

Stock Code: 1312



國喬石油化學股份有限公司

GRAND PACIFIC PETROCHEMICAL CORPORATION

2023 Annual Meeting of Shareholders

Meeting Handbook

Convening Method: In person

Date: June 28, 2023

Place: Banquet Hall of Howard Plaza Hotel Kaohsiung, M3F,
No.311, Qixian 1st Rd., Xinxing Dist., Kaohsiung City,
Taiwan (R.O.C.)

—Policy of Quality of Grand Pacific—

All are united as one.
Match our words with deeds.
Your satisfaction is the only
measure of my success.



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One. Meeting Procedure

- I. Meeting Commencement Announcement**
- II. Chairperson's Address**
- III. Report Items**
- IV. Ratification Items**
- V. Discussion Items**
- VI. Election Items**
- VII. Other Items**
- VIII. Extraordinary Motions**
- IX. Adjournment**

Two. Meeting Agenda



Grand Pacific Petrochemical Corporation

Agenda of 2023 Annual Meeting of Shareholders

- I. Time: June 28, 2023 (Wednesday), 9:00 AM
- II. Place: Banquet Hall of Howard Plaza Hotel Kaohsiung, M3F, No.311, Qixian 1st Rd., Xinxing Dist., Kaohsiung City, Taiwan (R.O.C.)
- III. Convening Method: In person
- IV. Call the Meeting to Order
- V. Chairperson's Address
- VI. Report Items
 - 1. 2022 Business Report
 - 2. Audit Committee's Audit Report on the 2022 Financial Statements
 - 3. Report on 2022 Distribution of Cash Dividends from Earnings
 - 4. Explanation for Shareholder Proposal's Non-Inclusion in the Agenda
- VII. Ratification Items
 - 1. 2022 Annual Financial Statements
 - 2. 2022 Earnings Distribution Proposal
- VIII. Discussion Items
 - 1. The Proposal to Amend the Company's "Procedures for Acquisition or Disposal of Assets"
 - 2. The Proposal to Amend the Company's "Operational Procedures for Loaning Funds to Others"
 - 3. The Proposal to Amend the Company's "Operational Procedures for Making Endorsements / Guarantees"
 - 4. The Proposal to Amend the Company's "Rules and Procedures for Shareholders' Meeting"
 - 5. The Proposal for Capital Increase from Earnings Made by Shareholders with at Least 1% Holdings of Issued Shares
- IX. Election Items
 - 1. Election of the 14th term of directors (including independent directors)
- X. Other Items
 - 1. Motion for the lifting of non-competition restrictions for the 14th term of directors
- XI. Extraordinary Motions
- XII. Adjournment



Report Items



Grand Pacific Petrochemical Corporation 2022 Business Report

(I) Implementation Results of Operating Plan

In 2022, the revenues generated by SM products were significantly suppressed, impacted by the persistent increase of production capabilities introduced by Chinese petrochemical companies. Wanhua of Shandong, Lihuayi of Shandong, and Ningbo ZRCC Lyondell have all successfully delivered their productions; and all have produced over 2.5 million tons every year for three consecutive years, causing a considerable market oversupply. Geopolitical factors on the other hand, specifically the imposition of sanctions on Russian oil products by various nations led to a surge in pure benzene prices to unprecedented levels in Europe and the U.S. during the second and third quarters. The resulting upward trend in benzene prices extended to Asia, significantly impeding the profitability of SM. Consequently, operational gains for the year experienced a notable decline, resulting in deficits.

Market outlook for the initial half of the year was substantially influenced by various factors including the Russia-Ukraine conflict, pandemic-related lockdowns in China, and escalating inflationary pressures in the United States. Collectively, these circumstances have culminated in a prevailing state of weak demand across the whole market. Furthermore, the main downstream demands for ABS/PS experienced an abrupt decline toward the latter part of the second quarter, and the entire supply chain has been dedicated to inventory reduction. The swift increase in interest rates by the U.S. Federal Reserve has precipitated a significant shift in the global economy, resulting in a downturn. Consequently, this downturn has had a profound impact on the tightening of SM demands from downstream ABS/PS sectors. Starting in the fourth quarter, despite a brief period of restocking prior to China's National Day holiday, improvement in overall demand remained elusive. The market had initially anticipated the announcement of new stimulus measures following the 20th National Congress of the Chinese Communist Party (CCP) after the National Day. However, as the quarter ended, the overall market demand failed to exhibit any notable upturn, resulting in a subsequent decline in prices.

In 2022, SM Plant III underwent scheduled maintenance in the first quarter. However, in light of the substantial decrease in market demand experienced in the third quarter, inventory levels notably escalated, forcing SM Plant II to perform maintenance in advance in the third quarter. As a result of these circumstances, the total annual production was reduced to 279,000 tons, marking a decrease of 65,000 tons compared to the preceding year's production levels. Furthermore, the overall delivery amount, including the self-use portion, amounted to a total of 282,000 tons, representing an approximate decrease of 70,000 tons in comparison to the previous year's figures.

In the initial quarter of 2022, ABS benefitted from elevated demand and prices that had persisted from the fourth quarter of 2021, resulting in superior profitability. However, as the market transitioned into the traditional off-season during the second quarter, coupled with a surge in energy costs, ABS encountered a challenging situation characterized by escalating expenses and a decline in prices. Consequently, this led to a slowdown in revenues and a suppression of gains. Moreover, the global economy experienced significant disruptions due to factors such as soaring inflation, China's lockdown and Zero-COVID policy, and the ongoing Russia-Ukraine conflict. These events profoundly impacted consumers' purchasing power, ultimately leading to weakened demand and a surge in inventory levels. As the year progressed into the second half, inventory adjustments continued; with supply exceeding demand exacerbating the dim outlook for ABS, profits were further suppressed.

Grand Group recorded consolidated revenues amounting to NT\$18,180 million for 2022, representing a decline of NT\$4,370 million compared to the previous year. Additionally, the consolidated net loss before tax amounted to NT\$16 million, reflecting a decrease of NT\$7,370 million compared to the previous year's figures. Furthermore, the consolidated net loss after tax reached NT\$450 million, with the consolidated net loss after tax attributable to the owners of the Company amounting to NT\$490 million.

The Parent Company Only revenue of the Company was NT\$14,720 million, constituting approximately 81% of the consolidated revenue. To provide an overview of the 2022 operating status of the Parent Company Only, the summary is as follows:

A comparative analysis of the main product volumes between the two years is presented as follows: The Company's 2022 annual production volumes of SM was 277,047 tons, a decrease of 18.93% from 341,718 tons in 2021; sale volume was 242,493 tons, a decrease of 18.45% from 297,349 tons in 2021; Sale amount of SM was \$8,744,587 thousand, a decrease of 8.71% from \$9,579,384 thousand in 2021. Annual production volume of ABS was 72,127 tons, a decrease of 29.63% from 102,490 tons in 2021; sale volume was 74,461 tons, a decrease of 24.58% from 98,724 tons in 2021; the sale amount of ABS was \$4,253,490 thousand, a decrease of 36.83% from \$6,733,748 thousand in 2021. Annual production volume of Nylon was 12,796 tons, an increase of 8.81% from 11,760 tons in 2021; sale volume was 12,709 tons, an increase of 12.57% from 11,290 tons in 2021; the sale amount of Nylon was \$1,341,362 thousand, a decrease of 0.03% from \$1,341,712 thousand in 2021.

The Company's net revenue for the fiscal year 2022 amounted to \$14,723,385 thousand, indicating a decline of 18.94% compared to the net revenue of \$18,163,272 thousand recorded in 2021. Furthermore, the net operating result for 2022 indicated a loss of \$704,944 thousand, signifying an increase of 131.87% compared to the net operating profit of \$2,212,016 thousand achieved in the fiscal year 2021. Additionally, the net gain on reinvestment for the fiscal year 2022 amounted to \$285,424 thousand, representing a decrease of 93.32% compared to the net gain on investment of \$4,271,075 thousand recorded in the fiscal year 2021. Consequently, the Company recorded a net loss after tax of \$493,812 thousand for 2022.

(II) R&D Status

Styrene serves as the cornerstone of the Company's core niche, with its influence permeating various aspects of our operations. Additionally, Nylon 66, renowned for its exceptional crystal engineering properties, contributes to the enhancement of ABS quality and forms an integral component of our strategic focus. These orientations exemplify the fundamental pillars of our diligent efforts throughout the year.

This year, the Company will continue to conduct the following tasks:

1. We have devoted significant efforts to the optimization of agglomerated PBL large particle latex and little particle latex, aiming to enhance the quality of ABS dyeing. Furthermore, we have wholeheartedly pursued the development of high-temperature nylon engineering plastic, focusing on three pivotal objectives, namely energy conservation, waste reduction, and overall advancement.
2. Through the utilization of PBL (polybutadiene latex) rubber, including agglomerated large particle latex and little particle latex, we have successfully enhanced the quality of ABS products. These improvements encompass various aspects such as superior dyeing capabilities, electroplating grades, tube levels, flame retardant grades, as well as optimized characteristics pertaining to high heels, punch strength, and rigidity ideal for applications in vehicle battery materials.
3. The ongoing development of post-consumption renewable plastics, specifically PCR ABS, represents a pivotal endeavor in our commitment to waste reduction. By leveraging these sustainable materials, we contribute to the reduction of plastic waste while simultaneously lowering energy consumption and mitigating carbon emissions. This strategic focus aligns with our objective of fostering a circular economy.
4. Considerable effort was committed to broaden our presence in the nylon industrial yarn market to develop high-temperature nylon. Additionally, we have pursued the advancement of engineering plastics, including super tough nylon, heat-resistant super tough nylon, soft and water-transparent grades, as well as PPO blended variants. These endeavors have culminated in the creation of high-performance, high-quality, and premium-priced nylon 66 plastic products.
5. As part of our dedication to a long-term diversification strategy, we have made strategic investments in fully integrated polypropylene (PP) facilities located in Quanzhou, China. These investments encompass the expansion of capacities in propane dehydrogenation (PDH) and polypropylene (PP) production. The primary objective of these endeavors is to extend our operational footprint beyond SM and venture into acrylic products.

(III) The status of the Company's 2022 production, sale and operating earnings is summarized as follows:

1. Production volume		Unit: tons, thousand M ³ , thousand degrees		
Products	2022	2021	YoY	Increase (decrease) %
SM	277,047	341,718	(64,671)	(18.93)
ABS/SAN	72,127	102,490	(30,363)	(29.63)
H2	10,713	11,850	(1,137)	(9.60)
Electric power	106,488	262,306	(155,818)	(59.40)
Vapor	814,061	1,001,480	(187,419)	(18.71)
Nylon	12,796	11,760	1,036	8.81

2. Sale volume:		Unit: tons, thousand M ³ , thousand degrees		
Products	2022	2021	YoY	Increase (decrease) %
SM	242,493	297,349	(54,856)	(18.45)
ABS/SAN	74,461	98,724	(24,263)	(24.58)
H2	10,708	11,860	(1,152)	(9.71)
Electric power	41,304	118,790	(77,486)	(65.23)
Vapor	92,216	153,436	(61,220)	(39.90)
Nylon	12,709	11,290	1,419	12.57

3. Sale amount:		Unit: thousand dollars		
Products	2022	2021	YoY	Increase (decrease) %
SM	8,744,587	9,579,384	(834,797)	(8.71)
ABS/SAN	4,253,490	6,733,748	(2,480,258)	(36.83)
H2	173,453	141,869	31,584	22.26
Cogeneration	210,493	366,559	(156,066)	(42.58)
Nylon	1,341,362	1,341,712	(350)	(0.03)
Total	14,723,385	18,163,272	(3,439,887)	(18.94)

4. Operating earnings		Unit: thousand dollars		
Items	2022	2021	YoY	Increase (decrease) %
Profit (loss) before tax	(295,765)	6,516,474	(6,812,239)	(104.54)
Expected income tax benefit (expense)	(198,047)	(635,313)	437,266	(68.83)
Net income (loss) after tax	(493,812)	5,881,161	(6,374,973)	(108.40)

Chairman of Board:

Manager:

Chief Accountant:

Grand Pacific Petrochemical Corporation Audit Committee's Audit Report

The 2022 consolidated financial statements and parent company only financial statements prepared by the Board of Directors of the Company have been audited by CPAs Hsiao Ying-Chia and Lin Chih-Lung of Crowe (TW) CPAs. The financial statements, business report and earnings distribution proposal have been audited by us as the audit committee of the Company. We deem these documents in comply with such relevant regulatory requirements as those of the Company Act etc. Therefore, this audit report is presented in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

To:

The 2023 Annual Meeting of Shareholders of Grand Pacific Petrochemical Corporation

Convener of Audit Committee of Grand
Pacific Petrochemical Corporation

Mu Hsien Chen

May 11, 2023

3. 2022 Distribution of Cash Dividends from Earnings

Description:

Pursuant to Article 29 of the Articles of Incorporation and subsequent to the allocation of preferred share dividends amounting to NT\$12,000,000 for 2022, the remaining distributable earnings stand at NT\$19,151,472,455. Consequently, cash dividends shall be disbursed at a rate of \$0.5 per share, resulting in a total distribution of \$463,310,164. Following the completion of the dividend distribution, the balance of retained earnings will amount to \$18,688,162,291.

4. Explanation for Shareholder Proposal's Non-Inclusion in the Agenda

Description:

(I) The proposal submitted by shareholder Mr. Chang has been reviewed and found to be non-compliant with the provisions stipulated in Article 172-1 of the Company Act. As a result, the proposal will not be included in the agenda.

1. Shareholder No. 226090, Mr. Chang, a shareholder who possesses a minimum of 1% of the issued shares, proposes the following according to Article 172-1 of the Company Act:

Subject: A distribution of cash dividends amounting to NT\$3.0 per share to be allocated to both common shares and preferred shares.

Explanation: As of December 31, 2022, the Company's consolidated statement of changes in profit or loss for the year ending December 31, 2022, reflects accumulated undistributed earnings totaling NT\$19,165,201,000. In light of this, it is proposed to distribute cash dividends amounting to NT\$2,779,860,984 from the aforementioned undistributed earnings. The proposed cash dividends per common and preferred share are set at NT\$3.0.

2. Reason why this shareholder's proposal is not included in the agenda:
 - (1) As evidenced by the Ministry of Economic Affairs' Letter MOEA-Business No. 10800540160, issued on March 12, 2019, in the event that a public company has authorized its board of directors to distribute cash dividends through special resolutions, in accordance with the provisions outlined in the Articles of Incorporation and the fifth paragraph of Article 240 of the Company Act, the distribution of cash dividends shall be subject to resolutions passed by the board of directors. In other words, if the Articles of Incorporation of a public company have granted the board of directors the authority, as per the fifth paragraph of Article 240 of the Company Act, to

distribute cash dividends via special resolutions, the board of directors retains the exclusive prerogative in making decisions regarding the distribution of cash dividends. Consequently, only reporting to shareholders' meetings is mandated in such cases.

- (2) Furthermore, as per the Ministry of Economic Affairs' Letter MOEA-Business No. 10902407350, issued on March 18, 2020, it has been stipulated subsequent resolutions concerning the amount of cash dividends, which have already been duly determined by the board of directors in compliance with the applicable laws, may not be further resolved upon during the shareholders' meeting.
- (3) In sum, this proposal pertains to the authority of the board of directors and is not subject to resolution by shareholders' meetings. Consequently, this shareholder proposal does not align with the provisions outlined in the fourth paragraph of Article 172-1 of the Company Act and, as a result, it will not be included in the agenda for the Company's 2023 Annual Meeting of Shareholders.

Ratification Items



Subject: 2022 annual financial statements are submitted for ratification.

Description:

1. The financial statements of the Parent Company for the year 2022, as well as the consolidated financial statements of the Company, have undergone a rigorous audit conducted by CPAs Hsiao Ying-Chia and Lin Chih-Lung from Crowe (TW) CPAs. These financial statements, along with the accompanying business report, have been submitted for examination to the audit committee and subsequently approved through resolution by the Board of Directors.
2. For the business report, please refer to pages 5-8; and for financial statements please refer to pages 14-34 as attached.

Resolution:



Grand Pacific Petrochemical Corporation and Subsidiaries

CPA AUDIT REPORT

To: The Board of Directors and Shareholders of Grand Pacific Petrochemical Corporation

Audit Opinions

We, as the CPAs, have completed the audit of the consolidated balance sheets dated December 31 of 2022 and 2021 and the consolidated comprehensive income statement, consolidated statement of changes in equity, consolidated statement of cash flows, and consolidated financial statement from January 1 to December 31 of 2022 and 2021, including summaries of major accounting policies of Grand Pacific Petrochemical Corporation and its subsidiaries.

As CPAs, according to the audit results from us and those from other CPAs (please refer to the paragraph about other matters), the above-mentioned consolidated financial statement, in all major respects, was prepared in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and international financial reporting standards, international accounting standards, interpretations, and interpretation announcements approved and released to take effect by the Financial Supervisory Commission and hence are sufficient to show the consolidated financial standing of Grand Pacific Petrochemical Corporation and its subsidiaries as of December 31, 2022 and 2021 and the consolidated financial performance and consolidated cash flows for the years ended December 31, 2022 and 2021.

Bases for the Audit Opinions

We followed the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing rules while performing the audit. The responsibilities of the CPAs under the said standards will be explained further in the section about responsibilities in auditing the consolidated financial statement. Independently governed staff in the accounting firm that the CPAs belong to have followed moral regulations in honor of the profession of CPA and have remained independent of the Grand Pacific Petrochemical Corporation and its subsidiaries and fulfilled other responsibilities under the said regulations. Based on the audit results from us and those from other CPAs, we believe that sufficient and adequate evidence has been obtained for the audit to serve as the basis for expressing the audit opinions.

Key Matters Being Audited

Key matters being audited refer to the most important matters based on the professional judgment of the CPAs to be included in the audit of the 2022 consolidated financial statement of Grand Pacific Petrochemical Corporation and its subsidiaries. Such matters were addressed throughout the audit of the consolidated financial statement and during the formation of audit opinions. The CPAs do not express separate opinions regarding these matters.

Key matters being audited of the 2022 consolidated financial statement of Grand Pacific Petrochemical Corporation and its subsidiaries are specified as follows:

Recognition of Income

Income is the basic operational activities for the sustainable management of an enterprise and concerns its operational performance and the management generally is faced with the pressure of fulfilling the expected financial or business performance goals. Therefore, it is pre-established that income recognition is associated with significant risk and we consider that the recognition of income from various types of transactions as one of the key matters being audited.

For the accounting policy on the recognition of income, please refer to Note 4 (32) of the consolidated financial statement. For information on accounting items for income, please refer to the disclosure in Note 6 (39) of the consolidated financial statement. Major audit procedures that are already carried out by the CPAs for the above-mentioned matters are as follows:

1. Test the validity of income from various types of transactions and the internal control for the payment collection cycle in terms of its design and implementation and evaluate by random sampling if the recognition of income is adequate.
2. Understand the type of sale and items involved in the sale with Top 10 customers in respective transaction patterns and evaluate the legitimacy of the income and the number of days involved in the turnover of accounts receivable and analyze if there is any abnormal variation among the customers.
3. Select samples from transactions in the respective patterns that take place before and after the balance sheet date and verify them against related certificates in order to evaluate the accuracy of the timing when income is recognized.

Cash and cash equivalents

As of December 31, 2022, the book value of cash and cash equivalents and time deposits with the original expiration date more than three months away (under other financial assets - current in the statement) held by Grand Pacific Petrochemical Corporation and its subsidiaries totaled \$11,519,649 thousand, accounting for around 19% of the consolidated total asset value. The value is significant for the overall consolidated financial statement. Due to the fact that congenital risk exists for cash and cash equivalents and time deposits and callable bonds with the original expiration date more than three months away, we list them as part of the key matters being audited.

For the accounting policy on cash and cash equivalents, please refer to Note 4 (6) of the consolidated financial statement. For information on the accounting items for cash and cash equivalents and time deposits with the original expiration date more than three months away, please refer to the disclosure in Note 6 (1) and (8) of the consolidated financial statement. Major audit procedures that are already carried out by the CPAs for the above-mentioned matters are as follows:

1. Evaluate and test the validity of the internal control system for cash and cash equivalents and time deposits with the original expiration date more than three months away in terms of its design and implementation.
2. Randomly inspect and verify related transaction certificates for major income and payments in cash and review the adequacy of the approval power.
3. Obtain the statement of the balance of cash and cash equivalents and time deposits with the original expiration date more than three months away and verify against the bank reconciliation statement and related transaction certificates in order to confirm the presence. In addition, for external confirmations from current financial institutions, verify the value included in the confirmations and check if there are restrictions and they are adequately disclosed.

Impairment evaluation of property, plant, and equipment, right-of-use asset, investment-oriented property and intangible assets (including goodwill)

As of December 31, 2022, the book value of property, plant, and equipment, right-of-use asset, investment-oriented property and intangible assets owned by Grand Pacific Petrochemical Corporation and Its subsidiaries totaled \$24,203,265 thousand, accounting for around 40% of the total consolidated asset value and the value is significant for the overall consolidated financial statement. In addition, the overall economic trends, market competition, and technical development can all affect the future operations of the company and accordingly affect the expected economic benefits and the recoverable amount that may be generated in the future by the cash generating units for the assets estimated and determined by the management in order to evaluate if impairment exists. Therefore, the evaluation of impairment of property, plant, and equipment, right-of-use asset, investment-oriented property and intangible assets (including goodwill) is listed by the CPAs as part of the key matters being audited.

For the accounting policy of property, plant, and equipment, right-of-use asset, investment-oriented property and intangible assets (including goodwill) and impairment loss on non-financial assets, refer to Note 4 (17), (18), (19), (20) and (22) of the consolidated financial statement. For information on accounting items for property, plant, and equipment, right-of-use asset, investment-oriented property and intangible assets (including goodwill), please refer to the disclosure in Note 6 (13), (14), (15) and (16) of the consolidated financial statement. Major audit procedures that are already carried out by the CPAs for the above-mentioned matters are as follows:

1. Obtain the asset impairment assessment form for respective cash generating units that have been evaluated spontaneously by the Company.
2. Evaluate the legitimacy of impairment signs identified by the management and the assumption and sensitivity adopted, including whether the differentiation of cash-generating units, forecast of cash flows, and discount rate are appropriate or not.
3. Ask the management and review audit evidence obtained from the subsequent audit procedure for verification of absence of any matter related to impairment testing after the reporting date.

Valuation of balance of investments accounted for using equity method

The balance of investments accounted for using equity method Grand Pacific Petrochemical Corporation and its subsidiaries as of December 31, 2022 totaled \$9,772,430 thousand, accounted for around 16% of the total consolidated asset value. The net comprehensive income recognized with the equity method came to \$(1,035,136) thousand, accounting for around 91% of the total consolidated income. The impacted value is significant to the overall consolidated financial statement. Therefore, the CPAs include valuation of balance of investments accounted for using equity method as part of the key matters being audited.

For the accounting policy on investments accounted for using equity method, please refer to Note 4 (16) of the consolidated financial statement. For information on accounting items for investments accounted for using equity method, please refer to the disclosure in Note 6 (12) of the consolidated financial statement. Major audit procedures that are already carried out by the CPAs for the above-mentioned matters are as follows:

1. Evaluate the accuracy of calculation during valuation adopting the equity method and the adopted accounting policy.
2. Read the financial statements of underlying entities and audit reports from other CPAs and review important findings and issues identified during audit to facilitate communication and understanding and accordingly evaluate the audit task performed by and audit results from other CPAs of underlying entities.
3. Evaluate the legitimacy of impairment signs of investments accounted for using equity method as identified by the management and the assumption and sensitivity adopted, including whether or not the forecast of profitability of companies invested in it in the future or the discount rate is appropriate.

