

# Corporate Governance Best Practice Principles

## The Far EasTone Telecommunications Co., Ltd.

Approved by Board of Director Meeting on 2019/5/8

Article 1	<p>The Far EasTone Telecommunications Co., Ltd. (herein referred to as the "Company") has hereby formulated the Corporate Governance Best Practice Principles (herein referred to as the "Principles") in accordance with the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" drafted by the Taiwan Stock Exchange Corporation (herein referred to as "TWSE") and GreTai Securities Market in order to establish an effective corporate governance framework with reference to these Principles, and disclosed them through the Market Observatory Post System (MOPS).</p>
Article 2	<p>In addition to complying with relevant laws, regulations and the articles of incorporation, the corporate governance system established by the Company shall follow the following principles:</p> <ol style="list-style-type: none"><li>1. Protect the rights and interests of shareholders.</li><li>2. Strengthen the powers of the board of directors.</li><li>3. Respect the rights and interests of stakeholders.</li><li>4. Enhance information transparency.</li></ol>
Article 3	<p>The Company shall follow the Criteria Governing Establishment of Internal Control System by Public Reporting Companies (herein referred to as the "Criteria of Internal Control System") and take into consideration the overall operational activities of itself and its subsidiaries to design and fully implement an effective internal control system, and review it at all times, in order to keep up with the internal and external environment changes affecting the Company and to ensure that the design and implementation of the system remain effective.</p> <p>The adoption or amendment of the internal control system shall be submitted to the board of directors for approval by resolution; when an independent director has dissenting opinion or qualified opinion, it shall be noted in the minutes of the directors meeting.</p> <p>In addition to conducting by the Company full self-assessments of the internal control system, the board of directors and the management shall annually review the result of the self-assessments by each department and conduct quarterly review the reports of the internal audit department. The Company shall establish channels and mechanisms of communication between the independent directors and chief internal auditor. Directors shall examine the deficiency of implementation, periodically hold meetings with the internal audit personnel with respect to the problems and review of the internal control system, make records of the discussions follow up the conclusion of the discussions, and make improvements, and report to the board</p>

	<p>of directors.</p> <p>The Company's management attach great importance to the internal audit department and its personnel, fully empower them and urge them to truly conduct audits effectively, evaluate problems of the internal control system, assess the efficiency of operations to ensure that such system can be implemented effectively on an on-going basis and assist the board of directors and the management to perform their duties effectively in order to ensure a sound corporate governance system.</p> <p>To put the internal control system into effect, strengthen the professional abilities of the substitute of the internal auditing personnel and to further improve and maintain the quality and implementing result of the audit, the Company shall have a substitute in place for the internal auditing personnel.</p> <p>According to the Paragraph 6 of Article 11 of the Regulations Governing Establishment of Internal Control System by Public Companies, the qualification requirements for the internal auditing personnels set out in the Articles 16, 17, and 18 of the Regulations apply mutatis mutandis to the substitute referred to in the preceding paragraph.</p>
Article 3-1	<p>The Company is advised to have an adequate number of corporate governance personnel with appropriate qualifications based on the size of the company, business situations and management needs, and to appoint a chief corporate governance officer as the most senior officer to be in charge of corporate governance affairs. Said officer shall be a qualified, 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 in handling legal affairs, financial affairs, stock affairs, or corporate governance affairs.</p> <p>It is advisable that the corporate governance affairs mentioned in the preceding paragraph include at least the following items:</p> <ol style="list-style-type: none"> <li>1. Handling matters relating to board meetings and shareholders meetings according to laws.</li> <li>2. Producing minutes of board meetings and shareholders meetings.</li> <li>3. Assisting in onboarding and continuous development of directors .</li> <li>4. Furnishing information required for business execution by directors.</li> <li>5. Assisting directors with legal compliance.</li> <li>6. Other matters set out in the articles or corporation or contracts.</li> </ol>
Article 4	<p>The corporate governance system of a company shall be designed to protect shareholders' rights and interests and treat all shareholders equitably.</p> <p>The Company shall establish a corporate governance system to ensure shareholders' rights of full knowledge, legal participation in and making decisions over important matters of the Company.</p>
Article 5	<p>The Company shall convene shareholders' meetings in accordance with the Company Act and relevant laws and regulations and formulate comprehensive rules of order for the meetings, shall faithfully implement resolutions adopted by shareholders' meetings in accordance with the rules</p>

