

Stock Code: 2025



**CHIEN SHING STAINLESS STEEL CO.,
LTD.**

2022 Annual General Meeting

The Meeting Handbook

Time: June 14, 2022

Venue: No. 222, Industry Road, Madou District, Tainan

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Chien Shing Stainless Steel Co., Ltd.

2022 Annual General Meeting Procedure

I. Call the meeting to order

II. Remarks of the chair

III. Management presentation (Company Reports)

IV. Acknowledgments

V. Discussion

VI. Election

VII. Extempore Motions

VIII. Meeting Adjourned

2022 Annual General Meeting of Chien Shing Stainless Steel Co., Ltd.

Time: 9am on June 14, 2022 (Tuesday)

Venue: No. 222, Industry Road, Madou District, Tainan

Method: Offline shareholders' meeting

I. Call the meeting to order

II. Remarks of the chair

III. Management presentation (Company Reports)

- (I) 2021 Business Report
- (II) Report of the 2021 financial statements reviewed by the Audit Committee.
- (III) Report of the Company's accumulated losses reaching one-half of the paid-in capital.
- (IV) Proposed formulation of the Company's "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct".

IV. Acknowledgments

- (I) Motion to recognize the Company's 2021 business report and financial report.
- (II) Motion to recognize the Company's 2021 loss allocation.

V. Discussion

- (I) Proposed amendments to certain provisions in the Company's "Articles of Incorporation".
- (II) Proposed amendments to certain provisions of the Company's "Operational Procedures for Acquisition or Disposal of Assets".
- (III) Release of the Company's Directors from non-compete clauses.

VI. Election

By-electing one seat of independence director.

VII. Extempore Motions

VIII. Meeting Adjourned

Reports

Motion 1 (proposed by the Board of Directors)

Motion: The 2021 business report, please review.

Explanation: For the Company's 2021 business report, please refer to Attachment 1 on P. 6-8 in the Handbook.

Motion 2 (proposed by the Board of Directors)

Motion: Report of the 2021 financial statements reviewed by the Audit Committee, please review.

Explanation: The Company's 2021 financial statements reviewed by the Audit Committee and a review report issued. For the financial statements reviewed by the Audit Committee, please refer to Attachment 2 on P. 9 in the Handbook.

Motion 3 (proposed by the Board of Directors)

Motion: The report of the Company's accumulated losses reaching one-half of the paid-in capital, please review.

Explanation: As of December 31, 2021, the Company's accumulated losses totaled NT\$2,094,550,978, reaching one-half of the paid-in capital of NT\$2,811,672,620. The report is proposed to the shareholders' meeting as required by Article 211 by the Company Act.

Motion 4 (proposed by the Board of Directors)

Cause: Report on formulation of the Company's "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct," please review

Description: 1. Pursuant to the regulations related to corporate governance, and promote the creation of ethical corporate management culture and the healthy development, the Company establishes the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct."

2. Please refer page 20-24, Attachment 5 for the "Ethical Corporate Management Best Practice Principles."

3. Please refer page 25-30, Attachment 6 for the "Procedures for Ethical Management and Guidelines for Conduct."

Acknowledgments

Acknowledgement 1 (proposed by the Board of Directors)

Motion: Acknowledgment for the motion to recognize the Company's 2021 business report and financial report.

Explanation: 1. The Company's 2021 financial report audited by CPAs , Lu, Rei-Wen and Arnico Tseng of Diwan & Company, along with the business report were reviewed by the Audit Committee, and is subject to recognition by the shareholders' meeting.

2. For the 2021 business report, Audit Committee's review report, CPAs' audit report and financial statements, please refer to Attachment 1 on P. 6-8, Attachment 2 on P.9 and Attachment 3 on P. 10-18 in the Handbook.

Resolution:

Acknowledgement 2 (proposed by the Board of Directors)

Motion: Acknowledgment for the motion to recognize the Company's 2021 loss allocation, please review.

Explanation: 1. The Company's loss to be offset at the beginning of 2021 totaled NT\$2,372,060,496, the actuarial gains for defined benefits totaled NT\$1,185,066, the net income after tax in 2021 totaled NT\$276,324,452, and the loss to be allocated at the end of 2021 totaled NT\$2,094,550,978.

2. As the Company had accumulated losses as of December 31, 2021, bonuses to shareholders, remuneration to directors and employees are not distributed.
3. For the Company's 2021 Deficit Compensation Statement, please refer to Attachment 4 on P. 19 in the Handbook.

Resolution:

Discussions

Discussion 1 (proposed by the Board of Directors)

Cause: Proposed amendments to certain provisions in the Company's "Articles of Incorporation," please discuss.

Description: 1. For the more flexible convention of shareholders' meeting, pursuant to Paragraph 1, Article 172-2, in the Articles of Incorporation, it may specify that the Company's shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority, Article 11 of the Articles of Incorporation is amended.

2. Pursuant to Article 4 of the Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers, Where the chairman of the board of directors and the president or person of an equivalent post of a TWSE listed company are the same person, spouses or relations within the first degree of kinship, not less than four independent directors shall be established before 31 December 2023, Article 17 of the Articles of Incorporation is amended.
3. For the Comparison of Table of Amendments to the “Articles of Incorporation,” please refer to Attachment 7 on P.31 in the Handbook.

Resolution:

Discussion 2 (proposed by the Board of Directors)

Cause: Proposed amendments to certain provisions of the Company's "Operational Procedures for Acquisition or Disposal of Assets," please discuss.

Description: 1. Pursuant to 28 January 2022 Order No. Financial-Supervisory-Securities-Corporate-1110380465 of the Financial Supervisory Commission, some articles of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” were amended; therefore the Company’s Operational Procedures for Acquisition and Disposal of Assets are amended accordingly.

2. For the comparison of Table of Amendments to the “Operational Procedures for Acquisition or Disposal of Assets,” please refer to Attachment 8 on P.32-34 in the Handbook.

Resolution:

Discussion 3 (proposed by the Board of Directors)

Cause: Release the Company’s Directors from non-compete clauses, please discuss.

Cause: 1. Pursuant to Article 209 of the Company Act, “A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”

2. The relief from the non-compete clause for directors are as below:

Title in the Company	Name	Name of company concurrently serving	Title concurrently serving
Director	Wei-Zheng Yang	Cheng Ying Stainless Steel Trading Ltd.	Chairman and CEO
Independent Director	Ying-Ying Yang	Chun Li Technical Co., Ltd.	Chairman

Resolution:

Election matters

(proposed by the Board of Directors)

Cause: By-electing one seat of independence director.

Description: 1. The independent director, Mr. Tsung-Heng Liu resigned on November 1, 2021, and thus one seat of independent director shall be by-elected.

2. For the Company's Procedures for Election of Directors, please refer to Appendix 3 on p.52-53 in the Handbook.

3. In accordance with Article 192-1 of the Company Act and the Company's Articles of Incorporation, elections of independent directors adopts the nomination system. The term of office of the new independent director takes effect immediate upon the by-election, up to August 11, 2024, as the previous independent director. Shareholders shall elect from a list of independent director candidates. Their academic (experience) and other relevant information are listed in the following table:

List of Independent Director Candidates		
Name	Main academic (experience) backgrounds	Number of shares held
Hsiao, Jin-Chuan	Education: Bachelor, Department of Economics, Fu Jen Catholic University Current position: retired as an assistant general manager of SinoPac Securities, Co., Ltd. Experience: International Trading personnel, Yonyu Plastic Co., Ltd. Assistant General Manager, SinoPac Securities, Co., Ltd.	0

4. Please proceed with the election.

Election result:

Extraordinary motions**Meeting Adjourned**

Chien Shing Stainless Steel Co., Ltd.

Business Report

I. 2021 Business Report

(I) Implementation result of the business plan:

The nickel price worldwide has been rising since May this year. The unstable supply and high prices of other stainless steel alloys have made the price of stainless steel continue to rise. On the other hand, steel markets in Europe, America and Southeast Asia have been recovering from the pandemic and have been implementing the infrastructure projects, such as industrial, construction, home appliance and machinery, all of which have increased the demand for steel. Also, China has been actively imposing restrictions on steel production, so the supply in the steel market is still relatively tight, which has led to the increase in the export price for Tsingshan, a large manufacturer in Indonesia.

Thanks to the overseas Taiwanese businesses who return to Taiwan to build factories and the increase in the number of residential and public infrastructure projects, as well as the government's aggressive promotion of green energy policies, international green energy industry leaders are actively participating in Taiwan's green energy construction, driving an increase in demand for related cables and stainless steel. The overall steel market supply is still tight due to China's power rationing and production restrictions, thus we continue to be optimistic that demand for steel will rise in the future and steel prices are expected to be steadily increasing, and the steel market is expected to continue to grow in 2022.

The Company's 2021 operating income totaled NT\$2,470,941 thousand, an increase of 207.42% from NT\$803,775 thousand for 2020; the operating profit totaled NT\$304,399 thousand, an increase of NT\$493,228 thousand from the operating loss of NT\$188,829 thousand for 2020, resulting in a net profit after tax of NT\$276,324 thousand for 2021, representing a 231.78% increase compared to 2020.

(II) Budget implementation status: Not applicable as the Company did not disclose financial forecast information to the public in 2021.

(III) Financial income and expenses, financial structure and profitability analysis

Analysis Item		2021	2020
Financial income and expenditure	Net operating income (NT\$thousand)	2,470,941	803,775
	Operating profit (loss) (NT\$ thousand)	304,399	(188,829)
	Net profit (loss) after tax (NT\$ thousand)	276,324	(209,678)
Financial structure	Debt to assets ratio (%)	64.22	75.26
	Long-term capital to property, plant and equipment ratio (%)	203.79	120.99
Profitability	Return on assets (%)	15.49	(10.80)
	Return on equity (%)	48.77	(39.54)
	Ratio of net income before tax to paid-in capital (%)	9.83	(7.46)
	Net profit margin (%)	11.18	(26.09)
	Earnings per share (NT\$)	0.98	(0.75)

(IV) Research and Development:

Through research in the cold rolling mill process , the Company is constantly searching for feasible solutions and proprietary technologies to improve the quality and consistency of stainless steel, reduce defect rates, promote real-time production quality feedback and online monitoring, streamline production and maintenance processes, and increase levels of automation. The team has made many breakthroughs over the years and proven itself competent at improving existing production procedures.

II. Summary of the 2022 Business Plan

(I) Business Policy:

Driven by rising demand for nickel from new energy vehicles, alongside the increase in mining costs due to a lack of labor in major mining regions and the decrease in nickel supplies that have resulted in the rise of nickel prices, stainless steel prices are expected to have a certain degree of support at the same time. Given this, international nickel prices are prone to stay strong for the foreseeable future. Meanwhile, it is also expected that the demand for stainless steel in China will gradually increase in the post-pandemic era. With the progress of rapid infrastructure construction, demand for stainless steel will rapidly rise, continuing to support stainless steel prices in Asia.

Looking ahead to 2021, under the global relaxed financial environment and the strengthened outbreak prevention measures in place in many countries, coupled with

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the support of high costs of raw materials, the steel industry is looking optimistic for 2021. Moreover, there is still an opportunity for future nickel price to stabilize, so that stainless steel prices will remain steadfast. With the expectation of product spreads continuing to improve, steel mills and distributors will at the same time receive consistent orders, helping reduce inventory in the domestic market while facilitating the market to support the high price market after the price increase in order to gain profitability. Furthermore, the Company's operating direction will also be adjusted according to the changes in the market. To seek growth, favorable preparation and plans will be drawn up

based on the market evaluation in a bid to respond to the actual situation in the future steel industry.

