



Corporate Governance Best Practice Principles

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Chapter 1 General Provisions

1. Dongtai Precision Machinery Co., Ltd. (hereinafter referred to as “the Company”), in order to establish a sound corporate governance system, has formulated the Company’s Corporate Governance Code (hereinafter referred to as “this Code”) in accordance with the relevant provisions of the “Code of Corporate Governance Practices for Listed and OTC Companies,” to establish an effective corporate governance framework, and has disclosed this Code on the Taiwan Stock Exchange’s Public Information Observation Station.
2. In establishing its corporate governance system, the Company shall, in addition to complying with laws and regulations, the provisions of its Articles of Incorporation, and any agreements and relevant regulations entered into with the competent authorities, adhere to the following principles:
 1. Protecting shareholders’ rights and interests.
 2. Strengthening the functions of the Board of Directors and its functional committees.
 3. Respecting the rights and interests of stakeholders.
 4. Enhancing transparency of information.
3. The Company shall, in accordance with the “Guidelines for the Establishment of Internal Control Systems by Publicly Traded Companies,” design and effectively implement its internal control system by taking into account the overall operational activities of the Company and its subsidiaries. The Company shall review the system on an ongoing basis to adapt to changes in the internal and external environment, thereby ensuring the continued effectiveness of the system’s design and implementation.

The establishment or amendment of the internal control system shall be approved by at least one-half of all members of the Audit Committee and submitted to the Board of Directors for resolution; if any independent director has objections or reservations, such views shall be recorded in the minutes of the Board of Directors meeting.

In addition to the Company’s thorough self-assessment of the internal control system, the Board of Directors and management shall review the results of each department’s self-assessment at least annually and examine the audit reports of the internal audit unit on a quarterly basis; the Audit Committee shall also monitor and supervise these processes. Directors shall review deficiencies in the internal control system and, when



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necessary, hold discussions with internal audit personnel. The assessment of the effectiveness of the internal control system shall be approved by at least one-half of all members of the Audit Committee and submitted to the Board of Directors for resolution. If such approval is not obtained from at least one-half of all members of the Audit Committee, the matter may be carried out with the approval of at least two-thirds of all directors, and the Committee's resolution shall be recorded in the minutes of the Board meeting.

The Company's management shall place importance on the internal audit unit and its personnel, granting them sufficient authority to ensure they thoroughly examine and evaluate deficiencies in the internal control system and assess operational efficiency, thereby ensuring the system's continued and effective implementation. This will assist the Board of Directors and management in effectively fulfilling their responsibilities and, in turn, implementing the corporate governance system. To implement the internal control system, strengthen the professional capabilities of internal audit staff and their alternates, and enhance and maintain audit quality and effectiveness, the Company shall designate alternates for internal audit staff.

The provisions of Article 11, Paragraph 6 of the Guidelines for the Establishment of Internal Control Systems by Publicly Traded Companies regarding the qualifications required of internal audit personnel, as well as the provisions of Articles 16, 17, and 18, shall apply mutatis mutandis to the designated deputies referred to in the preceding paragraph.

- 3-1 The Company may establish a full-time or part-time corporate governance unit or appoint personnel to be responsible for matters related to corporate governance, and shall designate a senior executive to oversee such matters. Such personnel shall hold qualifications as a lawyer or certified public accountant, or have at least three years of experience in legal, financial, or shareholder affairs management at a publicly traded company. The corporate governance-related matters referred to in the preceding paragraph shall, at a minimum, include the following:
1. Handling corporate registration and amendments to registration.
 2. Handling matters related to board of directors and shareholders' meetings in accordance with the law, and assisting the company in complying with relevant laws and regulations governing such meetings.
 3. Preparing minutes of board of directors and shareholders' meetings.



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4. Providing directors with the information necessary to perform their duties, as well as updates on the latest regulatory developments relevant to the company's operations, to assist directors in complying with laws and regulations.
5. Matters related to investor relations.
6. Other matters as stipulated in the Articles of Incorporation or the Articles of Association.

Chapter II Protection of Shareholder Rights

Section 1 Encouraging Shareholder Participation in Corporate Governance

4. The Company's corporate governance system shall protect the rights and interests of shareholders, treat all shareholders fairly, and ensure that shareholders enjoy the full rights to be informed of, participate in, and decide on major matters of the Company.
5. The Company shall convene shareholders' meetings in accordance with the provisions of the Company Act and relevant laws and regulations, and shall establish comprehensive rules of procedure; matters requiring resolution by the shareholders' meeting must be carried out in strict accordance with such rules of procedure.

The content of the Company's shareholders' meeting resolutions shall comply with laws, regulations, and the Company's Articles of Incorporation.

6. The Company's Board of Directors shall properly arrange the agenda and procedures for shareholders' meetings, establish principles and operational procedures for shareholders' nominations of directors and proposals at shareholders' meetings, and appropriately handle motions lawfully submitted by shareholders; Shareholders' meetings shall be held at a convenient location, with sufficient time allotted and an adequate number of qualified staff assigned to handle registration procedures; the Company shall not arbitrarily impose additional requirements for proof of shareholder attendance beyond the documents already required; and reasonable time shall be allotted for discussion of each agenda item, with appropriate opportunities for shareholders to speak.

