

# Desiccant Technology Co., Ltd.

## The Corporate Governance Guidelines

### Chapter 1: General Provisions

#### 1. Purpose

In order to establish a sound corporate governance system, to establish an effective corporate governance structure, and to promote the sound development of the company, these guidelines have been formulated in reference to the "Corporate Governance Best Practice Guidelines for Listed and OTC Companies," to be followed accordingly.

#### 2. Establishment Principles

2.1 The company should establish a sound corporate organization and culture, in addition to complying with laws and regulations, the company's articles of incorporation, contracts signed with the stock exchange or OTC exchange, and other relevant provisions. The company should also establish an effective corporate governance system based on the following principles:

2.1.1 Comply with laws and regulations and establish sound internal management.

2.1.2 Safeguard the rights and interests of shareholders, as well as the corporate governance relationships between the company, its subsidiaries, and other related enterprises.

2.1.3 Strengthen the functions of the board of directors.

2.1.4 Enhance the functions of the audit committee.

2.1.5 Value the rights and interests of employees and stakeholders.

2.1.6 Increase transparency through full disclosure of information.

### Chapter 2: Compliance with Laws and Regulations and Sound Internal Management

#### 3. Establishment of Responsibility Units

The Company should establish a system for compliance with laws and regulations, set up a compliance unit under the jurisdiction of the General Manager, responsible for the planning, management, and execution of the system, and appoint a senior executive to serve as the compliance officer to oversee compliance affairs. The compliance unit should establish a system for communicating, consulting, coordinating, and communicating legal regulations to staff, and should appoint personnel to serve as compliance managers to ensure the effective operation of the compliance system and enhance self-discipline. The

compliance officer should report to the board of directors and the audit committee at least every six months.

#### **4. Establishment of Internal Control and Audit Systems**

The Company should establish an internal control and audit system to ensure the continuous and effective implementation of the system for sound business management. The formulation or revision of the Company's internal control system should be approved by the audit committee and the board of directors.

4.1 The Company should design and effectively implement its internal control system based on the provisions of the guidelines for establishing internal control systems for publicly traded companies, taking into account the overall operating activities of the Company and its subsidiaries. The Company should review the system at any time to respond to changes in the internal and external environment and ensure the continued effectiveness of the system's design and implementation.

4.2 In addition to conducting self-assessment operations for internal control system, the board of directors and management should review the self-assessment results of each department at least once a year and check the audit reports of the audit unit on a quarterly basis. The audit committee or supervisor should monitor and supervise the review.

4.3 Directors and supervisors should periodically meet with internal auditors to review deficiencies in the internal control system, make records, track and implement improvements, and report to the board of directors.

4.4 Listed companies should establish a communication channel and mechanism between independent directors, the audit committee or supervisors, and the head of internal audit, and the audit committee convenor or supervisor should report to the shareholders' meeting on the communication between audit committee members or supervisors and the head of internal audit.

4.5 Management of listed companies should value the internal audit unit and personnel, give them full authority, and encourage them to effectively check and evaluate deficiencies in the internal control system and measure operational efficiency to ensure the continued effective implementation of the system and assist the board of directors and management in fulfilling their responsibilities and implementing corporate governance.

4.6 The appointment, evaluation, and compensation of internal auditors of listed companies should be reported to the board of directors or approved by the chairman of the board of directors, signed by the head of the internal audit unit.

## **5. Personnel Responsible for Corporate Governance Matters**

- 5.1 The company should assign an appropriate number of corporate governance personnel according to the company's size, business situation, and management needs. The company should also designate one corporate governance officer in accordance with the regulations of the competent authority, stock exchange, or over-the-counter market. The corporate governance officer shall be the highest executive responsible for corporate governance-related matters and shall have a minimum of three years of experience as a lawyer, accountant, or manager of a legal, regulatory compliance, internal audit, finance, equity, or corporate governance-related unit in a securities, financial, futures-related institution or a public company.
- 5.2 The corporate governance-related matters referred to in the preceding paragraph shall include at least the following contents:
  - 5.2.1 Handling matters related to board of directors and shareholder meetings in accordance with the law.
  - 5.2.2 Preparing minutes of board of directors and shareholder meetings.
  - 5.2.3 Assisting directors in taking office and pursuing continuous education.
  - 5.2.4 Providing information necessary for directors to carry out their duties.
  - 5.2.5 Assisting directors in complying with laws and regulations.
  - 5.2.6 Other matters as stipulated in the company's articles of incorporation or contracts, etc.

### **Chapter 3: Protection of Shareholders' Rights**

## **6. Protection of shareholders' rights as the ultimate goal**

The implementation of corporate governance should prioritize the protection of shareholders' rights as the ultimate goal, treat all shareholders fairly, and ensure that shareholders have the rights to be fully informed, participate, and decide on major corporate issues under the corporate governance system.

