

Code of Practice for Corporate Governance
of
Taiflex Scientific Co., Ltd.
(“Company”)

Chapter I General Rules

Article 1 In order to establish a good corporate governance system, the Company establishes an effective corporate governance framework and formulates the Code in accordance with "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" to be complied with and disclose it at the Market Observatory Post System (MOPS).

Article 2 When establishing the corporate governance system, the Company shall, in addition to complying with relevant laws, regulations and articles of incorporation, adhere to the following principles:

1. Protect shareholders' rights and interests.
2. Strengthen the Board of Directors' functions.
3. Respect stakeholders' rights and interests.
4. Enhance information transparency.

Article 3 The Company shall follow the Regulations Governing Establishment of Internal Control System by Public Companies and take into consideration the Company's and its subsidiaries' overall operational activities to design and fully implement the internal control system. Moreover, the system shall be reviewed constantly to ensure the continued effectiveness of its design and implementation in response to changes in the Company's internal and external environment.

Unless approved by the competent authority, the adoption or amendment to the internal control system shall be submitted to the Board of Directors (“the Board”) for approval by resolution. Any objections or reservations expressed by independent directors shall be recorded in the Board meeting minutes.

In addition to thoroughly conducting self-assessments on the internal control system, the Board and the management shall review each department's self-assessment results at least once every year and the Internal Audit Department's audit reports on a quarterly basis. The audit committee shall pay close attention to and monitor this matter.

The Company shall establish communication channels and mechanisms between independent directors and chief audit executives.

Directors and the audit committee shall periodically hold discussions with internal auditors about reviews of defects in the internal control system. Records of the discussions shall be kept with action plans followed up and improvements implemented. Reports shall be submitted to the Board.

The management shall attach importance to and fully empower the Internal Audit

Department and its staff so that they can comprehensively review and assess the defects of the internal control system and evaluate operational efficiency to ensure the system can be implemented effectively and continuously. They shall also assist the Board and the management to fully perform their duties and consequently implement the corporate governance system.

To put the internal control system into effect and strengthen the professional abilities of internal auditor's deputy for the enhancement and maintenance of audit quality and implementation result, the Company shall have a deputy in place for the internal auditing personnel.

The qualification requirements on the internal auditor set out in Paragraph 6 of Article 11 of the Company's Regulations Governing the Establishment of Internal Control Systems and Articles 16, 17, and 18 of the same Regulations shall apply mutatis mutandis to the deputy as referred to in the preceding paragraph.

Article 3-1 The Company may establish an exclusively (or concurrently) dedicated unit or personnel to handle matters pertaining to corporate governance and appoint a senior officer to supervise the operation. The said officer shall be a qualified attorney or accountant or have no fewer than three-year management experience in legal, finance or stockholder service departments in a public company.

Matters pertaining to corporate governance in the preceding paragraph are advised to include the following items at least:

1. To manage incorporation and any changes thereof.
2. To handle matters relating to the Board and shareholder meetings according to the laws, and assist the Company in compliance with laws and regulations pertaining to those meetings.
3. To prepare the minutes of Board and shareholder meetings.
4. To assist the directors in legal compliance by providing them with information required for business execution and the latest development of laws and regulations relating to company management.
5. Matters relating to investor relations.
6. Other matters set out in the articles of incorporation or contracts.

Chapter II Protect Shareholders' Rights and Interests

Section 1 Encouraging Shareholders to Participate in Corporate Governance

Article 4 The Company's corporate governance system shall protect shareholders' rights and interests and treat all shareholders equally to ensure they have rights to fully know, participate in and make decisions on the Company's significant events.

Article 5 The Company shall convene shareholders' meetings in accordance with the Company Act and relevant laws and regulations and formulate a complete set of rules for meeting procedures. For items needed to be resolved in the shareholders' meetings, they shall be

proposed in accordance with the said rules. Shareholders' meeting resolutions shall comply with laws, regulations and articles of incorporation.

Article 6 The Board shall properly organize shareholders' meeting agenda and procedures, and formulate the principles and procedures for shareholder nominations of directors and supervisors and submissions of shareholder proposals. The Board shall also properly handle the proposals duly submitted by shareholders. Arrangements shall be made to hold shareholders' meetings at a convenient location with sufficient time allowed and sufficient numbers of suitable personnel assigned to handle attendance registrations. No arbitrary requirements shall be imposed on shareholders to provide additional evidentiary documents beyond those showing eligibility to attend. Each agenda item is entitled to reasonable time for discussion and shareholders shall be given appropriate opportunities to speak.

For a shareholders' meeting called by the Board, it is advisable for the chairperson to chair the meeting, a majority of the directors (including at least one independent director) to attend in person, and at least one member of each functional committee to attend as representative. Attendance details should be recorded in the shareholders' meeting minutes.

