

91APP, Inc.

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Chapter 1 General Principles

Article 1. To establish good corporate governance system and to set up an effective corporate governance structure, momo.com Inc. (hereinafter referred to as the company) hereby establishes these principles in accordance with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed companies drafted by both Taiwan Stock Exchange and the Taipei Exchange to be followed, and shall disclose on the Market Observatory Post System (MOPS) website.

Article 2. The company establishes corporate governance system in accordance with laws and regulations and charter, and shall follow the principles listed below:

- (1) The efficient structure of corporate governance.
- (2) The protection of shareholders' rights and interests.
- (3) The strengthening of board of directors functions
- (4) The fulfillment of functions by independent directors.
- (5) Respect the rights and interests of stakeholders.
- (6) Increase information transparency

Article 3. The company shall set up and fully implement the internal control system in accordance with the regulations prescribed in the Corporate Governance Best Practice Principles by public companies, with consideration of the overall business operations of the company and its subsidiaries. These principles shall be reviewed at any time in response changes of the internal and external environments in order to ensure the sustained design and operating effectiveness of the system.

In addition to the company properly implementing the self-inspection operations of the internal control system, the board of directors and management echelon shall review the results of each department's self-inspection annually and examine the quarterly audit reports of the audit unit, which the audit committee shall be concerned with and supervise. It is advisable the company to establish channels and mechanisms of communication between independent directors, audit committee, and chief internal auditors.

The company's management echelon shall place importance on the internal audit unit and personnel, providing them with sufficient authority so as to be able to carry out proper inspections and evaluations of the flaws in the internal control system as well as the efficiency of its operations, in order to ensure the system is operating effectively. The audit unit shall also assist the board of directors and the management echelon is properly carrying out their responsibilities in order to ensure corporate governance system is properly implemented.

In order to implement a system of internal control and strengthen the professional capabilities of internal auditor's agents, so as to improve and maintain audit quality and implementation effects, the company should set up internal auditors' duty agents.

Chapter 2. The Protection of Shareholders' Rights and Interests

Article 4. The company's corporate governance system shall protect the shareholders' rights and interests, shall treat all shareholders equitably, and shall establish a corporate governance system that ensures shareholders shall be fully informed, be able to participate, contribute to decision-making and other rights regarding important company matters.

Article 5. The company shall convene shareholders' meetings in accordance with the company Act and other related laws and regulations, shall draw up a comprehensive rules of procedures, and any matters that shall be resolved by at shareholders' meetings shall be properly implemented in accordance with the rules of procedures.
The details of resolutions at shareholders' meeting shall be in accordance with relevant laws and regulations and the articles of incorporation.

Article 6. The Company board of directors shall make the appropriate arrangements for agenda items and procedures at shareholders' meetings, draw up the principle and procedures for shareholders' nomination of directors (including independent directors), the principles and procedures for proposal submission at the shareholders' meeting, and to process the proposals put forth by shareholders in accordance with regulations in an appropriate manner. The Shareholders' meetings shall be convened at a convenient location with sufficient reserve time provided, where suitable and appropriate personnel shall be designated to undertake the registration process, and shareholders shall attend the meetings by the virtue of the document showing their eligibility to attend and shall not be arbitrarily requested to provide any other forms of identification. The board shall determine an appropriate length of time for discussion for each proposed matter, and allow shareholders sufficient time to comment.
It is advisable that the chairman of the board shall personally chair any shareholders' meetings convened by the board, and it is preferable that at least one-half of the directors are present, and at least one member of other functional committees is present. The attendance shall be recorded in the shareholders' meeting records.

Article 7. The company shall encourage shareholders to participate in corporate governance, and it is advisable that professional shareholder services agencies be designated to handle shareholders meeting matters, so that the meetings can convened within the legal, effective and secure premises. Any method and channel as well as technological integration for information disclosure procedure shall be utilized, and that Chinese and English versions of the annual report, annual financial report, shareholders meeting notification, meeting proceedings and supplementary information shall be concurrently uploaded, and electronic voting shall be adopted to increase shareholders attendance rate, in order to ensure that shareholders can exercise their shareholders rights at the meeting in accordance with the regulations.
It is preferable for the company to avoid proposing extempore motions and amendments to original motions in shareholders meetings; it is advisable that the annual election of directors adopts candidate nomination system at the same time.
The company should arrange for the shareholders to vote for resolution of motions by order at the shareholders meeting, and enter the results of shareholders for, against or abstained on the motions onto the MOPS website the day after the shareholders meeting.

