

Nanya Technology Corporation

Corporate Governance Principles

Amended by the Board of Directors on November 2, 2022

Chapter 1 General Provisions

Article 1

Referring to the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" jointly established by the Taiwan Stock Exchange Corporation ("TWSE") and the GreTai Securities Market ("GTSM"), the Corporate Governance Principles ("Principles") of Nanya Technology Corporation (hereinafter referred to as the "Company") is enacted to establish a sound corporate governance system and to be followed.

Article 2

When setting up the corporate governance system, in addition to complying with relevant laws, regulations and Articles of Incorporation, the Company shall follow the following principles:

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

Article 3

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

The Company shall perform full self-assessments of the internal control system. The Board of Directors and the management of the Company shall review the result of the self-assessments of each department at least annually and the audit report prepared by the internal audit department on a quarterly basis, the Audit Committee shall also attend to and supervise these matters. The Directors shall periodically hold discussions with the internal auditors about reviews of the internal control system deficiencies, the discussions shall be followed up and improvements

implemented. The Company is advised to establish channels and mechanisms of communication between Independent Directors, Audit Committee and chief internal auditor.

The management of the Company shall place importance on the internal audit department and its personnel, fully empower them and urge them to conduct audits effectively, evaluate problems of the internal control system and assess the efficiency of operations to ensure that such system can be carried out effectively on an on-going basis and may assist the Board of Directors and the management to perform their duties effectively so as to ensure a sound corporate governance system.

The appointment, dismissal, evaluation and review, salary and compensation of the internal auditors of the Company is submitted by the chief internal auditor to the Chairman of the Board of Directors for approval.

Article 3-1

The Company 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 in accordance with the requirements of the competent authorities and the Taiwan Stock Exchange Corporation a chief corporate governance officer as the most senior officer to be in charge of corporate governance affairs. Said officer shall be a qualified, practice-eligible lawyer or accountant or have been in a managerial position for at least three years in a securities, financial, or futures related institution or a public company in handling legal affairs, legal compliance, internal audit, financial affairs, stock affairs, or corporate governance affairs.

It is advisable that the corporate governance affairs mentioned in the preceding paragraph include at least the following items:

1. Handling matters relating to the Board of Directors meeting and Shareholders Meetings according to laws.
2. Producing meeting minutes of the Board of Directors meeting and Shareholders Meetings.
3. Assisting in onboarding and continuous development of Directors.
4. Furnishing information required for business execution by Directors.
5. Assisting Directors with legal compliance.
6. Other matters set out in the articles of incorporation or contracts.

Chapter 2 Protection of Shareholders' Rights and Interests

Section 1 Encouraging Shareholders to Participate in Corporate Governance

Article 4

The Company shall take the protection of its shareholders' rights and interests and treat all shareholders fairly.

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

Article 5

The Company shall convene Shareholders Meetings in accordance with the Company Act and relevant laws and regulations and provide comprehensive Procedures and Rules ("Procedures") for such meetings. The Company shall faithfully implement resolutions adopted by Shareholders Meetings in accordance with the Procedures.

Resolutions adopted by Shareholders Meetings of the Company shall comply with laws, regulations and the Articles of Incorporation.

Article 6

The Board of Directors of the Company shall properly arrange the agenda items and procedures for Shareholders Meetings, and adopt the principles and procedures for shareholder nominations of Directors and submissions of shareholder proposals. The Board of Directors shall also properly handle the proposals duly submitted by shareholders. Arrangements shall be made to hold Shareholders Meetings at a convenient location, with sufficient time allowed and sufficient numbers of suitable personnel assigned to handle attendance registrations. No arbitrary requirements shall be imposed on shareholders to provide additional evidentiary documents beyond those showing eligibility to attend. Shareholders shall be granted reasonable time to deliberate each proposal and an appropriate opportunity to make statements.

For the Shareholders Meetings that are convened by the Board of Directors, it is advisable that the Chairman of the Board of Directors chairs the meeting, a majority of the Directors (including at least one independent Director) attend in person, and at least one member of each functional committee attends as representative. Attendance details should be recorded in the meeting minutes of Shareholders Meetings.

