

Tahsin Industrial Corporatoin

Codes of practice on Corporate Governance

Article 1 General provisions

Article 1 In order to build a sound system of corporate governance, promote the healthy development of the securities market, the Company jointly formulated this Code making reference to the Taiwan Stock Exchange Co., Ltd. (hereinafter referred to as the Stock Exchange) and the Corporate Consortium Over-the-Counter Securities Exchange of the Republic of China (hereinafter referred to as the OTC market), hereby establishes "Tahsin Industrial Corporation's Code of Practice for Corporate Governance", for compliance.

Article 2 In setting up the corporate governance system, in addition to having abided by the provisions of the Law and Regulation as well as Articles of Incorporation, the Company should adhere to the following principles:

- I. Safeguard the rights and interests of shareholders.
- II. Strengthen the duties of board of directors.
- III. Play the functionality of Audit Committee.
- IV. Respect the rights and interests of related parties.
- V. Increase the transparency of information.

Article 3 (Establish internal control system) In accordance with the provisions of the "Guideline on setting up internal control system by public listed companies", the Company should appraise the overall operating activities in the Company and its subsidiaries, design and positively implement its internal control system, and review the process and situation at any time, to adapt with changes in internal and external environment of the Company, to ensure the continuity and efficiency of the system design and implementation. The company should put the self-assessment exercise in the internal control system in practice, on that basis, the board of directors and the management should review the self-assessment work done by respective departments at least once a year, and review the reports issued from the internal audit department on quarterly basis. Audit Committee shall pay attention to the process and supervise them accordingly. The Company should establish communication channels and mechanic among independent directors, audit committee and internal audit officers. Directors are expected to hold regular consultations with internal auditors to review the internal controls with particular reference to deficiencies in the system. They should make records of the consultation details, track and implement improvements and submit

report to the Board of Directors. The management of the Company shall pay high attention to the internal audit department and its personnels, and provide them adequate authority to accurately inspect and evaluate the deficiencies in the internal control system, and measure the efficiency of operations, so as to ensure the continuous and effective implementation of the system, and assist the Board and the Management to discharge their duties, thus putting the corporate governance system in place. The appointment, removal, job performance assessment and remuneration of the internal auditors of the Company shall be submitted to the Board of Directors for review or the Internal Audit supervisor reports the same to the Chairman of the Board for approval.

Article 3-1 (Person in charge of corporate governance and related matters) The Company shall allocate suitable and appropriate number of corporate governance personnel according to the company's size, business situation and management needs, and shall designate a corporate governance supervisor in accordance with the provisions of the competent authorities and stock exchanges, who shall be the highest rank supervisor responsible for corporate governance and related matters. The supervisor shall have obtained the qualifications of lawyers, accountants or having engaged in legal, legal compliance, internal audit, finance, treasury, corporate governance, or other related profession at financial institutions, securities industry or public listed companies, holding supervisory position for more than three years. The corporate governance related affairs mentioned in the preceding paragraph should include at least the following content:

- I. Matters related to Board of Directors' meeting and Shareholders' meeting shall be dealt with in accordance with the law.
- II. Prepare minutes of meeting for board of directors' meetings and shareholders' meetings.
- III. Assist directors in taking office and continuing education.
- IV. Provide directors with materials necessary for them to execute duties.
- V. Assist directors to adhere to laws and regulations.
- VI. Other matters pursuant to Company's Articles of Incorporation or agreements.

Article 2 Safeguard the rights and interests of directors

Section 1: Encourage directors to participate in corporate governance

Article 4 The corporate governance system of this Company should safeguard the rights and interests of shareholders, and fairly treat all the shareholders. The Company should establish a corporate governance system that allows shareholders to take cognizance fully of significant events in the Company, to enjoy rights to participate in, make decisions, etc. as needed.

Article 5 The Company should organize shareholders' meetings from time to time in accordance with the Companies Act and the provisions of relevant laws and regulations, besides should formulate a complete code of procedure for shareholders' meeting, whereby matters to be resolved by shareholders' meeting must be processed in accordance with the code. The content discussed and resolved in the Company's shareholders' meeting should comply with provisions under the law and regulation as well as the Company's Articles of Incorporation.

Article 6 The Board of Directors of the Company shall properly arrange the topics and procedures for the shareholders' meeting, fix the principles and operational procedures for the shareholders' nomination of directors and shareholders' meeting proposals, and properly handle the proposals which are submitted by the shareholders in accordance with the law; a convenient place shall be arranged for the shareholders' meeting, to be held via video conference, the meeting shall start no earlier than 9:00 a.m. or not later than 3:00 p.m., sufficient time and appropriate personnel shall be assigned to handle the attendance procedure, no additional supporting documents shall be arbitrarily added to the attendance verification procedure; shareholders shall be given sufficient time for discussion on each topic and shall be given appropriate opportunities to speak out their thoughts and suggestions. The Chairman of the Board of Directors shall preside in person over the shareholders' meeting convened by the Board of Directors. At least 50% of the members of the Board (including at least one independent director) must attend the meeting in person. In addition, the convener of the Audit Committee and at least one member representing other functional committees shall attend the meeting too. These attendances shall be recorded in the minutes of the Shareholders' Meeting.

