

Advanced Optoelectronic Technology Inc.  
Corporate Governance Best Practice Principles  
Chapter 1 General Provisions

Article 1 (Purpose)

In order to establish a good corporate governance system and establish an effective corporate governance structure for the company, these Principles is formulated In accordance with the provisions of the 「Corporate Governance Best Practice Principles」 for compliance.

Article 2 (Principles of Corporate Governance)

In establishing a corporate governance system, the Company shall comply with the provisions of laws and articles of association, as well as the contract signed with TWSE and related normative matters, and shall comply with the following principles:

1. Protect the rights and interests of shareholders.
2. Strengthen the functions of the board of directors.
3. Respect the rights and interests of stakeholders.
4. Enhance information transparency.

Article 3-1 (Personnel Responsible for Corporate Governance Related Matters)

The company should allocate a qualified and appropriate number of corporate governance personnel based on the company's size, business conditions and management needs, and should designate a corporate governance manager in accordance with the regulations of the competent authority or TWSE as the top manager responsible for corporate governance-related matters, who shall be the top director in charge of corporate governance-related matters. He shall obtain the qualifications of lawyers or accountants or more than three years experiences as a supervisory position of engaging in securities, finance, futures-related institutions or public issuing companies in legal affairs, legal compliance, internal audit, finance, stock affairs or corporate governance.

The matters related to corporate governance in the preceding paragraph shall at least include the following :

1. Handle matters related to board meeting and shareholders meeting by law.
2. Prepare the minutes of board and shareholder meetings.
3. Assist the directors to take office and refresher their professional education.
4. Provide information necessary for directors to perform their duty.
5. Assist directors to comply with laws and regulations.
6. Report to the board of directors the results of its review of whether the qualifications of independent directors at the time of nomination, election and during their term of office comply with relevant laws and regulations.

7. Handle matters related to director changes.
8. Other matters stipulated in the company's articles of association or contract.

## Chapter 2 Protection of Shareholder's Rights and Interests

### Section 1 Encouraging Shareholders to Participate in Corporate Governance

#### Article 4 (Protecting the Rights and Interests of Shareholders)

The company's corporate governance system should protect the rights and interests of shareholders and treat all shareholders fairly. The company shall establish a corporate governance system that can ensure that shareholders have full knowledge of major company matters, that is, the rights to participate in and make decisions in accordance with the law.

#### Article 5 (The Company convenes a shareholders' meeting and formulates complete rules of procedure)

The company shall convene a shareholder meeting in accordance with the provisions of the Company Law and related laws and regulations, and formulate complete rules of procedure. The matters that should be resolved by the shareholder meeting must be implemented in accordance with the rules of procedure.

The resolutions of shareholder's meeting shall comply with laws and regulations and the Company's articles of association.

#### Article 6 (The board of directors of the company shall properly arrange the issues and procedures of the shareholder's meeting)

The board of directors of the company shall properly arrange the issues and procedures of the shareholder's meeting, formulate principles and operating flows for shareholders to nominate directors, to make proposals and appropriately to deal with proposals submitted in accordance with the law. The shareholder's meeting shall be arranged at convenient place and leave sufficient time and appoint adequate and competent personnel to go through the registration procedures, and shall not arbitrarily add other supporting documents requirement to shareholders for attendance; and shall allow reasonable time for discussion on various issues and give shareholders appropriate opportunity to speak.

The chairman of the board of directors should personally preside over the shareholders meeting convened by the board of directors, and more than half of the directors of the board of directors (including at least one independent director) and the convener of the audit committee should attend in person, and at least one representative of other functional committee members will attend and will attend Recorded in the minutes of the shareholders meeting.

#### Article 7 (Companies should encourage shareholders to participate in corporate governance)

The company should encourage shareholders to participate in corporate governance, and should appoint a professional stock affairs agency to handle shareholders' meeting affairs, so that the shareholders' meeting be held under the prerequisite of being legal, effective and safe. The company should fully adopt technological information disclosure methods through various methods and channels. It should simultaneously upload Chinese and English versions of shareholders' meeting notices, proceedings manuals and meeting supplementary information, and should adopt electronic voting so as to improve attendance rate of shareholder's meeting, and ensure that shareholders can exercise their shareholder rights at the shareholders' meeting in accordance with the law.

The company is advised to avoid proposing extraordinary motions and amendments to original motions at shareholders' meetings.

Shareholders vote on the proposals of the shareholders' meeting on a case-by-case basis, and on the day after the shareholders' meeting day, the results of shareholders' approval, opposition or abstention are entered into the Market Observation Post System (M.O.P.S.).