(II) Important production and marketing policies:

1. Apply the price difference of each regional market with flexibility to make the most favorable entry and conversion. The Company is currently expanding its business in Southeast Asia and other markets. By having multiple export sales regions, we hope that old markets can be replaced when there is a change in a single market, increasing flexibility of substitutability.
2. Carry out operational plans thoroughly and strengthen communication with customers while improving after-sales service. New customers will be developed by working closely with traders from all over the world so as to facilitate the deployment of new channels when production increases.
3. With quality being the priority of the Company, we will uphold the spirit of continuous improvement to enhance management. Feedback from our customers will be gathered to improve the defects in the manufacturing process to further increase the quality of our stainless steel. At Chien Shing, we ensure our reputation by insisting on quality before price

III. Future development strategy of the company

Our customers in the “domestic market” are large-scale processing plants with processing facilities which provide services to downstream sectors and mid-end users or to process for export on their own. Considering the demand for stainless steel coils is relatively stable, the prices and delivery times are crucial as manufactures can easily obtain materials from outside sources due to trade liberalization.

Our “export markets” are primarily emerging markets and the Northeast (South) Asia region. Given that current sales volumes are stable and the acquisition of raw materials and stable delivery times have a greater impact on export orders, we are now moving toward the path of customization to meet customers’ needs and expand sales in different regions.

IV. Impact from external competitive environment, regulatory environment and general business environment

- (I) Tsingshan, the global stainless steel giant, has established a plant in Indonesia’s nickel mining region. With its proximity to the raw material source Indonesia Tsingshan has gained an obvious price advantage and has captured the global stainless steel market with its low cost advantage to become the main supplier of stainless steel materials in Taiwan, China and Japan. Each year, Taiwan imports up to 500,000 metric tons of stainless steel from Indonesia Tsingshan, with main importers being Yieh United, Walsin Lihwa, Tang Eng Iron Works and Dong Meng. This has caused a sudden reduction in the steelmaking volume of Taiwan’s upstream

steel mills, coupled with the acquisition point of stainless steel scrap established by Tsingshan that aims to purchase stainless steel scrap at a high price. Given the costs of upstream steelmakers continuing to increase, the overall efficiency of steelmaking is not correlative. As a result, purchasing hot rolling semi-finished products from Tsingshan is heavily relied on, which has led Taiwan's steel industry to become more dependent on imported materials. In the long run, this poses a significant concern.

- (II) Our Company's sales focus on domestic, Northeast and Southeast Asian markets. In a fiercely competitive environment, we make every effort to stabilize downstream sectors, while being dedicated to promoting cost advantages, production automation, reducing manpower costs, shortening delivery times, reducing inventory costs, enhancing quality, reducing raw material consumption costs, saving energy and reducing fuel costs. We aim to expand business growth with the advantage of multi implemented cost reduction.
- (III) In view of the rising awareness of environmental protection, highly pollutive industries are faced with ever increasing environmental protection standards. At Chien Shing, we understand that there is only one Earth, and proactively commit ourselves to waste and resource reduction, energy efficiency improvement and water source recycling and reuse, so as to fully manage the environment while reducing the impact that production poses on the environment. By positively linking environmental improvement and economic benefits, we are a step closer to sustainable development.

Chairman:
Shuo-Tang Yeh

Managerial Officer:
Shuo-Tang Yeh

Head of Accounting:
Li-Yun Chiu

Chien Shing Stainless Steel Co., Ltd.
Audit Committee's Review Report

The Board of Directors has submitted the Company's 2021 financial report, which has been jointly audited by CPA Jui-Wen Lu and CPA Arnico Tseng of Diwan & Company, and the business report and loss allocation table, which have been reviewed by the Audit Committee, with no discrepancy found. We have presented you the reports based on the provisions stipulated in Article 14-4 and Article 36 in the Securities and Exchange Act and Article 219 and Article 218 in the Company Act.

Regards,

2022 Annual General Meeting of Chien Shing Stainless Steel Co., Ltd.

Convener of the Audit Committee: Ying-Ying Yang

March 25, 2022

Attachment 3

CPAs' Audit Report

To Chien Shing Stainless Steel Co., Ltd.:

Audit Opinion:

We have audited the accompanying individual balance sheet of Chien Shing Stainless Steel Co., Ltd. (the "Company"), as of December 31, 2021 and 2020, and the individual statements of comprehensive income, individual changes in equity and individual cash flows for the years then ended, and the notes to the individual financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying individual financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2021 and 2010, and its individual financial performance and its individual cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual financial statements of the Company for the year 2021. These matters were addressed in the context of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We decided the key audit matters are the followings:

I. Impairment of Property, Plant and Equipment

Please refer to Note 4.8(2) of the individual financial statements for the accounting policy for property, plant and equipment; for the material estimations and the major sources of assumed uncertainties, please refer to Note 5.2(4) of the individual financial statements

Property, plant and equipment are the major assets of the Company, as of December 31, 2021, their carrying amount was NTD 487,264 thousand, accounted for 25% of the total assets. When evaluating any impairment sign by the management, they have to estimate the recoverable amount of such asset. When evaluating the impairment of assets, the value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. The application of value in use must estimate the future cash inflow and outflow derived from continuous use and final disposal of such asset, and the proper discount rate shall be applied to such future cash flow. Since the judgement and assumption involved in evaluating impairment of assets, including identification of cash-generating unit, future sales forecast, estimated profit of products, remaining economic life of the asset, and the current time value of money; the management shall make the best estimation. Therefore we consider the impairment of property, plant and equipment is one of the most material matters when auditing the Company's individual forecast statements.

The related audit procedure undertaken by us including assessing if the management has clearly identified the information from internal and external sources for signs of impaired asset; reviewing the reasonableness of the estimation basis of future cash flow applied by the management; reviewing the discount rate applied by the management reflecting the ratio of the current market assessment to the time value of money and certain risks of the asset; assessing the reasonableness of the cash generating unit to which the asset attributed to identified by the management; and calculating the estimation of the recoverable amount of the asset.

II. Valuation of Inventories

Please refer to Note 4.9 of the individual financial statements for the accounting policy for valuation of inventories; for the material estimations and the major sources of assumed uncertainties, please refer to Note 5.2(3) of the individual financial statements

As of December 31, 2021, the Company's carrying amount of inventories was NTD 313,541 thousand, accounted for 16% of the total assets. The Company mainly produces and sells cold-rolled stainless coil products; its production and marketing policy is affected by the changes of market demands. When an inventory is damaged, all or part obsolete or selling price depreciated, the cost of such inventory may not be recovered. When the estimated costs to be input until completion and the estimated costs required for sales increased, the cost of such inventory may not be recovered, either. The use and value of inventories mainly depend on the inventory

management policy of the management, and the future sales forecast of the products. However, forecast is uncertain, and thus we consider valuation of inventories is one of the most material matters when auditing the Company's individual forecast statements.

Key determining factors for valuation of inventories, mainly is the estimates of net realizable value, which is based on the most reliable evidence of the expected realizable value of inventories at the time of estimation. In this regard, the related audit procedure undertaken by us including reviewing if the policy of the Company to determine the net realizable value of inventories reasonably reflects the future sales forecast of the inventories; the historical experience and other certain conditions; analyzing and testing the ages of inventories to identify if certain obsolete inventories have been appropriated for inventory depreciation loss reasonably based on the historical experience; and assessing the matters after the period within the proved extent of the conditions at the end of period, and how the fluctuation of prices or costs directly related to the matters after the period impact the net realizable value of inventories.

III. Estimated Provision for Expenses to Clean the Landfilled Industrial Waste in the Plant Area and the Fine due to Violating the Waste Disposal Act

Please refer to Note 4.14 of the individual financial statements for the accounting policy for provision; for the material estimations and the major sources of assumed uncertainties, please refer to Note 5.2(2) of the individual financial statements; for details of provision please refer to Note 6.9 of the individual financial statements.

The Company has been suspected to landfill the industrial waste in its plant area, and thus violating the Waste Disposal Act; consequently the estimates of the said waste cleaning expense and possible fine are derived. The Company's best estimate of the required expenditure to fulfill this obligation, and the best estimate for each subsequent balance sheet date, are involved with the material assumptions and estimates made by the management, including the estimate of the volumes of waste and polluted soil, and estimate of the cleaning expenses. The actual results may differ from the estimates. Therefore, we consider the estimated provision for expenses to clean the landfilled industrial waste in the plant area and the fine due to violating the Waste Disposal Act is one of the most material matters when auditing the Company's individual forecast statements.

The related audit procedure undertaken by us including understanding the estimation procedure applied by the management, estimation method and related assumptions, and regularly reviewing the estimation process and assessing the reasonableness; obtaining the expert's appraisal report or the approved result of the waste cleaning plan by the competent authorities; obtaining the quotation or agreement of the cleaning expense provided by vendors; reviewing and calculating the estimate documents from the management, reviewing if the management's regular review of

estimates reflect the current best estimates; corresponding with external lawyers for inquiry and proof, and clarifying the use of provision.

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

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

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

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

Auditors' Responsibilities for the Audit of the Individual Financial Statements

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

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

- I. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting

from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- II. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- III. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- IV. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- V. Evaluate the overall presentation, structure and content of the individual financial statements, including the disclosures, and whether the individual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the individual financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report

because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Diwan & Company

The Financial Supervisory Commission R.O.C.

Approval No. for the Certification:

Jing Guang Zheng Shen Zhi No. 1000047855

Jing Guang Zheng Shen Zhi No. 0990071790

Jui-Wen Lu

CPA:

Arnico Tseng

March 25, 2022

Chien Shing Stainless Steel Co., Ltd.
Individual Balance Sheet
December 31, 2021 and December 31, 2020
(All amounts in NTD thousand)

