

YiehPhui Enterprise Co., Ltd.

(the Company)

Corporate Governance Principles

Last Updated: 2023/03/9

Chapter I General Principles

Article 1 Purpose of Legislation

To establish a corporate governance system and effective corporate governance framework, the Company adopts “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies” and the Company shall follow the following principles:

The Company shall formulate their own corporate governance principles and establish an effective corporate governance framework with respect to these Principles and disclose them through the Market Observation Post System (MOPS).

Article 2 The Principles of corporate governance

When setting up the corporate governance system, in addition to complying with relevant laws, regulations, articles of incorporation, contracts signed with the TWSE, and other relevant regulations, The Company shall follow the following principles:

1. Protect the rights of the shareholders.
2. Strengthen the functions of the board of directors.
3. Respect the rights of the stakeholders.
4. Enhance information transparency.

Article 3 Article 3 (The Criteria Governing the Establishment of Internal Control Systems)

The company shall follow the Criteria Governing the Establishment of Internal Control Systems by Public Companies and take into consideration the overall operational activities of itself and its subsidiaries to design and fully implement an internal control system, and shall conduct continuing reviews of the system, to ensure the continued effectiveness of its design and implementation with respect to the changes in the company's internal and external environment.

Unless an approval has been obtained from the authority, the adoption or amendment to its internal control system shall be subject to the consent of the majority of the audit committee members and be submitted to the board of

directors for a resolution.

The company shall perform full self-assessments of its internal control system. Its board of directors and management shall review the self-assessments of each department at least annually and the reports of the internal audit department.

The audit committee shall monitor these matters. The assessment of the effectiveness of the internal control system shall be subject to the consent of the majority of all audit committee members and submitted to the board of directors for approval.

To put the internal control system into effect, strengthen the professional abilities of the agent of the internal auditor, further improve and maintain the quality, implement result of the audit, the company shall designate a deputy as the internal auditing personnel.

The qualifications of the internal auditor set out in Article 11, paragraph 6 of the Criteria Governing Establishment of Internal Control System by Public Companies and Articles 16, 17, and 18 of the same Criteria shall apply mutatis mutandis to the deputy as referred to in the preceding paragraph.

Article 3-1 On the personnel in charge of corporate governance affairs

The finance department and its personnel of the company shall monitor corporate governance affairs and designate the head of the unit to be in charge of supervision. The said officer shall be a qualified lawyer, certified public accountant, or with at least three years' management experience in a public company in handling legal affairs, financial affairs, or stock affairs, etc.

The corporate governance affairs mentioned in the preceding paragraph include at least the following items:

1. Handling corporate registration and amendment registration
2. Handling matters relating to the board meetings and the the stockholders' meetings according to laws, and assisting the company in compliance with laws and regulations governing such meetings
3. Producing minutes of the board meetings and the the stockholders' meetings
4. Offering information required for business execution by the directors and updating them on the most recent developments of laws and regulations relating to the operation of the company in order to assist them with legal compliance
5. Affairs relating to investor relations
6. Reporting to the Board of Directors on the examination results of the qualifications of independent directors in accordance with relevant laws and regulations during the nomination, election, and tenure period.
7. Handling matters related to changes in the board of directors.
8. Other matters set out in the articles of incorporation or contracts

Chapter II Protection of the Shareholders' Rights

Section 1 Encouraging the Shareholders to Participate in Corporate Governance

Article 4 The Protection of the shareholders' rights

The corporate governance system of the company shall protect shareholders' rights and treat all shareholders equally to ensure that the shareholders' rights are fully informed with respect to their participation and the decision making of the important matters of the company.

Article 5 The assembling and the stipulation of decent rules of the stockholders' meeting

The company shall convene the shareholders' meetings in accordance with the Company Act and relevant laws and regulations, and provide comprehensive rules for such meetings. The company shall faithfully implement resolutions adopted by the shareholders' meetings in accordance with the rules for the meetings.

Resolutions adopted by the shareholders' meetings of the company shall comply with laws, regulations and articles of incorporation.

