CTCI Corporation
Corporate Governance Principles

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Chapter I General Principles

Article 1
To establishing sound corporate governance systems, CTCI Corporation (the Company) hereby promulgates the Corporate Governance Principles (The Principles) and establishes an effective corporate governance framework, referencing "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" which is jointly adopted by the Taiwan Stock Exchange Corporation (TWSE) and the GreTai Securities Market (GTSM) to abide by.

Article 2
In addition to compliance with applicable laws and regulations and its Articles of Incorporation, the Company's corporate governance system shall be guided by the following principles:
1. Protection of shareholders' rights and interests.
2. Strengthening the functions of the board of directors.
3. Promotion of sustainable development and corporate resilience.
4. Enhancement of information transparency.

When supervising the management in establishing integrity management policies, sustainability policies, and risk management systems, the board of directors shall act in accordance with the foregoing principles and take into consideration the overall business operations of the Company and its subsidiaries.

Article 3
The Company follows the Criteria Governing Establishment of Internal Control Systems by Public Reporting Companies and take into consideration the overall operational activities of itself and its subsidiaries to design and fully implement an internal control system, and shall conduct continuing reviews of the system, in order to ensure the continued effectiveness of its design and implementation in light of changes in the Company's internal and external environment.

The Company shall perform full self-assessments of its internal control system. Its board of directors and management shall review the results of the self-assessments by each department at least annually and the reports of the internal audit department on a quarterly basis. The audit committee shall also attend to and supervise these matters.

The management of the Company shall pay special attention to the internal audit department and its personnel, fully empower them and urge them to conduct audits effectively, to evaluate problems of the internal control system and assess the efficiency of its operations to ensure that the system can operate effectively on an on-going basis, and to assist the board of directors and the management to perform their duties effectively so as to ensure a sound corporate governance system.
Appointment, dismissal, evaluation and review, salary and compensation of internal auditors of the Company shall be submitted by the chief auditor to the board chairperson for approval.

Article 3-1
The Company shall have in place, according to the Company's business size, business condition, management needs, qualified corporate governance persons in an appropriate number and shall appoint one chief corporate governance officer as the most senior executive for corporate governance matters. Said officer shall be a qualified, practice-eligible lawyer or accountant or have been in a managerial position for at least three years in a securities, financial, or futures related institution or a public company handling legal affairs, compliance, internal audit, financial affairs, accounting, stock affairs, or corporate governance affairs.
It is required that the corporate governance affairs mentioned in the preceding paragraph include at least the following items:
1. Handling matters relating to board meetings and shareholders meetings according to laws.
2. Producing minutes of board meetings and shareholders meetings.
3. Assisting in onboarding and continuous development of directors.
4. Furnishing information required for business execution by directors.
5. Assisting directors with legal compliance.
6. Reporting to the board of directors of its examination results as to whether the qualifications of independent directors upon their nomination and election and during their tenure conform to applicable laws and regulations.
7. Addressing matter pertaining of changes of directors.
8. Other matters set out in the articles or corporation or contracts

A newly appointed chief corporate governance officer shall complete a minimum of 18 continuing professional education(CPE) hours within the year from the person's appointment and a minimum of 12 CPE hours per year in each following year. The continuing education scope, continuing education system and other continuing education affairs shall be governed by the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies".

Chapter II Protection of Shareholders' Rights and Interests

Section 1 Encouraging Shareholders to Participate in Corporate Governance

Article 4
The corporate governance system of the Company shall be designed to protect shareholders' rights and interests and treat all shareholders equitably.
The Company shall establish a corporate governance system which ensures shareholders' rights of being fully informed of, participating in and making decisions over important matters of the Company.

Article 5
The Company shall convene shareholders meetings in accordance with the Company Act and relevant laws and regulations, and provide comprehensive rules for such meetings. The Company shall faithfully implement resolutions adopted by shareholders meetings in accordance with the rules for the meetings.
Resolutions adopted by shareholders meetings of the Company shall comply with laws, regulations and articles of incorporation.

Article 6
The board of directors of the Company shall properly arrange the agenda items and procedures for shareholders meetings, and formulate the principles and procedures for shareholder nominations of directors 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 the assistance of video conference, 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. Shareholders shall be granted reasonable time to deliberate each proposal and an appropriate opportunity to make statements.
For a shareholders meeting called by the board of directors, it is advisable that the board chairperson chair the meeting, that a majority of the directors and convener of the audit committee attend in person, and that at least one member of other functional committees attend as representative. Attendance details should be recorded in the shareholders meeting minutes.