Assets		Note	December 31, 2021		December 31, 2020		Liabilities and equity		Note	December 31, 2021		December 31, 2020	
Code	Accounting items		Amount	%	Amount	%	Code	Accounting items		Amount	%	Amount	%
11xx	Current assets					21xx	Current liabilities						
1100	Cash and cash equivalents	IV and VI.1	\$ 373,575	19	\$ 20,588	1	2150	Note payable	IV	\$ 13,362	1	\$ 7,408	-
1110	Financial assets measured at FVTPL - current	IV and VI.2	70,517	4	52,410	3	2170	Accounts payable	IV	4,712	-	4,919	-
1170	Net receivable	IV and VI.3	-	-	18,139	1	2200	Other payables	IV	37,175	2	26,846	2
1200	Other receivables	IV	773	-	846	-	2220	Other payables- related parties	IV and VII	-	-	83,000	5
130x	Inventories	IV, V and VI.4	313,541	16	435,741	25	2230	Income tax liabilities for the period	IV and VI.20	135	-	-	-
1410	Prepayments		386,969	20	294,749	17	2250	Provision for liabilities - current	IV, V and VI.9	370,420	19	236,262	14
1470	Other current assets		99	-	2,603	-	2300	Advance receipts and other current liabilities		266	-	1,701	-
	Total current assets		1,145,474	59	825,076	47	2322	Long-term borrowings due within a year	IV, VI.10 and VIII	512,174	26	512,174	29
							2365	Refund liabilities - current	IV	22,256	1	217	-
								Total current liabilities		960,500	49	872,527	50
							25xx	Non-current liabilities					
							2540	Long-term borrowings	IV, VI.10 and VIII	286,949	15	286,949	16
							2550	Provision for liabilities - non-current	IV, V and VI.9	-	-	147,508	8
							2640	Net defined benefit liabilities - non-current	IV, V and VI.11	7,058	-	13,533	1
								Total non-current liabilities		294,007	15	447,990	25
15xx	non-current assets					2xxx	Total liabilities			1,254,507	64	1,320,517	75
1517	Financial assets measured at FVTOCI - non-current	IV and VI.5	55,574	3	67,968	4							
1600	Property, Plant and Equipment	IV, V, VI.6, VIII and IX	487,264	25	729,083	42	31xx	Equity					
1760	Net investment property	IV, V, VI.6, VI.7, VI.21 VII, VIII and XI	256,328	13	127,863	7	3100	Share capital	IV and VI.12				
1780	Intangible assets	IV, VI.8	145	-	-	-	3110	Ordinary share capital		2,811,673	144	2,811,673	160
1840	Deferred tax assets	IV, V and VI.20	2,551	-	2,847	-	3300	Retained earnings					
1915	Prepayments for equipment		6,169	-	1,660	-	3350	Deficit to be compensated	VI.13	(2,094,552)	(107)	(2,372,061)	(135)
1920	Refundable deposits		2	-	2	-	3400	Other equities					
1990	Other non-current assets- others		-	-	126	-	3420	Unrealized valuation loss on financial assets measured at FVTOCI	IV, VI.5, VI.14 and VI.19	(18,121)	(1)	(5,504)	-
	Total non-current assets		808,033	41	929,549	53	3xxx	Total equity		699,000	36	434,108	25
Ixxx	Total assets		\$ 1,953,507	100	\$ 1,754,625	100		Total liabilities and equities		\$ 1,953,507	100	\$ 1,754,625	100

(Please refer to the notes to individual financial statements)

Chairman: Shuo-Tang Yeh

Managerial Officer: Shuo-Tang Yeh

Head of Accounting: Li-Yun Chiu

Chien Shing Stainless Steel Co., Ltd.
Individual Statement of Comprehensive Income
January 1, 2020 to December 31, 2021
January 1, 2020 to December 31, 2020
(Unit: NTD thousand; but EPS in NTD)

Code	Accounting items	Note	2021		2020	
			Amount	%	Amount	%
4000	Net operating revenue	IV and VI.15	\$ 2,470,941	100	\$ 803,775	100
5000	Operating cost	IV, VI.4, VI.11 and VI.16	(2,166,542)	(88)	(992,604)	(123)
5900	Operating profit (loss)		304,399	12	(188,829)	(23)
6000	Operating expenses	IV, VI.11 and VI.16				
6100	Selling and marketing expenses		(8,946)	-	(5,918)	(1)
6200	Administrative expenses		(28,245)	(1)	(25,554)	(3)
	Total operating expenses		(37,191)	(1)	(31,472)	(4)
6500	Net other income and expenses	IV, VI.7, VI.17 and VII	(1,687)	-	(1,687)	-
6900	Operating profit (loss)		265,521	11	(221,988)	(27)
7000	Non-operating income and expense					
7100	Interest income	VI.18	81	-	144	-
7010	Other income	V.2, V.5, V.6 and V.18	8,001	-	19,860	2
7020	Other gains or losses	V.2 and V.18	16,512	1	6,350	1
7050	Financial costs	IV, VI.18 and VII	(13,653)	(1)	(14,044)	(2)
	Total non-operating income and expenses		10,941	-	12,310	1
7900	Net profit (loss) before tax from continuing operations		276,462	11	(209,678)	(26)
7950	Income tax expense	IV and VI.20	(138)	-	-	-
8200	Net profit (loss) for the period		276,324	11	(209,678)	(26)
8300	Other comprehensive income	IV, VI.5, VI.10, VI.11, VI.14, VI.19 and V.20				
8310	Items that will not be reclassified subsequently to profit or loss:					
8311	Re-measurement of the defined benefit plan		1,481	-	735	-
8316	Unrealized valuation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income		(12,617)	-	16,737	2
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss		(296)	-	(147)	-
	Total items that will not be reclassified subsequently to profit or loss		(11,432)	-	17,325	2
	Other comprehensive income (net after tax)		(11,432)	-	17,325	2
8500	Total comprehensive income for the period		\$ 264,892	11	\$ (192,353)	(24)
	Earnings per share (NTD)					
9750	Basic earnings per share (after tax)	IV and VI.22	\$ 0.98		\$ (0.75)	

(Please refer to the notes to individual financial statements)

Chairman : Shuo-Tang Yeh

Managerial Officer: Shuo-Tang Yeh

Head of Accounting: Li-Yun Chiu

January 1, 2020 to December 31, 2020

(All amounts in NTD thousand)

Item	Ordinary share capital	Retained earnings	Other items of equity	Total Equity
		Deficit to be compensated	Unrealized valuation gain (loss) on financial assets measured at FVTOCI	
Balance on January 1, 2020	\$ 2,811,673	\$ (2,162,971)	\$ (22,241)	\$ 626,461
Net loss of 2020	-	(209,678)	-	(209,678)
Other comprehensive income of 2020	-	588	16,737	17,325
Total comprehensive income of 2020	-	(209,090)	16,737	(192,353)
Balance on December 31, 2020	2,811,673	-2,372,061	(5,504)	434,108
Net loss of 2021	-	276,324	-	276,324
Other comprehensive income of 2021	-	1,185	(12,617)	(11,432)
Total comprehensive income of 2021	-	277,509	(12,617)	264,892
Balance on December 31, 2021	\$ 2,811,673	\$ (2,094,552)	\$ (18,121)	\$ 699,000

(Please refer to the notes to individual financial statements)

Chairman : Shuo-Tang Yeh

Managerial Officer: Shuo-Tang Yeh

Head of Accounting: Li-Yun Chiu

Chien Shing Stainless Steel Co., Ltd.
Individual Cash Flow Statements
January 1, 2020 to December 31, 2021
January 1, 2020 to December 31, 2020
(All amounts in NTD thousand)

Item	2021	2020
Cash flow from operating activities		
Net profit (loss) before tax from continuing operations	\$ 276,462	\$ (209,678)
Adjusted item:		
Adjustments for:		
depreciation expenses	120,732	120,700
Amortization expenses	162	153
Net gain on financial assets measured at FVTPL	(23,621)	(6,152)
Interest expense	13,653	14,044
Interest income	(81)	(144)
Dividend revenue	(415)	(1,894)
Net gain on disposal of property, plant and equipment	-	(198)
Unrealized net foreign currency exchange gain	(37)	-
Assets related to operating activities/Changes in liabilities		
Financial assets measured at FVTPL	5,514	15,742
Accounts receivable	18,139	(18,139)
Other receivables	73	1,309
Inventories	122,200	118,612
Prepayments	(92,220)	(180,089)
Other current assets	2,504	(2,553)
Note payable	5,954	(3,508)
Accounts payable	(207)	4,832
Other payables	9,946	(3,523)
Provision	(13,350)	(53,988)
Advance receipts and other current liabilities	(1,435)	1,224
Refund liabilities - current	22,039	-
Defined benefit liability	(4,994)	(422)
Cash inflows (outflows) from operating activities	461,018	(203,672)
Interest paid	(13,653)	(14,179)
Income tax paid	(3)	-
Interest received	81	144
Net cash inflows (outflows) from operating activities	447,443	(217,707)
Cash flow from investing activities		
Acquisition of financial assets measured at FVTOCI	(223)	-
Acquisition of property, plant and equipment	(7,181)	(5,244)
Disposal of property, plant and equipment	186	276
Acquisition of intangible assets	(181)	-
Decrease (increase) in prepayments for equipment	(4,509)	2,742
Dividends received	415	1,894
Net cash used in investing activities	(11,493)	(332)
Cash flows from financing activities		
Other payables-related parties-increase (decrease) in financial accommodation	(83,000)	83,000
Net cash inflows (outflows) from financing activities	(83,000)	83,000
Effect of exchange rate changes on cash and cash equivalents	37	-
Increase (decrease) in cash and equivalents in the period	352,987	(135,039)
Cash and cash equivalents at the beginning of the year	20,588	155,627
Cash and cash equivalents at the end of the year	\$ 373,575	\$ 20,588

(Please refer to the notes to individual financial statements)

Chairman : Shuo-Tang Yeh

Managerial Officer: Shuo-Tang Yeh

Head of Accounting: Li-Yun Chiu

Chien Shing Stainless Steel Co., Ltd.**Deficit Compensation Statement****2021**

Unit: NTD \$

Item	Amount
Deficit yet to be compensated – at the beginning of the period	\$ (2,372,060,496)
Plus: Actuarial gains from the definite benefit	1,185,066
Plus: 2021 net income after tax	276,324,452
Deficit yet to be compensated – at the end of the period	\$ (2,094,550,978)

Chairman :

Shuo-Tang Yeh

Managerial Officer:

Shuo-Tang Yeh

Head of Accounting:

Li-Yun Chiu

Chien Shing Stainless Steel Co., Ltd.

Ethical Corporate Management Best Practice Principles

Article 1 Purpose of adoption and scope of application

These Principles are established pursuant to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies,” to assist the Company to foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices.

The Principles are applicable to its business groups and organizations of the Company, which comprise its subsidiaries, any foundation to which the Company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by such company ("business group").

Article 2 Prohibition of unethical conducts

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

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

Article 3 Type of benefits

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

Article 4 Compliance

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

Article 5 Policies

The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and obtain approval from the board of directors, and establish good corporate governance and risk control and

management mechanism so as to create an operational environment for sustainable development.

Article 6 Prevention programs

The Company shall in their own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training, and shall comply with relevant laws and regulations of the territory where the companies and their business group are operating.

In the course of developing the prevention programs, TWSE/GTSM listed companies are advised to negotiate with staff, labor unions members, important trading counterparties, or other stakeholders.

Article 7 Scope of prevention programs

The Company shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and enhance prevention programs

- I. Offering and acceptance of bribes.
 - II. Illegal political donations.
 - III. Improper charitable donations or sponsorship.
 - IV. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
 - V. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
 - VI. Engaging in unfair competitive practices.
 - VII. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.
-

Article 8 Commitment and implementation

The Company shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

The Company and their respective business group shall clearly specify in their rules and external documents and on the company website the ethical corporate management policies and the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

The Company shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.

Article 9 Commercial activities based on the principle of ethical management

The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

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

Article 10 **Prohibition against offering and receiving bribery**

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

Article 11 **Prohibition against providing illegal political contribution**

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and the directors, supervisors, managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12 **Prohibition against undue charitable donations or sponsorships**

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

Article 13 **Prohibition against unreasonable presents or hospitality, or other improper benefits**

The Company and the directors, supervisors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

Article 14 **Prohibition against infringement of intellectual properties**

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

Article 15 **Prohibition against unfair competition**

The Company shall engage in business activities in accordance with applicable

competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 16 Prevention of damage caused by products and services to stakeholders

In the course of research and development, procurement, manufacture, provision, or sale of products and services, TWSE/GTSM listed companies and their directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.