	<p>for the meetings.</p> <p>Resolutions adopted by shareholders meetings of the Company shall comply with laws, regulations and the articles of incorporation.</p>
Article 6	<p>The board of directors of the Company shall properly arrange the agenda and proceedings for shareholders' meetings, formulate the rules of nominations of directors and submissions of shareholders' proposals, And shall also properly handle the proposals duly submitted by shareholders; the board of directors shall arrange convenient place to hold the shareholders' meetings, allow sufficient time and arrange sufficient suitable personnel to handle meetings registrations, cannot arbitrarily require additional identifications from shareholders other than those showing eligibility to attend, shall allow shareholders relatively reasonable time to express their opinion and appropriate chance to speak.</p> <p>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 attend in person (including at least one independent director) and convener of the audit committee, or at least one member of other functional committee attend as representative. And record the status of attendance in the shareholders meeting minutes.</p>
Article 7	<p>The Company shall encourage shareholders to actively participate in corporate governance and engage a professional shareholder services agent to handle shareholders meeting matters in order to hold shareholders meetings on the premise of legal, effective and safe proceedings. The Company shall seek all ways and means, including fully exploiting technologies for information disclosure and casting votes, and is advised 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, so as to enhance the attendance rate of shareholders at the shareholders meeting and ensure the exercise of shareholders rights by shareholders at the shareholders meeting in accordance with laws.</p> <p>The company shall avoid raising extempore motions and amendments to original proposals at a shareholders meeting, and adopt a candidate nomination system for the election of directors.</p> <p>The company shall arrange shareholders to vote on each separate proposal in the shareholders' meeting agenda, and following conclusion of the meeting, to enter on the same day the voting results, namely the numbers of votes cast for and against and the number of abstentions, on the Market Observation Post System.</p>
Article 8	<p>The Company shall record minutes of the shareholders' meeting in accordance with the Company Act and other applicable laws and regulations. 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.</p> <p>The shareholders' meeting minutes shall be properly and perpetually kept by the Company during legal existence, and fully disclose such meeting minutes on the Company's website.</p>
Article 9	<p>The chairman of the shareholders' meetings shall have full familiarity and comply with the rules of order governing the proceedings established by the Company of the shareholders' meetings, shall maintain the proper progress of the proceedings of the meetings and may not adjourn the meetings at</p>

	<p>will.</p> <p>In order to protect the interests of majority of shareholders, if the chairman declares the adjournment of the meeting in a manner in violation of rules of order of the shareholders' meetings, other members of the board of directors should better promptly assist the attending shareholders at the meeting to elect, by a resolution adopted by a majority of the votes represented by the shareholders attending the meeting in accordance with the legal procedures, a new chairperson to continue the proceedings of the meeting.</p>
Article 10	<p>The Company shall attach great importance to the right of knowledge of shareholders and faithfully comply with the applicable regulations regarding the public information, to disclose regularly and timely, to the shareholders with information relating to the financial conditions, operations, the insiders' shareholdings, and corporate governance status by utilizing the Market Observatory Post System or the website established by the Company. To treat all shareholders equally, it is advisable that the company concurrently disclose in English the information under the preceding paragraph. To protect the rights and interests of the Company's shareholders and to ensure their equal treatment, the Company has adopted internal rules prohibiting company insiders from trading securities using information not disclosed to the market.</p>
Article 11	<p>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 audit reports submitted by the audit committee, and may decide, by resolution, profit distributions and deficit off-setting plans. In order to proceed with the above examination, the shareholders' meeting may appoint inspector.</p> <p>The shareholders may, pursuant to Article 245 of the Company Act, apply with the court to select an inspector to examine the accounting records, assets, particulars, documents and records of specific transaction of the Company.</p> <p>The board of directors, audit committee and managers of the Company shall fully cooperate with respect to the aforesaid two paragraphs examination conducted by the inspectors without any circumvention, obstruction or rejection.</p>
Article 12	<p>In entering into material financial or 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 or business transactions which, in order to protect the interests of the shareholders, shall be reported to and approved by the shareholders' meeting.</p> <p>The relevant personnel of the Company handling the matters in the preceding paragraph shall pay attention to the possibility of conflict of interest and/or withdrawal from handling the same.</p>
Article 13	<p>In order to protect the interests of the shareholders, it is advisable that the Company shall designate personnel exclusively dedicated to handling proposals by, inquiries from, and disputes relating to its shareholders.</p> <p>The Company shall properly deal with matters arising from any litigation instituted by shareholders pursuant to the applicable laws claiming damage</p>