Article 7 The Company shall encourage shareholders to participate in corporate governance and appoint a professional service agency to handle the affairs of shareholders' meetings, so that shareholders' meetings can be convened and carried out legally, effectively and safely. The Company shall, through various ways and means, fully adopt the technology-enabled information disclosure method, simultaneously upload the Chinese and English versions of the annual report, annual financial statements and reports, shareholders' meeting notice, meeting manual and meeting supplementary information, and shall adopt electronic voting, to increase the shareholders' attendance rate at the shareholders' meeting, and to ensure that the shareholders can exercise their rights according to the law. Company should avoid raising of provisional motions and amendments to the original proposals during the shareholders' meeting. On the day

after the shareholders' meeting is convened, the Company shall enter the results of the shareholders' consent, opposition, and waiver into the public information observatory site.

Article 8 The Company shall, in accordance with the provisions of the Companies Act and relevant laws and regulations, make records of the year, month, day, venue, chairman's name and resolution method of the meeting in the minutes of the shareholders' meeting, and shall record the essentials and results of the deliberations in the meeting. The method of voting and the number of rights conferred to elected directors to-be shall be specified clearly for the election of directors. The minutes of shareholders' meetings should be kept properly on a permanent basis during the existence of the company, and that information should be fully disclosed especially when the Company does set up a website.

Article 9 The Chairperson of the Shareholders' Meeting of the Company shall be fully aware of and comply with the Rules of procedure set by the Company in order to maintain a smooth agenda and shall not arbitrarily declare adjournment of the meeting. In order to protect the rights and interests of the majority shareholders, in the event that the chairperson declares an adjournment of the meeting in violation of the rules of procedure, the other members of the board of directors should promptly assist the attending shareholders by following the procedures established pursuant to the law, to select one person as the new chairperson, with the consent of a majority of the voting rights above 50% of the shareholders in attendance, and continue the meeting.

Article 10 (Company should pay attention to the shareholders' rights to know and should prevent insider trading) The Company should place importance on shareholders' rights to know and obey the provisions related to the disclosure of information. The information on the company's financials, business operation, shareholdings by internal personnel, and status of corporate governance should be disclosed to shareholders on a regular and timely basis via public information observatory site or the company's website. In order to treat shareholders equally, the release of the various types of information referred to in the preceding paragraph should be also disclosed in English simultaneously. In order to safeguard the rights and interests of shareholders and enable equal treatment for shareholders, the Company shall formulate inhouse rules to prohibit internal staff from using unpublished information to buy and sell securities on the market. The preceding rules shall include measures to control the trading of securities by persons within the Company starting from the date of receiving the Company's financial report or related information on business operation, including (but not limited to) the stipulation that

directors are not allowed to trade their shares during the 30 days before the announcement of the annual financial report, and during the closure period of 15 days before the announcement of the quarterly financial report.

Article 10-1 (Reporting on Directors' Remuneration at the General Meeting of Shareholders) The Company is advised to report on the remuneration received by the Directors at the General Meeting of Shareholders, including the remuneration policy, the content of individual remuneration, the amount, and its relevance to the results of the performance assessment.

Article 11 Shareholders shall have the right to share in the company's surplus earnings. In order to ensure the rights and interests of shareholders to make investment, in accordance with the provisions under Article 184 of the Companies Act, the shareholders can inspect and verify the listing prepared by the Board of Directors, the Audit Committee's report, vote for or against a resolution on the profit distribution of loss provision. Shareholders may elect to engage an inspector to perform verification work prior to the implementation of a resolution. Shareholders may, in accordance with the provisions of Article 245 of the Companies Act, request the court to appoint an inspector to examine the company's business accounts, situation of assets or properties, specific matters, specific transaction documents and records. The Board of Directors, the Audit Committee and the managers of the Company shall fully cooperate with the inspectors in their verification work as described in the preceding two items, and shall not have conduct to evade, obstruct or refuse in any way.