Article 7

The Company shall encourage its shareholders to actively participate in its corporate governance and hold Shareholders Meetings on the premise of legal, effective and safe proceedings. The Company shall seek all ways and means,

including fully utilizing technologies for information disclosure, to upload annual reports, annual financial statements, notices, agendas and supplementary information of Shareholders Meetings in both Chinese and English concurrently, and shall adopt electronic voting, so as to enhance the attendance rate of shareholders at the Shareholders Meetings and ensure the exercise of shareholders' rights by shareholders at the Shareholders Meetings in accordance with applicable laws.

The Company is advised to avoid raising extraordinary motions and amendments to original proposals at a shareholders meeting.

The Company shall arrange for their shareholders to vote on each separate proposal in the Shareholders Meeting agenda, and following conclusion of the meeting, to enter the voting results on the same day, namely the numbers of votes cast "For" and "Against" and the number of "Invalid Votes" and "Abstentions"/"No Votes", on the Market Observation Post System.

Article 8

The Company shall, in accordance with the Company Act and other applicable laws and regulations, record in the meeting minutes of Shareholders Meetings 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 meeting minutes shall record the method of voting adopted therefore and the total number of votes for the elected Directors.

The meeting minutes of Shareholders Meetings shall be properly and perpetually kept by the Company during its legal existence, and is advised to be sufficiently disclosed on the Company's website.

Article 9

The chairman of the Shareholders Meetings shall be fully familiar and comply with the Procedures established by the Company. The chairman shall ensure the proper progress of the proceedings of the meetings and may not adjourn the meetings at will.

In order to protect the interests of the majority of shareholders, if the chairman declares the adjournment of the meeting in a manner in violation of the Procedures, it would be advisable for the members of the Board of Directors other than the chairman of the Shareholders Meeting shall 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 to

be adopted by a majority of the votes represented by the shareholders attending the said meeting in accordance with the legal procedures.

Article 10

The Company shall place high importance on shareholders' rights to know, and faithfully 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 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 supplement to disclose the information under the preceding paragraph in English.

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

It is advisable that the rules mentioned in the preceding paragraph include stock trading control measures from the date insiders of the Company become aware of the contents of the Company's financial reports or relevant results. Measures include, without limitation, those prohibiting a Director from trading the shares of the Company during the closed period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports.

Article 11

The shareholders shall be entitled to profit distributions by the Company. In order to ensure the investment interests of shareholders, the Shareholders Meeting may, pursuant to Article 184 of the Company Act, examine the statements and books prepared and submitted by the Board of Directors and the reports submitted by the Audit Committee, and may decide, by resolution, profit distributions and deficit off-setting plans. In order to proceed with the above examination, the Shareholders Meeting may appoint an inspector.

The shareholders may, pursuant to Article 245 of the Company Act, apply to the court for appointment of inspector to inspect the accounting records, assets, particulars, documents and records of specific transaction of the Company.

The Board of Directors, Audit Committee and managers of the Company shall fully cooperate in the examination conducted by the inspectors in the aforesaid two paragraphs without any obstruction, rejection or circumvention.

Article 12

In entering into material financial and business transactions such as acquisition or disposal of assets, lending funds, and making endorsements or providing guarantees, the Company shall proceed in accordance with the applicable laws and/or regulations and establish relevant operating procedures which shall be reported to and approved by the Shareholders Meeting so as to protect the interests of the shareholders.

When the Company is involved in a merger, acquisition or public tender offer, in addition to proceeding in accordance with the applicable laws and/or regulations, it shall not only pay attention to the fairness, rationality, etc. of the plan and transaction of the merger, acquisition or public tender offer, information disclosure and the soundness of the Company's financial structure thereafter.

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

Article 13

In order to protect the interests of the shareholders, the Company shall designate personnel exclusively dedicated to handling proposals by, inquiries from, and disputes relating to its shareholders.

The Company shall properly conduct 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 in its Shareholders Meetings or the Board of Directors meetings in violation of the applicable laws, regulations or the Articles of Incorporation, or claiming a breach by its Directors or managers of applicable laws, regulations or the Articles of Incorporation in performing their duties.

