reports shall be submitted to senior management personnel authorized by the Board of Directors.
- 13.6 Product risk management: The internal trading staff shall possess complete and correct professional knowledge about financial instruments, and also ask financial institutions to fully disclose relevant risks, in order to prevent the risk over misuse of financial instruments.
- 13.7 Legal risk management: The documents executed with any financial institutions shall be reviewed by the dedicated personnel, such as foreign exchange and legal affairs or legal advisors, for compliance with any other important risk management policies.
- 14 When the Company engages in the derivatives trading, the Board of Directors shall supervise and manage strictly as follows:
 - 14.1 Designate the senior management personnel to pay continuous attention to monitoring and control over the derivatives trading risk in the following manners:
 - 14.1.1 Periodically assess whether the risk management measures currently employed are appropriate and are faithfully conducted in accordance with the Procedure.
 - 14.1.2 When irregular circumstances are found in the course of supervision of the trading and income thereof, appropriate measures shall be adopted and a report immediately made to the Board of Directors. Where the Company has appointed any independent director, the independent director shall be present at the meeting and express an opinion.
 - 14.2 Periodically assess whether the trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.
 - 14.3 The Company shall report to the latest meeting of the Board of Directors after it authorizes the relevant personnel to handle derivatives trading in accordance with the Procedure.
- 15 The Company, when engaging in derivatives trading, shall prepare a log book in which details of the types and amount of the trading, Board of Directors approval dates, and the matters required to be carefully evaluated under Article 13.5.4, Article 14.1.1 and Article 14.2 herein shall be recorded in detail in the log book.

- 16 Procedure for the Company's participation in merger, demerger, acquisition or transfer of shares:
- 16.1 The Company, when engaging in merger, demerger, acquisition, or transfer of shares, prior to convening the meeting of Board of Directors to resolve on the matter, shall engage a Certified Public Accountant, attorney-at-law, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage.
- 16.2 The Company, when participating in a merger, demerger, acquisition, or transfer of shares, shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. unless the Company may be exempted from convening a shareholders' meeting for the resolution under any other laws. Where either party fails to convene the shareholders' meeting to resolve the matter due to lack of a quorum, insufficient votes, or other legal restriction, or the motion is rejected by the shareholders' meeting, the Company shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.
- 16.3 The Company shall convene a meeting of the Board of Directors and a shareholders' meeting on the same day of the transaction to resolve issues relevant to the merger, demerger, or acquisition, unless otherwise provided by laws or any special circumstances already approved by the Financial Supervisory Commission. A company participating in the transfer of shares shall convene a meeting of the Board of Directors on the same day.
- 16.4 Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
- 16.5 The Company may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
- 16.5.1 Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.

- 16.5.2 An action, such as a disposal of major assets that affects the Company's financial operations.
- 16.5.3 An event, such as a major disaster or major change in technology that affects the shareholder equity or share price.
- 16.5.4 An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
- 16.5.5 An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
- 16.5.6 Other terms and conditions that the contract stipulates may be altered and that have been publicly disclosed.
- 16.6 The contract shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:
 - 16.6.1 Response to breach of contract.
 - 16.6.2 Principles for disposal of the equity securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
 - 16.6.3 The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for disposal thereof.
 - 16.6.4 The manner of handling changes in the number of participating entities or companies.
 - 16.6.5 Preliminary progress schedule for plan execution, and anticipated completion date.
 - 16.6.6 Scheduled date for convening the legally mandated shareholders meeting if the plan is not completed within the time limit, and relevant procedures.
- 16.7 After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, the Company may be exempted from calling another shareholders' meeting to resolve on the matter anew.
- 16.8 When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference. Meanwhile, the Company shall, within 2 days counted inclusively from the date of passage of a

resolution by the Board of Directors, report the information set out in Article 16.8.1 and Article 16.8.2 to the FSC for reference in the prescribed format and via the Internet-based information system.

16.8.1 Personnel profile: Including the job titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of shares prior to disclosure of the information.

