

YIEH PHUI ENTERPRISE CO., LTD.
Ethical Corporate Management Best Practice Principles

The Principles passed on December 25, 2015

Article 1 (Purpose and scope of application)

The “Ethical Corporate Management Best Practice Principles” are enacted to help the Company establish an ethical management corporate culture and comprehensive development with a structured reference provided to establish good business operation.

The Company should have its ethical corporate management best practice principles enacted in accordance with the Principles that are applicable to the corporations and organizations of subsidiaries, foundations with an over-50% donation amount accumulated directly or indirectly, and other agencies or legal persons with real controlling power (referred to as “corporations and organizations” hereinafter).

Article 2 (Prohibiting unethical conduct)

The directors, supervisors, managers, employees, proxies, or individuals with real controlling power (referred to as the “real controllers” hereinafter) of the Company, while engaging in commercial activities, may not directly or indirectly offer, promise, demand, or accept any illegal gains, or commit any unethical conduct, including unethical, illegal, or breaches of fiduciary duty, for obtaining or maintaining benefits (referred to as “unethical conduct” hereinafter).

The individuals subject to the restriction of unethical conduct in the preceding paragraph include public officials, candidates for political participation, political parties or party members, as well as any public or private enterprises, or institutions and their directors (executors), supervisors, managers, employees, real controllers, or other stakeholders.

Article 3 (Interests classification)

The “interests” in the Principles refers to anything valuable, including money, gifts, commissions, job positions, services, benefits, and kickbacks in any form or name. However, normal social etiquette that is occasional and without the risk of affecting the specific rights and obligations is not subject to such restriction.

Article 4 (Regulatory compliance)

The Company should comply with the Company Law, the Securities Exchange Act, Business Accounting Law, Political Contributions Law, Corruption Offences Ordinance, the Government Procurement Law, Public Officials Anti-Conflict of Interest Law, the TWSE/GTSM regulations, or other business-related regulations for the implementation of the ethical corporate management.

Article 5 (Policies)

The Company should be based on the operating concepts of integrity, transparency, and responsibility to enact policies based on the foundation of integrity and to establish good corporate governance and risk control mechanisms in order to create a business environment for sustainable development.

Article 6 (Prevention programs)

The ethical corporate management policy of the Company should be prepared with the specific operation of ethical management and prevention of unethical conduct enacted clearly and

comprehensively (referred to as the “prevention programs” hereinafter), including operating procedures, guidelines for conduct, and education and training.

The Company should have prevention programs enacted in compliance with the relevant local laws and regulations where the Company and the Group corporations and organizations are located.

The Company should communicate with the employees, unions, major business counterparties, or other stakeholders while enacting the prevention programs.

Article 7 (Scope of prevention programs)

The Company should analyze the business activities with a higher risk of unethical conduct within the scope of business and with the relevant preventive measures enhanced.

The Company should include at least the following preventive measures while enacting the prevention programs:

1. Bribing and accepting bribes;
2. Providing illegal political contributions;
3. Improper charitable donations or sponsorships;
4. Offering or accepting unreasonable gifts, hospitality, or other illegal gains;
5. Infringement of business secrets, trademarks, patents, copyrights, and other intellectual property rights;
6. Engaging in unfair competition;
7. Products and services at the time of research and development, procurement, production, supply, or sale, directly or indirectly harming the equity, health, and safety of consumers or other stakeholders.

Article 8 (Commitment and implementation)

The Company and their group corporations and organizations should express their ethical corporate management policy explicitly in the Articles of Association and external documents. Also, the Board of Directors and management should actively fulfill the commitment to ethical corporate management policy and implement it in the internal management and commercial activities.

Article 9 (Ethical business activities)

The Company should be based on the ethical corporate management principle to conduct commercial activities fairly and transparently.

The Company should consider the legality and involvement in unethical conduct of their agents, suppliers, customers, or other trade counterparties before conducting business; also, they should avoid doing business with anyone who has committed an unethical conduct.

The contracts signed by Company with their agents, suppliers, customers, or other trade counterparties should include the terms of complying with the ethical corporate management policy and that contractual clauses can be terminated or rescinded at any time when the trade counterparty has committed any unethical conduct.

Article 10 (Prohibiting bribing and accepting bribes)

The Company and their directors, supervisors, managers, employees, proxies, and real controllers, while engaging in business operation, may not directly or indirectly offer, promise, demand, or accept any illegal gains from or to customers, agents, contractors, suppliers, public officials, or other stakeholders.