Other Matters—Mentioning Audits by other CPAs

As is stated in Note 4 (3)-2 and Note 6 (12) of the consolidated financial statement, those subsidiaries covered into the consolidated financial statements of Year 2022 and 2021 of Grand Pacific Petrochemical Corporation and its subsidiaries—the financial statements of Videoland International Limited, KK Enterprise (Malaysia) Sdn. Bhd. and Zhenjiang Chimei Chemical Co., Ltd. and Zhangzhou Chimei Chemical Co., Ltd. as investees in equity methods, have not been audited by the Undersigned certified public accountants but have been audited by other certified public accountant(s) instead. Among the opinions we expressed on the above-mentioned consolidated financial statement, the amount listed in the above-mentioned financial statement of the Company and the above-mentioned information about the Company in Note 13 of the consolidated financial statement are completed based on audit reports from other CPAs. The total asset values of the said subsidiaries mentioned above as of December 31, 2022 and 2021, were \$210,521 thousand and \$202,868 thousand, accounting for 0.34% and 0.41% of the total consolidated asset value, respectively. The net worth of operating income for the years ended December 31, 2022 and 2021, was \$93,476 thousand and \$100,788 thousand, accounting for 0.51% and 0.45% of the net worth of consolidated operating income, respectively. In addition, the related investment balance of invested companies

adopting the equity method as mentioned above as of December 31, 2022 and 2021, was \$9,772,430 thousand and \$11,544,152 thousand, accounting for 15.92% and 23.60% of the total consolidated asset value, respectively. The net worth of comprehensive income for the years ended December 31, 2022 and 2021, was \$(1,035,136) thousand and \$4,401,008 thousand, accounting for 91.40% and 53.31% of the total consolidated comprehensive income, respectively.

Other Matters - Parent company only financial statement

Parent company only financial statements of 2022 and 2021 have been prepared by Grand Pacific Petrochemical Corporation and have been documented in the Audit Report without reservation in the opinions expressed issued by the CPAs; they are submitted for your reference.

Responsibilities of Management and Governance Unit for Consolidated Financial Statement

The management is responsible for preparing an adequately expressed consolidated financial statement in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and international financial reporting standards, international accounting standards, interpretations, and interpretation announcements approved and released to take effect by the Financial Supervisory Commission and maintaining necessary internal control relevant to the compilation of the consolidated financial statement in order to ensure that no significant untruthful expressions caused by frauds or errors exist in the consolidated financial statement.

While preparing the consolidated financial statement, the management is responsible for also evaluating the ability of Grand Pacific Petrochemical Corporation and its subsidiaries to continue with the operation and disclosing related matters and adopting the accounting basis for continued operation, among others. Unless the management intends to liquidate Grand Pacific Petrochemical Corporation and its subsidiaries or discontinue operation or there are no other actually feasible solutions than liquidation or discontinued operation.

The governance unit (including the Audit Committee) of Grand Pacific Petrochemical Corporation and its subsidiaries is responsible for supervising the financial reporting process.

Responsibilities of CPAs in Inspecting Consolidated Financial Statement

We audit the consolidated financial statement in order to be reasonably convinced as to whether the consolidated financial statement as a whole contains major untruthful expressions due to frauds or errors and to issue the audit report. Reasonably convinced is highly convinced. There is no guarantee, however, that the existence of significant untruthful expressions in the consolidated financial statement will be detected according to auditing standards. Untruthful expressions might have been caused by frauds or errors. If individual values or an overview of untruthful expressions can be reasonably expected to affect economic decisions made by users of the consolidated financial statement, they are considered significant.

We apply our professional judgment and our professional doubts while performing the audit according to auditing standards. The CPAs also perform the following tasks:

1. Identify and evaluate the risk of significant untruthful expressions in the consolidated financial statement due to frauds or errors, design and enforce appropriate responsive policies for determined risks; and collect sufficient and adequate evidence from the audit in order to render audit opinions. Due to the fact that frauds might involve collusion, forgery, intentional omission, untruthful statement, or non-compliance with internal control, the risk associated with undetected significant untruthful expressions caused by frauds is higher than that caused by errors.
2. Obtain a necessary understanding of internal control concerning the audit in order to design appropriate audit procedures reflective of then-current situation. The purpose, however, is not to effectively express opinions on the internal control of Grand Pacific Petrochemical Corporation.
3. Evaluate the adequacy of accounting policies adopted by the management and the legitimacy of accounting estimates and related disclosures made.

4. Reach a conclusion with regard to the adequacy of the accounting basis adopted to continue with operation by the management and whether significant uncertainties of events or conditions that might result in significant concerns about the ability of Grand Pacific Petrochemical Corporation and its subsidiaries to continue with operation exist or not according to the evidence obtained from the audit. In the event that it is determined that significant uncertainties exist with such events or conditions, on the other hand, the CPAs must remind users of the consolidated financial statement in their audit report that they should pay attention to related disclosures included in the statement or modify their audit opinions if such disclosures are inappropriate. Conclusions made by the CPAs are based on the evidence from the audit obtained as of the date of the audit report. Future events or conditions, however, are likely to result in Grand Pacific Petrochemical Corporation and its subsidiaries no longer capable of continuing with operation.
5. Evaluate the overall expression, structure, and contents of the consolidated financial statement (including related notes) and whether or not the consolidated financial statement has fairly expressed related transactions and events.
6. Obtain sufficient and adequate evidence from the audit regarding the financial information of entities comprising Grand Pacific Petrochemical Corporation and its subsidiaries and express opinions about the consolidated financial statement. The CPAs are responsible for providing guidance on, supervising and implementing audits and for coming up with audit opinions for the Group.

Communications made by the CPAs with governance units include the planned scope and timing of the audit and significant audit findings (including significant deficiencies found with internal control during the audit).

The CPAs have also provided the governance units with the declaration on independence that independently governed staff in the accounting firm that the CPAs belong to have followed moral regulations in honor of the profession of CPA and have communicated with the governance units all relationships and other matters considered to be likely undermining the independence of CPAs (including related safeguard measures).

The CPAs, from the matters communicated with the governance units, decided key matters to be included in the 2022 consolidated financial statement audit of Grand Pacific Petrochemical Corporation and its subsidiaries. The CPAs specify such matters in the audit report unless it is disallowed by law to disclose to the public specific matters or under rare circumstances, the CPAs decide not to communicate specific matters in the audit report as it can be reasonably expected that negative impacts from such communication would be greater than the public interest that will be enhanced.

Crowe (TW) CPAs

CPA

CPA

Approval document number: FSC Review No. 10200032833

March 14, 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.

Grand Pacific Petrochemical Corporation and Subsidiaries CONSOLIDATED BALANCE SHEETS

For the years ended December 31, 2022 and 2021

Expressed in Thousands of New Taiwan Dollars

Codes	Assets	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
11xx	Current assets	\$ 17,409,343	29	\$ 16,548,501	34
1100	Cash & cash equivalents	6,279,477	10	7,038,195	15
1110	Financial assets at fair value through profit or loss - current	196,611	-	180,527	-
1140	Contract assets - current	8,126	-	64,101	-
1150	Net notes receivable	309,704	1	340,024	1
1170	Net accounts receivable	1,570,910	3	2,112,249	4
1180	Accounts receivable - related parties	-	-	69	-
1200	Other receivables	88,157	-	76,734	-
1210	Other receivables - related parties	-	-	939,259	2
1220	Current income tax assets	-	-	290	-
1310	Net inventories	1,614,917	3	2,301,478	5
1410	Prepayments	2,048,212	3	523,245	1
1476	Other financial assets - current	5,240,172	9	2,936,539	6
1479	Other current assets - other	53,057	-	35,791	-
15xx	Noncurrent assets	42,962,202	71	32,364,478	66
1510	Financial assets at fair value through profit or loss - noncurrent	7,200	-	-	-
1517	Financial assets at fair value through other comprehensive income - noncurrent	4,141,941	7	5,209,735	11
1550	Investments accounted for using equity method	9,772,430	16	11,544,152	24
1600	Property, plant and equipment	18,822,036	31	8,669,893	18
1755	Right-of-use assets	3,597,868	6	1,632,647	3
1760	Investment property, net	721,133	1	234,558	-
1780	Intangible assets	1,062,228	2	1,056,747	2
1840	Deferred income tax assets	88,369	-	59,806	-
1915	Prepayments for business facilities	4,526,844	8	3,012,071	6
1920	Refundable deposits	25,867	-	26,102	-
1960	Advance payment for investment	-	-	720,099	2
1975	Net defined benefit assets - noncurrent	69,111	-	-	-
1990	Other noncurrent assets - other	127,175	-	198,668	-
1xxx	Total assets	\$ 60,371,545	100	\$ 48,912,979	100

(Continued on the next page)

Grand Pacific Petrochemical Corporation and Subsidiaries
CONSOLIDATED BALANCE SHEETS
For the years ended December 31, 2022 and 2021

		Expressed in Thousands of New Taiwan Dollars			
		December 31, 2022		December 31, 2021	
Codes	Liabilities and Equity	Amount	%	Amount	%
21xx	Current liabilities	\$ 4,735,298	8	\$ 4,831,291	10
2100	Short-term loans	1,931,000	3	1,125,875	2
2110	Short-term notes payable	299,312	1	-	-
2130	Contract liabilities- current	42,263	-	60,530	-
2150	Notes payable	79,803	-	60,028	-
2170	Accounts payable	1,048,655	2	1,709,905	4
2200	Other payable	660,896	1	866,394	2
2220	Other payable - related parties	4,724	-	8,550	-
2230	Current income tax liabilities	450,576	1	874,597	2
2250	Provisions - current	32,063	-	18,957	-
2280	Lease liabilities - current	178,240	-	100,146	-
2310	Advances receipts	972	-	84	-
2399	Other current liabilities - other	6,794	-	6,225	-
25xx	Noncurrent liabilities	19,528,406	32	4,851,148	10
2540	Long-term loans	15,733,290	26	2,530,168	6
2550	Provisions - noncurrent	80,475	-	33,393	-
2570	Deferred income tax liabilities	1,149,584	2	1,623,282	3
2580	Lease liabilities - noncurrent	2,527,252	4	583,004	1
2640	Net defined benefit liabilities - noncurrent	9,705	-	52,428	-
2645	Guarantee deposits received	5,783	-	6,191	-
2670	Other noncurrent liabilities - other	22,317	-	22,682	-
2xxx	Total liabilities	24,263,704	40	9,682,439	20
31xx	Equity attributable to owners of the parent company				
3100	Share capital	9,266,203	15	9,266,203	19
3110	Common shares capital	9,066,203	15	9,066,203	19
3120	Preferred shares capital	200,000	-	200,000	-
3200	Capital reserve	201,866	-	186,459	-
3300	Retained earnings	23,976,823	40	26,282,842	53
3310	Legal reserve	3,170,794	5	2,411,833	5
3320	Special reserve	1,640,828	3	1,640,828	3
3350	Undistributed earnings	19,165,201	32	22,230,181	45
3400	Other equity	(642,804)	(1)	(219,391)	-
3410	Exchange differences on translating financial statements of foreign operations	(213,390)	-	(672,627)	(1)
3420	Unrealized valuation gain/loss of financial assets at fair value through other comprehensive income	(429,414)	(1)	453,236	1
3500	Treasury stocks	(49,858)	-	(49,858)	-
31xx	Total equity attributable to owners of the parent company	32,752,230	54	35,466,255	72
36xx	Non-controlling interests	3,355,611	6	3,764,285	8
3xxx	Total equity	36,107,841	60	39,230,540	80
3x2x	Total liabilities and equity	\$ 60,371,545	100	\$ 48,912,979	100

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

Chairman of Board: Pin Cheng Yang

Manager: Chia Hsiung Tseng

Chief Accountant: Ling Chu Chen

Grand Pacific Petrochemical Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2022 and 2021

		Expressed in Thousands of New Taiwan Dollars			
		Year Ended December 31, 2022		Year Ended December 31, 2021	
Codes	Items	Amount	%	Amount	%
4000	Operating revenues	\$ 18,176,626	100	\$ 22,547,353	100
5000	Operating costs	(17,305,359)	(95)	(17,904,677)	(79)
5900	Gross operating profit	871,267	5	4,642,676	21
6000	Operating expenses	(1,658,353)	(9)	(1,729,872)	(8)
6100	Selling expenses	(365,829)	(2)	(425,493)	(2)
6200	Administrative expenses	(1,229,326)	(7)	(1,267,584)	(6)
6300	Research and development expenses	(34,136)	-	(38,702)	-
6450	Reversal gain of expected impairment in credit (loss)	(29,062)	-	1,907	-
6900	Net operating income (loss)	(787,086)	(4)	2,912,804	13
	Non-operating revenues and expenses				
7100	Interest revenue	161,715	1	103,828	1
7010	Other revenues	368,657	2	253,958	1
7020	Other gains and losses	116,821	1	5,445	-
7050	Finance costs	(76,005)	(1)	(9,312)	-
7060	Share of profit or loss of associates & joint ventures accounted for using equity method	200,288	1	4,090,576	18
7000	Total non-operating revenues and expenses	771,476	4	4,444,495	20
7900	Net profit (loss) before tax from continuing operations unit	(15,610)	-	7,357,299	33
7950	Income tax expenses	(438,778)	(2)	(1,280,711)	(6)
8200	Net profit (loss) for the year	(454,388)	(2)	6,076,588	27
	Other comprehensive income				
	Items that will not be reclassified subsequently to profit or loss				
8316	Unrealized valuation gain/loss of investment in equity instrument at fair value through other comprehensive income	(1,230,456)	(7)	2,341,443	11
8311	Remeasurements of the defined benefit plan	102,167	1	(197)	-
8349	Income tax related to items that will not be reclassified subsequently	(19,971)	-	257	-
8310	Total Items that will not be reclassified subsequently to profit or loss	(1,148,260)	(6)	2,341,503	11
	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translating financial statements of foreign operations	1,582,024	8	(441,359)	(2)
8370	Share of other comprehensive income of associates & joint ventures accounted for using equity method - Items that may be reclassified to profit or loss	(1,235,424)	(7)	310,432	1
8399	Income tax related to items that may be reclassified subsequently	123,543	1	(31,043)	-
8360	Items that may be reclassified subsequently to profit or loss	470,143	2	(161,970)	(1)
8300	Current other comprehensive income (net after tax)	(678,117)	(4)	2,179,533	10
8500	Total amount of comprehensive income for the year	(\$ 1,132,505)	(6)	\$ 8,256,121	37
8600	Net profit (loss) attributable to:				
8610	Owners of the parent company	(\$ 493,812)	(2)	\$ 5,881,161	26
8620	Non-controlling interests	39,424	-	195,427	1
		(\$ 454,388)	(2)	\$ 6,076,588	27
8700	Total amount of comprehensive income attributable to:				
8710	Owners of the parent company	(\$ 843,371)	(5)	\$ 7,377,146	33
8720	Non-controlling interests	(289,134)	(1)	878,975	4
		(\$ 1,132,505)	(6)	\$ 8,256,121	37
	Earnings (Losses) per share in common shares: (NT\$)				
9750	Basic earnings (losses) per share	(\$ 0.56)		\$ 6.47	
9850	Diluted earnings per share			\$ 6.45	

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

Chairman of Board: Pin Cheng Yang

Manager: Chia Hsiung Tseng

Chief Accountant: Ling Chu Chen

Grand Pacific Petrochemical Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2022 and 2021

Expressed in Thousands of New Taiwan Dollars

Codes	Items	Share capital			Retained earnings			Other equity		Treasury stocks	Equity attributable to owners of the parent	Non-controlling interests	Total equity
		Common shares capital	Preferred shares capital	Capital reserve	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translating financial statements of foreign operations	Unrealized valuation gain/loss of financial assets at fair value through other comprehensive income				
A1	Balance at January 1, 2021	\$9,066,203	\$200,000	\$182,764	\$2,000,432	\$1,640,828	\$15,156,630	(\$517,694)	\$510,771	(\$55,577)	\$28,184,357	\$2,935,980	\$31,120,337
B1	Appropriation & distribution of earnings for fiscal year 2020: Provision of legal reserve	-	-	-	411,401	-	(411,401)	-	-	-	-	-	-
B5	Cash dividends to common shares	-	-	-	-	-	(90,662)	-	-	-	(90,662)	(50,670)	(141,332)
B7	Cash dividends and stock dividends to preferred shares	-	-	-	-	-	(14,000)	-	-	-	(14,000)	-	(14,000)
C17	Dividends not collected by shareholders post deadline	-	-	14	-	-	-	-	-	-	14	-	14
D1	Net profit for the year ended December 31, 2021	-	-	-	-	-	5,881,161	-	-	-	5,881,161	195,427	6,076,588
D3	Other comprehensive income after tax for the year ended December 31, 2021	-	-	-	-	-	(1,060)	(154,933)	1,651,978	-	1,495,985	683,548	2,179,533
L7	Disposal of the parent company shares by subsidiaries treated as transaction of treasury stocks	-	-	2,438	-	-	-	-	-	5,719	8,157	-	8,157
M1	Adjustment to capital surplus for distribution of dividends to subsidiary	-	-	1,243	-	-	-	-	-	-	1,243	-	1,243
Q1	Disposal of subsidiaries under equity instrument at fair value through other comprehensive income	-	-	-	-	-	1,709,513	-	(1,709,513)	-	-	-	-
Z1	Balance at December 31, 2021	<u>\$9,066,203</u>	<u>\$200,000</u>	<u>\$186,459</u>	<u>\$2,411,833</u>	<u>\$1,640,828</u>	<u>\$22,230,181</u>	<u>(\$672,627)</u>	<u>\$453,236</u>	<u>(\$49,858)</u>	<u>\$35,466,255</u>	<u>\$3,764,285</u>	<u>\$39,230,540</u>
A1	Balance at January 1, 2022	\$9,066,203	\$200,000	\$186,459	\$2,411,833	\$1,640,828	\$22,230,181	(\$672,627)	\$453,236	(\$49,858)	\$35,466,255	\$3,764,285	\$39,230,540
B1	Appropriation & distribution of earnings for fiscal year 2021: Provision of legal reserve	-	-	-	758,961	-	(758,961)	-	-	-	-	-	-
B5	Cash dividends to common shares	-	-	-	-	-	(1,813,241)	-	-	-	(1,813,241)	(129,570)	(1,942,811)

B7	Cash dividends and stock dividends to preferred shares	-	-	-	-	-	(52,000)	-	-	-	(52,000)	-	(52,000)
D1	Net loss for the year ended December 31, 2022	-	-	-	-	-	(493,812)	-	-	-	(493,812)	39,424	(454,388)
D3	Other comprehensive income after tax for the year ended December 31, 2022	-	-	-	-	-	73,854	459,237	(882,650)	-	(349,559)	(328,558)	(678,117)
M1	Adjustment to capital surplus for distribution of dividends to subsidiary	-	-	4,617	-	-	-	-	-	-	4,617	-	4,617
M7	Change in equity to subsidiaries	-	-	10,790	-	-	(20,820)	-	-	-	(10,030)	10,030	-
Z1	Balance at December 31, 2021	<u>\$9,066,203</u>	<u>\$200,000</u>	<u>\$201,866</u>	<u>\$3,170,794</u>	<u>\$1,640,828</u>	<u>\$19,165,201</u>	<u>(\$213,390)</u>	<u>(\$429,414)</u>	<u>(\$49,858)</u>	<u>\$32,752,230</u>	<u>\$3,355,611</u>	<u>\$36,107,841</u>

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

Chairman of Board: Pin Cheng Yang

Manager: Chia Hsiung Tseng

Chief Accountant: Ling Chu Chen

Grand Pacific Petrochemical Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2022 and 2021

		Expressed in Thousands of New Taiwan Dollars	
Codes	Items	Year ended December 31, 2022	Year ended December 31, 2021
AAAA	CASH FLOWS FROM OPERATING ACTIVITIES:		
A00010	Net profit (loss) before tax from continuing operations unit	(\$ 15,610)	\$ 7,357,299
A20000	Adjustments:		
A20010	Gain and expense not resulting influence on cash flows:		
A20100	Depreciation expenses (including depreciations in provision of right-of-use assets and investment property)	800,040	751,922
A20200	Amortization expenses	451,133	596,640
A20400	Net gain on financial assets at fair value through profit or loss	(90)	(38)
A20900	Interest expenses	75,829	9,312
A21200	Interest income	(161,715)	(103,828)
A21300	Dividend revenue	(194,872)	(115,513)
A22300	Share of gains of associates & joint ventures accounted for using equity method	(200,288)	(4,090,576)
A22500	Net loss (profit) on disposal of property, plant and equipment	(1,218)	198
A22600	Property, plant and equipment transferred to expenses	21,134	25,270
A23100	Gain on disposal of investment	(638)	(589)
A23700	Impairment loss on non-financial assets	-	2,693
A29900	Gains on lease modification	(1,383)	(280)
A20010	Total gain and expense loss not result influence on cash flows	<u>787,932</u>	<u>(2,924,789)</u>
A30000	Changes in assets/liabilities relating to operation activities		
A31115	(Increase) decrease of financial assets mandatorily measured at fair value through profit or loss	(15,356)	328,491
A31125	(Increase) decrease in contract assets	55,975	(55,127)
A31130	Decrease in notes receivable	30,320	17,754
A31150	Decrease in accounts receivable	541,339	93,010
A31160	Decrease in accounts receivable - related parties	69	6,927
A31180	(Increase) decrease in other receivables	24,806	(45,596)
A31200	(Increase) decrease in inventories	686,561	(1,098,194)
A31230	Increase in prepayments	(1,524,967)	(435,109)
A31240	(Increase) decrease in other current assets - other	(55)	688
A31990	Increase in other operating assets	(11,345)	-
A32125	Increase (decrease) in contract liabilities	(18,267)	8,641
A32130	Increase in notes payable	19,775	3,971
A32150	Increase (decrease) in accounts payable	(661,250)	495,758
A32180	Increase (decrease) in other payables	(366,031)	260,410
A32190	Increase (decrease) in other payables - related parties	(3,826)	195
A32200	Increase in provisions	14,799	965
A32210	Increase (decrease) in advance receipts	888	(78)
A32230	Increase in other current liabilities - other	569	375
A32240	Increase (decrease) in net defined benefit liabilities	1,678	(13,903)
A30000	Total net changes in assets/liabilities relating to operating activities	<u>(1,224,318)</u>	<u>(430,822)</u>
A33000	Cash provided (used) generated from operations	(451,996)	4,001,688
A33100	Interest received	125,486	104,781
A33200	Dividend received	3,419,618	824,074
A33300	Interest paid	(63,335)	(8,572)
A33500	Income tax paid	(875,701)	(472,829)
AAAA	Net cash provided in operating activities	<u>2,154,072</u>	<u>4,449,142</u>

(Continued on the next page)

(Brought Forward)

Codes	Items	Year ended December 31, 2022	Year ended December 31, 2021
BBBB	CASH FLOWS FROM INVESTING ACTIVITIES:		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(209,750)	(183,256)
B00020	Disposal of financial assets at fair value through other comprehensive income	-	1,363,582
B00030	Capital distribution of financial assets at fair value through other comprehensive income	88,060	128,858
B00100	Acquisition of financial assets designated as measured at fair value through profit or loss	(7,200)	-
B02700	Acquisition of property, plant and equipment	(10,560,521)	(3,065,349)
B02800	Disposal of property, plant and equipment	3,603	747
B03800	(Increase) decrease in refundable deposits	235	(3,887)
B04500	Acquisition of intangible assets	(326)	(176,826)
B05350	Acquisition of Right-of-use assets	(32,638)	-
B05400	Acquisition of investment property	(489,690)	-
B06500	Decrease in other financial assets-other	(2,303,633)	411,866
B06700	Increase in other noncurrent assets	(446,826)	(620,468)
B07100	Increase in prepayments for business facilities	(1,470,396)	(3,012,071)
BBBB	Net cash used in investing activities	<u>(15,429,082)</u>	<u>(5,156,804)</u>
CCCC	CASH FLOWS FROM FINANCING ACTIVITIES:		
C00100	Increase in short-term loans	805,125	684,898
C00500	Increase in short-term notes payable	300,000	-
C01600	Proceeds from long-term loans	13,206,520	2,541,240
C01700	Repayments of long-term loans	-	(400,000)
C03100	Increase (decrease) in guarantee deposits received	(408)	1,367
C04020	Repayment of lease principal	(60,810)	(83,049)
C04500	Payout of cash dividends	(1,865,241)	(104,662)
C05000	Disposal of treasury stocks	-	8,157
C09900	Transfer of dividends not collected after deadline to capital reserve	-	14
C09900	Cash dividends obtained by subsidiaries from the parent company	4,617	1,243
C09900	Cash dividend distributed by a subsidiary toward non-controlling interests	(129,570)	(50,670)
CCCC	Net cash provided in financing activities	<u>12,260,233</u>	<u>2,598,538</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>256,059</u>	<u>(88,342)</u>
EEEE	Net increase (decrease) in cash and cash equivalents for the year	(758,718)	1,802,534
E00100	Cash and cash equivalents, beginning of year	<u>7,038,195</u>	<u>5,235,661</u>
E00200	Cash and cash equivalents, end of year	<u>\$ 6,279,477</u>	<u>\$ 7,038,195</u>
E00210	Cash & cash equivalents recorded in consolidated balance sheets	<u>\$ 6,279,477</u>	<u>\$ 7,038,195</u>

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

Chairman of Board: Pin Cheng Yang

Manager: Chia Hsiung Tseng

Chief Accountant: Ling Chu Chen

Grand Pacific Petrochemical Corporation

CPA Audit Report

Audit Opinions

We, as the CPAs, have completed the audit of the parent company only balance sheets dated December 31 of 2022 and 2021 and the parent company only statements of comprehensive income, parent company only statements of changes in equity, parent company only statement of cash flows, and parent company only financial statement for the years ended December 31 of 2022 and 2021, including summaries of major accounting policies of Grand Pacific Petrochemical Corporation.

