



Title

**Corporate Governance Best-
Practice Principles**

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1 General Provisions

- 1.1 To establish a sound corporate governance system, and to promote the integrity of the securities market, the Company promulgates these Principles in accordance with the “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” jointly adopted by the Taiwan Stock Exchange (hereinafter referred to as the “TWSE”) and the GreTai Securities Market (hereinafter referred to as the “GTSM”).
- 1.2 When establishing the corporate governance system, the Company shall comply with not only relevant laws and regulations, articles of incorporation, the contracts executed with the TWSE or GTSM and other relevant regulations, but also the following principles:
 - 1.2.1 An effective corporate governance framework shall be established.
 - 1.2.2 The rights and interests of shareholders shall be protected.
 - 1.2.3 The powers of the board of directors shall be strengthened.
 - 1.2.4 The rights and interests of stakeholders shall be respected.
 - 1.2.5 The information transparency shall be enhanced.
- 1.3 The Company shall comply with the “Regulations Governing Establishment of Internal Control Systems by Public Companies” and take into consideration the overall operational activities of itself and its subsidiaries in establishing an effective internal control system, and shall review the internal control system from time to time, to ensure the continued effectiveness of the design and implementation of the internal control system in light of changes in the Company's internal and external environment.

If the Company has elected independent directors, the adoption or amendment to its internal control system shall be submitted to the board of directors for approval by resolution unless an approval has been obtained from the competent authority; when an independent director has a dissenting opinion or qualified opinion, the opinion shall be specified in the minutes of the board meeting; provided, however, that if the Company has established an audit committee in accordance with the Securities and Exchange Act, the adoption or amendment to the Company's internal control system shall be subject to the approval of one-half or more of all members of the audit committee and be submitted to the board of directors for resolution.

The Company shall duly perform voluntary reviews of the internal control system, and the results of the voluntary reviews performed by each department and the reports made by the internal audit department shall be reviewed by the Company's board of directors and the management and paid attention to and supervised by the audit committee. The directors or the audit committee shall periodically communicate with the internal auditor with respect to the review of the deficiencies arising out of the internal control system and make records thereon. If the Company has established an audit committee in accordance with the Securities and

Exchange Act, the assessment of the effectiveness of the internal control system shall be subject to the approval of one-half or more of all members of the audit committee and be submitted to the board of directors for resolution.

The management of the Company shall pay special attention to the internal audit department and the internal auditor, and shall fully empower them and urge them to duly review and evaluate the problems arising out of the internal control system and the efficiency of operations, to ensure that the internal control system can be carried out effectively on an on-going basis and can assist the board of directors and the management to duly perform their duties so as to realize a sound corporate governance system.

To realize the internal control system, strengthen the professional abilities of the agent of the internal auditor, and to further improve and maintain the quality of auditing and the effectiveness of the implementation of auditing, the Company shall have a deputy in place for the internal auditor. The qualification requirements on the internal auditor and the regulations regarding advance study and filing for the internal auditor shall *mutatis mutandis* apply to the aforementioned deputy. If the Company has two or more auditors in place, either of the auditors may act as the deputy of the other, and if the Company has only one auditor in place, the staff member of another department may act concurrently as the deputy of the auditor, provided that the qualification requirements on the internal auditor and the regulations governing the interests and conflict of interests prescribed in Subparagraphs 4 and 5 of Paragraph 2 of Article 16 of the Regulations Governing Establishment of Internal Control Systems by Public Companies shall also apply.

2 Protection of Shareholders' Rights and Interests

2.1 Encouraging Shareholders to Participate in Corporate Governance

2.1.1 When implementing the corporate governance system, the Company shall take the protection of shareholders' rights and interests as its foremost goal and treat all shareholders fairly.

The Company shall establish a corporate governance system which ensures the shareholders' rights of being fully informed of, participating in and making decisions over important matters of the Company.

2.1.2 The Company shall convene shareholders meetings in accordance with the Company Act and relevant laws and regulations, and shall adopt comprehensive rules for the meetings. The Company shall duly 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 and regulations and the articles of incorporation of the Company.