#### Article 8 (Minutes of Shareholders' Meeting)

The company shall record the year, month, day, place, name of the chairman and voting method of the shareholders meeting in the minutes of the shareholders meeting in accordance with the company law and relevant regulations. The company shall also record the essentials of the deliberations and their results. The election of directors shall specify the method of voting and the number of election rights of the elected directors.

The minutes of the shareholders' meeting shall be kept properly and permanently during the existence of the company, and shall be fully disclosed on the company's website.

#### Article 9 (The chairman of the shareholders' meeting should fully understand and abide by the company's rules of procedure)

The chairman of the shareholders meeting shall fully understand and abide by the company's rules of procedures, and keep the agenda to go smoothly, and shall not arbitrarily announce the adjournment of the meeting.

In order to protect the rights and interests of the majority of shareholders, in the event that the chairman violates the rules of procedure announcing the adjournment of the meeting, other members of the board of directors should promptly assist the shareholders present in the legally prescribed procedures, and elect one person as the chairman with a majority of the voting rights of the present shareholders, and continue the meeting.

#### Article 10 (Companies should pay attention to the rights of shareholders to know and prevent insider trading)

The company should pay much attention to the rights to know of shareholders, and truly follow

the relevant regulations on information disclosure, and regularly and immediately use public information observatories or websites set up by the company to provide information to shareholders about the company's financial, business, insider shareholding and corporate governance conditions.

In order to treat shareholders equally, the release of the various information mentioned in the preceding paragraph may be supplemented with English disclosure when necessary.

In order to protect the rights and interests of shareholders and implement equal treatment of shareholders, the company should formulate internal regulations to prohibit company insiders from using undisclosed information on the market to buy and sell securities.

The foregoing specification should include the stock trading control measures taken by the company insiders from the day when they learn of the company's financial report or related performance content, including (but not limited to) directors shall not disclose the annual financial report thirty days before the announcement, and quarterly financial reports. Trade its stocks during the closed period of the fifteen days before the report announcement.

#### Article 10-1 (Report on Directors' Remuneration at Regular Shareholders Meeting)

The company should report the remuneration received by the directors at the regular shareholders' meeting, including the remuneration policy, the content and amount of individual remuneration and the correlation with the performance evaluation results.

#### Article 11 (Shareholders should have the right to share the company's surplus)

Shareholders should have the right to share the company's profit earnings. In order to ensure the interests of shareholders, the shareholders' meeting may check the list prepared by the board of directors and the report of the audit committee in accordance with Article 184 of the Company Law, and decide on the distribution of profit or the appropriation of losses. When the shareholders' meeting reveals and inspects before execution, an inspector may be appointed.

Shareholders may, in accordance with the provisions of Article 245 of the Company Law, request the court to appoint an inspector to review the company's business accounts, property conditions, specific deals, transaction documents and records.

The board of directors, audit committee and managers of the company shall fully cooperate with the inspection work of inspectors, and shall not evade, obstruct or refuse.

#### Article 12 (Major financial business actions must be approved by the shareholders' meeting)

The company's acquisition or disposal of assets, fund lending, endorsement, credit guarantees and other major activities in finance or business shall be conducted in accordance with relevant laws and regulations, and relevant operating procedures shall be formulated and submitted to the shareholders meeting for approval in order to protect shareholders' rights and interests.

When the company undergoes mergers and acquisitions or take-over bid (TOB), in addition to

handling in accordance with relevant laws and regulations, attention should be paid to the fairness and reasonableness of mergers and acquisitions or TOB plans and transactions, as well as information disclosure and the soundness of the company's subsequent financial structure.

When the management or a major shareholder of the Company is involved in a merger or acquisition, a legal opinion by independent lawyer should be issued to review if members of the audit committee to review the merger and acquisition in the preceding paragraph have met the regulations of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, to ensure they are not a related party to a counterparty of the merger and acquisition transaction or do not have such interest that would influence their independence, whether the design and implementation of the relevant procedure meet the applicable laws, and if a full disclosure has been made in accordance with the applicable laws.

Qualifications of the lawyer in the preceding paragraph shall meet the requirements in Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and the lawyer should not be a related party to a counterparty of the merger and acquisition transaction or should not have such interest that would influence their independence.

The company's personnel who in charges of matters related to the preceding paragraph should take care of interest conflict and avoidance issues.

## Section 2 Establishing an interactive mechanism with shareholders

Article 13 (The company should have dedicated personnel to properly handle shareholder suggestions)

In order to ensure the rights and interests of shareholders, the company may have dedicated personnel to properly deal with shareholder suggestions, doubts and disputes.