For shareholders' meetings convened by the Board of Directors, the Chairman should preside in person, and a majority of the directors (including at least one independent



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director) should be present in person, along with at least one representative from each functional committee. Attendance records should be documented in the minutes of the shareholders' meeting.

7. The Company shall encourage shareholders to participate in corporate governance and is encouraged to appoint a professional shareholder services agency to handle matters related to shareholders' meetings, ensuring that such meetings are convened in a lawful, valid, and secure manner. The Company should utilize various methods and channels, making full use of technology-based information disclosure and voting methods, and should simultaneously upload Chinese and English versions of the notice of the shareholders' meeting, the agenda, and supplementary materials to increase shareholder attendance at the meeting and ensure that shareholders may exercise their rights at the meeting in accordance with the law. When the Company convenes a shareholders' meeting, shareholders may choose to exercise their voting rights either electronically or in person; furthermore, directors shall be elected through a candidate nomination system in accordance with the provisions of the Articles of Incorporation. The Company should arrange for shareholders to vote on each agenda item individually and, on the same day the shareholders' meeting is held, submit the results of shareholder approvals, objections, and abstentions to the Taiwan Stock Exchange Corporation's Public Information Observation Station.
8. In accordance with the Company Law and relevant laws and regulations, the Company shall record in the minutes of the shareholders' meeting the year, month, and day of the meeting, the venue, the name of the chairperson, and the method of resolution; it shall also record the gist of the proceedings and their results. For the election of directors, the minutes shall specify the voting method used and the number of votes received by each elected director.

The minutes of the shareholders' meeting shall be properly preserved in perpetuity for the duration of the Company's existence and shall be fully disclosed on the Company's website.
9. The chairperson of the shareholders' meeting shall be fully familiar with and comply with the company's rules of procedure, ensure the smooth progress of the agenda, and shall not arbitrarily adjourn the meeting.

To protect the rights and interests of the majority of shareholders, in the event that the



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chairperson violates the rules of procedure by declaring the meeting adjourned, other members of the board of directors should promptly assist the attending shareholders in following the statutory procedures to elect a new chairperson by a majority vote of the attending shareholders, so that the meeting may continue.

10. The Company shall respect shareholders' right to know and strictly comply with relevant regulations on information disclosure, providing shareholders with frequent and timely updates on the Company's finances, business operations, insider shareholdings, and corporate governance through the Market Observation Post System or the Company's website.

To ensure equal treatment of shareholders, the information referred to in the preceding paragraph should be disclosed simultaneously in English.

To protect shareholders' rights and ensure equal treatment of shareholders, the Company shall establish internal regulations prohibiting insiders from trading securities based on non-public information.

11. Shareholders shall have the right to share in the Company's profits. To safeguard shareholders' investment interests, the General Meeting of Shareholders may, in accordance with Article 184 of the Company Law, examine the records prepared by the Board of Directors and the reports of the Audit Committee, and resolve on the distribution of profits or the coverage of losses. When conducting the aforementioned examination, the General Meeting of Shareholders may appoint an inspector to carry it out. Shareholders may, pursuant to Article 245 of the Company Law, petition the court to appoint an inspector to examine the company's business accounts and financial condition.

The Company's Board of Directors, Audit Committee, and management shall fully cooperate with the inspection activities conducted by the inspectors referred to in the preceding two paragraphs and shall not engage in any acts that obstruct, refuse, or evade such inspections.

12. The Company's major financial and business activities, such as the acquisition or disposal of assets, the granting of loans, and the provision of endorsements and guarantees, shall be conducted in accordance with relevant laws and regulations, and relevant operating procedures shall be established and submitted to the shareholders' meeting for approval, in order to protect the rights and interests of shareholders.



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In the event of a merger, acquisition, or tender offer, in addition to complying with relevant laws and regulations, the Company shall ensure the fairness and reasonableness of the merger, acquisition, or tender offer plan and transaction, and shall pay attention to information disclosure and the soundness of the Company's subsequent financial structure.

Personnel handling the matters referred to in the preceding paragraph shall be mindful of conflicts of interest and situations requiring recusal.

13. To ensure the rights and interests of shareholders, the Company should designate dedicated personnel to properly handle shareholder suggestions, inquiries, and disputes.

If resolutions of the Company's shareholders' meeting or board of directors violate laws, regulations, or the Articles of Incorporation, or if directors or managers violate laws, regulations, or the Articles of Incorporation in the performance of their duties, thereby causing damage to shareholders' rights and interests, the Company shall appropriately handle any lawsuits filed by shareholders in accordance with the law.

The Company shall establish internal operating procedures to properly handle the matters set forth in the preceding two paragraphs, retain written records for future reference, and incorporate them into its internal control system.

Section II Establishment of Mechanisms for Interaction with Shareholders

- 13-1 The Company's board of directors shall be responsible for establishing mechanisms for interaction with shareholders to enhance mutual understanding of the Company's development goals.
- 13-2 In addition to communicating with shareholders through shareholders' meetings and encouraging shareholder participation in such meetings, the Company's Board of Directors shall liaise with shareholders in an efficient manner, work with management and independent directors to understand shareholders' opinions and concerns, and clearly explain the Company's policies in order to gain shareholder support.