Article 12 Acquisition or disposal of assets, drawing of capital loans, render of guarantees by endorsement, other major financial and business activities by the Company shall be dealt with in accordance with the relevant laws and regulations, and those transactions should be documented per relevant procedure in the form of a report to be submitted to the shareholders' meeting for approval, so as to safeguard the rights and interests of the shareholders. In the event of a merger or public acquisition by the Company, apart from complying with the provisions of relevant laws and regulations, the Company shall pay attention to the fairness and reasonableness in the scheme and transactions of the merger or public acquisition, and be mindful about information disclosure as well as the healthy state of the company's financial structure in the future. The Company's personnel dealing with the matters related to the preceding paragraph shall pay attention to conflicts of interest and refrain from being entangled in sensitive affairs.

Article 13 In order to assure the rights and interests of shareholders, the Company should engage a dedicated personnel to properly handle shareholders' suggestions, doubts and disputes. If a resolution of the shareholders' meeting or board of directors of the Company is in breach of the laws and regulations or the articles of incorporation of the company, or their directors or managers violate the provisions of the laws and regulations or the articles of incorporation of the company during performance of their duties, until causing damage to the rights and interests of the shareholders, the company shall properly handle the lawsuit filed by the shareholders in accordance with the law. The Company should prescribe inhouse operating procedure to properly handle the preceding two matters, keep written records for future audit, and incorporate them into the internal control system for management control.

Section 2: Establish a mechanism for interaction directors and shareholders

Article 13-1 (Board of directors has a responsibility to build a mechanism for interaction with shareholders) The Company's board of directors has a responsibility to build a mechanism for interaction with shareholders, in order to improve mutual understanding of both parties on the Company's development goals.

Article 13-2 (Apply effective methods to contact and communicate with shareholders, and gain support) In addition to communicating with shareholders via shareholders' meetings, encouraging them to take part in shareholders' meetings, the Company's board of directors shall employ effective methods to contact shareholders, together with independent directors and managers, to gain comprehension of shareholders' opinions and matters of their concerns, board of directors should explain the company's policies and gain shareholders' support.

Section 3: Corporate governance relationship between Company and Its Affiliates

Article 14 The personnel, assets, financial goals and responsibilities between the Company and its Affiliates should have been clarified, risk assessment and proper set up of firewalls are to be carried out.

Article 15 Unless otherwise provided by the laws and regulations, the manager of the Company shall not concurrently act as a similar managerial role for other affiliated enterprises. Directors who act for themselves or others within the company's business scope should explain the material content of their conducts and obtain permission from the shareholders.

Article 16 The Company shall establish and improve the management objectives and systems of finance, business and accounting in accordance with the relevant laws and regulations. Together with its affiliated enterprises, the Company should carry out comprehensive risk assessments on their major banks, customers and suppliers, and implement the necessary control mechanisms to reduce credit risk.

Article 17 Those who have business dealings between the Company and its affiliates shall, based on the principle of fairness and reasonableness, formulate written rules for the operations of finance and business between each other. For the signing of contracts, the price conditions and payment methods should be clearly defined, and irregular transactions should be avoided. Transactions or contractual signings between the Company and its related parties and their shareholders shall also be handled in accordance with the principles stated in the preceding paragraph, and act of tunnelling must be strictly prohibited.

Article 18 Corporate shareholder in possession of controlling capacity should obey the following matters:

- I. Owns a duty of good faith to other shareholders, and shall not directly or indirectly enable the company to engage in irregular operations or business activities that are neither profitable nor of economic sense.
- II. His / Her representative shall obey the relevant rules for the exercise of his/her rights and participation in the resolutions as set out by the Company, shall exercise his/her voting rights in adherence to the principle of good faith and acting in the best interest of all shareholders when attending shareholders' meeting, and be able to fulfill a duty of loyalty and a duty of care of a director.
- III. The nomination of directors for the company shall be handled in accordance with the provisions under the relevant laws and regulations as well as the articles of incorporation of the company, and shall not overstep the scope of the powers of the shareholders' meeting and the board of directors.
- IV. Must not inappropriately interfere with the Company's decisions or obstruct business activities.
- V. The production and operation of the company shall not be restricted or hindered by unfair competition acts such as monopolizing procurement or blocking sales channels.
- VI. The legal representative appointed for the purpose of being elected as a director shall meet the professional qualifications required by the company and shall not be arbitrarily reassigned.

Article 19 The Company should at all times maintain a list of principal shareholders who hold a relatively larger proportion of shares and can actually control the Company as well as the ultimate controllers of the principal shareholders. The Company shall periodically disclose any pledge, increase or decrease in the company's shares by shareholders holding more than 10% of the shares, or any other significant events that may cause changes in the shares, for the other shareholders to monitor. The major shareholders referred to in Item 1 are those shareholders whose shareholding percentage is at least 5% or whose shareholding percentage is among the top 10, but the Company may set a lower shareholding percentage based on their actual control of the Company's shareholding.

Article 3 Strengthen the function of board of directors.