If the company's shareholder's meeting or board of director's' resolutions violate the laws or the company's articles of association, or its directors or managers violate the provisions of the law or the company's articles of incorporation when performing their duties, causing damage to shareholder's rights and interests, the company shall properly handle the lawsuits brought by shareholders in accordance with the law.

The company may formulate internal operating procedures to properly handle the matters mentioned above, keep written records for future reference, and incorporate them into the control of the internal control system.

Article 13-1 (The board of directors has the responsibility to establish an interactive mechanism with shareholders)

The board of directors of the company has the responsibility to establish an interaction

mechanism with shareholders to enhance mutual understanding of the company's goals and development.

Article 13-2 (Communicate with shareholders in an efficient manner and obtain support)

In addition to communicating with shareholders through the shareholders meeting, the board of directors of the company encourages shareholders to participate in the shareholders meeting, and communicates with shareholders in an efficient manner, and works with managers and independent directors to understand shareholder's opinions and issues of concern, and clearly explain the company's policies in order to obtain shareholder's support.

### Section 3 Corporate Governance Relationship between the Company and Related Persons

Article 14 (Establishing a firewall)

The management power and responsibilities of personnel, assets and finances between the company and affiliated companies should be clarified, and risk assessment should be conducted and proper firewalls should be established.

Article 15 (Managers should not serve concurrently with managers of related companies)

Unless otherwise provided by law, managers of the company shall not serve concurrently with managers of related companies.

The directors of the company are acting within the business scope of the company for themselves or others, and shall explain the important content of their actions and obtain their permission of shareholder meeting.

Article 16 (Establishing a sound financial, business and accounting management system)

The company shall establish a sturdy financial, business and accounting management system in accordance with relevant laws and regulations, and shall properly conduct comprehensive risk assessments with related companies on major banks, customers and suppliers, and implement necessary control mechanisms to reduce credit risk.

Article 17 (Financial business dealings or transactions between the company and its related parties and shareholders shall be based on the principle of fairness and reasonableness)

If the company has business connection with its affiliates, the company shall establish written regulations on the financial or business-related operations of each other based on the principle of fairness and reasonableness. Price and payment methods should be clarified on the contract. Unconventional transactions should be prohibited.

The content of the written regulations in the preceding paragraph shall include the management procedures for purchase and sale transactions, acquisition or disposal of assets, capital loans,

endorsement guarantees and other transactions, and relevant major transactions shall be submitted to the board of directors for approval, and shall be approved or reported in the shareholders' meeting.

Article 18 (Matters that legal person shareholders with control over the company should comply with)

For shareholders with ability of controlling the company, the following matters shall be abided:

1. It shall have an obligation of good faith to other shareholders, and shall not directly or indirectly cause the company to operate in violation of business practices or other improper interests.
2. Company representatives shall follow the relevant norms set for the listed company when they are exercising management rights or being involved in decision making processes. When participating in the shareholders meeting, they shall exercise their voting rights based on the principle of good faith and the best interests of all shareholders, and be able to practice the duties of directors with fidelity and attention.
3. The nomination of the company's directors shall obey the relevant laws, regulations and the company's articles of association. It shall not cross the line set by the shareholders meeting and the board of directors.
4. Improperly interfere with the company's decision or hinder business activities is not allowed.
5. Unfair competition methods, such as monopoly procurement or closed sales channels, shall not be used to restrict or hinder the company's production and operation.
6. The legal representative appointed as a director shall meet the professional qualifications required by the company and should not be arbitrarily reassigned.

Article 19 (List of major shareholders and ultimate controllers of major shareholders)

The company should keep the list of shareholders who hold a large proportion of shares and who can actually control the company and the real controllers behind the main shareholders. The company shall regularly disclose the pledge, increase or decrease of company shares, or other important matters that may cause changes in shares by shareholders holding more than 10% of the shares, so that other shareholders can supervise them.

The main shareholder, mentioned in the first paragraph 1, refers to a shareholder whose shareholding ratio is more than 5% or the top ten shareholding ratio.

### Chapter 3 Strengthening the Functions of the Board of Directors

#### Section 1 Board of Directors Structure

Article 20 (Competencies that the entire board of directors should possess)

The board of directors of the company shall guide the company's strategy, supervise the

management, and be responsible to the company and shareholders. The various operations and arrangements of the corporate governance system shall ensure that the board of directors exercises its powers in accordance with laws and regulations, the company's articles of association, or the resolutions of the shareholders meeting.

The structure of the company's board of directors shall be determined in consideration of the company's business scale and the formation of its major shareholders and the practical operational needs (At least 5 members).