## **7. Shareholders' meetings and rules of procedure**

- 7.1 Shareholders' meetings should be convened in accordance with the Company Act and relevant laws and regulations, and comprehensive rules of procedure should be established to ensure that matters requiring shareholders' resolutions are properly executed in accordance with the rules of procedure.
- 7.2 The content of resolutions passed at shareholders' meetings should comply

with legal requirements and the company's articles of association.

## **8. Shareholders' meetings and rules of procedure**

- 8.1 The board of directors should properly arrange the agenda and procedures for shareholders' meetings, establish principles and operational procedures for shareholder nominations of directors and shareholder proposals, and handle proposals made by shareholders in accordance with the law. Shareholders' meetings should be held at convenient locations, with sufficient time and adequate personnel assigned to handle registration procedures. Shareholders should not be required to provide additional documents beyond the documents required for attendance verification. Reasonable discussion time should be allotted for each item on the agenda, and shareholders should be given appropriate opportunities to speak.
- 8.2 The chairman of the board of directors should preside over shareholders' meetings convened by the board of directors, and at least a majority of the directors and one representative from each functional committee should attend. The attendance should be recorded in the minutes of the shareholders' meeting.

## **9. Encouraging shareholder participation in corporate governance**

- 9.1 Shareholder participation in corporate governance should be encouraged, and professional share agent institutions should be appointed to handle shareholders' meeting affairs to ensure that shareholders' meetings are held in a legal, effective, and safe manner, and that shareholders are able to exercise their shareholder rights at shareholders' meetings in accordance with the law.
- 9.2 Listed and OTC companies should fully utilize technological information disclosure methods, upload annual reports and financial reports in both Chinese and English, and provide shareholders with notices of shareholders' meetings, agendas, and supplementary materials through various means and channels. Electronic voting should be adopted to increase the attendance rate of shareholders at shareholders' meetings and ensure that shareholders are able to exercise their shareholder rights in accordance with the law.
- 9.3 The company should avoid proposing ad hoc resolutions or amending original proposals at shareholders' meetings.
- 9.4 The results of shareholders' approval, disapproval, and abstention should be entered into the Public Information Observation System on the same day as

the shareholders' meeting.

## **10. Minutes of Shareholders' Meeting.**

10.1 According to the Company Act and relevant laws and regulations, the minutes of the shareholders' meeting should record the parts where there are no objections from the shareholders to the agenda by stating "the resolution was passed unanimously after the chairman solicited no objections from all attending shareholders." For objections that are put to a vote, the minutes should indicate the voting method and the voting results. In the election of directors, the minutes should specify the voting method and the number of votes received by the elected directors.

10.2 The minutes of the shareholders' meeting should be kept permanently and properly during the company's existence. If the company has a website, it should be fully disclosed on the website. °

## **11. Chairman of the Shareholders' Meeting.**

11.1 The chairman of the shareholders' meeting should fully understand and comply with the company's rules of procedure, and maintain a smooth agenda, and should not adjourn the meeting arbitrarily.

11.2 In order to protect the interests of the majority of shareholders, in the event that the chairman violates the rules of procedure and adjourns the meeting, the other members of the board of directors should promptly assist the attending shareholders to follow the procedures stipulated by law and elect a new chairman with the consent of the majority of the voting rights present, in order to continue the meeting.

## **12. Emphasis on Shareholders' Right to Know**

Emphasis is placed on the shareholders' right to know, and the company strictly complies with the relevant regulations on information disclosure. The company regularly and promptly provides information to shareholders through the Public Information Observation Platform or the website established by the company on the company's finances, business, insider shareholding, and corporate governance. To safeguard the interests of shareholders and ensure equal treatment, internal regulations are established to prohibit insiders from trading securities with undisclosed information in the market.

## **13. Shareholder's right to share company profits**

13.1 Shareholders have the right to share the company's profits. In order to ensure the interests of shareholders' investments, the shareholders' meeting

may examine the roster prepared by the board of directors and the report of the audit committee in accordance with Article 184 of the Company Act, and resolve the distribution of profits or allocation of losses. When conducting the aforementioned examination prior to the shareholders' meeting, inspectors may be appointed for this purpose.

13.2 Shareholders may apply to the court in accordance with Article 245 of the Company Act to appoint inspectors to examine the company's business accounts and property status.

13.3 The board of directors, audit committee, and management shall fully cooperate with the inspection work of the aforementioned inspectors and shall not obstruct, refuse, or evade such work.

## **14. Significant financial and business transactions should be submitted to the shareholders' meeting for approval**

The acquisition or disposal of assets, lending of funds, endorsement or guarantee, and other significant financial transactions should be handled in accordance with relevant laws and regulations, and relevant operational procedures should be established to be submitted to the shareholders' meeting for approval, in order to safeguard the interests of the shareholders.

## **15. Handling of shareholder proposals**

15.1 To ensure the interests of shareholders, the company should have dedicated personnel to handle shareholder proposals, doubts, and disputes.