Section 1: Board of directors structure

Article 20 The Board of Directors shall direct the Company's strategy, supervise the management, and be responsible to the Company and its shareholders. The operations and arrangements of the Company's corporate governance system shall ensure that the Board of Directors shall exercise its authority in accordance with provisions under the laws and regulations as well as the Articles of Incorporation, or the resolutions of the shareholders' meeting. The structure of the Board of Directors of the Company shall determine the appropriate number of directors with five or more members, taking into account the scale of the Company's operations and development and the shareholdings of its major shareholders, and taking into account practical operational needs. The composition of the Board of Directors shall take into account diversity, and shall formulate appropriate diversity guidelines with respect to its own operations, business model and development needs, including but not limited to the following two major criteria.

- I. Basic criteria and values: gender, age, nationality and culture, etc.
- II. Expertise and skills: Professional background (e.g. law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.

The members of the Board should generally possess the knowledge, skills and qualities necessary to carry out their duties. To achieve the desired objectives of corporate governance, the Board as a whole should possess the following competencies.

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- I. Operational judgment ability.
- II. Accounting and financial analysis skills.
- III. Operation management capability.
- IV. Crisis management capability.
- V. Industry knowledge.
- VI. International market perspective.
- VII. Leadership skill.
- VIII. Decision-making ability.

Article 21 The Company shall establish fair, impartial and open procedures for the election of directors in accordance with the principles of protecting shareholders' rights and interests and treating shareholders fairly, and encourage shareholders to participate in, and shall adopt a cumulative voting system to fully reflect shareholders' opinions in compliance with the Companies Act. Except for those approved by the competent authority, more than half of the directors of the Company shall not be related to each other as spouses or relatives within two layers. If the number of directors falls below five for any reason, the Company shall hold a by-election at the latest shareholders' meeting. However, if the number of directors' vacancies reaches one-third of the number of seats set forth in the Articles of Incorporation, the Company shall convene an interim meeting of shareholders for a by-election within 60 days from the date of occurrence. The total shareholding ratio of all directors on the board of directors of the Company shall comply with the laws and regulations, and the restrictions on the transfer of shares, the creation or release of pledges and changes in the shares of each director shall be handled in accordance with the relevant provisions, and all information shall be fully disclosed.

Article 22 The Company shall, in accordance with the laws and regulations of the competent authorities, specify in the Articles of Incorporation that a candidate nomination system shall be adopted for the election of directors, and carefully evaluate the qualifications of the nominees and the existence of any of the matters set forth in each paragraph of Article 30 of the Companies Act, and shall abide by the provisions of Article 192-1 of the Companies Act.

Article 23 The responsibilities of the Chairman and the General Manager of the Company shall be clearly delineated. The Chairman of the Board of Directors and the General Manager or equivalent persons should not be held by the same person. If the Company establishes a functional committee, the duties of the committee shall be clearly assigned.

Section 2: System of Independent Directors

Article 24 In accordance with the Company's Articles of Incorporation, the number of independent directors shall not be less than two and not less than one-fifth of the number of directors, and the term of office of independent directors shall not exceed three consecutive terms. Independent directors should have professional knowledge and their shareholding should be limited. They should not be directors (including independent directors) or supervisors of more than five listed companies at the same time, except as prescribed by relevant laws and regulations, and they should maintain independence within the scope of their business and should not have direct or indirect interests with the company. If the Company, its group enterprises and organizations, together with other companies and their group enterprises and organizations nominate directors, supervisors or managers of the other party as independent director candidates, the Company shall disclose the nomination of independent director candidates and explain the suitability of such independent director candidates at the time of acceptance. If elected as an independent director, the number of election rights should be disclosed. The group companies and organizations referred to in the preceding paragraph apply to the Company's subsidiaries, consortiums that contribute more than 50% of their funds directly or indirectly, and other institutions or legal entities with substantial control capacities. Independent directors and non-independent directors are not allowed to change their status during their term of service. The professional qualifications, restrictions on shareholding and concurrent employment, recognition of independence, method of nomination and other matters to be followed by independent directors shall be governed by the Securities Exchange Act, the Regulations Governing the Establishment and Matters to be Followed by Independent Directors of Public Companies and the regulations of the Stock Exchange.

Article 25 In accordance with the provisions of the Securities and Exchange Act, the Company shall submit the following matters to the board of directors for resolution; if the independent directors have any objection or reservation, they shall state it in the minutes of the board of directors' meeting.

- I. The internal control system shall be established or amended in accordance with the provisions of Article 14-1 of the Securities and Exchange Act.
- II. In accordance with Article 36-1 of the Securities and Exchange Act, the Company establishes or amends procedures for handling significant financial operations involving the acquisition or disposal of assets, engaging in

derivative transactions, lending of funds to others, and endorsement or guarantee for others.