16.8.2 Dates of material events: Including execution of any letter of intent or memorandum of understanding, engagement of a financial or legal advisor, execution of a contract, and date of convening a meeting of the Board of Directors.

16.8.3 Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of meetings of the Board of Directors.

16.9 Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by Article 16.8 herein.

16.10 Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 16.3, Article 16.4, Article 16.7 and Article 16.8 herein.

17 In the event of any of the following circumstances met by the Company's acquisition and disposition of assets, the Company shall publicly announce and report the relevant information in appropriate format on the website designated by Financial Supervisory Commission within 2 days after action has been taken depending on the nature of the assets:

17.1 Acquisition or disposition of real property or right-of-use assets thereof from or to a related party or acquisition or disposition of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

17.2 Merger, demerger, acquisition, or transfer of shares.

17.3 Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the Procedure.

17.4 Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and the trading counterpart is not a related party, and the

transaction amount amounting to more than NT\$500 million.

17.5 Where acquisition of real property through the construction on property land by commissioned builder, construction on property land by commissioned builder, joint venture of construction for sharing of built premises, joint ventures of construction with sharing of proceeds, and joint venture of construction with separate selling of the premises, and the trading counterpart is not a related party, and the planned investment of the Company is more than NT\$500 million.

17.6 Where a transaction of assets other than any of those referred to in the preceding five paragraphs, or an investment in the mainland China area reaches 20 percent or more of the Company's paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:

17.6.1 Trading of domestic government bonds.

17.6.2 Trading of bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.

17.7 The transaction amount shall be calculated in the following manners:

17.7.1 Amount of each transaction.

17.7.2 The accumulated amount for transactions with particular counterpart for the acquisition or disposition of subject of the trade of the same nature in one year.

17.7.3 The accumulated amount of acquisitions and dispositions (cumulated respectively) of the same project of real property or right-of-use assets thereof within the preceding year.

17.8 The Company shall declare all information of derivatives trading conducted by itself and its subsidiaries, which are not domestic public companies, to the end of the previous month in designated format on the designated website of FSC by 10th day of each month.

17.9 Information required to be publicly announced and reported in accordance with the relevant provisions on acquisitions and dispositions of assets by the Company's subsidiary that is not itself a public company in Taiwan shall be reported by the Company. The paid-in capital or total assets referred to in Article 17.1 and Article 17.6 herein refer to the Company's paid-in capital or total assets.

17.10 Where the Company, at the time of public announcement, makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.

17.11 Upon acquisition or disposition of assets, the Company shall keep a copy of related contracts, minutes of meetings on record, record books, appraisal reports, opinions issued by certified public accountants, lawyers or securities underwriters and retain such documents for at least 5 years, unless otherwise specified by law.

18 Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance

with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counted inclusively from the date of occurrence of the event:

18.1 Change, termination, or rescission of a contract signed in regard to the original transaction.

18.2 The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.

18.3 Change to the originally publicly announced and reported information.

- 19 The transaction amount of the Company's acquisition or disposition of real property, equipment or right-of-use assets thereof, securities, and transactions with related parties, intangible assets or right-of-use assets thereof, or memberships shall be calculated in the manner referred to in Article 17.7 herein. Notwithstanding, under the Procedure transactions accompanied by appraisal reports of professional appraisal firms or opinions from certified public accountants or the part submitted to the audit committee, the board of directors, for approval can be excluded from the calculation.
- 20 The Procedure adopted by the Company as required shall be first approved by a majority of all Audit Committee members and submitted to the Board of Directors for a resolution, and then to a shareholders' meeting for approval. The same shall apply where the Procedure is amended. Where no approval by a majority of all the Audit Committee members is obtained, the Procedure may be adopted upon approval by more than two-thirds of all the Board Directors, and the Audit Committee's resolution shall be specified in the minutes of meeting of the Board of Directors. The terms "all the Audit Committee members" and "all the Board directors" shall refer to those currently holding the positions.
- 21 The Company's subsidiaries shall also establish their "procedures for the acquisitions or dispositions of assets" in accordance with said requirements, and enforce the procedures upon approval of both parties' boards of directors. The same shall apply when the procedures are amended. Any subsidiary's acquisition or disposition of assets shall be governed by such procedure set forth by it.
- 22 Any executive officers or clerk in violation of the Procedure shall be disciplined in accordance with the "Work Rules" set forth by the Company for its employees.
- 23 Any matters not covered herein shall be governed by related laws and regulations and the Company's related requirements.
- 24 The Procedure shall take effect immediately once approved during a shareholders' meeting.