	to such shareholders' interests caused by the resolution adopted in shareholders' meetings or the board of directors meetings in violation of the applicable laws, regulations or the Company's articles of incorporation, or claiming a breach by directors or managers of applicable laws, regulations or the Company's articles of incorporation in performing their duties.
Article 13-1	<p>The board of directors of the Company is advised to establish a mechanism for interaction with shareholders to enhance mutual understanding of the development of company's objectives.</p> <p>In addition to communicating with shareholders through shareholders meetings and encouraging shareholders to participate in such meetings, the board of directors of the Company together with officers and independent directors shall engage with shareholders in an efficient manner to ascertain shareholders' views and concerns, and expound company policies explicitly, in order to gain shareholders' support.</p>
Article 14	The Company shall clearly identify the objectives, allocation of management authorities and responsibilities over personnel, assets and financial matters of the Company and of the affiliated enterprises, and shall properly conduct risk evaluation and establish appropriate firewalls.
Article 15	<p>According to Articles 29 and 32 of the Company Act, a manager of the Company who serves as a manager of affiliated enterprises as well shall be decided by a resolution to be adopted by a majority vote of the directors at a meeting of the board of directors attended by at least a majority of the entire directors of the Company.</p> <p>A director, who engages in any transaction for himself or on behalf of another person that is within the scope of the Company's business, shall disclose to the shareholders' meeting the material terms of such transaction and obtain its approval. .</p>
Article 16	The Company shall establish a sound objectives and management system for finance, operations and accounting in accordance with the applicable laws and regulations, and, together with affiliated enterprises, the Company shall properly conduct an overall risk evaluation with the major banks they are dealing, their customers and their suppliers, and carry out the necessary risk control mechanism to reduce credit risks.
Article 17	<p>Where there exists inter-company business transactions between the Company and affiliated enterprises, a written agreement governing the relevant financial and business operations between each other shall be entered into in accordance with the principle of fair dealing and reasonableness. Both parties shall definitively stipulate the terms and conditions of the price and payment terms mechanism, and desist from any transactions that are other than at arm's length.</p> <p>All transactions or contracts made by and between the Company and affiliated persons and shareholders shall follow the principles set forth in the preceding paragraph and tunneling of profits is strictly prohibited.</p>
Article 18	<p>A corporate shareholder having controlling power over the Company shall comply with the following provisions:</p> <ol style="list-style-type: none"> <li>1. It shall bear a duty of good faith to other shareholders and shall not directly or indirectly cause the Company to conduct any business which is contrary to normal business practice or not profitable.</li> </ol>