2.1.3 The board of directors of the Company shall properly arrange the proposals and procedures for the shareholders meeting. Shareholders shall be granted reasonable time to deliberate each proposal and afforded an appropriate opportunity to make statements.

For the shareholders meeting convened by the board of directors, a majority of the directors are advised to attend the meeting in person

2.1.4 The Company shall encourage its shareholders to participate in corporate governance and hold shareholders meetings on the premise of legal, effective and safe proceedings. The Company shall seek all ways and means and fully exploit technologies for information disclosure and voting to enhance the attendance rate of shareholders at shareholders meetings and ensure the exercise of shareholders' rights by shareholders at shareholders meeting in accordance with laws.

The Company when employing electronic voting at a shareholders meeting shall adopt the candidate nomination system for elections of directors, and avoid raising extraordinary motions and amendments to original proposals.

The Company is advised to arrange for their shareholders to vote by poll on the proposals included in the shareholders meeting agenda one by one and enter the voting results, namely the number of votes cast by the shareholders "For" and "Against" and the number of "Abstentions" for each proposal, into the online reporting system designated by the competent authority after the shareholders meeting on the same day that it is held.

If the Company distributes souvenirs of shareholders meetings to shareholders, any differential treatment or discrimination is not allowed.

2.1.5 The Company shall, in accordance with the Company Act and other relevant laws and regulations, record in the minutes of the shareholders meeting the date and place of the meeting, the name of the chairman, 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 method of voting adopted in the meeting and the total number of votes for the elected directors shall be recorded in the meeting minutes.

The minutes of the shareholders meeting shall be perpetually and properly kept during the existence of the Company, and are advised to be disclosed on the Company's website.

2.1.6 The chairman of the shareholders meetings shall be fully familiar with and shall comply with the rules for meetings adopted by the Company. The chairman shall also ensure the smooth progress of the proceedings of the meetings and may not adjourn the meetings arbitrarily.

In order to protect the interests of most shareholders, if the chairman declares the adjournment of the meeting in a manner in violation of the rules for meeting, the members of the board of directors other than the chairman of the shareholders meeting are advised to promptly assist the attending shareholders at the shareholders meeting in electing a new chairman of the

shareholders meeting to continue the proceedings of the meeting, by a resolution adopted by a majority of the votes represented by the shareholders present at the said meeting in accordance with legal procedures.

2.1.7 The Company shall pay special attention to the shareholders' rights to know, and shall duly comply with the applicable regulations regarding the information disclosure to provide, regularly and timely, the shareholders with information relating to the financial conditions and operations, the insiders' shareholdings, and corporate governance status in the Company via the Market Observation Post System or the website established by the Company.

2.1.8 The shareholders shall be entitled to profit distributions by the Company. To ensure the investment interests of shareholders, the shareholders meeting may, pursuant to Article 184 of the Company Act, audit the statements and books prepared by the board of directors and the reports made by the audit committee, and may decide, by resolution, profit distributions and deficit off-setting plans. The shareholders meeting may appoint an inspector to proceed with the aforementioned audit.

The shareholders may, pursuant to Article 245 of the Company Act, apply to the court to select and appoint an inspector for the examination of the accounting records and assets of the Company.

The board of directors and managers of the Company shall fully cooperate in the audit conducted by the inspector specified in the preceding two Paragraphs without any obstruction, rejection or circumvention.

2.1.9 The Company shall comply with relevant laws and regulations when entering into material financial and operational actions such as acquisition or disposal of assets, loaning funds, and making endorsements or providing guarantees, and shall adopt relevant operating procedures which shall be reported to the shareholders meeting for approval so as to protect the interests of shareholders.

The Company shall comply with relevant laws and regulations when involving in a management buyout (MBO), and is advised to establish an objective and independent review committee to review the rationality of the acquisition price and the acquisition plan and pay attention to the regulations regarding the information disclosure.

The relevant personnel of the Company handling the matters specified in the preceding Paragraph shall pay attention to the event of conflict of interest and the avoidance from the same.

2.1.10 To protect the interests of shareholders, the Company is advised to designate a person exclusively in charge of handling proposals by, inquiries from, and disputes relating to shareholders.