- III. Matters involving directors' own interests.
- IV. Significant transactions of asset or derivative products.
- V. Significant loans, endorsements or provision of guarantees.
- VI. The raising, issuance or private placement of securities of an equity nature.
- VII. The appointment, dismissal or remuneration of a certifying accountant.
- VIII. Appointment or removal of the Head of finance, accounting or internal audit.
- IX. Other significant matters as stipulated by the competent authorities.

Article 26 The Company shall specify the scope of duties and responsibilities of the independent directors and the related human and material resources to be entrusted for the exercise of their functions. No other member of the Company or the Board of Directors shall obstruct, refuse or circumvent an independent director in the performance of his or her business. The Company shall specify the remuneration of directors in accordance with the relevant laws and regulations, and the remuneration of directors shall fully reflect the performance of individuals and the long-term operating performance of the Company, and shall take into account the risks of the Company's operation. The independent directors may be entitled to a reasonable remuneration different from that of the ordinary directors.

Chapter 3: Functional Committee

Article 27 The Company's Board of Directors may set up audit, compensation and remuneration, nomination, risk management or other functional committees, taking into account the size of the Company, the nature of its business, and the number of board members, in order to improve the supervisory functions and strengthen the management functions in the Company, and may establish environmental protection, corporate social responsibility or other committees based on the concept of corporate social responsibility and sustainable management, as specified in the Articles of Incorporation. The remuneration and compensation or other functional committees shall be accountable to the Board of Directors and shall submit their proposals to the Board of Directors for resolution. However, this does not apply to those members of the audit committee who exercise the power of the supervisor in accordance with the provisions of Article 14-4 Paragraph 4 of the Securities and Exchange Act. The Remuneration or other functional committee shall establish organizational rules and regulations, which shall be adopted by resolution of the Board of Directors. The organizational rules shall include the number of members in the committee, their terms

of office, terms of reference, rules of procedure, and the resources to be provided by the Company in exercising its duties and responsibilities.

Article 28 The Company shall establish an Audit Committee consisting of all independent directors, of whom the number shall not be less than three, one of whom shall be the convener and at least one of whom shall have accounting or financial expertise. The exercise of the powers and duties of the Audit Committee and its independent directors and related matters shall be governed by the Securities and Exchange Act, the Regulations Governing the Exercise of Powers and Functions by Audit Committees of Public Companies, and the provisions of the Stock Exchange.

Article 28-1 The Company shall establish a Remuneration Committee, and a majority of its members shall be independent directors. The professional qualifications of its members, the exercise of their powers and duties, the establishment of organizational rules and regulations, and related matters shall be governed by the provisions of the "Procedures for the Establishment and Exercise of Functions of the Remuneration Committee of Companies whose stocks are listed or traded on Securities Firms' Trading Premises.

Article 28-2 (Whistleblower system) The Company shall set up and announce internal and external whistleblower channels and establish a whistleblower protection system; the receiving unit shall be independent, the files provided by the whistleblower shall be protected by encryption, access rights shall be appropriately restricted, and internal operating procedures shall be established and controlled by the internal control system.

Article 29 In order to enhance the quality of financial reporting, the Company shall appoint an agent for the accounting supervisor. The agent of the accounting supervisor mentioned in the preceding paragraph shall benchmark with the accounting supervisor and attend continuing education every year in order to strengthen his or her professional ability. The accounting personnels who prepare financial statements and reports shall also study professional-related courses for at least six hours each year, either through participation in in-house education training or attending professional courses provided by the accounting supervisor training institutions. The Company shall select a professional, responsible and independent certified public accountant to regularly conduct audits of the Company's financial condition and internal controls. The Company shall review and improve the irregularities or deficiencies discovered and disclosed by the accountants in the course of the audit and the specific suggestions for improvement or prevention of such deficiencies, and shall establish a communication

channel or mechanism between the independent directors or the audit committee and the certified public accountants, and shall formulate internal operating procedures and incorporate them into the internal control system. The Company shall periodically (at least once a year) evaluate the independence and suitability of the appointed accountants. If the Company has not replaced its accountants for seven consecutive years or if they have been disciplined or their independence has been compromised, the Company shall evaluate the need to change its accountants and report the results of the evaluation to the Board of Directors.

Article 30 The Company is encouraged to appoint professional and suitable lawyers to provide appropriate legal consultation services to the Company or to assist the Board of Directors and the Management to enhance their legal literacy to prevent the Company and related personnel from violating laws and regulations and to promote the operation of corporate governance practices under the relevant legal framework and statutory procedures. In the event that the directors or management are involved in litigation or disputes with shareholders in the conduct of business in accordance with the law, the Company shall, depending on the circumstances, engage a lawyer to assist.