15.2 If resolutions of the shareholders' meeting or the board of directors violate laws or the company's articles of association, or if directors or managers violate the provisions of laws or the company's articles of association in performing their duties, resulting in damage to the interests of shareholders, the company should properly handle the situation if the shareholder files a lawsuit according to the law

## **16. Establishing Firewalls**

The management objectives and responsibilities for personnel, assets, and finances between our company and affiliated enterprises should be clarified, and risk assessments should be conducted and appropriate firewalls established to ensure their effective implementation

## **17. Managers should not hold concurrent positions with managers of related companies.**

17.1 Unless otherwise provided by law, the company's managers should not hold concurrent positions with managers of related companies.

17.2 If a director performs an act that belongs to the company's scope of business for himself or others, the director should explain the important content of the act to the shareholders' meeting and obtain their approval. °

## **18. Establish sound financial, business, and accounting management systems.**

Establish and implement sound financial, business, and accounting management goals and systems in accordance with relevant laws and regulations. Conduct comprehensive risk assessments with major banks, customers, and suppliers of related companies, and implement necessary control mechanisms to reduce credit risks.

## **19. Business dealings with related companies should be based on fairness and reasonableness.**

19.1 Business dealings between the company and its related companies should be based on the principles of fairness and reasonableness, and written regulations should be established for financial and business-related operations. For signed contracts, the pricing conditions and payment methods should be clearly defined, and irregular transaction situations should be avoided.

19.2 Transactions or signed contracts with related parties and their shareholders should also be handled in accordance with the principles mentioned above, and any situations involving the transfer of interests should be strictly prohibited.

## **20. Matters that controlling shareholders of corporate shareholders should comply with.**

20.1 Controlling shareholders of the company's corporate shareholders should comply with the following matters:

20.1.1 They should have a duty of good faith towards other shareholders and should not directly or indirectly cause the company to operate in a manner that is inconsistent with business norms or detrimental to the company's interests.

20.1.2 The representative should follow the relevant regulations for

exercising rights and participating in decision-making established by the company, exercise their voting rights at the shareholders' meeting in accordance with the principles of good faith and the maximum interests of all shareholders, and fulfill their fiduciary and diligence duties as directors.

- 20.1.3 The nomination of company directors should be handled in accordance with relevant laws and the company's articles of association, and should not exceed the scope of authority of the shareholders' meeting and the board of directors.
- 20.1.4 They should not improperly interfere with company decision-making or hinder business activities.
- 20.1.5 They should not use unfair competition methods such as monopolizing procurement or closing sales channels to restrict or hinder the company's production and operation.
- 20.1.6 The appointed representatives of corporate shareholders who are elected as directors should possess the professional qualifications required by the company and should not be arbitrarily reassigned.

## **21. Major Shareholders and Ultimate Controlling Shareholders List**

- 21.1 Maintain a list of major shareholders and ultimate controlling shareholders who hold a larger proportion of shares and can actually control the company at any time.
- 21.2 Disclose regularly the list of shareholders who hold more than 10% of the shares and any important matters that may cause changes in shareholding, such as pledges, increases or decreases in company shares, for the supervision of other shareholders.
- 21.3 Major shareholders referred to in paragraph 1 means shareholders who own 5% or more of the equity or the top ten shareholders in terms of equity, but the company may set a lower shareholding percentage according to its actual shareholding situation. °

### **Chapter IV Strengthening the Functions of the Board of Directors**

## **22. Board of Directors Organization and Functions**

- 22.1 The Board of Directors shall be responsible to the shareholders' meeting, and its governance system's various operations and arrangements shall ensure that the Board of Directors exercises its powers in accordance with laws, regulations, the articles of association, or resolutions of the shareholders' meeting.



22.2 The structure of the Board of Directors of the Company shall be determined based on the scale of the Company's business development and the shareholding status of its major shareholders, taking into account the practical operational needs. The proportion of directors who also serve as the company's management should not exceed half.

22.3 The composition of the Board of Directors should take into account various needs, such as the company's operating structure, business development direction, and future development trends, and evaluate various diversification aspects, such as basic composition (such as gender, age, nationality, race, etc.), professional experience (such as industry, technology, etc.), professional knowledge and skills (such as business, finance, accounting, law, marketing, digital technology, etc.).

22.4 Board members should generally have the knowledge, skills, and qualities necessary to perform their duties. In order to achieve the ideal goal of corporate governance, the abilities that the Board of Directors as a whole should possess are as follows:

22.4.1 Operational judgment ability.

22.4.2 Accounting and financial analysis ability.

22.4.3 Business management ability.

22.4.4 Crisis handling ability.

22.4.5 Industry knowledge.

22.4.6 International market outlook.

22.4.7 Leadership ability.

22.4.8 Decision-making ability.

22.4.9 Risk management knowledge and ability.

22.5 The Board of Directors should be aware of the risks facing the company's operations, confirm the effectiveness of risk management, and bear ultimate responsibility for risk management.