- Article 8. The company shall, in accordance with the company Act and related laws and regulations, record on the shareholders meeting minutes. Where there is an election for director, the voting method and the winning number of votes shall be recorded. The shareholders meeting minutes shall be permanently preserved through the existence of the company and should be fully disclosed on the company's website.
- Article 9. The chairperson of the shareholders meeting shall be fully cognizant of the rules of procedures drawn up by the company, shall ensure the smooth proceeding of the meeting, and shall not arbitrarily declare the meeting closed. To ensure the rights of the majority of the shareholders, where the chairperson is in violation of the rules of procedures and declare the meeting closed, other members of the board of directors should come forward to assist the shareholders present, and in accordance with regulations, nominate and elect an individual who has received the votes of at least one-half of the shareholders present as the new chairperson, and the meeting shall continue forthwith.
- Article 10. The company shall place significant importance on the shareholders' right to know, and shall properly comply to regulations related to public information, shall regularly and in real-time utilize the MOPS website or website set up by the company to disseminate information on company financial and business matters, internal shareholders and corporate governance status to shareholders. To uphold shareholders' rights and properly implement equal treatment of shareholders, the company has drawn up internal regulations prohibiting individuals within the company from using information not yet disclosed to the market for securities trading. It is advisable that the rules mentioned in the preceding paragraph include stock trading control measures from the date insiders of the company become aware of the contents of the company's financial reports or relevant results.
- Article 11. Shareholders have the right to share in the company surplus. To ensure the shareholders' investment rights, the shareholder meeting shall, in accordance with articles 184 of the Company Act, review the books of the board of directors and report from the audit committee, and resolve to distribute the surplus or use the surplus to cover the loss. Prior to said review at the shareholder meeting, a reviewer shall be elected to perform the process. The shareholders may, pursuant to Article 245 of the company Act, apply with the court to select an inspector in examining the accounting records, assets, particulars, documents and records of specific transaction of the company. The board of directors, audit committee, and managers of the company shall fully cooperate in the examination conducted by the inspectors in the aforesaid two paragraphs without any circumvention, obstruction or rejection.
- Article 12. Where the company acquires or disposes assets, lend funds, provides endorsements/guarantees, or is involved other major financial or business activities, the company shall act in accordance with the relevant laws and regulations, and draw up related operation procedures to be submitted to the shareholders meeting for approval in order to protect the rights of the shareholders.
- Article 13. To protect shareholders' rights, the company shall process shareholders suggestions, queries and disputes in an appropriate manner. Where resolutions from the company's shareholders meeting, or board of directors meeting is in violation of laws and

regulations or the articles of incorporation, or where a director or manager is in violation of laws and regulations or the articles of incorporation in carrying out their duty, leading to the impairment of shareholders' rights and the shareholders bring forth litigation in accordance with laws and regulations, the company shall handle said litigation in an appropriate manner.

The company shall draw up internal operation procedures to appropriately handle the two preceding matters, keep a written record for future reference, and enter said record into the internal control system.

Article 14. The personnel, asset and financial management goals and responsibilities of the company and its affiliates shall be clearly set out, and risk assessments shall be properly carried out as well as set up appropriate firewalls.

Article 15. Unless otherwise provided by the laws and regulations, a manager of the company shall not serve as a manager of its affiliated enterprises. A director of the company who engages in any transaction for himself or on behalf of another person that is within the scope of the company's operations shall explain the major content of such actions to the shareholders meeting and obtain its consent.

Article 16. The company shall establish sound objectives and systems for management of finance, operations, and accounting in accordance with applicable laws and regulations. It shall further, together with its affiliated enterprises, properly conduct an overall risk assessment of major banks they deal with and customers and suppliers and implement the necessary control mechanisms to reduce credit risk.