The Company shall properly deal with the matters arising from any action instituted by shareholders pursuant to the applicable laws claiming damage to such shareholders' rights and

interests caused by the resolution adopted by the Company's shareholders meetings or board meetings in violation of the applicable laws and regulations or the Company's articles of incorporation, or claiming a breach by the Company's directors or managers of applicable laws and regulations or the Company's articles of incorporation when performing their duties.

2.2 Corporate Governance Relationships between the Company and Its Affiliated Enterprises

2.2.1 The allocation of the management authorities and responsibilities over personnel, assets and financial matters of between the Company and its affiliated enterprises shall be clearly identified, the risk evaluation shall be duly conducted, and appropriate firewalls shall be established.

2.2.2 Unless otherwise provided by laws and regulations, a manager of the Company may not serve concurrently 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 contents of his actions at the shareholders meeting for its approval.

2.2.3 The Company shall establish a sound management system for its financial and business transactions and its accounting in accordance with relevant laws and regulations, and shall, together with its affiliated enterprises, properly conduct an overall risk evaluation on the major correspondence banks, customers and suppliers and use necessary control mechanism to reduce credit risks.

2.2.4 Where the Company and its affiliated enterprises enter into inter-company business transactions, a written agreement governing relevant financial and operational matters between them shall be made on an equitable and reasonable basis. Price and payment terms shall be specifically stipulated in the agreement, and non-arm's length transactions shall be prohibited.

The transactions or agreements made by and between the Company and interested parties and shareholders shall follow the principles set forth in the preceding Paragraph, and the tunneling of profits is strictly prohibited.

2.2.5 A corporate shareholder having controlling power over the Company shall comply with the following provisions:

2.2.5.1 The corporate shareholder shall bear the 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 practices or which is not profitable.

2.2.5.2 The representative of the corporate shareholder shall follow the rules adopted by the Company with respect to the exercise of rights and the participation of resolution, and shall exercise his voting right in good faith and for the best interests of all shareholders and implement the fiduciary duty and the duty of care of a director at a shareholders meeting.

2.2.5.3 The corporate shareholder shall comply with relevant laws and regulations and the Company's articles of incorporation in nominating the directors of the Company within the scope of authority conferred upon the shareholders meeting and the board of directors.

2.2.5.4 The corporate shareholder shall not improperly intervene in corporate policy making or obstruct corporate management activities.

2.2.5.5 The corporate shareholder shall not restrict or impede the production and operation of the Company by methods of unfair competition such as monopolizing procurement or foreclosing sales channels.

2.2.6 The Company shall ensure the command at any time of information on the identity of major shareholders, who hold a higher percentage of shares and have an actual control over the Company, and the ultimate controllers of the major shareholders.

The Company shall periodically disclose the pledge over shares of the Company held by the shareholders holding more than ten percent of the shares of the Company, the increase or decrease of the ownership of the shares held by the same shareholders, or other important matters that may trigger a change in the ownership of shares, so as to facilitate the supervision by other shareholders.

The major shareholder indicated in the first Paragraph refers to the one who owns five percent or more of the shares of the Company or the shareholding stake thereof is on the top ten list; provided, however, that the Company may set up a lower shareholding threshold according to the shareholding of the shareholders that actually control the Company.

3 Enhancing the Function of Board of Directors

3.1 Structure of Board of Directors

3.1.1 The board of directors of the Company shall be responsible to the shareholders meetings. The procedures and arrangement of the corporate governance system shall ensure that the board of directors will comply with laws and regulations, the Company's articles of incorporation or the resolutions adopted by shareholders meetings to exercise its authority.

Regarding the structure of the board of directors of the Company, the Company shall determine an appropriate number of board members not less than five persons, in consideration of the scale of its operational development, the shareholding of its major shareholders and its practical operational needs.

The members of the board of directors shall generally have the necessary knowledge, skill, and capacity to perform their duties. To achieve the ideal goal of corporate governance, the board of directors as a whole shall possess the following abilities:

3.1.1.1 Ability to make operational judgment.

3.1.1.2 Ability to perform accounting and financial analysis.

3.1.1.3 Ability to operate businesses and manage.

3.1.1.4 Ability to conduct crisis management.

3.1.1.5 Industrial knowledge.

3.1.1.6 International market perspective.

3.1.1.7 Ability to lead.

3.1.1.8 Ability to make decisions.

3.1.2 The Company shall establish equitable, just, and open procedures for the election of directors, and shall adopt the cumulative voting mechanism pursuant to the Company Act to fully reflect the opinions of shareholders.