Article 7
The Company shall encourage its shareholders to actively participate in corporate governance. It is advisable that the Company engage a professional shareholder services agent to handle shareholders meeting matters, so that shareholders meetings can proceed on a legal, effective and secure basis. The Company shall seek all ways and means, including fully exploiting technologies for information disclosure, to upload annual reports, annual financial statements, notices, agendas and supplementary information of shareholders meetings in both Chinese and English concurrently, and shall adopt electronic voting, in order to enhance shareholders' attendance rates at shareholders meetings and ensure their exercise of rights at such meetings in accordance with laws.
The Company is advised to avoid raising extraordinary motions and amendments to original proposals at a shareholders meeting.
The shareholders of the Company vote on each separate proposal in the shareholders meeting agenda, and following conclusion of the meeting, to enter the voting results the same day, namely the numbers of votes cast for and against and the number of abstentions, on the Market Observation Post System.

Article 8
The Company, in accordance with the Company Act and other applicable laws and regulations, shall record in the shareholders meeting minutes the date and place of the meeting, the name of the chairperson, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. With respect to the election of directors,

the meeting minutes shall record the method of voting adopted therefore and the total number of votes for the elected directors.
The shareholders meeting minutes shall be properly and perpetually kept by the Company during its legal existence, and should be sufficiently disclosed on the Company's website.

Article 9
The chairperson of the shareholders meetings shall be fully familiar and comply with the rules governing the proceedings of the shareholders meetings established by the Company. The chairperson shall ensure the proper progress of the proceedings of the meetings and may not adjourn the meetings at will.
In order to protect the interests of most shareholders, if the chairperson declares the adjournment of the meeting in a manner in violation of rules governing the proceedings of the shareholders meetings, it is advisable for the members of the board of directors other than the chairperson of the shareholders meeting to promptly assist the attending shareholders at the shareholders meeting in electing a new chairperson of the shareholders meeting to continue the proceedings of the meeting, by a resolution to be adopted by a majority of the votes represented by the shareholders attending the said meeting in accordance with the legal procedures.

Article 10
The Company shall place high importance on the shareholder right to know, and shall faithfully comply with applicable regulations regarding information disclosure in order to provide shareholders with regular and timely information on Company financial conditions and operations, insider shareholdings, and corporate governance status through the MOPS or the website established by the Company.
To treat all shareholders equally, it is advisable that the Company concurrently disclose the information under the preceding paragraph in English.
To protect its shareholders' rights and interests and ensure their equal treatment, the Company shall adopt internal rules prohibiting Company insiders from trading securities using information not disclosed to the market.
The rules mentioned in the preceding paragraph include stock trading control measures from the date insiders of the Company become aware of the contents of the Company's financial reports or relevant results, including (but not limited to) directors shall not trade the shares in closed period during the 30 days before the announcement of the annual financial report and the 15 days before the announcement of the quarterly financial report.

Article 11
The shareholders shall be entitled to profit distributions by the Company. In order to ensure the investment interests of shareholders, the shareholders meeting may, pursuant to Article 184 of the Company Act, examine the statements and books prepared and submitted by the board of directors and the reports submitted by the audit committee, and may decide profit distributions and deficit off-setting plans by resolution. In order to proceed with the above examination, the shareholders meeting may appoint an inspector.
The shareholders may, pursuant to Article 245 of the Company Act, apply with the court to select an inspector in examining the accounting records, assets, particulars, documents and records of specific transaction of the Company.

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

Article 12
In entering into material financial and business transactions such as acquisition or disposal of assets, lending funds, and making endorsements or providing guarantees, the Company shall proceed in accordance with the applicable laws and/or regulations and establish operating procedures in relation to these material financial and business transactions which shall be reported to and approved by the audit committee, board of directors and shareholders meeting so as to protect the interests of the shareholders.
When the Company is involved in a merger, acquisition or public tender offer, in addition to proceeding in accordance with the applicable laws and/or regulations, it shall not only pay attention to the fairness, rationality, etc. of the plan and transaction of the merger, acquisition or public tender offer, but information disclosure and the soundness of the Company's financial structure thereafter.
The relevant personnel of the Company handling the matters in the preceding paragraph shall pay attention to the occurrence of any conflicts of interest and the need for recusal.