Article 17. Where the company and its affiliated enterprises enter into inter-company business transactions, a written agreement governing the relevant financial and business operations between them shall be made in accordance with the principle of fair dealing and reasonableness. Price and payment terms shall be definitively stipulated when contracts are signed, and non-arm's length transactions shall be prohibited. All transactions or contracts made by and between the company and its affiliated persons and shareholders shall follow the principles set forth in the preceding paragraph, and improper channeling of profits is strictly prohibited.

Article 18. A corporate shareholder with controlling power over the company shall comply with the following provisions:

- (1) It shall bear a duty of good faith to other shareholders and shall not directly or indirectly cause the company to conduct any business which is contrary to normal business practice or is not profitable.
- (2) Its representative shall follow the rules implemented by its company with respect to the exercise of rights and participation of resolution, so that at a shareholders meeting, the representative shall exercise his/her voting right in good faith and for the best interest of all shareholders and shall exercise the fiduciary duty and duty of care of a director.
- (3) It shall comply with relevant laws, regulations and the articles of incorporation of the company in nominating directors and shall not act beyond the authority granted by the shareholders meeting or board meeting.
- (4) It shall not improperly intervene in corporate policy making or obstruct

corporate management activities.

- (5) It shall not restrict or impede the management or production of the Company by methods of unfair competition such as monopolizing corporate procurement or foreclosing sales channels.
- (6) The representative that is designated when a corporate shareholder has been elected as a director shall meet the Company's requirements for professional qualifications. It is inappropriate to arbitrarily replace corporate shareholder's representative.

Article 19. The company shall possess a register of shareholders who control significant percentage of the shares or major shareholders and of the persons with ultimate control over those major shareholders.

The company shall regularly disclose shareholders with greater than 10% of all shares relating to pledges, increase or reducing ownership on number of company shares, or any other major circumstances than may lead to significant changes in share ownership, in order to allow supervision by other shareholders.

Chapter 3. The Enhancement of Board of Directors Functions

Section 1. The Board of Directors Structure

Article 20. The company's board of directors shall be responsible to the shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, its articles of incorporation, and the resolutions of its shareholders meetings. The structure of the company's board of directors shall be determined by choosing an appropriate number of board members, not less than five, in consideration of its business scale, the shareholdings of its major shareholders, and practical operational needs. The composition of the board of directors shall be determined by taking diversity into consideration, it is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

- (1) Basic requirements and values: Gender, age, nationality, and culture.
- (2) Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience. All members of the board shall have the knowledge, skills, and experience necessary to perform their duties.

To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

- (1) Ability to make sound business judgments.
- (2) Ability to conduct accounting and financial analyses.
- (3) Operation and management ability.
- (4) Crisis management ability.

- (5) Industry knowledge.
- (6) International market perspectives.
- (7) Leadership.
- (8) Decision-making ability.

Article 21. The company shall establish a fair, just, and open procedure for the election of directors, encourage shareholder participation, and adopt the cumulative voting mechanism pursuant to the company Act in order to fully reflect shareholders' views. A spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the directors of the company. When the number of directors falls below seven due to the discharge of a director for any reason, the company shall hold a by-election for director at the following shareholders meeting. When the number of directors falls short by one-third of the total number prescribed by the articles of incorporation, the company shall convene a special shareholders meeting within 60 days of the occurrence of that fact for a by-election for directors.

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

Article 22. The company shall specify in its articles of incorporation in accordance with the laws and regulations of the competent authorities that it adopts the candidate nomination system for elections of directors. Before holding the shareholders' meeting to re-elect the directors, the company shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified directors will be elected.

Article 23. The board of directors of the company shall draw clear distinctions of the authorities and responsibilities of the functional committees, chairperson of the board and general manager.

It is inappropriate for the chairperson to also act as the general manager or an equivalent post.

The company with a functional committee shall clearly define the responsibilities and duties of the committee.