Section 3 Corporate Governance Relationships Between the Company and Its Affiliates



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14. The management objectives and responsibilities regarding personnel, assets, and finances between the Company and its affiliated enterprises shall be clearly defined, and risk assessments shall be thoroughly conducted and appropriate firewalls established.
15. Unless otherwise provided by law, the Company's managers should not concurrently serve as managers of affiliated enterprises.
When a director engages in an act on his or her own behalf or on behalf of another person that falls within the scope of the Company's business, he or she shall explain the material details of such act to the shareholders' meeting and obtain the shareholders' approval.
16. The Company shall establish sound financial, operational, and accounting management objectives and systems in accordance with relevant laws and regulations, and shall, together with its affiliated companies, properly conduct comprehensive risk assessments regarding major banks, customers, and suppliers, and implement necessary control mechanisms to mitigate credit risk.
17. Where the Company engages in business dealings with affiliated enterprises, it shall establish written guidelines for mutual financial and operational activities based on the principles of fairness and reasonableness. For contractual matters, price terms and payment methods shall be clearly stipulated, and irregular transactions shall be strictly prohibited.

Transactions or contractual matters between the Company and its related parties or shareholders shall also be conducted in accordance with the principles set forth in the preceding paragraph, and any transfer of benefits is strictly prohibited.
18. Corporate shareholders exercising control over the Company shall comply with the following requirements:
 1. They shall owe a duty of good faith to other shareholders and shall not, directly or indirectly, cause the Company to engage in business operations that deviate from normal business practices or are otherwise detrimental to the Company.
 2. Their representatives shall comply with the Company's relevant regulations governing the exercise of rights and participation in decision-making; when attending shareholders' meetings, they shall exercise their voting rights in accordance with the principle of good faith and in the best interests of all shareholders, and shall faithfully fulfill the duties of loyalty and care incumbent



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upon directors and supervisors.

3. Nominations of directors and supervisors of the Company shall be made in accordance with relevant laws, regulations, and the Company's Articles of Incorporation, and shall not exceed the scope of authority of the shareholders' meeting or the board of directors.
4. Shareholders shall not interfere with the Company's decision-making or obstruct its business operations in any improper manner.
5. One must not restrict or hinder the Company's production and operations through unfair competition, such as monopolizing procurement or closing off sales channels.
6. Legal representatives appointed due to their election as directors or supervisors shall meet the professional qualifications required by the company and shall not be arbitrarily replaced.

19. The Company shall maintain an up-to-date list of major shareholders holding a significant percentage of shares and capable of exercising actual control over the Company, as well as the ultimate controllers of such major shareholders.

The Company shall regularly disclose information regarding shareholders holding more than 10 percent of the shares concerning the pledging, increase, or decrease of the Company's shares, or other significant matters that may result in changes in shareholdings, so that other shareholders may exercise oversight.

The term "major shareholder" as used in Paragraph 1 refers to a shareholder holding 5 percent or more of the shares or ranking among the top ten shareholders by shareholding percentage; however, the Company may set a lower shareholding threshold based on the shareholder's actual control over the Company.

Chapter III Strengthening the Functions of the Board of Directors

Section 1 Structure of the Board of Directors

20. The Company's Board of Directors shall guide the Company's strategy, supervise management, and be accountable to the Company and its shareholders; the various operations and arrangements of the Company's corporate governance system shall ensure that the Board of Directors exercises its powers in accordance with laws and regulations, the provisions of the Articles of Incorporation, or resolutions of the



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shareholders' meeting.

The structure of the Company's Board of Directors shall determine an appropriate number of directors, with a minimum of five, taking into account the scale of the Company's operations and development, the shareholdings of its major shareholders, and practical operational needs.

The composition of the Board of Directors shall take diversity into account. In addition to ensuring that directors who concurrently serve as company executives do not exceed one-third of the total number of directors, the Company shall formulate appropriate diversity policies based on its own operations, business model, and development needs, which should include, but not be limited to, the following two major criteria:

1. Basic Criteria and Values: gender, age, nationality, and culture, among others.
2. Professional Knowledge and Skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Board members should generally possess the knowledge, skills, and qualities necessary to perform their duties. To achieve the ideal goals of corporate governance, the Board as a whole should possess the following capabilities:

1. Operational judgment.
2. Accounting and financial analysis capabilities.
3. Management capabilities.
4. Crisis management capabilities.
5. Industry knowledge.
6. International market perspective.
7. Leadership skills.
8. Decision-making ability.

21. The Company shall establish fair, impartial, and transparent procedures for the election of directors in accordance with the principles of protecting shareholders' rights and treating shareholders fairly, encourage shareholder participation, and adopt a cumulative voting system in accordance with the provisions of the Company Act to fully reflect shareholders' opinions.

Unless approved by the competent authority, more than half of the directors of the Company shall not be spouses or relatives within the second degree of kinship.