Article 7 The Company shall encourage shareholders to participate in corporate governance and engage a professional shareholder services agent to handle shareholders meeting matters in order to convene the shareholders' meetings on the premise of legal, effective and safe process. The Company shall seek various methods and means and fully adopt technology-based information disclosure and voting methods. It is also advised to upload notices, agendas and supplementary information of shareholders meetings in both Chinese and English simultaneously in order to improve the attendance rate in the shareholders' meetings and ensure the shareholders can legally exercise their rights at the meetings.

The Company employs electronic voting at shareholders' meetings. It is advisable to avoid extraordinary motions and amendments to original proposals. For election of directors, it is advised to adopt a candidate nomination system.

The Company arranges for shareholders to vote on each separate proposal in the shareholders' meeting agenda and following conclusion of the meeting, to enter the voting results on the same day, namely the numbers of votes casted for and against and the number of abstentions, through the MOPS.

If the Company distributes souvenirs at the shareholders' meetings, it shall not practice differential treatment or discrimination.

Article 8 The Company shall, in accordance with the Company Act and relevant laws and regulations, prepare meeting minutes with shareholders' meeting resolutions and record the summary of meeting and its results. With respect to the election of directors, the meeting minutes shall contain the voting method and the number of votes required to be an elected director. The shareholders' meeting minutes shall be retained permanently

and properly during the Company's existence.

Article 9 The chairperson in the shareholders' meeting shall be fully aware of and comply with the rules for meeting procedures stipulated by the Company. The chairperson shall maintain orders in the meeting and shall not adjourn the meeting arbitrarily.

To protect the rights and interests of the majority shareholders, if the chairperson violates the rules by adjourning the meeting arbitrarily, other members of the Board shall immediately assist the attending shareholders to elect a new chairperson pursuant to laws with the consent of majority of voting rights represented by the attending shareholders to continue the meeting.

Article 10 The Company shall respect shareholders' right to know and fully comply with regulations on information disclosure. The Company shall frequently make use of the MOPS or the Company official website to provide shareholders with information on the Company's finance, business, insider shareholding and corporate governance on a real-time basis.

For fair treatment to all shareholders, it is advisable to concurrently disclose the information under the preceding paragraph in English.

To protect the shareholders' rights and interests and ensure their equal treatment, the Company shall adopt internal rules prohibiting insiders from trading securities using information not disclosed to the market.

Article 11 Shareholders shall have the right to participate in the Company's profit sharing. To protect shareholders' investment interests, the shareholders' meeting may, subject to Article 184 of the Company Act, inspect statements produced by the Board and reports from the audit committee and make resolutions of profit distribution or deficit compensation. The shareholders' meeting may appoint an inspector for the said inspection.

Shareholders may, subject to Article 245 of the Company Act, apply to a court for appointing an inspector to inspect the Company's accounting records and assets.

Regarding the two aforementioned inspections implemented by inspectors, the Board, the audit committee and managers shall fully cooperate without any obstruction, refusal or circumvention.

Article 12 The Company's significant financial transactions, such as asset acquisition or disposal, fund lending and endorsement and guarantee, shall be proceeded in accordance with relevant laws and regulations. Associated operating procedures should be established and submitted to the shareholders' meeting for approval to protect shareholders' rights and interests.

When the Company is involved in a merger and acquisition or public tender offer, in addition to handling it in accordance with relevant laws and regulations, it shall pay attention to aspects such as the fairness and reasonableness of the plans and transactions pertaining to the merger and acquisition or public tender offer. Regulations related to information disclosure and the subsequent soundness of the Company's financial

structure shall also be noted. The Company's staff involved in aforementioned matters shall be aware of the conditions for conflicts of interest and recusal.

Article 13 To protect shareholders' rights and interests, the Company shall have designated staff to properly handle shareholders' proposals, questions, and disputes.

If resolutions from the shareholders' meeting or the Board meeting or duties performed by any director or manager violate the laws, regulations or articles of incorporation and such violation damages shareholder's rights and interests, the Company shall properly deal with any legal actions brought by shareholders.

The Company shall adopt internal procedures for appropriate handling of matters referred to in the preceding two paragraphs, keep relevant written records for future reference and incorporate the procedures in the internal control system for management purposes.

Section 2 Establishing a Mechanism for Interaction with Shareholders

Article 13-1 The Boards of TWSE/TPEX listed companies have responsibilities to establish a mechanism for interaction with shareholders in order to enhance both parties' mutual understanding on the development of the Company's objectives.

Article 13-2 Besides communicating with shareholders through shareholders' meetings and encouraging shareholders to attend such meetings, the Boards of TWSE/TPEX listed companies shall contact shareholders in an efficient manner. Together with management and independent directors, they shall understand shareholders' opinions and points of concern, and explicitly state the Company's policies to gain their support.