Article 6 The board of directors of the company shall arrange the agendas and the procedures for the shareholders' meetings

The board of directors of the company shall properly arrange the agenda and the procedures for the stockholders' meetings, and formulate the principles and procedures for the shareholders' nominations of directors and the submissions of shareholders' proposals. The board shall also properly handle the proposals duly submitted by the shareholders. The shareholders' meeting should be held at a convenient location and can be supplemented with video conferencing. with sufficient time allowed and sufficient numbers of suitable personnel assigned to handle the registrations. No arbitrary requirements shall be imposed on the shareholders to provide additional evidentiary documents beyond those showing eligibility to attend. The shareholders shall be granted reasonable time to deliberate each proposal and an appropriate opportunity to make statements. For the stockholders' meeting called by the board of directors, that a majority of the directors (including at least one independent director) attend in person, and that at least one member of each functional committee attend as a representative. Attendance details should be recorded in the minutes of the stockholders' meeting.

Article 7 Encouraging the shareholders to actively participate in corporate governance

The company shall encourage its shareholders to actively participate in corporate governance. The company shall seek all ways and means, including fully exploiting IT for information disclosure and casting votes, and is advised to upload notices, agendas and supplementary information of the stockholders' meetings in both Mandarin and English concurrently to enhance the attendance rate and ensure their exercise of rights at such meetings in accordance with laws.

The company that employs electronic voting at the stockholders' meeting is advised to avoid raising extempore motions and amendments to the original proposals, and is advised to adopt a candidate nomination system for the election of directors.

The company is advised to arrange for their shareholders to vote on each separate proposal in the stockholders' meeting agenda, and following conclusion of the meeting, to enter the results on the same day, namely the numbers of votes cast for/against and the number of abstentions, on the Market Observation Post System.

If the company distributes souvenirs at the stockholders' meeting, it shall not practice differential treatment or discrimination.

Article 8 the minutes of the stockholders' meeting

The company, in accordance with the Company Act and other applicable laws and regulations, shall record in the minutes of the stockholders' meeting the date, the place, the name of the chairperson, the method of adopting resolutions, and a summary of the essentials of the proceedings and the results of the meeting. With respect to the election of directors, the minutes shall record the method of voting adopted thereof and the total number of votes for the elected directors.

The minutes of the stockholders' meeting shall be properly and perpetually kept by the company during its legal existence, and should be disclosed on the company's website.

Article 9 The chairperson of the stockholders' meeting shall be fully familiar and comply with the rules governing the proceedings of the stockholders' meetings established by the company.

The chairperson of the stockholders' meetings shall be fully familiar and comply with the rules governing the proceedings of the stockholders' meetings established by the company. The chairperson shall ensure the proper progress of the proceedings of the meeting and may not adjourn the meeting at will.

In order to protect the interests of most shareholders, if the chairperson declares the adjournment of the meeting in a manner violating the rules governing the proceedings of the stockholders' meetings, it is advisable for the members of the board of directors other than the chairperson to promptly assist the attending shareholders at the meeting in electing a new chairperson to continue the proceedings of the meeting, by a resolution to be adopted by a majority of the votes represented by the shareholders attending the said meeting in accordance with the legal procedures.

Article 10 The company shall respect the shareholders' rights to know

The company shall respect the shareholders' rights to know, and faithfully comply with applicable regulations regarding information disclosure to provide the shareholders with regular and timely information on company's financial conditions and operations, insider shareholdings, and corporate governance status through the MOPS or the website established by the company.

To treat all shareholders equally, it is advisable that the company timely disclose the information under the preceding paragraph in Mandarin and English.

To protect its shareholders' rights and ensure their equal treatment, a TWSE/TPEX listed company shall adopt internal rules prohibiting company insiders from trading securities using information not disclosed to the market.

Article 11 The shareholders shall be entitled to profit distributions by the company

The shareholders shall be entitled to profit distributions by the company. To ensure the interests of the shareholders. The stockholders' meeting may, pursuant to Article 184 of the Company Act, examine the statements prepared and submitted by the board of directors and those submitted by the audit committee and may decide profit distributions and deficit off-setting plans by resolution. In order to proceed with the above examination, the stockholders' meeting may appoint an inspector.

The shareholders may, pursuant to Article 245 of the Company Act, apply with the court to select an inspector in examining the accounting records and assets of the company.

The board of directors, audit committee and the managers of the company shall fully cooperate in the examination conducted by the inspectors in the aforesaid two paragraphs without any obstruction, rejection or circumvention.

Article 12 Material Financial transactions must be approved by the stockholders' meeting

In engaging material financial transactions such as the acquisition or disposal of

assets, lending, and making endorsements or providing guarantees, the company shall proceed in accordance with the applicable laws and regulations and establish operating procedures in relation to these material financial and business transactions which shall be reported to and approved by the the stockholders' meeting so as to protect the interests of the shareholders.