## **23. Procedures for the Election of Directors**

23.1 The Company should establish a fair, just, and open procedure for the election of directors in accordance with the principles of protecting shareholders' rights and fair treatment of shareholders, and encourage shareholders to participate. When electing directors at a shareholders' meeting, the cumulative voting system or other election methods that are sufficient to fully reflect the shareholders' opinions shall be adopted in accordance with the provisions of the Company Law.

23.2 Starting from the 12th Board of Directors, the Company adopts a candidate

nomination system for the election of directors, which shall be specified in the articles of association, and shareholders shall elect from the list of director candidates.

- 23.3 Regarding the nomination method, examination procedure, announcement content, and procedure of the aforementioned director candidates, they shall be handled in accordance with the relevant laws and regulations of the Company Law and the Securities and Exchange Act.
- 23.4 When a director is removed from office due to unforeseen circumstances and the number of directors falls below five, the company shall hold a supplementary election at the next shareholders' meeting. However, if the number of vacancies reaches one-third of the prescribed number of directors in the articles of association, the company shall convene an extraordinary shareholders' meeting within 60 days of the occurrence of the fact to hold a supplementary election.
- 23.5 The total shareholding of all directors of the company's board of directors should comply with legal regulations, and the restrictions on transfer, pledge, release, and change of each director's shareholding should be handled in accordance with relevant regulations, and all information should be fully disclosed.
- 23.6 The qualifications, concurrent employment restrictions, and matters to be complied with by the directors of the company should comply with relevant legal regulations.
- 23.7 Except with the approval of the competent authority, the directors should occupy more than half of the seats, and may not have a spouse or a relative within the second degree of kinship.

## **24. Authorization and Responsibilities of the Board of Directors**

- 24.1 The Board of Directors should clearly define the authorization and responsibilities of functional committees, the chairman, and the general manager.
- 24.2 The chairman and the general manager should not be the same person. If the chairman and the general manager are the same person or are spouses or first-degree relatives, then the number of independent director seats should be increased.
- 24.3 If functional committees are established, their responsibilities should be clearly defined.

## **25. Establishment of Independent Directors**

- 25.1 Three or more independent directors should be established according to the articles of association, and the number of independent directors should not be less than one-fifth of the total number of directors.
- 25.2 Independent directors should possess the knowledge and abilities necessary to perform their duties, and should take into account the company's business and industry development needs and the diversity aspects mentioned in Article 22.3 of these regulations. Their shareholding and concurrent positions should be restricted, and they should comply with relevant laws and regulations. They should also maintain independence within the scope of their business activities and not have any direct or indirect interest relationship with the company.
- 25.3 Independent directors should not concurrently serve as independent directors of more than three other public companies (the number of concurrent positions is calculated according to relevant laws and regulations).
- 25.4 If this company or its affiliated organizations and other companies or their affiliated organizations nominate each other's directors or managers as candidates for independent directors, the listed or OTC company should disclose it when accepting nominations for independent director candidates and explain the suitability of the independent director candidate. If elected as an independent director, their number of votes received should be disclosed.
- 25.5 The affiliated organizations and entities referred to in the preceding paragraph shall include the company's subsidiaries, foundations that have received direct or indirect donations exceeding fifty percent of the total amount of the funds, and other organizations or legal persons with substantial control capabilities.
- 25.6 Independent directors and non-independent directors should be elected together in accordance with the Company Law and the number of elected positions should be calculated separately.
- 25.7 Independent directors and non-independent directors shall not change their status during their term of office.
- 25.8 If an independent director is dismissed for any reason, resulting in the number of independent directors falling below the number specified in the first paragraph or the articles of association, the company should hold an extraordinary shareholder meeting to elect a replacement within 60 days from the date of the occurrence. If all independent directors are dismissed, the company should hold an extraordinary shareholder meeting to elect new independent directors within 60 days from the date of the occurrence.

25.9 The qualifications, shareholding and concurrent position restrictions, criteria for independence determination, nomination methods, and other matters that should be complied with by independent directors shall be handled in accordance with relevant laws and regulations.

## **26. Main Tasks of the Board of Directors**

In order to achieve the goal of corporate governance, the main tasks of the Board of Directors of this company are as follows:

- 26.1 Establish effective and appropriate internal control systems.
- 26.2 Select and supervise executives.
- 26.3 Review the company's management decisions, operational plans, and future development directions, and monitor their execution.
- 26.4 Review the company's financial goals and monitor their achievement.
- 26.5 Monitor the company's operating results.
- 26.6 Approve the performance evaluation standards and compensation standards for executives, as well as the remuneration structure and system for directors.
- 26.7 Supervise the establishment of an effective risk management mechanism by the company.
- 26.8 Monitor the company's compliance with relevant laws and regulations.
- 26.9 Maintain the company's image.
- 26.10 Appoint accountants and other experts.

## **27. Matters Requiring Board of Directors' Resolutions**

The Company shall pass the following matters through a resolution of the board of directors in accordance with the provisions of the Securities and Exchange Act. If an independent director has objections or reservations, it shall be recorded in the minutes of the board meeting.