The composition of the board of directors should be diversified. The number of managing directors in the company is not advisable to exceed one third of the all directors. To formulate an appropriate diversification policy based on its own operation, operation type and development needs, it should include but not limited to the following two major standards:

1. Basic conditions and values: gender, age, nationality and culture, etc. Among them, the ratio of female directors is suitable over one third of the all directors.
2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc. The members of the board of directors should generally possess the knowledge, skills and accomplishments necessary to perform their duties. In order to achieve the ideal goal of corporate governance, the overall board of directors should have the following capabilities:

1. Determination in operating.
2. Accounting and financial analysis.
3. Operation and management.
4. Crisis management.
5. Industry knowledge.
6. International view of marketing.
7. Leadership.
8. Decision-making.

Article 21 (The Company should establish fair, just and open procedures for the selection and appointment of directors)

The company shall, in accordance with the principles of protecting the rights and interests of shareholders and treating shareholders fairly, formulate equal, impartial and open director selection procedures to encourage shareholder participation, and shall adopt a cumulative voting system in accordance with the provisions of the Company Law to fully reflect shareholder opinions.

Except the approval from competent authority, the company shall have more than half of the seats among the directors who have no kinship of spouse or second relative.

If there are fewer than five directors who are dismissed for some reason, the company shall be by-election at the latest shareholders meeting. However, if the vacancy of directors reaches one-



third of the number of seats specified in the articles of association, the company shall convene a by-election of an extraordinary shareholders meeting within 60 days from the date of the fact.

Article 22 (The articles of association stipulate that the candidate nomination system shall be adopted to elect directors)

The company shall, in accordance with the laws and regulations of the competent authority, specify in the articles of association that the candidate nomination system shall be adopted for the election of directors and carefully evaluate the qualifications of nominees who there are any matters listed in Article 30 of the Company Law, and comply with the Article 192-1 of Company Law.

Article 23 (The authorization and responsibilities of the company's board of directors for functional committees, chairman of the board and general manager should be clearly divided)

The responsibilities of the chairman and general manager of the company shall be clearly divided. It is inappropriate that chairman and general manager are held by the same person. If the company establishes a functional committee, its responsibilities shall be clearly assigned.

## Section 2 Independent Director System

Article 24 (The Company shall set up independent directors in accordance with the provisions of the articles of association)

The company shall appoint three or more independent directors in accordance with the articles of association, and should not be less than one-third of the number of directors. The consecutive term of independent directors shall not exceed three consecutive terms.

Independent directors should have professional knowledge and their shareholding should be restricted. In addition to complying with relevant laws and regulations, they should not serve as directors (including independent directors) or supervisors of more than five listed companies at the same time.

They should maintain independence within the scope of the execution of their business, and they should not have direct or indirect interest in the company.

The election of independent directors of the company adopts the nomination system of candidates and is in accordance with Article 18 of the Articles of Association.

If the company and its group companies and organizations, and other companies and their group companies and organizations, have mutually nominated the director or manager of the other party as independent director candidates, the company should disclose it when accepting the nomination of independent director candidates, and explain the competence of the independent director candidate. If elected as an independent director, the number of election rights should be disclosed.

The “group companies and organizations” mentioned in the preceding paragraph are applicable to the company’s subsidiaries, consortium legal persons whose direct or indirect donation funds exceed 50%, and other institutions or legal persons with substantial control capabilities.

Independent directors and non-independent directors should not change their identities during their tenure.

The professional qualifications, restrictions on shareholding, part-time employment, determination of independence, methods of nomination and other measures of being independent directors, shall be in accordance with the 「Securities and Exchange Act」, 「Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies」 and the rules of Taiwan Stock Exchange.

Article 25 (Matters that should be submitted to the board of directors for approval)

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 independent directors have objections or reservations, they shall be stated in the minutes of the board of directors:

1. To formulate or amend the internal control system in accordance with Article 14-1 of the Securities Exchange Law.
2. In accordance with the provisions of Article 36-1 of the Securities and Exchange Act, to formulate or to amend the procedures for the acquisition or disposal of assets, derivative commodity transactions, fund lending to others, endorsements or guarantees for others.
3. Matters involving the interests of the directors themselves.
4. Critical transaction regards to asset or derivative commodity.
5. Critical decision regards to fund lending, endorsements or guarantees.
6. Raising, issuing or private placement of equity securities.
7. Appointment, dismissal or remuneration of certified public accountants.
8. Appointment and removal of financial, accounting or internal audit supervisors.
9. Other important matters specified by the competent authority.

Article 26 (The company should clearly define the scope of responsibilities of independent directors)

The company should clearly define the scope of duties of independent directors and offer the necessary human and material resources to exercise their powers. Other members of the board of directors shall not hinder, refuse or avoid independent directors from performing their business.