Section 2 Independent Director System

Article 24. The company shall appoint independent directors in accordance with its articles of incorporation. They shall be not less than two in number and not less than one-fifth of the total number of directors.

Any change in status between independent directors and non-independent directors

during their term of office is strictly prohibited.

Independent directors shall possess professional knowledge and there shall be restrictions on their shareholdings and the positions they may concurrently hold. They shall maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the company.

The election of independent directors of the company shall adopt a candidate nomination system and is handled in accordance with Article 14-1 of the Articles of Association. The shareholders shall elect independent directors from among the those listed in the slate of independent director candidates. Independent directors and non-independent directors shall comply Article 198 of the Company Act that elections shall be conducted together, the number of elected wplaces shall be calculated separately. No switching of status between independent directors and non-independent directors during term of office.

When an independent director is dismissed for any reason, resulting in a number of directors lower than that required under paragraph 1 or the company's articles of incorporation, a by-election for independent director shall be held at the next following shareholders meeting. When all independent directors have been dismissed, the company shall convene a special shareholders meeting to hold a by-election within 60 days from the date on which the situation arose.

Article 25. The company shall submit the following matters to the board of directors for approval by resolution as provided in the Securities and Exchange Act. When an independent director has a dissenting opinion or qualified opinion, it shall be noted in the minutes of the directors meeting:

- (1) Adoption or amendment of the internal control system pursuant to Articles 14-1 of the Securities and Exchange Act.
- (2) 2.Adoption or amendment, pursuant to Articles 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
- (3) A matter bearing on the personal interest of a director.
- (4) A material asset or derivatives transaction.
- (5) A material monetary loan, endorsement, or provision of guarantee.
- (6) The offering, issuance, or private placement of any equity-type securities.
- (7) The hiring, discharge, or compensation of an attesting CPA.
- (8) The appointment or discharge of a financial, accounting, or internal auditing officer.
- (9) Any other material matter so required by the competent authority.

Article 26. The company shall stipulate the scope of duties of the independent directors and empower them with manpower and physical support related to the exercise of their power. The company or other board members shall not obstruct or impede the performance of duties by the independent directors.

The company shall stipulate the remuneration of the directors according to relevant laws and regulations. Different but reasonable remuneration from that of other

directors may be set forth for the independent directors.

Section 3. Functional Committees

Article 27. For the purpose of developing supervisory functions and strengthening management mechanisms, the company's board of directors, in consideration of the scale of board of meeting and the number of its board members, may set up different types of functional committees

Functional committees shall be responsible to the board of directors and submit their proposals to the board of directors for approval.

The organizational charter shall contain the numbers, terms of office, and powers of committee members, as well as the meeting rules and resources to be provided by the company for exercise of power by the committee.

Article 28. The company shall establish an audit committee.

The audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise. The company shall establish the audit committee. The exercise of power by audit committee shall be set forth in accordance with the Securities and Exchange Act, the Company Act, the related rules and regulations of the TPEX.

For a company established an audit committee, the provisions of Article 25 shall not apply to the following matters, which shall be subject to the consent of one-half or more of all audit committee members and be submitted to the board of directors for a resolution:

- (1) Adoption or amendment of an internal control system pursuant to Article 14-1.
- (2) Assessment of the effectiveness of the internal control system.
- (3) Adoption or amendment, pursuant to Article 36-1, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
- (4) A matter bearing on the personal interest of a director.
- (5) A material asset or derivatives transaction.
- (6) A material monetary loan, endorsement, or provision of guarantee.
- (7) The offering, issuance, or private placement of any equity-type securities.
- (8) The hiring or dismissal of an attesting CPA, or the compensation given thereto.
- (9) The appointment or discharge of a financial, accounting, or internal auditing officer.
- (10) Annual financial reports and second quarter financial reports.
- (11) Any other material matter so required by the company or the Competent Authority.

The exercise of power by audit committee and independent directors and related matters shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public

companies, and the rules and regulations of the stock exchange.

Article 29. The company has set up a remuneration committee, it is preferable that more than half of the members be assumed by independent directors. The professional qualifications for the committee members, the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a company Whose Stock is listed on the Stock Exchange or Traded Over the Counter”.