Section 3 Corporate Governance between the Company and Its Affiliated Enterprises

Article 14 The management objectives and authorities and responsibilities between the Company and its affiliated enterprises in personnel, asset and finance shall be clearly defined. The Company shall also thoroughly carry out risk assessment and establish appropriate firewalls.

Article 15 Unless otherwise provided by laws and regulations, managers of the Company and those of the affiliates shall not work concurrently in each other's company as managers. If, within the Company's business scope, directors act for their own interests, such directors shall explain the major contents of the conducts in the shareholders' meeting and obtain approval.

Article 16 The Company shall, in accordance with relevant laws and regulations, establish a sound management objective and system for its finance, operation and accounting. The Company together with its affiliated enterprises shall also properly carry out an overall risk assessment of their major banks, customers and suppliers and implement necessary control mechanisms to reduce credit risks.

Article 17 Where the Company has business transactions with its affiliated enterprises, the

Company shall, on the principle of fairness and reasonableness, provide written agreements for the financial and business operations between each other. Regarding contracts, the terms for pricing and payment shall be clearly stipulated and non-arm's length transactions shall be prevented.

Transactions or contracts between the Company and its related parties or shareholders shall also follow the aforementioned principle. Tunneling is strictly prohibited.

Article 18 Corporate shareholders with control over the Company shall comply with the following provisions:

1. Such shareholders shall owe a fiduciary duty to the other shareholders and shall not directly or indirectly cause the Company to operate in ways contrary to regular business practice or interest.
2. The representatives of such shareholders shall follow related agreements stipulated by the Company regarding the exercise of rights and the participation in resolutions. When attending the shareholders' meeting, the representative shall exercise his/her voting right in good faith and for the best interest of all shareholders, and fulfill the fiduciary duty and duty of care according to laws.
3. Such shareholder shall comply with relevant laws, regulations and articles of incorporation regarding the nomination of directors, and shall not act beyond the powers of the shareholders' meeting or the Board.
4. Such shareholder shall not improperly intervene in the Company's decision-making or obstruct operating activities.
5. Such shareholder shall not restrict or impede the Company's production and operation by unfair competition means, such as monopolizing procurement or blocking sales channels.
6. The representative that is designated when a corporate shareholder has been elected as a director shall meet the company's requirements for professional qualifications. Arbitrary replacement of the corporate shareholder's representative is inappropriate.

Article 19 The Company shall at any time maintain a list of major shareholders, who hold a larger percentage of shares and have actual control over the Company, and their ultimate controlling parties.

The Company shall regularly disclose important information on its shareholders with more than ten percent holdings for matters regarding pledge, increase or decrease in shareholdings or others that may possibly trigger a change in shares so as to enable other shareholders to conduct supervision.

The term “major shareholders” in the first paragraph refers to those with 5 or more percent of holdings or holding percentage on the top 10 list. However, the Company may, depending on the holding percentage that gives actual control over the Company, stipulate a lower shareholding percentage.

Chapter III Strengthen the Board's Functions

Section 1 Structure of the Board

Article 20 The Board shall direct the Company's strategies, supervise the management and be responsible to the Company and shareholders' meeting. The exercise of power in its various operations and arrangements shall be in compliance with laws, regulations, articles of incorporation, or the shareholders' meeting resolutions.

Board members shall be diversified. The number of directors concurrently serving as company officers is advised against exceeding one-third of the total number of directors. Other than that, appropriate and diversified policies shall be formulated based on the Company's business operations, operating dynamics, and development needs. Policies are advisable to include, but not limited to, the following two general standards:

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

Members of the Board shall have the necessary knowledge, skills and experience to perform their duties. To achieve the ideal goal of corporate governance, the Board as a whole shall possess the following abilities:

1. Ability to make operational judgment
2. Ability to make accounting and financial analysis
3. Managerial and administrative abilities
4. Crisis management
5. Industrial knowledge
6. International market perspective
7. Leadership
8. Decision-making

Article 21 The Company shall establish a fair, just, and open procedure for the election of directors in accordance with its principles of protecting shareholders' rights and interests and treating all shareholders equally. It would be better to adopt a cumulative voting system to fully reflect shareholders' views. There shall not be any spousal relationship or within-second-degree kinship between directors of over half of the seats.

Where the number of directors falls below five due to resignation of any director for any reason, the Company shall hold a by-election in the latest shareholders' meeting. Where the director vacancies reach one third of the seats prescribed by articles of incorporation, the Company shall convene a special shareholders' meeting for a by-election within 60 days from the date of occurrence.

The aggregate shareholding percentage of all directors in the Board shall comply with laws and regulations. Restrictions on each director's share transfer and pledge creation, release or changes shall be handled in accordance with relevant laws and regulations. Information on each item shall be fully disclosed.