Section 4: Rules for board of directors' meeting and procedure for decision-making

Article 31 The Board of Directors shall meet at least once a quarter and may convene a meeting at any time in case of emergency. For a convocation of the board of directors' meeting, the board of directors shall indicate the reasons for the convocation, notify the directors 7 days in advance, and provide sufficient information for the meeting to be sent at the time of the notice of convocation. If there is insufficient information at a meeting, the directors have the right to request for additional information or to postpone the meeting after the board of directors' resolution. The Company shall prescribe the rules and procedures for the Board of Directors' meetings; the main contents of the proceedings, operating procedures, matters to be included in the minutes, announcements and other matters to be complied with shall be handled in accordance with the Rules Governing the Conduct of Meetings of Directors of Public Companies.

Article 32 The directors shall uphold a high degree of self-discipline and shall explain at the current board meeting the important contents of their interests regarding the motions listed in the board meeting if they have an interest in themselves or the legal entity they represent, and shall not join in the discussion or vote if it is harmful to the interests of the Company, and shall recuse themselves from the discussion or vote and shall not exercise their

voting rights on behalf of other directors. The recusal of a director shall be expressly set forth in the rules of procedure for the board of directors' meeting.

Article 33 The independent directors of the Company shall attend the Board of Directors' meetings in person and shall not appoint a non-independent director to act as a proxy for them on matters required by Article 14-3 of the Securities and Exchange Act. If an independent director has objections or reservations, his / her objections or reservations shall be documented in the record of the board meeting; if an independent director cannot attend a board meeting in person to express his or her objection or reservation, he or she shall, unless there is a valid reason, issue a written opinion in advance, which shall be recorded in the minutes of the board meeting. If any of the following matters are resolved by the Board of Directors, in addition to being set forth in the minutes of the meeting, an announcement shall be made and reported on the Market Observation Post System no later than two hours prior to the start of trading hours on the business day following the date of the Board of Directors' meeting.

- I. Independent directors have objections or reservations and have records or written statements.
- II. For companies with an audit committee, matters not approved by the audit committee shall be approved by at least two-thirds of all directors.

The Board of Directors may, depending on the content of the proposal, notify the non-directorate manager of the relevant department to attend the meeting as an observer. report on the current business situation of the Company and answer questions from the directors. If necessary, accountants, lawyers, or other professionals may be invited to attend the meetings to assist the directors in understanding the current situation of the Company and making appropriate resolutions, but they should leave the meeting during the discussion and voting. The members of the Board of Directors shall keep detailed records of meeting reports and summaries of proposals, methods, and results of each resolution in accordance with the relevant provisions.

Article 34 The minutes of the Board of Directors' meetings shall be signed or sealed by the Chairman of the meeting and the Recorder of the meeting and distributed to each Director within 20 days after the meeting. The attendance book of the Board of Directors shall be part of the minutes and shall be included in the important records of the Company and shall be kept in a permanent and proper manner during the continuance of the Company. The minutes shall be made, distributed and maintained by electronic means. The Company shall record or videotape the entire meeting of the Board of Directors and keep it for at least five years, which may be kept in electronic form. In the

event of a lawsuit regarding a resolution of the Board of Directors' meeting before the expiration of the aforementioned retention period, the relevant audio or video recordings shall continue to be retained and the aforementioned provisions shall not apply. If a board meeting is held by video conference, the audio and video recordings of the meeting shall be part of the minutes of the meeting and shall be preserved permanently. If a resolution of the board of directors violates the law, the articles of incorporation, or the resolution of the shareholders' meeting and causes damage to the Company, the directors who disagree with the resolution shall be exempted from liability for compensation as evidenced by records or written statements.

Article 35 The Company shall refer the following matters to the Board of Directors for discussion:

- I. The operating plan of the Company.
- II. The annual financial report and the semi-annual financial report. However, except for the semi-annual financial report which is not subject to audit by a certified public accountant pursuant to the law.
- III. In accordance with Article 14-1 of the Securities and Exchange Act, the Company establishes or amends an internal control system and evaluates the effectiveness of the internal control system.
- IV. In accordance with Article 36-1 of the Securities and Exchange Act, the Company establishes or amends procedures for handling significant financial operations involving the acquisition or disposal of assets, engaging in derivative transactions, lending of funds to others, and endorsement or guarantee for others.
- V. The raising, issuance or private placement of securities of an equity nature.
- VI. Performance appraisal and remuneration standards for managers.
- VII. Remuneration structure and system for directors.
- VIII. Appointment or removal of the Head of finance, accounting or internal audit.
- IX. Donations to related parties or major donations to non-related parties. However, public welfare donations for emergency relief due to major natural disasters may be submitted to the next board of directors for ratification.
- X. In compliance with Article 14-3 of the Securities and Exchange Act, any other significant matters that should be resolved by the shareholders' meeting or proposed to the board of directors according to law or articles of incorporation or significant matters as stipulated by competent authorities.