Article 13
In order to protect the interests of the shareholders, the Company may designate personnel exclusively dedicated to handling shareholder proposals, inquiries, and disputes.
The Company shall properly deal with any legal action duly instituted by shareholders in which it is claimed that shareholder rights and interests were damaged by a resolution adopted at a shareholders meeting or a board of directors meeting in violation of applicable laws, regulations, or the Company's articles of incorporation, or that such damage was caused by a breach of applicable laws, regulations or the Company's articles of incorporation by any directors or managers in performing their duties.

Section 2 Corporate Governance Relationships between the Company and Related Parties

Article 14
The Company shall clearly identify the objectives and the division of authority and responsibility between it and its affiliated enterprises with respect to management of personnel, assets, and financial matters, and shall properly carry out risk assessments and establish appropriate firewalls.

Article 15
Unless otherwise provided by the laws and regulations, a manager of the Company may not serve as a manager of its affiliated enterprises.
A director who engages in any transaction for himself or on behalf of another person that is within the scope of the Company's operations shall explain the major content of such actions to the shareholders meeting and obtain its consent.

Article 16
The Company shall establish sound objectives and systems for management of finance, operations, and accounting in accordance with applicable laws and regulations. It shall further, together with its affiliated enterprises, properly conduct an overall risk assessment of major banks they deal with and customers and suppliers, and implement the necessary control mechanisms to reduce credit risk.

Article 17
When the Company and related parties and shareholders enter into financial or business dealings or transactions, a written agreement governing the relevant financial and business operations between them shall be made in accordance with the principle of fair dealing and reasonableness. Price and payment terms shall be definitively stipulated when contracts are signed, and non-arm's length transactions and improper channeling of interests shall be prohibited.
The content of the written agreement mentioned in the preceding paragraph shall include regulatory procedures governing transactions such as purchase and sale of goods, acquisition and disposal of assets, loans of funds, and provision of endorsements and guarantee etc. Relevant material transactions shall be approved by a resolution of the board of directors and approved or reported to the shareholders' meeting.

Article 18
A legal person shareholder having control over the Company shall comply with the following principles:
1. It shall owe a fiduciary duty to the other shareholders and shall not, directly or indirectly, cause the Company to engage in business activities that are not conducted on arm's length terms or that are otherwise detrimental to the Company.
2. Its representative shall comply with the Company's rules governing the exercise of rights and participation in resolutions. When attending shareholders' meetings, the representative shall act in good faith and in the best interests of all shareholders, and shall properly discharge the duties of loyalty and due care as a director.
3. Nominations of directors by such shareholder shall be conducted in accordance with applicable laws, regulations, and the Articles of Incorporation, and shall not exceed the authority of the shareholders' meeting or the board of directors.
4. It shall not improperly intervene in corporate decision-making or interfere with the Company's business operations.
5. It shall not restrict or impede the Company's production or operations through unfair competitive practices, including but not limited to monopolizing procurement or closing distribution channels.
6. Any corporate representative appointed as a result of its election as a director or supervisor shall possess the professional qualifications required by the Company and shall not be replaced arbitrarily.

The communication and liaison between such controlling shareholder and the Company shall be conducted in accordance with the following principles:
1. As a general principle, communication shall be conducted through its representative director elected to the board. Where necessary, such director may invite members of the Company's management to participate in discussions with the shareholder, and the Company shall keep records of such communications.

2. Where such controlling shareholder has proposals or suggestions regarding board proposals or management decisions, such matters shall be raised by its representative director at meetings of the board of directors or functional committees for discussion and exchange of views. The shareholder shall not convene meetings on its own or otherwise improperly intervene in corporate decision-making.
3. The controlling shareholder and its employees shall maintain confidentiality with respect to any material non-public information obtained from the Company and shall not engage in insider trading.

Where a controlling shareholder fails to comply with the foregoing principles in its communication with the Company, the Company shall remind such shareholder to comply and shall notify the corporate governance officer.

Article 19

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

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

The major shareholder indicated in the first paragraph refers to those who owns 5 percent or more of the outstanding shares of the Company or the shareholding stake thereof is on the top 10 list, provided however that the Company may set up a lower shareholding threshold according to the actual shareholding stake that may control the company.