Article 22 The Company had better, before convening the shareholders' meeting for by-election of

directors, conduct a prior review of the qualifications, education and employment background of the director candidates recommended by shareholders or directors and whether any circumstance listed in Article 30 of the Company Act exists. The Company may not arbitrarily add requirements for documentation of other qualifications. The reviews shall be given to shareholders as reference in electing qualified directors.

The Board shall assess carefully the qualifications and other matters listed in the preceding paragraph and the willingness of a candidate to act as director once it is elected, before proposing the list of director candidates as required.

Article 23 The responsibilities of the Company's Chairperson and General Manager shall be clearly divided.

The Chairperson and the General Manager had better not be the same person. If the Chairperson and the General Manager are the same person or if they are mutually spouses or first-degree relatives, it is recommended to increase the number of independent directors.

For functional committees established by the Company, their responsibilities and duties shall be clearly defined.

Section 2 Independent Director System

Article 24 The Company shall have three or more independent directors in accordance with articles of incorporation. They shall not be less than one-fifth of the total number of directors.

Independent directors shall possess professional knowledge. There shall be restrictions on their shareholdings and concurrent positions. Besides following the applicable laws and regulations, an independent director is advised against holding office concurrently as a director (including independent director) or supervisor of more than five other TWSE/TPEX listed companies. They shall maintain their independence within the scope of duty and shall not have any direct or indirect stake in the Company.

The Company shall adopt the candidate nomination system in accordance with Article 192-1 of the Company Act and expressly stipulate such system in articles of incorporation. Shareholders shall elect independent directors from the list of independent director candidates. Independent and non-independent directors, in accordance with Article 198 of the Company Act, shall be elected together and the number of elected places shall be calculated separately.

If the Company with its enterprises and organizations of the same group and another company with the same mutually nominate each other's director or manager as an independent director candidate, the Company shall, upon nomination of independent director, disclose the fact and state the suitability of such candidate. If such candidate is elected as an independent director, the Company shall disclose the number of voting rights to him/her.

The abovementioned term "enterprises and organizations of the same group" refers to a TWSE or TPEX listed company's subsidiaries, any foundation to which such TWSE or

TPEx listed company's cumulative direct or indirect contribution of funds exceeds 50 percent of the total fund, or other institutions or corporate bodies over which the Company has de facto control. Directors and non-independent directors shall not convert their status during their term of office.

Where the number of independent directors is less than that prescribed in the first paragraph or in articles of incorporation due to resignation for any reason, the Company shall hold a by-election in the latest shareholders' meeting. In the event that all the independent directors have resigned, the Company shall convene a special shareholders' meeting to hold a by-election within 60 days from the date of occurrence.

The professional qualifications, restrictions on shareholdings and concurrent positions, recognition of independence, nomination method and other requirements regarding independent directors shall be handled in accordance with the Securities and Exchange Act, Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and the regulations of Stock Exchanges.

Article 25 The Company has established an audit committee in compliance with the Securities and Exchange Act. Thus, the following items shall be approved by the majority of all audit committee members and submitted to the Board for resolutions without being subject to Article 14-3 of the Securities and Exchange Act:

1. Adoption or amendment, in accordance with Article 14-1 of the Securities and Exchange Act, of the internal control system.
2. Assessment of the effectiveness of the internal control system.
3. Adoption or amendment of procedures for material financial or business transactions, such as acquisition or disposal of assets, financial derivatives transactions, lending funds to other parties, and endorsement and guarantee, pursuant to Article 36-1 of the Securities and Exchange Act.
4. A matter of which the director has a personal interest
5. A significant asset or derivatives transaction.
6. A significant fund lending, endorsement, or guarantee transaction.
7. Offering, issuance, or private placement of any equity-type securities.
8. Appointment, discharge or compensation of certified public accountants (CPAs).
9. Appointment or discharge of a financial, accounting, or internal audit officer.
10. Annual and semi-annual financial reports.
11. Other material matters so required by the Company or the competent authority.

Except for Subparagraph 10, all items in the preceding paragraph may be undertaken upon the consent of two-thirds of the total number of directors if the majority of audit committee members does not approve, without being subject to the restrictions in the preceding paragraph. In such a case, the resolutions of the audit committee shall be recorded in the minutes of the Board meeting.

The terms "All audit committee members" in Paragraph 1 and "total number of Directors" in Paragraph 2 refer to ones that are currently holding those positions.

Article 26 The Company or the other members of the Board shall not restrict or obstruct an independent director in the performance of his/her duties.

The Company shall stipulate the remuneration of directors (including independent directors) pursuant to relevant laws and regulations. Such remuneration shall fully reflect directors' personal contribution and the Company's long-term performance and shall also take into consideration the Company's overall operational risks.