When a the company is involved in a merger, acquisition or public tender offer, in addition to proceeding in accordance with the applicable laws and regulations, it shall not only pay attention to the fairness, rationality, etc. of the plan and transaction of the merger, acquisition or public tender offer, but information disclosure and the soundness of the company's financial structure thereafter.

The relevant personnel of the company handling the matters in the preceding paragraph shall pay attention to any conflicts of interest and the need for recusal.

Before reviewing the merger and acquisition proposal, the Audit Committee should examine whether the members of the committee comply with the regulations of independent director appointment for publicly traded companies and the third provision of relevant regulations that should be followed. They should also ensure that there is no relationship of the members with the parties involved in the M&A that may affect their independence or the design and execution of the relevant procedures. In addition, they should confirm whether the information is fully disclosed according to relevant laws and regulations.

This applies to the company's management or major shareholders who participate in the M&A. A legal opinion should be provided by an independent lawyer. The lawyer's qualifications should comply with the regulations of independent director appointment for publicly traded companies and the third provision of relevant regulations that should be followed. They should also have no relationship with the parties involved in the M&A that may affect their independence.

The personnel responsible for handling mergers and acquisitions or public tender offers should pay attention to conflicts of interest and situations where they need to recuse themselves.

Section 2 Establishing a Mechanism for the Interaction with the Shareholders

Article 13 Employing Specialists to properly handle the suggestions of the stockholders

To protect the interests of the shareholders, the company must properly handle the suggestions, inquiries, and disputes of the stockholders.

The company shall properly deal with any legal action duly instituted by shareholders in which it is claimed that shareholder rights were damaged by a

resolution adopted at the stockholders' meeting or that of the board of directors in violation of applicable laws, regulations, or the company's articles of incorporation, or that such damage was caused by a breach of applicable laws, regulations or the company's articles of incorporation by any directors or managers in performing their duties.

The company must handle the matters stated in the preceding two paragraphs appropriately and keep written records for future reference.

Section 3 Corporate Governance Relationships Between the Company and Its Affiliated Enterprises

Article 14 Establish firewalls.

The company shall clearly identify the objectives, the division of authority and the responsibility between it and its affiliated enterprises with respect to management of personnel, assets, and financial matters, and shall properly carry out risk assessments and establish appropriate firewalls.

Article 15 Regulations of the non-compete behaviors of the directors

A director who engages in any transaction for himself or on behalf of another person within the scope of the company's operations shall explain the essentials of such actions to the stockholders' meeting and ask for its permission.

Article 16 Establishing a sound system of Finance, Operation and Accounting

The company shall establish sound objectives and systems for the management of finance, operations, and accounting in accordance with applicable laws and regulations. It shall further, together with its affiliated enterprises, properly conduct an overall risk assessment of major banks they deal with its customers and suppliers, and implement necessary control mechanisms to reduce credit risk.

Article 17 Based on the principle of fairness and reasonableness, transactions or financial dealings with related parties and shareholders should be conducted.

When the company and its related parties and shareholders engage in inter-company business transactions or financial dealings with, a written agreement governing the relevant financial and business operations shall be made in accordance with the principle of fair dealing and reasonableness. Price and payment terms shall be definitively stipulated when contracts are signed, and eliminate irregular transactional activities and incidents of improper benefit

transfers.

All transactions or contracts made by and between the company and its affiliated persons and the shareholders shall follow the principles set forth in the preceding paragraph, and any improper channeling of profits is strictly prohibited.

Article 18 Items to be observed by dominant corporate stockholders

A dominant corporate shareholder having controlling power over the company shall comply with the following provisions:

1. It shall bear a duty of good faith to other shareholders and shall not directly or indirectly cause the company to conduct any business which is contrary to normal business or adverse practices.
2. Its representative shall follow the rules implemented by its company with respect to the exercise of rights and participation of resolution, so that at the stockholders' meeting, the representative shall exercise his/her voting right in good faith and for the best interest of all shareholders and shall exercise the fiduciary duty and due diligence of a director.
3. It shall comply with relevant laws, regulations and the articles of incorporation of the company in nominating directors and shall not act beyond the authority granted by the stockholders' meeting or board meeting.
4. It shall not improperly interfere with the corporate policy making or obstruct corporate management activities.
5. It shall not restrict or impede the management or production of the company by unfair competition such as monopolizing corporate procurement or foreclosing sales channels.
6. The representative that is designated when a corporate shareholder has been elected as a director shall meet the company's requirements of professional qualifications. Arbitrary replacement of the corporate shareholder's representative is inappropriate.