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If a director is removed from office for any reason, resulting in fewer than five directors, the Company shall hold a by-election at the next shareholders' meeting. However, if the number of vacancies reaches one-third of the seats specified in the Articles of Incorporation, the Company shall convene an extraordinary shareholders' meeting within sixty days from the date the vacancy occurs to hold a by-election.

The aggregate shareholding ratio of all directors on the Company's Board of Directors shall comply with statutory requirements; restrictions on the transfer of shares by individual directors, the creation or release of pledges, and any related changes shall be handled in accordance with relevant regulations, and all such information shall be fully disclosed.

22. In accordance with the provisions of the Company Law, the Company shall specify in its Articles of Incorporation that directors shall be elected through a candidate nomination system. The Company shall conduct a preliminary review of the qualifications, educational and professional backgrounds, and whether the director candidates recommended by shareholders or directors fall under any of the circumstances listed in Article 30 of the Company Law; the Company shall not arbitrarily require additional supporting documents for other qualification criteria, and shall provide the results of the review to shareholders for their reference, so as to ensure the election of qualified directors.

Before the Board of Directors submits the list of director candidates in accordance with regulations, it shall carefully evaluate the eligibility criteria and other matters listed in the preceding paragraph, as well as the candidates' willingness to serve as directors upon election.

23. The responsibilities of the Company's Chairman and General Manager shall be clearly delineated.

It is not appropriate for the same person to serve as both Chairman and General Manager. If the Chairman and General Manager are the same person, or are spouses or first-degree relatives, the number of independent directors should be increased.

The Company's Board of Directors shall clearly assign responsibilities to functional committees.

Section II Independent Director System



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24. The Company shall appoint two or more independent directors in accordance with the provisions of the Articles of Incorporation, and such number shall not be less than one-fifth of the total number of directors.

Independent directors shall possess professional expertise, and their shareholdings shall be subject to restrictions. In addition to complying with relevant laws and regulations, they should not concurrently serve as directors (including independent directors) of more than five listed or OTC-listed companies, and shall maintain independence within the scope of their duties, without having any direct or indirect conflicts of interest with the Company.

The election of the Company's independent directors shall follow the candidate nomination system as stipulated in Article 192-1 of the Company Act, which shall be specified in the Articles of Incorporation; shareholders shall elect independent directors from the list of candidates. Independent directors and non-independent directors shall be elected together in accordance with Article 198 of the Company Act, with the number of seats to be filled calculated separately for each category.

If the Company and its group enterprises and organizations, or other companies and their group enterprises and organizations, mutually nominate each other's directors, supervisors, or managers as candidates for independent directors, the Company shall disclose this fact when accepting nominations for independent director candidates and explain the suitability of such candidates. If such a candidate is elected as an independent director, the number of votes cast for their election shall be disclosed. The term "group enterprises and organizations" as used in the preceding paragraph shall include the Company's subsidiaries, foundations to which the Company has contributed, directly or indirectly, a cumulative total of more than fifty percent of the endowment, and other institutions or legal entities over which the Company exercises substantive control.

Independent directors and non-independent directors may not switch their status during their term of office.

If an independent director is removed from office for any reason, resulting in the number of independent directors falling below the requirement specified in Paragraph 1 or in the Articles of Incorporation, a by-election shall be held at the next shareholders' meeting. If all independent directors are removed from office, the Company shall



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convene an extraordinary shareholders' meeting within sixty days from the date of such occurrence to hold a by-election.

Matters concerning the professional qualifications of independent directors, restrictions on shareholdings and concurrent positions, the determination of independence, nomination procedures, and other applicable regulations shall be handled in accordance with the Securities and Exchange Act, the Regulations Governing the Appointment of Independent Directors and Matters to Be Observed by Publicly Traded Companies, and the provisions of the competent authority.

25. The Company shall, in accordance with the provisions of the Securities and Exchange Act, submit the following matters to the Board of Directors for resolution; if any independent director has objections or reservations, such views shall be recorded in the minutes of the Board meeting:
1. Establishing or amending internal control systems in accordance with Article 14-1 of the Securities and Exchange Act.
 2. Establishing or amending procedures for handling major financial and business transactions—such as the acquisition or disposal of assets, engaging in derivative transactions, lending funds to others, or providing endorsements or guarantees for others—in accordance with Article 36-1 of the Securities and Exchange Act.
 3. Matters involving the personal interests of directors.
 4. Significant asset or derivative transactions.
 5. Significant loans, endorsements, or guarantees.
 6. The offering, issuance, or private placement of equity securities.
 7. The appointment, dismissal, or compensation of the certified public accountant.
 8. The appointment or removal of the heads of finance, accounting, or internal audit.
 9. Other material matters as prescribed by the competent authority.
26. The Company shall clearly define the scope of responsibilities of independent directors and provide them with the necessary human and material resources to exercise their powers. Neither the Company nor any other member of the Board of Directors may restrict or hinder independent directors from performing their duties.

The Company shall clearly stipulate the remuneration of directors in accordance with relevant laws and regulations; such remuneration shall fully reflect individual performance and the Company's long-term operational performance, and shall



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comprehensively take into account the Company's operational risks. Reasonable remuneration for independent directors may be determined at the Company's discretion, which may differ from that of general directors.