Unless otherwise approved by the competent authority, a spousal relationship or a familial relationship within two degrees of kinship may not exist among more than half of the directors of the Company.

Where the number of directors falls below five due to the release 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).

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

3.1.3 The Company is advised to specify in its articles of incorporation that it adopts the candidate nomination system for the election of directors pursuant to the Company Act, review in advance the qualification, education and working experience and the existence (or not) of any matters set forth in Article 30 of the Company Act with respect to the director candidates recommended by shareholders or directors, and provide the results of the review to shareholders for their reference, so as to elect qualified directors.

3.1.4 Clear distinctions are drawn between the responsibilities and duties of the chairman of the board of the Company and those of the general manager.

The chairman of the board is not appropriate to act concurrently as the general manager. If the chairman of the board acts concurrently as the general manager, or if a spousal relationship or a

familial relationship within one degree of kinship exists between the chairman of the board and the general manager, the number of independent directors is advised to be increased.

3.2 Independent Director System

3.2.1 The Company may, in accordance with its articles of incorporation, appoint two or more independent directors, which are advised to be not less than one-fifth of the total number of directors.

Independent directors shall possess professional knowledge, and restrictions shall be imposed on the shareholding of the independent directors and the concurrent positions that the independent directors may hold. The independent directors shall maintain independence within the scope of their duties, and may not have any direct or indirect interests in the Company.

The Company shall, in accordance with Article 192-1 of the Company Act, adopt a candidate nomination system for the election of independent directors, which shall be specifically specified in the articles of incorporation. The shareholders shall elect the independent directors from among the list of candidates. The independent and non-independent directors shall be elected at the same time but on separate ballots pursuant to Article 198 of the Company Act.

Change of status between independent directors and non-independent directors during their term of office is prohibited.

If an independent director is dismissed for any reason, resulting in a deficiency in the number of independent directors required under Paragraph 1 or the articles of incorporation, a by-election for independent director shall be held at the next following shareholders meeting. In the event that all the independent directors are dismissed, the Company shall convene an extraordinary shareholders meeting to hold a by-election within sixty days from the date on which the independent directors are dismissed.

Where the Company has created the position of managing director, the managing directors shall be acted by not less than one independent director, and the independent directors acting as the managing directors shall constitute not less than one-fifth of the total managing directors.

The professional qualification for independent directors, restrictions on the shareholding of independent directors, restrictions on the concurrent positions that independent directors may hold, determination of the independence of independent directors, method of the nomination of independent directors and other requirements with regard to independent directors, shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and the regulations of the TWSE or the GTSM.

3.2.2 When the Company has created the position of independent director, the following matters shall be submitted to the board of directors for approval by resolution unless an approval has been obtained from the competent authority; when an independent director has a

dissenting opinion or qualified opinion, the opinion shall be specified in the minutes of the board meeting:

3.2.2.1 Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.

3.2.2.2 Adoption or amendment of the procedures for the material financial and operational actions, such as acquisition or disposal of assets, derivatives transactions, loaning funds, making endorsements or providing guarantees, which is made as required by Article 36-1 of the Securities and Exchange Act.

3.2.2.3 Matters bearing on the personal interests of a director.

3.2.2.4 Material assets or derivatives transactions.

3.2.2.5 Material loaning of funds, endorsements or guarantees.

3.2.2.6 The offering, issuance, or private placement of any equity-type securities.

3.2.2.7 The hiring or dismissal of the certified public accountant, or the compensation given thereto.

3.2.2.8 The appointment or discharge of a financial, accounting, or internal auditing officer.

3.2.2.9 Any other material matters required by the competent authority.

3.2.3 The Company shall stipulate the scope of duties of the independent directors and empower them with manpower and physical support relating to the exercise of their power. The Company or other members of the board shall not restrict or obstruct the performance of duties by the independent directors.

