

Implementation of Corporate Governance

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
I. Has the Company formulated and disclosed the Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	✓		On November 7, 2022, the Company set up a head of corporate governance and formulated its Corporate Governance Best Practice Principles, which are disclosed on the MOPS and the company website.	None
II. The Company's shareholding structure and shareholders' equity				
(I) Has the Company formulated internal operating procedures for handling shareholders' suggestions or questions or disputes and litigation with them and complied with the procedures?	✓		The Company has a spokesperson and deputy spokesperson system in place and means of contact at the stakeholders' section on the website. The related procedures have also been established to handle shareholder suggestions, doubts, disputes and litigation affairs.	No significant difference
(II) Does the Company have a list of the major shareholders with ultimate control over the Company and a list of the ultimate controllers of the major shareholders?	✓		Through interacting with major shareholders, the Company has a list of the major shareholders with ultimate control over the Company and a list of the ultimate controllers of the major shareholders at all times.	None
(III) Has the Company established and implemented a risk control and a firewall mechanism between itself and affiliates?	✓		The management and responsibility of assets, finances and accounting between the Company and affiliates are independently operated and are independently audited by auditors. The "Supervision and Management of subsidiaries" have also been formulated and implemented.	None
(IV) Has the Company formulated internal regulations to prohibit insiders from using information undisclosed in the market to buy and sell securities?	✓		The Company has established the "Procedures for Management of Material Insider Information and Prevention of Insider Trading" which prohibit insiders from trading marketable securities using unavailable information in the market.	None
III. Composition and responsibilities of the Board of Directors				
(I) Has the Board of Directors formulated a diversity policy, specific management goals and have they been executed?	✓		Paragraph 3 of Article 20 in the Company's "Corporate Governance Best Practice Principles" sets forth the diversity policy and aspects of the Board of Directors, and the current Board of Directors has 1 female director. In terms of professionalism, the Board of Directors members are professionals in law, different industries and financial accounting.	No difference from Article 20 of the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies".
(II) Has the Company voluntarily established other functional committees in addition to the remuneration and the audit committees established in accordance with the law?		✓	The Company has established the Remuneration Committee and the Audit Committee in accordance with the law. No other functional committees have been set up.	But shall be done so according to the Company's operations and scale in the future.

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(III) Has the Company formulated Board of Directors performance evaluation regulations and evaluation methods, conducted performance evaluations annually and regularly, reported the results of performance evaluations to the Board of Directors, and adopted such results as a reference for deciding the remuneration of and nominating candidates for individual directors?	✓		The Company has established its Rules for Performance Evaluation of Board of Directors which specify that the performance evaluation results of each director will be used as a basis for the selection of directors. An internal Board of Directors performance evaluation is carried out once a year and the 2022 performance evaluation of the Board of Directors and Board of Directors members were completed in February 2023. The evaluation results have been submitted to the meeting of the Board of Directors on February 23, 2023 and reported at the MOPS before the end of March 2023.	Performance evaluation of the functional committees may be established in the future according to the Company's operations and scale.
(IV) Does the Company regularly assess the independence of the CPAs?	✓		Each year, the Company's accounting unit conducts a preliminary evaluation on the independence of Grand Cathay International's CPAs in accordance with the items stated in "Note 1" (please see p.23 of the annual report). The evaluation results were approved by the Audit Committee meeting held in February 2022 and February 2023, respectively. The evaluation of the independence of CPAs was also approved by the Board of Directors.	None
IV. Has the Company has appointed an appropriate number of competent corporate governance personnel and designated a corporate governance officer to be responsible for corporate governance affairs (including but not limited to providing directors and supervisors with the materials required for performance of their duties, assisting directors and supervisors with compliance, handling matters related to Board of Directors meetings and the shareholders' meetings, and preparing minutes of Board of Directors meetings and shareholders' meetings)?	✓		The Company set up a head of corporate governance on November 7, 2022. The head of corporate governance is responsible for corporate governance-related matters, including providing information needed by the directors to carry out business, matters associated with meetings of the Board of Directors and shareholders' meetings, company registration and change of registration, preparing minutes of meetings of the Board of Directors and shareholders' meeting.	None
V. Has the Company has established communication channels with stakeholders (including but not limited to shareholders, employees, clients, and suppliers) and set up a section dedicated to stakeholders on the Company's website to properly respond to stakeholders' major CSR issues of concern?	✓		The Company has established a section on its website dedicated to investors and corporate social responsibility. Financial, business and corporate governance information is disclosed and updated at any time for stakeholders. A spokesperson and deputy spokesperson system is also in place to respond appropriately to issues of concern to stakeholders.	None
VI. Does the Company appoint a professional stock affairs agency to handle the affairs related to shareholders' meetings?	✓		The Company engages the Stock Agent Department of Jih Sun Securities Co., Ltd. to handle its shareholder affairs.	None