- 27.1 The Company's operating plan.
- 27.2 Annual and semi-annual financial reports. However, if the semi-annual financial report does not require certification by an accountant in accordance with laws and regulations, it is not subject to this requirement.
- 27.3 Establishing or amending internal control systems in accordance with Article 14-1 of the Securities and Exchange Act.
- 27.4 Handling procedures for major financial and business transactions related to the acquisition or disposition of assets, derivative transactions, lending of funds to others, endorsement or guarantee for others, as stipulated in Article 36-1 of the Securities and Exchange Act.

- 27.5 Matters related to the personal interests of directors themselves.
- 27.6 Significant transactions involving assets, derivative transactions, lending of funds, endorsement, or guarantee.
- 27.7 Offering, issuing, or privately placing equity securities.
- 27.8 Performance evaluation and compensation standards for managers.
- 27.9 Remuneration structure and system for directors.
- 27.10 Appointment, removal, or remuneration of the signing certified public accountant.
- 27.11 Appointment or removal of financial, accounting, or internal audit supervisors.
- 27.12 Donations to related parties or significant donations to non-related parties. However, charitable donations for emergency relief due to significant natural disasters may be retroactively approved by the board of directors at the next meeting.
- 27.13 Matters that should be resolved by the shareholders' meeting or proposed to the board of directors in accordance with Article 14-3 of the Securities and Exchange Act or other laws, regulations, or the company's articles of incorporation or other major matters as required by the competent authority.

In addition to the matters to be discussed by the board of directors as mentioned above, during the adjournment of the board of directors meeting, the board of directors shall, in accordance with laws and regulations or the company's articles of incorporation, authorize those who are authorized to exercise the powers of the board of directors. The scope, content, or matters of such authorization shall be clearly defined and shall not be ambiguous. °

## **28. Establishment of Functional Committees**

- 28.1 In order to strengthen management functions, the Company may consider the size of the board of directors and the number of independent directors, establish various committees, and specify them in the articles of incorporation.
- 28.2 The committee shall formulate organizational regulations and pass them through a resolution of the board of directors. The content of the organizational regulations shall include the number of committee members, term of office, and duties.
- 28.3 The functional committee shall be responsible to the board of directors and submit proposals to the board of directors for resolution. However, the Audit Committee shall not be subject to this limitation when exercising the

supervisory powers of a supervisor under Article 14-4, paragraph 4 of the Securities and Exchange Act.

## 29. Audit Committee

- 29.1 The Company shall establish an Audit Committee, which shall consist of all independent directors, and the number of members shall not be less than three. One member shall be the convener, and at least one member shall have accounting or financial expertise.
- 29.2 The following matters shall require the approval of more than half of all members of the Audit Committee and shall be submitted to the Board of Directors for resolution, and Article 25 of these rules shall not apply:
- 29.2.1 Formulating or amending the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
  - 29.2.2 Assessing the effectiveness of the internal control system.
  - 29.2.3 Formulating or amending the handling procedures for significant financial transactions involving the acquisition or disposition of assets, engaging in derivative commodity transactions, lending funds to others, endorsing or providing guarantees for others in accordance with Article 36-1 of the Securities and Exchange Act.
  - 29.2.4 Matters involving the self-interest of directors.
  - 29.2.5 Significant asset or derivative commodity transactions.
  - 29.2.6 Significant lending, endorsement or provision of guarantees of funds.
  - 29.2.7 The offering, issuance, or private placement of equity securities.
  - 29.2.8 Appointment, removal, or compensation of signing certified public accountants.
  - 29.2.9 Appointment and dismissal of financial, accounting, or internal audit chiefs.
  - 29.2.10 Annual and semi-annual financial reports.
  - 29.2.11 Other significant matters prescribed by the Company or competent authority.
- 29.3 The exercise of the powers of the Audit Committee and its independent director members and related matters shall be handled in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Public Companies' Audit Committees, and the regulations of the securities exchange or over-the-counter market. ◦

## **30. Establishing a Salary and Compensation Committee**

30.1 The Company shall establish a salary and compensation committee, and the qualifications, exercise of powers, establishment of organizational regulations, and related matters of its members shall be handled in accordance with the "Regulations Governing the Establishment and Exercise of Powers of Salary and Compensation Committees of Companies Listed on Stock Exchanges or Engaged in Securities Business".

30.2 The salary and compensation committee shall exercise the following duties with due care of a good administrator, and shall submit its recommendations to the board of directors for discussion:

30.2.1 Establish and regularly review policies, systems, standards, and structures for performance evaluation and compensation of directors and managers.

30.2.2 Periodically evaluate and establish compensation for directors and managers.

30.3 When performing the duties set forth in the preceding paragraph, the salary and compensation committee shall adhere to the following principles:

30.3.1 Performance evaluation and compensation of directors and managers shall refer to the industry's customary levels of payment and consider the reasonableness of the relationship between personal performance, company performance, and future risks.

30.3.2 The salary and compensation of directors and managers should not encourage them to engage in risk-taking behaviors beyond the company's risk tolerance.