Article 19 The list of major stockholders and their final determinants

The company shall retain at all times a registration of major shareholders who own relatively high proportion of shares and have controlling power, and of the persons with ultimate control over those major shareholders.

The company shall disclose regularly important information about its shareholders holding more than 10 percent of the outstanding shares of the company relating to the pledge, increase or decrease in shareholding, or other matters that may possibly trigger a change in the ownership of their shares.

The major shareholder indicated in the first paragraph refers to those who owns five percent or more of the outstanding shares of the company or is on the top

10 list of the shareholding, however that the company may set up a lower shareholding threshold according to the actual shareholding that may control the company.

Chapter III Enhancing the Functions of the Board of Directors

Section 1 Structure of the Board of Directors

Article 20 The capability of the board of the directors as a whole

The board of directors of the company shall deploy the strategies of the company, supervise the management, and be responsible to the company and shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, its articles of incorporation, and the resolutions of the stockholders' meetings.

The structure of the company's board of directors shall be determined by an appropriate number of board members, not less than five, in consideration of its business scale, the shareholdings of its major shareholders, and practical operational needs.

The composition of the board of directors shall take diversity into consideration. It is advisable that directors serving as company officers not to exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. The rules include, but not limited to, the following two general standards:

1. Basic requirements and values: gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and business experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal of corporate governance, the board of directors shall possess the following abilities:

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions.

Article 21 Establishing fair, just and open procedures for electing the directors

The company shall, according to the principles for the protection of shareholder rights and equitable treatment of shareholders, establish a fair, just, and open procedure for the election of directors, encourage shareholder participation, and adopt the cumulative voting mechanism pursuant to the Company Act in order to fully reflect shareholders' views.

Unless the authority otherwise permits, a spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the directors of the company.

When the number of directors falls below five due to the discharge of a director for any reason, the company shall hold a by-election for director at the following stockholders' meeting. When the number of directors falls short by one-third of the total number prescribed by the articles of incorporation, the company shall convene a special stockholders' meeting within 60 days of the occurrence for the by-election of director(s).

The aggregate shareholding percentage of all of the directors of a TWSE/TPEX listed company shall comply with the laws and regulations. Restrictions on the share transfer of each director and the creation, release, or changes of any pledges over the shares held by each director shall be subject to the relevant laws and regulations, and all relevant information shall be fully disclosed.

Article 22 The corporate charter must stipulate the nomination system to elect directors

The company is advised to specify in its articles of incorporation the candidate nomination system for the election of directors pursuant to the Company Act. It is advisable that the company review in advance the qualifications, education, working experience, background, and the existence of any matters set forth in Article 30 of the Company Act with respect to the candidates recommended by the shareholders or directors, and the company may not arbitrarily add requirements for documentation of other qualifications. It is advised to provide the results of the review to shareholders for their reference, so that qualified directors will be elected.

The board of directors shall assess carefully the qualifications and other matters listed in the preceding paragraph and the willingness of a candidate to act as director after being elected, before proposing a roster of director candidates as required.

Article 23 The board of directors must differentiate the delegation, duties and responsibilities of functional committees, the chairperson and the general manager

Clear differentiations shall be drawn between the responsibilities and duties of the chairperson of the board of the company and those of its general manager. It is inappropriate for the chairperson to also act as the general manager. If the chairperson also acts as the general manager or the chairperson and general manager are spouses or relatives within one degree of consanguinity, it is advisable that the number of independent directors be increased. The company with functional committees shall clearly define the responsibilities and duties of the committee.

Section 2 Independent Director System

Article 24 Establish the independent directors in compliance with the corporate charter

The company shall appoint independent directors in accordance with its articles of incorporation. They shall be not less than three in number and not less than one-fifth of the total number of directors.

Independent directors shall possess professional knowledge and there shall be restrictions on their shareholdings. Applicable laws and regulations shall be observed and, in addition, an independent director is not supposed to hold office concurrently as a director (including independent director) of more than five other TWSE/TPEX listed companies. Independent directors shall also maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the company.

The company shall, in accordance with Article 192-1 of the Company Act, adopt a candidate nomination system for election of the independent directors and expressly stipulate such system in the articles of incorporation; and the shareholders shall elect the directors from the nominees listed in the roster of director candidates. Independent and non-independent directors shall be elected at the same time but on separate ballots pursuant to Article 198 of the Company Act.