The company shall specify the remuneration of directors in accordance with relevant laws and regulations. The remuneration of directors shall fully reflect personal performance and the company's long-term operating performance, and shall comprehensively consider the company's operating risks. Independent directors may decide a reasonable remuneration that is different

from ordinary directors.

### Section 3 Functional Committee

#### Article 27 (Establishment of functional committee)

In order to reinforce the supervision function and strengthen the management mechanism, board directors of the company must set up audit, salary & remuneration, nomination, risk management or other various functional committees while considering the company size, business character, and the number of board members. Based on the business philosophy of corporate social responsibility and sustainability, company is also permitted to set up environmental protection, corporate social responsibility or other functional committees, which are clearly stipulated in the articles of association.

The functional committee shall be accountable to the board of directors, and submit proposals to the board of directors for resolution. However, the audit committee shall not be restricted to those who exercise the supervisory authority in accordance with Article 14-4, Paragraph 4 of the Securities and Exchange Act.

The functional committee should formulate organizational rules and acquire the approval resolution from the board meeting. The content of the organization rules should include the seats number of the committee, tenure of members, scope of duties, rules of procedure and resources that the company should provide when exercising powers.

#### Article 28 (Audit Committee)

The audit committee set up by the company shall be composed of all independent directors, with no less than three persons, one of whom shall be the convener, and at least one shall have accounting or financial expertise.

The audit committee and its independent directors should perform their powers and deal relevant events in accordance with the Securities and Exchange Act, Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the provisions of the stock exchange.

#### Article 28-1 (Report System)

The company should set up and announce report channels for internal and external personnel, and establish a whistleblower protection system; its handling unit should be independent, encrypt and protect files provided by whistleblowers, appropriately restrict access rights, and formulate internal operations procedures and incorporated into the internal control system.

#### Article 28-2 (Nomination Committee)

The company should set up a nomination committee and formulate organizational rules. More

than half of the members should be independent directors, and the independent director should serve as the chairman.

#### Article 29 (Salary and Remuneration Committee)

The company should set up a remuneration committee, and more than half of its members should be held by independent directors. The requirement of professional qualifications, the conducting of powers, the establishment of organizational rules and related matters of remuneration committee should be based on the 「 Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange 」 regulations.

#### Article 30 (Strengthening and improving the quality of financial reporting)

In order to improve the quality of financial reports, the company should set up a substitute for the accounting supervisor.

The substitute of the accounting supervisor in the preceding paragraph shall continue to take advanced courses every year as compared to the accounting supervisor in order to strengthen the professional abilities of the accounting supervisor's agents.

Accounting personnel related to the preparation of financial reports should also take more than six hours of professional-related courses every year. They can participate in the company's internal education and training or professional courses organized by accounting supervisor training institutions.

The company should choose a professional, responsible and independent certified accountant to regularly check the company's financial status and internal control. The company should review and improve the irregularities or deficiencies found and exposed by the accountants in a timely manner during the review process, as well as specific suggestions for improvement or fraud prevention. It is also advisable to establish a communication channel or mechanism between independent directors or audit committees and certified accountants, and develop internal operating procedures and incorporate them into the internal control system.

The company shall regularly (at least once a year) evaluate the independence and competence of the appointed accountant. If the company has not changed its accountant for seven consecutive years or accountant has been punished or impaired independence, it shall assess whether the company ought to change its accountant and report the assessment result to the board of directors.

#### Article 31 (Provide the company with appropriate legal services)

The company should appoint a professional and competent lawyer to provide the company with appropriate legal consulting services, or assist the board of directors and management to improve their legal literacy, to prevent the company and related personnel from infringing laws

and regulations, and to promote the operation of corporate governance under the relevant legal framework and legal procedures. In the event that directors or management are involved in litigation or disputes with shareholders in the execution of their business in accordance with the law, the company should appoint a lawyer for assistance depending on the situation. The audit committee or its independent directors may appoint lawyers, accountants or other professionals on behalf of the company to perform necessary inspections or provide consultations on matters related to the exercise of powers, and the company shall bear the expenses.

#### Section 4 Rules of Procedure and Decision-making Procedures of the Board of Directors

##### Article 32 (Convocation of the Board Meeting)

The board meeting of the company shall be convened at least once a quarter, and may be convened at any time in case of emergency. To convene the board meeting, company shall specify the reason for convening, notify the directors and supervisors 7 days in advance, provide sufficient meeting materials, and send it together with the convening notice. If there are insufficient meeting materials, the directors have the right to request supplements or postpone the meeting after the board of directors made the resolution.