30.3.3 The proportion of short-term performance-based dividends and the timing of payment of certain variable compensation to directors and senior managers should be determined with consideration for the characteristics of the industry and the nature of the company's business.

## **31. Whistleblowing System**

The Company shall establish and publicly announce channels for internal and external personnel to report grievances and establish a system to protect whistleblowers, which should include at least the following items :

31.1 Establish and publicize an internal whistleblower mailbox, hotline, or entrust other independent external organizations to provide a whistleblower mailbox or hotline for use by internal and external personnel.

31.2 Assign whistleblower acceptance personnel or a dedicated unit.

- 31.3 Records and preservation of the acceptance, processing, results, and related documents of whistleblower cases.
- 31.4 Confidentiality of the identity and content of whistleblowers.
- 31.5 Protect whistleblowers' rights and interests, and not take any measures that may result in improper treatment due to whistleblowing.
- 31.6 The Company may choose not to handle whistleblower cases without real names and addresses or without specific content.
- 31.7 If an investigation of a whistleblower case finds that the content is false and the person maliciously attacked the Company or its personnel, the provisions of subparagraph 5 of the second paragraph do not apply.

## **32. Emphasizing and Enhancing the Quality of Financial Reports**

- 32.1 Listed and OTC companies should appoint a representative for the position of accounting supervisor to enhance the quality of financial reports.
- 32.2 The representative of the accounting supervisor should continuously receive professional training every year to strengthen their professional ability, in accordance with the accounting supervisor's requirements.
- 32.3 Accounting personnel involved in financial reporting should also attend professional training courses for at least six hours each year. They can participate in internal company education and training or professional courses organized by accounting supervisor training institutions.
- 32.4 The company should choose a professional, responsible, and independent certified public accountant (CPA) to regularly audit the company's financial condition and internal control implementation. Regarding any abnormal or missing issues found and disclosed by the auditor during the auditing process, as well as any specific suggestions for improvement or prevention, the company should review and improve them accordingly. The company should also establish a communication channel or mechanism between independent directors or audit committees and CPAs and establish internal operation procedures incorporated into internal control systems for control purposes.
- 32.5 Listed and OTC companies should regularly (at least once a year) evaluate the independence and suitability of the appointed CPA. If a company has not changed its CPA for seven consecutive years or if the CPA has received any penalties or incidents that may affect their independence, the company should evaluate the necessity of changing its CPA and report the evaluation results to the board of directors.



## 33. Rules of Procedure and Decision-making of the Board of Directors

### 33.1 The convocation of the board of directors

33.1.1 The board of directors of the company should meet at least once a quarter, and it can also be convened at any time in case of an emergency. The convocation of the board of directors should indicate the reason for the convocation, notify all directors at least seven days in advance, and provide sufficient meeting materials, which should be sent together with the convocation notice. If the meeting materials are insufficient, the directors have the right to request supplements or postpone the review after the board's resolution.

33.1.2 The company should establish regulations for board meetings, including the main content, operation procedures, matters to be recorded in the meeting minutes, announcement, and other matters to be followed, in accordance with the Regulations Governing the Meetings of the Board of Directors of Public Companies.

### 33.2 The directors should uphold a high degree of self-discipline

Regarding matters discussed in board meetings that may have an interest in themselves or their represented legal entities, the directors should explain the important content of their interests in the current board meeting. If there is a risk of harming the company's interests, they cannot participate in discussions and voting and should abstain. They should not act as representatives of other directors to exercise their voting rights.

### 33.3 Independent Directors and Board of Directors

33.3.1 In accordance with Article 14-3 of the Securities and Exchange Act, matters requiring a resolution by the Board of Directors of the Company shall be attended by independent directors in person or represented by other independent directors. If an independent director has objections or reservations, it shall be recorded in the minutes of the board meeting. If an independent director is unable to attend the board meeting to express objections or reservations, unless there are justifiable reasons, written opinions shall be provided in advance and recorded in the minutes of the board meeting

33.3.2 For matters resolved by the Board of Directors, if any of the following circumstances exist, they shall be recorded in the minutes of the meeting and announced on the Public Information Observation System before the beginning of trading hours on the next business day:

33.3.2.1 An independent director has objections or reservations and there

is a record or written statement thereof.

33.3.2.2 For a company with an audit committee established, matters not approved by the audit committee but approved by more than two-thirds of all directors.

33.3.3 During a board meeting, non-director executives from relevant departments may be notified of the content of the proposal and invited to attend the meeting to report on the current business status of the company and answer questions raised by the directors. When necessary, accountants, lawyers, or other professionals may also be invited to attend the meeting to assist the directors in understanding the current situation of the company and making appropriate decisions, but they shall leave the meeting during discussions and voting.

## **34. Meeting minutes of the Board of Directors**

34.1 The attendees of the Board of Directors meeting should accurately and completely record the meeting report, the summary of each agenda item, the decision-making method, and the result in accordance with relevant regulations.