Chapter III Strengthening the Functions of the Board of Directors

Section 1 Structure of Board of Directors

Article 20

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

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

The composition of the board of directors shall take into account diversity and shall include at least one director of each gender. The Company shall, based on its operations, the nature of its business, and its development needs, formulate an appropriate diversity policy. Such policy should include, but not be limited to, the following two aspects:

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

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

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

If the proportion of directors of either gender on the board of directors of the Company is less than one-third, the Company shall, in its annual report, explain the reasons and the measures to be taken to enhance gender diversity of the board.

Article 21

The Company shall establish a fair, just, and open procedure for the election of directors, and shall adopt the cumulative voting mechanism pursuant to the Company Act in order to fully reflect shareholders' views.

Unless the competent authority otherwise grants an approval, a spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the directors of the Company.

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

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

Article 22

The Company shall specify in its articles of incorporation in accordance with the laws and regulations of the competent authorities that it adopts the candidate nomination system for elections of directors, carefully review the qualifications of a nominated candidate and the existence of any other matters set forth in Article 30 of the Company Act, and act in accordance with Article 192-1 of the Company Act.

In addition to complying with relevant laws and regulations, directors of the Company may not concurrently serve as directors (including independent directors) or supervisors of more than five listed companies. However, if the companies in which the director concurrently serves belong to the same group, they shall be deemed to be the same company and shall not be counted in the calculation of the number of concurrent directors.

Article 23

Clear distinctions shall be drawn between the responsibilities and duties of the chairperson of the board of the Company and those of its president.

It is inappropriate for the chairperson to also act as the president.

If it is necessary to set up a functional committee, the responsibilities and duties of the committee shall be clearly defined.

Section 2 Independent Director System

Article 24
The Company shall appoint independent directors in accordance with its Articles of Incorporation. The number of independent directors shall be no fewer than three and shall not be less than one-fifth of the total number of directors. Each independent director shall serve no more than three consecutive terms.
Independent directors shall possess professional knowledge and there shall be restrictions on their shareholdings and the positions they may concurrently hold. They shall maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the company.
If the Company and its group enterprises and organizations, and another company and its group enterprises and organizations nominate for each other any director, supervisor or managerial officer as a candidate for an independent director of the other, the Company shall, at the time it receives the nominations for independent directors, disclose the fact and explain the suitability of the candidate for independent director. If the candidate is elected as an independent director, the Company shall disclose the number of votes cast in favor of the elected independent director.
The "group enterprises and organizations" in the preceding paragraph comprise the subsidiaries of the Company, any foundation to which the Company's cumulative direct or indirect contribution of funds exceeds 50 percent of its endowment, and other institutions or juristic persons that are effectively controlled by the Company.
Change of status between independent directors and non-independent directors during their term of office is prohibited.
The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies, and the rules and regulations of the TWSE.

Article 25
The Company shall submit the following matters to the board of directors for approval by resolution as provided in the Securities and Exchange Act. When an independent director has a dissenting opinion or qualified opinion, it shall be noted in the minutes of the directors meeting:
1. Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
3. A matter bearing on the personal interest of a director or a supervisor.
4. A material asset or derivatives transaction.
5. A material monetary loan, endorsement, or provision of guarantee.

6. The offering, issuance, or private placement of any equity-type securities.
7. The hiring, discharge, or compensation of an attesting CPA.
8. The appointment or discharge of a financial, accounting, or internal auditing officer.
9. Any other material matter so required by the competent authority.

Article 26
The Company shall stipulate the scope of duties of the independent directors and empower them with manpower and physical support related to the exercise of their power. The Company or other board members shall not obstruct, reject or circumvent the performance of duties by the independent directors.
The Company shall stipulate the remuneration of the directors according to applicable laws and regulations. The remuneration of the directors shall fully reflect the personal performance and the long-term management performance of the Company, and shall also take the overall operational risks of the Company into consideration. Different but reasonable remuneration from that of other directors may be set forth for the independent directors.

Section 3 Functional Committees

Article 27
For the purpose of developing supervisory functions and strengthening management mechanisms, the board of directors of the Company, in consideration of the size of its board and the number of its independent directors, may set up any other functional committees.
Functional committees shall be responsible to the board of directors and submit their proposals to the board of directors for approval, provided that the performance of supervisor's duties by the audit committee pursuant to Article 14-4, paragraph 4 of the Securities and Exchange Act shall be excluded.
Functional committees shall adopt an organizational charter to be approved by the board of directors. The organizational charter shall contain the numbers, terms of office, and powers of committee members, as well as the meeting rules and resources to be provided by the company for exercise of power by the committee.