Where the Company establishes a special retained earnings reserve through its Articles of Incorporation, a resolution of the shareholders' meeting, or an order from the competent authority, such reserve shall be allocated after the statutory retained earnings reserve has been set aside and before the distribution of directors' and employees' compensation. The Articles of Incorporation shall also specify the method of profit distribution when the special retained earnings reserve is reversed and merged into undistributed earnings.

Section 3 Functional Committees

27. To enhance oversight and strengthen management functions, the Company's Board of Directors may, taking into account the Company's scale, nature of business, and the number of directors, establish audit, compensation, nomination, risk management, or other functional committees. Furthermore, based on the principles of corporate social responsibility and sustainable operations, the Board may establish environmental protection, corporate social responsibility, or other committees, and such provisions shall be clearly stipulated in the Articles of Incorporation.

Functional committees shall be accountable to the Board of Directors and shall submit their proposed resolutions to the Board for decision. However, this provision shall not apply to the Audit Committee when it exercises the powers of a supervisory director pursuant to Paragraph 4 of Article 14-4 of the Securities and Exchange Act.

Functional committees shall establish organizational regulations, which must be approved by a resolution of the Board of Directors. The content of the organizational regulations shall include matters such as the number of committee members, their terms of office, scope of authority, rules of procedure, and resources to be provided by the company when the committee exercises its authority.

28. The Company has established an Audit Committee.

The Audit Committee shall consist entirely of independent directors, with no fewer than three members, one of whom shall serve as the convener, and at least one of whom shall possess expertise in accounting or finance.



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The provisions of the Securities and Exchange Act, the Company Act, other laws and regulations, and this Code regarding supervisors shall apply mutatis mutandis to the Audit Committee.

The following matters shall require the approval of at least one-half of all members of the Audit Committee and shall be submitted to the Board of Directors for resolution; the provisions of Article 25 of these Rules shall not apply:

1. Establishing or amending internal control systems in accordance with Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. Establishing or amending procedures for handling major financial and business transactions—such as the acquisition or disposal of assets, engaging in derivative transactions, lending funds to others, or providing endorsements or guarantees for others—in accordance with Article 36-1 of the Securities and Exchange Act.
4. Matters involving the personal interests of directors.
5. Significant asset or derivative transactions.
6. Significant lending of funds, endorsements, or guarantees.
7. The offering, issuance, or private placement of equity securities.
8. The appointment, dismissal, or compensation of the certified public accountant.
9. Appointment or removal of the heads of finance, accounting, or internal audit.
10. Annual and semi-annual financial reports.
11. Other material matters as prescribed by the Company or the competent authorities.

The exercise of powers by the Audit Committee and its independent director members, as well as related matters, shall be handled in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Publicly Traded Companies, and the regulations of the securities exchange or the Taiwan Over-the-Counter Securities Market.

29. The Company shall establish a Compensation Committee; the professional qualifications of its members, the exercise of its powers, the formulation of its organizational regulations, and related matters shall be handled in accordance with the provisions of the “Regulations Governing the Establishment and Exercise of Powers of Compensation Committees of Companies Whose Shares Are Listed or Traded on a Securities Exchange or Over-the-Counter Market.”



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The Compensation Committee shall faithfully perform the following duties with the care of a prudent manager and submit its recommendations to the Board of Directors for discussion.

1. Establish and periodically review policies, systems, standards, and structures for the performance evaluation and compensation of directors and executives.
2. Periodically evaluate and determine the compensation of directors and executives.

In exercising the duties set forth in the preceding paragraph, the Compensation Committee shall adhere to the following principles:

1. The performance evaluations and compensation of directors and executives shall be determined with reference to prevailing industry standards, while taking into account the reasonableness of the relationship between individual performance, the company's operating performance, and future risks.
2. Directors and executives shall not be encouraged to engage in conduct that exceeds the company's risk appetite in pursuit of compensation.
3. The proportion of compensation paid to directors and senior managers based on short-term performance, as well as the timing of payment for certain variable compensation components, shall be determined with due consideration to industry characteristics and the nature of the company's business.

30. The Company should establish and publicize internal and external whistleblowing channels and establish a whistleblower protection system; the unit responsible for handling such reports () should be independent, encrypt and protect the files provided by whistleblowers, appropriately restrict access permissions, and establish internal operating procedures and incorporate them into the internal control system for management.

31. To enhance the quality of financial reporting, the Company shall designate a deputy to the Chief Accounting Officer.

The deputy to the chief accountant referred to in the preceding paragraph shall undergo continuing education annually in the same manner as the chief accountant to strengthen the professional competence of the deputy.

Accounting personnel involved in the preparation of financial reports shall also complete at least six hours of professional continuing education courses annually; such



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continuing education may be obtained through the Company's internal training programs or professional courses offered by institutions that provide continuing education for accounting supervisors.