If the company and its affiliated enterprises/organizations, and another company or its group enterprises/organizations nominate for each other any director, supervisor or managerial officer as a candidate for an independent director of the other, the company shall, at the time it receives the nominations for independent directors, disclose the fact and explain the suitability of the candidate for independent director. If the candidate is elected as an independent director, the company shall disclose the number of votes cast in favor of the elected independent director.

The "affiliated enterprises and organizations" in the preceding paragraph include the subsidiaries of the company, any foundation to which the company's cumulative direct or indirect contribution of funds exceeds 50 percent of its

endowment, and other institutions or legal persons that are effectively controlled by the company.

The changes of status between independent directors and non-independent directors during their term of office are prohibited.

If an independent director is discharged for any reason, resulting in a number of directors lower than that required under paragraph 1 or the articles of incorporation, a by-election for independent director shall be held at the next stockholders' meeting. In the event that all the independent directors have been discharged, the company shall convene a special stockholders' meeting to hold a by-election within 60 days from the date on which the vacancies arose.

The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies, and the rules and regulations of the Taiwan Stock Exchange or TPEX.

Article 25 Items to be approved by the board of directors

The company shall submit the following matters to the board of directors for approval as provided in the Securities and Exchange Act. When an independent director has a dissenting or qualified opinion, it shall be noted in the minutes of the board meeting:

1. Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling the procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
3. A matter concerning the personal interest of a director or a supervisor.
4. A material asset or derivatives transaction.
5. A material monetary loan, endorsement, or provision of guarantee.
6. The offering, issuance, or private placement of any equity-type securities.
7. The hiring, discharge, or compensation of an attesting CPA.
8. The appointment or discharge of a financial, accounting, or internal auditing officer.
9. Any other material matters so required by the competent authority.

Article 26 The scope of the responsibilities and duties of independent directors

The company shall stipulate the scope of duties of the independent directors. The company or other board members shall not restrict or obstruct the performance of duties by the independent directors. The company shall stipulate the remuneration of the directors according to applicable laws and regulations. Different but reasonable remuneration from that of other directors may be set forth for the independent directors.

Section 3 Functional Committees

Article 27 Establish functional committees

For the purpose of developing supervisory functions and strengthening management mechanisms, the board of directors of the company, in consideration of the company's scale and type of operations and the number of its board members, may set up functional committees for auditing, remuneration, nomination, risk management or any other functions, and based on the concepts of corporate social responsibility and sustainable operation, may set up environmental protection, corporate social responsibility, or other committees, and expressly provide for them in the articles of incorporation. Functional committees shall be responsible to the board of directors and submit their proposals to the board for approval, provided that the performance of supervisor's duties by the audit committee pursuant to Article 14-4, paragraph 4 of the Securities and Exchange Act be excluded. Functional committees shall adopt an organizational charter to be approved by the board of directors. The organizational charter shall contain the numbers, the terms of office, and the power of committee members, as well as the meeting rules and resources to be provided by the company for the exercise of power by the committee.

Article 27-1 Establish the audit committee

The audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise. For a company that has established an audit committee, the provisions regarding supervisors in the Securities and Exchange Act, the Company Act, other laws and regulations, shall apply mutatis mutandis to the audit committee. For the company that has established an audit committee, Article 25 herein does not apply to the following matters, which shall be subject to the consent of at least one half of all audit committee members and be submitted to the board of directors for a resolution:

1. Adoption or amendment of internal control system pursuant to Article 14-1

- of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
 3. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
 4. A matter concerning on the personal interest of a director.
 5. A material asset or derivatives transaction.
 6. A material monetary loan, endorsement, or provision of guarantee.
 7. The offering, issuance, or private placement of any equity-type securities.
 8. The hiring, discharge, or compensation of an attesting CPA.
 9. The appointment or discharge of a financial, accounting, or internal auditing officer.
 10. Annual and semi-annual financial reports.
 11. Any other material matter so required by the company or the authority.
- The exercise of power by the audit committee, independent directors and related matters shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by the Audit Committees of Public Companies, and the rules and regulations of the TWSE or TPEX.

Article 27-2 Establish the remuneration committee

The company shall establish a remuneration committee. The professional qualifications for the committee members, the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

The remuneration committee shall exercise due diligence in their functions as good administrators, pursuant to the rules set forth by the organizational charter Article 7-1 and submit suggestions to the board of directors for discussions. In exercising the previous functions, the remuneration committee must follow the principles set forth by the organizational charter of the remuneration committee Article 7-2.