It is advisable that the Company adopts internal procedures for appropriate handling of matters referred to in the preceding two paragraphs, and that it keeps relevant written records for future reference and incorporates the procedures in its internal control system for management purposes.

Section 2 Establishing a Mechanism for Interaction with Shareholders

Article 13-1

The Board of Directors of the Company is responsible for establishing a mechanism for interaction with shareholders to enhance mutual understanding of the development of company's objectives.

Article 13-2

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.

Section 3 Corporate Governance Relationships Between the Company and Its Affiliated Enterprises

Article 14

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

Article 15

A Director of the Company, who engages in any transaction for himself or on behalf of another person that is within the scope of the Company's operations, shall explain the major content of such actions to the Shareholders Meeting and obtain its consent.

Article 16

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

Article 17

Where the Company and its affiliated enterprises enter into inter-company business transactions, a written agreement governing the relevant financial and business operations between each other shall be made in accordance with the principle of fair dealing and reasonableness. Price and payment terms shall be definitively stipulated when contracts are signed, and non-arm's length transactions shall be prohibited.

All transactions or contracts made by and between the Company and its affiliated persons as well as the Company and shareholders shall follow the principles set forth in the preceding paragraph and tunneling of profits is strictly prohibited.

Article 18

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

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 non-arm's length or unfavorable business practice.
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 in good faith and for the best interest of all shareholders and shall exercise the fiduciary duty and duty of care of a Director.
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 of the Shareholders Meeting or the Board of Directors meeting.
4. It shall not improperly intervene in corporate policy making or obstruct corporate management activities.
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.
6. The representative that is designated when a corporate shareholder has been elected as a Director shall meet the Company's requirements for professional qualifications. Arbitrary replacement of the corporate shareholder's representative is inappropriate.

Article 19

The Company shall 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 controlling persons.

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

Chapter 3 Enhancing the Function of Board of Directors

Section 1 Structure of Board of Directors

Article 20

The Board of Directors of the Company shall direct company strategies, supervise the management, and be responsible to the Company and the 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.

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 its business scale, the shareholding of its major shareholders and practical operational needs.

The composition of the Board of Directors shall be determined by taking diversity into consideration, including but not limited to gender, race and nationality, and its members shall have the necessary knowledge, skill, and experience to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

1. Ability to make operational judgment.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Industrial knowledge.
6. International market perspective.
7. Ability to lead.
8. Ability to make decisions.

Article 21

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 Rules for Election of Directors, encourage shareholder participation, and shall adopt the cumulative voting mechanism pursuant to the Company Act in order to fully reflect shareholders' views.

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.

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 the laws and regulations. Restrictions on the share transfer of each Director and the creation, release, or changes of any pledges over the shares held by each Director shall be subject to the relevant laws and regulations, and the relevant information shall be fully disclosed.

Article 22

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

Article 23

Clear distinctions shall be drawn between the responsibilities and duties of the Chairman of the Board of Directors and the President of the Company.

It would be inappropriate for the Chairman of the Board of Directors to also act as the President.

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

Section 2 Independent Director System

Article 24

The Company appoints at least three independent Directors in accordance with the Articles of Incorporation.

If the Company and its group enterprises and organizations, and another company and its group enterprises and organizations nominate for each other any Director, supervisor or managers as a candidate for an independent Director of the other, the Company shall, at the time it receives the nominations for independent Directors, disclose the fact and explain the suitability of the candidate for independent Director. If the candidate is elected as an independent Director, the Company shall disclose the number of votes cast in favor of the elected independent Director.

The "group enterprises and organizations" in the preceding paragraph comprise the subsidiaries of the Company, any foundation to which the Company's cumulative direct or indirect contribution of funds exceeds 50 percent of its endowment, and other institutions or juristic persons that are effectively controlled by the Company.

Change of status between independent Directors and on-independent Directors during their terms of office is prohibited.

Independent Directors shall possess professional knowledge and there shall be restrictions on their shareholdings and the positions they may concurrently hold. They shall maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the Company. 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 subject to the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies, and the rules and regulations of the TWSE.