The remuneration committee shall make recommendations to the board of directors on the remuneration policy of the company's directors and managers.

The remuneration policy should not guide directors and managers to engage in behaviors that exceed the company's risk appetite in pursuit of remuneration.

Article 30. To improve the quality of its financial reports, the company shall establish the position of deputy to its principal accounting officer. To enhance the professional abilities of the deputy accounting officer of the preceding paragraph, the deputy's continuing education shall proceed following the schedule of the principal accounting officer. Accounting personnel handling the preparation of financial reports shall also participate in relevant professional development courses for 6 hours or more each year. Those courses may be company internal training activities or may be professional courses offered by professional development institutions for principal accounting officers. The company shall select as its external auditor a professional, responsible, and independent attesting CPA, who shall perform regular reviews of the financial conditions and internal control measures of the company. With regard to any irregularity or deficiency discovered and disclosed in a timely manner by the auditor during the review, and concrete measures for improvement or prevention suggested by the auditor, the company shall faithfully implement improvement actions. It is advisable that the company establish channels and mechanisms of communication between the independent directors, the audit committee, and the attesting CPA, and to incorporate procedures for that purpose into the Company's internal control system for management purposes.

The company shall regularly (at least once annually) evaluate the independence and suitability of the CPA engaged by the Company. In the event that the company engages the same CPA without replacement for 5 years consecutively, or if the CPA is subject to disciplinary action or other circumstances prejudicial to the CPA's independence, the Company shall evaluate the necessity of replacing the CPA and submit its conclusion to the board of directors.

Article 31. The company shall engage a professional and competent legal counsel to provide adequate legal consultation services to the Company, or to assist the directors and the management to improve their knowledge of the law, for the purposes of preventing any infraction of laws or regulations by the Company or its staff and ensuring that corporate governance matters proceed pursuant to the relevant legal framework and the prescribed procedures. Where as a result of performing their lawful duties, directors or the management are involved in litigation or a dispute with shareholders, the company shall retain a legal counsel to provide assistance as

circumstances 12 require. The audit committee or an independent director may retain the service of legal counsel, CPA, or other professionals on behalf of the company to conduct a necessary audit or provide consultation on matters in relation to the exercise of their power, at the expense of the company.

Section 4. Rules of Procedures and Decision-Making Procedures for Board of Director Meetings

Article 32. The board of directors of the company shall meet at least once every quarter or convene at any time in case of emergency. To convene a board meeting, a meeting notice which specifies the purposes of the meeting shall be sent to each director at least seven days before the scheduled date. Sufficient meeting materials shall also be prepared and enclosed in the meeting notice. If the meeting materials are deemed inadequate, a director may ask the unit in charge to provide more information or request a postponement of the meeting with the consent of the board of directors. The company shall adopt rules of procedure for board meetings, which shall follow the Regulations Governing Procedure for Board of Directors Meetings of Public companies with regard to the content of deliberations, procedures, matters to be recorded in the meeting minutes, public announcements, and other matters for compliance.

Article 33. The company directors shall exercise a high degree of self-discipline. If a director or a juristic person represented by the director is an interested party with respect to any proposal for a board meeting, the director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director also may not act as another director's proxy to exercise voting rights on that matter.
Matters requiring the voluntary recusal of a director shall be clearly set forth in the rules of procedure for board meetings.

Article 34. When a board meeting is convened to consider any matter submitted to it pursuant to Articles 14-3 of the Securities and Exchange Act, an independent director of the company shall attend the board meeting in person, and may not be represented by a non-independent director via proxy. When an independent director has a dissenting or qualified opinion, it shall be noted in the minutes of the board of directors meeting; if the independent director cannot attend the board meeting in person to voice his or her dissenting or qualified opinion, he or she should provide a written opinion before the board meeting unless there are justifiable reasons for failure to do so, and the opinion shall be noted in the minutes of the board of directors meeting. In any of the following circumstances, decisions made by the board of directors shall be noted in the meeting minutes, and in addition, publicly announced and filed on the MOPS 2 hours before the beginning of trading hours on the first business day after the date of the board meeting:

1. An independent director has a dissenting or qualified opinion which is on record

or stated in a written statement.