The Company shall select professional, responsible, and independent certified public accountants to conduct regular audits of the Company's financial condition and internal controls. The Company shall thoroughly review and address any irregularities or deficiencies identified and disclosed by the certified public accountants during the audit process, as well as any specific recommendations for improvement or fraud prevention. It is also advisable to establish communication channels or mechanisms between independent directors, supervisors, and the certified public accountants, and to formulate internal operating procedures and incorporate them into the internal control system for management.

The Company shall periodically (at least once a year) evaluate the independence and suitability of the appointed certified public accountant.

If the Company has not changed its accounting firm for five consecutive years, or if the firm has been subject to disciplinary action or circumstances that compromise its independence, the Company shall assess whether it is necessary to change the accounting firm and report the results of the assessment to the Board of Directors.

32. The Company should engage professionally qualified attorneys to provide appropriate legal advisory services to the Company or to assist the Board of Directors and management in enhancing their legal literacy, thereby preventing the Company and its relevant personnel from violating laws and regulations and ensuring that corporate governance operations are conducted in accordance with the relevant legal framework and statutory procedures.

In the event that a director or member of management is involved in litigation or a dispute with a shareholder in the course of performing duties in accordance with the law, the Company shall, depending on the circumstances, engage a lawyer to provide assistance.

The Audit Committee or its independent directors may, on behalf of the Company, appoint lawyers, certified public accountants, or other professionals to conduct necessary audits or provide advice on matters related to the exercise of their duties; the associated costs shall be borne by the Company.



Section IV Rules of Procedure and Decision-Making Process for Board Meetings

33. The Company's Board of Directors shall convene at least once per quarter and may be convened at any time in the event of an emergency. The notice convening a Board meeting shall specify the purpose of the meeting, be provided to each director within the prescribed timeframe, and include sufficient meeting materials, which shall be sent together with the notice of convening. If the meeting materials are insufficient, a director has the right to request that they be supplemented or, upon resolution by the Board, to postpone deliberation.

The Company shall establish rules of procedure for Board meetings; the main agenda items, operational procedures, matters to be included in the minutes, public announcements, and other applicable regulations shall be handled in accordance with the Rules of Procedure for Board Meetings of Publicly Traded Companies.

34. Directors shall exercise a high degree of self-discipline. If a director has a conflict of interest regarding an agenda item on the Board's agenda—whether personally or through a legal entity represented by the director—the director shall disclose the material details of such conflict at the relevant Board meeting. If there is a risk that the conflict may harm the Company's interests, the director shall not participate in the discussion or vote on the matter, shall recuse themselves from the discussion and voting, and shall not exercise voting rights on behalf of another director.

Matters requiring directors to recuse themselves shall be clearly stipulated in the board meeting rules of procedure.

35. The Company's independent directors shall attend in person meetings of the Board of Directors regarding matters required to be submitted to the Board under Article 14-3 of the Securities and Exchange Act and may not delegate their attendance to non-independent directors. If an independent director has objections or reservations, such views shall be recorded in the minutes of the Board meeting; if an independent director is unable to attend the Board meeting in person to express objections or reservations, he or she shall, unless there are valid reasons, submit a written opinion in advance, which shall be recorded in the minutes of the Board meeting.



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If any of the following circumstances apply to a resolution passed by the board of directors, in addition to being recorded in the minutes, an announcement and filing must be made on the Public Information Observation Station before the start of trading hours on the business day following the date of the board meeting:

1. An independent director has expressed an objection or reservation, and such objection or reservation is recorded or stated in writing.
2. A matter not approved by the Audit Committee is approved by a vote of two-thirds or more of all directors.

During a Board meeting, depending on the nature of the agenda item, non-director executives from relevant departments may be notified to attend the meeting as observers to report on the current status of the Company's business and answer questions raised by directors. When necessary, certified public accountants, attorneys, or other professionals may also be invited to attend the meeting to assist directors in understanding the Company's current situation and making appropriate resolutions; however, such individuals shall leave the meeting during discussions and voting.

36. The minute-taker of the Company's Board of Directors shall, in strict accordance with relevant regulations, accurately record the meeting minutes, including a summary of the proceedings for each agenda item, the method of resolution, and the results.

The minutes of the Board of Directors meeting must be signed or stamped by the chairperson and the minute-taker, and distributed to all directors within twenty days after the meeting. The Board attendance register forms part of the minutes and shall be included in the Company's important records, to be properly preserved in perpetuity for the duration of the Company's existence. The preparation, distribution, and preservation of the minutes may be conducted electronically.

The company shall record the entire proceedings of Board of Directors meetings by audio or video for evidentiary purposes and retain such recordings for at least five years; such retention may be conducted electronically.

If litigation arises regarding matters resolved at a Board of Directors meeting before the retention period specified in the preceding paragraph has expired, the relevant audio or video recordings shall continue to be retained, and the provisions of the preceding paragraph shall not apply.

Where a board of directors meeting is convened via videoconference, the audio and



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video recordings of the meeting shall constitute part of the minutes and shall be preserved permanently.

If a resolution of the board of directors violates laws and regulations, the Articles of Incorporation, or a resolution of the shareholders' meeting, thereby causing damage to the company, a director who has expressed an objection shall be exempt from liability for compensation if such objection is supported by a record or a written statement.