As CPAs, according to the audit results from us and those from other CPAs (please refer to the paragraph about other matters), the above-mentioned parent company only financial statement, in all major respects, was prepared in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and hence are sufficient to show the parent company only financial standing of Grand Pacific Petrochemical Corporation as of December 31, 2022 and 2021 and the parent company only financial performance and parent company only cash flows for the years ended December 31, 2022 and 2021.

Bases for the Audit Opinions

We followed the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing rules while performing the audit. The responsibilities of the CPAs under the said standards will be explained further in the section about responsibilities in auditing the parent company only financial statement. Independently governed staff in the accounting firm that the CPAs belong to have followed moral regulations in honor of the profession of CPA and have remained independent of Grand Pacific Petrochemical Corporation and fulfilled other responsibilities under the said regulations. Based on the audit results from us and those from other CPAs, we believe that sufficient and adequate evidence has been obtained for the audit to serve as the basis for expressing the audit opinions.

Key Matters Being Audited

Key matters being audited refer to the most important matters based on the professional judgment of the CPAs to be included in the audit of the 2022 parent company only financial statement of Grand Pacific Petrochemical Corporation. Such matters were addressed throughout the audit of the parent company only financial statement and during the formation of audit opinions. The CPAs do not express separate opinions regarding these matters.

Key matters being audited of the 2022 parent company only financial statement of Grand Pacific Petrochemical Corporation are specified as follows:

Recognition of Income

Income is the basic operational activities for the sustainable management of an enterprise and concerns its operational performance and the management generally is faced with the pressure of fulfilling the expected financial or business performance goals. Therefore, it is pre-established that income recognition is associated with significant risk and we consider that the recognition of timing of the transfer of control over sales of products and income from sales as part of the key matters being audited.

For the accounting policy on the recognition of income, please refer to Note 4 (29) of the parent company only financial statement. For information on accounting items for income, please refer to the disclosure in Note 6 (31) of the parent company only financial statement. Major audit procedures that are already carried out by the CPAs for the above-mentioned matters are as follows:

1. Test the validity of sales and the internal control for the payment collection cycle in terms of its design and implementation and evaluate by random sampling if the recognition of income is adequate.
2. Understand the type of product and the distribution specifications with Top 10 distribution customers and evaluate the legitimacy of the distribution income and the number of days involved in the turnover of accounts receivable and analyze if there is any abnormal variation among the customers.

3. Select samples from distribution transactions within a certain period of time before and after the shipping deadline and verify them against related certificates in order to evaluate the accuracy of transfer timing of risks and rewards of goods produced and distributed and the control right and the timing when income is recognized.

Impairment evaluation of property, plant and equipment

As of December 31, 2022, the book value of property, plant, and equipment owned by Grand Pacific Petrochemical Corporation totaled \$5,030,075 thousand, accounting for around 13% of the total asset value and the value is significant for the parent company only financial statement. In addition, the overall economic trends, market competition, and technical development can all affect the future operations of the company and accordingly affect the expected economic benefits and the recoverable amount that may be generated in the future by the cash generating units for the assets estimated and determined by the management in order to evaluate if impairment exists. Therefore, the evaluation of impairment of property, plant, and equipment is listed by the CPAs as part of the key matters being audited.

For the accounting policy on the impairment of property, plant and equipment and non-financial assets, please refer to Note 4 (16) and (19) of the parent company only financial statement. For information on accounting items involving property, plant and equipment, please refer to the disclosure in Note 6 (10) of the parent company only financial statement. Major audit procedures that are already carried out by the CPAs for the above-mentioned matters are as follows:

1. Obtain the asset impairment assessment form for respective cash generating units that have been evaluated spontaneously by the Company.
2. Evaluate the legitimacy of impairment signs identified by the management and the assumption and sensitivity adopted, including whether the differentiation of cash-generating units, forecast of cash flows, and discount rate are appropriate or not.
3. Ask the management and review audit evidence obtained from the subsequent audit procedure for verification of absence of any matter related to impairment testing after the reporting date.

Valuation of balance of investments accounted for using equity method

The balance of investments accounted for using equity method Grand Pacific Petrochemical Corporation as of December 31, 2022 totaled \$30,558,456 thousand, accounting for around 78% of the total asset value. The net worth of comprehensive income (including the portions of profits and losses from subsidiaries, affiliates, and joint ventures recognized using the equity method and the portions of other comprehensive income from subsidiaries, affiliates, and joint ventures recognized using the equity method) totaled \$(160,396) thousand, accounting for around 19% of the total comprehensive income. The impacted value is significant to the parent company only financial statement. Therefore, the CPAs include valuation of balance of investments accounted for using equity method as part of the key matters being audited.

For the accounting policy on investments accounted for using equity method, please refer to Note 4 (15) of the parent company only financial statement. For information on accounting items for investments accounted for using equity method, please refer to the disclosure in Note 6 (9) of the parent company only financial statement. Major audit procedures that are already carried out by the CPAs for the above-mentioned matters are as follows:

1. Evaluate the accuracy of calculation during valuation adopting the equity method and the adopted accounting policy.
2. Check the accuracy in the calculation of unrealized profits or losses generated from transactions with companies invested in using the equity method; they have been reasonably written off and evaluate the adopted accounting policy; the adopted accounting policy has been adjusted as needed to be consistent with the policies adopted by the Company.
3. Evaluate the legitimacy of impairment signs of investments accounted for using equity method as identified by the management and the assumption and sensitivity adopted, including whether or not the forecast of profitability of companies invested in it in the future or the discount rate is appropriate.

Other Matters—Mentioning Audits by other CPAs

As stated under Note 6 (9) of the Parent Company Only Financial Statements, among the investees of Grand Pacific Petrochemical Corporation in equity method, the financial statements of the reinvestee through Videoland Inc. in 2022 and 2021 in equity method—Videoland International Limited, the reinvestee of KK Enterprise Co., Ltd. in equity method—KK Enterprise (Malaysia) Sdn. Bhd. and the reinvestee of Land & Sea Capital Corp. in equity method—Zhenjiang Chimei Chemical Co., Ltd. and Zhangzhou Chimei Chemical Co., Ltd. have not been audited by us, the Undersigned certified public accountant but have been audited by other certified public accountant(s) instead. Therefore, among the opinions expressed by us on the above-mentioned parent company only financial statement, the amount listed in the above-mentioned financial statement of the Company and the above-mentioned information about the Company in Note 13 of the parent company only financial statement are completely based on audit reports from other CPAs.

The balance of the above-mentioned investments adopting the equity method in the companies by Grand Pacific Petrochemical Corporation as of December 31, 2022 and 2021, was \$9,852,348 thousand and \$11,617,564 thousand, accounting for 25.03% and 28.55% of the total value, respectively. The portions of profits and losses indirectly recognized adopting the equity method for the years ended December 31, 2022 and 2021, was \$201,167 thousand and \$4,091,925 thousand, accounting for (23.85%) and 55.47% of the total comprehensive income, respectively.

Responsibilities of Management and Governance Unit to Parent Company Only Financial Reports

The management is responsible for preparing adequately expressed parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and maintaining necessary internal control relevant to the compilation of the parent company only financial statements in order to ensure that no significant untruthful expressions caused by frauds or errors exist in the parent company only financial statements.

While preparing the parent company only financial statement, the management is responsible for also evaluating the ability of Grand Pacific Petrochemical Corporation to continue with the operation and disclosing related matters and adopting the accounting basis for continued operation, among others. Unless the management intends to liquidate Grand Pacific Petrochemical Corporation or discontinue operation or there are no other actually feasible solutions than liquidation or discontinued operation.

The governance unit (including the Audit Committee) of Grand Pacific Petrochemical Corporation is responsible for supervising the financial reporting process.

Responsibilities of CPAs in Inspecting Parent company only financial statement

We audit the parent company only financial statement in order to be reasonably convinced as to whether the parent company only financial statement as a whole contains major untruthful expressions due to frauds or errors and to issue the audit report. Reasonably convinced is highly convinced. There is no guarantee, however, that existence of significant untruthful expressions in the parent company only financial statement will be detected according to auditing standards. Untruthful expressions might have been caused by frauds or errors. If individual values or an overview of untruthful expressions can be reasonably expected to affect economic decisions made by users of the parent company only financial statement, they are considered significant.

We apply our professional judgment and our professional doubts while performing the audit according to auditing standards. The CPAs also perform the following tasks:

1. Identify and evaluate the risk of significant untruthful expressions in the parent company only financial statement due to frauds or errors, design and enforce appropriate responsive policies for determined risks; and collect sufficient and adequate evidence from the audit in order to render audit opinions. Due to the fact that frauds might involve collusion, forging, intentional omission, untruthful statement, or non-compliance with internal control, the risk associated with undetected significant untruthful expressions caused by frauds is higher than that caused by errors.
2. Obtain a necessary understanding of internal control concerning the audit in order to design appropriate audit procedures reflective of then-current situation. The purpose, however, is not to effectively express opinions on the internal control of Grand Pacific Petrochemical Corporation.

3. Evaluate the adequacy of accounting policies adopted by the management and the legitimacy of accounting estimates and related disclosures made.
4. Reach a conclusion with regard to the adequacy of the accounting basis adopted to continue with operation by the management and whether significant uncertainties of events or conditions that might result in significant concerns about the ability of Grand Pacific Petrochemical Corporation to continue with operation exist or not according to the evidence obtained from the audit. In the event that it is determined that significant uncertainties exist with such events or conditions, on the other hand, the CPAs must remind users of the parent company only financial statement in their audit report that they should pay attention to related disclosures included in the statement or modify their audit opinions if such disclosures are inappropriate. Conclusions made by the CPAs are based on the evidence from the audit obtained as of the date of the audit report. Future events or conditions, however, are likely to result in Grand Pacific Petrochemical Corporation no longer capable of continuing with operation.
5. Evaluate the overall expression, structure, and contents of the parent company only financial statement (including related notes) and whether or not the parent company only financial statement has fairly expressed related transactions and events.
6. Obtain sufficient and adequate evidence from the audit regarding the financial information of entities comprising Grand Pacific Petrochemical Corporation and express opinions about the parent company only financial statement. The CPAs are responsible for providing guidance on, supervising, and implementing audits and for coming up with audit opinions for the parent company only financial statement.

Communications made by the CPAs with governance units include the planned scope and timing of the audit and significant audit findings (including significant deficiencies found with internal control during the audit).

The CPAs have also provided the governance units with the declaration on independence that independently governed staff in the accounting firm that the CPAs belong to have followed moral regulations in honor of the profession of CPA and have communicated with the governance units all relationships and other matters considered to be likely undermining the independence of CPAs (including related safeguard measures).

The CPAs, from the matters communicated with the governance units, decided key matters to be included in the 2022 parent company only financial statement audit of Grand Pacific Petrochemical Corporation. The CPAs specify such matters in the audit report unless it is disallowed by law to disclose to the public specific matters or under rare circumstances, the CPAs decide not to communicate specific matters in the audit report as it can be reasonably expected that negative impacts from such communication would be greater than the public interest that will be enhanced.

Crowe (TW) CPAs
CPA

CPA

Approval document number: FSC Review No. 10200032833
March 14, 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.

Grand Pacific Petrochemical Corporation
PARENT COMPANY ONLY BALANCE SHEETS
For the years ended December 31, 2022 and 2021

		Expressed in Thousands of New Taiwan Dollars			
		December 31, 2022		December 31, 2021	
Codes	Assets	Amount	%	Amount	%
11xx	Current assets	\$ 2,830,990	7	\$ 6,897,635	17
1100	Cash & cash equivalents	342,754	1	2,630,126	6
1150	Net notes receivable	950	-	4,307	-
1170	Net accounts receivable	1,064,477	3	1,445,664	4
1180	Accounts receivable - related parties	4,482	-	-	-
1200	Other receivables	34,996	-	57,680	-
1210	Other receivables - related parties	8,261	-	377	-
1310	Net inventories	1,262,365	3	1,816,817	5
1410	Prepayments	88,051	-	100,999	-
1476	Other financial assets - current	24,654	-	841,665	2
15xx	Non-current assets	36,532,678	93	33,788,981	83
1517	Financial assets at fair value through other comprehensive income - noncurrent	363,605	1	472,251	1
1550	Investments accounted for using equity method	30,558,456	78	27,577,191	68
1600	Property, plant and equipment	5,030,075	13	5,198,363	13
1755	Right-of-use assets	313,133	1	335,352	1
1760	Investment property, net	155,964	-	156,973	-
1840	Deferred income tax assets	59,949	-	41,758	-
1920	Refundable deposits	6,788	-	6,823	-
1932	Long-term receivables	210	-	270	-
1975	Net defined benefit assets - noncurrent	44,498	-	-	-
1xxx	Total assets	\$ 39,363,668	100	\$ 40,686,616	100
Codes	Liabilities and Equity				
21xx	Current liabilities	\$ 3,375,182	9	\$ 3,850,060	10
2100	Short-term loans	1,747,000	5	1,124,846	3
2110	Short-term notes payable	299,312	1	-	-
2130	Contract liabilities - current	14,212	-	15,604	-
2170	Accounts payables	869,621	2	1,372,311	3
2180	Accounts payables - related parties	42	-	-	-
2200	Other payables	178,753	-	625,209	2
2220	Other payables - related parties	150	-	14,422	-
2230	Current income tax liabilities	222,253	1	647,053	2
2250	Provisions - current	11,640	-	13,148	-
2280	Lease liabilities - current	28,125	-	34,344	-
2310	Advances receipts	867	-	-	-
2399	Other current liabilities - Other	3,207	-	3,123	-
25xx	Noncurrent liabilities	3,236,256	8	1,370,301	3
2540	Long-term loans	1,900,000	5	-	-
2550	Provisions - noncurrent	16,713	-	15,028	-
2570	Deferred income tax liabilities	990,481	2	980,493	2
2580	Lease liabilities - noncurrent	302,248	1	316,554	1
2640	Net defined benefit liabilities - noncurrent	1,725	-	32,703	-
2645	Guarantee deposits received	2,897	-	3,331	-
2670	Other noncurrent liabilities - other	22,192	-	22,192	-
2xxx	Total liabilities	6,611,438	17	5,220,361	13
31xx	Equity				
3100	Share capital	9,266,203	23	9,266,203	23
3110	Common shares capital	9,066,203	23	9,066,203	22
3120	Preferred shares capital	200,000	-	200,000	1
3200	Capital reserve	201,866	1	186,459	-
3300	Retained earnings	23,976,823	61	26,282,842	65
3310	Legal reserve	3,170,794	8	2,411,833	6
3320	Special reserve	1,640,828	4	1,640,828	4
3350	Undistributed earnings	19,165,201	49	22,230,181	55
3400	Other equity	(642,804)	(2)	(219,391)	(1)
3410	Exchange differences on translating financial statements of foreign operations	(213,390)	(1)	(672,627)	(2)
3420	Unrealized valuation gain/loss of financial assets at fair value through other comprehensive income	(429,414)	(1)	453,236	1
3500	Treasury stocks	(49,858)	-	(49,858)	-
3xxx	Total equity	32,752,230	83	35,466,255	87
3x2x	Total liabilities and equity	\$ 39,363,668	100	\$ 40,686,616	100

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

Chairman of Board: Pin Cheng Yang

Manager: Chia Hsiung Tseng

Chief Accountant: Ling Chu Chen

Grand Pacific Petrochemical Corporation
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2022 and 2021

		Expressed in Thousands of New Taiwan Dollars			
		Year Ended December 31,		Year Ended December 31,	
		2022		2021	
Codes	Items	Amount	%	Amount	%
4000	Operating revenues	\$ 14,723,385	100	\$18,163,272	100
5000	Operating costs	(15,018,771)	(102)	(15,216,125)	(84)
5900	Total amount of gross operating profit (loss)	(295,386)	(2)	2,947,147	16
5910	Unrealized sales loss	1,358	-	6,034	-
5920	Realized sales gain (loss)	(6,034)	-	4,267	-
5950	Net gross operating profit (loss)	(300,062)	(2)	2,957,448	16
6000	Operating expenses	(404,882)	(3)	(745,432)	(4)
6100	Selling expenses	(200,586)	(2)	(254,334)	(1)
6200	Administrative expenses	(179,199)	(1)	(461,681)	(3)
6300	Research and development expenses	(25,097)	-	(29,417)	-
6900	Net operating income (loss)	(704,944)	(5)	2,212,016	12
	Non-operating revenues and expenses				
7100	Interest revenue	11,776	-	19,962	-
7010	Other revenues	64,523	-	40,496	-
7020	Other gains and losses	108,047	1	(5,033)	-
7050	Finance costs	(33,422)	-	(4,349)	-
7070	Share of profit or loss of subsidiaries, associates & joint ventures accounted for using equity method	258,255	2	4,253,382	24
7000	Total non-operating revenues and expenses	409,179	3	4,304,458	24
7900	Net profit (loss) before tax from continuing operations unit	(295,765)	(2)	6,516,474	36
7950	Income tax expenses	(198,047)	(1)	(635,313)	(4)
8200	Net profit (loss) for the year	(493,812)	(3)	5,881,161	32
	Other comprehensive income				
	Items that will not be reclassified subsequently to profit or loss				
8316	Unrealized valuation gain/loss of investment in equity instrument at fair value through other comprehensive income	(108,646)	(1)	187,167	1
8311	Remeasurements of the defined benefit plan	67,743	-	(2,875)	-
8330	Share of other comprehensive income of subsidiaries, associates & joint ventures accounted for using equity method - items that will not be reclassified subsequently to profit or loss	(754,345)	(5)	1,466,051	8
8349	Income tax related to items that will not be reclassified subsequently	(13,548)	-	575	-
8310	Total Items that will not be reclassified subsequently to profit or loss	(808,796)	(6)	1,650,918	9
	Items that may be reclassified subsequently to profit or loss				
8380	Share of other comprehensive income of subsidiaries, associates & joint ventures accounted for using equity method - items that may be reclassified to profit or loss	335,694	2	(123,890)	(1)
8399	Income tax related to items that may be reclassified subsequently	123,543	1	(31,043)	-
8360	Items that may be reclassified subsequently to profit or loss	459,237	3	(154,933)	(1)
8300	Current other comprehensive income (net after tax)	(349,559)	(3)	1,495,985	8
8500	Total comprehensive income for the year	(\$ 843,371)	(6)	\$ 7,377,146	40
	Earnings (loss) per share in ordinary shares: (NT\$)				
9750	Basic earnings (loss) per share	(\$ 0.56)		\$ 6.47	
9850	Diluted earnings per share			\$ 6.45	

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

Chairman of Board: Pin Cheng Yang

Manager: Chia Hsiung Tseng

Chief Accountant: Ling Chu Chen

Grand Pacific Petrochemical Corporation
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2022 and 2021

Expressed in Thousands of New Taiwan Dollars

Codes	Items	Share capital			Retained earnings			Other equity		Treasury stocks	Total equity
		Common shares capital	Preferred shares capital	Capital reserve	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translating financial statements of foreign operations	Unrealized valuation gain/loss of financial assets at fair value through other comprehensive income		
A1	Balance at January 1, 2021	\$9,066,203	\$200,000	\$182,764	\$2,000,432	\$1,640,828	\$15,156,630	(\$517,694)	\$510,771	(\$55,577)	\$28,184,357
	Appropriation & distribution of earnings for fiscal year 2020:										
B1	Provision of legal reserve	-	-	-	411,401	-	(411,401)	-	-	-	-
B5	Cash dividends to common shares	-	-	-	-	-	(90,662)	-	-	-	(90,662)
B7	Cash dividends and dividends to preferred shares	-	-	-	-	-	(14,000)	-	-	-	(14,000)
C17	Dividends not collected by shareholders post deadline	-	-	14	-	-	-	-	-	-	14
D1	Net profit for the year ended December 31, 2021	-	-	-	-	-	5,881,161	-	-	-	5,881,161
D3	Other comprehensive income after tax for the year ended December 31, 2021	-	-	-	-	-	(1,060)	(154,933)	1,651,978	-	1,495,985
L7	Disposal of the parent company shares by subsidiaries treated as transaction of treasury stocks	-	-	2,438	-	-	-	-	-	5,719	8,157
M1	Adjustment to capital surplus for distribution of dividends to subsidiary	-	-	1,243	-	-	-	-	-	-	1,243
Q1	The equity instruments at fair value through other comprehensive income as disposed of by a subsidiary	-	-	-	-	-	1,709,513	-	(1,709,513)	-	-
Z1	Balance at December 31, 2021	<u>\$9,066,203</u>	<u>\$200,000</u>	<u>\$186,459</u>	<u>\$2,411,833</u>	<u>\$1,640,828</u>	<u>\$22,230,181</u>	<u>(\$672,627)</u>	<u>\$453,236</u>	<u>(\$49,858)</u>	<u>\$35,466,255</u>
A1	Balance at January 1, 2022	\$9,066,203	\$200,000	\$186,459	\$2,411,833	\$1,640,828	\$22,230,181	(\$672,627)	\$453,236	(\$49,858)	\$35,466,255
	Appropriation & distribution of earnings for fiscal year 2021:										
B1	Provision of legal reserve	-	-	-	758,961	-	(758,961)	-	-	-	-
B5	Cash dividends to common shares	-	-	-	-	-	(1,813,241)	-	-	-	(1,813,241)
B7	Cash dividends and dividends to preferred shares	-	-	-	-	-	(52,000)	-	-	-	(52,000)
D1	Net profit for the year ended December 31, 2022	-	-	-	-	-	(493,812)	-	-	-	(493,812)
D3	Other comprehensive income after tax for the year ended December 31, 2022	-	-	-	-	-	73,854	459,237	(882,650)	-	(349,559)
M1	Adjustment to capital surplus for distribution of dividends to subsidiary	-	-	4,617	-	-	-	-	-	-	4,617
M7	Change in equity to subsidiaries	-	-	10,790	-	-	(20,820)	-	-	-	(10,030)
Z1	Balance at December 31, 2022	<u>\$9,066,203</u>	<u>\$200,000</u>	<u>\$201,866</u>	<u>\$3,170,794</u>	<u>\$1,640,828</u>	<u>\$19,165,201</u>	<u>(\$213,390)</u>	<u>(\$429,414)</u>	<u>(\$49,858)</u>	<u>\$32,752,230</u>

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

Chairman of Board: Pin Cheng Yang

Manager: Chia Hsiung Tseng

Chief Accountant: Ling Chu Chen

Grand Pacific Petrochemical Corporation
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended December 31, 2022 and 2021