Operating Procedure for Loaning of Funds and Making of
Endorsements/Guarantees

20190625

- 1 The Procedure shall be governed by Article 36-1 of the Securities and Exchange Act, and related laws and regulations.
- 2 The Company shall comply with the Procedure when making loans to and endorsements/guarantees for others; provided, where financial laws or regulations provide otherwise, such provisions shall govern. "Subsidiary" and "parent company" as referred to herein shall be defined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- 3 The counterparts for loaning of fund by the Company:
 - 3.1 Any company or firm engaging in business transaction with the Company;
 - 3.2 Any company or firm with short-term financing need. The term "short-term" means one year or one operating cycle (Whichever longer).
 - 3.3 The loaning of funds is required to satisfy the need for short-term financing only under the following circumstances:
 - 3.3.1 Where the investee in which the Company holds 50% or more of the shares needs the short-term financing in order to satisfy its business needs.
 - 3.3.2 Where another company or firm needs the short-term financing in order to satisfy the needs for purchase of materials or working capital.
 - 3.3.3 Any ones to receive the funds loaned by the Company upon approval of the Company's Board of Directors.
 - 3.4 When a borrower's responsible person violates Article 3.1 and Article 3.2 herein, the responsible person shall bear joint and several liability with the borrower for repayment. Where the Company suffers damage, the responsible person shall also be liable for the damages thereof.
- 4 The endorsements/guarantees as used herein refers to the following:
 - 4.1 Financing endorsements/guarantees
 - 4.1.1 Bill discount financing.
 - 4.1.2 Endorsement or guarantee made to meet the financing needs of another company.
 - 4.1.3 Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company.
 - 4.2 Customs duty endorsement/guarantee means an endorsement or guarantee for the Company or another company with respect to customs duty matters.
 - 4.3 Other endorsements/guarantees

mean the endorsements or guarantees beyond the scope of the above two paragraphs.

4.4 Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also count.

5 The counterparts for endorsements/guarantees made by the Company:

5.1 Anyone with which the Company engaged in business transaction.

5.2 A company in which the Company directly and indirectly holds more than 50% of the voting shares.

5.3 A company that directly and indirectly holds more than 50% of the voting shares in the Company.

5.4 A company in which the Company directly or indirectly holds 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the Company. This restriction shall not apply to the endorsements/guarantees made between companies in which the Company directly or indirectly holds 100% of the voting shares.

5.5 However, where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements/guarantees may be made free of the restriction of Article 5.1~Article 5.4 herein. The capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the Company, or through a company in which the Company holds 100% of the voting shares.

6 The Company's operating procedure for loaning of funds to others:

6.1 Aggregate amount of loans and individual maximum amount permitted to a single borrower

6.1.1 The aggregate amount of the fund loaned by the Company to any company or firm engaging in business transaction with the Company and any company or firm with short-term financing need shall not exceed 15% of the Company's net worth respectively.

6.1.2 The individual maximum amount permitted by the Company to any company or firm engaging in business transaction with the Company shall not exceed the aggregate amount of trading between both parties within 12 months prior to the loaning of funds. The aggregate amount of trading refers to the higher of the sale or purchase amount or payment between both parties, provided that the amount shall be no more than the limit referred to in the preceding paragraph.

6.1.3 The individual maximum amount of the fund loaned by the Company to

any company or firm with short-term financing need shall not exceed 10% of the Company's net worth.

6.1.4 The restriction in Article 6.1.1 herein shall not apply to the loaning of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares, or the loaning of funds to the Company by any foreign company in which the Company holds, directly or indirectly, 100% of the voting shares, provided that the subsidiaries' related operating procedures shall still be observed.