37. The Company shall submit the following matters to the board of directors for discussion:
1. The Company's business plans.
 2. Annual and semi-annual financial reports. However, this shall not apply to semi-annual financial reports that are not required by law to be audited and certified by a certified public accountant.
 3. The establishment or amendment of internal control systems pursuant to Article 14-1 of the Securities and Exchange Act.
 4. Establish or amend procedures for handling major financial and business transactions—including the acquisition or disposal of assets, engagement in derivative transactions, lending funds to others, and providing endorsements or guarantees for others—in accordance with Article 36-1 of the Securities and Exchange Act.
 5. The offering, issuance, or private placement of equity securities.
 6. Performance evaluation and compensation standards for managers.
 7. The remuneration structure and system for directors.
 8. Appointment and dismissal of the heads of finance, accounting, or internal audit.
 9. Donations to related parties or significant donations to non-related parties. However, donations of a public welfare nature made for emergency relief due to major natural disasters may be submitted to the next board meeting for ratification.
 10. Matters that, pursuant to Article 14-3 of the Securities and Exchange Act, other laws and regulations, or the Articles of Incorporation, must be resolved by the shareholders' meeting or submitted to the board of directors, or major matters prescribed by the competent authority.

The term "related party" as used in subparagraph 9 of the preceding paragraph refers to related parties as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers; the term "significant donations to non-related parties"



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refers to donations where the amount of a single donation or the cumulative amount donated to the same recipient within one year reaches NT\$100 million or more, or reaches one percent of the net operating revenue or five percent of the paid-in capital as stated in the most recent annual financial report certified by a certified public accountant.

The term “within one year” as used in the preceding paragraph shall be calculated retroactively for one year from the date of the current board meeting; matters already approved by a board resolution shall not be included in this calculation.

In addition to the matters required to be submitted to the board of directors for discussion under Paragraph 1, during the recess of the board of directors, where the board authorizes the exercise of its powers in accordance with laws and regulations or the Articles of Incorporation, the level of authorization, content, or specific matters shall be clearly defined; general authorizations are not permitted.

38. The Company shall clearly assign matters resolved by the Board of Directors to the appropriate executive units or personnel, require them to be executed in accordance with the planned schedule and objectives, and include them in tracking and management to ensure that their implementation is properly evaluated.

The Board of Directors shall fully monitor the progress of implementation and report on it at the next meeting to ensure that the Board’s management decisions are effectively carried out.

Section V Directors’ Duty of Care and Responsibilities

39. Members of the Board of Directors shall faithfully perform their duties and exercise the duty of care expected of a prudent manager, and shall exercise their powers with a high degree of self-discipline and prudence. With regard to the conduct of the Company’s business, except for matters required by law or the Articles of Incorporation to be resolved by the shareholders’ meeting, they shall act strictly in accordance with the resolutions of the Board of Directors.

Board resolutions involving the company’s business development and major strategic decisions must be carefully considered and must not hinder the promotion and operation of corporate governance.

The Company should establish performance evaluation methods and procedures for the



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Board of Directors and conduct annual performance evaluations of the Board, functional committees, and individual directors through self-assessment, peer review, engagement of external professional organizations, or other appropriate means. The evaluation of the performance of the Board (and functional committees) should include the following dimensions, and appropriate evaluation indicators should be established in consideration of the Company's needs:

1. Level of involvement in the company's operations.
2. Improvement in the quality of Board decision-making.
3. Composition and structure of the Board of Directors.
4. Selection and continuing education of directors.
5. Internal controls.

The evaluation of directors' performance (self-assessment or peer review) should include the following dimensions, with appropriate adjustments made to reflect the company's needs:

1. Understanding of the company's objectives and mission.
2. Understanding of directors' responsibilities.
3. Level of involvement in the company's operations.
4. Management of internal relationships and communication.
5. Professional expertise and continuing education of directors.
6. Internal controls.

The Company's Board of Directors shall consider adjusting the composition of the Board based on the results of performance evaluations.

40. The Company should establish a succession plan for management, and the Board of Directors should periodically evaluate the development and implementation of that plan to ensure sustainable operations.
41. If a resolution of the Board of Directors violates laws, regulations, or the Company's Articles of Incorporation, and a shareholder who has held shares for at least one year or an independent director requests that the Board of Directors cease the execution of the resolution, the members of the Board of Directors shall promptly and appropriately address the matter or suspend the execution of the relevant resolution.

If a member of the Board of Directors discovers that the Company is at risk of suffering significant harm, he or she shall proceed in accordance with the provisions of



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the preceding paragraph, immediately notify the Audit Committee or the independent directors of the Audit Committee, and report the matter to the Board of Directors.

42. The Company may, in accordance with the Articles of Incorporation or a resolution of the shareholders' meeting, purchase liability insurance for directors during their term of office to cover their statutory liability arising from the scope of their duties, thereby reducing and diversifying the risk of significant damage to the Company and its shareholders caused by directors' errors or negligence.

After the Company purchases or renews directors' liability insurance, it is advisable to report key details—such as the insured amount, scope of coverage, and premium rates—to the most recent Board of Directors meeting.