Article 11 (Prohibiting offering illegal political contributions)

The Company and their directors, supervisors, managers, employees, proxies, and real controllers that make donations to political parties, participate in political organization, or make direct or indirect

donations personally must be in conformity with the Political Donations Act and the Company's relevant internal operating procedures; also, they shall not thereby seek commercial benefits or trade advantages.

Article 12 (Prohibiting improper charitable donations or sponsorships)

The Company and their directors, supervisors, managers, employees, proxies, and real controllers should have charitable donations or sponsorships, if any, made in conformity with the relevant laws and regulations and internal operating procedures that cannot be disguised bribery.

Article 13 (Prohibiting unreasonable gifts, hospitality, or other improper benefits)

The Company and their directors, supervisors, managers, employees, proxies, and real controllers should not directly or indirectly offer or accept any unreasonable gifts, hospitality, or other illegal gains for the purpose of establishing a business relationship or affecting commercial transactions.

Article 14 (Prohibiting infringement of intellectual property rights)

The Company and their directors, supervisors, managers, employees, proxies, and real controllers should comply with intellectual property laws and regulations, internal operating procedures, and contractual provisions. Intellectual property may not be used, leaked, disposed of, damaged, or infringed upon without the consent of the intellectual property right owner.

Article 15 (Prohibiting engaging in unfair competition)

The Company should engage in business activities in accordance with the relevant competition laws and regulations; also, they may not fix prices, manipulate bidding, restrict production and product quotas, or share or divide the market by having customers, suppliers, operational areas, or the type of business assigned.

Article 16 (Preventing products or services from damaging stakeholders)

The Company and their directors, supervisors, managers, employees, proxies, and real controllers should have research and development, procurement, production, supply, or sales of products and services complying with the relevant laws and regulations and international guidelines, ensuring information transparency and safety of products and services, enacting and announcing consumer's or other stakeholder's equity protection policies, and implementing them in operational activities in order to prevent products or services from damaging the equity, health, and safety of consumers or other stakeholders directly or indirectly. When there is sufficient evidence to identify the potential risk of the instruments and services detrimental to the consumer's and other stakeholder's safety and health, in principle, such product lot should be recalled and such service should be ceased immediately.

Article 17 (Organization and responsibility)

The directors, supervisors, managers, employees, proxies, and real controllers of the Company should exercise due diligence as an administrator to urge the Company to prevent unethical conduct and to periodically review the effectiveness of its implementation and continuous improvement in order to ensure the implementation of the ethical corporate management policy.

The Company for substantiating ethical corporate management should set up dedicated units under the administration of the Board of Directors to be responsible for the ethical corporate management police and the enactment, supervision, and implementation of the prevention programs, to be in charge of the following matters mainly, and to report to the Board of Directors periodically:

1. Assist in having integrity and moral values blended into the Company's business strategy, and enact the relevant preventive measures to ensure an ethical corporate management in accordance with the laws, regulations, and systems.
2. Enact the prevention programs to prevent unethical conduct, and enact the "Procedures for Ethical Management and Guidelines for Conduct" for each prevention program.
3. Plan internal organization, job positions, and job responsibilities. Arrange a mutual check and balance mechanism for operating activities with a high risk of unethical conduct within the scope of business operation.
4. Promote and coordinate ethical corporate management policy advocacy and training.
5. Plan the reporting system and ensure the effectiveness of its implementation.
6. Assist the Board of Directors and the management to audit and assess the effectiveness of the preventive measures established for the implementation of ethical corporate management, and regularly assess the compliance of the related business processes with a report issued.

Article 18 (Business compliance)

The directors, supervisors, managers, employees, proxies, and real controllers of the Company should comply with the laws and regulations and prevention programs at the time of executing business.

Article 19 (Avoiding conflicts of interest)

The Company should enact policies to prevent conflicts of interest in order to identify, monitor, and manage the risk of unethical conduct resulting from conflicts of interest; also, they should provide appropriate channels for the directors, supervisors, managers, and other attending stakeholders at the Board meeting to voluntarily explain the presence or absence of potential conflicts of interest with the Company.

The directors, supervisors, managers, and other attending stakeholders at the Board meeting of the Company, when the proposals of the Board of Directors are in conflict of interest with them or the institutional shareholders they represent, should detail the material information of the conflict of interest in the Board meeting. If such conflict of interest is detrimental to the Company's interest, they may not participate in the process of discussion and voting; also, they should be excused from the discussion and voting and may not exercise any voting right on behalf of other directors. Directors should be self-disciplined without rendering inappropriate support mutually.

The directors, supervisors, managers, employees, proxies, and real controllers of the Company should not take advantage of the job position or job influence to obtain illegal gains for themselves, their spouses, parents, children, or any other person.