Article 17 Organization and responsibilities

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

To achieve sound ethical corporate management, the Company shall establish a dedicated unit that is under the board of directors and avail itself of adequate resources and staff itself with competent personnel, responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis (at least once a year):

- I. Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
- II. Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting accordingly programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business.
- III. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.

- IV. Promoting and coordinating awareness and educational activities with respect to ethics policy.
- V. Developing a whistle-blowing system and ensuring its operating effectiveness.
- VI. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

Article 18 **Compliance when conducting business**

The Company and the directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.

Article 19 **Recusal**

The shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, supervisors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the Company.

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The Company's directors, supervisors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 20 **Accounting and internal control**

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

The internal audit unit of the Company shall, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans? including auditees, audit scope, audit items, audit frequency, etc., and examine accordingly the compliance with the prevention programs. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

Article 21 **Procedures and Guidelines for Conduct**

The Company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, supervisors, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters:

- I. Standards for determining whether improper benefits have been offered or accepted.
 - II. Procedures for offering legitimate political donations.
 - III. Procedures and the standard rates for offering charitable donations or sponsorship.
 - IV. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
 - V. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
 - VI. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.
 - VII. Handling procedures for violations of these Principles.
 - VIII. Disciplinary measures on offenders.
-

Article 22 Education, training and appraisal

The chairperson, general manager, or senior management of the Company shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.

The Company shall periodically organize training and awareness programs for directors, supervisors, managers, employees, mandataries, and substantial controllers and invite the companies' commercial transaction counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 23 Whistleblowing system

The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:

- I. Establish and publicly announce the independent whistleblowing e-mail: su3167@msa.cssc.com.tw for insiders and outsiders to use.
- II. Dedicated personnel or unit appointed to handle the whistle-blowing system. Any tip involving a director or senior management shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
- III. Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.

- IV. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
 - V. Confidentiality of the identity of whistle-blowers and the content of reported cases, and measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
-

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

Article 24 Disciplinary and appeal system

The Company shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on the company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 25 Information disclosure

The Company shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. They shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on their company websites, annual reports, and prospectuses, and shall disclose their ethical corporate management best practice principles on the Market Observation Post System.

Article 26 Review and amendment to the ethical corporate management policies and measures

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

Article 27 Establishment and implementation

The Company's Ethical Corporate Management Best Practice Principles shall be implemented after the board of directors grants the approval and reported at a shareholders' meeting.

The Principles were established on March 25, 2022.

Chien Shing Stainless Steel Co., Ltd.

Procedures for Ethical Management and Guidelines for Conduct

Article 1 Purpose of adoption and scope of application

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

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

Article 2 Applicable subjects

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

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

Article 3 Unethical conduct

For the purposes of these Procedures and Guidelines, "unethical conduct" means that any personnel of this Corporation, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

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

Article 4 Types of benefits

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

Article 5 Responsible unit and duties

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

- I. Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
- II. Analyzing and assessing the risks of unethical conduct within the business scope on a regular basis and accordingly adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business.
- III. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
- IV. Promoting and coordinating awareness and educational activities with respect to ethics policy.
- V. Developing a whistle-blowing system and ensuring its operating effectiveness.
- VI. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.
- VII. Preparing and retaining properly documented information such as ethical management policy and compliance statements, situations concerning the performance of undertakings and enforcement etc.

Article 6 Prohibition against providing or accepting improper benefits

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the given personnel of this Corporation shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies

and these Procedures and Guidelines, and the relevant procedures shall have been carried out:

- I. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
- II. The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
- III. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
- IV. Attendance at folk festivals that are open to and invite the attendance of the general public.
- V. Rewards, emergency assistance, condolence payments, or honorariums from the management.
- VI. Based on the social customs and courtesy, or other conduct that complies with the rules of this Corporation.

Article 7 Procedures for handling the acceptance of improper benefits

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

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

Article 8 Prohibition of and handling procedure for facilitating payments

This Corporation shall neither provide nor promise any facilitating payment.

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

Upon receipt of the report under the preceding paragraph, the responsible unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency.

Article 9 Procedures for handling political contributions

The Company insists the politically impartial stance, and does not offer any political contributions of any political party or individual.

Article 10 Procedures for handling charitable donations or sponsorships

Charitable donations or sponsorships by this Corporation shall be provided in accordance with the following provisions:

- I. It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where this Corporation is doing business.
- II. A written record of the decision making process shall be kept.
- III. A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.
- IV. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of this Corporation's commercial dealings or a party with which any personnel of this Corporation has a relationship of interest.
- V. After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.

Article 11 Recusal

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

A director would be considered to hold self interest in a topic raised in the abovementioned meeting if the director's spouse, 2nd-degree direct relative or closer, or any of the director's controlled or controlling entities holds stake in the said topic.

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

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

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

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

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

Article 13 Prohibition against unfair competition

This Corporation shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not have any conduct of unfair competition.

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

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

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

Where there are media reports, or sufficient facts to determine, that this Corporation's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, this Corporation shall recall those products or suspend the services as a principle, verify the facts and present a review and improvement plan.

The responsible unit of this Corporation shall report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the board of directors.

Article 15 Prohibition against insider trading and non-disclosure agreement

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

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

Article 16 Compliance and announcement of policy of ethical management

The Company shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

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

Article 17 Ethical management evaluation prior to development of commercial relationships

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

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

- I. The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.
- II. Whether the enterprise has adopted an ethical management policy, and the status of its implementation.
- III. Whether enterprise's business operations are located in a country with a high risk of corruption.
- IV. Whether the business operated by the enterprise is in an industry with a high risk of bribery.
- V. The long-term business condition and degree of goodwill of the enterprise.
- VI. Consultation with the enterprise's business partners on their opinion of the enterprise.

VII. Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.

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

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

Article 19 Avoidance of commercial dealings with unethical operators

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

Article 20 Stipulation of terms of ethical management in contracts

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

- I. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim from the other party for damages, and may also deduct the full amount of the damages from the contract price payable.
- II. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
- III. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

Article 21 Handling of unethical conduct by personnel of this Corporation

This Corporation encourages insiders and outsiders for informing of unethical or unseemly conduct; insiders having made a false report or malicious accusation shall be subject to disciplinary action pursuant to this Corporation's management rules, depending on the materiality.

This Corporation shall internally establish and publicly announce on its website and the intranet the internal independent whistleblowing e-mail: su3167@msa.csssc.com.tw for insiders and outsiders to use.

A whistleblower shall at least furnish the following information:

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

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

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

- I. An information shall be reported to the department head if involving the rank and file and to an independent director or supervisor if involving a director or a senior executive.
- II. The responsible unit of this Corporation and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.
- III. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or this Corporation's policy and regulations of ethical management, this Corporation shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, this Corporation will report to the competent authority, refer said person to judicial authority for investigation, or institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.
- IV. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.
- V. With respect to a confirmed information, this Corporation shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.

VI. The responsible unit of this Corporation shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.

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

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

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

The responsible unit of this Corporation shall organize internal awareness sessions periodically and arrange for the chairperson, general manager, or senior management to communicate the importance of ethics to its directors, employees, and mandataries.

This Corporation shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.

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

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

Article 24 Enforcement

These Procedures and Guidelines, and any amendments hereto, shall be implemented after adoption by resolution of the board of directors, and shall be reported to the shareholders meeting.

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

The Procedures and Guidelines were established on March 25, 2022.

Chien Shing Stainless Steel Co., Ltd.

Comparison Table of Amendment to the “Articles of Incorporation”

Amended clause	Existing clause	Description
<p>Article 11: The Company convenes two types of shareholder meeting: the annual general meeting and extraordinary shareholder meetings. Annual general meetings (AGMs) are convened once a year within six months after the end of each financial year, and shall be advised to shareholders 30 days in advance. Extraordinary shareholder meetings may be held whenever deemed necessary, and shall be advised to shareholders 15 days in advance. <u>The Company’s shareholders’ meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.</u></p>	<p>Article 11: The Company convenes two types of shareholder meeting: the annual general meeting and extraordinary shareholder meetings. Annual general meetings (AGMs) are convened once a year within six months after the end of each financial year, and shall be advised to shareholders 30 days in advance. Extraordinary shareholder meetings may be held whenever deemed necessary, and shall be advised to shareholders 15 days in advance.</p>	<p>Amended pursuant to Paragraph 1, Article 172-2 of the Company Act</p>
<p>Article 17: The Company has <u>seven</u> to <u>eleven</u> directors, who are elected in shareholder meetings from persons of adequate capacity. The term of directorship is three years, and is renewable if re-elected. By-election of directors shall proceed according to Article 201 of The Company Act.</p>	<p>Article 17: The Company has <u>five</u> to <u>seven</u> directors, who are elected in shareholder meetings from persons of adequate capacity. The term of directorship is three years, and is renewable if re-elected. By-election of directors shall proceed according to Article 201 of The Company Act.</p>	<p>Amended pursuant to Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers</p>
Article 27 The Articles of	Article 27 The Articles of	

<p>Incorporation were established on April 3, 1972</p> <p>.....</p> <p>The 40th amendment was made on June 11, 2020</p> <p><u>The 41st amendment was made on June 14, 2022</u></p>	<p>Incorporation were established on April 3, 1972</p> <p>.....</p> <p>The 40th amendment was made on June 11, 2020</p>	
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Chien Shing Stainless Steel Co., Ltd.

Operational Procedures for Acquisition and Disposal of Assets by

Amended clause	Existing clause	Details
<p>Article 6 (Omitted Paragraph 1) When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the <u>self-regulatory rules of the industry associations</u> to which they belong and with the following provisions:</p> <p>(I) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>(II) When <u>conducting</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>(III) They shall undertake an item-by-item evaluation of the <u>appropriateness and</u> reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>(IV) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate and</u> reasonable, and that they have complied with applicable laws and regulations.</p>	<p>Article 6 (Omitted Paragraph 1) When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of the industry associations to which they belong and with the following provisions:</p> <p>(I) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>(II) When <u>examining</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>(III) They shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy, and</u> reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>(IV) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable <u>and accurate</u>, and that they have complied with applicable laws and regulations.</p>	<p>I. Revising wording accordingly</p> <p>II. The industry associations of external experts have their own regulations for the business they conduct, and thus the article is amended.</p>
<p>Article 7: Operational procedures for acquiring or disposing of real property, equipment, or right-of-use</p>	<p>Article 7: Operational procedures for acquiring or disposing of real</p>	<p>I. Revising wording to cope with the</p>

<p>assets thereof (Omitted Paragraphs 1, 2, and 3)</p> <p>IV. Appraisal reports of real property or equipment (Preceding omitted) (III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: (Below omitted)</p>	<p>property, equipment, or right-of-use assets thereof (Omitted Paragraphs 1, 2, and 3)</p> <p>IV. Appraisal reports of real property or equipment (Preceding omitted) (III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal <u>in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF)</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: (below omitted)</p>	<p>preceding article</p>
<p>Article 8: Operational procedures for acquiring or disposing of investment in securities (Omitted Paragraphs 1, 2, and 3)</p> <p>IV. Obtaining experts' opinions (I) When acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of</p>	<p>Article 8: Operational procedures for acquiring or disposing of investment in securities (Omitted Paragraphs 1, 2, and 3)</p> <p>IV. Obtaining experts' opinions (I) When acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of</p>	<p>I. Revising wording to cope with the preceding article</p>