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VII. Information disclosures				
(I) Has the Company set up a website to disclose information on financial business and corporate governance?	✓		The Company has set up a website which has an investors section and corporate social responsibility section. On the website, financial business and corporate governance information is updated from time to time for investors.	None
(II) Does the Company adopt other methods to disclose information (such as setting up an English website, designating personnel to collect and disclose company information, implementing a spokesperson system, or placing the proceeding of investor conferences on the Company website)?	✓		We have a website in both Chinese and English. Dedicated personnel have been assigned to collect and disclose company information and the Company's spokesperson and deputy spokesperson represent the Company to speak to the public.	None
(III) Does the Company announce and submit an annual financial report to the competent authority within two months after the end of each fiscal year and announce and submit the financial reports for the first, second, and third quarters and the operations of each month to the competent authority before a specified deadline?		✓	The Company announced and submitted its financial report in accordance with the regulations within the prescribed period. Currently, there is no need to announce and submit its financial report in advance.	The future will depend on the Company's actual operating conditions.
VIII. Does the Company have other important information that facilitates the understanding of the operations of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, directors' and supervisors' continuing education, the implementation of risk management policies and risk measurement standards, the implementation of client policies, and the Company's purchase of directors and supervisors liability insurance)?	✓		<ol style="list-style-type: none"> 1. Employee rights, employee care: We have formed an Employee Welfare Committee and implement the retirement system in order to protect the rights of employees. Health examinations are regularly arranged and staff trips from time to time. Moreover, we also provide various types of training courses to care for the health and learning development of our employees. 2. The Company has established a section on its website dedicated to investors and corporate social responsibility. At the investors section, main issues of concern of stakeholders and the Company's communication channels and response methods can be found, so as to maintain sound communication with each stakeholder. 3. Further education of the directors: For further education of the Company's directors, please refer to p.24 of the annual report. 4. Implementation of risk management policies and risk measurement standards: In accordance with the law, we have set up an internal control system and various internal procedures to perform risk management and evaluation. The level of 	None

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			<p>the implementation of the internal control system is checked on a regular or unscheduled basis by the internal audit unit.</p> <p>5. Implementation of client policies: The Company maintains robust relationships with its clients and strictly abides by the contract entered into with clients as well as the relevant regulations, ensuring the rights of clients and providing sound service quality.</p> <p>6. The Company's purchase of directors liability insurance: The Company has been taking out a liability insurance policy for its directors each year since 2008. The amount of liability insurance taken out for directors in 2022 was USD3 million.</p>	
IX. Please specify any improvements made as per the results of the corporate governance evaluation announced by the Corporate Governance Center, Taiwan Stock Exchange Corporation, in the most recent year and put forth prioritized measures to improve those that have not yet improved:		✓	None	None

“Note 1” in p.21 of the annual report: Independence Evaluation Criteria of CPAs:

Item	Possible issues that may affect the independence of CPAs	Evaluation result	Independent
01	“The self-interest could impair on the accountant’s independence.” as stated in Article 8 of the bulletin of Professional Ethics No.10.	No	Yes
02	“Independence is influenced by self-review.” as stated in Article 9 of the bulletin of Professional Ethics No.10.	No	Yes
03	“Independence is influenced by advocacy.” as stated in Article 10 of the bulletin of Professional Ethics No.10.	No	Yes
04	“The effect on independence of familiarity.” as stated in Article 11 of the bulletin of Professional Ethics No.10.	No	Yes
05	“Independence is influenced by intimidation threat.” as stated in Article 12 of the bulletin of Professional Ethics No.10.	No	Yes
06	CPAs of the accounting firm subject to the matters listed in Subparagraphs 1, 2, 4 and 5, Paragraph 1, Article 47 of the Certified Public Accountant Act.0	No	Yes
07	The CPA firm is subject to the matters listed in Subparagraphs 4-6, Paragraph 1, Article 47 of the Certified Public Accountant Act.	Not applicable.	Not applicable as PKF Taiwan is not a CPA firm