The company shall formulate rules for the board meeting; the main content of the discussion, operating procedures, the matters that must be written in the minutes, announcements and other matters to be followed. They shall be processed in accordance with the 「 Regulations Governing Procedure for Board of Directors Meetings of Public Companies 」 .

##### Article 33 (Directors should maintain a high degree of self-discipline)

Director should uphold a higher self-discipline. Director who has the issue of interest conflict in the proposals listed by the board with themselves or the legal person they represent should explain the major content of their interest at the current board meeting. If personal interest is likely to damage the company interest, director should not join the discussion and voting and should be avoided during discussion and voting. Director with interest conflict issue are not allowed to act for other directors to exercise their voting rights as well. Matters that directors voluntarily evade shall be clearly stipulated in the board of director's rules of procedure.

##### Article 34 (Independent Directors and Board Meeting)

For the matters, listed in Article 14-3 of the Securities and Exchange Act, to be discussed in board meeting, independent directors should attend the meeting in person only.

Non-independent directors who want to act for independent directors are prohibited. If independent directors have objections or reservations, they should be stated in the board minutes. If independent directors cannot express their objections or reservations in person at the

board meeting, unless any legitimate reasons exists, they should issue written opinions in advance and include them in the board minutes.

The resolutions of board meeting, if involved in any of the following matters, shall be both recorded in the board minutes and declared at the MOPS/TWSE system 2 hours before the trading hours at TWSE on the business day following the day of the board meeting:

1. Independent directors have objections or reservations and leave records or written statements.
2. Matters not approved by the Audit Committee but approved by more than two-thirds of total directors.

Depends on the discussing content of the proposal, the board may ask non-director positioned managers of relevant department to attend the meeting as delegates to report the company's business outlook and answer questions from directors. When necessary, accountants, lawyers or other professionals may also be invited to attend the meeting to assist the directors to understand the current situation of the company and make appropriate resolutions, but they should leave the meeting during discussions and voting.

#### Article 35 (Minutes of the Board Meeting)

The members in the board meeting should accurately record the content of reports and the summary of each proposal, the voting method and the results in accordance with relevant regulations.

The minutes of the board meeting must be signed or stamped by the chairman and the minute taker and distributed to the directors within 20 days after the meeting. The board of director's sign-in book is part of the minutes of the meeting and should be preserved as company's important files. They should be kept properly and permanently in the company duration.

The production, distribution and preservation of the board minutes can be done electronically.

The company shall record the entire process of the board meeting as audio or video format files and keep it for at least five years. The preservation shall be done electronically.

Before the expiration of the preservation period mentioned in the preceding paragraph, when a lawsuit concerning the matters discussed by the board of directors occurs, the relevant recording or video recording evidence shall be preserved continuously, and the provisions of the preceding paragraph shall not apply.

Where a video conference is used to convene the board meeting, the audio recording and video recording of the meeting shall be part of the meeting minutes and shall be kept permanently.

When the resolution of the board meeting violates the laws, regulations, or resolutions of the shareholders meeting and causes damage to the company, the director who expresses the dissent shall be exempted from liability for compensation if he has a record or a written statement to prove it.

Article 36 (Matters that should be brought to the board of directors for discussion)

The company shall bring the following matters to the board of directors for discussion:

1. The company's operating plan.
2. The annual financial report signed or sealed by the chairman, manager and accounting supervisor and semi-annual financial report that must be verified and certified by an accountant.
3. To formulate or amend the internal control system in accordance with the provisions of Article 14-1 of the Securities and Exchange Act, and to evaluate the effectiveness of the internal control system.
4. In accordance with the provisions of Article 36-1 of the Securities and Exchange Act, stipulate or amend the processing procedures for the acquisition or disposal of assets, derivative commodity transactions, fund lending to others, endorsements or guarantees for others.
5. Raising, public issuing or private placement of equity securities.
6. Performance appraisal and remuneration standards for managers.
7. The remuneration structure and system of directors.
8. Matters involving the directors' own interests.
9. Significant asset or derivatives transactions.
10. Significant capital loans, endorsements or guarantees.
11. Appointment, dismissal or remuneration of certified public accountants.
12. The election or dismissal of the chairman of the board of directors.
13. Appointment and removal of financial, accounting or internal audit supervisors.
14. Donations to related parties or critical donations to non-related parties. However, donations for public welfare and for emergency relief due to serious natural disasters could be ratified by the next board meeting.
15. In accordance with Article 14-3 of the Securities and Exchange Act, other laws and regulations or articles of association shall be resolved by the shareholders meeting or proposed by the board of directors, or major matters stipulated by the competent authority.