<p>occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>(Below omitted)</p>	<p>occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <u>If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u> This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>(Below omitted)</p>	
<p>Article 9: Operational Procedures for (Omitted Paragraph 1) II. Evaluation and operational procedures (Preceding omitted) (VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article. (VII) Restrictive covenants and other important stipulations associated with the transaction. (Below omitted)</p> <p>Material transactions for acquiring or disposing of securities with a related party, the approval of one-half or more of all audit committee members is required, and submitted to the board of directors for a resolution. If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. <u>If the Company or a subsidiary thereof that is not a domestic public company will have a transaction set out in</u></p>	<p>Article 9: Operational Procedures for (Omitted Paragraph 1) II. Evaluation and operational procedures (Preceding omitted) (VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article. (VII) Restrictive covenants and other important stipulations associated with the transaction. <u>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Paragraph 1 (VIII) of Article 13, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and the board of directors per the Procedures need not be counted toward the transaction amount.</u> (Below omitted) Material transactions for acquiring or disposing of securities with a related party, the approval of one-half or more of all audit committee members is required, and submitted to the board of directors for a resolution.</p>	<p>I. To enhance the management of transaction with related party, to prevent from avoiding the requirement of obtaining approval from the shareholders’ meeting by engaging in the material transaction with related party through the subsidiary no the public company in Taiwan, the article is added.</p> <p>II. Moved to cope with the additional articles, and amended to include the approval from the shareholders’ meeting for</p>

<p><u>paragraph 1 and the transaction amount will reach 10 percent or more of the public company’s total assets, the public company shall submit the materials in all the subparagraphs of paragraph 2 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the public company and its parent company or subsidiaries or between its subsidiaries.</u></p> <p><u>The calculation of the transaction amount referred to in paragraph 1 and the preceding paragraph shall be made in accordance with Paragraph 1 (VIII) of Article13, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee, the shareholders’ meeting, and the board of directors and per the Procedures need not be counted toward the transaction amount.</u></p>	<p>If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</p>	<p>calculation the transaction amount.</p>
<p>Article 10: Operational procedures for acquiring or disposing of intangible assets or right-of-use assets thereof or memberships (Omitted Paragraphs 1, 2, and 3)</p> <p>IV. Expert’s appraisal report on tangible assets or right-of-use assets thereof, or membership</p> <p>Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p>	<p>Article 10: Operational procedures for acquiring or disposing of intangible assets or right-of-use assets thereof or memberships (Omitted Paragraphs 1, 2, and 3)</p> <p>IV. Expert’s appraisal report on tangible assets or right-of-use assets thereof, or membership</p> <p>Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with</p>	<p>I. Revising wording to cope with Article 6.</p>

	<p><u>the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u></p>	
<p>Article 13: Procedures for information disclosure I. Items to be publicly announced and reported, and the criteria thereof (Preceding omitted) (VII) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances: 1. Trading of domestic government bonds <u>or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u> 2. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds, or of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, <u>or subscription or redemption of exchange traded notes,</u> or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange. 3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. (Below omitted)</p>	<p>Article 13: Procedures for information disclosure I. Items to be publicly announced and reported, and the criteria thereof (Preceding omitted) (VII) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances: 1. Trading of domestic government bonds. 2. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange. 3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. (Below omitted)</p>	<p>I. Revising wording accordingly II. As the public companies are exempted from public announcement and report for trading domestic government bonds now, and the natures of the foreign government bonds are simple, the restriction is loosened.</p>

Chien Shing Stainless Steel Co., Ltd.

Operational Procedures for Acquisition and Disposal of Assets

Article 1: Purpose

The Operational Procedures are established to protect assets and implement the information disclosure.

Article 2: Legal basis

The Procedures are established pursuant to the Securities and Exchange Act and regulations of the competent authority.

Article 3: Scope of assets:

- I. 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.
- II. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
- III. Memberships.
- IV. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
- V. Right-of-use assets.
- VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- VII. Derivatives.
- VIII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
- IX. Other major assets.

Article 4 Definition

- I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
- II. 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, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the

Company Act.

- III. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- IV. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
- V. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart 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.
- VI. 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.
- VII. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
- VIII. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
- IX. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.
- X. "Within the preceding year" refers to the year preceding the date of occurrence of the acquisition and disposal of the asset; items duly announced need not be counted toward the transaction amount.
- XI. "Financial statement for the most recent period" refers to the financial statements of the Company, disclosed as required by laws, and audited or reviewed by CPAs before acquisition and disposal of the asset.
- XII. The terms "all audit committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 5: Limits for investment in real-properties and securities not for business

The limits for the Company and each subsidiary to acquire the aforesaid assets individually

are established as following:

- (I) For real properties and the right-of-use assets thereof not for business use, the total amount shall not exceed 30% of the net worth.
- (II) Total amount of investment in securities shall not exceed 90% of the net worth.
- (III) The amount of investment in a single security exceed 40% of the net worth.

Article 6: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

- I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation 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 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
- II. May not be a related party or de facto related party of any party to the transaction.
- III. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of the industry associations to which they belong and with the following provisions:

- (I) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
- (II) When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
- (III) They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
- (IV) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Article 7: Operational procedures for acquiring or disposing of real property, equipment, or right-of-use assets thereof

- I. Evaluation and operational procedures

In acquiring or disposing of real property, equipment, or right-of-use assets thereof, the

Company shall comply with the fixed asset cycle procedures in the internal control system.

II. Determination procedures for transaction conditions and authorized limits

- (I) For acquiring or disposing of real properties and equipment, or the right-of-use thereof, the announced current value, assessed current value, actual transaction price or book value of the real properties in the neighborhood, in order to determine the transaction conditions and prices, and prepare an analysis report to the chairman. For the transaction amount at NT\$100 million or under, the approval of the chairman must be required before execution; if exceeding NT\$100 million, the approval of the shareholders' meeting is required.
- (II) The Company shall select either price comparison, negotiation, or tender for acquiring or disposing of real properties. For the transaction amount at NT\$100 million or under, the approvals of each level shall be obtained pursuant to the authorization procedures; if exceeding NT\$100 million, the approvals of the chairman and then the shareholders' meeting are required.
- (III) Where the Company's acquisition and disposal of assets that is required to be approved by the board of directors pursuant to the Procedure or other laws, if any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee.

When submitting the transaction acquiring or disposing of asset to the board of directors for discussion, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Material transactions for acquiring or disposing of real property, equipment, or right-of-use assets thereof, the approval of one-half or more of all audit committee members is required, and submitted to the board of directors for a resolution.

If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

III. Execution units

When acquiring or disposing of real property, equipment, or right-of-use assets thereof, the Company shall obtained the approval as the approval authorities in the preceding paragraph, and the unit using the asset and the management unit execute the transaction.

IV. Appraisal reports of real property or equipment

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

professional appraiser and shall further comply with the following provisions:

- (I) 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.
- (II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- (III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - 1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- (IV) 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.
- (V) Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 8: Operational procedures for acquiring or disposing of investment in securities

I. Evaluation and operational procedures

In acquiring or disposing of securities, the Company shall comply with the invest cycle procedures in the internal control system.

II. Determination procedures for transaction conditions and authorized limits

- (I) For securities trading on securities exchanges or OTC markets, the responsible units shall research the market conditions and then decides. For the transaction amount at NT\$100 million or under, the approval of the chairman must be required before execution; if exceeding NT\$100 million, the approval of the shareholders' meeting is required.
- (II) For securities not trading on securities exchanges or OTC markets, the financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant shall be obtained for reference in appraising the transaction price; by considering the net worth per share, profitability, and the potential of future

development, for the transaction amount at NT\$100 million or under, the approval of the chairman must be required before execution; if exceeding NT\$100 million, the approval of the shareholders' meeting is required.

- (III) Where the Company's acquisition and disposal of assets that is required to be approved by the board of directors pursuant to the Procedure or other laws, if any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee.

When submitting the transaction acquiring or disposing of asset to the board of directors for discussion, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Material transactions for acquiring or disposing of securities, the approval of one-half or more of all audit committee members is required, and submitted to the board of directors for a resolution.

If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

III. Execution units

When acquiring or disposing of securities, the Company shall obtained the approval as the approval authorities in the preceding paragraph, and the finance unit executes the transaction.

IV. Obtaining experts' opinioions

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

Article 9: Operational Procedures for

- I. When the Company engages in any acquisition or disposal of assets from or to a related

party pursuant to Article 7, “Operational procedures for acquiring or disposing of real property, equipment, or right-of-use assets thereof,” in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent 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 in compliance with Article 7.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Paragraph 1 (VIII) of Article 13.

When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

II. Evaluation and operational procedures

When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:

- (I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- (II) The reason for choosing the related party as a transaction counterparty.
- (III) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Subparagraph (I) and (IV), Paragraph 3 of the article.
- (IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
- (V) 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.
- (VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- (VII) Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Paragraph 1 (VIII) of Article 13, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and the board of

directors per the Procedures need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the board of directors may pursuant to Article 7, paragraph 2, delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
2. Acquisition or disposal of real property right-of-use assets held for business use.

When submitting to the board of directors for discussion, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Material transactions for acquiring or disposing of securities with a related party, the approval of one-half or more of all audit committee members is required, and submitted to the board of directors for a resolution.

If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

III. Evaluating the reasonableness of the transaction

- (I) The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:
 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 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.
- (II) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

- (III) The Company, when acquiring real property or right-of-use assets thereof from a related party, appraises the cost of the real property or right-of-use assets thereof in accordance with Subparagraph (I) and (II), Paragraph 3 of the article, and shall also engage a CPA to check the appraisal and render a specific opinion.
- (IV) Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Subparagraph (I) and (II), Paragraph 3 of the article are uniformly lower than the transaction price, Subparagraph (V), Paragraph 3 of the article shall be complied with. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have 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 the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. 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) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
 2. Where a public company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land 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; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.
- (V) Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Subparagraph (I) and (II), Paragraph 3 of the article are uniformly lower than the transaction price, the following steps shall be taken:

The Company that has set aside a special reserve for the public company uses the equity method to account for its investment in the Company may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
2. The Audit Committee shall comply with Article 218 of the Company Act.
3. The treatment of Point 1 and 2, Subparagraph (V), Paragraph 3 of the article shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

(VI) Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Paragraph 1 and 2 of the article, and Subparagraph (I), (II), and (III), Paragraph 3 of the article do not apply:

1. The related party acquired the real property 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 property or right-of-use assets thereof to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.
4. The real property right-of-use assets for business use are acquired by the public company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

(VII) When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the Subparagraph (V), Paragraph 3 of the article if there is other evidence indicating that the acquisition was not an arms length transaction.

Article 10: Operational procedures for acquiring or disposing of intangible assets or right-of-use assets thereof or memberships

(I) Evaluation and operational procedures

In acquiring or disposing of intangible assets or right-of-use assets thereof, or

membership, the Company shall comply with the fixed asset cycle procedures in the internal control system.