	<ol style="list-style-type: none"> <li>2. Its representative shall follow the rules implemented by the Company with respect to the exercise of rights and participation of resolution, so that at a shareholders' meeting, the representative shall exercise his/her voting right for the best interest of all shareholders and in good faith and exercise the fiduciary duty and duty of care of a director.</li> <li>3. It shall comply with relevant laws, regulations, and the articles of incorporation of the Company in nominating directors and shall not act beyond the authority granted by the shareholders' meeting or the board meeting.</li> <li>4. It shall not improperly intervene in corporate policy making or obstruct corporate management activities.</li> <li>5. It shall not restrict or impede the management or production of the Company by methods of unfair competition such as monopolizing corporate procurement or foreclosing sales channels.</li> <li>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.</li> </ol>
Article 19	<p>The Company shall ensure the command at any time of information on the identity of major shareholders, who own a higher percentage of shares and have an actual control over the Company, and its ultimate control persons.</p> <p>The Company shall disclose periodically important information about 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.</p> <p>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.</p>
Article 20	<p>The board of directors of the Company shall direct company strategies, supervise the management, and be responsible to the company and shareholders. Procedures and arrangement relating to corporate governance shall ensure that, in exercising its authority, the board of directors will comply with laws, regulations, the articles of incorporation, and the resolutions of shareholders' meetings of the Company.</p> <p>Regarding the structure of the board of directors, the Company shall determine an appropriate number of board members not less than five persons, in consideration of business scale, the shareholding of major shareholders and practical operational needs.</p> <p>The composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy includes, without being limited to, the following two general standards:</p> <ol style="list-style-type: none"> <li>1. Basic requirements and values: Gender, age, nationality, and culture.</li> </ol>

	<p>2. Professional knowledge and skills: professional background (e.g., law, accounting, industry, finance, marketing or technology), professional skills, and industry experience.</p> <p>The board members shall have the necessary knowledge, skill, and experience for performing their duties. To achieve the ideal goal of corporate governance, the board of directors shall have the following abilities:</p> <ol style="list-style-type: none"> <li>1. Ability to make operational judgment.</li> <li>2. Ability to perform accounting and financial analysis.</li> <li>3. Ability to conduct management administration.</li> <li>4. Ability to conduct crisis management.</li> <li>5. Industrial knowledge.</li> <li>6. International market perspective.</li> <li>7. Ability to lead.</li> <li>8. Ability to make decisions.</li> </ol>
Article 21	<p>The Company shall according to the principles for the protection of shareholder rights and interests and equitable treatment of shareholders, establish a fair, just, and open procedure for the election of directors, encourage shareholder participation, and adopt the cumulative voting mechanism in order to fully reflect shareholders' views.</p> <p>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.</p> <p>Where the number of directors falls below five due to the dismissal of director(s) for any reason, the Company shall hold a by-election for director at the next following shareholders meeting. Where 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).</p> <p>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.</p>
Article 22	<p>The Company specifies in its articles of incorporation that it adopts the candidate nomination system for elections of directors, carefully review the qualifications 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.</p>

Article 23	<p>Clear distinctions shall be drawn between the responsibilities and duties of the chairman of the board of the Company and those of its president. It would be inappropriate for the chairperson to also act as the president. If the chairman also acts as the president or the chairman and president are spouses or relatives within one degree of consanguinity, it would be advisable that the number of independent directors be increased and there be a majority of the members of the board of directors who are not employees or managers.</p> <p>If it is necessary to set up a functional committee, the responsibilities and duties of the committee shall be clearly defined.</p>
Article 24	<p>In accordance with the articles of incorporation, the Company's independent directors shall not be less than two in number and should not less than one-fifth of director seats.</p> <p>Independent directors shall possess professional knowledge and there shall be restrictions on their shareholdings. Applicable laws and regulations shall be observed and, in addition, it is not advisable for an independent director to hold office concurrently as an independent director of more than the law. Independent directors shall also maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the company.</p> <p>The Company's independent directors shall be elected via a candidate nomination system; elections shall be held as prescribed in Article 15 of the articles of incorporation, Article 3 of the management of director election, other laws and regulations.</p> <p>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 candidacy 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.</p> <p>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.</p> <p>Change of status between independent directors and non-independent directors during their term of office is prohibited.</p> <p>When the number of independent directors falls below the required number due to the dismissal of an independent director for any reason, the Company shall hold a by-election for director at the next following shareholders meeting. Where all independent directors are discharged, the Company shall convene a special shareholders meeting within 60 days of the occurrence of that fact to hold a by-election for independent directors.</p> <p>Independent directors shall maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the Company. 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</p>



	Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies, and the rules and regulations of the Taiwan Stock Exchange or GreTai Securities Market.
Article 25	<p>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:</p> <ol style="list-style-type: none"> <li>1. Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.</li> <li>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.</li> <li>3. A matter bearing on the personal interest of a director.</li> <li>4. A material asset or derivatives transaction.</li> <li>5. A material monetary loan, endorsement, or provision of guarantee.</li> <li>6. The offering, issuance, or private placement of any equity-type securities.</li> <li>7. The hiring or dismissal of a certifying CPA, or the compensation given thereto.</li> <li>8. The appointment or discharge of a financial, accounting, or internal auditing officer.</li> <li>9. Any other material matter so required by the competent authority.</li> </ol>
Article 26	<p>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 restrict or obstruct the performance of duties by the independent directors. The remuneration of the directors shall be set pursuant to Article 15 of the articles of incorporation. The remuneration of the directors shall fully reflect 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.</p> <p>The Company, under the articles of incorporation, or by resolution of its shareholders meeting, or by order of the competent authority, sets aside a certain proportion of earnings as special reserve, such allocation shall be made after the allocation of legal reserve and before the distribution of director/supervisor compensation and employee compensations.</p>
Article 27	<p>For the purpose of developing supervision functions and strengthening management mechanisms, the board of directors of the Company, in consideration of the company's scale and type of operations and the number of its board members, may set up the Auditing Committee, Remuneration Committee or any other functional committees, and expressly provide for them in the articles of incorporation.</p> <p>Functional committees shall be responsible to the board of directors and submit the proposals to the board of directors for approval, provided that the performance of supervisor's duties by the audit committee pursuant to the Paragraph 4 of the Article 14-4 of the Securities and Exchange Act shall be</p>

	<p>excluded.</p> <p>Functional committees shall adopt respective organizational charter to be approved by the board of directors. The organizational charter shall contain the number, term of office, and power of committee members, as well as the rules of order of meeting and resources to be provided by the Company for exercise of power by the committee.</p>
Article 28	<p>The company shall establish an audit committee.</p> <p>The audit committee 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.</p> <p>For the Company to establish the audit committee, the provisions regarding supervisors in the Securities and Exchange Act, the Company Act, other laws and regulations, and these Principles shall apply mutatis mutandis to the audit committee.</p> <p>For the audit committee established by the Company, Article 25 of the Principles herein does not apply to the following matters, which shall be subject to the consent of at least one half of all audit committee members and be submitted to the board of directors for a resolution:</p> <ol style="list-style-type: none"> <li>1. Adoption or amendment of internal control system pursuant to Article 14-1 of the Securities and Exchange Act.</li> <li>2. Assessment of the effectiveness of the internal control system.</li> <li>3. 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 provision of guarantees for others.</li> <li>4. A matter bearing on the personal interest of a director.</li> <li>5. A material asset or derivatives transaction.</li> <li>6. A material monetary loan, endorsement, or provision of guarantee.</li> <li>7. The offering, issuance, or private placement of any equity-type securities.</li> <li>8. The hiring, discharge, or compensation of an attesting CPA.</li> <li>9. The appointment or discharge of a chief financial, accounting, or internal auditing officer.</li> <li>10. Annual and semi-annual financial reports.</li> <li>11. Any other material matter so required by the company or the competent authority.</li> </ol> <p>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 or GTSM.</p>
Article 29	<p>The Company shall establish the Remuneration Committee, and it is advisable that more than half of the committee members be independent</p>

	<p>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.</p> <p>The Remuneration Committee shall exercise the care of a good administrator in faithfully performing the official powers listed below, and shall submit its recommendations for deliberation by the board of directors:</p> <ol style="list-style-type: none"> <li>1. Prescribe and periodically review the performance review and review of the remuneration policy, system, standards, and structure for directors and managerial officers.</li> <li>2. Periodically evaluate and prescribe the remuneration of directors and managerial officers.</li> </ol> <p>When performing the official powers of the preceding paragraph, the Remuneration Committee shall follow the principles listed below:</p> <ol style="list-style-type: none"> <li>1. With respect to the performance assessment and remuneration of directors and managerial personnel of the Company, it shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the Company's business performance, and future risk exposure.</li> <li>2. It shall not produce an incentive for the directors or managerial officers to engage in activity to pursue remuneration exceeding the risks that the Company may tolerate.</li> <li>3. It shall take into consideration the characteristics of the industry and the nature of the Company's business when determining the ratio of compensation payout based on the short-term performance of its directors and senior management and the time for payment of the variable part of remuneration.</li> </ol>
<p>Article 29-1</p>	<p>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.</p>
<p>Article 30</p>	<p>To improve the quality of its financial reports, it is advisable that the Company 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.</p> <p>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.</p> <p>The Company shall select a professional, responsible and independent CPA to be its external auditor, who shall perform regular reviews of the</p>