Expressed in Thousands of New Taiwan Dollars

Codes	Items	Year ended December 31, 2022	Year ended December 31, 2021
AAAA	CASH FLOWS FROM OPERATING ACTIVITIES:		
A00010	Net profit (loss) before tax from continuing operations unit	(\$ 295,765)	\$ 6,516,474
A20000	Adjustments:		
A20010	Gain and expense not result influence on cash flows:		
A20100	Depreciation expenses (including depreciations in provision of right-of-use assets and investment property)	528,390	542,147
A20900	Interest expenses	33,246	4,349
A21200	Interest income	(11,776)	(19,962)
A21300	Dividend revenue	(27,169)	(17,693)
A22400	Share of losses (gains) of subsidiaries, associates & joint ventures accounted for using equity method	(258,255)	(4,253,382)
A22500	Net loss on disposal of property, plant and equipment	10	76
A22600	Property, plant and equipment transferred to expenses	21,134	25,161
A23700	Impairment loss on non-financial assets	-	2,500
A23900	Unrealized sales loss	(1,358)	(6,034)
A24000	Realized sales (gain) loss	6,034	(4,267)
A20010	Total gain and expense loss not result influence on cash flows	290,256	(3,727,105)
A30000	Changes in assets/liabilities relating to operation activities		
A31130	(Increase) decrease in notes receivable	3,357	(2,519)
A31150	Decrease in accounts receivable	381,187	97,644
A31160	(Increase) decrease in accounts receivable - related parties	(4,482)	7,724
A31180	(Increase) decrease in other receivables	21,102	(45,142)
A31190	Increase in other receivables - related parties	(7,884)	(377)
A31200	(Increase) decrease in inventories	554,452	(972,056)
A31230	(Increase) decrease in prepayments	12,948	(42,508)
A31990	Increase in other operating assets	(7,866)	-
A32125	Decrease in contract liabilities	(1,392)	(23,325)
A32150	Increase (decrease) in accounts payable	(502,690)	427,770
A32160	Increase in accounts payable - related parties	42	-
A32180	Increase (decrease) in other payables	(435,064)	224,344
A32190	Increase (decrease) in other payables - related parties	(14,272)	14,422
A32200	Increase in provisions	142	560
A32210	Increase (decrease) in advance receipts	867	(128)
A32230	Increase in other current liabilities - other	84	137
A32240	Increase (decrease) in net defined benefit liabilities	133	(6,262)
A30000	Total net changes in assets/liabilities relating to operating activities	664	(319,716)
A33000	Cash provided (used) generated from operations	(4,845)	2,469,653
A33100	Interest received	13,358	20,948
A33200	Dividend received	452,354	262,038
A33300	Interest paid	(31,669)	(4,115)
A33500	Income tax paid	(644,598)	(301,745)
AAAA	Net cash provided (used) in operating activities	(215,400)	2,446,779

(Continued on the next page)

(Brought Forward)

Codes	Items	Year ended December 31, 2022	Year ended December 31, 2021
BBBB	CASH FLOWS FROM INVESTING ACTIVITIES:		
B01800	Acquisition of investment accounted for using equity method	(3,453,392)	(3,334,644)
B02400	Refund of share payment under capital decrease from the investee accounted for using equity method.	-	833,250
B02700	Acquisition of property, plant and equipment	(359,028)	(226,810)
B03800	Increase (decrease) in refundable deposits	35	(174)
B06600	Decrease in other financial assets	817,011	758,335
B06800	(Increase) decrease in other noncurrent assets - other	60	(217)
BBBB	Net cash used in investing activities	<u>(2,995,314)</u>	<u>(1,970,260)</u>
CCCC	CASH FLOWS FROM FINANCING ACTIVITIES:		
C00100	Increase in short-term loans	622,154	724,846
C00500	Increase in short-term notes payable	300,000	-
C01600	Proceeds from long-term loans	1,900,000	-
C01700	Repayments of long-term loans	-	(400,000)
C03100	Increase (decrease) in guarantee deposits received	(434)	1,245
C04020	Repayment of lease principal	(33,137)	(16,502)
C04500	Payout of cash dividends	(1,865,241)	(104,662)
C09900	Transfer of dividends not collected after deadline to capital reserve	-	14
CCCC	Net cash provided (used) in financing activities	<u>923,342</u>	<u>204,941</u>
EEEE	Net increase (decrease) in cash and cash equivalents for the year	(2,287,372)	681,460
E00100	Cash and cash equivalents, beginning of year	2,630,126	1,948,666
E00200	Cash and cash equivalents, end of year	<u>\$ 342,754</u>	<u>\$ 2,630,126</u>
E00210	Cash & cash equivalents recorded in parent company only balance sheets	<u>\$ 342,754</u>	<u>\$ 2,630,126</u>

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

Chairman of Board: Pin Cheng Yang

Manager: Chia Hsiung Tseng

Chief Accountant: Ling Chu Chen

Subject: The 2022 earnings distribution proposal is submitted for ratification.

Description:

1. The Company's after-tax net loss for 2022 was NT\$493,811,935. After adding recognizing the remeasurement of defined benefit plan in retained earnings of NT\$73,854,239, and less the retained earnings by the equity method investment adjustment of NT\$20,820,536; the net loss for the current year, including unappropriated earnings after accounting for items other than net loss this current period, is NT\$440,778,232. No amount is allocated to statutory surplus reserves. The accumulated deficit for the current year is NT\$440,778,232; after deducting the initial unappropriated retained earnings of NT\$19,605,978,894 and deducting the special surplus reserves for the difference between the market price and the book value of the subsidiary's holding of the parent company's stock; the net loss for the current year after deducting from retained earnings is NT\$1,728,207, and the total distributable retained earnings amount stands at NT\$19,163,472,455.
2. Pursuant to Article 29 of the Articles of Incorporation, after the distribution of preferred dividends for 2022 totaling NT\$12,000,000, the remaining allocable earnings amount is NT\$19,151,472,455. Cash dividends shall be distributed at a rate of \$0.5 per share, resulting in a total distribution of \$463,310,164. Following this distribution, the balance of retained earnings will stand at \$18,688,162,291.

Resolution:

Grand Pacific Petrochemical Corporation

The 2022 Earnings Distribution Table

Expressed in New Taiwan Dollars

Beginning unappropriated earnings (TIFRS)		\$19,605,978,894
Less: The special reserve for the difference between the market value and the book value of the parent company's shares held by the subsidiary - the current period's loss to be charged to prior period's earnings.		(1,728,207)
Adjusted beginning unappropriated earnings	(A)	19,604,250,687
Post-tax losses for the year		(493,811,935)
Add: Remeasurement of defined benefit plan recognized in retained earnings		73,854,239
Less: Retained earnings adjusted for investments under the equity method		(20,820,536)
Unappropriated earnings during the year = Post-tax losses for the year and + adjustments others than net loss	(B)	(440,778,232)
Less: Provision of legal reserve (10%)	(B)x10%	0
The current period's loss to be covered	(C)	(440,778,232)
Accumulated allocable earnings	(A)+(C)	19,163,472,455
Less: Cash dividends to preferred shares for the year –the current period's loss to be charged to prior period's earnings		(12,000,000)
Total allocable earnings		19,151,472,455
Distribution items:		
Cash dividends: 20,000,000 preferred shares @\$0.5		(10,000,000)
Cash dividends: 906,620,328 common shares @\$0.5		(453,310,164)
Total distribution items		(463,310,164)
Ending unappropriated earnings		\$18,688,162,291

Responsible person:

Manager:

Chief Accountant:

Discussion Items



Subject: Proposal to amend the Company’s “Procedures for Acquisition or Disposal of Assets”. Please reserve a decision as appropriate.

Descriptions:

1. The Company amends the "Procedures for Acquisition or Disposal of Assets" in accordance with Article 36-1 of the Securities and Exchange Act and the related regulations promulgated by the Financial Supervisory Commission.
2. In accordance with Paragraph 1 of Article 7 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", the Company has implemented updates to include total amounts of real estate, right-of-use assets, and non-business use negotiable securities. Additionally, the amendment includes limits for individual negotiable securities and specifies the authorized amount and level for acquisition or disposal of assets.
3. The table of comparisons of the provisions before and after amendment is as follows:

Post-amendment contents	Current contents	Descriptions
<p>4. Definition of terms 4.11 The aforesaid major asset acquisition or disposal transaction requires the approval from at least half of all audit committee members and resolution from the board of directors. If the approval from at least half of all audit committee member is not obtained, the procedures may be implemented with approval by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the board meeting minutes. The terms “all audit committee members” in the preceding paragraph and “all directors” in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p> <p>The report submitted to the board of directors for discussion should fully consider the opinion of independent directors. Any opposition or reservation from independent directors should be noted in board meeting minutes.</p> <p>5.1 Prerequisite for investment in negotiable securities:</p>	<p>4. Definition of terms</p> <p>5.1 Prerequisite for investment in negotiable securities:</p>	<p>Formerly paragraphs 3 and 4 of 5.5.2 are moved to Definition of terms 4.11.</p> <p>The authorization amount and level of negotiable</p>

.....	securities investment are explicitly stipulated.
5.1.4 <u>Authorization amount and level</u> <u>Except for the transactions of domestic government bonds, bonds with repurchase or repurchase conditions, and money market funds issued by domestic securities investment trusts, investments in marketable securities shall be approved by the chairman of the board of directors on a case-by-case basis, with each transaction amounting to less than NT\$300 million reported at the latest board of directors' meeting afterwards and each transaction amounting to more than NT\$300 million approved by the board of directors before it is made.</u>	5.1.4 (No current provision)	
5.2 Prerequisite for investment in real estate and other fixed assets	5.2 Prerequisite for investment in real estate and other fixed assets	Formerly 5.2.2 Real estate and other fixed assets investment
5.2.2 Operational procedures 3) The transaction shall be conducted within the amounts to be determined based on the Regulations Governing Authorization of Duties.	5.2.2 Operational procedures 3) The transaction shall be conducted within the amounts to be determined based on the Regulations Governing Authorization of Duties.	authorization amount and level are added in 5.2.4.
5.2.4 Authorization Amount and Level <u>The acquisition or disposal of real estate (including equipment) or right-of-use assets in an amount of less than NT\$300 million shall be approved by the chairman of the board of directors and reported to the board of directors at its most recent meeting afterwards; if the amount exceeds NT\$300 million, it shall be reported to the board of directors for approval before it can be made. For acquisition or disposal of real estate or its right-of-use assets through transactions with related parties, 5.5.4 shall apply.</u>	5.2.4 (No current provision)	
5.3 <u>Limit of investment in negotiable securities and real estate and the right-of-use assets not for business use</u>	5.3 The credit limits of investment in negotiable securities and real estate	The Company added a limit on the amount of negotiable securities invested by individual subsidiaries as a percentage of the
5.3.1 The total amount of investment by the Company and its	5.3.1 The aggregate total amount of investment by the Company	

<p>subsidiaries into negotiable securities shall not exceed 150% of the Company's net worth as shown through its financial statements of the most recent term. <u>The total amount of negotiable securities investments of individual subsidiaries shall not exceed 100% of the Company's net worth as shown in the most recent financial statements, and the amount of the Company's investment in a single individual negotiable security shall not exceed 50% of the aforementioned net worth.</u></p>	<p>and its subsidiaries into negotiable securities shall not exceed 150% of the Company's net worth as shown through its financial statements of the most recent term, and the amount in an individual investment in negotiable securities shall not exceed 50% of the aforementioned net worth.</p>	<p>Company's net worth, and revised the Company's limit on individual negotiable securities.</p>
<p>5.3.2 The total amount of investment by the Company and its subsidiaries into real estate not for business use <u>or the right-of-use assets shall not exceed 10% of the Company's net worth as shown through its financial statements of the most recent term. The amount of real estate not for business use or its right-of-use assets held by individual subsidiary shall not exceed 5% of the Company's net worth as shown through its financial statements of the most recent term.</u></p>	<p>5.3.2 The aggregate total amount and the individual amount of investment by the Company and its subsidiaries into real estate not for business use shall not exceed 10% of the Company's net worth as shown through its financial statements of the most recent term.</p>	<p>The Company added a limit on the amount of real estate not for business use or its right-of-use assets held by individual subsidiary.</p>
<p>5.4 Procedures for acquisition and disposal of memberships, intangible assets <u>or right-of-use assets</u> 5.4.2 Operational procedures 2) The transaction shall be conducted within the amounts to be determined based on the Regulations Governing Authorization of Duties.</p>	<p>5.4 Procedures for acquisition and disposal of memberships or intangible assets 5.4.2 Operational procedures 2) The transaction shall be conducted within the amounts to be determined based on the Regulations Governing Authorization of Duties.</p>	<p>The scope of the right-of-use assets is revised and the wording is amended to comply with the regulations. Formerly 5.4.2 Memberships, intangible assets or right-of-use assets investment authorization amount and level is added to 5.4.4.</p>
<p>5.4.4 <u>Authorization amount and</u></p>	<p>The amounts of transactions for assets mentioned under Articles 5.1, 5.2 and 5.4 shall be duly handled in accordance with the promulgation under Article 5.8.1, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount. 5.4.4 (No current provision)</p>	<p>The current provision is moved to 5.8.5.</p>

level
For the acquisition and disposal of memberships, intangible assets or right-of-use assets, the amount of which is less than NT\$300 million shall be submitted to the chairman of the board of directors for approval and shall be reported at the most recent board of directors' meeting afterwards; if the amount exceeds NT\$300 million, it shall be submitted to the board of directors for approval before it can be made.

5.5.3

.....

- 4) When the results of the Company's appraisal conducted for acquisition of real estate in accordance Paragraph 1 and Paragraph 2 of Article 5.5.3 are uniformly lower than the transaction price, the matter shall be handled in compliance with Paragraph 5 of Article 5.5.3. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real estate appraiser and a CPA has been obtained, this restriction shall not apply:

.....

- 6) Where the Company acquires real estate or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance requirements relating to Article 5.5.2, and the requirement relating to appraisal of reasonableness of transaction cost under Paragraph 1 to Paragraph 3 of Article 5.5.3 do not apply:

.....

- (4) The acquisition of business-use real estate right-of-use assets between the Company and its subsidiaries, or the subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital.

5.5.3

.....

- 4) When the results of the Company's appraisal conducted for acquisition of real estate in accordance with two subparagraphs of Paragraph 1 of Article 5.5.3 are uniformly lower than the transaction price, the matter shall be handled in compliance with Paragraph 5 of Article 5.5.3. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real estate appraiser and a CPA has been obtained, this restriction shall not apply:

.....

- 6) Where the Company acquires real estate or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance requirements relating to Article 5.5.2, and the requirement relating to appraisal of reasonableness of transaction cost under two subparagraphs of Paragraph 1 of Article 5.5.3 do not apply:

.....

- (4) The acquisition of business-use real estate right-of-use assets between the Company and its subsidiaries, or the subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital.

The wording is amended to comply with the regulations.

<p><u>5.5.4 Authorization Amount and Level</u> Any transactions with related parties to acquire or dispose of real estate or the right -of-use assets shall be reported to the Audit Committee and the Board of Directors for approval. For operating lease transactions, if the annual transaction amount is less than NT\$20 million, it shall be submitted to the chairman of the board of directors for approval, except for operating lease transactions between the parent company and the subsidiary company, which shall be exempted from the reporting to the board of directors, and all other transactions shall be reported at the most recent board of directors' meeting. If the transaction exceeds NT\$20 million, the transaction shall be reported to the board of directors for approval before it can be made.</p> <p>5.8.5 The amounts of transactions for assets mentioned under Articles 5.1, 5.2 and 5.4 shall be duly handled in accordance with the provisions of the transaction amount mentioned in Article 5.8.1, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p>	<p>5.5.4 (No current provision)</p>	<p>The authorization amount and level of the acquisition or disposal of assets with related parties are added.</p> <p>Formerly 5.4.4 is moved to 5.8.5.</p>
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Resolution:



Subject: Proposal to amend the Company’s “Operational Procedures for Loaning Funds to Others”. Please reserve a decision as appropriate.

Descriptions:

1. The Company amends the "Operational Procedures for Loaning Funds to Others" in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies".
2. The table of comparisons of the provisions before and after amendment is as follows:

Post-amendment contents	Current contents	Descriptions
<p>5.1 The causes and necessities of funds to be loaned to others: <u>The Company may lend funds to companies that have business dealings and companies that have short-term financing needs.</u> The funds loaned amidst the need of short-term financing shall be confined to those as enumerated below:</p>	<p>5.1 The causes and necessities of funds to be loaned to others: The funds loaned amidst the need of short-term financing shall be confined to those as enumerated below:</p>	<p>The Company clearly stipulates the loanees to which the funds can be loaned.</p>
<p>5.2 Maximum limits of the aggregate total of funds loaned and the individual targets. (1) The aggregate total amount of the fund loaned by the Company shall not exceed <u>40%</u> of the Company's net worth.</p>	<p>5.2 Maximum limits of the aggregate total of funds loaned and the individual targets. (1) The aggregate total amount of the fund loaned by the Company shall not exceed 20% of the Company's net worth.</p>	<p>In view of the business development needs of the Group's companies in the future and the timely increase in capital flexibility of the Group's companies, it is important to raise the maximum amount of the Company's total lending in a reasonable manner. Therefore, the limits specified in Article are hereby amended. Reasonableness: ① This is primarily with reference to the total amount of funds loaned and limits on a single loanee by the peer companies. ② The total amount of funds loaned and limits on a single loanee is mostly 20% to 40% of the net worth of the companies. ③ The total amount of funds loaned is proposed to be</p>

<p>2) <u>The total amount of loans to companies with which the Company has business dealings shall not exceed 10% of the Company's net worth as shown through its audited or reviewed financial statements of the most recent term, and the amount of individual loans shall not exceed the higher of the Company's purchases or sales in the most recent year or the current year up to the time of the loan.</u></p> <p style="text-align: center;">.</p> <p style="text-align: center;">.</p> <p style="text-align: center;">.</p>	<p>2) Toward a company in business transaction with the Company, the amount of an individual loan shall not exceed the amount of business transaction by and between both parties. The term “the amount of business transaction” as set forth herein denotes the amount of purchases or sales, whichever is the higher.</p> <p style="text-align: center;">.</p> <p style="text-align: center;">.</p> <p style="text-align: center;">.</p>	<p>increased to 40% of the net worth of the Company.</p> <p>The Company specifies the maximum total amount of funds that can be loaned to companies with which the Company has business dealings and the maximum amount of funds that can be loaned to individual companies.</p>
<p>5) Funds loaned by and between the Company and the foreign company(ies) where the Company holds 100% voting power either directly or indirectly, or from the foreign companies where the Company directly and indirectly holds 100% voting powers to the Company, <u>the amount of funds loaned shall not be subject to the restriction of 5.2(6). However, the total amount of the loan and the amount of individual loans shall not exceed 100% of the Company's net worth as shown through its audited or reviewed financial statements of the most recent term, and the duration of the loan shall not exceed ten years.</u></p> <p>6) <u>For companies with short-term financing needs, the total amount of loans shall not exceed 40% of the Company's net worth as shown through its audited or reviewed financial statements of the most recent term. The amount of individual loans shall be limited to 10% of the Company's net worth as shown through its audited or reviewed financial statements of the most recent term.</u></p>	<p>5) Funds loaned by and between the Company and the foreign company(ies) where the Company holds 100% voting power either directly or indirectly, or from the foreign companies where the Company directly and indirectly holds 100% voting powers to the Company, the funds loaned are free of the restriction of Subparagraph 1 of Article 5.2; however, the limits on total amounts loaned and the limits on individual loanee shall specified and the duration of loaning of fund shall be expressly provided.</p>	<p>For funds loaned by and between the Company and the foreign company(ies) where the Company holds 100% voting power either directly or indirectly, or from the foreign companies where the Company directly and indirectly holds 100% voting powers to the Company, the limits on total amounts loaned and the limits on individual loanee and the duration of loaning of fund are expressly provided</p> <p>The Company specifies the maximum total amount of funds to be loaned and the limit of individual funds to be loaned to companies for which the Company has short-term financing needs.</p>
<p>5.4 Duration of loan and method for interest</p> <p>5.4.1 The duration of each loan of funds</p>	<p>5.4 Duration of loan and method for interest</p> <p>5.4.1 Each case of loan shall be granted</p>	<p>For funds loaned by and between the Company and the foreign</p>

<p>shall be limited to one year or less. <u>For funds loaned by and between the Company and the foreign company(ies) where the Company holds 100% voting power either directly or indirectly, or from the foreign companies where the Company directly and indirectly holds 100% voting powers to the Company, the duration of loaning of fund shall be limited to 10 years.</u></p>	<p>for a period of one year in principle. Such period of the loan may be extended as appropriate in response to approval granted by the Board of Directors in an extraordinary case.</p>	<p>company(ies) where the Company holds 100% voting power either directly or indirectly, or from the foreign companies where the Company directly and indirectly holds 100% voting powers to the Company, the duration of loaning of fund are amended.</p>
<p>5.4.3 A loan case by and between the Company and its parent company or subsidiary or between the Company and its subsidiaries shall be submitted to and approved by the board of directors through resolution in accordance with the preceding Paragraph. The board of directors may appropriate the loan in installments or on a circulatory basis within the duration not beyond one year and within the amount not beyond the specified limit. <u>The above-mentioned specified limit shall not exceed 10% of the Company's net worth as shown through its audited or reviewed financial statements of the most recent term.</u></p>	<p>5.4.3 A loan case by and between the Company and its parent company or subsidiary or between the Company and its subsidiaries shall be submitted to and approved by the board of directors through resolution in accordance with the preceding Paragraph. The board of directors may appropriate the loan in installments or on a circulatory basis within the duration not beyond one year and within the amount not beyond the specified limit.</p>	<p>The maximum amount of funds that the chairman is authorized to lend to the same loanee is specified.</p>

Resolution:



Subject: Proposal to amend the Company’s “Operational Procedures for Making Endorsements / Guarantees”. Please reserve a decision as appropriate.

Descriptions:

1. The Company intends to revise and increase the total amount of the Company's endorsements / guarantees, the limit on the amount of endorsements / guarantees for a single company, as well as the limit on the amount of endorsements / guarantees by the Company and its subsidiaries as a whole and to a single company so as to meet the needs of the Company's development.
2. The Company specifies the limit of endorsements / guarantees between companies in which the Company holds, directly or indirectly, 100% of the voting powers.
3. The table of comparisons of the provisions before and after amendment is as follows:

Post-amendment contents	Current contents	Descriptions
5.1 Counter parties of endorsements/guarantee 5.1.1 The Company may grant endorsements/guarantees only toward the targets as confined below. . . . 3) A company that directly and indirectly holds more than 50 percent of the voting powers in the Company.	5.1 Counter parties of endorsements/guarantee 5.1.1 The Company may grant endorsements/guarantees only toward the targets as confined below. . . . 3) A company that directly and indirectly holds more than 50 percent of the voting powers in the Company. Companies in which the Company holds, directly or indirectly, 90% or more of the voting powers may make endorsements/guarantees for each other, and the amounts of endorsements/guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting powers.	The Company specifies the limit of endorsements / guarantees between companies in which the Company holds, directly or indirectly more than 50% of the voting powers.