2. The matter was not approved by the audit committee (if the company has set up an audit committee), but had the consent of more than two-thirds of all directors.

During a board meeting, managers from relevant departments who are not directors may, in view of the meeting agenda, sit in at the meetings, make reports on the current business conditions of the company and respond to inquiries raised by the directors. Where necessary, a CPA, legal counsel, or other professional may be invited to sit in at the meetings to assist the directors in understanding the conditions of the company for the purpose of adopting an appropriate resolution, provided that they shall leave the meeting when deliberation or voting takes place.

Article 35. Staff personnel of the company attending board meetings shall accurately record the meeting minutes in detail, as well as provide a summary, the method of resolution, and voting results of all the proposals submitted to the board meeting in accordance with relevant regulations.

The minutes of the board of directors meetings shall be signed by the chairperson and secretary of the meeting and sent to each director within 20 days after the meeting. The director attendance records shall be made part of the meeting minutes, treated as important company records, and preserved permanently during the existence of the company.

Meeting minutes may be produced, distributed, and preserved by electronic means. A company shall record on audio or video tape the entire proceedings of a board of directors meeting and preserve the recordings for at least 5 years, in electronic form or otherwise.

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

Where a board of directors meeting is held via teleconference or video conference, the audio or video recordings of the meeting form a part of the meeting minutes and shall be preserved permanently. Where a resolution of the board of directors violates laws, regulations, the articles of incorporation, or resolutions adopted in the shareholders meeting, and thus causes damage to the company, dissenting directors whose dissent can be proven by minutes or written statements shall not be liable for damages.

Article 36. The company shall submit the following matters to its board of directors for discussion:

1. Corporate business plans.
2. Annual financial reports and semi-annual financial reports. However, the second quarter financial report does not need to be audited by a certified public accountant (CPA) in accordance with the laws and regulations.
3. Adoption or amendment to an internal control system pursuant to Articles 14-1 of the Securities and Exchange Act and the effectiveness evaluation of an internal control system.
4. Adoption or amendment, pursuant to Articles 36-1 of the Securities and Exchange

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- Act, to the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
5. The offering, issuance, or private placement of any equity-type securities.
 6. The performance assessment and the standard of remuneration of the managerial officers.
 7. The structure and system of director's remuneration.
 8. The appointment or discharge of a financial, accounting, or internal audit officer.
 9. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the next board meeting for retroactive recognition.
 10. Any matter required by Articles 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders meeting or to be submitted a meeting of the board of directors for resolution, or any such significant matter as may be prescribed by the competent authority.

Except for matters that must be submitted to the board of directors for discussion under the preceding paragraph, when the board of directors is in recess, it may delegate the exercise of its power to others in accordance with law, regulations, or its articles of incorporation. However, the level of delegation or the content or matters to be delegated shall be clearly specified, and general authorization is not permitted.

Article 37. The company shall ask the appropriate department or personnel to implement matters pursuant to board of directors' resolutions in a manner consistent with the planned schedule and objectives. It shall also follow up on those matters and faithfully review their implementation.

The board of directors shall remain informed of the progress of implementation and receive reports in subsequent meetings to ensure the actual implementation of the board's management decision.

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

Article 38. Members of the board of directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator. In conducting the affairs of the company, they shall exercise their powers with a high level of self-discipline and prudence. Unless matters are otherwise reserved by law for approval in shareholders meetings or in the articles of incorporation, they shall ensure that all matters are handled according to the resolutions of board of directors.

The resolutions of the board of directors involving the company's business development and major decision-making directions must be carefully considered and must not affect the promotion and operation of corporate governance.