Article 28
The Company shall establish an audit committee which shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise.
The exercise of power by audit committee and independent directors and related matters shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules and regulations of the TWSE.

Article 29
The Company shall establish a remuneration committee, and it is advisable that more than half of the committee members be independent directors. The professional qualifications for the committee members, the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

Article 29-1
The Company is advised to establish and announce channels for internal and external whistleblowers and have whistleblower protection mechanisms in place. The unit that handles whistleblowers' reporting 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 those procedures into the Company's internal control system for management purposes.

Article 30
To improve the quality of its 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 company internal training activities or may be professional courses offered by professional development institutions for principal accounting officers.
The Company shall select as its external auditor a professional, responsible, and independent attesting CPA, who shall perform regular reviews of the financial conditions and internal control measures of the Company. With regard to any irregularity or deficiency discovered and disclosed in a timely manner by the auditor during the review, and concrete measures for improvement or prevention suggested by the auditor, the Company shall faithfully implement improvement actions.
The Company shall, with reference to the Audit Quality Indicators (AQIs), evaluate the independence and suitability of the CPA engaged by the company regularly, and no less frequently than once annually. In the event that the company engages the same CPA without replacement for 7 years consecutively, or if the CPA is subject to disciplinary action or other circumstances prejudicial to the CPA's independence, the Company shall evaluate the necessity of replacing the CPA and submit its conclusion to the board of directors.

Article 31
It is advisable that the Company engage a professional and competent legal counsel to provide adequate legal consultation services to the company, or to assist the directors and the management to improve their knowledge of the law, for the purposes of preventing any infraction of laws or regulations by the company or its staff and ensuring that corporate governance matters proceed pursuant to the relevant legal framework and the prescribed procedures.
When, as a result of performing their lawful duties, directors or the management are involved in litigation or a dispute with shareholders, the company shall retain a legal counsel to provide assistance as circumstances require.
The audit committee or an independent director may retain the service of legal counsel, CPA, or other professionals on behalf of the company to conduct a necessary audit or provide consultation on matters in relation to the exercise of their power, at the expense of the Company.

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

Article 32

The board of directors of the Company shall meet at least once every quarter, or convene at any time in case of emergency. To convene a board meeting, a meeting notice which specifies the purposes of the meeting shall be sent to each director no later than 7 days before the scheduled date. Sufficient meeting materials shall also be prepared and enclosed in the meeting notice. If the meeting materials are deemed inadequate, a director may ask the unit in charge to provide more information or request a postponement of the meeting with the consent of the board of directors.

The annual attendance of each director shall not less than 80%.

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

Article 33

Directors shall exercise a high degree of self-discipline. Where a director or a juristic person represented by the director has an interest in any proposal submitted to the board of directors, the director shall state the material aspects of such interest at the relevant board meeting. Where such interest is likely to prejudice the interests of the Company, the director shall not participate in the discussion or voting on the proposal, shall recuse themselves during such discussion and voting, and shall not act as a proxy for another director to exercise voting rights on such matter.

Where the spouse of a director, a blood relative within the second degree of kinship, or any company having a controlling or subordinate relationship with the director has an interest in a matter referred to in the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

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

Article 34

The Company shall have at least one independent director attend each board meeting in person. For matters required to be submitted to the board of directors for resolution pursuant to Articles 14-3 and 14-5 of the Securities and Exchange Act, all independent directors shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director as proxy to attend on his or her behalf. Where an independent director expresses any objection or reservation, such objection or reservation shall be recorded in the minutes of the board meeting. Where an independent director is unable to attend the board meeting in person to express such objection or reservation, he or she shall, unless otherwise justified, submit a written statement in advance, which shall be recorded in the meeting minutes.

In any of the following circumstances, decisions made by the board of directors shall be noted in the meeting minutes, and in addition, publicly announced and filed on the MOPS two hours before the beginning of trading hours on the first business day after the date of the board meeting:

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

During a board meeting, managers of relevant departments or subsidiaries may be invited to attend the meeting, depending on the agenda, to report on the Company's current business operations and respond to inquiries raised by directors. Where necessary, a CPA, legal counsel, or other professionals may also be invited to attend the meeting to assist the directors in understanding the Company's operations for the purpose of enabling them to adopt appropriate resolutions, provided that they shall withdraw from the meeting during deliberation and voting.