<p>5.2 Credit limits of endorsements/guarantees</p> <p>5.2.1 The aggregate total of endorsements/guarantees granted by the Company externally shall not exceed <u>100%</u> of the Company's net worth as shown through its most recent financial statements. The amount of the endorsements/guarantees granted by the Company toward a single enterprise shall not exceed <u>100%</u> of the Company's net worth as shown through its most recent financial statements. The aggregate total of endorsements/guarantees granted by the Company and its subsidiaries externally shall not exceed of the Company's net worth as shown through its most recent financial statements. The amount of the endorsements/guarantees granted by the Company and its subsidiaries toward a single enterprise shall not exceed <u>100%</u> of the Company's net worth as shown through its most recent financial statements.</p> <p style="text-align: center;">.</p> <p style="text-align: center;">.</p> <p style="text-align: center;">.</p> <p>5.2.4 Endorsements / guarantees may be given between companies in which the Company directly or indirectly holds 90% or more of the voting power, and the amount of such endorsements / guarantees shall not exceed <u>10% of the Company's net worth as shown through its audited or reviewed financial statements of the most recent term.</u></p> <p>5.2.5 The amount of the endorsements / guarantees given between companies in which the Company directly and indirectly holds 100% of the voting power shall not exceed <u>100% of the Company's net worth as shown through its audited or reviewed financial statements of the most recent term.</u></p>	<p>5.2 Credit limits of endorsements/guarantees</p> <p>5.2.1 The aggregate total of endorsements/guarantees granted by the Company externally shall not exceed <u>80%</u> of the Company's net worth as shown through its most recent financial statements. The amount of the endorsements/guarantees granted by the Company toward a single enterprise shall not exceed <u>70%</u> of the Company's net worth as shown through its most recent financial statements. The aggregate total of endorsements/guarantees granted by the Company and its subsidiaries externally shall not exceed of the Company's net worth as shown through its most recent financial statements. The amount of the endorsements/guarantees granted by the Company and its subsidiaries toward a single enterprise shall not exceed <u>80%</u> of the Company's net worth as shown through its most recent financial statements.</p>	<p>Revise aggregate limit for endorsements/guarantees, as well as the limit for endorsements/guarantees towards a single enterprise. Applicable to the Company, and the Company its subsidiaries.</p> <p>Formerly 5.1.1(3) concerning the limit of endorsements / guarantees between companies in which the Company directly and indirectly holds more than 90% of the voting power is moved to 5.2.4.</p> <p>The limit of endorsements / guarantees between companies in which the Company directly and indirectly holds 100% of the voting power is explicitly stated.</p>
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Resolution:

Subject: Proposal to amend the Company’s “Rules and Procedures for Shareholders’ Meeting”. Please reserve a decision as appropriate.

Descriptions:

1. It is conducted in accordance with the announcement of Taiwan Stock Exchange Corporation No. 1110004250 dated March 8, 2022.
2. As per the amendment to Article 172-2 of the Company Act, an addition has been made authorizing the shareholders' meeting through video conference.
3. The table of comparisons of the provisions before and after amendment is as follows:

	Post-amendment contents	Current contents	Descriptions
Article 1	The Company's <u>rules and procedures for shareholders' meetings</u> shall be governed by these Rules unless otherwise provided by law <u>or the Articles of Incorporation</u> .	The Company’s Shareholders’ Meeting shall be duly handled in accordance with these Rules unless otherwise prescribed in laws.	The addition of the words "Rules and Procedures" to enhance the clarity and precision of the provision definitions. The addition of "Articles of Incorporation" as the applicable basis for the Rules and Procedures improves clarity and completeness.
Article 2	In case of a shareholders’ meeting, the sign-in book should be prepared so that the participating shareholders may sign in. A participating shareholder may, as well, submit his or her sign-in card instead of an act to sign in. <u>The number of shares present shall be calculated based on the number of shares presented on the sign-in card and the video conference platform, plus the number of shares exercising the voting power by written or electronic means. If a shareholders' meeting is held by video conference, shareholders who intend to attend the meeting by video shall register with the Company two days prior to the shareholders' meeting. Sign-in for the shareholders' meeting shall be accepted at the shareholders' meeting video conference platform 30 minutes prior to the commencement of</u>	In case of a shareholders’ meeting, the sign-in book should be prepared so that the participating shareholders may sign in. A participating shareholder may, as well, submit his or her sign-in card instead of an act to sign in. The number of shares represented by the participating shareholders shall be duly counted based on the sign-in books or the submitted sign-in cards.	In accordance with Article 172-2 of the Company Act and Chapter 2-2 of the Regulations Governing the Administration of Shareholder Services of Public Companies (hereinafter referred to as the "Regulations"), the second paragraph of this Article is added to allow public companies to hold shareholders' meetings by video.

	<u>the meeting. Shareholders who have completed the sign-in are deemed to be present in person at the shareholders' meeting.</u>		
Article 3	<p>The participation and voting by shareholders shall be calculated based on the number of shares. <u>When the Company convenes a shareholders' meeting, shareholders shall exercise their voting power by electronic means and may use written means.</u></p> <p><u>When the Company convenes a shareholders' meeting by video conference, shareholders participating by video shall vote on each motion and election motion through the video conference platform after the chairperson announces the commencement of the meeting, and shall complete the voting before the chairperson announces the end of the voting, and any delay shall be deemed to be an abstention.</u></p> <p><u>If the shareholders' meeting is convened by video conference, the chairperson shall announce the close of voting and announce the voting and election results as a one-time vote count. When the Company convenes a video-assisted shareholders' meeting, shareholders who have registered to attend the shareholders' meeting by video means and intend to attend the physical shareholders' meeting in person shall deregister in the same manner as they registered two days prior to the shareholders' meeting; if they deregister after the deadline, they may attend the shareholders' meeting by video means only.</u></p> <p><u>If shareholders exercise their voting power by written or electronic means without withdrawing their expressions of interest and participate in a shareholders' meeting by video, they may not exercise their voting power on the original motion or propose amendments to the original motion or exercise their voting power on</u></p>	The participation and voting by shareholders shall be calculated based on the number of shares.	In compliance with the Regulations, specifically Articles 44-13, 16, and 17, the addition of paragraphs 2, 3, 4, and 5 of this Article aims to inform shareholders about their rights and obligations regarding participation through video conferencing.

	<u>amendments to the original motion, except for incidental motions.</u>		
Article 7	<p>The process of a shareholders' meeting shall be recorded with audio or video proofs which shall be archived for a minimum of one year.</p> <p><u>If shareholders' meetings are held by video conference, the Company shall keep records of the shareholders' registration, sign-up, sign-in, inquiries, voting and the Company's vote counting results, and shall continuously and uninterruptedly record and video tape the entire video conference.</u></p> <p><u>The Company shall keep the aforementioned information and audio and video recordings for the duration of the Company's existence and shall provide the audio and video recordings to the personnel appointed to conduct the video meeting for retention.</u></p>	<p>The process of a shareholders' meeting shall be recorded with audio or video proofs which shall be archived for a minimum of one year.</p>	<p>In accordance with Article 44-23 of the Regulations, the second paragraph of this Article is added. The Company shall appropriately maintain all information and audio and video recordings of video conferences.</p>
Article 10	<p>Before a shareholder takes the floor, he or she shall fill up the speech slip which shall expressly bear the subject of his or her speech, shareholder account number (or participation certificate number) and name of account holder. The chairperson shall fix the subsequent order of the floor. Where a shareholder does not speak up after having submitted a slip of the floor, he or she is deemed to have not spoken up. In case of a discrepancy between the contents actually spoken and those shown on the contents of the floor, the contents actually spoken shall prevail. Where a shareholder speaks, other shareholders shall not speak to interfere unless consented by the chairperson and the speaking shareholder. The chairperson may stop an offender, if any.</p> <p><u>If the shareholders' meeting is convened by video conference, shareholders participating by video may ask questions by text on the video conference</u></p>	<p>Before a shareholder takes the floor, he or she shall fill up the speech slip which shall expressly bear the subject of his or her speech, shareholder account number (or participation certificate number) and name of account holder. The chairperson shall fix the subsequent order of the floor. Where a shareholder does not speak up after having submitted a slip of the floor, he or she is deemed to have not spoken up. In case of a discrepancy between the contents actually spoken and those shown on the contents of the floor, the contents actually spoken shall prevail. Where a shareholder speaks, other shareholders shall not speak to interfere unless consented by the chairperson and the speaking shareholder. The chairperson may stop an offender, if any.</p>	<p>In accordance with Article 44-17 of the Regulations, the third paragraph of this Article is added.</p>

	<u>platform after the chairperson announces the commencement of the meeting and before the announcement of the adjournment of the meeting. The number of questions for each motion shall not exceed two and each question shall be limited to 200 words.</u>		
Article 17	Unless otherwise provided for in the Company Act or the Articles of Incorporation, decisions in the shareholders' meeting shall be resolved by a majority vote of the participating shareholders. An issue which proves to have no objection in response to the inquiry by the chairperson is deemed to have been duly resolved in the validity same as an issue duly resolved through voting process.	Unless otherwise provided for in the Company Act or the Articles of Incorporation, decisions in the shareholders' meeting shall be resolved by a majority vote of the participating shareholders. An issue which proves to have no objection in response to the inquiry by the chairperson is deemed to have been duly resolved in the validity same as an issue duly resolved through voting process.	

Resolution:



Subject: The proposal for capital increase from earnings made by shareholders with at least 1% holdings of issued shares is submitted for ratification.

Descriptions:

1. In accordance with Article 172-1 of the Company Act, two shareholders holding more than 1% of the issued shares, Mr. Chang ○○, shareholder number 527909, and Chao ○ Investment Limited, shareholder number 480107, proposed to issue new shares by transferring earnings to new shares, and the original shareholders (including shareholders of preferred shares) shall be granted 250 shares per thousand shares without compensation.
2. The Company's consolidated statement of changes in profit or loss for the year ended December 31, 2022, shows the cumulative undistributed earnings of NT\$19,165,201 thousand as of December 31, 2022. It is proposed that the undistributed earnings of NT\$2,316,550,820 be used to issue 231,655,082 new shares of common stock, and the original shareholders (including shareholders of preferred shares) shall be granted 250 shares per thousand shares without compensation in order to increase working capital. The rights and obligations of the new shares issued are the same as those of the original common shares.

Additional input from the Board of Directors:

The Board of Directors renders the following opinions on this motion:

- (1) **Dilution of profitability per share:** The gratis allotment of 250 shares per thousand shares shall cause the Company's share capital to expand, resulting in a dilution of profitability per share (20% reduction), which shall affect the capital market's evaluation of the Company.
- (2) **Increase in shareholders' tax burden:** The capital increase from earnings shall not affect the net worth of the Company, but only the conversion of surplus reserves to capital, which shall result in a lower net worth per share. The value of the stock held by the shareholders does not increase in real terms, but they have to pay income tax after the stock dividends are distributed. In other words, the shareholders do not make any real profit, but they are required to pay income tax, which increases the shareholders' tax burden.
- (3) **Procedural defects:** The shareholders' proposal to increase capital by transferring earnings appears to be in violation of Article 266 of the Company Act and Article 29 of the Company's Articles of Incorporation. Additionally, it does not align with the provisions outlined in Paragraph 4 of Article 172-1 of the Company Act,

resulting in procedural deficiencies within the proposal. However, in order to encourage and protect the shareholders' right to make proposals, the Board of Directors, in accordance with the provisions of Paragraph 5 of Article 172-1 of the Company Act, still approves this proposal to be included in the shareholders' meeting.

Resolution:



Election Items



Proposal 1

Proposed by the Board of Directors

Subject: The election of the 14th term of directors (including independent directors).

Descriptions:

1. The 13th term of the directors (including the independent directors) shall have a term of office commencing on June 12, 2020 and ending on June 11, 2023. Therefore, it is proposed to be re-elected at this year's Annual General Meeting of Shareholders, the term of office for the current directors of the 13th term will conclude upon the election of the new directors for the 14th term at this Annual General Meeting of Shareholders.
2. In accordance with the Company's Articles of Incorporation, seven directors (including three independent directors) shall be elected for a term of three years commencing on June 28, 2023 and ending on June 27, 2026.
3. In accordance with the Company's Articles of Incorporation, the election of directors (including independent directors) is based on a candidate nomination system whereby shareholders elect directors (including independent directors) from a list of candidates. Moreover, in accordance with Article 192-1 of the Company Act, the Board of Directors shall examine, announce and notify the nominees for directors (including independent directors). The proposal was approved by the Board of Directors at the 22nd meeting of the 13th term on May 11, 2023 and was announced on the Market Observation Post System in accordance with the regulations.
4. The list of candidates for directors (including independent directors) is as follows:

(1) List of director candidates (nominated by the Board of Directors)

Serial Number	Category of candidates	Name of candidates	Name of the government or legal person represented	Education	Work Experience	Current position	Number of shares held
1	Director	Pin Cheng Yang	Jing Kwan Investment Co., Ltd.	Master, Institute of Chemical Engineering, National Cheng Kung University	Director, GPPC Chemical Corporation President, GPPC Chemical Corporation Senior Vice President, GPPC Chemical Corporation	Chairman, GPPC Chemical Corporation	20,280,000
2	Director	Teh Hsin Chiu	Chung Kwan Investment Co., Ltd.	Master, Weatherhead School of Management, Case Western Reserve University	Chairman, CDIB Capital Management Corporation	Vice Chairman, GPPC Chemical Corporation Director, GPPC Chemical Corporation	28,262,722

3	Director	Chen Ching Ting	Hung Wan Investment Co., Ltd.	Department of Law, Fu Jen Catholic University	Distinguished Lecture, Graduate Institute of Economic and Trade Management, Takming University of Science and Technology Director, Taitung Business Bank Independent Director, Chilisin Electronics Corp. Adjunct Assistant Professor of Specialist, Department of Law, Fu Jen Catholic University Supervisor, Ralec Electronic Corporation Attorney, Jing Lun Law Firm	Director, GPPC Chemical Corporation Independent Director, Allied Industrial Corp., Ltd. Managing Partner, T.Y.T. Law Offices Chairman, T.Y.T. Industrial Co.	200,000
4	Director	Chin Chu Lin	Hung Wan Investment Co., Ltd.	Department of Chemical Engineering, Feng Chia University	Chief Executive Officer, Petrochemical Division, CPC Corporation, Taiwan	Director, GPPC Chemical Corporation	200,000
5	Independent Director	Mu Hsien Chen	-	Master in Accounting, California State University	Chairman, PrimeGlobal (Asia Pacific) Limited (Hong Kong) Director, PrimeGlobal Inc. (USA) Certified Public Accountant and Chief Operating Officer, EY Taiwan Standing Director, Accounting Research and Development Foundation in Taiwan Director, Taipei CPA Association Chairman of the Accounting and Auditing Committee, Taipei CPA Association Chairman of the Small and Medium-sized Accounting and Auditing Committee, CPA Associations R.O.C.(Taiwan) Supervisor, Huan Hua Co., Ltd.	Independent Director, GPPC Chemical Corporation CPAs, Diwan & Company	-
6	Independent Director	Chih Hung Hsieh	-	Juris Doctor, National Chengchi University Completed the doctoral program studying law at Waseda University, Japan Master of Laws, Waseda University	Vice Dean of Academic Affairs, Department of Law, Fu Jen Catholic University Dean, Department of Law, Fu Jen Catholic University Adjunct Associate Professor, Shih Hsin University Adjunct Associate Professor, National Taipei University of Education Member of the Criminal Compensation Claims Examination Committee of the New Taipei District Court Member of National Examinations Committee, Question Writer and Marker Independent Director, Yungtay Engineering Co., Ltd.	Independent Director, GPPC Chemical Corporation Independent Director, Sanyang Motor Co., Ltd. Full-time Associate Professor, Department of Law, Fu Jen Catholic University	-
7	Independent Director	Chun Fu Chang	-	Bachelor of Business Administration, Department of Commerce, National Taiwan University Passed the International Trade Personnel	Ambassador, Taipei Economic and Cultural Office in Myanmar Director General, Bureau of Foreign Trade, Ministry of Economic Affairs Deputy Director General, Bureau of Foreign Trade, Ministry of Economic Affairs Chairman, Small and Medium Enterprise Credit Guarantee Fund of Taiwan, Ministry of Economic Affairs Director, Counselor and Representative Office	Independent Director, Century Wind Power Co. Ltd.	-

				Examination of Trade Negotiations, Ministry of Economic Affairs Senior Officer, Bureau of Foreign Trade, Ministry of Economic Affairs Economic Secretary, Taipei Economic and Cultural Office in Thailand Economic Secretary, Taipei Economic and Cultural Representative Office in the United States Economic Secretary, Délégation Culturelle et Économique de Taipei Head of Economic Section, Taipei Economic and Trade Office, Jakarta, Indonesia Head of Economic Section, Taipei Economic and Cultural Office in Canada Head of Economic Section, Taipei Representative Office in the EU and Belgium Head of Economic Section, Taipei Economic and Cultural Representative Office in the United States Section Chief, Intellectual Property Office, Ministry of Economic Affairs Section Chief, Bureau of Foreign Trade, Ministry of Economic Affairs		
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(2) List of director candidates (nominated by shareholders holding 1% or more of the shares)

Serial Number	Category of candidates	Name of candidates	Name of the government or legal person represented	Education	Work Experience	Current position	Number of shares held
1	Director	Chen Ling Chang	Chao Feng Investment Co., Ltd.	Master of Advanced Business Administration, University of Liege, Belgium	President of Chao Feng Investment Co., Ltd.	President of Chao Feng Investment Co., Ltd.	9,819,000
2	Director	Wei Chieh Chang	Chao Feng Investment Co., Ltd.	Bachelor of Science in Finance and Economics, Da-Yeh University	1. Accounting Director, Tainan Jianru Tutorial School 2. Accounting Director, Cambridge Ying Hai International Education Co., Ltd.	1. Director, Ying Hai High School, Tainan City 2. Director, Chia Hwa Senior High School, Chiayi City	9,819,000
3	Director	Chih Chao Chen		EMBA, National Taichung University of Education	1. Director, Chia Hwa Senior High School, Chiayi City 2. Director, Ying Hai High School, Tainan City 3. 2nd President and 3rd Honorary President of EMBA Alumni Association of the National Taichung University of Education 4. Executive Director of the Alumni Association of National Taichung University of Education	General Manager of Shuntian Rulin Education Group, Taichung	1,000
4	Director	Ming Kuo Ju		Master of Advanced Business	1. Customer Service Engineer, Acer 2. Customer Service Specialist,	1. Director of Senior High School and High School of Tainan Ying Hai Campus of	80,000

				Administration, University of Liege, Belgium	Microsoft Taiwan 3. QA Supervisor of FriendFinder Networks Inc.	Cambridge International School 2. Director of Elementary School of Tainan Ying Hai Campus of Cambridge International School 3. Head of International Division, Chia Hwa Senior High School	
5	Independent Director	Cheng Kai Chou		Master of Science in Finance and Economics, University of San Francisco	1. Full-time Lecturer, Tatung Institute of Technology 2. Full-time Assistant Professor, Tatung Institute of Technology 3. Secretary of Principal, Chia Hwa Senior High School, Chiayi City	Secretary of Principal, Chia Hwa Senior High School, Chiayi City	
6	Independent Director	Ching Sung Li		Master of Laws, National Chung Cheng University	1. Judge of Yunlin, Chiayi and Taichung District Courts in Taiwan 2. President of the National Federation of the Taiwan Bar Association (the 2nd term of the 11th session) 3. President of the Attorney's Academy of the National Federation of the Taiwan Bar Association 4. Chairman of the Attorney Discipline and Review Committee 5. Member of the Judges Selection Committee of the Judicial Yuan (1st session) 6. Chairman of the Taichung Bar Association 7. Member of the Drug Control Review Committee, Ministry of Health and Welfare 8. Legal advisor of the Changhua County Government 9. Member of the Medical Review Committee of Changhua County Government 10. Member of Urban Planning Review Committee of Changhua County	1. Managing Partner, Ching Sung Li Law Firm 2. Member of the Prosecutor Evaluation Committee, Ministry of Justice (the 6th session) 3. Convener of the Supervisory Committee of Taichung City Election Committee 4. Legal advisor of Taichung City Government 5. Member of Taichung City Teachers' Appeal Review Committee (the 6th session) 6. Standing legal advisor to Taichung Veterans General Hospital and Guangtian General Hospital, Guangtian Medical Association	
7	Independent Director	Ching Chao Li		Master of Science in Management Studies, Massachusetts Institute of Technology, USA	1. Engineer, Section Chief, Director, and Special Assistant to General Manager, China Steel Corporation 2. General Manager of TAISIL ELECTRONIC MATERIALS CORP 3. General Manager, TaiAn Technologies Corporation 4. Vice President of Administration, Vice President of Planning, and Executive Vice President, China Steel Corporation 5. Chairman, China Steel Express Corporation	1. Independent Director and Convener of Audit Committee of Motech Industries Inc. 2. Convener of the Audit Committee and Compensation Committee of Ingentec Corporation	

Election results:

Other Items



Proposal 1

Proposed by the Board of Directors

Subject: Proposal to approve the lifting of non-competition restrictions for the 14th term of the Company's directors.

Descriptions: In accordance with Article 209 of the Company Act, it is proposed that the shareholders' meeting lift the prohibition of non-competition for the newly elected directors at this shareholders' meeting.

Resolution:



Extraordinary Motions

Adjournment



Three. Annex

Annex I

Grand Pacific Petrochemical Corporation Rules and Procedures for Shareholders' Meeting (Post-amendment contents)

Officially resolved in the Board of Directors on January 12, 2023

1. The Company's rules and procedures for shareholders' meetings shall be governed by these Rules unless otherwise provided by law or the Articles of Incorporation.
2. In case of a shareholders' meeting, a participating shareholder may, as well, submit his or her sign-in card instead of an act to sign in. The number of shares present shall be calculated based on the number of shares presented on the sign-in card and the video conference platform, plus the number of shares exercising the voting power by written or electronic means.
If a shareholders' meeting is held by video conference, shareholders who intend to attend the meeting by video shall register with the Company two days prior to the shareholders' meeting.
Sign-in for the shareholders' meeting shall be accepted at the shareholders' meeting video conference platform 30 minutes prior to the commencement of the meeting. Shareholders who have completed the sign-in are deemed to be present in person at the shareholders' meeting.
3. The participation and voting by shareholders shall be calculated based on the number of shares.
When the Company convenes a shareholders' meeting, shareholders shall exercise their voting power by electronic means and may use written means.
When the Company convenes a shareholders' meeting by video conference, shareholders participating by video shall vote on each motion and election motion through the video conference platform after the chairperson announces the commencement of the meeting, and shall complete the voting before the chairperson announces the end of the voting, and any delay shall be deemed to be an abstention.
If the shareholders' meeting is convened by video conference, the chairperson shall announce the close of voting and announce the voting and election results as a one-time vote count. When the Company convenes a video-assisted shareholders' meeting, shareholders who have registered to attend the shareholders' meeting by video means and intend to attend the physical shareholders' meeting in person shall deregister in the same manner as they registered two days prior to the shareholders' meeting; if they deregister after the deadline, they may attend the shareholders' meeting by video means only.
If shareholders exercise their voting power by written or electronic means without withdrawing their expressions of interest and participate in a shareholders' meeting by video, they may not exercise their voting power on the original motion or propose amendments to the original motion or exercise their voting power on amendments to the original motion, except for incidental motions.
4. The shareholders' meeting shall be convened at a venue where the Company is postponement

or a venue appropriate to convening of the shareholders' meeting. The shareholders' meeting shall not start at a time earlier than 9:00 a.m. or later than 3:00 p.m.

5. The shareholders' meeting shall be chaired by the chairman if it is convened by the board of directors. In the event that the chairman is on leave or is unable to exercise the power by any reason, the vice chairman shall act on behalf. In case of no vice chairman or in the event that the vice chairman is on leave or is unable to exercise the power by any reason, the chairman shall appoint one managing director to act on behalf. In case of no managing director, the chairman shall appoint one director to act on behalf. In the event that the chairman does not appoint a substitute, one managing director or one director shall be elected from among themselves to act on behalf. Where a shareholders' meeting is convened by another authorized person beyond the board of directors, the shareholders' meeting shall be chaired by that convener.
6. The retained Attorney-at-Law appointed by the Company, Certified Public Accountant or the relevant personnel may participate in the shareholders' meeting as non-voting (guest) participants. The staff members for a shareholders' meeting shall wear identity certificates or armbands.
7. The process of a shareholders' meeting shall be recorded with audio or video proofs which shall be archived for a minimum of one year.

If shareholders' meetings are held by video conference, the Company shall keep records of the shareholders' registration, sign-up, sign-in, inquiries, voting and the Company's vote counting results, and shall continuously and uninterruptedly record and video tape the entire video conference.

The Company shall keep the aforementioned information and audio and video recordings for the duration of the Company's existence and shall provide the audio and video recordings to the personnel appointed to conduct the video meeting for retention.