The Company shall stipulate the remuneration for directors in the articles of incorporation or adopt the same by the resolution of a shareholders meeting. The remuneration for directors shall fully reflect the personal performance of the directors and the long-term management performance of the Company, and shall be determined by taking the overall operational risks of the Company into consideration. Reasonable remuneration for independent directors may be different from that for other directors.

If the Company is required to set aside special reserve under its articles of incorporation, a resolution of shareholders meeting, or an order of the competent authority, the special reserve shall be set aside after the legal reserve is set aside and before the compensation for directors and the bonus for employees are allocated, and the method for distributing earnings when the special reserve is reversed and merged into undistributed earnings shall be prescribed under the articles of incorporation.

3.3 Audit Committee and Other Functional Committees

3.3.1 For the purpose of developing sound supervision functions and strengthening management mechanisms, the board of directors of the Company may, taking into account the size of the board and the number of independent directors, set up an audit committee, nomination committee, risk management committee or any other functional committees, and may, based on the beliefs in corporate social responsibility and sustainable operation, set up an environmental protection committee or other committees.

Functional committees shall be responsible to the board of directors and submit the proposals to the board of directors for resolution, provided that the same shall not apply to the audit committee when performing the supervisor's duties pursuant to Paragraph 4 of Article 14-4 of the Securities and Exchange Act.

Functional committees shall adopt their respective charters to be approved by the board of directors by resolution. The charters shall contain the number, term of office and power of the members of the committees, rules for meetings, and the resources required to be provided by the Company when the committees exercise their power.

3.3.2 The Company shall establish either an audit committee or a supervisor.

The audit committee shall be composed of the entire independent directors. The members of audit committee shall not be less than three persons, one of whom shall be the convener, and at least one of whom shall specialize in accounting or finance.

If the Company has established an 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.

If the Company has established an audit committee, Article 3.2.2 of these Principles does not apply to the following matters, which shall be subject to the approval of one-half or more of all members of the audit committee, and shall be submitted to the board of directors for resolution:

3.3.2.1 Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.

3.3.2.2 Assessment of the effectiveness of the internal control system.

3.3.2.3 Adoption or amendment of the procedures for the material financial and operational actions, such as acquisition or disposal of assets, derivatives transactions, loaning funds, making endorsements or providing guarantees, which is made as required by Article 36-1 of the Securities and Exchange Act.

3.3.2.4 Matters bearing on the personal interests of a director.

3.3.2.5 Material assets or derivatives transactions.

3.3.2.6 Material loaning of funds, endorsements or guarantees.

3.3.2.7 The offering, issuance, or private placement of any equity-type securities.

3.3.2.8 The hiring or dismissal of the certified public accountant, or the compensation given thereto.

3.3.2.9 The appointment or discharge of a financial, accounting, or internal auditing officer.

3.3.2.10 Annual and semi-annual financial reports.

3.3.2.11 Any other material matters required by the Company or the competent authority.

The exercise of power by the 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 regulations of the TWSE or the GTSM.

3.3.3 The Company shall establish a remuneration committee. The professional qualification for the members of the committee, the exercise of the power of the committee, the adoption of the charter of the committee and relevant matters shall be carried out 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”.

The remuneration committee shall exercise the duty of due care as a reasonable person in faithfully performing the power set forth below, and shall submit its proposals to the board of directors for deliberation:

3.3.3.1 Adopt and periodically review the policies, systems, standards and structures of the performance evaluation and remuneration for directors and managers.

3.3.3.2 Periodically evaluate and adopt the remuneration for directors and managers.

When performing the power specified in the preceding Paragraph, the remuneration committee shall follow the principles listed below:

3.3.3.3 With respect to the performance evaluation and remuneration for directors and managers, the typical pay levels adopted by peer companies shall be and the reasonable correlation among individual performance, the Company's operational performance and future risk exposure shall be taken into consideration.

3.3.3.4 Incentive for directors and managers to engage in activities which have the risks exceeding the Company's tolerance to pursue remuneration shall not be given.

3.3.3.5 The characteristics of the industry and the nature of the Company's business shall be taken into consideration when determining the ratio of bonus distributed based on the short-term performance of directors and senior managers and the time for payment of parts of the variable remuneration.

3.3.4 The Company shall select a professional, responsible and independent certified public accountant to perform regular audit of the financial conditions and internal control measures of the Company.