43. Members of the Board of Directors should, upon assuming office or during their term, continuously participate in continuing education courses covering topics related to corporate governance—such as finance, risk management, operations, business, accounting, law, or corporate social responsibility—offered by institutions designated under the “Guidelines for the Implementation of Continuing Education for Directors and Supervisors of Listed and OTC Companies,” and should require employees at all levels to enhance their professional and legal knowledge.

Chapter IV Respect for the Rights of Stakeholders

44. The Company shall maintain open channels of communication with its correspondent banks and other creditors, employees, consumers, suppliers, the community, and other stakeholders of the Company, and shall respect and safeguard their legitimate rights and interests; furthermore, the Company shall establish a dedicated section for stakeholders on its website.

When the legitimate rights and interests of stakeholders are infringed upon, the Company shall handle the matter appropriately in accordance with the principle of good faith.

45. The Company shall provide sufficient information to its banks and other creditors to enable them to make judgments and decisions regarding the Company's operations and financial condition. When their legitimate rights and interests are infringed upon, the Company shall respond positively and, with a spirit of accountability, provide creditors



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with appropriate avenues for compensation.

46. The Company shall establish communication channels with employees and encourage them to appropriately express their views on the Company's operations and financial status or on major decisions affecting their interests.
47. While maintaining normal business operations and development and maximizing shareholder value, the Company shall pay attention to issues such as consumer rights, community environmental protection, and public welfare, and shall take its social responsibilities seriously.

Chapter V Enhancing Transparency

Section 1 Strengthening Information Disclosure

48. The Company shall faithfully fulfill its obligation to disclose information in strict accordance with relevant laws, regulations, and the requirements of the competent authorities.

The Company shall designate a specific person to be responsible for the collection and disclosure of corporate information and establish a spokesperson system to ensure that information that may affect the decision-making of shareholders and stakeholders is disclosed in a timely and appropriate manner.

49. To improve the accuracy and timeliness of the disclosure of material information, the Company shall appoint as its spokesperson and deputy spokesperson an individual who has a comprehensive understanding of the Company's finances and operations, is capable of coordinating with various departments to provide relevant information, and is able to speak on behalf of the Company independently.

The Company shall appoint a deputy spokesperson who, in the event the spokesperson is unable to perform his or her duties, shall be able to speak on behalf of the Company independently.

To implement the spokesperson system, the Company shall clearly define uniform procedures for public statements and require management and employees to maintain the confidentiality of financial and business matters and refrain from disseminating



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information without authorization.

In the event of a change in the spokesperson or deputy spokesperson, such information shall be disclosed immediately.

50. The Company shall leverage the convenience of the Internet to establish a website containing information related to the Company's financial and business operations as well as corporate governance, for the reference of shareholders and stakeholders; it is also advisable to provide English-language versions of financial, corporate governance, and other relevant information.

A designated person shall be responsible for maintaining the website referred to in the preceding paragraph, and the information listed therein shall be accurate, detailed, and updated in a timely manner to avoid any risk of misrepresentation.

51. When the Company holds an investor briefing, it shall do so in accordance with the regulations of the competent authority and shall preserve a recording or video of the event. Financial and business information from the investor briefing shall be entered into the Public Information Observation Station in accordance with the regulations of the competent authority and made available for public access through the Company's website or other appropriate channels.

Section 2 Disclosure of Corporate Governance Information

52. The Company shall, in accordance with relevant laws, regulations, and the requirements of the competent authority, disclose the following information related to corporate governance for the current fiscal year and keep it updated on an ongoing basis:
1. The corporate governance structure and rules.
 2. The Company's equity structure and shareholder rights (including a specific and clear dividend policy).
 3. The structure of the Board of Directors, as well as the expertise and independence of its members.
 4. Responsibilities of the Board of Directors and management.
 5. The composition, responsibilities, and independence of the Audit Committee.
 6. Composition, responsibilities, and operations of the Compensation Committee and other functional committees.
 7. Remuneration paid to directors, the general manager, and assistant managers



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over the past two fiscal years; an analysis of the total remuneration as a percentage of net income after tax in the separate financial statements; remuneration policies, standards, and composition; procedures for determining remuneration; and the relationship between remuneration and operational performance and future risks. In addition, under specific circumstances, the remuneration of individual directors shall be disclosed.

8. Directors' continuing education and professional development.
9. The rights and relationships of stakeholders, channels for filing complaints, issues of concern, and mechanisms for appropriate responses.
10. Detailed implementation of information disclosure requirements under laws and regulations.
11. The status of corporate governance operations, as well as any discrepancies between them and the "Code of Corporate Governance Practices for Listed and OTC Companies" and this Code, along with the reasons for such discrepancies.
12. Other information related to corporate governance.

The Company should, based on the actual implementation of corporate governance, disclose its specific plans and measures for improving corporate governance in an appropriate manner.

Chapter VI Supplementary Provisions

53 The Company shall keep abreast of developments in domestic and international corporate governance systems and, based thereon, review and improve the corporate governance system established by the Company to enhance the effectiveness of corporate governance.

54: These Guidelines shall take effect upon approval by the Board of Directors; the same shall apply to any amendments.