Article 25

The Company shall submit the following matters to the Board of Directors for approval by resolution as provided in the Securities and Exchange Act. When an independent Director has a dissenting opinion or qualified opinion, it shall be placed on record in the meeting minutes of the Board of Directors meeting.

1. Establishment or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Establishment 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, derivative products transactions, lending funds, or providing endorsements or guarantees to other parties.
3. A matter bearing on the personal interest of a Director.
4. A material asset or derivative products transaction.
5. A material lending fund, providing endorsement or guarantee.
6. The offering, issuance, or private placement of any equity-type securities.
7. The hiring or release of a certifying CPA, or the compensation given thereto.
8. The appointment or discharge of a financial, accounting, or internal auditing officer.
9. Any other material matter so required by the competent authority.

Article 26

The Company shall stipulate the scope of duties of the independent Directors and empower them with manpower and physical support related to the exercise of their power. The Company or other members of the Board of Directors shall not obstruct, reject or circumvent the performance of duties by the independent Directors.

The Company shall stipulate the remuneration of the Directors according to applicable laws and regulations. The remuneration of the Directors shall fully reflect the personal performance and the long-term management performance of the Company, and shall also take the overall operational risks of the Company into consideration. Different but reasonable remuneration from that of other Directors may be set forth for the independent Directors.

Section 3 Functional Committees

Article 27

For the purpose of developing supervision functions and strengthening management mechanisms, the Board of Directors of the Company may, taking into account the company's scale and type of operations and the size of the Board, set up functional committees.

Functional committees shall be responsible to the Board of Directors and submit the proposals to the Board of Directors for approval.

Functional committees shall establish an organizational charter to be approved by the Board of Directors. The organizational charter shall contain the number, terms of office, and power of committee members, as well as the Procedures and resources to be provided by the Company for exercise of power by the committee.

Article 28

The Company has established an Audit Committee composed of the entire number of independent Directors. The Audit Committee shall not be fewer than three numbers, one of whom shall be the convener, and at least one of whom shall have accounting or financial expertise.

The exercise of power by the Audit Committee and independent Directors and related matters shall be subject to the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules and regulations of the TWSE.

Article 28-1

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

Article 28-2

The Company is advised to establish and announce channels for internal and external whistleblower and whistleblower protection mechanisms. The unit that handles complaints shall be independent, provide encrypted protection for the files furnished by whistleblowers, and appropriately restrict access to such files. The Company shall also adopt internal procedures and incorporate those procedures into its internal control system for management purposes.

Article 29

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

To enhance the professional abilities of the deputy accounting officer of the preceding paragraph, the deputy's continuing education shall proceed following the schedule of the principal accounting officer.

The Company shall select a professional, responsible and independent CPA to be the external auditor, who shall perform regular reviews of the 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.

The Company shall evaluate the independence and suitability of the CPA engaged by the Company regularly, and no less frequently than once annually. In the event that the Company engages the same CPA without replacement for 7 years consecutively, or if the CPA is subject to disciplinary actions or other circumstances prejudicial to the CPA's independence, the Company shall evaluate the necessity of replacing the CPA and submit its conclusion to the Board of Directors.

Article 30

It is advisable that the Company 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 knowledge of the law, for the purposes of preventing any infraction by the Company or its staff of laws or regulations, and ensuring the corporate governance matters will proceed pursuant to the relevant legal framework and the prescribed procedures.

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.

The Audit committee or an independent Director may retain the service of legal counsel, CPA or other professionals on behalf of the Company to conduct the necessary audit or provide consultation on matters in relation to the exercise of their power, at the expense of the Company.

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

Article 31

The Board of Directors of the Company shall be held at least once every quarter, or convene at any time in case of emergency. To convene a Board of Directors meeting, a meeting notice which specifies the purposes of meeting shall be sent to each Director no later than 7 days before the scheduled date. 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.

The Company shall establish the Procedures and Rules of 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.

The annual attendance percentage of the Director of the Company is advised to reach 80% or more.