With regard to the irregularity or deficiency timely discovered and disclosed by the certified public accountant during the audit, and the concrete measures for improvement or prevention suggested by the certified public accountant, the Company shall duly implement improvement actions. The Company shall evaluate the independence of the certified public accountant engaged by the Company regularly and not less frequently than once annually. In the event that the Company engages the same certified public accountant without replacement for seven years consecutively, or if the certified public accountant is subject to disciplinary actions or other circumstances prejudicial to the independence of the certified public accountant, the Company shall review the necessity of replacing the certified public accountant, and shall submit to the board of directors the conclusion of the review.

3.3.5 The Company is advised to engage a professional and competent legal counsel to provide adequate legal consultation services to the Company, or to assist the board of directors and the management to improve their legal knowledge, for the purposes of preventing any infraction by the Company or its staff of laws and regulations and ensuring that corporate governance matters will be carried out under relevant legal frameworks and legal procedures.

In the event that a director or the management is involved in a lawsuit as a result of performing his duties pursuant to laws or has disputes with shareholders, the Company shall, depending on the circumstances, retain a legal counsel to provide assistances.

The audit committee or an independent director may retain the legal counsel, certified public 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.

3.4 Rules for Board Meetings and the Decision-Making Procedures

3.4.1 The board meeting of the Company shall be held at least once every quarter, and may be convened 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 7 days prior to the scheduled date. Sufficient meeting materials shall also be prepared and enclosed in the meeting notice. If the meeting materials are inadequate, a director may ask for more information or, upon the resolution of the board of directors, adjourn the meeting.

The Company shall adopt the rules for board meetings and follow the provisions in the Regulations Governing Procedure for Board of Directors Meetings of Public Companies with

regard to the major contents of deliberation, procedures, matters required to be recorded in the meeting minutes, public announcement and other matters required to be complied with.

3.4.2 A director shall exercise a high degree of self-discipline and shall be voluntarily absent from the discussion and voting of the proposals submitted to the board of directors that risks the involvement of the director's own interests to the detriment of the interests of the Company, and shall not exercise the voting right on behalf of any other director on the same proposals. The directors shall practice self-discipline as to their internal relationship and may not support each other in an inappropriate manner. The matters that a director shall be voluntarily absent from board meetings shall be clearly set forth in the rules for board meetings.

3.4.3 If the Company has independent directors, the independent directors shall attend a board meeting in person without being represented by non-independent directors via proxy when the meeting is convened for the matters required to be submitted to the board of directors pursuant to Article 14-3 of the Securities and Exchange Act. When an independent director has a dissenting or qualified opinion, the opinion shall be specified in the minutes of the board meeting; if the independent director cannot attend the board meeting in person to voice his dissenting or qualified opinion, he shall, unless justifiable reasons exist otherwise, provide a written opinion in advance, and the opinion shall be specified in the minutes of the board meeting.

In any of the following circumstances, decisions resolved by the board of directors shall be specified in the meeting minutes and announced and reported on the information reporting website designated by the competent authority within two days upon the date of the board meeting:

3.4.3.1 An independent director has a dissenting or qualified opinion which is on record or stated in a written statement.

3.4.3.2 The matter not approved by the audit committee (if set up by the Company) approved by two-thirds or more of all directors.

During the board meeting, managers from relevant departments who are not directors may be called to attend the meeting, make reports on the current business conditions of the Company, and respond to the inquiries raised by directors. Where necessary, the certified public accountant, legal counsel or other professionals may be invited to attend the meeting to assist directors in understanding the status of the Company for the purpose of adopting an appropriate resolution.

3.4.4 The personnel of the Company attending board meetings shall duly 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.

The minutes of a board meeting shall be signed or sealed by the chairman and minutes taker of the meeting, and shall be sent to each director within twenty days after the meeting. The attendance book of the board meeting shall become a part of the meeting minutes, and shall be

treated as important records of the Company and kept permanently and properly during the term of the Company.

Meeting minutes may be produced, distributed and preserved by electronic means.

The Company shall record on audio or video tape the entire proceedings of a board meeting, and shall preserve the records for at least five years, in electronic form or otherwise.