(II) Determination procedures for transaction conditions and authorized limits

1. For acquiring or disposing of membership, the fair market value shall be referred to, in order to determine the transaction terms and prices, and prepare an analysis report to the chairman. For the transaction amount at NT\$10 million or under, the approval of the chairman must be required before execution; if exceeding NT\$10 million, the approval of the shareholders' meeting is required.
2. For acquiring or disposing of intangible asset or right-of-use asset thereof, the expert's, the experts' appraisal reports or the fair market value shall be referred to, in order to determine the transaction terms and prices, and prepare an analysis report to the chairman. For the transaction amount at NT\$20 million or under, the approval of the chairman must be required before execution; if exceeding NT\$20 million, the approval of the shareholders' meeting is required.
3. Where the Company's acquisition and disposal of assets that is required to be approved by the board of directors pursuant to the Procedure or other laws, if any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee.

When submitting the transaction acquiring or disposing of asset to the board of directors for discussion, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Material transactions for acquiring or disposing of intangible assets or right-of-use assets thereof, or membership, the approval of one-half or more of all audit committee members is required, and submitted to the board of directors for a resolution.

If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

(III) Execution units

When acquiring or disposing of real intangible assets or right-of-use assets thereof, or membership, the Company shall obtained the approval as the approval authorities in the preceding paragraph, and the unit using the asset and the management unit execute the transaction.

(IV) Expert's appraisal report on ntangible assets or right-of-use assets thereof, or membership

Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of

Statement of Auditing Standards No. 20 published by the ARDF.

Article 10-1 The calculation of the transaction amount referred to in Article 7, 8, and 10 shall be made in accordance with Paragraph 1 (VIII) of Article 13, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been obtained an appraisal report from a professional appraiser or a CPA's opinion per the Procedures need not be counted toward the transaction amount.

Article 11: Operational procedures for acquiring or disposing of derivatives

I. Authorized limits and level

- (I) Hedging trading: depending on the changes of the Company's revenues and risk position, the chairman shall appoint the personnel to engage in tradings of these traded positions with amount of US\$1 million or under (other currencies equivalent included) for single or aggregated trading; if exceeding US\$1 million, the chairman's approval must be obtained prior to the engagement.
- (II) Non-hedging trading: to lower the risks, trading with amount of US\$1 million or under (other currencies equivalent included) for single or aggregated trading must be approved by the chairman; if exceeding US\$1 million, the approval of the shareholders' meeting must be obtained prior to the engagement.

II. Trading principles and guidelines

(I) Transaction Type:

The derivatives trading in which the Company may engage including forward contracts, options contracts, futures contracts, or interest or foreign exchange rate swap contracts, or hybrid contracts combining the above contracts. If any other derivative trading is required, the approval of the board of directors must be obtained.

(II) Operating or hedging strategies

The Company's engagements in trading derivatives are classified as hedging purpose and non-hedging purpose (trading purpose). The strategy shall mainly aim to avoid the operating risks; when selecting derivatives, the main purpose shall be avoiding the risks of foreign exchange incomes and expenses, assets or liabilities when operating the Company. Where the objective environment changes, the “non-hedging trading” of derivatives may be engaged at the right time, seeking to increase the non-operating incomes, or reduce the non-operating loss for the Company. In addition, the counterparties shall be selected from these financial institutions having business relationship with the Company to avoid credit risk. Prior to the trading, it shall be defined specifically if the trading is hedging purpose, or the financial operation seeking investment gains, as the basis of accounting.

(III) Trading limits

- 1. Hedging trading: the sum of net foreign exchange positions (including the net positions expected in the future) after consolidating assets and liabilities are the hedging limits.

2. Non-hedging trading: No more than US\$5 million Prior to the executing, the trading personnel shall provide the analysis report of foreign exchange movement, specifying the analysis of foreign exchange market trends and recommended operation; the execution is only permitted upon approval.
- (IV) Maximum loss of aggregated and individual contracts
1. The maximum loss of individual contract for hedging and non-hedging trading is 20% of the contract amount.
 2. The maximum loss of aggregated contracts for hedging and non-hedging trading is 20% of the total contract amount.
- (V) Division of authority and responsibility.
1. Trading personnel: the personnel executing the derivative trading; designated by the chairman. They are in charge of prescribing trading strategies within the authorized extent, executing trading orders, disclosing future trading risks, and providing real-time information to relevant departments for reference.
 2. Finance Section: responsible confirming and settling trading, recording and keeping trading records pursuant to the relevant regulations, regularly evaluating the fair market value of the positions held, providing such to the designated trading personnel, and disclosing the relevant matters to derivatives in the financial statements.
- (VI) Key principles of performance evaluation
1. Hedging trading: The performance evaluation is based on the costs of foreign exchange (interest) rate on the books and the profit and loss generated from engaging in derivative financial trading. Evaluations shall be conducted at least twice a month, and the performance is presented to the management for reference.
 2. Trading with assigned purpose: Take the actual profit and loss as the basis for performance evaluation, evaluate at least once a week, and present the performance to the management for reference.

III. Risk management measures

The Company engages in derivative transactions, and its risk management scope and management measures are as follows:

- (I) Consideration of credit risk: The Company selects financial institutions and futures brokers that have a good reputation with the Company and can provide professional information as the counterparties for trading.
- (II) Consideration of market risk: the losses that may be generated from future market price fluctuations of derivatives are uncertain, so the stop-loss setting shall be strictly complied with after the position is established.
- (III) Consideration of liquidity risk: In order to ensure the liquidity of trading commodities, the trading institution must have sufficient information and the ability to trade in any market at any time.
- (IV) Consideration of operating risk: The Company must comply with the authorization limits and operating procedures to avoid operating risks.

- (V) Consideration of legal risk: For any contractual documents entered with financial institutions, the international standard documents shall be applied as much as possible to avoid legal risks.
- (VI) Consideration of derivative risk: An internal trading personnel should have complete and accurate professional knowledge of the derivatives traded in order to avoid losses caused by misuse of the derivatives.
- (VII) Consideration of cash settlement risk: In addition to strictly complying with the authorization limits, the authorized dealer should also pay attention to the company's cash flow to ensure that there is sufficient cash available for payment at the time of settlement.
- (VIII) Trading personnel, confirmation, and settlement personnel shall not work concurrently serve for more than 1 of these roles.
- (IX) Confirmation personnel shall regularly reconcile or confirm with the correspondent with the banks, and check from time to time whether the total trading amount exceeds the upper limit stipulated in the Procedures.
- (X) Risk measurement, supervision and control personnel shall be in separate departments from the personnel in (I) and shall report to senior executives who are not responsible for trading or part of the decision making.
- (XI) The positions held in hedging transactions shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month, and the evaluation report shall be submitted to the senior management authorized by the Board of Directors (Note: the senior management other than the execution unit shall be designated).

IV. Internal audit system

- (I) The internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, the Audit Committee shall be notified in writing.
- (II) The Company's audit personnel shall include derivative transactions in the audit plan and report the implementation of the previous year's annual audit plan to the competent securities authorities by the end of February of the following year, and report the improvement of irregularities to the competent securities authorities by the end of May of the following year. Where any material violation is found, the Audit Committee shall be notified in writing.

V. Approaches of regular evaluation and treatment of irregularity

- (I) Evaluate derivatives tradings monthly or weekly, and summarize the monthly or weekly profit and loss, as well as open positions of non-hedging trading, and submit them to the senior management authorized by the board of directors and chairman, as a reference for management performance evaluation and risk measurement.
- (II) Designate senior management personnel to pay continuous attention to monitoring and

controlling derivatives trading risk. The board of directors shall evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.

- (III) Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:
1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by SFI and the Procedures.
 2. Oversee the trading, profit and loss. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Audit Committee and the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.

The Company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.

- (IV) Engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, monthly or weekly evaluation reports, and the periodically evaluation by the board of directors and the senior management designated by the board, shall be recorded in detail in the log book.

Article 12: Operational procedures for mergers and consolidations, splits, acquisitions, and assignment of shares

I. Evaluation and operational procedures

- (I) The Company, when conducting merger, demerger, acquisition, or transfer of shares, it is advisable to engage a CPA, attorney, or securities underwriter to study the expected timeframe of the statutory procedures, and organize a project team to execute based on the statutory procedures. In addition, prior to convening the board of directors to resolve on the matter, shall 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 a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.
- (II) 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 in paragraph 1 (I) of the Article 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. 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.

II. Other matters to be noted

- (I) Date of board meeting: A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, shall prepare a full written record of the following information and retain it for 5 years for reference:

- (1) Basic identification data for personnel: Including the occupational 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 of directors 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 of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

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, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraph 3 and 4.

- (II) Prior non-disclosure commitment: 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.

- (III) Principle of determining and changing the share exchange ratio and acquisition price: companies that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall 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 shareholders' meeting. The share exchange ratio and acquisition price may not be arbitrarily altered; provided, where the circumstances permitting alteration are stipulated in the contract and publicly disclosed, the requirement does not apply. The circumstances permitting alteration are as following
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, that 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.
- (IV) Contents required in contracts: The contract of a merger, demerger, acquisition, or of shares shall record the following, other than the requirements in Article 317-1 of the Company Act and Article 22 of the Business Mergers And Acquisitions Act.
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. Scheduled date for convening the legally mandated shareholders meeting if the plan

exceeds the deadline without completion, and relevant procedures.

- (V) Where the number of participants in the merger, demerger, acquisition, or share transfer changes: 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.
- (VI) 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 Subparagraph (I) Date of board meeting; (II) Prior non-disclosure commitment; and (V) the number of participants in the merger, demerger, acquisition, or share transfer changes, Paragraph 2 of the article.

Article 13: Procedures for information disclosure

I. Items to be publicly announced and reported, and the criteria thereof

- (I) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- (II) Merger, demerger, acquisition, or transfer of shares.
- (III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
- (IV) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - (1) For paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 - (2) For paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
- (V) Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases, if the public company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it

constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.

(VI) 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 transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.

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

1. Trading of domestic government bonds.
2. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

(VIII) The amount of transactions above shall be calculated as follows. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

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

For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

In the case of a company whose shares have no par value or a par value other than NT\$10—for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted;

for calculations under the provisions of these Procedures regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.

II. Deadlines for public announcement and report

When the Company acquires or disposes of assets, involving the items to be publicly announced in Paragraph 1, and the transaction amount meets the criteria for public announcement and report, such transactions shall be publicly announced and reported 2 days counting inclusively from the date of occurrence of the event:

III. Procedures of public announcement and report

- (I) The Company shall report the relevant information on the FSC's designated website.
- (II) The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.
- (III) 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.
- (IV) The Company, when acquiring or disposing of assets, shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.
- (V) Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively 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.

Article 14: The subsidiaries of the Company shall comply with the following:

- I. The Company shall supervise subsidiaries to established their own operational procedures for the acquisition or disposal of assets, and reported such to their shareholders' meeting after being approved by their board of directors; the same applies to amendments.

- II. The Company shall supervise if the subsidiaries conduct the related affairs pursuant to their established operational procedures for the acquisition or disposal of assets; it is advisable to be checked by the Company's internal auditors.
- III. Where acquisitions and disposals of assets by the Company's subsidiaries that are not itself a public companies in Taiwan meeting the criteria for public announcement and report, the Company shall be informed on the date of occurrence; the Company will publicly announce and report at the website designated by the FSC as required.
- IV. In the subsidiary's criteria for public announcement and report, "paid-in capital or total assets" refers to the paid-in capital or total assets of the Company (the parent).

Article 15: Penalty

Any employee engaging in acquisition or disposal of assets violates the rules of the Procedures, the Company shall punish the employee according to the "Reward and Punishment Regulations".