Article 28 Strengthening and enhancing the quality of financial reports

To improve the quality of its financial reports, the company shall establish a surrogate for its principal accounting officer.

To enhance the professional abilities of the surrogate accounting officer of the

preceding paragraph, her/his continuing education shall follow the schedule of the principal accounting officer.

Accounting personnel handling the preparation of financial reports shall also participate in relevant professional development courses for 6 hours or more each year. Those courses may be on company internal training activities or professional courses offered by professional development institutions for principal accounting officers.

The external auditor of the company shall be a professional, responsible, and independent attesting CPA, offering regular reviews of the financial conditions and internal control measures of the company. With regard to any irregularity or deficiency discovered and disclosed in a timely manner by the auditor during the review, and concrete measures for improvement or prevention suggested by the auditor, the company shall faithfully implement improvement actions. It is advisable that the company establish channels and mechanisms of communication between the independent directors or audit committee, and the attesting CPA.

The company shall evaluate the independence and suitability of the CPA deployed by the company regularly, and at least once annually. In the event that the company employs the same CPA without replacement for 7 years consecutively, or if the CPA is subject to any disciplinary action or other circumstances adverse to the CPA's independence, the company shall evaluate the necessity of replacing the CPA and submit its conclusion to the board of directors.

Article 29 Offering decent legal services for the company

The company is advised to employ a professional and competent attorney to provide adequate legal consultation services to the company, or to assist the directors and the management to improve their knowledge of the law, to avoid any infraction of laws or regulations by the company or its staff, ensuring that corporate governance matters proceed pursuant to the relevant legal framework and the prescribed procedures.

When, as a result of performing their lawful duties, directors, supervisors or the management are involved in litigation or a dispute with the shareholders, the company shall retain a legal counsel to provide assistance as the circumstances require.

The audit committee or an independent director may retain the service of a legal counsel, CPA, or other professionals on behalf of the company to conduct a necessary audit or provide consultation on matters in relation to the exercise of their power, at the expense of the company.

Section 4 Rules for the Proceedings and Decision-Making Procedures of the Board Meetings

Article 30 The call for the meeting of the board of directors

The board of directors of the company shall meet at least once every quarter, or convene at any time in case of emergency. To convene a board meeting, a meeting notice which specifies the purposes of the meeting shall be sent to each director and supervisor seven days before the scheduled date. Sufficient meeting materials shall also be prepared and enclosed in the meeting notice. If the meeting materials are deemed inadequate, a director may ask for more information or request a postponement of the meeting with the consent of the board of directors.

The company shall stipulate the rules of the procedures for the board meeting, which shall follow the Regulations Governing Procedure for Board of Directors Meetings of Public Companies with regard to the content of deliberations, procedures, matters to be recorded in the minutes, public announcements, and other matters for compliance.

Article 31 The directors should have high self-discipline

The directors shall exercise a high degree of self-discipline. If a director or a legal person represented by the director is an interested party with respect to any proposal of a board meeting, the director shall state the important aspects of the relationship of the interested party at the meeting. When the relationship is likely to prejudice the interests of the company, the director may not discuss or vote on that proposal and shall recuse oneself during the discussion and voting. The aforesaid director also may not act as another director's proxy to exercise voting rights on that matter.

Matters requiring the voluntary recusal of a director shall be clearly set forth in the rules of the procedure for board meetings.

Article 32 Independent directors and the board of directors

When a board meeting is convened to consider any submitted matter pursuant to Article 14-3 of the Securities and Exchange Act, an independent director of the company shall attend the board meeting in person, and may not be represented by a non-independent director. When an independent director has a dissenting or qualified opinion, it shall be noted in the minutes of the board meeting; if the independent director cannot attend the board meeting in person to voice his or her dissenting or qualified opinion, s/he should provide a written

opinion before the board meeting unless there are justifiable reasons for failure to do so, and the opinion shall be noted in the minutes of the board meeting. In any of the following circumstances, decisions made by the board of directors shall be noted in the minutes, and in addition, publicly announced and filed on the MOPS before the beginning of trading on the first business day after the date of the board meeting:

1. An independent director has a dissenting or qualified opinion which is on record or stated in a written statement.
2. The matter was not approved by the audit committee (if the company has set up an audit committee), but had the consent of more than two-thirds of all directors.

During a board meeting, managers from relevant departments who are not directors may, in view of the meeting agenda, sit in at the meetings, report on the current business conditions of the company and respond to inquiries raised by the directors. When necessary, a CPA, legal counsel, or other professional may be invited to sit in at the meeting to assist the directors in understanding the conditions of the company in adopting an appropriate resolution, provided that they shall leave the meeting when deliberation or voting takes place.