Article 32

The Directors of the Company 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 of Directors 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 and voting on that proposal and shall recuse himself or herself from the discussion and voting on such proposal. The Director also may not act as another Director's proxy to exercise voting rights on that matter.

The matters that a Director shall voluntarily recuse from voting shall be clearly set forth in the Procedures and Rules of Board meetings.

Article 33

When a Board of Directors 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 of Directors meeting in person or give their proxies to Independent Directors to attend the meeting on their behalf.

When an Independent Director has a dissenting or qualified opinion, it shall be noted in the meeting minutes of the Board of Directors meeting; if the Independent Director cannot attend the Board of Directors meeting in person to voice his or her dissenting or qualified opinion, he or she should provide a written opinion before the Board of Directors meeting unless there are justifiable reasons for failure to do so, and the opinion shall be noted in the meeting minutes of the Board of Directors meeting.

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 Board of Directors meeting:

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

During the proceeding of the Board of Directors 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, a CPA, legal counsel or other professional 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, but they shall leave the meeting when discussion or voting takes place.

Article 34

Staff personnel of the Company attending the Board of Directors 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 of Directors meeting in accordance with relevant regulations.

The meeting minutes of the Board of Directors meetings shall be signed or sealed by the Chairman of the Board of Directors 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, and be treated as important corporate

records and be kept safely and permanently during the life 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 of Directors meeting, and preserve the recordings for at least 5 years, in electronic form or otherwise.

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.

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.

Where a resolution of the Board of Directors violates laws, regulations, the Articles of Incorporation, or resolutions adopted in the Shareholders Meeting, 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 35

The Company shall submit the following matters to the Board of Directors for discussion:

1. The Company's business plan.
2. Annual financial reports.
3. Establishment or amendment to an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, and evaluation of effectiveness of an internal control system.
4. Establishment 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, derivative products transactions, lending funds, or providing endorsements or guarantees to other parties.
5. The offering, issuance, or private placement of any equity-type securities.
6. The performance assessment and the standard of remuneration of the managers.
7. The donations to Related Parties or the material donations to Non-Related Parties. Nonetheless, any pro bono public donations made for emergent rescue caused by severe natural disasters could be proposed for ratification by the next meeting of Board of Directors thereafter.
8. Any matter required by Article 14-3 of the Securities and Exchange Act or any

other law, regulation, or the Articles of Incorporation 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 significant matter as may be prescribed by the competent authority.

Except for matters that must be submitted to the Board of Directors for discussion under the preceding paragraph, the Board of Directors may delegate others to exercise its power when it is in recess according to laws or regulations, or the 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.

Article 36

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.

The Board of Directors shall ensure full control of the implementation and progress of these matters and make a report in subsequent meeting so as to ensure that the Board of Directors' management decisions are faithfully implemented.

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

Article 37

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 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, they shall ensure that all matters be handled according to the resolutions of Board of Directors.

The Company formulate rules and procedures for Board of Directors performance assessments. Each year, in respect of the Board of Directors and individual directors, it shall conduct regularly scheduled performance assessments through self-assessments, and may also do so through outside professional institutions or in any other appropriate manner. A performance assessment of the Board of Directors shall include the following aspects, and appropriate assessment indicators shall be developed in consideration of the Company's needs:

1. The degree of participation in the Company's operations.
2. Improvement in the quality of decision making by the Board of Directors.
3. The composition and structure of the Board of Directors.

4. The election of the Directors and their continuing professional education.
5. Internal controls.

The performance assessments of Board members through self-assessment shall include the following aspects, with appropriate adjustments made on the basis of the Company's needs:

1. The grasp of the Company's goals and missions.
2. The recognition of Director's duties.
3. The degree of participation in the Company's operations.
4. The management of internal relationships and communication.
5. The professionalism and continuing professional education.
6. Internal controls.

It is advisable that the performance assessment of a functional committee cover the following aspects, subject to changes according to the Company's needs:

1. The degree of participation in the Company's operations.
2. The recognition of the duties of the functional committee.
3. Improvement in the quality of decision making by the functional committee.
4. The composition of the functional committee, and election and appointment of committee members.
5. Internal control.