Where the Company sets aside a special reserve by stipulations in articles of incorporation, resolution of the shareholders' meeting or order of the competent authority, such reserve shall be made after the allocation of legal reserve and before the distribution of directors' remuneration and employee's compensation. The Company shall also stipulate in articles of incorporation the earning appropriation method for cases where the reversal of special reserve is incorporated into the unappropriated earnings.

Section 3 Audit Committee and Other Functional Committees

Article 27 To improve supervision functions and strengthen management mechanisms, the Board may establish audit, remuneration, nomination, risk management or other functional committees after taking into consideration the Company scale, type of business and the number of Board members. The Company may also, based on the belief in corporate social responsibility and sustainability, establish an environmental protection, corporate social responsibility or other committees and have them stipulated in articles of incorporation.

Functional committees shall answer to the Board and submit their proposals to the Board for approval.

Functional committees shall establish organizational rules which need to be approved by the Board. Such organizational rules shall contain the number of committee members, term of office, authorities, meeting procedure rules and the resources to be provided by the Company for exercise of powers.

Article 28 The audit committee shall consist of all independent directors and the number of committee members shall not be fewer than three. One of the members shall be the convener and at least one of them shall have accounting or financial expertise.

The exercise of powers and related matters of the audit committee and its independent directors shall be handled in accordance with the Securities and Exchange Act, Regulations Governing the Exercise of Powers by Audit Committees of Public Companies and regulations of the Taiwan Stock Exchange or the Taipei Exchange.

Article 28-1 The Company shall establish a remuneration committee. The professional qualifications of committee members, exercise of powers, stipulation of organizational rules and other related matters shall be handled in accordance with 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".

Article 28-2 The Company is advised to establish and announce channels for internal and external whistleblowing and set up a whistleblower protection mechanism. The unit that handles complaints shall be independent, provide encrypted protection for the files furnished by whistleblowers, and appropriately restrict access to such files. It shall also formulate internal procedures and incorporate them into the Company's internal control system for management purposes.

Article 29 To improve the quality of financial reports, the Company shall establish the position of deputy to its principal accounting officer.

To enhance the professional abilities of the deputy accounting officer of the preceding paragraph, the deputy's continuing education shall proceed following 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 internal training activities or may be professional courses offered by professional development institutions for principal accounting officers.

The Company shall select a professional, responsible and independent CPA to regularly audit the Company's financial conditions and internal controls. Regarding exceptions or drawbacks timely discovered and disclosed by CPAs during audits and specific improvement or prevention measures suggested by them, the Company shall thoroughly examine and make improvements. Also, it is advisable that the Company to establish channels and mechanisms of communication between the independent directors and the attesting CPAs, and to incorporate procedures for that purpose into Company's internal control system for management purposes.

The Company shall regularly (at least once a year) evaluate the independence of the CPAs appointed. If the Company has appointed the same CPA for seven consecutive years, or the CPA has been penalized or does something to jeopardize his/her independence, the Company shall assess the need to replace such CPA and submit the assessment conclusion to the Board.

Article 30 The Company had better hire a professional and competent lawyer to provide the Company appropriate legal advisory service or to assist the Board and management to enhance their legal awareness so as to prevent the Company or its staff from violating laws or regulations, and ensure that corporate governance are operated within relevant legal frameworks and in accordance with related legal procedures.

If directors or management are involved in litigation or disputes with shareholders as a result of their performance of duties by laws, the Company shall, depending on the circumstances, appoint lawyers to provide assistance.

The independent directors may appoint lawyers, CPAs or other professionals on behalf of the Company to conduct necessary audit or provide advisory on matters related to the exercise of their powers. The expenses shall be borne by the Company.

Section 4 Rules for Board Meeting Procedure and Decision-Making Process

Article 31 The Board shall convene a meeting at least once every quarter or at any time in case of emergency. To convene the Board meeting, a meeting notice specifying the reasons for the meeting shall be sent to each director seven days in advance. The Company shall also provide sufficient meeting materials and enclose them in the meeting notice. If the meeting materials are insufficient, directors have the right to request the Company for supplementary information or, by resolution of the Board, postpone the discussion.

The Company shall establish the rules of procedures for Board meeting. The main agenda, operational procedures, matters to be recorded in the meeting minutes and other compliance requirements shall be handled in accordance with Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

Article 32 The Company's directors shall uphold a high degree of self-discipline. If a proposal listed on the Board meeting agenda involves the concern of personal interest of a director or a juristic person represented by the director, the director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the interests of the Company, such director shall not participate in discussion or voting on that proposal and shall enter recusal during the discussion and voting. Moreover, the director shall not act as another director's proxy to exercise voting rights on that matter. Directors shall also practice self-discipline among themselves and shall not collaborate with each other in an improper manner.