Article 20 (Accounting and Internal Control)

The Company should arrange an effective accounting system and internal control system for the operating activities with high risk of unethical conduct, and may not establish any external account or keep a secret account; also, should be ready for review at any time in order to ensure the continuing effectiveness of the system design and implementation.

The internal audit unit of the Company should periodically audit the compliance of the system stated in the preceding paragraph with an audit report prepared and presented to the Board of Directors; also, they may appoint certified public accountants to perform audits with the services of professionals contracted, when necessary.

Article 21 (Operating procedures and guidelines for conduct)

The Company should have the "Procedures for Ethical Management and Guidelines for Conduct" enacted in accordance with Article 6 to specifically regulate the directions for the business performance

of the directors, supervisors, managers, employees, and real controllers, which include at least the following:

1. Offering or accepting illegal gains criteria;
2. Procedures for offering legitimate political contributions;
3. Procedures for offering legitimate charitable donations or sponsorships, and the standard of charitable donations;
4. The requirements of avoiding job-related conflicts of interest, and its reporting and handling procedures;
5. The requirements of keeping confidential and commercially sensitive information in confidence;
6. The specification and procedures for the suppliers, customers, and business counterparties committing unethical conduct;
7. Procedures for handling violations committed against the “Ethical Corporate Management Best Practice Principles;”
8. Disciplinary actions against the offenders;

Article 22 (Education and training and performance evaluation)

The Chairman, President, or the management of the Company should regularly convey the importance of integrity to the directors, employees, and proxies.

The Company should periodically organize educational training and advocacy for the directors, supervisors, managers, employees, proxies, and real controllers; also, they should invite the counterparties engaged in business with the Company to participate and help them fully understand the Company’s determination in realizing ethical corporate management, policies, prevention programs, and the consequences of committing an unethical conduct.

The Company should have the ethical corporate management policies, staff performance evaluation, and human resources policies combined with a clear and effective reward and punishment system established.

Article 23 (Reporting system)

The Company should have a specific reporting system enacted and implemented that includes at least the following:

1. Establish and publish the internal independent reporting mailbox and hotline, or commission other external independent institutions to provide a reporting mailbox and hotline for the use of the Company’s internal and external personnel.
2. Designate the specific individual or unit to handle the reporting matters. Reporting matters involving the board of directors or top management should be reported to the independent directors or supervisors; also, enact the classification of the reporting matters and the related Procedures for Investigation Standards.
3. Record and reserve the reporting matters, investigation, investigation result, and documentation.
4. Keep the identity of whistleblowers and the contents of the reporting matter in confidence.
5. Adopt measures to protect whistleblowers from any mistreatment.
6. Incentives to whistleblowers;

The specific individuals or units of the Company that are designated to handle the reporting matters should have independent directors or supervisors informed in writing upon identifying significant irregularities or the potential damages and losses to the Company, and with a report prepared.

Article 24 (Disciplinary and Appeal System)

The Company should clearly enact and publish the disciplinary action and grievance system for any unethical conduct identified; also, immediately disclose the job title and name of the offender in the Company's internal Website, date of violation, and violation descriptions and handling.

Article 25 (Information disclosure)

The Company should establish and promote the quantitative data of ethical corporate management, continue to analyze and assess the effectiveness of promoted ethical corporate management policies, disclose the implementation measures for ethical corporate management, the execution, the aforementioned quantitative data, and the implementation achievement on the Company's website, annual report, and prospectus; also, disclose the content of the "Ethical Corporate Management Best Practice Principles" in MOPS.

Article 26 (Ethical management policies and measures review and amendment)

The Company should pay attention to the development of the domestic and international ethical corporate management norms, and encourage the directors, supervisors, managers, and employees to propose suggestions for improving the Company's ethical corporate management policies and the implementation measures in order to enhance the implementation and effectiveness of the Company's ethical corporate management.

Article 27 (Implementation)

The "Ethical Corporate Management Best Practice Principles" of the Company should be implemented with the approval of the Board of Directors and should be forwarded to each supervisor and presented in the shareholders' meeting, so is the amendment.

The Company with independent directors appointed should have the opinions of each independent director taken into consideration when having the "Ethical Corporate Management Best Practice Principles" presented to the Board of Directors for discussion in accordance with the requirements stated in the preceding paragraph. Also, the objections or reservations of each independent director should be documented in the Minutes of the Board Meeting. If independent directors cannot attend the Board meeting personally to express their oppositions or reservations, unless it is justified, they should issue a written opinion in advance that should be documented in the Minutes of the Board Meeting.

For the Company with an Audit Committee organized, the specific provisions of the "Ethical Corporate Management Best Practice Principles" for supervisors are applicable to the Audit Committee.