34.2 The minutes of the Board of Directors meeting should be signed or stamped by the chairman and the recorder, and distributed to each director within 20 days after the meeting. The attendance book of the Board of Directors meeting is a part of the meeting minutes and should be included in the company's important files, and be permanently and properly kept during the existence of the company.

34.3 The production, distribution, and preservation of the meeting minutes may be done electronically.

34.4 The company should record the entire process of the Board of Directors meeting by audio or video and keep it for at least five years. The preservation may be done electronically.

34.5 In case of litigation related to the decision-making matters of the Board of Directors before the expiration of the preservation period stated in the preceding paragraph, the relevant audio or video evidence should continue to be preserved, and the provisions of the preceding paragraph do not apply.

34.6 If the Board of Directors meeting is held via video conference, the meeting recording or video data is a part of the meeting minutes and should be permanently kept.

34.7 If the decision made by the Board of Directors violates laws, regulations, or shareholder resolutions and causes damages to the company, the dissenting

directors who have records or written statements are exempt from liability for compensation.

### **35. Clear delegation of Board of Directors' decisions to appropriate executing units or personnel**

35.1 The company should clearly assign the tasks of the Board of Directors' decisions to appropriate executing units or personnel, require them to execute according to the plan, schedule, and objectives, and include them in the tracking management to properly assess their performance.

35.2 The Board of Directors should have full knowledge of the progress of execution and report it at the next meeting to ensure the implementation of the Board of Directors' management decisions. °

### **36. Directors' Duty of Loyalty and Responsibility**

36.1 Members of the board of directors should faithfully perform their duties and exercise their powers with a high degree of self-discipline and prudence in the best interests of the company. They should execute the resolutions of the board of directors unless otherwise required by law or the company's articles of association.

36.2 If the decision of the board of directors violates laws or the articles of association, a shareholder who has held shares for more than one year may request that the board of directors cease such behavior. If a director discovers that the company is at risk of suffering significant damage, they should immediately report it to the audit committee.

36.3 The total percentage of shares held by the entire board of directors should comply with legal requirements. Restrictions on the transfer, pledge, release, or modification of the shares held by each director should be handled in accordance with relevant regulations, and all relevant information should be disclosed in accordance with relevant laws.

36.4 The company should arrange for directors to take out liability insurance contracts with insurance companies for the indemnification responsibility they should undertake in the execution of their business scope in accordance with the law.

36.5 After the company purchases director liability insurance or renews it, it should report the important contents of the insurance policy, such as the insured amount, coverage, and premium rate, in the most recent board of directors' report.

36.6 The directors of the company should participate in training courses covering corporate governance topics such as finance, risk management, business, commerce, accounting, law, anti-money laundering, counter-terrorism financing, and corporate social responsibility hosted by institutions designated by the securities exchange or over-the-counter market center during their term, and the company should require employees at all levels to enhance their professional and legal knowledge.

## **37. Corporate Governance Officers**

37.1 The company should appoint an appropriate number of corporate governance officers according to its size, business circumstances, and management needs, and designate one person as the corporate governance manager, who is the highest-ranking executive in charge of corporate governance matters.

37.2 The appointment and dismissal of the corporate governance manager in the preceding paragraph should be decided by the board of directors.

37.3 The establishment of the corporate governance manager should be carried out in accordance with the provisions of these Guidelines, but if there are other regulations from competent authorities, those regulations should be followed.

37.4 The corporate governance matters referred to in paragraph 1 should include at least the following:

37.4.1 Handling matters related to the meetings of the board of directors and shareholders' meetings in accordance with the law.

37.4.2 Preparing minutes of the board of directors and shareholders' meetings.

37.4.3 Assisting directors in taking office and continuing education.

37.4.4 Providing information necessary for directors to perform their duties.

37.4.5 Assisting directors in complying with laws and regulations.

37.4.6 Other matters specified in the company's articles of association or contracts.

37.5 The corporate governance officer is a manager of the company and is subject to the provisions of the Company Act and the Securities and Exchange Act related to managers. Except where otherwise provided by law, the corporate governance officer may be concurrently held by other personnel of the company. If the corporate governance officer is held concurrently by other personnel of the company, it should ensure the effective execution of their primary and concurrent duties and not involve conflicts of interest or violate

internal control systems.

- 37.6 The corporate governance officer should possess a legal, accounting professional qualification, or have held a supervisory position in legal, financial, stock, or corporate governance-related affairs for a total of three years or more in a security, financial, or futures-related institution, or in a publicly traded company.
- 37.7 The company should arrange for professional education for the corporate governance officer.
- 37.8 Except for the initial appointment, the corporate governance officer should undergo at least 12 hours of professional education every year, and at least 18 hours of professional education within one year of taking office. The scope, system, and other matters of professional education should be handled in accordance with the provisions of the Guidelines for the Promotion of Education for Directors and Supervisors of Listed and OTC Companies.
- 37.9 If the corporate governance officer resigns or is dismissed, the company should appoint a successor within one month from the date of the occurrence of the fact.