It is advisable that a company formulate rules and procedures for board of directors performance assessments. Each year, in respect of the board of directors and individual directors, it shall conduct regularly scheduled performance assessments through self-assessments or peer-to-peer assessments, and may also do so through outside professional institutions or in any other appropriate manner. A performance

assessment of the board of directors shall include the following aspects, and appropriate assessment indicators shall be developed in consideration of the company's needs:

- (1) The degree of participation in the company's operations.
- (2) Improvement in the quality of decision making by the board of directors.
- (3) The composition and structure of the board of directors.
- (4) The election of the directors and their continuing professional education.
- (5) Internal controls.

The performance assessments of board members (self-assessments or peer-to-peer assessments) shall include the following aspects, with appropriate adjustments made on the basis of the company's needs:

- (1) Their grasp of the company's goals and missions.
- (2) Their recognition of director's duties.
- (3) Their degree of participation in the company's operations.
- (4) Their management of internal relationships and communication.
- (5) Their professionalism and continuing professional education.
- (6) Internal controls.

The company is advised to submit the results of performance assessments to the board of directors and use them as reference in determining compensation for individual directors, their nomination and additional office term.

Article 39. Where a resolution of the board of directors violates law, regulations or the company's articles of incorporation, then at the request of shareholders who has held shares continuously for at least a year or an independent director to discontinue the implementation of the resolution, members of the board shall take appropriate measures or discontinue the implementation of such resolution as soon as possible. Upon discovering a likelihood that the company would suffer damage, members of the board of directors shall act in accordance with the preceding paragraph, and immediately report the matter to the audit committee or an independent director member of the audit committee.

Article 40. The company may follow the company's Articles of Incorporation or the resolution of the shareholders meeting, the company shall insure directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of occupancy so as to reduce and spread the risk of material harm to the Company and shareholders arising from the wrongdoings or negligence of a director.

Article 41. Members of the board of directors are advised to participate in training courses on finance, business, commerce, accounting, law offered by institutions designated in the Rules Governing Implementation of Continuing Education for Directors of TWSE/TPEX Listed Companies, which cover subjects relating to corporate governance upon becoming directors and throughout their terms of occupancy. They shall also ensure that company employees at all levels will enhance their professionalism and knowledge of the law.

Chapter 4 Exercising the Function of the Audit Committee

Article 42: The audit committee shall supervise the implementation of the operations of the company and the performance of duties by directors and managers and care the enforcement of the internal control system so as to reduce the financial and operational risks of the company.

Where a director, for himself/herself or on behalf of others, engages in sales and purchases, lending and loaning activities, or conducts any legal act with the company, the audit committee shall act as the representative of the company.

Article 43: The audit committee may investigate the operational and financial conditions of the company from time to time, and the relevant departments in the company shall provide the books or documents that will be needed for the audit committee's review, transcription or duplication.

When reviewing the finance or operations of the company, the audit committee may retain attorneys or CPAs on behalf of the company to perform the review; however, the company shall inform the relevant persons of their confidentiality obligations. The board of directors or managers shall submit reports in accordance with the request of the audit committee and shall not for any reason circumvent, obstruct, or refuse the inspection of the audit committee.

When the audit committee performs his/her duties, the company shall provide necessary assistance as needed by the audit committee, and the reasonable expenses that the audit committee needs shall be borne by the company.

Article 44: For the audit committee to timely discover any possible irregular conduct in the company, the listed company shall establish a channel for the audit committee to communicate with the employees, shareholders, and stakeholders.

Upon discovering any irregular conduct, the audit committee shall take appropriate measures timely to curb the expansion of the irregular conduct, and file a report to the relevant regulatory authorities or agencies if necessary.

When an independent director or general manager, an officer of the finance, accounting, research and development, or internal audit department, or a CPA resigns or is removed from his/her position, the audit committee shall investigate the reasons.

In the event that the audit committee neglects his/her duties and therefore causes harm to the company, the audit committee shall be liable to the company.

Chapter 5. Respect the Rights and Interests of Stakeholders

Article 45. The company shall maintain smooth channels of communication with its banks and other creditors, employees, consumers, suppliers, communities and any other company's stakeholders, shall respect and maintain all legitimate rights of said groups, and shall establish a stakeholders section on the company website.

Where the legal rights of the stakeholders are violated, the company shall properly handle the matter on a principle of good faith.