6.2 Financing term and calculation of interest:

The financing term shall be no more than one year. The interest shall accrue at an interest rate no less than that at which the Company borrows short-term loans from a financial institution, and on a monthly basis. Notwithstanding, the restriction on one year or one operating cycle shall not apply to the loaning of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares, provided that the subsidiaries' related operating procedures shall still be observed.

6.3 Execution and review procedures:

6.3.1 For the loaning of funds to any affiliate of the Company, the Company's handling department shall review the necessity and evaluate the application, purpose and effect thereof, based on the application form for financing issued by the affiliate, and produce a risk assessment report. Then, it shall submit the same, together with Financial Accounting Dept.'s comments, to the senior management, such as President or above, for approval and then to the Board of Directors for resolution.

6.3.2 For the loaning of funds to any company other than an affiliate of the Company, in addition to complying with the requirements referred to in the preceding paragraph, the Company shall seek a promissory note bearing the same amount as security, and create adequate pledge or mortgage on chattel or real property if necessary.

6.3.3 Before loaning of funds to others, the Company shall carefully evaluate whether it satisfies the Procedure, and submit the evaluation results to the Board of Directors for resolution. The Company shall not authorize any others to make the decision. Where independent directors have been appointed, the Company shall adequately take into account the opinion of each independent director. Assenting and dissenting opinions, and the reasons for the dissent, shall be recorded in the minutes of the meeting of Board of Directors.

6.3.4 Any loan agreement between the Company and its subsidiaries or between subsidiaries shall be approved by the Board of Directors upon evaluation and review conducted according to the relevant procedures. The Chairman of Board may be authorized to, within one year and under a certain limit resolved by the Board, loan the funds to the same borrower in installments or on a revolving basis.

6.3.5 The certain limit referred to in the preceding paragraph shall comply

with Article 6.1.4 herein. Meanwhile, the authorized amount of any loan from the Company or any of its subsidiaries to a single company shall not exceed 10% of the net worth shown in the latest financial statements of the Company or the subsidiary.

6.4 Subsequent control measures and procedure for handling delinquent creditor's rights

6.4.1 The loaning of funds shall be subject to accrued interest and adequate control measures. In the event of NPL, the related departments shall be gathered to conduct discussion, and a written report shall be submitted to the senior management, such as President or above.

6.4.2 If certain collateral is furnished, it is also necessary to note whether there is any variance in the value secured by the collateral. Any significant change shall be reported to the senior management, such as President or above, and take adequate actions per instruction.

6.4.3 Finance Dept. shall prepare a memorandum book for its fund-loaning activities and truthfully record the information about borrower, amount, date of approval by the Board of Directors and date of allocation of the loan.

6.4.4 The Company's internal auditors shall audit the Operating Procedure for Loaning of Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Company's Audit Committee in writing of any material violation found.

6.4.5 Where as a result of changes of condition the counterpart for a loan no longer meets the requirements herein, or the balance of loan exceeds the limit, it shall prepare a corrective action plan and submit the same to the Audit Committee, and shall complete the correction according to the schedule set out in the plan.

7 The Company's Operating Procedure for Making of Endorsements/Guarantees:

7.1 Limit of endorsements/guarantees:

7.1.1 The accumulated amount of an endorsement/guarantee made due to the business relationship shall not exceed the aggregate amount of transactions between the counterpart and the Company in the most recent year, or NT\$100 million.

7.1.2 The aggregate amount of endorsements/guarantees made by the Company shall not exceed the total of the net worth in the latest financial statements.

7.1.3 The amount of endorsements/guarantees made for a single company shall not exceed 50% of the net worth shown in the latest financial statements.

7.1.4 The limit of amount authorized to the Chairman of Board to decide shall be no more than 10% of the Company's current net worth.