If, before the expiration of the preservation period referred to in the preceding Paragraph, a lawsuit arises with respect to a resolution of a board meeting, the relevant audio or video records shall be preserved for a further period, in which case the preceding Paragraph does not apply.

Where a board meeting is held via video conference, the audio or video records of the meeting form parts of the meeting minutes and shall be preserved permanently.

Where a resolution of the board of directors violates laws and regulations, articles of incorporation or resolutions of a shareholders meeting, causing damage to the Company, the dissenting directors whose dissent can be evidenced by records or written statements will be exempted from being liable for the damage.

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

3.4.5.1 Corporate business plan.

3.4.5.2 Annual and semi-annual financial reports.

3.4.5.3 Adoption or amendment to an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.

3.4.5.4 Adoption or amendment of the procedures for the material financial and operational actions, such as acquisition or disposal of assets, derivatives transactions, loaning funds, making endorsements or providing guarantees, which is made as required by Article 36-1 of the Securities and Exchange Act.

3.4.5.5 The offering, issuance, or private placement of any equity-type securities.

3.4.5.6 The performance assessment and the standard of remuneration of managers.

3.4.5.7 The structure and system of director's remuneration.

3.4.5.8 The appointment or discharge of a financial, accounting, or internal auditing officer.

3.4.5.9 Any matter required by Article 14-3 of the Securities and Exchange Act or any other laws and regulations or the articles of incorporation to be approved by resolution at

a shareholders meeting or to be submitted to a board meeting, or any such significant matter as may be prescribed by the competent authority.

The Company shall submit the minutes of the seminars regarding the review of the deficiencies in the internal control system to the board of directors and make a report to the same.

Except for matters that are required to be submitted to the board of directors for discussion as set forth above, the board of directors may delegate others to exercise its power when it is in recess according to laws and regulations or its articles of incorporation. The delegation however shall be specific with regard to the level, content or matters of authorization, and general authorization is not permitted.

3.4.6 The Company shall ask the appropriate corporate department or personnel to handle matters and implement actions pursuant to the resolutions adopted by the board of directors in a way consistent with the program schedule and objectives. The Company shall also follow up on these matters and duly review their implementation.

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 management decisions of the board of directors are implemented.

3.5 Fiduciary Duty, Duty of Care and Responsibility of Directors

3.5.1 Members of the board of directors shall perform their duties with loyalty and perform the duty of due care as a reasonable person. In conducting the affairs of the Company, members of the board of directors 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, members of the board of directors shall ensure that all matters are handled according to the resolutions of board of directors.

Where resolutions of the board of directors involve business development of the Company and significant policy direction, the board or directors shall make careful consideration and may not affect the implementation and effectiveness of corporate governance.

Independent directors shall perform their duties in accordance with relevant laws and regulations and the Company's articles of incorporation so as to protect the rights and interests of the Company and shareholders.

The board of directors of the Company is advised to conduct yearly performance assessment of the board of directors and each director by self-assessment, peer-to-peer assessment, engagement of outside professional institution or other appropriate ways.

3.5.2 The Company is advised to establish a succession plan for the management. The development and implementation of such plan will be periodically evaluated by the board of directors to ensure the sustainable operation.

3.5.3 If a resolution of the board of directors violates law and regulations or the Company's articles of incorporation, at the request of shareholders holding shares continuously for a year or more or an independent director to discontinue the implementation of the resolution, members of the board of directors shall take appropriate measures or discontinue the implementation of such resolution as soon as possible.

Upon discovering any threat of the Company suffering material injury, members of the board of directors shall carry out the matters specified in the preceding Paragraph, and shall forthwith report the threat to independent directors.

3.5.4 According to the Company's articles of incorporation or resolution adopted in the shareholders meeting, the Company may purchase liability insurance for directors with respect to their legal 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.

3.5.5 Members of the board of directors are advised to 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 of TWSE/GTSM Listed Companies, which cover subjects relating to corporate governance, upon becoming directors and throughout their terms of occupancy continuously. Members of the board of directors shall also ensure that the employees at all levels will enhance their professionalism and knowledge of law.