The Company is advised to report the results of performance assessments to the Board of Directors and may use them as reference in determining compensation for individual Directors, their nomination and additional office term.

Article 37-1

The Company develops an intellectual property regulatory system in accordance with the Plan-Do-Check-Act cycle:

1. Formulate intellectual property regulatory policies, objectives and systems that are slightly associated with the operational strategies.
2. Develop, implement and maintain on the basis of scale and form its regulatory systems governing the procurement, protection, maintenance and utilization of intellectual properties.
3. Identify and provide the necessary resources sufficient to ensure effective implementation and maintenance of the intellectual property regulatory system.
4. Observe internally and externally the risks and opportunities that intellectual property regulation may present and adopt corresponding measures.
5. Observe internally and externally the risks and opportunities that intellectual property regulation may present and adopt corresponding measures.

Article 38

If a resolution of the Board of Directors violates law, regulations or the 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 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 immediately report to the Audit Committee or an independent Director member of the Audit Committee in accordance with the foregoing paragraph.

Article 39

The Company shall maintain a liability insurance for Directors with respect to their liabilities resulting from exercising their duties during their terms of office so as to reduce and spread the risk of material harm to the Company and shareholders arising from the wrongdoings or negligence of a Director.

The Company shall report the insured amount, coverage, premium rate, and other major contents of the liability insurance it has taken out or renewed for directors, at the next Board of Directors meeting.

Article 40

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 and Supervisors of TWSE/GTSM Listed Companies, which cover subjects relating to corporate governance upon becoming Directors and throughout their terms of office. They shall also ensure that employees at all levels will enhance their professionalism and knowledge of the law.

Chapter 4 Respecting Stakeholders' Rights

Article 41

The Company shall maintain channels of communication with its banks, other creditors, employees, consumers, suppliers, community or other stakeholders and shall respect and safeguard their legal rights. The Company shall designate a stakeholders' section on the Company website.

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.

Article 42

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 43

The Company shall establish channels of communication with employees and encourage employees to appropriately reflect their opinions about the management, financial conditions and material decisions of the Company concerning employee welfare.

Article 44

In developing its 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.

Chapter 5 Improving Information Transparency

Section 1 Enhancing Information Disclosure

Article 45

The Company shall perform its obligations faithfully to disclose information in accordance with the relevant laws, and related TWSE rules.

The Company shall establish an internet-based reporting system for public information, appoint personnel responsible for gathering and disclosing the information, and establish a spokesperson system so as to ensure the proper and timely disclosure of information about policies that might affect the decisions of shareholders and stakeholders.

Article 46

In order to enhance the accuracy and timeliness of the material information disclosed, the Company shall appoint a spokesperson and acting spokesperson(s) who understand thoroughly the Company's financial and business conditions and who are capable of coordinating among departments for gathering relevant information and representing the Company in making statements independently.

The Company shall appoint 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.

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 and prohibit disclosure thereof by them at will.

The Company shall disclose the relevant information regarding any change to the position of a spokesperson or acting spokesperson upon such change.

Article 47

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.

To avoid misleading information, the aforesaid website shall be maintained by specific personnel, and the recorded information shall be accurate, in detail and updated timely.

Article 48

The Company shall hold an institutional investor meeting in compliance with the regulations of the TWSE, and the meeting shall be tape-recorded or videotaped. 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.

Section 2 Disclosure of Information on Corporate Governance

Article 49

The Company shall dedicate a space on its website to disclose and update from time to time the following information regarding corporate governance:

1. Board of Directors: such as resumes and authorities and responsibilities of Board members, Board member diversification policy and the implementation thereof.
2. Functional committees: such as resumes and authorities and responsibilities of members of each functional committee.
3. Corporate governance bylaws: such as Articles of Incorporation, procedure of Board of Directors meetings, charter of each functional committee, and other relevant corporate governance bylaws.
4. Important corporate governance information: such as information of establishment of corporate governance executive officers.

Chapter 6 Supplement

Article 50

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.

Article 51

The Principles shall be submitted to the Board of Directors for approval before its implementation. Any amendment is subject to the same procedure.