7.1.5 The aggregate amount of endorsements/guarantees made by the Company and its subsidiaries shall not exceed 100% of the net worth

shown in the latest financial statements of the Company. The aggregate amount of endorsements/guarantees made for a single company shall not exceed 50% of the net worth shown in the latest financial statements of the Company. Where the aggregate amount of endorsements/guarantees that is set as the ceiling as a whole reaches 50% or more of the Company's net worth, an explanation of the necessity and reasonableness thereof shall be given at the a shareholders' meeting.

7.2 Execution and review procedure for making of endorsements/guarantees:

7.2.1 If necessary, the related business handling unit shall carefully evaluate the compliance with the Procedure and whether the application for endorsements/guarantees shall be filed.

7.2.2 The review shall cover the risk, necessity and reasonableness for the endorsements/guarantees. A complete evaluation record shall be produced accordingly. If necessary, adequate collaterals shall be secured.

7.2.3 The unit head shall check the application for endorsements/guarantees carefully and then submit it to the Finance Dept. for countersignature, and to the senior management, such as President or above, for approval and then to the Board of Directors for resolution.

7.2.4 Where as a result of changes of condition the counterpart of an endorsement/guarantee no longer meets the requirements herein, or the amount of endorsement/guarantee exceeds the limit, it shall prepare a corrective action plan and submit the same to the Audit Committee, and shall complete the correction according to the schedule set out in the plan.

7.2.5 If the Company wishes to make endorsements/guarantees for the subsidiaries whose net worth is less than half of their paid-in capital, the Company's internal control system requirements shall apply.

7.2.6 In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under Article 7.2.5 herein, the sum of the capital stock plus capital surplus in excess of par shall apply.

7.3 Use and custody of corporate chops:

The chop used for making of endorsements/guarantees refers to the one registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of a designated person approved by the Board of Directors. The same shall apply where it is changed. The chop shall be entered in accordance with the "Official Chop Management Regulations" promulgated by the Company.

7.4 Decision-making authority and delegation thereof:

7.4.1 Any endorsement/guarantee shall be made upon approval of the Board of Directors. If necessary, the Board of Directors may authorize the Chairman to make decisions within a specific amount referred to in Article 7.1.4 herein. Then, the Chairman shall submit the decision to the latest meeting of the Board of Directors for ratification.

7.4.2 Any endorsement/guarantee to be made by a subsidiary in which the Company directly or indirectly holds at least 90% of the voting shares shall be submitted to the Company's Board of Directors, and may be made only after the Board of Directors gives approval through a resolution. This restriction shall not apply to the endorsements/guarantees made between companies in which the Company directly or indirectly holds 100% of the voting shares.

7.4.3 When making a guarantee for a foreign company, the Company shall have its Guarantee Agreement signed by the Chairman of Board first.

7.4.4 Where the Company needs to exceed the limits set out in the Procedure to satisfy its business requirements, and where the conditions set out herein are complied with, it shall obtain approval from the Board of Directors and a majority of the whole directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/guarantee. It shall also amend the Procedure accordingly and submit the same to a shareholders' meeting for ratification afterwards. If the shareholders' meeting rejects it, the Company shall adopt a plan to discharge the amount in excess within a given time limit.

7.4.5 Where the Company has appointed any independent director, the independent director is advised to be present at the meeting and express an opinion, in order to solidify the supervision functions, strengthen management mechanism, and maintain the Company's and shareholders' interests and rights. Meanwhile, the Company shall adequately take into account the opinion of each independent director. Assenting and dissenting opinions, and the reasons for the dissent, shall be recorded in the minutes of the meeting of Board of Directors.

7.5 Subsequent controls

7.5.1 Finance Dept. shall prepare a memorandum book for the endorsements/guarantees and truthfully record the information about counterpart of endorsement/guarantee, amount, date of approval by the Board of Directors or decision by the Chairman of Board, date of the endorsement/guarantee, and matters to be carefully evaluated as required.

7.5.2 The Company's internal auditors shall audit the Operating Procedure for Making of Endorsements/Guarantees and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Company's Audit Committee in writing of any material violation found.

8 Any executive officers or clerk in violation of the Procedure shall be disciplined in accordance with the "Work Rules" set forth by the Company for its employees.