In addition to the items that should be discussed by the board of directors in the preceding paragraph, during the adjournment of the board of directors, the board of directors shall authorize the exercise of the board of directors according to law or the company's articles of association, and the level of authorization, content or matters shall be specific and clear, and authorization shall not be generalized.

Article 37 (The matters resolved by the board of directors shall be clearly handed over to the appropriate execution unit or personnel)

The company should clearly hand over the matters resolved by the board of directors to the appropriate execution unit or personnel, require them to be implemented according to the planned schedule and goals, and include them in tracking management to accurately assess their implementation.

The board of directors should fully understand the implementation progress and report it at the next meeting so that the board of directors' business decisions can be implemented.

Article 38 (Members of the Board of Directors shall faithfully perform their duties and fulfill their duties of care as good managers)

The members of the board of directors should faithfully perform the business and perform the duty of care of good managers, and exercise their powers with a high degree of self-discipline and prudence. For the execution of the company's business, except for matters that should be resolved by the shareholders meeting in accordance with the law or the company's articles of association, it should be done in accordance with the resolution of the board of directors.

The company should establish performance evaluation methods and procedures toward the board. In addition to conducting self or peer evaluations on the board and individual directors on the regular basis each year, it may also appoint an external professional organization or in other appropriate ways to perform the performance evaluation. The evaluation content of the board's performance should include the following aspects, and consider the company's needs to set appropriate evaluation indicators:

1. The degree of participation in the company's operations.
2. Improve the decision-making quality of the board of directors.
3. The composition and structure of the board of directors.
4. The selection and continuing education of directors.
5. Internal control.

The content of the performance evaluation toward to directors (self or peers) should include the following aspects, and make appropriate adjustments taking into account the needs of the company:

1. Master the company's goals and tasks.
2. Awareness of directors' responsibilities.
3. The degree of participation in the company's operations.
4. Internal relationship management and communication.
5. Professional and continuing education of directors.
6. Internal control.

The company should conduct performance evaluation of the functional committee. The content of the evaluation should include the following aspects, and make appropriate adjustments in consideration of the company's needs:

1. The degree of participation in the company's operations.
2. Recognition of the responsibilities of functional committees.
3. Improve the decision-making quality of functional committees.
4. The composition of the functional committee and the selection of its members.
5. Internal control.



The company should report the results of the performance evaluation to the board of directors, and use it as a reference for the remuneration of individual directors and the nomination for renewal.

#### Article 38-1 (Establishing an Intellectual Property Management System)

The board of directors should evaluate and supervise the following aspects of the company's operating direction and performance of the company's intellectual property to ensure that the company establishes an intellectual property management system with a management cycle of "plan, execute, check and act":

1. Formulate intellectual property management policies, goals and systems related to operational strategies.
2. Establish, implement, and maintain management systems for the acquisition, protection, maintenance, and use of intellectual property in accordance with its scale and type.
3. Determine and provide sufficient resources to effectively implement and maintain the intellectual property management system.
4. Observe internal and external risks or opportunities related to intellectual property management and take corresponding measures.
5. Plan and implement a continuous improvement mechanism to ensure that the operation and effectiveness of the intellectual property management system meet the company's expectations.

#### Article 39 (Establishment of management succession plan)

The company should establish a succession plan for the management, and the board of directors should regularly evaluate the development and implementation of the plan to ensure sustainable operation.

#### Article 40 (Shareholders or independent directors request the board of directors to stop its implementation of resolutions)

If the board meeting resolution violates the laws or the company's articles of association, and the shareholders or independent directors who continue to hold shares for more than one year request to notify the board of directors to stop the implementation of the resolution, the board members shall promptly and appropriately handle or stop the implementation of the relevant resolutions.

When members of the board of directors discover that the company is likely to suffer major damage, they shall follow the provisions of the preceding paragraph and report to the audit committee or independent directors of the audit committee immediately.

#### Article 41 (Directors' Liability Insurance)

The company shall insure the liability insurance of the directors in accordance with the law in

respect of the scope of the business performed by the directors during the term of office, so as to reduce and disperse the risk of major damages to the company and shareholders caused by the directors' mistakes or negligence.

After the company has purchased or renewed the liability insurance for the directors, it shall report the most important content of the liability insurance, such as the amount of insurance, the insurance coverage and the insurance premium rate, to the latest board meeting.

Article 42 (Board members attend refresher courses)

Members of the board of directors, during their new appointments or during their tenure, should continuously participate in the training courses for directors and supervisors of listed companies. Refresher courses should be covering corporate governance topics related to finance, risk management, marketing, business, accounting, law or corporate social responsibility. Employees in whole company are requested to enhance the relevant knowledge of professional and legislation..