#### **Chapter 5: Exercising the Function of the Audit Committee**

38. The qualifications, shareholding and concurrent positions restrictions, independence determination, nomination procedures, and other compliance matters of the independent directors of the Company shall be handled in accordance with relevant laws and regulations.
39. In order to enable independent directors to timely identify potential pitfalls of the Company, the Company should establish channels of communication between employees, shareholders, stakeholders and independent directors.

#### **Chapter 6: Respecting the Rights and Interests of Stakeholders**

40. The Company should maintain smooth communication channels with customers, suppliers, banks, other creditors, employees, and other stakeholders, respect and protect their legal rights and interests, and establish a stakeholder section on the Company's website. When the legal rights and interests of stakeholders are violated, the Company should handle them appropriately based on the principle of good faith. The Company should also disclose its management and financial status in accordance with the law.
41. The Company should establish communication channels for employees and encourage employees to directly communicate with management and directors,

and moderately reflect their opinions on the Company's management and financial status or decisions involving significant employee interests.

42. While maintaining normal business development and realizing shareholder maximization, the Company should pay attention to consumer rights, community environmental protection, public welfare, and other issues, and attach importance to the Company's social responsibility.

## **Chapter 7 Enhancing Information Transparency**

### **43. Disclosure of Information and Online Reporting System**

- 43.1 Disclosure of information is an important responsibility of listed and over-the-counter companies. Companies should faithfully fulfill their obligations in accordance with relevant laws, regulations of the stock exchange or over-the-counter trading center.
- 43.2 The company should establish an online reporting system for public information, designate a person in charge of collecting and disclosing company information, and establish a spokesperson system to ensure that information that may affect shareholders and stakeholders can be disclosed promptly and properly.

### **44. Appointment of Spokesperson**

- 44.1 In order to improve the accuracy and timeliness of the disclosure of important information, the company should appoint a person who has a comprehensive understanding of the company's financial and business operations, can coordinate relevant departments to provide information, and can represent the company as a spokesperson and proxy spokesperson.
- 44.2 The company should have at least one proxy spokesperson. In the event that the spokesperson is unable to perform their duties, the proxy spokesperson should be able to speak on behalf of the company independently. However, the order of the proxy spokespersons should be confirmed to avoid confusion.
- 44.3 In order to implement the spokesperson system, listed and over-the-counter companies should specify a unified procedure for speaking and require management and employees to keep financial and business secrets confidential and not to disseminate information at will.
- 44.4 When there is a change in spokesperson or proxy spokesperson, information disclosure should be promptly carried out.

## **45. Establishment of Corporate Governance Website**

- 45.1 The company should use the convenience of the Internet to establish a website, build company financial and business-related information, and corporate governance information for the reference of shareholders and stakeholders. An English version of financial, corporate governance, or other related information should be provided.
- 45.2 The website should be maintained by a dedicated person, and the listed information should be detailed, correct, and updated in real-time to avoid the risk of misleading information.

## **46. Holding Corporate Briefing**

The company shall hold a corporate briefing in accordance with the regulations of the stock exchange or over-the-counter market, and shall record the briefing through audio or video means. The financial and business information provided at the briefing shall be reported to the designated internet information system of the stock exchange or over-the-counter market in accordance with their regulations, and made available for inquiry through the company's website or other appropriate channels.

## **47. Disclosure of Corporate Governance Information**

- 47.1 The company shall disclose the following information related to corporate governance within the current year, in accordance with relevant laws and regulations of the stock exchange or over-the-counter market:
- 47.1.1 The framework and rules of corporate governance.
  - 47.1.2 The structure of the company's equity ownership and shareholder rights.
  - 47.1.3 The composition and independence of the board of directors.
  - 47.1.4 The duties of the board of directors and executives.
  - 47.1.5 The composition, duties, and independence of the audit committee.
  - 47.1.6 The composition, duties, and operation of the compensation committee.
  - 47.1.7 An analysis of the remuneration paid to directors, the general manager, and deputy general managers in the most recent year, the ratio of total remuneration to after-tax net income, the remuneration policy, standards and composition, the process for determining remuneration, and its relationship with business performance. In addition, in specific circumstances, the remuneration of individual directors shall be disclosed.
  - 47.1.8 The continuing education of directors.
  - 47.1.9 The rights and relationships of stakeholders.

47.1.10 Detailed information on compliance with laws and regulations related to public disclosure.

47.1.11 The operation of corporate governance and the gap and reasons between the company's own corporate governance guidelines and this code.

47.1.12 Other related information on corporate governance.

47.2 Listed and over-the-counter companies should disclose their specific plans and measures for improving corporate governance in an appropriate manner, based on the actual implementation of their corporate governance.

## **48. Paying Attention to Domestic and International Developments**

Pay close attention to the development of domestic and international corporate governance systems, and use them to review and improve the corporate governance system established by the company, in order to enhance the effectiveness of corporate governance.

## **49. Implementation**

This code shall be implemented after being approved by the board of directors, and any revisions shall be subject to the same approval process.