9 Disclosure of information:

9.1 The Company shall enter the data about balance of funds loaned to others and endorsements/guarantees made for others by the Company and its subsidiaries in the previous month to the information reporting website

designated by the Financial Supervisory Commission (FSC) by 10th day of every month (announcement and report).

9.2 Where the balance of endorsements/guarantees reaches one of the following criteria, the Company shall announce and report such event within two days commencing immediately from the date of occurrence:

9.2.1 The balance of the amount of endorsements/guarantees made by the Company and its subsidiaries reaches 50% or more of the Company's net worth as shown in the latest financial statements of the Company.

9.2.2 The balance of endorsements/guarantees made by the Company and its subsidiaries for a single enterprise reaches 20% or more Company's net worth as shown in the latest financial statements of the Company.

9.2.3 The balance of endorsements/guarantees made by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, carrying value of investment under equity method in, and balance of loans to, such enterprise reaches 30% or more of the Company's net worth as shown in the latest financial statements of the Company.

9.2.4 The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more and also 5% or more of the Company's net worth in as shown in the latest financial statements of the Company.

9.3 Where the loaning of funds reaches one of the following criteria, the Company shall announce and report such event within two days commencing immediately from the date of occurrence:

9.3.1 The balance of the funds loaned by the Company and its subsidiaries to others reaches 20% or more of the Company's net worth as shown in the latest financial statements of the Company.

9.3.2 The balance of funds loaned by the Company and its subsidiaries to a single enterprise reaches 10% or more Company's net worth as shown in the latest financial statements of the Company.

9.3.3 The amount of new funds loaned by the Company or its subsidiaries reaches NT\$10 million or more and also 2% or more of the Company's net worth in as shown in the latest financial statements of the Company.

9.4 Information required to be publicly announced and reported in accordance with Article 9.2.4 and Article 9.3.3 herein by the Company's subsidiary that is not itself a public company in Taiwan shall be reported by the Company.

9.5 The "date of occurrence" referred to herein means the date of contract signing, date of payment, dates of Board of Directors resolutions, or other date that can confirm the counterpart and amount for the loaning of funds or endorsement/guarantee, whichever is earlier/

10 The Company shall evaluate the status in loaning of funds and provide adequate allowance for bad debt. Meanwhile, the Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial statements and provide

certified public accountants with relevant information for implementation of necessary audit procedures. If the Company's financial statements are prepared in accordance with the IFRSs, the net worth referred to herein shall mean the equity attributable to the owners of the parent company in the balance sheet prepared according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- 11 The Procedure adopted by the Company as required shall be first approved by a majority of all Audit Committee members and submitted to the Board of Directors for a resolution, and then to a shareholders' meeting for approval. The same shall apply where the Procedure is amended. Where no approval by a majority of all the Audit Committee members is obtained, the Procedure may be adopted upon approval by more than two-thirds of all the Board Directors, and the Audit Committee's resolution shall be specified in the minutes of meeting of the Board of Directors. The terms "all the Audit Committee members" and "all the Board directors" shall refer to those currently holding the positions. When it submits the Operating Procedure for Loaning of Funds and Making of Endorsements/Guarantees for discussion by the Board of directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director expresses any dissent or reservation, it shall be specifically recorded in the minutes of meeting of the Board of Directors.
- 12 If any subsidiary wishes to make endorsements/guarantees for others or loan funds to others, the Company shall have the subsidiary establish its own "operating procedure for loaning of funds and making of endorsements/guarantees" in accordance with relevant requirements, and enforce the procedure upon approval of both parties' boards of directors. The same shall apply when the procedure is amended.
- 13 The Procedure shall take effect immediately once approved during a shareholders' meeting.

Appendices 7

Great China Metal Ind. Co., Ltd.