Article 33 The minutes of the meeting of the board of directors

The staff attending the company's board meetings shall collect and correctly record the minutes in detail, as well as a summary, the method of resolution, and voting results of all the proposals submitted in accordance with relevant regulations.

The minutes of the board meetings shall be signed by the chairperson and the secretary of the meeting and sent to each director within 20 days after the meeting. The director attendance records shall be made part of the minutes, treated as important corporate records, and kept safe permanently during the life of the company.

The minutes may be produced, distributed, and preserved by electronic means. The company shall record on audio or video media the entire proceedings of a board meeting and preserve the recordings for at least five years, in electronic form or otherwise.

If a lawsuit arises before the end of the preservation period referred to in the preceding paragraph with respect to a resolution of a board meeting, the preservation of the relevant audio or video recordings shall be extended for a further period, in which case the preceding paragraph does not apply.

If a meeting of the board of directors is held via teleconference or video conference, the audio or video recordings of the meeting form a part of the meeting minutes and shall be preserved permanently.

When a resolution of the board of directors violates laws, regulations, the articles of incorporation, or resolutions adopted in the stockholders' meeting, and thus causes an injury to the company, dissenting directors whose dissent can be proven by the minutes or written statements will not be liable for damages.

Article 34 Items to be submitted for discussion by the board of directors

The company shall submit the following matters to its board of directors for discussion:

1. Corporate business plans.
2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be CPA audited and attested.
3. Adoption or amendment to an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, on the handling procedures for financial or operational actions of material significance, such as the acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
5. The offering, issuance, or private placement of any equity-type securities.
6. The performance assessment and the standard of remuneration of the managerial officers.
7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the next board meeting for retroactive recognition.
8. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a the stockholders' meeting or to be submitted to a meeting of the board of directors, or any such significant matter as may be prescribed by the competent authority.

Except for matters that must be submitted to the board of directors for discussion under the preceding paragraph, when the board of directors is in recess, it may delegate the exercise of its power to others in accordance with laws, regulations, or its articles of incorporation. However, the level of

delegation or the content or matters to be delegated shall be clearly specified, and general authorization is not permitted.

Article 35 The resolutions of the board of the directors to be truthfully implemented by the administrative unit or personnel

The company shall ask the appropriate corporate department or personnel to execute matters pursuant to the board of directors' resolutions consistent with the planned schedules and objectives. It shall also follow up on those matters and faithfully review their implementation.

The board of directors shall remain informed of the progress of implementation and receive reports in subsequent meetings to ensure the actual implementation of the board's management decisions.

Section 5 Fiduciary Duty, Due Diligence and Responsibility of Directors

Article 36 The obligation of the members of the board of the directors to exercise with due diligence as good managers

Members of the board of directors shall faithfully conduct corporate affairs and perform the duty with due diligence as a good administrator. In conducting the affairs of the company, they shall exercise their powers with high self-discipline and prudence. Unless matters are otherwise reserved by law for approval in the stockholders' meetings or in the articles of incorporation, they shall ensure that all matters are handled according to the resolutions of the board of directors.

Any resolution by the board of directors that involves the company's business development or a major policy direction shall be carefully considered and may not affect the implementation or effectiveness of corporate governance.

Article 37 Items concerning stockholders or independent directors notifying the board of directors to stop implementing the resolutions

If a resolution of the board of directors violates law, regulations or the company's articles of incorporation, then at the request of the shareholders holding shares continuously for a year or an independent director, to discontinue the implementation of the resolution, the members of the board shall take appropriate measures or discontinue the implementation of such a resolution as soon as possible.

Upon discovering that the company would possibly suffer material injury, the members of the board of directors shall immediately report to the audit committee or an independent director of the audit committee, in accordance with the foregoing paragraph.

Article 38 the liability insurance of the directors

The company is advised to purchase liability insurance for the directors with respect to liabilities resulting from exercising their duties during their terms of occupancy so as to reduce and spread the risk of material harm to the company and shareholders arising from the wrongdoings or negligence of a director.

The company is advised to report the insured amount, coverage, premium rate, and other major contents of the liability insurance it has taken out or renewed for directors, at the next board meeting.