Listed companies should arrange professional training for their directors, and directors should receive three hours of training each year they take office.

#### Chapter 4 Respect the rights of interest party

Article 43 (The Company should maintain communication with the company's stakeholders and safeguard their rights and interests)

The company should keep unobstructed communication channels with banks, creditors, employees, consumers, suppliers, communities or other interest parties of the company, and respect and protect their legitimate rights, and should set up an interest party area on the company website.

When the legitimate rights and benefits of interested parties are infringed, the company shall properly deal with it in accordance with the principle of good faith.

Article 44 (Sufficient information should be provided to banks and other creditors)

For correspondent banks and other creditors, sufficient information should be provided so that they can make judgments and make decisions on the company's business and financial status.

When their legitimate rights and interests are infringed, the company should respond positively and be responsible and give creditors appropriate ways to obtain compensation.

Article 45 (The Company should establish communication channels for employees)

The company should establish communication channels for employees, encourage employees to communicate directly with management and directors, and appropriately reflect employees' opinions on the company's business and financial status or major decisions involving employees'

interests.

#### Article 46 (Social Responsibility of the Company)

While maintaining regular business development and maximizing shareholders' interests, the company should pay attention to issues, such as consumer rights, community environmental protection, and public welfare, and attach importance to the company's social responsibilities.

### Chapter 5 Improving Information Transparency

#### Section 1 Strengthening Information Disclosure

#### Article 47 (Information Disclosure and Online Reporting System)

Information disclosure is an important responsibility of the company, and the company should faithfully perform its obligations in accordance with relevant laws and regulations and the provisions of the stock exchange.

The company should announce and submit the annual financial report within two months after the end of the fiscal year in advance, and announce and submit the first, second and third quarter financial reports and operating conditions of each month in advance before the prescribed deadline.

The company shall establish an online system for reporting public information, designate a dedicated person to be responsible for the collection and disclosure of company information, and establish a spokesperson system to ensure that information that may affect the decision-making of shareholders and interest parties can be disclosed in a timely and fair manner.

#### Article 48 (The Company should set up a spokesperson)

To improve the accuracy and timeliness of the disclosure of critical information, the company should select a person who has a comprehensive understanding of the company's finances and businesses or can coordinate various departments to provide relevant information, and can speak on behalf of the company alone, serving as the company spokesperson and acting spokesperson. The company shall have more than one deputy spokesperson, and any deputy spokesperson shall be able to act as an independent spokesperson to speak outside when the spokesperson fails to perform his or her speech duties. However, the order of acting shall be confirmed to avoid confusion.

To implement the spokesperson system, the company should clearly establish a unified speaking procedure, and require the management and employees to maintain financial and business confidentiality and not disseminate information arbitrarily.

When there is a change in the spokesperson or acting spokesperson, the information disclosure should be submitted and reported immediately.

#### Article 49 (Setting up a corporate governance website)

The company should use the convenience of the Internet to set up a website to provide company finance, business and corporate governance related information for the reference of shareholders and interest parties, and it is advisable to provide finance, corporate governance or other related information in English.

The website mentioned in the preceding paragraph should be maintained by a dedicated person, and the listed information should be detailed and correct and updated in real time to avoid the possibility of misleading.

#### Article 50 (Methods for convening briefing meetings for legal persons)

Investor's conference shall be hosted in accordance with the provisions of the stock exchange and shall be recorded in the format of audio or video recording. The financial and business information of the investor's conference shall be entered into the MOPS/TWSE in accordance with the regulations of the stock exchange, and the inquiry shall be provided through the company's website or other appropriate channels.

### Section 2 Corporate Governance Information Disclosure

#### Article 51 (Disclosure of Corporate Governance Information)

Specific pages for disclosing the following corporate governance-related information should be set up in the company's website and should be updated regularly:

1. Board of Directors: such as board member's resumes, powers and responsibilities, the diversity policy of board members and implementation.
2. Functional committees: such as the resumes of the members of each functional committee and their responsibilities.
3. Regulations related to corporate governance: such as the articles of association of the company, the procedures for the board meeting and the organizational regulations of functional committees and other relevant corporate governance regulations.
4. Important information related to corporate governance: such as information on setting up corporate governance supervisors.

### Chapter 6 Affiliated articles

#### Article 52 (Pay attention to domestic and foreign developments)

The company should always pay attention to the development of domestic and international corporate governance systems, and review and improve the corporate governance system established by the company to enhance the effectiveness of corporate governance.

Article 53 (Implementation)

These Principles shall be implemented after being approved by the Board of Directors, and it will be the same when revised..

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