Matters leading to directors' voluntary recusal shall be clearly stipulated in the rules for Board meetings procedures.

Article 33 The Company has independent directors. On matters which shall be submitted to the Board in accordance with Article 14-3 of the Securities and Exchange Act, independent directors shall personally attend the Board meeting and shall not appoint a non-independent director as proxy. If independent directors have objections or reservations, it shall be recorded in the Board meeting minutes. If an independent director is unable to personally attend the Board meeting to voice his/her objections or reservations, he/she shall produce a written opinion in advance unless there are justifiable reasons for failing to comply, and it shall be recorded in the Board meeting minutes.

Regarding the Board meeting resolutions, if an independent director expresses an objection or reservation and it is recorded or comes with a written declaration, the Company shall, in addition to recording it in the meeting minutes, announce it on the MOPS before the commencement of trading hours on the first business day after the Board meeting date.

During the Board meeting, non-director managers of related departments may, depending on proposals, be notified to sit in at the meeting, report the Company's current business profile and reply to issues raised by directors. If necessary, CPAs,

lawyers or other professionals may be invited to sit in at the meeting to assist directors in understanding the Company's current situation so as to make appropriate resolutions, provided that they shall leave the meeting when deliberation or voting takes place.

Article 34 The staffs of the Board meeting shall, in accordance with relevant regulations, take detailed meeting minutes and record the summary, resolution method and results of all proposals.

The Board meeting minutes shall be signed or sealed by the meeting chairperson and the recorder and be sent to each director and supervisor within twenty days after the meeting. The signing booklet of the Board meeting is part of the meeting minutes. It shall be classified as important files of the Company and retained permanently and properly during the Company's existence.

Meeting minutes may be produced, distributed and retained in electronic form.

The Company shall take audio or video recordings of the entire process of the Board meeting as proof and retain the recordings for at least 5 years. Such recordings may be kept in electronic form.

Before the end of the abovementioned retention period, if litigation arises in relation to the Board meeting resolution, the related audio or video recordings shall continue to be retained. In those cases, the above provision does not apply.

Where the Board meeting is held by video conference, the audio or video recordings of the meeting are part of meeting minutes and shall be retained permanently.

Where the Board's resolution violates the laws, regulations, articles of incorporation or shareholders' meeting resolutions and causes damages to the Company, directors who express objections on records or written declarations would be exempted from his/her liability for compensation.

Article 35 The Company shall submit the following matters to the Board for discussion.

1. The Company's business plan.
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, in accordance with Article 14-1 of the Securities and Exchange Act, of the internal control system.
4. Adoption or amendment, in accordance with Article 36-1 of the Securities and Exchange Act, of operating procedures for significant financial transactions, such as asset acquisition or disposal, financial derivative trading, financing others, endorsement and guarantee for others.
5. Offering, issuance or private placement of equity-type securities.
6. Performance assessment and remuneration standards for managers.
7. Remuneration structure and system for directors.
8. Appointment and dismissal of financial, accounting or internal audit officers.
9. 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.

10. Matters required by Article 14-3 of the Securities and Exchange Act, other laws and regulations or articles of incorporation to be approved by resolution of the shareholders' meeting or to be submitted to the Board meeting; or significant matters required by the competent authority.

Except items in the preceding paragraph which shall be submitted to the Board for discussion, when the Board, in accordance to laws, regulations or articles of incorporation, authorizes others to exercise its powers during the recess, the delegation shall be specific with regard to the delegation level, contents or matters. It could not be a blanket delegation of authorities.

- Article 36 The Company shall explicitly assign action items from the Board meeting resolutions to appropriate implementation departments or staff and demand implementation as per project schedule and objectives. Items should be included in tracking system for true reviews on implementation status.

The Board shall be fully aware of the implementation progress and report it in the next meeting to ensure execution of the Board's decisions.

Section 5 Directors' Fiduciary Duty, Duty of Care and Responsibility

- Article 37 Members of the Board shall faithfully perform their duties and fulfill the duty of care of a good administrator. They shall also exercise their powers with highly disciplined and prudent attitudes. In operating the Company's business, they shall abide by the Board's resolutions, except for matters which, as required by laws or articles of incorporation, shall be approved by resolution of the shareholders' meeting.

Resolutions involving the Company's business development and major policy directions shall be carefully considered and shall not affect the promotion and operations of corporate governance.

The Board had better annually conduct performance evaluation of the Board, functional committees and each director by means of self-assessment, peers assessment, evaluations by external professional institutions or by other appropriate means.

- Article 38 If any resolution of the Board violates law, regulations or articles of incorporation, upon requests from shareholders with holdings for over one year or an independent director to the Board to stop implementing such resolution, members of the Board shall properly handle it as soon as possible or stop implementing such resolutions.