	<p>financial conditions and internal control measures of the Company. With regard to the irregularity or deficiency timely discovered and disclosed by the auditor during the review, and the concrete measures for improvement or prevention suggested by the auditor, the Company shall faithfully implement improvement actions. It is advisable that the company establish channels and mechanisms of communication between the independent directors or audit committee, and the attesting CPA, and to incorporate procedures for that purpose into the company's internal control system for management purposes.</p> <p>The Company shall evaluate the independence and suitability of the auditor engaged by the Company regularly and no less frequently than once annually. In the event that the Company engages the same auditor without replacement for 7 years consecutively, or if the auditor is subject to disciplinary actions or other circumstances prejudicial to the independence of the auditor, the Company shall evaluate the necessity of replacing the auditor, and shall submit to the board the conclusion of such review.</p>
Article 31	<p>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 by the Company or staff of laws or regulations, and ensuring the corporate governance matters will proceed pursuant to the relevant legal framework and the prescribed procedures.</p> <p>In the event that the directors or the management are involved in litigation as result of performing his or her duties as provided by the law or arising from shareholders disputes, depending on the circumstances the Company shall retain a legal counsel to provide assistance.</p> <p>An independent director may enlist the service of legal counsel, accountant or other professionals on behalf of the Company to conduct the necessary audit or provide consultation on matters in relation to the exercise of their power, at the expense of the Company.</p>
Article 32	<p>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 meeting shall be sent to each director at the designated time. Sufficient meeting material shall also be prepared and enclosed in the meeting notice. If the meeting material is 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.</p> <p>The Company shall adopt the rules of proceedings for board meetings and follow the provisions in 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 announcement, and other matters for compliance.</p>
Article 33	<p>Company directors shall exercise a high degree of self-discipline. If a director or a juristic person represented by the director is an interested party with respect to any proposal for a board meeting, 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, the director may not participate in discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director also may not act as another director's proxy to exercise voting rights on that matter. The directors shall practice self-discipline as to their internal relationship and must not support each other in an inappropriate manner.</p>

	<p>The matters that a director shall voluntarily abstain from voting shall be clearly set forth in the rules for the proceedings of board meetings.</p>
Article 34	<p>When a board meeting is convened to consider any matter submitted to it pursuant to Article 14-3 of the Securities and Exchange Act, an independent director of the company shall attend the board meeting in person, and may not be represented by a non-independent director via proxy. When an independent director has a dissenting or qualified opinion, it shall be noted in the minutes of the board of directors meeting; if the independent director cannot attend the board meeting in person to voice his or her dissenting or qualified opinion, he or she should provide a written opinion before the board meeting unless justifiable reasons exist for failure to so comply, and the opinion shall be noted in the minutes of the board of directors meeting.</p> <p>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:</p> <ol style="list-style-type: none"> <li>1. An independent director has a dissenting or qualified opinion which is on record or stated in a written statement.</li> <li>2. The matter was not approved by the audit committee, but had the consent of more than two-thirds of all directors.</li> </ol> <p>During the preceding of the board meetings, managers from the relevant departments who are not directors may, in view of the meeting agenda, sit in at the meetings, make report on the current business conditions of the Company and respond to inquiries raised by the directors. Where necessary, accountant, legal counsel or other professionals may be invited to sit in at the meetings to assist the directors in understanding the conditions of the Company for the purpose of adopting an appropriate resolution.</p>
Article 35	<p>Staff personnel of the Company attending board meetings shall collect and correctly record the meeting minutes in detail, and the summary, method of resolution, and voting results of all the proposals submitted to the board meeting in accordance with relevant regulations.</p> <p>The minutes of the board of directors meetings shall be signed by the chairman and secretary of the meeting and be sent to each director within 20 days after the meeting. The director attendance records shall become a part of the meeting minutes, the director attendance records should be kept completely, and be treated as important corporate records and be kept safe permanently during the life of the Company.</p> <p>Meeting minutes may be produced, distributed and preserved by electronic means.</p> <p>The Company shall record on audio or video tape the entire proceedings of a board of directors meeting, and preserve the recordings for at least 5 years, in electronic form or otherwise.</p> <p>If before the end of the preservation period referred to in the preceding paragraph a lawsuit arises with respect to a resolution of a board of directors meeting, the relevant audio or video recordings shall be preserved for a further period, in which case the preceding paragraph does not apply.</p> <p>Where a board of directors meeting is held via teleconference or video conference, the audio or video recordings of the meeting form a part of the meeting minutes and shall be preserved permanently.</p> <p>Where a resolution of the board of directors violates laws, regulations, articles of incorporation, or resolutions adopted in the shareholders meeting,</p>