Article 35

Meeting staff of the Company attending board meetings shall accurately record the meeting minutes in detail, including a summary of proceedings, the manner of resolution, and voting results of all proposals submitted to the board of directors, in accordance with relevant regulations.

The minutes of a board of directors meeting shall be signed or sealed by both the chair of the meeting and the minute taker. A copy of the minutes shall be distributed to each director within 20 days after the meeting and shall be filed as important corporate records and properly preserved for the duration of the Company's existence.

The preparation and distribution of the minutes may be made electronically.

The Company shall make audio or video recordings of the entire proceedings of a board of directors meeting and preserve such recordings for at least 5 years, in electronic form or otherwise.

If, before the expiry of the preservation period referred to in the preceding paragraph, a lawsuit is initiated in connection with any resolution of the board of directors, the relevant audio or video recordings shall continue to be preserved until the conclusion of the litigation, and the provisions of the preceding paragraph shall not apply.

Where a board of directors meeting is held via video or teleconference, the audio or video recordings thereof shall form part of the minutes of the meeting and shall be preserved for the duration of the Company's existence.

Where a resolution of the board of directors violates applicable laws or regulations, the Articles of Incorporation, or resolutions of the shareholders' meeting, and results in damage to the Company, the directors participating in such resolution shall be liable to the Company for such damage; provided, however, that a director who has expressed dissent and has such dissent recorded in the minutes or evidenced by a written statement shall be exempt from such liability.

Article 36

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

1. Corporate business plans.
2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be CPA audited and attested.
3. Adoption or amendment to an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, and evaluation of effectiveness of an internal control system.

4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, to the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
5. The offering, issuance, or private placement of any equity-type securities.
6. If the board of directors does not have managing directors, the election or discharge of the chairman of the board of directors.
7. The appointment or discharge of a financial, accounting, or internal audit officer.
8. 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.
9. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders meeting or to be approved by resolution at a meeting of the board of directors, or any such significant matter as may be prescribed by the competent authority.

Except for matters that must be submitted to the board of directors for discussion under the preceding paragraph, when the board of directors is in recess, it may delegate the exercise of its power to others in accordance with law, regulations, or its articles of incorporation. However, the level of delegation or the content or matters to be delegated shall be clearly specified, and general authorization is not permitted.

Article 37

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

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

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

Article 38

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

The Company shall formulate rules and procedures for board of directors performance assessments. Each year, in respect of the board of directors, individual directors, and functional committees, it shall conduct regularly scheduled internally performance assessments, and may also conduct performance assessments through outside professional institutions or in any other appropriate manner. The Company shall submit the results of performance assessments to the board of directors and use them as reference in determining compensation for individual directors, their nomination and additional office term.

Article 39
It is advisable for the Company to establish a succession plan for the management. The development and implementation of such plan shall be periodically evaluated by the board of directors to ensure sustainable operation.

Article 39-1
The board of directors is advised to evaluate and monitor the following aspects of the Company's direction of operation and performance in connection with intellectual properties, to ensure the Company develops an intellectual property regulatory system in accordance with the Plan-Do-Check-Act cycle:
1. Formulate intellectual property regulatory policies, objectives and systems that are slightly associated with the operational strategies.
2. Develop, implement and maintain on the basis of scale and form its regulatory systems governing the procurement, protection, maintenance and utilization of intellectual properties.
3. Identify and provide the necessary resources sufficient to ensure effective implementation and maintenance of the intellectual property regulatory system.
4. Observe internally and externally the risks and opportunities that intellectual property regulation may present and adopt corresponding measures.
5. Plan for and implement a continuous improvement mechanism to ensure the operation and effects of the intellectual property regulatory regime meet the company's expectations.

Article 40
If a resolution of the board of directors violates law, regulations or the company's articles of incorporation, then at the request of shareholders holding shares continuously for a year or an independent director to discontinue the implementation of the resolution, members of the board shall take appropriate measures or discontinue the implementation of such resolution as soon as possible.
Upon discovering likelihood that the company would suffer material injury, members of the board of directors shall immediately report to the audit committee or an independent director member of the audit committee in accordance with the foregoing paragraph.