Once the members of the Board discover the Company might suffer a significant detriment, they shall immediately handle the incident in accordance with the above provisions and report it to the audit committee or its independent director members.

- Article 39 The Company is advised to purchase liability insurance for directors' liabilities within the scope of duty during their term of office so as to reduce and spread the risk of directors' mistakes or negligence leading to significant damages to the Company and

shareholders.

After purchasing or renewing the liability insurance for directors, the Company is advised to report key information, including the insured amount, coverage and premium, in the next Board meeting.

Article 40 Upon arrival at post and throughout the term of office, members of the Board had better take corporate governance-related courses on finance, business, commerce, accounting or law offered by institutions designated in "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies". They shall also instruct employees at all levels to strengthen professional and legal knowledge.

Chapter IV Deleted

~~Section 1 Supervisors' Functions~~

~~Article 41 The Company shall stipulate a fair, just, and open procedure for the election of supervisors. Unless otherwise provided in articles of incorporation, the Company shall adopt a cumulative voting system to fully reflect shareholders' opinions.~~

~~The aggregate shareholding percentage of all supervisors of the Company shall comply with laws and regulations. Restrictions on each supervisor's share transfer and pledge creation, release or changes shall be handled in accordance with relevant laws and regulations. Information on each item shall be fully disclosed.~~

~~Article 42 The Company had better, before convening the shareholders' meeting for by election of supervisors, conduct a prior review of the qualifications, education and employment background of the supervisor candidates recommended by shareholders or directors and whether any circumstance listed in Article 30 of the Company Act exists. The Company may not arbitrarily add requirements for documentation of other qualifications. The reviews shall be given to shareholders as reference in electing qualified supervisors.~~

~~Article 43 Unless approved by the competent authority, at least one seat of supervisor shall have no spousal relationship or within second degree kinship with the other supervisors or directors.~~

~~The Company had better refer to the provisions on independence as provided in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" in appointing suitable supervisors so as to enhance the Company's risk management and financial and operational control.~~

~~Supervisors had better have domestic residence to ensure timely fulfillment of their functions.~~

~~Section 2 Supervisors' Powers and Obligations~~

~~Article 44 Supervisors shall be familiar with relevant laws and regulations and understand the rights, obligations and responsibilities of directors of the Company and the functions,~~

~~duties and operation of each department. They shall often attend the Board meetings to supervise the operations and to state his/her opinions when appropriate so as to control or discover exceptions in advance.~~

~~The Company shall stipulate the remuneration of supervisors in articles of incorporation.~~

~~Article 45 Supervisors shall supervise the Company's business and directors' and managers' duty performance. They shall also be concerned about the implementation of the Company's internal control system so as to reduce the Company's financial and operational risks.~~

~~Where a director, for himself/herself or others, is engaged in trading, loan or other legal conduct with the Company, unless the counterparty is the Company's subsidiary, a supervisor shall act as the Company's representative.~~

~~Article 46 Supervisors may at any time investigate the Company's operational and financial conditions. Related departments in the Company shall provide books and documents necessary for such investigation.~~

~~When investigating the Company's finance or operations, supervisors may act on behalf of the Company in appointing lawyers or CPAs to perform such investigation. However, the Company shall inform related staff of their confidentiality obligations.~~

~~The Board or managers shall submit reports at the request of supervisors. They shall not for any reason obstruct, circumvent, or refuse supervisors' investigations.~~

~~When supervisors are performing their duties, the Company shall provide necessary assistance and pay for reasonable expenses.~~

~~Article 47 To facilitate supervisors in early detection of potential malpractices in the Company, the Company shall create channels for employees, shareholders and stakeholders to communicate with supervisors.~~

~~Upon detecting a malpractice, supervisors shall take appropriate measures to limit its impact and, if necessary, shall report to the regulatory authorities or agencies concerned.~~

~~Where any of the Company's independent directors, General Manager, executive officers of Finance, Accounting, Research and Development and Internal Audit Departments, or CPAs resign or are replaced, supervisors shall further investigate the reason thereof.~~

~~Supervisors shall be liable for the Company's damages caused by their neglect of duties.~~

~~Article 48 When exercising supervisors' powers, each supervisor may, in consideration of the Company's and shareholders' overall rights and interest, exchange opinions by holding meetings when needed. But it shall not obstruct each supervisor in his/her independent exercise of powers.~~

~~Article 49 The Company may, in accordance with articles of incorporation or the shareholders' meeting resolutions, purchase liability insurance for supervisors' liabilities within the scope of duty during their term of office so as to reduce and spread the risk of supervisors' mistakes or negligence leading to significant damages to the Company and shareholders.—~~

~~Article 50 Upon arrival at post and throughout their term of office, supervisors had better take corporate governance related courses on finance, business, commerce, accounting or law, which are offered by institutions designated in "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies".~~

Chapter V Respect Stakeholders' Rights and Interests

Article 51 The Company shall keep its communication channels open to its banks and other creditors, employees, consumers, suppliers, communities or the Company's other stakeholders and shall respect and protect their legal rights. The Company shall also designate a stakeholders section on its website.