4 Respecting Stakeholders' Rights

4.1 The Company shall maintain channels of communication with its correspondence banks and other creditors, employees, consumers, suppliers, community or other stakeholders, and shall respect and safeguard their legal rights.

When the Company involves in a management buyout, it shall monitor the soundness of financial structure of the Company thereafter. When any of a stakeholder's legal rights and interests is harmed upon, the Company shall handle the matter in a proper manner and in good faith.

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

- 4.3 The Company shall establish channels of communication with employees and encourage employees to communicate directly with the management and directors so as to reflect employees' opinions about the management and financial conditions of the Company and the material decisions of the Company concerning the welfare of employees.
- 4.4 In maintaining the Company's normal operational development and maximizing shareholders' interests, the Company shall pay attention to consumers' interests, environmental protection of community and public interest issues, and shall pay special attention to the social responsibility of the Company.

5 Improving Information Transparency

5.1 Enhancing Information Disclosure

5.1.1 Publication of information is the major responsibility of the Company. The Company shall duly perform its obligations in accordance with relevant laws and regulations and the rules of the TWSE or the GTSM.

The Company shall establish an online reporting system for public information, appoint a person exclusively responsible for gathering and disclosing the information of the Company, and establish a spokesperson system, so as to ensure the proper and timely disclosure of information about policies that may affect the decisions of shareholders and stakeholders.

5.1.2 In order to enhance the accuracy and timeliness of the disclosure of material information, 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 one or more acting spokespersons who shall be capable of representing the spokesperson, when the spokesperson cannot perform his duties, in making statements independently, provided that the order of authority shall be established to avoid any confusion.

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 confidentiality of financial and operational secrets without disseminating information arbitrarily.

The information regarding any change to the spokesperson or acting spokesperson shall be disclosed immediately thereupon.

5.1.3 The Company is advised to utilize the convenience of the Internet and set up a website containing the information regarding the Company's financial and operational matters and corporate governance for the reference of shareholders and stakeholders. The information regarding corporate governance in English is advised to be provided as well.

To avoid misleading information, the website specified in the preceding Paragraph shall be maintained exclusively by a designated person, and the recorded information shall be accurate in detail and updated timely.

5.1.4 The Company shall hold an institutional investor meeting in compliance with the regulations of the TWSE or the GTSM, and the institutional investor meeting is advised to be recorded in audio or video. The financial and operational information disclosed in the institutional investor meeting shall be publicized on the online reporting system designated by the TWSE or the GTSM in accordance with the regulations of the TWSE or the GTSM, and shall be provided for inquiry through the website of the Company or other appropriate channels.

5.2 Disclosure of Information on Corporate Governance

5.2.1 The Company shall disclose the following information regarding corporate governance in a year in accordance with relevant laws and regulations and the rules of the TWSE or the GTSM:

5.2.1.1 Framework and rules of corporate governance.

5.2.1.2 Ownership structure and the rights and interests of shareholders.

5.2.1.3 Structure and independence of the board of directors.

5.2.1.4 Responsibility of the board of directors and managers.

5.2.1.5 Composition, duties and independence of the audit committee.

5.2.1.6 Composition, duties and operation of the remuneration committee.

5.2.1.7 The remuneration paid to the directors, general manager and vice general manager in the most recent year; the analysis of the percentage of total remuneration to the net profit after tax; the policy, standard and package of payment of remuneration; the procedure for determination of remuneration; and the connection between remuneration and operational performance. Under a specifically special scenario, the remuneration of directors shall be disclosed respectively.

5.2.1.8 The progress of training of directors.

5.2.1.9 The rights of and relationships between stakeholders.

5.2.1.10 Details of the events subject to information disclosure required by law and regulations.

5.2.1.11 The status of the implementation of corporate governance; the differences between these Principles and the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies; and the reasons for the differences.

5.2.1.12 Other information regarding corporate governance.

The Company is advised to disclose the concrete plans and measures for the improvement of its corporate governance mechanism through appropriate mechanisms depending on the actual implementation of its corporate governance system.

6 Supplementary Provisions

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 of the Company.

7 Enforcement and Amendment

These Principles will be approved by the general manager, and will be publicized and enforced after submitted to the board meeting for approval. The same shall apply to the amendment to these Principles.