8. The chairperson shall call to start the meeting when the time is up. In the event that the meeting is attended by shareholders who do not constitute a half of the total outstanding shares, nevertheless, the chairperson may announce a postponement for the meeting. The total of the postponements shall not exceed the maximum of twice and the aggregate total of postponements shall not exceed one hour. In the event that the shareholders' meeting is attended by shareholders who represent still less than one-third of the total outstanding shares after twice postponements, the chairperson may announce that the shareholders' meeting be aborted. In the event that the shareholders' meeting is attended by shareholders who represent still less than one-third of the total outstanding shares after twice postponements, a tentative resolution in accordance with Paragraph 1 of Article 175. In the event that the total of the outstanding shares represented by the participating shareholders exceeds a half of the aggregate total, the chairperson may put the tentative resolution so resolved to the shareholders' meeting for further resolution in accordance with Article 174 of the Company Act.
9. Where a shareholders' meeting is convened by the board of directors, the agenda shall be worked out by the board of directors and shall be handled based on the scheduled agenda. The agenda shall not be changed unless duly resolved by the shareholders' meeting. The provision set forth under the preceding paragraph is equally applicable mutatis mutandis to an event where

the shareholders' meeting is convened by another convener beyond the board of directors.

The chairperson shall not announce adjournment of the meeting unless duly resolved, before the issues on the agenda as mentioned in the two preceding paragraphs (including extraordinary motions) are concluded.

After the meeting is adjourned, the shareholders shall no longer elect another chairperson to continue the meeting at the same or a new venue; Where the chairperson breaches the Procedure Rules for Shareholders' Meeting and announces adjournment of the meeting, one person may be elected through a majority vote of the participating shareholders to serve as the chairperson to continue the meeting.

10. Before a shareholder takes the floor, he or she shall fill up the speech slip which shall expressly bear the subject of his or her speech, shareholder account number (or participation certificate number) and name of account holder. The chairperson shall fix the subsequent order of the floor. Where a shareholder does not speak up after having submitted a slip of the floor, he or she is deemed to have not spoken up. In case of a discrepancy between the contents actually spoken and those shown on the contents of the floor, the contents actually spoken shall prevail. Where a shareholder speaks, other shareholders shall not speak to interfere unless consented by the chairperson and the speaking shareholder. The chairperson may stop an offender, if any.

If the shareholders' meeting is convened by video conference, shareholders participating by video may ask questions by text on the video conference platform after the chairperson announces the commencement of the meeting and before the announcement of the adjournment of the meeting. The number of questions for each motion shall not exceed two and each question shall be limited to 200 words.

11. For a same issue, a shareholder shall not speak more than twice, and not over five minutes in each speech. Where a shareholder breaches the requirements or speaks beyond the specified scope in accordance with the preceding paragraph, the chairperson may stop his or her speech.
12. Where a juristic person is commissioned to participate in a shareholders' meeting, that juristic person may assign only one representative to participate in the meeting. Where a juristic person shareholder appoints more than two representatives to participate in the shareholders' meeting, only one among them may take the floor for a same issue.
13. After a shareholder completes the floor, the chairperson may reply either in person or through another designated by the chairperson.
14. If the chairperson deems that the proposal in discussion is ready for a vote, he or she may declare an end to the discussion, and put it forward for a vote.
15. In the voting process, the monitors and calculators shall be designated by the chairperson. A monitor shall be designated among shareholders. Voting results shall be reported on site and a record shall be made.
16. During the progress of a meeting, the chairperson may announce a recess as appropriate at his discretion.
17. Unless otherwise provided for in the Company Act or the Articles of Incorporation, decisions in the shareholders' meeting shall be resolved by a majority vote of the participating shareholders.

18. Where an issue has an amendment or an alternate, the chairperson shall decide the order of voting process along with the initial issue. Where one issue has been duly resolved, other issue(s) shall be deemed vetoed and shall call for no more voting process.
19. The chairperson may instruct the picketers (or security guards) to help maintain the order of a shareholders' meeting venue. Where the picketers (or security guards) help maintain the order at the venue, they shall wear the armbands bearing "Picketers".
20. These Rules shall be put into enforcement after being resolved in the shareholders' meeting. This same provision is mutatis mutandis applicable to an event of an amendment.



Annex II

Grand Pacific Petrochemical Corporation Articles of Incorporation

Officially resolved in the shareholders' meeting on March 29, 2022
Officially resolved in the shareholders' meeting on May 20, 2022

Chapter I General Provisions

Article 1: This Company is duly incorporated under the provisions set forth in the Company Act in the full name of GRAND PACIFIC PETROCHEMICAL CORPORATION (hereinafter referred to as the Company).

Article 2: The Company shall engage in business operation within the scope enumerated below:

1. C801020 Petrochemical Manufacturing
2. C801100 Synthetic Resin & Plastic Manufacturing
3. C802990 Other Chemical Products Manufacturing
4. F401010 International Trade
5. D101050 Cogeneration
6. D401010 Heat Energy Supplying
7. G801010 Warehousing and Storage
8. H701020 Industrial Factory Buildings Lease Construction and Development
9. F501060 Restaurants
10. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1: The aggregate total of outward investment by the Company is free of the 40% of the Company's paid-in capital.

Article 3: The Company is headquartered in Kaohsiung City of the Republic of China and may have branches or factories established elsewhere at home and abroad as appropriate. The establishment and change of the Headquarters, a branch or factory shall be duly handled exactly as resolved in the Board of Directors.

Article 4: (Deleted)

Chapter II Shares

Article 5: The Company's authorized capital amounts to Twenty Billion New Taiwan Dollars, divided into two billion shares at NT\$10 par value. For the unissued shares, the Board of Directors is authorized with plenipotentiary power to issue in partial installments as the actual situations may justify and to issue preferred shares for a part of the unissued shares.

The Company may issue employee stock option certificates to employees of the Company and its subsidiaries at home and abroad. Amidst the aggregate total of shares

mentioned in the preceding paragraph, 50 million shares may be reserved to issue employee stock option certificates which may be issued in partial installments as resolved by the Board of Directors. Where the Company falls in a need to repurchase itself, the Board of Directors is authorized with plenipotentiary power to duly act as appropriate.

Where the price of subscription to the employee stock option certificates issued by the Company is below the closing price of the Company's common shares on the date of issuance, or where the price of treasury stocks transferred to employees is below the average price of the shares repurchased by the Company, it shall be subject to consent in the shareholders' meeting through one half majority vote cast by participating shareholders who represent two-thirds of the total of voting powers.

The preferred shares issued by the Company in 1984 (listed through Taiwan Stock Exchange Corporation (TWSC) in Stock Code 1312A, (hereinafter referred to as Year 1984 Grand Pacific Preferred Shares) bear the rights & obligations as enumerated below:

1. Allocation of dividend in the terms as set forth under Article 29 of these Articles of Incorporation.
2. Preferential allocation of the Company's residual properties.
3. Other rights equivalent to those borne by common shares.

Article 5-1: The Company's preferred shares bear the rights & obligations and other significant terms for issuance as enumerated below except Year 1984 Grand Pacific Preferred Shares which shall be duly handled in accordance with Article 5 & Article 29 and not subject to provisions set forth under this Article:

1. Preferred shares bear dividend within the maximum limit of 8% per annum, to be counted based on the issuance price per share. The dividend is payable in cash once per annum. The dividend of the preceding year shall be paid on the base day resolved and fixed by the Board of Directors. The amount of dividend in the year of issuance and the year of recovery shall be counted based on the numbers of days of issuances in that year(s). The day of issuance is defined as the base day on which the preferred shares are issued.
2. Toward allocation of preferred share dividend, the Company has a discretionary power and may not allocate to preferred share dividend as resolved in the Board of Directors. In a year while the Company shows no earning in the final account or while the Board of Directors resolves not to allocate preferred share dividend, the preferred share dividend not allocated shall not be accumulated to the subsequent year(s) for deferred payment.
3. The preferred share shareholders supersede common shareholders in allocation of dividend but are next to the shareholders of Year 1984 Grand Pacific Preferred Shares. Except receipt of the dividend mentioned under Subparagraph 2 of this Paragraph, the preferred share shareholders shall not participate in the distribution of earnings of common shares and an event where the capital reserve is allocated for cash dividend or for expansion of capital.
4. The preferred share shareholders supersede common shareholders in allocation of the Company's residual properties but are next to the shareholders of Year 1984 Grand Pacific Preferred Shares. Except Year 1984 Grand Pacific Preferred Shares, the shareholders of all sorts of preferred shares are entitled to the same priority orders in receipt of payments and shall not exceed the amount of issuance.
5. The preferred share shareholders are not entitled to voting power and election power

in a shareholders' meeting but are entitled to be elected to be directors; and are entitled to voting powers in the preferred shareholders' meeting and a shareholders' meeting linked up with the rights & obligations of preferred shareholders' meeting.

6. A preferred share shall not be converted into a common share.
7. The preferred shares shall not be fixed with an expiring date. In case of the period of issuance, such period of issuance shall not be shorter than seven (7) years. A preferred shareholder shall not request the Company to retrieve the preferred shares held by him or her. The Company may, nevertheless, fix the retrieving date and the retrieving date so fixed shall not be earlier than the expiring date of a five-year period. After the expiring date or starting from the date of retrieval fixed by the Company, the Company may retrieve the issued preferred shares either in whole or in part at issue price and relevant issuance rules in cash or other method where permitted by law. In the event that where the time is due, the Company is unable to retrieve the preferred shares either in whole or in part as a result of objective factor or force majeure, the rights of the preferred shares not retrieved shall be extended based on the conditions of issuance until the time point when the Company retrieves in full. In the event that the Company resolves to grant dividend in that year, the dividend payable as of the date of retrieval shall be counted based on the number of days of issuance in that year.

For the title of the preferred shares, date of issue and the concrete conditions, the Board of Directors is authorized with plenipotentiary power to handle based on the facts of the capital markets, the investors' intent to subscribe to, the Company's Articles of Incorporation and laws and ordinances concerned at the moment of actual issuance.

- Article 6: The Company's share certificates shall be in the registered ones in all events.
- Article 7: The Company's share certificates are registered and serially numbered, and shall be signed or affixed with seals by directors that represent the Company, and duly certified by an authorized bank before issuance.
For shares issued by the Company, the Company may be exempted from printing share certificates but shall consult with the Taiwan Depository & Clearing Corporation (TDCC) for registration or custody.
- Article 8: The Company's registered share certificates shall bear the shareholders' names, or title of the juristic person if held by a juristic person.
- Article 9: Unless otherwise specified in laws and ordinances concerned and rules & regulations regarding securities, the transfer by shareholders for the share certificates, pledge of rights, report-for-loss, inheritance, bestowal as a gift, report-for-loss for or change in registered specimen seal and all sorts of rights of securities of the Company shall be duly handled exactly in accordance with "Regulations Governing the Administration of Shareholder Services of Public Companies".
- Article 10: (Deleted)
- Article 11: (Deleted)

Article 12: Transfer of stock ownership shall be discontinued within sixty (60) days prior to a shareholders' regular meeting, within thirty (30) days prior to a special shareholders meeting and within five (5) days prior to the base day scheduled for allocation of dividend, bonus or other interests.

Article 13: Where a share certificates is lost or stolen, the shareholder or the lawful holder shall duly report to the security authority, fill up the application form for report-for-loss of the share certificates and submit it to the Company for audit registration, petition to the jurisdictional court for the public summons procedures in accordance with the Code of Civil Procedure within five (5) days. That same applicant shall submit the duplicate copy of the application and the photocopy of the receipt issued by the court to the Company otherwise the application shall be abolished. After the public summons procedures are duly ruled by the court, the applicant shall submit one copy of the newspaper bearing the public summons procedures to the Company. Upon expiry of the period for the public summons procedures, the applicant shall apply to the Company based on the judgment issued by the court for reissuance of new share certificates.

Article 14: (Deleted)

Chapter III Shareholders' Meeting

Article 15: The Company's special shareholders meeting shall be duly convened within six (6) months from closing of every fiscal year, with the notices f or the meeting to be served to all shareholders thirty (30) days prior to the date scheduled for the shareholders' regular meeting. A special shareholders meeting may be convened whenever necessary with notices to be served to all shareholders fifteen (15) days in advance. The notices mentioned in the preceding paragraph shall bear the date, venue, reasons to convene the meeting. A shareholders' meeting shall be duly convened by the Board of Directors unless otherwise specified in Company Act. Shareholders' meetings may be conducted via video conference or in any other method announced by the central competent authority.

Article 16: A shareholders' meeting shall be duly convened in accordance with Company Act. A shareholder who is unavailable to attend a shareholders' meeting in person may appoint a proxy by issuing a power of attorney (proxy) to expressly bear the scope of the authorized power, duly sign and affix seal thereupon to authorize a proxy to attend on his or her behalf. Except for a trust enterprise or a stock agency approved by the competent authority, when a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting powers of the company, otherwise, the portion of excessive voting power shall not be counted. Unless otherwise specified in the Company Act, the participation in a shareholders' meeting by a shareholder through a proxy shall be duly handled exactly in accordance with "Regulations Governing Use of Proxies in the Shareholders' Meeting of Public Companies". A shareholder of the Company may exercise voting power through electronic means. A shareholder who exercises voting power through electronic means is deemed to have participated in the meeting in person. All relevant issues shall be duly handled in accordance with the laws and ordinances concerned.

- Article 17: A shareholders' meeting shall be chaired by the chairman. During the chairman's absence, the shareholders' meeting shall be chaired by the vice chairman. Where the vice chairman is absent either, the chairman shall appoint one director to chair the meeting. Where the chairman does not appoint a director, one director shall be elected from among themselves to chair the meeting.
- Article 18: Unless otherwise provided for in the Company Act, decisions in the shareholders' meeting shall be resolved by over one half majority vote in the meeting which is attended by shareholders who represent over one half majority of the total issued shares.
- Article 19: With the shares held by shareholders, each share hereof is entitled to one voting power, provided that the Company has no voting power for shares held under Article 179 of the Company Act. Where a juristic person functions as a shareholder of the Company, the representative is not confined to one person. The voting power so exercised shall, nevertheless, still be counted based comprehensively based on the shares so held.
- Article 20: Minutes shall be duly worked out for decisions resolved in a shareholders' meeting and shall be duly signed or affixed with seal by the chairperson and served to all shareholders within twenty (20) days after the meeting. The minutes may be served by means of a public announcement.
The minutes of a meeting shall expressly bear the month/day/year, venue of the meeting, name of the chairperson, method of resolution, highlights and outcome of the meeting and shall be archived permanently throughout the period while the Company exists.
The sign-in book for participating shareholders and written proxies shall be archived for one year minimum, provided, that where a shareholder lodges litigation in accordance with Article 189 of the Company Act, the same shall be archived until after the litigation is concluded.

Chapter IV Board of Directors, Audit Committee and Managers

- Article 21: The Company has seven ~ eleven directors to organize the Board of Directors. The directors shall be elected by the shareholders' meeting from the candidates with disposing capacity, with a three-year tenure of office, eligible for reelection. The number of independent directors shall not be below the minimum of three.
Directors are elected under the candidates nomination system as set forth under Article 192-1 of the Company Act. The director candidates shall be nominated, accepted for the candidacy and put into public announcement exactly in accordance with the Company Act, Securities and Exchange Act and laws and ordinances concerned. Both independent directors and non-independent directors shall be elected in the same package with the numbers of elected winners to be counted respectively.
- Article 22: In the Board of Directors, through participation by more than two-thirds of total number of directorship seats and one half majority votes of the participating directors, one chairman and one vice chairman shall be elected. The chairman shall represent the Company externally.

Article 23: Except the first board of directors meeting which shall be duly convened in accordance with Article 203 of the Company Act, all meetings of the board of directors shall be convened and chaired by the chairman. The Board of Directors shall convene one meeting on a quarterly basis as the minimum. The notices to a board of directors meeting shall expressly bear the cause(s) or subject(s) of the meeting and shall be served to all directors seven (7) days in advance. A special meeting may be convened any time as necessary. Unless otherwise provided for in the Company Act, decisions in the board of directors meeting shall be resolved by over one half majority in the meeting attended by directors representing over one half majority of the total number of directors. A director who is unavailable to attend a board of directors meeting may authorize another director to act as his or her proxy. The notices for a board of directors meeting mentioned in the preceding paragraph may be served in writing, e-mail or by FAX.

Article 24: The Company's Board of Directors is subject to the responsibilities and powers as enumerated below:

1. To enact business policies, review business plans and oversee implementation of the business operation.
2. To review budget and final accounts.
3. To propose increase/decrease of capital.
4. To review distribution of earnings.
5. To approve of significant external contracts.
6. To propose amendment to Articles of Incorporation.
7. To review the Company's organizational rules and major articles.
8. To determine establishment, reorganization or dissolution of a branch.
9. To appoint and discharge of the ranking staff above manager level.
10. To convene shareholders' meetings.
11. To approve of procurement and disposal of real estate.

Article 25: The Company shall set up Audit Committee in accordance with Article 14-4 of Securities and Exchange Act. The Audit Committee or the members of the Audit Committee shall execute the responsibilities and powers of the supervisors as bestowed under the Company Act, Securities and Exchange Act and other laws and ordinances concerned.

Article 26: The total of the Company's registered share certificates held by all directors shall be pursuant to the ratios specified under the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies promulgated by the competent authority.

Article 27: The remuneration to directors shall be granted disregarding whether the Company operates at a profit. The Board of Directors is bestowed with the plenipotentiary power to fix the amount of the remuneration to directors at the rate normally profitable in the other companies in the same industry.

Article 28: The Company's fiscal year is starting from January 1 until December 31 of every calendar year. Upon closure of every fiscal year, the Board of Directors shall work out the following documents to be submitted to and acknowledged by the shareholders' regular meeting:

1. Business report.
2. Financial statements.
3. Surplus earnings distribution or loss make-up proposal.

Article 29: The Company shall set aside 1% of the profit earned by the Company in a year as remuneration to employees and a sum within 2% maximum of the profit earned by the Company in a year as remuneration to directors based on the profit status of the year. Where the Company remains in accumulated loss, nevertheless, such loss shall be made up beforehand.

The term “the profit status of the year” as set forth herein denotes the profit before tax in that year after deduction the sum for allocation of remuneration to employees and remuneration to directors.

From the earnings of the Company in a year as shown through the annual account settlement, after the sum to pay tax and make up previous loss, if any, is set aside, a sum 10% out of the balance shall be set aside as legal reserve. The balance of the Company's earnings after annual final account settlement, after payment of tax, making up loss, setting aside 10% legal reserve, setting aside or reversal of special reserve shall be allocable earnings which, along with the unappropriated retained earnings of the preceding year, shall be the accumulated unappropriated retained earnings wherewith, dividend for Year 1984 Grand Pacific Preferred Shares at 6% per annum shall be set aside. In the event that the annual dividend is not allocated in full, the shortage shall be made with the allocable earnings of the ensuing year preferentially. With the balance of the unappropriated retained earnings, the Board of Directors shall propose the percentages of allocation based on laws and ordinances concerned, dividend policies and status of working capital. Where the dividend is allocated by means of issuance of new shares, it shall call for consent from the shareholders' meeting beforehand. When the dividend is allocated in cash, it calls for approval under a decision to be resolved in the Board of Directors.

In accordance with Paragraph 5, Article 240 of the Company Act, the Board of Directors is authorized with plenipotentiary power to resolve a decision through one half majority vote cast by participating directors who constitute two-thirds or more of the total directorship seat to allocate the dividend, bonus or part of legal reserve and capital reserve either in whole or in part under Paragraph 1, Article 241 of the Company Act in cash and to report to the shareholders' meeting.

The Company currently lies amidst the highly changeable industrial environment. The life cycle of the Company is amidst stable growth. The Company shall firmly dominate the economic environment to assure sustainable operation. Given the Company's long-term financial planning, future capital needs with efforts to protect the interests of shareholders. Except for financial structure improvement, support to investees, capacity expansion or other significant capital expenditures, the amount of dividends distributed may not fall below 10% of the outstanding balance after net income of the year less the offset of accumulated deficits, contribution to legal earnings surplus and special earnings surplus and 6% dividends to Year 1984 Grand Pacific Preferred Shares. The Company shall allocate annual cash dividends are not less than 10% of the total cash and stock dividends of the current year (excluding dividend of Year 1984 Grand Pacific Preferred Shares at 6% per annum).

Chapter V Supplementary Provisions

Article 30: All contracts executed by the Company externally, disregarding the counterparties, shall bear the terms and conditions consistent with the principles of fair competition aiming at the Company's interests in the top concern.

Article 31: The Company's organizational rules and all operational regulations shall be enacted by the Board of Directors separately.

Article 32: The Company may render guarantee services externally. Matters not specified in these Articles of Incorporation, if any, shall be duly handled in accordance with the Company Act and laws and ordinances concerned.

Article 33: These Articles of Incorporation were duly enacted on June 25, 1973.
Duly amended on June 27, 1974 as the 1st amendment.

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Duly amended on May 20, 2022 as the 40th amendment.

These Articles of Incorporation shall be put into enforcement after the amendment is duly resolved in the shareholders' meeting.

Annex III

Grand Pacific Petrochemical Corporation Procedures for Acquisition or Disposal of Assets (Post-amendment contents)

Officially resolved in the Board of Directors on March 14, 2023

1. Objectives

These Operational Procedures are duly enacted in accordance with Article 36-1 of Securities and Exchange Act and rules & regulations concerned promulgated by the Financial Supervisory Commission, Executive Yuan.

2. Scope of application

The Company's procedures for acquisition or disposal of assets shall be in accordance with the provisions of these Procedures.

3. Relevant referential papers

3.1 The “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” amended and promulgated by the Financial Supervisory Commission` and letters & decrees concerned.

3.2 FAM-01 Regulations Governing Property Management

3.3 INC-02 Regulations Governing Authorization in Duties

3.4 PRC-01 Public Relations Operations

3.5 ACC-01 Budgeting Operations

3.6 ACC-06 Regulations Governing Capital Expenditures

4. Definition of terms

4.1 The term “assets” as set forth in these Procedures includes:

4.1.1 Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities, and asset-backed securities

4.1.2 Real estate (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment

4.1.3 Memberships

4.1.4 Patents, copyrights, trademarks, franchise rights, and other intangible assets

4.1.5 Right-of-use assets

4.1.6 Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables)

4.1.7 Derivatives

4.1.8 Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law

4.1.9 Other major assets

All the aforementioned assets shall be duly acquired or disposed of exactly in accordance with these Operational Procedures.

- 4.2 Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of the board of directors resolutions, or other date that can confirm the trading counterparty and monetary amount of the transaction, whichever date 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.
- 4.3 Professional appraiser: Refers to a real estate appraiser or other person duly authorized by law to engage in the value appraisal of real estate or equipment.
- 4.4 Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- 4.5 Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term “forward contracts” does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
- 4.6 Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefore (hereinafter “transfer of shares”) under Article 156-3 of the Company Act.
- 4.7 The term “within one year” as set forth in these Procedures denotes the period of one year starting retrospectively backward from the date of occurrence of the fact. The part promulgated under the Rules amended and promulgated by the Financial Supervisory Commission, Executive Yuan in Article 3.1 is no longer required to be counted inclusive.
- 4.8 The term “financial statements of the most recent term” as set forth in these Procedures denotes the Company's financial statements of the most recent term audited or certified by the Certified Public Accountant(s).
- 4.9 Mainland China area investment: Refers to investments 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.
- 4.10 Independence of experts: The professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company and its subsidiaries with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:
- 1) Having not previously received a final and unappealable sentence to imprisonment for one year or longer in contravention of the 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 three years have already elapsed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
 - 2) Having not been a related party or de facto related party of any party to the

transaction.

- 3) Where 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.

Upon issuance of an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulations issued by trade associations they belong to and the following rules:

- 1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
- 2) Upon undertaking a project, 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 worksheets.
- 3) It is necessary to conduct an item-by-item evaluation of the appropriateness and reasonableness of data sources, parameters and information used as the basis for issuance of the appraisal report or the opinion.
- 4) The declaration should attest to the professional competence and independence of the personnel, appropriateness and reasonableness of information used for the evaluation, and relevant laws and regulations to adhere to.