When stakeholders' legal rights or interests are infringed upon, the Company shall handle it in good faith.

Article 52 The Company shall provide sufficient information to its banks and other creditors to facilitate them in making judgments and decisions regarding the Company's operational and financial conditions. When their legal rights or interests are infringed upon, the Company shall respond directly and act responsibly in helping creditors to find appropriate ways to be compensated.

Article 53 The Company shall create employee communication channels and encourage employees to communicate directly with the management or directors so as to reflect their opinions about the Company's management and financial conditions or major decisions regarding employee welfares.

Article 54 While maintaining normal business development and optimizing shareholders' interests, the Company shall be concerned about consumers' rights and interests, community environmental protection, public welfare issues, etc., and shall place importance on the Company's social responsibility.

Chapter VI Enhance Information Transparency

Section 1 Strengthening Information Disclosure

Article 55 Information disclosure is the Company's major responsibility. The Company shall faithfully perform its obligations in accordance with relevant laws and TWSE or TPEx regulations.

The Company shall build a public information declaration system via internet, have designated staff gather and disclose the Company's information and establish a spokesperson system so as to ensure instant and proper disclosure of information that might affect the decision-making of shareholders and stakeholders.

Article 56 To enhance the accuracy and timeliness of significant information disclosed, the appointed spokesperson and acting spokesperson of the Company shall be persons who thoroughly understand the Company's financial and business conditions or are capable

of coordinating departments to gather related information, and who alone can represent the Company to speak to the public.

The Company shall have one or more acting spokespersons. Any acting spokesperson alone shall be able to act for the spokesperson in speaking to the public when the spokesperson is unable to perform his/her duties. But the acting order shall be specified to avoid confusion.

To fully implement the spokesperson system, the Company shall ask the management and employees to keep financial and operational data confidential. They shall not disclose information at will.

Changes in spokesperson or acting spokesperson shall be disclosed immediately

Article 57 The Company had better utilize the convenience of internet to build a website containing information about the Company's financial operation and corporate governance for the convenience of shareholders and stakeholders and it is also advisable for the Company to furnish the financial, corporate governance, and other relevant information in English.

The abovementioned website shall be maintained by designated staff. The information contained shall be detailed, accurate and updated on a real-time basis to avoid the risk of having misleading information.

Article 58 An investor conference held by the Company shall be in compliance with the regulations of the TWSE and TPEX, and shall retain an audio or video record of such conferences. The financial and business information disclosed in those conferences shall be uploaded to the MOPS pursuant to regulations of the Taiwan Stock Exchange or the Taipei Exchange, and suitable means shall be provided for queries.

Section 2 Disclosure of Corporate Governance Information

Article 59 A TWSE/TPEX listed company shall disclose and continuously update the following information regarding corporate governance in the fiscal year in accordance with relevant laws, regulations and TWSE or TPEX regulations (Information on supervisors is exempted from disclosure for companies with audit committees):

1. Corporate governance framework and rules.
2. The Company's shareholding structure and shareholders' rights and interests (including a specific and explicitly defined dividend policy).
3. The structure of the Board, professionalism of its members and its level of independence.
4. The duties of the Board and managers.
5. Composition, duties and level of independence of the audit committee.
6. Composition, duties and operations of the remuneration committee and other functional committees.
7. Remuneration paid to directors, general manager and vice general manager in the latest two fiscal year; analysis of the percentage of total remuneration to the net

profit after tax of the parent company only or individual financial reports; remuneration payment policies, standards and packages; procedures for remuneration determination and its connection with operation performance and future risks.

8. Pursuit of continuing education of Directors.
9. Stakeholders' rights, relations, channels for complaint, points of concern and appropriate response mechanism.
10. Details of the events subject to information disclosure required by law and regulations.
11. Operation of corporate governance, differences between "Code of Practice for Corporate Governance" established by the Company and "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and reasons for the differences.
12. Other information regarding corporate governance.

Depending on the actual implementation of corporate governance, the Company shall adopt appropriate ways to disclose its specific plans and measures in improving corporate governance.

Chapter VII Additional Provisions

Article 60 The Company shall at all times pay attention to domestic and international development of corporate governance and use it as a basis to review and improve the Company's corporate governance system and enhance its performance.

Article 61 The Company's "Code of Practice for Corporate Governance" shall be implemented after it is passed by the Board. This also applies to amendment.

This Code was passed on February 27, 2013.

This Code was amended on October 27, 2015.

This Code was amended on February 23, 2017.