	and thus causes an injury to the Company, dissenting directors whose dissent can be proven by minutes or written statements will not be liable for damages.
Article 36	<p>The Company shall submit the following matters to its board of directors for discussion:</p> <ol style="list-style-type: none"> <li>1. Corporate business plan.</li> <li>2. Annual and semi-annual financial reports.</li> <li>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.</li> <li>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.</li> <li>5. The offering, issuance, or private placement of any equity-type securities.</li> <li>6. The performance assessment and the standard of remuneration of the managerial officers.</li> <li>7. The structure and system of director's remuneration.</li> <li>8. The appointment or discharge of a financial, accounting, or internal audit officer.</li> <li>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.</li> <li>10. 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.</li> </ol> <p>Apart from matters in the preceding paragraph that shall be submitted to the board of directors for discussion, the Chairman or president shall exercise the powers of the board of directors in accordance with the Company's LOA when the board of directors is adjourned. However, matters involving the Company's material interests must still be decided by resolution of the board of directors.</p>
Article 37	<p>The Company shall ask the appropriate corporate department or personnel to handle matters and implement actions pursuant to the board of directors resolutions in a way consistent with the program schedule and objectives. It shall also follow up on these matters and faithfully review their implementation.</p> <p>The board of directors shall ensure full control of the implementation and progress of these matters and make a report in subsequent meetings so as to ensure that the board's management decisions are faithfully implemented.</p>
Article 38	Members of the board of directors shall conduct corporate affairs with loyalty and perform this duty of care as a good administrator. In conducting the

	<p>affairs of the Company, they shall exercise their power with a high level of self-discipline and prudential attitude. Unless matters are otherwise reserved for approvals in shareholders' meetings by law or in the articles of incorporation of the Company, they shall ensure that all matters be handled according to the resolutions of board of directors.</p> <p>Where resolutions of the board of directors involve business development of the Company and significant policy direction, the board of directors shall make careful consideration and may not affect the implementation and effectiveness of corporate governance.</p> <p>The company formulates rules and procedures for board of directors performance assessments, and that each year it conducts regularly scheduled performance assessments of the board of directors, functional committees, and individual directors through self-assessment. The Company's board performance evaluation shall be conducted by an external professional independent institution or a panel of external experts and scholars at least once every three years.</p> <p>It is advisable for the Company to disclose in its annual report and on the Company website whether procedures governing the board performance evaluation have been established as well as the results of board performance evaluation conducted each year, with an explanation of the evaluation method used.</p> <p>The company is advised to submit the results of performance assessments to the board of directors.</p>
Article 39	<p>The Company shall 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 the sustainable operation.</p>
Article 40	<p>If a resolution of the board of directors violates law, regulations or the Company's articles of incorporation, 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.</p> <p>Upon discovering any threat of the Company suffering material injury, members of the board of directors shall immediately report to an independent director member in accordance with the foregoing paragraph.</p>
Article 41	<p>The Company is advised to 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.</p> <p>The company is advised to report the insured amount, coverage, and other major contents of the liability insurance it has taken out or renewed for directors, at the next board meeting.</p>
Article 42	<p>Members of the board of directors shall participate in training courses on finance, risk management, business, commerce, accounting, law or corporate social responsibility offered by institutions designated in the Rules Governing Implementation of Continuing Education for Directors and Supervisors of TWSE/GTSM Listed Companies, which cover subjects relating to corporate governance upon becoming directors and throughout their terms of</p>