Article 16: Implementation and amendment

The Company's "Operational Procedures for Acquisition or Disposal of Assets" shall be approved by one-half or more of all audit committee members, and then approved by the board of directors, and finally to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the Audit Committee.

When the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

Article 17: Additional Provisions

Anything not mentioned in the Procedures shall be handled pursuant to the related laws and regulations.

Appendix 2

【Before Amendment】

Articles of Incorporation of Chien Shing Stainless Steel Co., Ltd.

Chapter One General Provisions

Article 1: The Company is incorporated in accordance with The Company Act, and is named "CHIEN SHING STAINLESS STEEL CO., LTD."

Article 2: The Company's industry classifications are:

- (1) CA01010 Iron and Steel Smelt
- (2) CA01020 Iron and Steel Rolling and Extruding
- (3) CA01050 Steel Secondary processing
- (4) CA02990 Other Metal Products Manufacturing
- (5) CB01010 Mechanical Equipment Manufacturing
- (6) CC01080 Electronics Components Manufacturing
- (7) CO01010 Tableware Manufacturing
- (8) F113010 Wholesale of Machinery
- (9) F199990 Other Wholesale Trade
- (10) F401010 International Trade
- (11) H701010 Housing and Building Development and Rental
- (12) H701030 Funeral Places Lease Construction and Development
- (13) H701040 Specific Area Development
- (14) B201010 Mining of metal ores
- (15) F115020 Wholesale of Ores
- (16) CA01090 Aluminum Casting
- (17) CC01010 Manufacture of Power Generation, Transmission and Distribution Machinery
- (18) CC01090 Manufacture of Batteries and Accumulators
- (19) CD01030 Motor Vehicles and Parts Manufacturing
- (20) CD01040 Motorcycles and Parts Manufacturing
- (21) CD01050 Bicycles and Parts Manufacturing
- (22) CD01990 Other Transport Equipment and Parts Manufacturing
- (23) CQ01010 Mold and Die Manufacturing
- (24) E603050 Automatic Control Equipment Engineering
- (25) E603100 Electric Welding Engineering
- (26) E604010 Machinery Installation
- (27) E605010 Computer Equipment Installation
- (28) JA02020 Motorcycle Repair
- (29) JA02030 Bicycle Repair
- (30) C901040 Manufacture of Ready-mix Concrete
- (31) C901050 Cement and Concrete Products Manufacturing

- (32) C901990 Other Non-Metallic Mineral Products Manufacturing
- (33) J101080 Resource Recycling
- (35) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

- Article 3: The Company may offer endorsement and guarantee to external parties as needed for business activities, subject to the Company's endorsement and guarantee procedures.
- Article 4: External business investments are subject to board of directors' approval, and the sum of investment can be exempted from the restrictions imposed under Article 13 of The Company Act (i.e. 40% of paid-up capital).
- Article 5: The Company is headquartered in Tainan City, and may establish domestic or foreign branches subject to board of directors' approval.
- Article 6: Public announcements shall be duly made in accordance with the methods described in Article 28 of The Company Act.

Chapter Two Share capital

- Article 7: The Company has authorized capital of Five Billion New Taiwan Dollars in five hundred million shares. Each share has a face value of Ten New Taiwan Dollars. The board of directors is authorized to issue unissued shares in multiple offerings depending on the actual circumstances.
- Article 8: The Company issues owner-registered shares only. Every share certificate shall be issued with the signatures or seals of at least 3 directors.
- Article 8-1: When issuing new shares, the Company may print a single certificate to collectively represent all shares in the new issue. Shares of the Company may be issued in non-tangible form, subject to registration with the centralized securities depository.
- Article 9: Unless otherwise specified by law and securities regulation, issues concerning transfer of share ownership, pledge of shares, loss of share certificate, ownership inheritance, gifting, loss/change of seal, change of address, and share-related affairs shall be handled according to “Regulations Governing the Administration of Shareholder Services of Public Companies.”
- Article 10: Transfer of share ownership shall be suspended during the 60 days prior to an annual general meeting, or during the 30 days prior to an extraordinary shareholder meeting, or during the 5 days prior to the baseline date of dividend, bonus or rights distribution.

Chapter Three Shareholder Meetings

- Article 11: The Company convenes two types of shareholder meeting: the annual general meeting and extraordinary shareholder meetings. Annual general meetings (AGMs) are convened once a year within six months after the end of each financial year, and shall be advised to shareholders 30 days in advance. Extraordinary shareholder meetings may be held whenever deemed necessary, and shall be advised to shareholders 15 days in advance.

- Article 12: If a shareholder is unable to attend the shareholder meeting in person, a proxy can be appointed by completing the Company's proxy form and by specifying the scope of delegated authority. The proxy form has to be effected with authorized signature or seal. Appointment of proxies shall also comply with Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.
- Article 14: Except otherwise regulated by The Company Act, a shareholder meeting resolution is passed when more than 50% of all outstanding shares are represented in the meeting, and that the motion is voted in favor by more than 50% of all voting rights represented at the meeting.
- Article 15: AGMs are to be convened by the Chairman. If the Chairman is absent for any reason, the Chairman shall appoint one of the directors to act on behalf; if no one is appointed, the remaining directors shall appoint one among themselves to perform acting duty.
- Article 16: Shareholder meeting resolutions shall be compiled into detailed minutes, signed or sealed by the chairperson, and disseminated to each shareholder by no later than 20 days after the meeting.

Meeting minutes may also be disseminated by way of public announcements.

The minutes shall detail the date and venue of the meeting, the chairperson's name, the method of resolution, and the proceeding and results of each motion. Minutes shall be retained for as long as the Company exists. Shareholders' attendance logs and proxy forms shall be retained for at least one year. However, should a shareholder raise a litigious claim against the Company in accordance with Article 189 of The Company Act, the abovementioned documents must be retained until the end of the litigation.

Chapter Four Directors and Audit Committee

- Article 17: The Company has 5 to 7 directors, who are elected in shareholder meetings from persons of adequate capacity. The term of directorship is three years, and is renewable if re-elected. By-election of directors shall proceed according to Article 201 of The Company Act.
- Article 17-1: Independent directors shall be included amongst the directors chosen above. There shall be no fewer than three independent directors and they must not represent less than one-fifth of the board. Directors of the Company shall be elected using the nomination system, in which shareholders will elect from the list of nominated director candidates. Methods for accepting nomination of director candidates shall be determined and announced according to The Company Act, the Securities and Exchange Act and relevant regulations. Independent directors shall be elected during the same voting session as non-independent directors, and have positions allocated separately. Restrictions concerning independent directors' eligibility, shareholding, concurrent employment, and all other compliance issues are governed by relevant rules of the securities authority.

- Article 17-2: The Company shall assemble an Audit Committee that consists entirely of independent directors according to Article 14-4 of the Securities and Exchange Act. Matters concerning the Audit Committee, including its composition, duties, and authority, are governed by Securities and Exchange Act and related laws.
- Article 18: The elected directors shall form a board and appoint one Chairman during a board meeting with more than two-thirds of directors present and with the support of more than half of all attending directors. The Chairman serves as the Company's representative to the outside world.
- Article 18-1: Convention of board meeting must be advised to all directors at least 7 days in advance. However, meetings can be held in shorter notices in the case of emergency. Convention of board of directors meetings may be advised through written correspondence, E-mail, or fax.
- Article 19: If the Chairman is unable to perform duties due to leave of absence or any reason, a delegate shall be appointed in accordance with Article 208 of The Company Act. Directors who are unable to attend board meeting for any reason may appoint other directors to attend on their behalf. Proxy arrangements must comply with Article 205 of The Company Act. If a board meeting is convened by way of video conference, those who participate in the meeting using video conferencing are considered to have attended the meeting in person.
- Article 20: The elected directors shall form a board to perform the duties and exercise the authorities mentioned below:
- (1) Devise corporate policies.
 - (2) Outline business strategies.
 - (3) Review budgets and year-end accounts.
 - (4) Approve key personnel arrangements.
 - (5) Propose earnings appropriation or loss reimbursement.
 - (6) Devise and approve deals for acquisition and disposal of key properties and real estate.
 - (7) Devise fundraising and capital reduction plans.
 - (8) Devise and approve other business investments.
 - (9) Other duties and authority vested by laws and shareholders.
- Article 22: The board of directors is authorized to determine the level of compensation for directors based on individual participation and contribution to the Company's operations, and in reference to industry peers.

Chapter Five Managers

- Article 23: The Company may create managerial positions. Appointment, dismissal, and compensation of whom shall comply with Article 29 of The Company Act.

Chapter Six Accounting

Article 24: The board of directors is responsible for preparing the following statements and reports at the end of each financial year, which are to be presented for acknowledgment according to legal procedures at the annual general meeting.

- (1) Business reports.
- (2) Financial statements.
- (3) Earnings appropriation or loss reimbursement proposals.

Article 25: Annual profits concluded by the Company are subject to employee remuneration of 2%-3%, which the board of directors may decide to distribute in cash or in shares. Employees of subsidiaries who meet certain criteria are also entitled to receive this remuneration. Up to 1% of the aforementioned profit may be distributed as directors' remuneration at the discretion of the board of directors. Employee and director remuneration proposals are to be raised for resolution during shareholder meetings.

Profits must first be reserved to offset against cumulative losses, if any, before the remainder can be distributed as employee/director remuneration in the above percentages. The annual profit mentioned in Paragraph 1 shall refer to pre-tax profit before employees' and directors' remuneration in the current year.

Article 25-1: Annual surpluses concluded by the Company are first subject to taxation and reimbursement of previous losses, followed by a 10% provision for legal reserve and provision or reversal of special reserve as the laws may require. Any surpluses remaining will be added to unappropriated earnings accumulated from previous years, for which the board of directors will propose an earnings appropriation plan and seek resolution in a shareholder meeting before distribution.

The Company shall devise earnings appropriation plans for the amount of distributable earnings calculated above after taking into consideration prospects of the economic environment, future capital requirements, long-term financial plans, and shareholders' needs for cash inflow, and present the proposal for resolution at shareholder meeting. At least 10% of total shareholders' dividends shall be paid in cash, but the Company may choose to pay dividends in shares instead if cash dividends amount to less than NT\$0.5 per share.

Chapter Seven Supplemental Provisions

Article 26: Any matters that are not addressed in the Articles of Incorporation shall be governed by The Company Act.