- 4.11 The aforesaid major asset acquisition or disposal transaction requires the approval from at least half of all audit committee members and resolution from the board of directors. If the approval from at least half of all audit committee member is not obtained, the procedures may be implemented with approval by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the board meeting minutes. The terms "all audit committee members" in the preceding paragraph and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

The report submitted to the board of directors for discussion should fully consider the opinion of independent directors. Any opposition or reservation from independent directors should be noted in board meeting minutes.

5. Handling procedures & explanation:

5.1 Prerequisite for investment in negotiable securities:

5.1.1 Appraisal procedures

The acquisition or disposal of the investment in securities of the Company is carried out by the executing unit to analyze the relevant benefits and assess the potential risks. Upon evaluation, the Company shall obtain the financial statements of the most recent term audited or certified by the Certified Public Accountant(s) of the target companies or other relevant information and data before date of occurrence of the fact to function as the reference for the transaction prices. If the dollar amount of the transaction is 20% 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.

5.1.2 Operational procedures

In terms of investment in negotiable securities, the chairman authorizes the general manager to carry out the investment within the credit limit approved by the Board of Directors. In case of acquisition or disposal of stocks, corporate bonds, negotiable securities in private placement not trade in the centralized exchange or over-the-counter exchanges, approval from the Board of Directors shall be obtained beforehand.

Acquisition or disposal of negotiable securities shall be duly handled in accordance with the operational procedures of the Company's internal control system.

5.1.3 Implementing unit

Investment in the negotiable securities by the Company shall be executed by the Finance Department.

5.1.4 Authorization amount and level

Except for the transactions of domestic government bonds, bonds with repurchase or repurchase conditions, and money market funds issued by domestic securities investment trusts, investments in marketable securities shall be approved by the chairman of the board of directors on a case-by-case basis, with each transaction amounting to less than NT\$300 million reported at the latest board of directors' meeting afterwards and each transaction amounting to more than NT\$300 million approved by the board of directors before it is made.

5.2 Prerequisite for investment in real estate and other fixed assets

5.2.1 Appraisal procedures

In acquiring or disposing of real estate, equipment, or right-of-use assets thereof where the transaction amount reaches 20% 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 mechanical equipment or right-of-use assets thereof 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:

- 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.
- 2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- 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, it is necessary to request certified public accountants to express opinions on the reason for the discrepancy and the appropriateness of the transaction price:
- 4) The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.

- 5) The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
- 6) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

5.2.2 Operational procedures

- 1) For acquisition or disposal of real estate, the publicly announced current value, evaluated value, prices in transactions actually concluded for the neighboring real estate, conditions to resolve for the transaction and transaction prices.
- 2) In acquisition or disposal of other fixed assets, the Company shall conduct through inquiry, price competition, price negotiation bargaining process or open tender.

5.2.3 Implementing unit

In acquiring or disposing of real estate or other fixed assets, the using unit or financial unit shall be responsible for implementation thereof after approval thereof from the approval authority under the preceding paragraph is obtained.

5.2.4 Authorization Amount and Level

The acquisition or disposal of real estate (including equipment) or right-of-use assets in an amount of less than NT\$300 million shall be approved by the chairman of the board of directors. Subsequently, the approved proposal shall be promptly reported to the Board of Directors during its most recent meeting. If the amount exceeds NT\$300 million, it shall be reported to the board of directors for approval before it can be made. For acquisition or disposal of real estate or its right-of-use assets through transactions with related parties, 5.5.4 shall apply.

5.3 Limit of investment in negotiable securities and real estate and the right-of-use assets not for business use

5.3.1 The total amount of investment by the Company and its subsidiaries into negotiable securities shall not exceed 150% of the Company's net worth as shown through its financial statements of the most recent term. The total amount of negotiable securities investments of individual subsidiaries shall not exceed 100% of the Company's net worth as shown in the most recent financial statements, and the amount of the Company's investment in a single individual negotiable security shall not exceed 50% of the aforementioned net worth.

5.3.2 The total amount of investment by the Company and its subsidiaries into real estate not for business use or the right-of-use assets shall not exceed 10% of the Company's net worth as shown through its financial statements of the most recent term. The amount of real estate not for business use or its right-of-use assets held by individual subsidiary shall not exceed 5% of the Company's net worth as shown through its financial statements of the most recent term.

5.4 Procedures for acquisition and disposal of memberships, intangible assets or right-of-use assets

5.4.1 Appraisal procedures

Where the Company acquires or disposes of memberships, intangible assets, right-

of-use assets thereof and other major assets and the transaction amount reaches twenty percent (20%) 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 rationality of the transaction price.

5.4.2 Operational procedures

- 1) In acquisition or disposal of memberships, intangible assets, other major assets, the Company shall conduct through inquiry, price competition, price negotiation bargaining process or open tender.

5.4.3 Implementing unit

In acquiring or disposing of memberships, intangible assets, other major assets, the using unit or the Finance Department shall be responsible for implementation thereof after approval thereof from the approval authority under the preceding paragraph is obtained.

5.4.4 Authorization amount and level

For the acquisition and disposal of memberships, intangible assets or right-of-use assets, the amount of which is less than NT\$300 million shall be submitted to the chairman of the board of directors for approval and shall be reported at the most recent board of directors' meeting afterwards; if the amount exceeds NT\$300 million, it shall be submitted to the board of directors for approval before it can be made.

5.5 The operational procedures of acquisition or disposal of assets with related parties

5.5.1 When the Company shall engage in any acquisition or disposal of assets from or to a related party, in addition to the process in accordance with the above-mentioned requirements, and the relevant resolution procedure adopted and the appraisal of rationality of trading terms appraised according to the following requirements, 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 as required. The calculation of the amount of transaction mentioned in the preceding paragraph referred to in the preceding paragraph shall be made in accordance with the above-mentioned requirements hereof. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

5.5.2 When the Company intends to acquire or dispose of real estate or right-of-use assets thereof from or to a related party, or intends to acquire or dispose of assets other than real estate or right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% 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 repurchase of domestic money market funds issued by the securities investment trust enterprises, the Company shall not proceed to enter into a transaction contract or make a payment until the following information have been agreed by more than half of all audit committee members in principles and then resolved by the board of directors:

- 1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- 2) The reason for choosing the related party as a trading counterparty.

- 3) With respect to the acquisition of real estate 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 5.5.3.
- 4) The date and price at which the related party originally acquired the real estate, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.
- 5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- 6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- 7) Restrictive covenants and other important stipulations associated with the transaction.

In case of transactions carried out by and among the Company, its subsidiaries or subsidiaries with 100% holdings of issued shares or total capital, the Board of Directors may authorize the chairman to carry out beforehand within the specified credit limit and to report to the most recent board of directors meeting for retrospective acknowledgement afterward.

- ① The equipment or right-of-use assets thereof is acquired or disposed for business use.
- ② The real estate right-of-use assets is acquired or disposed for business use.

The amount of transaction mentioned in the preceding paragraph shall be counted under Article 5.8.1. The term “within the preceding year” as set forth herein denotes the one-year period retrospectively preceding the date of occurrence of the fact. The part having been approved by the shareholders meeting, Board of Directors and acknowledged by the Audit Committee needs not be counted inclusive.

When the Company or a subsidiary that is not a domestic public company engages in a transaction described above and the transaction is valued at $\geq 10\%$ of the Company's total assets, the Company should submit all the data listed above the shareholders' meeting for approval before contact signing and paying for the transaction. However, this does not apply to the transaction between the Company and its subsidiary or between subsidiaries.

5.5.3 Appraisal of reasonableness of the transaction cost

- 1) In acquiring real estate or right-of-use assets thereof from a related party, the Company shall appraise the reasonableness of the transaction costs by the following means:
 - 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.
 - 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% 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 trading counterparties.

- 2) Where land and house thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the house may be separately appraised in accordance with either of the means listed in the preceding paragraph.
- 3) Where Company acquires real estate or right-of-use assets thereof from a related party and appraises the cost of the real estate or right-of-use assets thereof in accordance with two subparagraphs of Paragraph 1, the Company shall also engage a CPA to check the appraisal and render a specific opinion.
- 4) When the results of the Company's appraisal conducted for acquisition of real estate in accordance with Paragraph 1 and Paragraph 2 of Article 5.5.3 are uniformly lower than the transaction price, the matter shall be handled in compliance with Paragraph 5 of Article 5.5.3. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real estate appraiser and a CPA has been obtained, this restriction shall not apply:
 - (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:
 - ① Where undeveloped land is appraised in accordance with the means in two subparagraphs of Paragraph 1 of Article 5.5.3, and house according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - ② 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 similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or lease practices.
 - (2) Where the Company acquiring real estate, or obtaining real estate right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of transactions for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Transactions for neighboring or closely valued parcels of land in the preceding paragraph 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; transaction for similarly sized parcels in principle refers to transactions by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; the “within the preceding year” refers to the year preceding the date of occurrence of the acquisition of the real estate or right-of-use assets thereof.

- 5) Where the Company acquires real estate or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with preceding two paragraphs are uniformly lower than the transaction price, the following steps shall be taken:
 - (1) A special reserve shall be set aside in accordance with Paragraph 1 of Article 41 of the Securities and Exchange Act against the difference between the real estate or right-of-use assets thereof transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Paragraph 1 of Article 41 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
 - (2) Audit committee shall comply with Article 218 of the Company Act.
 - (3) Actions taken pursuant to subparagraph (1) and subparagraph (2) shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

Where the Company amortizes special reserve in accordance with the aforementioned provisions, the Company shall not use the special reserve until the loss for depreciation has been recognized for assets purchased or leased at high prices, or has been disposed of, or the leasing contract has been terminated or with appropriate compensation or with restoration to the status quo ante or there has been other evidence proving no irrationality, as approved by the Financial Supervisory Commission.

For transaction of real estate or right-of-use assets thereof with related parties, if there is other evidence indicating that the transaction was not in conformity with arm's length, the Company shall follow the requirements of the above two subparagraphs.

- 6) Where the Company acquires real estate or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance requirements relating to Article 5.5.2, and the requirement relating to appraisal of reasonableness of transaction cost under Paragraph 1 to Paragraph 3 of Article 5.5.3 do not apply:
 - (1) The related party acquired the real estate or right-of-use assets thereof through inheritance or as a gift.
 - (2) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real estate or right-of-use assets thereof to the signing date for the current transaction.
 - (3) The real estate is acquired through signing of a joint development contract with the related party, or through engaging a related party to

build real estate, either on the company's own land or on rented land.

- (4) The acquisition of business-use real estate right-of-use assets between the Company and its subsidiaries, or the subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital.

5.5.4 Authorization Amount and Level

Any transactions with related parties to acquire or dispose of real estate or the right-of-use assets shall be reported to the Audit Committee and the Board of Directors for approval. For operating lease transactions, if the annual transaction amount is less than NT\$20 million, it shall be submitted to the chairman of the board of directors for approval, except for operating lease transactions between the parent company and the subsidiary company, which shall be exempted from the reporting to the board of directors, and all other transactions shall be reported at the most recent board of directors' meeting. If the transaction exceeds NT\$20 million, the transaction shall be reported to the board of directors for approval before it can be made.

5.6 Operational Procedures of derivative instruments

The Company has separately enacted "Operational Procedures to Engage in Transaction and Disposal of Derivatives" (FIN-10) as the very grounds for transaction in derivative instruments.

5.7 Operational Procedures for a merger, demerger, acquisition, or transfer of shares

5.7.1 Appraisal and operational procedures

- 1) In conducting a merger, demerger, acquisition, or transfer of shares, the Company shall, prior to convening the board of directors to resolve on the matter, engage a CPA, attorney, 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. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which the Company directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital.
- 2) The Company 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 the preceding paragraph when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Additionally, where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall

immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

5.7.2 Other key points for attention:

- 1) Dates to convene the board of directors meeting and shareholders' meeting: Unless otherwise specified in laws and ordinances concerned or in case of an extraordinary factor approved by the Financial Supervisory Commission, Executive Yuan beforehand, the companies participating in merger, demerger, acquisition shall convene the shareholders' meetings and board of directors meetings on the same day to resolve the decision about merger, demerger, acquisition affairs. Unless otherwise specified in laws and ordinances concerned or in case of an extraordinary factor approved by the Financial Supervisory Commission, Executive Yuan beforehand, the companies participating in acceptance of transfer of another company's shares merger shall convene the board of directors meetings on the same day.

Of the companies participating in merger, demerger, acquisition, or acceptance of transfer of another company's shares with the exchange-listed (over-the-counter) stocks at the business venues of securities dealers, the Company shall work out integrated records in writing as enumerated below and archive them for five (5) years ready for audit.

- (1) Basic identification data for personnel: Including the position 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 another company's shares prior to disclosure of the information.
- (2) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board meeting.
- (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 board meetings.

Those companies participating in merger, demerger, acquisition, or acceptance of transfer of another company's shares and in buys, sales of stocks at securities dealers shall declare through Internet system toward the Financial Supervisory Commission for future reference according to the statutory format the information set forth under Subparagraphs 1 and 2, of the preceding paragraph within two (2) days after the decision is resolved in the Board of Directors.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, With the a company that is listed on an exchange or has its shares traded on an OTC market, the Company shall execute an agreement and shall duly handle the business based on the aforementioned provisions.

- 2) Commitment to confidentiality obligations beforehand: 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.

- 3) Principles for stipulation and change in share swap ratios and acquisition prices: 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:
 - (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
 - (2) An action, such as a disposal of major assets that affects the company's financial operations
 - (3) An event, such as a major disaster or major change in technology, which affects shareholder equity or share price.
 - (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.
 - (5) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - (6) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- 4) Contents to be recorded in the contract: 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:
 - (1) Handling of breach of contract
 - (2) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
 - (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 handling thereof.
 - (4) The manner of handling changes in the number of participating entities or companies.
 - (5) Preliminary progress schedule for plan execution, and anticipated completion date.
 - (6) Relevant operational procedures for the scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures
- 5) In case of a change in the number of companies participating in merger, demerger, acquisition, or acceptance of share transfer: 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, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

- 6) 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 Paragraphs 1, 2 and 5 of this Article.

5.8 Timeframe and contents of the public announcement and filing

5.8.1 Where the Company acquires or disposes of assets where any one among those circumstances enumerated below occurs, the Company shall, based on the specified formula, launch public announcement and filing through the website promulgated by the competent authority within two (2) days from date of occurrence of the fact:

- 1) Acquisition or disposal of real estate or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real estate or right-of-use assets thereof from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% 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 repurchase of domestic money market funds issued by securities investment trust enterprises.
- 2) Merger, demerger, acquisition, or transfer of shares.
- 3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the special case approved by the Board of Directors.
- 4) Where the type of asset acquired or disposed is equipment or right-of-use assets thereof for business use, the trading counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - (1) For the paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 - (2) For the paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
- 5) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the trading counterparty is not a related party, and the amount the company expects to invest in the transaction is less than NT\$500 million.

Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of the Company's paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:

- (1) Trading of domestic government bonds or foreign government bonds with credit ratings no inferior to our country's sovereign rating.
- (2) Trading of marketable securities on securities exchanges or OTC markets, or subscription of foreign government bonds or ordinary corporate bonds or general financial debentures without equity characteristics (excluding subordinated debt) offered and issued in the primary market, or subscription or repurchase of securities investment trust funds or futures trust funds, or subscription or resale of exchange trade notes (ETNs) or subscription of marketable securities by a securities firm as required for its underwriting business and serving as an underwriter on the emerging stock company, in accordance with the rules of the Taipei Exchange (TPEX).
- (3) Trading of bonds under repurchase/resale agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises.

The amount of transaction mentioned in the preceding paragraph shall be calculated as follows:

- (1) The amount of any individual transaction.
- (2) The cumulative transaction amount of acquisitions or disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
- (3) The cumulative transaction amount of real estate or right-of-use assets thereof acquisitions or disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
- (4) The cumulative transaction amount of acquisitions or disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

5.8.2 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 competent authority within 2 days commencing immediately from the date of occurrence of the event:

- 1) Change, termination, or rescission of a contract signed in regard to the original transaction.
- 2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
- 3) Change to the originally publicly announced and reported information.

5.8.3 When 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 within two days counting inclusively from the date of knowing of such error or omission.

5.8.4 The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and opinions of CPA, attorney, and securities underwriter at the Company, where they shall be retained for 5 years except where another law provides otherwise.

- 5.8.5 The amounts of transactions for assets mentioned under Articles 5.1, 5.2 and 5.4 shall be duly handled in accordance with the provisions of the transaction amount mentioned in Article 5.8.1, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.
- 5.9 The control procedures over subsidiaries in acquisition or disposal of assets.
- 5.9.1 A subsidiary shall, as well, duly enact the “Procedures for Acquisition or Disposal of Assets” in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and submit them to all supervisors and shareholders’ meeting for approval after being resolved in the Board of Directors. This same provision is applicable mutatis mutandis to an event of amendment.
- A subsidiary of the Company, while acquiring or disposing of assets, shall duly handle in accordance with the “Internal Control System” and “Operational Procedures for the Acquisition or Disposal of Assets” enacted by itself.
- 5.9.2 If a subsidiary is not a domestic public company, its acquisition or disposal of assets has met the standards for public announcement and report of “Regulations Governing the Acquisition or Disposal of Assets by Public Companies”, the Company shall also make public announcement and report on behalf of such subsidiary.
- 5.9.3 The term “the paid-in capital or total assets” as used in the standards for public announcement and filing in Article 5.8 applicable to the subsidiary in the preceding paragraph shall refer to paid-in capital or total assets of the parent company (the Company).
- 5.10 Penalty clauses
- Where the manager and person-in-charge in loaning the Company’s funds to others are found in contravention of these Operational Procedures, they shall be reported for performance evaluation in accordance with the Company’s Employee Rewards and Punishments Procedures as the actual situations may justify.
- 5.11 Other issues concerned
- 5.11.1 Amidst the standards/criteria of public announcement and filing by a subsidiary, the term “up to 20% of the paid-in capital or 10% of the total assets” is on the grounds of the paid-in capital or total assets calculated with the parent company only or individual financial statements of the Company of the most recent term.
- 5.11.2 Where the share certificates issued by the Company bear no denomination or where the par value is not NT\$10 per share, with respect to the requirement for transaction amounts of twenty percent (20%) of paid-in capital, ten percent (10%) of shareholders’ equity attributable to the parent company shall be used in the calculation. In the provision of transaction amount with paid-in capital up to NT\$10 billion in these Operational Procedures, in the event that the share certificates issued by the Company bear no denomination or are in par value not NT\$10 per share, it shall be counted based on NT\$20 billion of the equity attributable to owners of the parent company.
- 5.11.3 Where the Company’s assets are acquired or disposed of through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.
- 5.11.4 Enforcement and amendment

An amendment to these Operational Procedures calls for consent by entire Audit Committee members by one half majority vote and shall be resolved in the Board of Directors. If not consented by entire Audit Committee members by one half majority vote, it may go ahead with consent by more than two-thirds of the total number of directorship seats. Where an independent director voices an objection or a reserved opinion, it shall be expressly remarked in the minutes of the board of directors meeting. The decision resolved in the Audit Committee shall be expressly remarked as well and shall be further submitted to the shareholders' meeting for consent after being resolved in the Board of Directors. This same provision is applicable *mutatis mutandis* to an event of amendment.



Annex IV

Grand Pacific Petrochemical Corporation Operational Procedures for Loaning Funds to Others (Post-amendment contents)

Officially resolved in the Board of Directors on October 31, 2022

1. Objectives

These Operational Procedures are duly enacted in accordance with Article 36-1 of Securities and Exchange Act and rules & regulations concerned promulgated by the Financial Supervisory Commission, Executive Yuan.

2. Scope of application

The Company's operational procedures for loaning funds to others shall be in accordance with the provisions of these Operational Procedures.

3. Relevant referential papers

PRC-01 Public Relations Operations

4. Definition of terms

4.1 The amount and duration of a loan mentioned in these Operational Procedures shall be:

- 1) The term “financing amount” as set forth herein denotes the accumulated balance of the short-term financing granted by the Public Companies.
- 2) The term as a short-term refers to one year or one business cycle (whichever is the longer).

4.2 The term the parent company or subsidiary shall be identified in accordance with the requirements of Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4.3 The term “net worth” as set forth herein denotes the equity attributable to owners within the ascription of the parent company, as shown through the Company’s balance sheet which has been worked out in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4.4 The term “date of occurrence of fact” as set forth herein denotes the date of contract signing, date of payment, date when resolved in the Board of Directors or other date which is adequate to prove the target loanee and amount, whichever is the earlier.

5. Operational Procedures and descriptions:

5.1 The causes and necessities of funds to be loaned to others: The Company may lend funds to companies that have business dealings and companies that have short-term financing needs. The funds loaned amidst the need of short-term financing shall be confined to those as enumerated below:

- 1) Where a company where the Company holds shares with voting powers in excess of 50% either directly or indirectly falls in a need for short-term financing.
- 2) Where another company falls in a need for short-term financing for purchase of materials for as working capital.
- 3) In another need where the Company's Board of Directors agrees to loan fund with.

5.2 Maximum limits of the aggregate total of funds loaned and the individual targets.

- 1) The aggregate total amount of the fund loaned by the Company shall not exceed 40% of the Company's net worth.
- 2) The total amount of loans to companies with which the Company has business dealings shall not exceed 10% of the Company's net worth as shown through its audited or reviewed financial statements of the most recent term, and the amount of individual loans shall not exceed the higher of the Company's purchases or sales in the most recent year or the current year up to the time of the loan.
- 3) The credit limit of the fund to be loaned by the Company or its subsidiary toward a single enterprise shall not exceed 10% of the Company's net worth as shown through its financial statements of the most recent term.
- 4) In a case of fund loaned, amidst the change in situations afterward, the target loanee becomes inconsistent with these Operational Procedures or the balance of the loan exceeds the specified maximum limit, the Company shall work out corrective plan and shall submit such corrective plan to the Audit Committee and shall duly complete the corrective action within the time limit specified in the plan.
- 5) Funds loaned by and between the Company and the foreign company(ies) where the Company holds 100% voting power either directly or indirectly, or from the foreign companies where the Company directly and indirectly holds 100% voting powers to the Company, the amount of funds loaned shall not be subject to the restriction of 5.2(6). However, the total amount of the loan and the amount of individual loans shall not exceed 100% of the Company's net worth as shown through its audited or reviewed financial statements of the most recent term, and the duration of the loan shall not exceed ten years.
- 6) For companies with short-term financing needs, the total amount of loans shall not exceed 40% of the Company's net worth as shown through its audited or reviewed financial statements of the most recent term. The amount of individual loans shall be limited to 10% of the Company's net worth as shown through its audited or reviewed financial statements of the most recent term.

5.3 Operational Procedures of funds to be loaned:

5.3.1 Credit investigation

- 1) Where the Company loans fund, the loanee shall first submit the Company data and financial data as necessary and shall apply to the Company for financing credit in writing.
- 2) After the Company accepts the application, the Finance Department shall conduct investigation and evaluation over the target loanee's business undertakings, financial conditions, solvency, profitability and purposes of the loan use and shall work out report.

5.3.2 Collateral for security

Where the Company loans funds, the Company shall acquire a commercial promissory note for security in amount equivalent to the loan and shall proceed with mortgage establishment with real estate or movable properties and insurance against fire risk. For the aforementioned security need, in the event that the loan applicant provides an individual or a company with adequate financial capability as the guarantee instead of collateral security, the Board of Directors may, as appropriate, take reference to the credit investigation report worked out by the Department of Finance instead. Where a company serves as the guarantor, the Company shall check and make sure whether its Articles of Incorporation bear the terms to permit guarantee.

5.3.3 Scope of the authorized power

The Company shall establish the information for the purpose of the fund to be loaned and shall prepare for memorandum data toward such facts of the target loanees, amounts, the date of pass by the Board of Directors, and the date when the fund is loaned which shall be put into prudential investigation into the memorandum record. After the Company's Finance Department completes the credit investigation process, the credit investigation report shall be submitted to the chairman for approval, reported to the Board of Directors for resolution beforehand.