Regulations for Election of Directors

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- I. The Company's election of directors shall be conducted in accordance with the Regulations.
- II. The uni-nominal cumulative voting method shall be used for election of the directors of the Company. Each share shall have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders. The Company's election of directors adopted the candidate nomination system, in accordance with the candidate nomination system procedure referred to in the Company Act, and related laws & regulations.
- III. The quota of the Company's directors shall be as specified in the Company's Articles of Incorporation, with voting rights separately calculated for directors and independent directors. Those receiving ballots representing the highest numbers of voting rights shall be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chairperson drawing lots on behalf of any person not in attendance. The qualifications and election of the Company's independent directors shall be governed by the competent authority's regulations.
- IV. The Company's directors shall be elected from the list of candidates.
- V. The ballots shall be produced by the Board of Directors and numbered in the order of the attendance card numbers, which shall specify the number of votes vested in the given shareholder.
- VI. Before the election process is commenced, the chairperson shall assign a certain number of ballot scrutinizer(s) and vote counters to implement related job duties.
- VII. If a candidate is a shareholder, a voter must enter the candidate's name and shareholder account number in the "candidate" column of the ballot. In the case of a non-shareholder, the voter shall enter the candidate's full name and ID No. However, when the candidate is a juristic-person shareholder, the names of juristic-person shareholder and its representative, together with its shareholder account number, shall be entered in the column. When there are multiple representatives, the name of each representative shall be entered.
- VIII. A ballot is invalid under any of the following circumstances:

1. The ballot is not that prescribed in Article 5 herein.
 2. Two or more candidates are specified on the same ballot.
 3. Other words or marks are entered in addition to the candidate's name (including juristic person's name and its representative's name) and his/her shareholder account number (or ID No.).
- IX. A ballot is invalid under any of the following circumstances satisfied by the candidate:
1. The writing is unclear and indecipherable or has been altered.
 2. The candidate whose name is entered in the ballot is a shareholder, but the candidate's name and shareholder account number do not match those given in the roster of shareholders, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and ID No. do not match.
 3. The candidate's name entered in the ballot is identical with another shareholder's name, but no shareholder account number or ID No. is provided in the ballot to identify such individual.
- X. A ballot cabinet (box) prepared for the election of directors shall be opened and checked in public by the ballot scrutinizer(s) before the ballot casting.
- XI. Upon completion of the ballot casting process, the ballots shall be opened on the site and the chairperson shall announce the outcome of election on the site.
- XII. The Board of Directors shall issue the notification to the persons elected as directors.
- XIII. Any matters not covered herein shall be governed by the Company Act and other related laws and regulations.
- XIV. The Regulations shall take effect immediately once approved during a shareholders' meeting. The same shall apply where the Regulations are amended.

Appendices 8

Great China Metal Ind. Co., Ltd.

The Minimum Number of Shares All Directors Are Required to Hold and the Number of Shares Actually Held by Individual and All Directors

1. The Minimum Number of Shares All Directors Are Required to Hold and the Number of Shares Actually Held by Individual and All Directors are enumerated below: :

| Title | Number of shares to be held | Shares Held |
|----------|--------------------------------|-------------|
| Director | 12,200,000 | 53,844,162 |

2. As of the date on which the transfer of shareholdings is suspended for the present shareholders' meeting, the number of shares actually held by individual and all directors are enumerated below:

| Title | Name | Shares Held |
|----------------------|--|-------------|
| Chairman | ZHENG DA INVESTMENT CO., LTD. Representative : Chiang, Ming-Li | 11,806,451 |
| Director | YONG ZEN INVESTMENT CO., LTD. Representative : Chiang, Kang-Ming | 10,205,000 |
| Director | GLORY TASK ENTERPRISE CO., LTD. Representative : Chiang, Shao-May | 22,059,503 |
| Director | Jazwin Ventures Ltd. Representative : Chiang, Man-Tzyy | 2,715,676 |
| Director | Pinnacle Ventures Ltd. Representative : Chiang, Shou-Cheng | 7,052,752 |
| Director | Liu, Fei-Hu | 4,520 |
| Director | Chang, Jung-Fei | 260 |
| Independent Director | Tsai, Po-Hsien | 0 |
| Independent Director | Huang, Win-Jung | 0 |
| Independent Director | Hsieh, Ming-Jen | 0 |