Article 27: The Articles of Incorporation was established on April 3, 1972

The 1st amendment was made on April 26, 1972

The 2nd amendment was made on January 30, 1974

The 3rd amendment was made on November 13, 1978

The 4th amendment was made on May 27, 1980

The 5th amendment was made on November 27, 1981
The 6th amendment was made on October 1, 1982
The 7th amendment was made on March 23, 1983
The 8th amendment was made on March 23, 1984
The 9th amendment was made on June 28, 1984
The 10th amendment was made on November 15, 1984
The 11th amendment was made on June 20, 1985
The 12th amendment was made on November 15, 1986
The 13th amendment was made on August 15, 1987
The 14th amendment was made on August 15, 1988
The 15th amendment was made on September 23, 1988
The 16th amendment was made on December 12, 1988
The 17th amendment was made on June 26, 1989
The 18th amendment was made on September 8, 1989
The 19th amendment was made on June 28, 1991
The 20th amendment was made on June 20, 1992
The 21st amendment was made on June 7, 1994
The 22nd amendment was made on April 19, 1995
The 23rd amendment was made on June 28, 1996
The 24th amendment was made on May 8, 1997
The 25th amendment was made on October 14, 1998
The 26th amendment was made on May 28, 1999
The 27th amendment was made on June 15, 2000
The 28th amendment was made on June 28, 2001
The 29th amendment was made on September 3, 2002
The 30th amendment was made on April 24, 2003
The 31st amendment was made on June 10, 2004
The 32nd amendment was made on June 14, 2005
The 33rd amendment was made on June 19, 2009
The 34th amendment was made on June 17, 2010
The 35th amendment was made on March 23, 2012
The 36th amendment was made on June 19, 2014
The 37th amendment was made on April 21, 2015
The 38th amendment was made on June 7, 2016
The 39th amendment was made on March 29, 2018
The 40th amendment was made on June 11, 2020

Chien Shing Stainless Steel Co., Ltd.

Directors Election Policy

- Article 1: Election of the Company's directors shall proceed according to this Policy unless otherwise specified in The Company Act, Securities and Exchange Act, or Articles of Incorporation.
- Article 2: Election of the Company's directors shall proceed using the registered cumulative voting method. Each share is vested with voting rights equal to the number of directors to be elected. These voting rights may be concentrated on one candidate or allocated across multiple candidates.
Voters may be identified by the conference pass ID printed on ballot instead of real name.
- Article 3: Directors of the Company shall be elected from persons of adequate capacity during a shareholder meeting. The election shall collectively elect the entire number of seats mentioned in the Articles of Incorporation and have votes counted separately for independent directors and non-independent directors. Candidates who receive the highest number of votes are assigned to the positions in the prescribed order. If two or more candidates receive the same number of votes but there are insufficient positions to accommodate them all, they shall draw for the remaining seats. The chairperson will draw on behalf of those who are absent during the meeting.
Election of the Company's directors shall proceed using the candidate nomination system described in Article 192-1 of The Company Act.
Eligibility and method of independent director election are subject to the terms outlined in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 24 of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."
- Article 4: Ballots shall be prepared by the Company with conference pass ID and the number of voting rights pre-printed on the ballot.
- Article 5: Before the election begins, the chairperson shall appoint ballot examiners and ballot counters to perform various duties relating to the election.
- Article 6: For director election, the board of directors shall prepare a ballot box and have it examined openly by the ballot examiner prior to voting.
- Article 7: If the candidate is a shareholder, voters will have to specify both shareholder account name and number in the "candidate" field of the ballot. If the candidate is not a shareholder, the candidate's name and ID card number will have to be specified instead. However, if the candidate is a government institution or a corporate shareholder, the name

of the government institution or corporation and name of the representative shall be specified in the "candidate" field of the ballot. If there are multiple representatives, the names of all representatives shall be specified in the ballot. Meanwhile, voters are required to specify the number of voting rights to be allocated to the candidate.

Article 8: Ballots are considered void in any of the following circumstances:

1. Use of ballot that does not conform with the formats specified in this Policy.
2. Casting of blank ballot into the ballot box.
3. Illegible writing.
4. Where the candidate is a shareholder, the written identity and shareholder account number do not match the shareholder registry; or where the candidate is a non-shareholder, the written name and identity document number do not match the candidate's identity proof.
5. Ballots that contain writings other than the candidate's account name, shareholder account number (or ID card number), and allocated votes.
6. Where the candidate is a shareholder, another shareholder of the same name exists in the shareholder registry but the ballot only specifies the candidate's name without shareholder account number.
7. The number of candidates written on ballot exceeds the number of directors to be elected under the Articles of Incorporation.
8. The number of voting rights exercised exceeds the voting rights printed on the ballot.
9. Ballot with modification to any details including the candidate's name, shareholder account number (or ID card number), or allocated votes.
10. Ballots that do not specify the candidate's account name or shareholder account number (or ID card number).

Article 9: Once voting has ended, the ballot examiner will open the ballot box and votes will have to be counted by ballot counters under the supervision of the ballot examiner.

Article 10: Once the ballot examiner has verified the number of valid and void ballots, the number of voting rights specified on valid and void ballots shall be updated to the record sheet. The chairperson then announces the election result including the names and shareholder account numbers (or ID card numbers) of elected parties.

Article 11: Chairperson of the shareholder meeting or the board of directors will issue confirmations to elected directors to certify their elected roles.

Article 12: This Policy shall take effect once approved during shareholder meeting; the same applies to all subsequent amendments.

Chien Shing Stainless Steel Co., Ltd.

Shareholder Meeting Conference Rules

1. Unless otherwise specified in law, shareholder meetings of the Company shall proceed according to the following rules.
2. Attending shareholders are required to wear conference passes and present attendance cards as proof of attendance. Attendance cards are used to calculate the number of shares represented in the meeting.
3. Attendance and votes in a shareholder meeting are calculated based on the number of shares represented.
4. Shareholder meetings shall be held at locations that are suitable and convenient for shareholders to attend. Meetings must not commence anytime earlier than 9AM or later than 3PM.
5. Shareholder meetings that are convened by the board of directors shall be chaired by the Chairman. If the Chairman is on leave or is unable to exercise duties for any reason, the Vice Chairman will act on behalf; if there is no Vice Chairman or if the Vice Chairman is also on leave or is unable to exercise duties for any reason, the Chairman may appoint one managing director to assume acting duty; if there is no managing director, one of the directors shall be appointed to perform acting duty; if no delegate is appointed by the Chairman, one shall be appointed among managing directors or directors.

If the shareholder meeting is convened by any entitled party other than the board of directors, the convener will act as the meeting chairperson.

6. The Company may summon its lawyers, certified public accountants, and any relevant personnel to be present at shareholder meetings. Organizers of the shareholder meeting must wear proper identification or arm badges.
7. The entire proceeding of the Company's shareholder meetings shall be recorded in video or audio, and kept for at least 1 year.
8. The chairperson should announce commencement of meeting as soon as it is due. However, if current attendees represent less than half of the Company's outstanding shares, the chairperson may announce to postpone the meeting up to two times, for a period totaling no more than one hour. If attending shareholders still represent more than one-third but less than half of outstanding shares after two postponements, the attending shareholders may reach a tentative resolution according to Paragraph 1, Article 175 of The Company Act.

If the number of shares represented accumulate to more than half of all outstanding shares as the meeting progresses, the chairperson may propose the tentative resolutions for final voting according to Article 174 of The Company Act.

9. For shareholder meetings that are convened by the board of directors, the board of directors will determine the meeting agenda. The agenda can not be changed unless resolved during the shareholder meeting.

The above rule also applies to shareholder meetings that are convened by any entitled party other than the board of directors.

In either of the two arrangements described above, the chairperson can not dismiss the meeting while a motion (including special motions) is still in progress. Once a meeting is adjourned, shareholders may not elect to continue the meeting with another chairperson or at a different venue unless the chairperson is found to have dismissed the meeting in violation of the conference rules. In which case, attending shareholders may elect another chairperson with the support of more than half of voting rights represented to continue the meeting.

10. Shareholders may propose amendments or alternative solutions to the items listed on the agenda, and may raise new discussions by way of special motion, provided that such proposals are seconded by two or more shareholders. This requirement also applies to changes of agenda and adjournment. The proposer and seconders shall collectively hold more than 1% of outstanding shares.
11. Shareholders who wish to speak during the meeting must first produce an opinion slip detailing the topic and shareholder account number (or conference pass serial number). The order of shareholders' comments shall be determined by the chairperson. Shareholders who submit an opinion slip without actually speaking are considered to have remained silent. If the shareholder's actual comments differ from those stated in the opinion slip, only the confirmed comments shall be taken into record. While a shareholder is speaking, other shareholders can not speak simultaneously or interfere in any way unless agreed by the chairperson and the person speaking. The chairperson shall restrain any person who violates this process.
12. Shareholder cannot speak for more than two times, for 5 minutes each, on the same topic without consent of the chairperson. The chairperson may restrain shareholders who are in violation of the above rule or interrupt any comments that are irrelevant to the topics discussed.
13. Corporate entities may only appoint one representative to attend shareholder meetings. Where a corporate shareholder has appointed two or more representatives to attend the shareholder meeting, only one representative may speak per motion.

14. After a shareholder has finished speaking, the chairperson may answer the shareholder's queries personally or appoint any relevant personnel to do so.
15. The meeting chairperson may announce to discontinue further discussions if the topic is considered to have been sufficiently discussed to proceed with the vote.
16. Ballot examiners and ballot counters shall be appointed by the meeting chairperson. The ballot examiner must be a shareholder. Outcome of a vote shall be documented and announced on site.
17. The chairperson may call the meeting into recess at a suitable time.
18. Unless otherwise regulated by The Company Act or stated in the Articles of Incorporation, a motion is passed when supported by shareholders representing more than half of total voting rights in the meeting. A motion is considered passed if the chairperson receives no objection from any attending shareholders upon inquiry. This voting method is deemed as effective as does the conventional ballot method. Shareholders that wish to appoint proxy attendees for shareholder meetings shall do so in accordance with The Company Act and Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.
19. In cases where several amendment or alternative solutions have been proposed at the same time, the chairperson shall determine the order in which proposals are to be voted. If any proposal is passed, all other proposals shall be deemed rejected and no further voting is necessary.
20. The chairperson may instruct picketers or security staff to help maintain order in the meeting. While maintaining order in the meeting, all picketers (security staff) must wear arm badges that identify their role as "Picketeer."
21. The Rules shall take effect once approved during shareholder meeting; the same applies to all subsequent amendments.

Appendix 5

Chien Shing Stainless Steel Co., Ltd.

Number of shares held by all directors and minimum number of shares required to be held

I. Number of statutory shareholding for the Company's current directors:

The Company issued a total of 281,167,262 common shares

Statutory shareholding for all directors 12,000,000 shares

II. As of the book closure date of 2022 the annual general meeting, April 26, the shares held by all directors are as follows:

Title	Name	Number of shares held
Chairman	Shuo-Tang Yeh	20,046,540
Director	Representative of Chien Shing Investment Co., Ltd.: Su-Chu Wang	6,769,000
Director	Representative of Chien Shing Construction Co., Ltd.: Hung-Ting Yeh	9,241,347
Director	Wei-Zheng Yang	-
Independent Director	Ying-Ying Yang	-
Independent Director	Yi-Hung Chen	-
Total shares held by all directors (excluding independent directors)		36,056,887

Note: 1. There is no statutory shareholding for supervisors as the Company has an Audit Committee.

2. Independent directors are excluded from shareholding of directors.

Appendix 6

The impact of stock dividend distributions contemplated for the current fiscal year on company operating performance, earnings per share and return on shareholders' investment:

The table is not required as the Company did not propose any issuance of bonus shares for the year.

Appendix 7

Other Matters

Description of the acceptance of motions for the annual general meeting:

- Explanation:
1. According to the provisions stipulated in Article 172-1 of the Company Act, Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting in writing, provided that only one matter shall be allowed in each single proposal with a maximum of 300 words per proposal.
 2. The Company's proposal acceptance period for the annual general meeting is April 8 to April 18, 2022, and is announced on the MOPS as required by the law.
 3. As of the end of the proposal acceptance deadline, the Company did not receive any shareholders' proposals.