Article 41
The Company shall take out liability insurance for directors with respect to liabilities resulting from exercising their duties during their terms of occupancy so as to reduce and spread the risk of material harm to the Company and shareholders arising from the wrongdoings or negligence of a director.
The Company shall report the insured amount, coverage, premium rate, and other major contents of the liability insurance it has taken out or renewed for directors, at the next board meeting.

Article 42
Members of the board of directors shall complete at least three hours of continuing education in the year of assuming office for each term. During their terms of office, they should continue to participate in training courses offered by institutions designated under the "Rules Governing Implementation of Continuing Education for Directors and Supervisors of

TWSE/GTSM Listed Companies." They shall also cause employees at all levels to enhance their professional and legal knowledge.

Chapter IV Promotion of Sustainable Development and Corporate Resilience

Article 43
The Company shall maintain channels of communication with its banks, other creditors, employees, consumers, suppliers, community, or other stakeholders, and shall respect and safeguard their legal rights. It is advisable for the Company to designate a stakeholders section on its website.
When any of a stakeholder's legal rights or interests is harmed, the Company shall handle the matter in a proper manner and in good faith.

Article 44
The Company shall provide sufficient information to banks and its other creditors to facilitate their evaluation of the operational and financial conditions of the company and its decision-making process. When any of their legal rights or interest is harmed, the Company shall respond with a responsible attitude and assist creditors in obtaining compensation through proper means.

Article 45
The Company shall establish channels of communication with employees and encourage employees to communicate directly with the management or directors so as to reflect employees' opinions about the management, financial conditions, and material decisions of the company concerning employee welfare.

Article 46
While maintaining normal business operations and pursuing the maximization of shareholders' interests, the Company shall also take into consideration consumer interests, community environmental protection, and public welfare, and shall fulfill its corporate social responsibility.
The Company shall promote sustainable development and give due regard to the interests of stakeholders. In pursuing sustainable operations and profitability, the Company shall integrate environmental, social, and governance factors into its management policies and business operations.

Chapter V Enhancement of Information Transparency

Section 1 Enhancing Information Disclosure

Article 47
The Company shall perform its obligations faithfully in accordance with the relevant laws and the related TWSE and GTSM rules. The Company shall establish an Internet-based reporting system for public information, appoint personnel responsible for gathering and disclosing the information, and establish a spokesperson system so as to ensure the proper and timely disclosure of information about policies that might affect the decisions of shareholders and stakeholders.

Article 48
In order to enhance the accuracy and timeliness of the material information disclosed, the Company shall appoint a spokesperson and acting spokesperson(s) who understand thoroughly the company's financial and business conditions and who are capable of coordinating among departments for gathering relevant information and representing the company in making statements independently.
The Company shall appoint acting spokesperson(s) who shall represent the company, when the spokesperson cannot perform his/her duties, in making statements independently, provided that the order of authority is established to avoid any confusion.
In order to implement the spokesperson system, the Company shall unify the process of making external statements. It shall require the management and employees to maintain the confidentiality of financial and operational secrets and prohibit their disclosure of any such information at will.
The company shall disclose the relevant information immediately whenever there is any change to the position of a spokesperson or acting spokesperson.

Article 49
In order to keep shareholders and stakeholders fully informed, the Company shall utilize the convenience of the Internet and set up a website containing the information regarding the company's finances, operations, and corporate governance. It is also advisable for the company to furnish the financial, corporate governance, and other relevant information in English.
To avoid misleading information, the aforesaid website shall be maintained by specified personnel, and the recorded information shall be accurate, detailed and updated on a timely basis.

Article 50
The Company shall hold an investor conference in compliance with the regulations of the TWSE, and shall keep an audio or video record of the meeting. The financial and business information disclosed in the investor conference shall be disclosed on the Market Observation Post System and provided for inquiry through the website established by the Company, or through other channels, in accordance with the TWSE rules.

Section 2 Disclosure of Information on Corporate Governance

Article 51
The Company shall maintain a dedicated section on its website, with reference to the "Guidelines for Important and Necessary Disclosures on Websites of TWSE and TPEx Listed Companies," to disclose corporate governance-related information, and shall keep it continuously updated.

Chapter VII Supplementary Provisions

Article 52
The Company shall at all-time monitor domestic and international developments in corporate governance as a basis for review and improvement of the company's own corporate governance mechanisms, so as to enhance their effectiveness.

Article 53
The formulation of these principles should be implemented after passing by the board of directors, and revisions are to be made in the same way.