Article 46. The company shall provide adequate information to banks and other creditors so the creditors shall be able to make judgements and decisions on the company's operational and financial status. Where the creditors' legal rights are violated, the company shall make a direct response and have a responsible attitude so that the creditors shall be compensated through the appropriate means.

Article 47. The company shall establish a channel of communication for the employees, and encourage the staff to communicate directly, so as to allow employees to comment on company operations, financial situations, employees' rights and other major decision.

Article 48. The company shall maintain normal business and development as well as maximizing shareholders' interests, and at the same time be attentive to consumer rights, environmental protection of communities, public welfares and other similar issues, and place emphasis on the company's corporate social responsibilities

Chapter 6. Increase Information Transparency Section

Section 1. Enhance Disclosure of Information

Article 49. The company shall properly and faithfully fulfill its responsibility in the disclosure of information in accordance with related laws and regulations as well as regulations of the stock exchange. The company shall establish an online public information reporting system, with designate person responsible for the gathering of company information and disclosure thereof. A spokesperson system shall also be established to ensure timely disclosure of information that may affect shareholders or stakeholders' decisions.

Article 50. To enhance the accuracy and timeliness of disclosure for important information, the company shall designate a person who has an overall understanding of the company's financial and business matters, able to co-ordinate the various departments to provide relevant information, and can individually present the company to the public, as the company spokesperson or acting spokesperson.

Where the company has one or more acting spokesperson and the company spokesperson has not yet made any statements, any acting spokesperson shall be able to make a statement on behalf of the company, provided the order of authority is set out clearly so as to avoid confusion. To implement the spokesperson system, the company shall draft the uniformed spokesperson order, shall request the management echelon and staff to maintain financial and business confidentiality, and shall not disseminate any information of their own accord.

Where there is a personnel change in spokesperson or acting spokesperson, and said information shall be disclosed.

Article 51. The company shall employ the convenience of the internet to set up websites, to provide information related to the company's financial and business matter and corporate governance as references for shareholders and stakeholders.

The website in the preceding paragraph shall be maintained by designated personnel, and the information provided shall be in detail, accurate and updated as quickly as possible, to avoid presentation of misleading information.

Article 52. The company shall convene investor conferences in accordance with the stock exchange regulations and shall be archived as a video or audio recording. Financial and business matters raised in the legal briefings shall be in accordance with the stock exchange regulations and shall be entered into MOPS website and shall allow enquiries through the company website and other suitable channels.

Section 2. Disclosure of Corporate Governance Information

Article 53. The company shall in accordance with the related laws and stock exchange regulations, disclose the following yearly corporate governance related information, and shall continue to update said information:

- (1) Corporate governance structures and regulations.
- (2) The company shareholding structure and shareholders' equity (including specific and clear dividend policies)
- (3) The board of director structure, the expertise of the board members and their independence.
- (4) Responsibilities of the board of directors and managers.
- (5) The formation, responsibilities and independence of the audit committee.
- (6) The formation, responsibilities and operation status of the remuneration committee and other functional committees.
- (7) The total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past two fiscal years to directors, general managers, and assistant general managers; analyze and describe remuneration policies, standards, and packages, the procedures for determining remuneration, and its linkage to operating performance and future risks. Under particular special circumstances, the remuneration paid to an individual director shall be disclosed.
- (8) Professional development of the directors.
- (9) The rights, relationship, channel of complaint, topics of concerns and appropriate response mechanisms for stakeholders.
- (10) The detailed process with regards to disclosure of information in accordance with laws and regulations.
- (11) Any variation between the corporate governance principle established by the company and the actual corporate governance operation status, and reasons thereof.
- (12) Any other information related to corporate governance.

The company shall consider the actual implementation of corporate governance system, and take appropriate actions to disclose actual plans and measures to

improve corporate governance.

Chapter 7. Addendum

Article 54. The company shall be mindful of any development in local and international corporate governance practices, and make the appropriate revisions or amendments to the company's corporate governance practices, in order to enhance the efficiency of the company's corporate governance.