5.3.4 Other issues concerned

Where the Company's responsible person proves in contravention of provisions set forth under Articles 5.1 and 5.2, such responsible person shall team up with the loanee to assume the joint responsibility. In the event that the Company is impaired as a result, such responsible person shall assume the responsibility for damage indemnity as well.

5.4 Duration of loan and method for interest

5.4.1 The duration of each loan of funds shall be limited to one year or less. For funds loaned by and between the Company and the foreign company(ies) where the Company holds 100% voting power either directly or indirectly, or from the foreign companies where the Company directly and indirectly holds 100% voting powers to the Company, the duration of loaning of fund shall be limited to 10 years.

5.4.2 In a case of fund loaned by the Company, the interest rate shall not be lower than the highest interest rate when the Company borrows from a financial institution. In a case of fund loaned by the Company, the interest shall be payable on a monthly basis in principle. In an extraordinary event, the interest pay interval may be subject to flexible adjustment in response to approval by the Board of Directors.

5.4.3 A loan case by and between the Company and its parent company or subsidiary or between the Company and its subsidiaries shall be submitted to and approved by the board of directors through resolution in accordance with the preceding Paragraph. The board of directors may appropriate the loan in installments or on a circulatory basis within the duration not beyond one year and within the amount not beyond the specified limit. The above-mentioned specified limit shall not exceed 10% of the Company's net worth as shown through its audited or reviewed financial statements of the most recent term.

5.5 Timeframe and contents of public announcement and filing

5.5.1 The Company's Accounting Department shall launch public announcement and filing of the balances of the funds loaned by the Company and its subsidiaries as of the preceding month not later than the 10th day of every month.

5.5.2 Where balance of the funds loaned by the Company meets any one among those standards/criteria as enumerated below, the Finance Department shall launch public announcement and filing according to the requirements of the competent authority within two (2) days from date of occurrence of the fact.

1) Where the balance of the funds loaned by the Company and its subsidiaries exceeds 20% of the net worth as shown through the Company's financial statements of the latest term.

- 2) Where the balance of the funds loaned by the Company and its subsidiaries to a single enterprise exceeds 10% of the net worth as shown through the Company's financial statements of the latest term.
 - 3) Where the amounts of the funds newly loaned by the Company or its subsidiaries are up to NT\$10 million or 2% of the net worth as shown through the Company's financial statements of the latest term.
- 5.5.3 Where a subsidiary of the Company is not a firm publicly listed in the Republic of China and where that subsidiary is required to announce to public Subparagraph 3 of the preceding paragraph, that announcement to public shall be conducted by the Company instead.
- 5.6 Penalty clauses
- Where the Company's manager and person-in-charge in loaning the Company's funds to others are found in contravention of these Operational Procedures, they shall be reported for performance evaluation in accordance with the Company's Employee Rewards and Punishments Procedures as the actual situations may justify.
- 5.7 The subsequent follow-up control measures for the amounts having been loaned, procedures to manage overdue creditor's rights
- 5.7.1 After a loan is appropriated, the Company shall closely watch the financial conditions, business performance and relevant credit standing of the loanee and the guarantor(s). If collateral has been provided, the Company shall closely watch a potential change in the collateral value. In case of a significant change, the personnel in charge shall report to the chairman forthwith and take measures to safeguard the credit as instructed.
 - 5.7.2 Where a loanee pays back his or her loan when due or before due date, the Company shall first calculate the interest payable. The loanee shall clear off the interest along with the principal in full before the commercial promissory note may be cancelled and returned to the loanee or before the mortgage can be cancelled.
 - 5.7.3 As soon as the loan expires, the loanee shall pay off the principal and interest immediately. If the loan is not repaid and needs to be extended, the improvement plan shall be duly worked out and submitted to the Board of Directors for approval. In case of violation, the Company may dispose of or claim payback with the provided collateral or guarantor(s).
 - 5.7.4 The Company's internal auditors shall audit the Operational Procedures for Loaning Funds to Others and the implementation thereof on a quarterly basis as the minimum and shall work out documented records. In case of a significant offense noticed, the internal auditors shall keep the audit committee informed forthwith in writing.
 - 5.7.5 The Company shall duly evaluate the facts of funds loaned and appropriate adequate allowance for potential bad debts and shall duly disclose the relevant information and provide the supporting data to the certified public accountant(s) to implement the audit procedures as necessary.
- 5.8 Enforcement and amendments
- An amendment to these Operational Procedures shall be implemented after the approval of the shareholders' meeting and the approval of the shareholders' meeting after the approval of more than one-half of the members of the Audit Committee and the resolution of the Board of Directors; the opinions of the independent directors shall be fully

considered when the issue is submitted to the Board of Directors for discussion. Objections or reserved opinions shall be stated in the minutes of the board of directors meeting. In the event that a director expresses objection as backed by a record or written statement, the Company shall submit the objection to the Audit Committee and report it to the shareholders meeting for discussion. This same provision is applicable *mutatis mutandis* to an event of amendment. In the event that the aforementioned issue is not approved by more than one-half of all members of the Audit Committee, it may be agreed by more than two-thirds of all directors, and the resolutions of the Audit Committee shall be expressly stated in the minutes of the board of directors meeting.

5.9 Other significant issues

Where a subsidiary of the Company intends to loan its fund to others, the Company shall order that subsidiary to duly work out “Operational Procedures for Loaning of Funds to Others” based on its “internal control system” and these Operational Procedures. That subsidiary shall duly act based on the Operational Procedures so worked out and shall declare the balances, target loanees, duration of the loans of the preceding month to the Company not later than the 5th day of every month.

Annex V

Grand Pacific Petrochemical Corporation **Operational Procedures for Making Endorsements / Guarantees** (Post-amendment contents)

Officially resolved in the Board of Directors on October 31, 2022

1. Objectives

These Operational Procedures are duly enacted in accordance with Article 36-1 of Securities and Exchange Act and rules & regulations concerned of the Financial Supervisory Commission, Executive Yuan.

2. Scope of application

The Company's operational procedures for making endorsements / guarantees shall be in accordance with the provisions of these Operational Procedures.

3. Relevant referential papers

INC-03 Regulations Governing Management over Seals
PRC-01 Public Relations Operations

4. Definition of terms

The term “endorsements/guarantees” as used in these Operational Procedures refers to the following:

4.1 Financing endorsements/guarantees:

- 1) Bill discount financing.
- 2) Endorsement or guarantee made to meet the financing needs of another company.
- 3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.

4.2 Customs duty endorsement/guarantee: meaning an endorsement or guarantee for the Company itself or another company with respect to customs duty matters.

4.3 Other endorsements/guarantees: meaning endorsements or guarantees beyond the scope of the above two subparagraphs.

4.4 Any creation by the Company of a pledge or mortgage on its chattel or real estate as security for the loans of another company shall also comply with these Operational Procedures.

4.5 The term the parent company or subsidiary shall be identified in accordance with the requirements of Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4.6 The term “net worth” as set forth herein denotes the equity attributable to owners within the ascription of the parent company, as shown through the Company’s balance sheet which has been worked out in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4.7 The term “date of occurrence of fact” as set forth herein denotes the date of contract signing, date of payment, date when resolved in the Board of Directors or other date which is adequate to prove the endorsement/guarantee targets and amount of transaction,

whichever is the earlier.

5. Operational Procedures and descriptions:

5.1 Counter parties of endorsements/guarantee

5.1.1 The Company may grant endorsements/guarantees only toward the targets as confined below.

- 1) A company with which the Company does business.
- 2) A company in which the Company directly and indirectly holds more than 50 percent of the voting powers.
- 3) A company that directly and indirectly holds more than 50 percent of the voting powers in the Company.

5.2 Credit limits of endorsements/guarantees

5.2.1 The aggregate total of endorsements/guarantees granted by the Company externally shall not exceed 100% of the Company's net worth as shown through its most recent financial statements. The amount of the endorsements/guarantees granted by the Company toward a single enterprise shall not exceed 100% of the Company's net worth as shown through its most recent financial statements. The aggregate total of endorsements/guarantees granted by the Company and its subsidiaries externally shall not exceed of the Company's net worth as shown through its most recent financial statements. The amount of the endorsements/guarantees granted by the Company and its subsidiaries toward a single enterprise shall not exceed 100% of the Company's net worth as shown through its most recent financial statements.

5.2.2 The amount of the endorsements/guarantees granted to a company with business transaction shall not exceed the aggregate total amount of the business transaction by and between both parties over the past one year or 50% of the Company's net worth as shown through the most recent financial statements audited or certified by a Certified Public Accountant, whichever is the lower. The term "amount of the business transaction" as set forth herein denotes the amount of purchases or sales, whichever is the higher.

5.2.3 In the event that the Company and its subsidiaries have stipulated that the total amount of endorsements/guarantees could go more than 50% of the Company's net worth, the Company and its subsidiaries shall explain its necessity and rationality toward the shareholders' meeting.

5.2.4 Endorsements / guarantees may be given between companies in which the Company directly or indirectly holds 90% or more of the voting power, and the amount of such endorsements / guarantees shall not exceed 10% of the Company's net worth as shown through its audited or reviewed financial statements of the most recent term.

5.2.5 The amount of the endorsements / guarantees given between companies in which the Company directly and indirectly holds 100% of the voting power shall not exceed 100% of the Company's net worth as shown through its audited or reviewed financial statements of the most recent term.

5.3 Hierarchy of decision-making authority and delegation thereof

5.3.1 When the Company engages in endorsements/guarantees, it shall duly proceed with in accordance with the procedures specified under Article 5.5 of these Operational Procedures, and shall be approved through the resolution of the

Board of Directors. However, in order to meet the timeliness requirements, when the Company and the company(ies) with holding of 100% voting powers either directly or indirectly, within the total amount of NT\$500 million and the amount of NT\$300 million toward a single enterprise, the Board of Directors may authorize the Chairman to make a decision and report to the Board of Directors for retrospective acknowledgement afterward.

- 5.3.2 If the Company engages in endorsements/guarantees in excess of the endorsement/guarantee limit specified in Article 5.2 of these Operational Procedures, it must be approved by the Board of Directors with resolution through more than half of the directors with joint guarantee in their names for the potential loss in the endorsements/guarantees so rendered. If this is the case, the Operational Procedures should be amended and reported to the shareholders' meeting for retrospective acknowledgement. In the event that the shareholders' meeting disagrees, the plan should be revised to eliminate the overruns within a certain period of time.
- 5.4 Handling fee for endorsements/guarantees
 - 5.4.1 Where the guarantees meet the requirements under Articles 5.1, 5.2 and 5.3 of these Operational Procedures, the guarantee fee shall be charged within the credit limit and public facilities of endorsements/guarantees. The guarantee rate is calculated based on the actual assistance and the acquiring costs.
 - 5.4.2 The charge of guarantee fee shall be calculated according to the financing amount actually used.
- 5.5 Handling procedures of endorsements/guarantees
 - 5.5.1 When handling the endorsements/guarantees process, the finance unit shall examine the qualifications of the endorsements/guarantees targets on the item by item basis to check and make sure whether the quota meets the requirements of these Operational Procedures and whether the required reporting standards have been met, and shall assess the risks and record of the endorsements/guarantees. (Cf. Annex 6.2 Endorsement/Guarantee Risk Assessment Report), and collateral should be obtained as necessary. The relevant endorsement/guarantee contents, reasons and risk assessment results of the relevant endorsements shall be submitted to the chairman for approval and shall be approved by the Board of Directors. If it still falls within the specified credit limit, the chairman may approve of the case on the grounds of the creditworthiness and financial status of the endorsements/guarantees targets and then report to the nearest upcoming board of directors meeting for retrospective acknowledgement.
 - 5.5.2 The Department of Finance shall establish the information for the endorsements/guarantees. After the endorsements/guarantees case is agreed upon by the Board of Directors or approved by the chairman, in addition to the application procedures for affixing of the seal in accordance with the prescribed procedures, and the committed guarantee, the name of the guaranteed target, the risk assessment result, the amount and date of endorsements/guarantees, the date of the chairman's approval or the chairman's decision, the date of obtaining the collateral and the conditions and date for the termination of the endorsements/guarantees, etc., shall be clearly stated. The relevant bills, the agreement and other documents shall also be photocopied into prudential custody.
 - 5.5.3 The accounting unit shall prepare a detailed list of the guarantee issues that occur and are cancelled in every month, control the tracking and report the public

announcement and filing, and shall assess or recognize the contingent loss of the endorsement on a quarterly basis, and properly disclose the endorsement/guarantee information in the financial statements. Furthermore, the accounting unit shall provide relevant information to the Certified Public Accountant(s) to perform the necessary check procedures.

- 5.5.4 In the event that an entity for which an endorsement/guarantee target is made was consistent with the provisions of Article 5.1 of these Operational Procedures but becomes inconsistent afterward, or if the endorsement/guarantee amount exceeds the specified credit limit due to a change in the basis of the calculation of the limit, the endorsement/guarantee amount or overdue portion of the entity for which an endorsement/guarantee is made shall be eliminated within the time limit specified under the contract or the Department of Finance shall work out the relevant improvement plan and submit it to the Audit Committee, and after the approval of the chairman, the excess shall be eliminated within the specified time limit and shall be reported to the Board of Directors.
 - 5.5.5 Before the expiring date of the endorsement/guarantee, the Department of Finance shall take the initiative to notify the guaranteed enterprise to take back the guarantee notes retained in the bank or creditor institution, and cancel the endorsement/guarantee related papers and deeds.
 - 5.5.6 The internal auditors shall audit the Operational Procedures for Endorsements/Guarantees and the implementation thereof on a quarterly basis and shall work out documented records. In case of a significant offense noticed, the internal auditors shall keep the audit committee informed forthwith in writing.
 - 5.5.7 In case of a change in the circumstances afterward and, as a result, an entity for which an endorsement/guarantee target was made does not meet the requirements of these Operational Procedures or the balance exceeds the contracted limit, the corrective action plan should be worked out and with the relevant improvement plan to be submitted to the Audit Committee, and the corrective action plan should be completed as scheduled.
 - 5.5.8 In the event that an entity for which an endorsement/guarantee target is made is a subsidiary whose net worth is less than one-half of the its paid-in capital, it shall evaluate its financial status and operating results on a monthly basis, review the potential risk in the endorsement/guarantee and work out the countermeasures. In the event that the subsidiary's stock has no denomination or the denomination of each share is not for NT\$10 par value, the amount of paid-up capital shall be calculated according to the regulations based on the total of the capital reserve plus the issuance premium.
- 5.6 Custody and procedure of corporate seal
- 5.6.1 The Company shall use the company seal which was used to apply for incorporation registration with the Ministry of Economic Affairs as the special seal for endorsement/guarantee. The seal shall be kept by the secretary to the chairman after the approval by the Board of Directors. In case of a change in the seal custodian, it shall be reported to the Board of Directors for approval. The official registered specimen seal shall be included in the handover procedures.
 - 5.6.2 After the endorsement/guarantee case is approved with the resolution by the Board of Directors or by the chairman, the Department of Finance shall fill in the “application form for affixing of the seal” along with the approval record, the risk assessment report and the endorsement/guarantee contract or guarantee voucher(s) and the like to obtain approval from the competent head before the

official registered specimen seal may be used from the hand of the custodian.

- 5.6.3 Upon use of the registered specimen seal, the seal custodian shall check and make sure whether there is an approval record, whether the application form for the seal is approved by the competent head and whether the application for the affixing of the seal is consistent with the requirements before the registered specimen seal is used. After the seal is used, it should be marked on the “application for use of registered specimen seal” before being archived.
- 5.6.4 When the Company makes a guarantee for a foreign company, the chairman or general manager is authorized by the board of directors to sign on the guarantee letter issued therefore.
- 5.7 Procedures for announcement and report
- 5.7.1 Before the 10th day of every month, the accounting unit shall put the balance of the endorsement/guarantee by the Company and its subsidiaries as of the preceding month along with the monthly sales turnover into promulgation on a monthly basis.
- 5.7.2 In addition to the public announcement and filing process for the balance of the endorsement/guarantee on a monthly basis, if the balances of the endorsements/guarantees granted by the Company and its subsidiaries reach the following standards/criteria, the finance unit shall launch public announcement and filing within two days from the date of occurrence of the fact:
- 1) The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.
 - 2) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
 - 3) The balance of endorsements/guarantees 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, the book value of investment under equity method in, and balance of loans to, such enterprise reaches 30 percent or more of public company's net worth as stated in its latest financial statement.
 - 4) The amounts of new endorsements/guarantees made by the Company or its subsidiaries have reached more than NT\$30 million and have reached more than 5 percent of the Company's net worth as stated in its latest financial statement.
- 5.7.3 The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 4 of the preceding paragraph.
- 5.8 Penalty
- 5.8.1 Where the manager and person-in-charge in loaning the Company's funds to others are found in contravention of these Procedures, they shall be reported for performance evaluation in accordance with the Company's Employee Rewards and Punishments Procedures as the actual situations may justify.
- 5.9 Other matters

- 5.9.1 In the event that a subsidiary of the Company intends to render endorsement/guarantee to another, the Company shall order such subsidiary to establish “Operational Procedures for Endorsements/Guarantees” in accordance with its “internal control system” and these Operational Procedures, and shall handle the procedures according to the specified Operational procedures. The subsidiary shall report the balance of endorsements/guarantees, target endorsement/guarantee beneficiaries, and duration of the endorsements/guarantees to the Company before the 5th day of every month.
- 5.9.2 An amendment to these Operational Procedures shall be implemented after the approval of the shareholders' meeting and the approval of the shareholders' meeting after the approval of more than one-half of the members of the Audit Committee and the resolution of the Board of Directors; the opinions of the independent directors shall be fully considered when the issue is submitted to the Board of Directors for discussion. Objections or reserved opinions shall be stated in the minutes of the board of directors meeting. In the event that a director expresses objection as backed by a record or written statement, the Company shall submit the objection to the Audit Committee and report it to the shareholders meeting for discussion. This same provision is applicable *mutatis mutandis* to an event of amendment. In the event that the aforementioned issue is not approved by more than one-half of all members of the Audit Committee, it may be agreed by more than two-thirds of all directors, and the resolutions of the Audit Committee shall be expressly stated in the minutes of the board of directors meeting.

Annex VI

Grand Pacific Petrochemical Corporation Procedures for Election of Directors

Officially resolved in the Board of Directors on March 25, 2014
Officially resolved in the shareholders' meeting on June 25, 2014

- Article 1 The election of the Company's directors shall adhere to the procedures herein.
- Article 2 Unless otherwise specified by the Articles of Incorporation, each share is entitled to cast the number of votes identical to the number of directors nominated. A shareholder may cast all the votes on a candidate or distribute the votes to several candidates. The election of independent directors and non-independent directors should process at the same time. The determination of the number of elected directors and the process of candidate nomination should process according to relevant laws and regulations.
- Article 3 The Board shall produce the number of ballots identical to the number of directors to be elected, and the ballots should contain columns for weightings. The ballots shall be distributed to attending shareholders in the shareholders' meeting.
- Article 4 Before the commencement of the election, the Chairperson shall appoint several ballot examiners and vote counters to carry out relevant tasks. Only shareholders can serve as ballot examiners.
- Article 5 The Board shall set up a ballot box for the election of directors. The ballots shall be checked by examiners in front of everybody before voting.
- Article 6 If a candidate receiving the vote is a shareholder, the voter shall enter the name and the shareholder number of the voted candidate in the column "Candidate". If the voted candidate is not a shareholder, it is necessary to provide the name and the identification number of the voted candidate. If a government agency or a legal entity shareholder is voted, the name of the voted candidate on the ballot should be the name of the government agency or the legal person, and the name of the statutory representative from the government agency or the legal person should also be provided. If there are multiple statutory representatives, the names of all the representatives should be provided.

The votes for independent directors and non-independent directors shall be tallied separately, and the results for independent directors and non-independent should be considered separately.

- Article 7 A ballot shall be invalid if any of the following circumstances:
- (I) A ballot not provided according to the requirements stated herein;
 - (II) A blank ballot thrown into the ballot box;
 - (III) Writing illegible, unidentifiable or altered; If the name or shareholder number of the voted candidate who is also a shareholder provided by the voter is inconsistent with the records of the shareholder registrar; or if the name or identification number of the voted candidate who is not a shareholder provided by the voter proves to be incorrect;

- (IV) There are wordings on the ballot other than the name or the shareholder number (or identification number) of the voted candidate and the distribution of votes casted;
- (V) The name or the shareholder number (or identification number) of the voted candidate is missing;
- (VI) The same ballot casts the vote to two or more candidates.

Article 8 The Company's directors shall be elected by the shareholder meeting from the persons with capacity to act. The votes shall be tallied according to the number of directors specified in the Articles of Incorporation. Those with the highest number of votes shall be elected independent or non-independent directors. If two or more candidates have received the same weighted votes and the number of such candidates exceeds the number of required directors, the candidates with the same number of votes shall draw lots to decide who will be elected. The Chairperson shall draw lots for the absent candidates.

If any inconsistency in personal data or any relevant laws or regulations render the status of an elected director invalid, the spot shall be filled by the candidate who received the second highest vote. This shall be announced during the current meeting of shareholders.

Article 9 The ballot box shall be opened after the voting process has completed. The results shall be announced by the Chairperson on the occasion.

Article 10 Any non-compliance with the paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act shall render the elected director invalid.

Article 11 Each of the elected directors shall receive a notification from the Board.

Article 12 Any issues not covered by these procedures shall be processed according to the Company Act, the Company's Articles of Incorporation, relevant laws and regulations.

Article 13 The procedures and any subsequent amendment shall take effect upon the approval from the meeting of shareholders.

Annex VII

The Shareholding Status of the Company's Directors

Base date: April 30, 2023

Position titles	Names		Dates when elected	Number of shares held when elected			Current shareholding in numbers			Remarks
				Categories	Number of shareholding	% to the current outstanding shares	Categories	Number of shares	% to the current outstanding shares	
Chairman	Jing Kwan Investment Co., Ltd. Statutory representative: Pin Cheng Yang		June 12, 2020	common share preferred share	20,280,000 0	2.24% 0.00%	common share preferred share	20,280,000 0	2.24% 0.00%	
Vice Chairman	Chung Kwan Investment Co., Ltd. Statutory representative: Teh Hsin Chiu		June 12, 2020	common share preferred share	28,262,722 0	3.12% 0.00%	common share preferred share	28,262,722 0	3.12% 0.00%	
Director	Chen Ching Tien	Hung Wan Investment Co., Ltd. Statutory representative	June 12, 2020	common share preferred share	200,000 0	0.02% 0.00%	common share preferred share	200,000 0	0.02% 0.00%	
Director	Chin Chu Lin			common share preferred share	0 0	0.00% 0.00%	common share preferred share	0 0	0.00% 0.00%	
Independent director	Wen Tzong Chen		June 12, 2020	common share preferred share	0 0	0.00% 0.00%	common share preferred share	0 0	0.00% 0.00%	
Independent director	Mu Hsien Chen		June 12, 2020	common share preferred share	0 0	0.00% 0.00%	common share preferred share	0 0	0.00% 0.00%	
Independent director	Chih Hung Hsieh		June 12, 2020	common share preferred share	0 0	0.00% 0.00%	common share preferred share	0 0	0.00% 0.00%	
Total				common share preferred share	48,742,722 0		common share preferred share	48,742,722 0		

Aggregate total of outstanding common shares as of June 12, 2020: 906,620,328 shares

Aggregate total of outstanding preferred shares as of June 12, 2020: 20,000,000 shares

Aggregate total of outstanding common shares as of April 30, 2023: 906,620,328 shares

Aggregate total of outstanding preferred shares as of April 30, 2023: 20,000,000 shares

Note: Statutory total shareholder by numbers by all directors: 29,651,850 shares.

As of April 30, 2023, the shareholding by number 48,742,722 shares

Where the Company has set up the Audit Committee, the shareholding requirements for supervisors are not applicable.

◎ The number of shares held by independent directors is excluded from shareholding of directors

We extend our sincere gratitude for your participation in the shareholders' meeting. We welcome your valuable comments and advice.