Article 39 The board of directors to take training courses

The members of the board of directors are advised to take in training courses on finance, risk management, business, commerce, accounting, law or corporate social responsibility offered by institutions designated in the rules governing the implementation of continuing education for directors and supervisors of TWSE/TPEX listed companies, which cover subjects relating to corporate governance upon becoming directors and throughout their terms of occupancy. They shall also ensure that the employees at all levels will enhance their professionalism and knowledge of the law.

Chapter VI Respecting Stakeholders' Rights

Article 40 The company must communicate with the stakeholders and safeguard their rights

The company shall communicate with its banks, other creditors, employees, consumers, suppliers, community, or other stakeholders of the company, respect and safeguard their legal rights, and designate a stakeholders section on its website.

When any of a stakeholder's legal rights is harmed, the company shall handle the matter in a proper manner and in good faith.

Article 41 Provide sufficient information to banks and other creditors

The company shall provide sufficient information to banks and other creditors to facilitate their evaluation of the operational and financial conditions of the company and its decision-making process. When any of their legal rights is harmed, the company shall respond with a responsible attitude and assist creditors in obtaining compensation through proper means.

Article 42 Establish communication channels with the employees

The company shall communicate with employees and encourage them to communicate directly with the management, so as to reflect their opinions about the management, financial conditions, and material decisions of the company concerning employee welfare.

Article 43 The corporate social responsibilities

In developing its normal business and maximizing the shareholders' interests, the company shall pay attention to consumers' interests, environmental protection of the community, and public interests issues, and shall respect the company's social responsibility.

Chapter V Improving Information Transparency

Section 1 Enhancing Information Disclosure

Article 44 Disclosing information and the reporting system via the Internet

Disclosure of information is a major responsibility of the company. The company shall perform its obligations faithfully in accordance with the relevant laws and the related TWSE and TPEX rules.

The company shall establish an Internet-based reporting system for public information, appoint the personnel responsible for gathering and disclosing the information, and establish a spokesperson system to ensure the proper and timely disclosure of information about policies that might affect the decisions of shareholders and stakeholders.

Article 45 Establish a spokesperson

In order to enhance the accuracy and timeliness of disclosing material information, a TWSE/TPEX listed company shall appoint a spokesperson and acting spokesperson(s) who understand thoroughly the company's financial and business conditions and are capable of coordinating among departments for gathering relevant information and representing the company in making statements independently.

Article 46 Establish the web site for corporate governance

In order to keep the shareholders and stakeholders fully informed, the company shall utilize the convenience of the Internet and set up a website containing the information regarding the company's finances, operations, and corporate governance. It is also advisable for the company to furnish the financial, corporate governance, and other relevant information in Mandarin and English.

To avoid misleading information, the aforesaid website shall be maintained by specified personnel, and the recorded information shall be accurate, detailed and updated on a timely basis.

Article 47 The ways for convening an investor conference

The company shall hold an investor conference in compliance with the regulations of the TWSE and TPEX, and shall keep an audio or video record of the conference. The financial and business information disclosed in the investor conference shall be disclosed on the Market Observation Post System and to be inquired through the website established by the company, or through other channels, in accordance with the TWSE or TPEX rules.

Section 2 Disclosure of Information on Corporate Governance

Article 48 Disclosing the information on corporate governance

The company shall disclose and update regularly the following information regarding corporate governance in the fiscal year in accordance with laws and regulations and TWSE or TPEX rules:

1. Corporate governance framework and rules.
 2. Ownership structure and the rights of shareholders, including concrete and specific dividend policies.
 3. Structure, professionalism and independence of the board of directors.
 4. Responsibility of the board of directors and managerial officers.
 5. Composition, duties and independence of the audit committee.
 6. Composition, duties and operation of the remuneration committee and other functional committees.
 7. The progress of the training of directors and supervisors.
 8. The rights, relationships, avenues for complaints, concerns, and appropriate response mechanism regarding the stakeholders.
 9. Details of the events subject to information disclosure required by law and regulations.
 10. The enforcement of corporate governance, differences between the corporate governance principles implemented by the company and these Principles, and the reason for the differences.
 11. Other information regarding corporate governance.
- A TWSE/TPEX listed company is advised, according to the actual performance of the corporate governance system, to disclose the plans and measures to improve its corporate governance system through appropriate mechanisms.

Chapter VI Supplementary Provisions

Article 49 The Monitoring of domestic and foreign developments

The company shall at all times monitor domestic and international developments in corporate governance as a basis for review and improvement of the company's own corporate governance mechanisms to enhance their effectiveness.

Article 50 Implementation

These principles herein take effect after the approval at the meeting of the board of directors and the same applies for any amendments.