Except for the aforementioned matters that should be brought to the Board of Directors for discussion, if the Board of Directors authorizes the exercise of the Board of Directors' duties and powers during the recess of the Board of Directors' meeting in

accordance with the provisions of the Law or the Articles of Incorporation, the level, content or matters of authorization shall be specific and definite, and no general authorization shall be granted.

Except for the aforementioned matters that should be brought to the Board of Directors for discussion, if the Board of Directors authorizes the exercise of the Board of Directors' duties and powers during the recess of the Board of Directors' meeting in accordance with the provisions of the Law or the Articles of Incorporation, the level, content or matters of authorization shall be specific and definite, and no general authorization shall be granted.

Except for the aforementioned matters that should be brought to the Board of Directors for discussion, if the Board of Directors authorizes the exercise of the Board of Directors' duties and powers during the recess of the Board of Directors' meeting in accordance with the provisions of the Law or the Articles of Incorporation, the level, content or matters of authorization shall be specific and definite, and no general authorization shall be granted.

Article 36 The Company shall clearly deliver the resolutions of the Board of Directors to the appropriate executive units or personnel and request that they be implemented in accordance with the schedule and objectives of the plan, and at the same time, include them in the tracking management to confirm the assessment of their implementation. The Board of Directors shall fully grasp the progress of implementation and report on it at the next meeting so that the Board of Directors can implement the operational management decisions.

Section 5: Director's duty of care and fidelity and director's responsibility

Article 37 The members of the Board of Directors shall faithfully perform the business and exercise their duties of care as good managers, and exercise their powers and duties with a high degree of self-discipline and prudence, and shall actually adhere to the resolutions of the Board of Directors in the execution of the Company's business, except for matters that should be resolved by the shareholders' meeting in accordance with the law or the Company's Articles of Incorporation. The Company shall establish a method and procedure for evaluating the performance of the Board of Directors. In addition to regular annual self-assessment or peer evaluation of the Board of Directors and individual directors, the Company may also appoint an external professional organization or conduct performance evaluation by other appropriate means; the evaluation of the performance of the Board of Directors shall include the following

components and set appropriate evaluation indicators taking into account the needs of the Company:

- I. The degree of participation in the company's operations.
- II. To improve the quality of decision making by the Board of Directors.
- III. Composition and structure of the board of directors.
- IV. Election of directors and continuing education.
- V. Internal control.

The assessment of the performance of board members (self or peers) should include the following components, taking into account the company's

Demand is properly adjusted:

- I. Mastery of company's goals and tasks.
- II. Cognitive awareness of director's roles and responsibilities.
- III. The degree of participation in the company's operations.
- IV. Management of internal relationship and communication.
- V. Director's professionalism and continuing education.
- VI. Internal control.

The Company shall conduct a performance evaluation of the functional committee, which shall include the following components, with appropriate adjustments to take into account the Company's needs.

The Company shall conduct a performance evaluation of the functional committee, which shall include the following components, with appropriate adjustments to take into account the Company's needs.

- I. The degree of participation in the company's operations.
- II. Cognitive awareness of functional committee's roles and responsibilities.
- III. To improve the quality of decision making by the Functional Committee.
- IV. Composition and structure of the functional committee.
- V. Internal control.

The Company should submit the results of performance appraisal to Board of Directors, and use the results as a reference to determine the remuneration and nominate renewal for individual directors.

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Article 37-1 (Establish intellectual property management system)

Board of Directors should appraise and monitor the Company's intellectual properties as to their operational direction and performance, on areas as listed underneath, to

ensure the Company, under a management cycle of "plan, execute, inspection and action", construct a management system for intellectual property:

intellectual property:

- I. Formulate intellectual property management policies, objectives and systems related to operational strategies.
- II. Establish, implement, and maintain a management system for the acquisition, protection, maintenance, and use of intellectual property according to its scale and type.
- III. Determine and provide the resources necessary to effectively implement and maintain an intellectual property management system.
- IV. Observe internal and external risks or opportunities related to intellectual property management and undertake countermeasures.
- V. Plan and implement a continuous improvement mechanism to ensure that the operation and effectiveness of the intellectual property management system meet the Company's expectations.

Article 38 If a resolution of the Board of Directors violates the laws and regulations or the Articles of Incorporation, and if a shareholder or independent director who has held shares for at least one year requests that the Board of Directors be notified to stop the execution of the resolution, the Board of Directors shall promptly and appropriately handle or stop the execution of the relevant resolution. If a member of the Board of Directors discovers that the Company is in danger of being materially damaged, he or she should follow the preceding provisions and immediately report to the Audit Committee or an independent member of the Audit Committee.