	occupancy. They shall also ensure that company employees at all levels will enhance their professionalism and knowledge of the law.
Article 43	<p>The Company shall maintain channels of communication with its banks, other creditors, employees, consumers, suppliers, community or other stakeholders of the company, respect and safeguard their legal rights. and interests, and designate a stakeholders section on its website.</p> <p>When the Company involves 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 financial structure of the Company thereafter.</p> <p>When any of a stakeholder's legal rights or interests is harmed upon, the Company shall handle such matter in a proper manner and in good faith.</p>
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 decision-making process. When any of their legal rights or interest is harmed upon, the Company shall respond with a responsible attitude and assist creditors in obtaining compensation through proper means.
Article 45	The Company has established communication channels with employees, and encourages employees to appropriately express their opinions concerning the Company's operating and financial status and major decisions affecting employees' interests.
Article 46	In developing normal business and maximizing the shareholders' interest, the Company shall pay attention to consumers' interest, environmental protection of community and public interest issues, and shall have high regard for the social responsibility of the Company.
Article 47	<p>The Company shall perform its obligations faithfully in accordance with the relevant laws, and related TWSE rules.</p> <p>The company is advised to publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.</p> <p>The Company shall 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.</p>
Article 48	<p>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.</p> <p>The Company shall appoint one or more acting spokesperson 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.</p> <p>In order to implement the spokesperson system, the Company shall unify the process of making external statements and require the management and employees to maintain the confidentialities of financial and operational secrets and prohibit disclosure thereof by them at will.</p> <p>The Company shall disclose the relevant information regarding any change to the position of a spokesperson or acting spokesperson upon such</p>



	change.
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 finance, operation 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, in detail and updated timely.
Article 50	The Company shall hold an institutional investor meeting in compliance with the regulations of the TWSE, and shall keep audio or video record the meeting. The financial and business information disclosed in the institutional investor meeting shall be disclosed on the Market Observation Post System and provided for inquiry through the website established by the Company or other channels in accordance with the TWSE rules.
Article 51	<p>The Company shall disclose and update from time to time the following information regarding corporate governance in the fiscal year in accordance with laws and regulations of the TWSE.</p> <ol style="list-style-type: none"> <li>1. Corporate governance framework and rules.</li> <li>2. Ownership structure and the rights and interests of shareholders (including specific and explicit dividend policy).</li> <li>3. Structure and, professionalism independence of the board of directors.</li> <li>4. Responsibility of the board of directors and managerial officers.</li> <li>5. Composition, duties and independence of the audit committee.</li> <li>6. Composition, duties and operation of the remuneration committee and other functional committees.</li> <li>7. The remuneration paid to the directors, general manager and vice general manager in the most recent two fiscal year, the analysis of the percentage of total remuneration to the net profit after tax in the parent company only financial reports or individual financial reports, the policy, standard and package of remuneration payment, the procedure for determination of remuneration and the connection with the operation performance and future risk. Under a specifically special scenario, remuneration of the directors shall be disclosed respectively.</li> <li>8. The progress of training of directors.</li> <li>9. The rights, relationships, avenues for complaint, concerns, and appropriate response mechanism regarding stakeholders.</li> <li>10. Details of the events subject to information disclosure required by law and regulations.</li> <li>11. The enforcement of corporate governance, differences between the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and the Principles, and the reason for the differences.</li> <li>12. Other information regarding corporate governance.</li> </ol> <p>The Company shall, according to the actual performance of the corporate governance system, disclose the plans and measures to improve its corporate governance system through appropriate mechanisms.</p>

Article 52

The Company shall at all times monitor domestic and international development of corporate governance and thereby review and improve the Company's corporate governance mechanism so as to enhance the performance of corporate governance.