Article 39 The Company shall take out liability insurance for its directors during their term of office for the compensation liability that they are legally liable for in the execution of their business scope, in order to reduce and diversify the risk of significant damage to the Company and its shareholders due to the mistakes or negligent acts of directors. After the Company has taken out or renewed liability insurance for its directors, the Company shall submit a report to the most recent board of directors' meeting on the amount of liability insurance coverage, coverage and premium rates.

Article 40 Members of the Board of Directors are encouraged to attend continuing education courses covering finance, risk management, business, commerce, accounting, law or corporate social responsibility related to corporate governance topics at the institutions designated in the "Essentials of Further Education for Directors and Supervisors of

Listed Companies" when they are newly appointed or during their term of office, and to instruct employees at all levels to enhance their professional and legal knowledge.

Article 4 Respect for Stakeholder Rights

- Article 41** The Company shall maintain smooth communication channels with banks and other creditors, employees, consumers, suppliers, communities or other stakeholders of the Company, and shall respect and protect their legitimate rights and interests, and shall set up a stakeholder area on the Company's website. When the legitimate rights and interests of stakeholders are infringed, the Company shall handle the matter appropriately in good faith.
- Article 42** The Bank and other creditors should provide sufficient information to enable them to make judgments and decisions regarding the Company's operations and financial condition. When their legal rights are infringed, the company should respond positively and in a courageous and responsible manner, so that creditors can have appropriate channels to obtain compensation.
- Article 43** The Company shall establish employee communication channels and encourage direct communication between employees and management or directors to appropriately reflect employees' opinions on the Company's operation and financial condition or major decisions involving employees' interests.
- Article 44** The Company should pay attention to consumer rights, community environmental protection and public welfare issues while maintaining normal business development and maximizing shareholders' interests, and attach importance to corporate social responsibility.

Article 5 Improving information transparency

Section I strengthen information disclosure

- Article 45** The company shall faithfully perform its obligations in accordance with relevant laws and regulations or the provisions of the stock exchange. This corporation shall establish an online reporting system for public information and designate a person to be responsible for the search of the company's information
- Collect and disclose the work, and establish a spokesman system to ensure that it may affect the decisions of shareholders and stakeholders
- The information of the policy can be disclosed in a timely and appropriate manner.
- Article 46** In order to enhance the accuracy and timeliness of the disclosure of material information, the Company shall appoint a person who has a thorough understanding of the Company's finances and business or can coordinate with various departments to provide relevant

information, and who can speak on behalf of the Company alone to the outside world as the Company's spokesperson and acting spokesperson. The Company shall have more than one proxy spokesperson, and any proxy spokesperson shall be able to speak to the public on behalf of the spokesperson alone when the spokesperson is unable to perform his or her speaking duties, but the order of proxy shall be confirmed to avoid confusion. In order to implement the spokesperson system, the company shall specify a unified speaking procedure, and require the management and employees to keep financial and business sensitive information in strict confidentiality, and shall not disseminate any information arbitrarily. When there is a change of spokesperson or acting spokesperson, information disclosure shall be handled immediately.

Article 47 The Company shall make use of the convenience of the Internet to set up a website with information and corporate governance information related to the Company's financial operations for the reference of shareholders and interested parties, etc. It is also appropriate to provide financial, corporate governance or other related information in English. The former website should be maintained by a dedicated person, and the information listed should be detailed and accurate and updated immediately to avoid the risk of misleading.

Article 48 The Company shall hold corporate meetings in accordance with the regulations of the Stock Exchange and shall keep them in the form of audio or video recordings. The financial and business information of the Company's Explanatory Committee shall be entered into the Market Observation Post System (MOPS) in accordance with the regulations of the stock exchange, and shall be made available through the Company's website or other appropriate channels.

Section 2: Corporate Governance Information Disclosure

Article 49 The following corporate governance-related information will be disclosed in an appropriate manner and continuously updated according to the actual implementation of the Company's website.

- I. Board of Directors, Functional Committees: Organizational structure, members' biographies, powers and responsibilities, policies, training and Operating status.
- II. Industrial relations.
- III. APC security management.
- IV. Corporate governance-related regulations.
- V. Special site for interested parties.
- VI. Information related corporate governance.

Article 6 supplementary articles

Article 50 The Company shall keep an eye on the development of domestic and international corporate governance systems and review and improve the corporate governance system established by the Company in order to enhance the effectiveness of corporate governance.

Article 51 This Code was approved by the Board of Directors on March 25, 2022 and became effective for implementation, and was disclosed on the Market Observation Post System, as amended.