

(3) Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	√		The Company has established “Corporate Governance Best Practice Principles” on November 10, 2014, and the last amendment was made on March 26, 2020. The provisions and amendment have been adopted by the Board of Directors and disclosed on the Company’s website and the Market Observation Post System.	None.
2. Shareholding structure & shareholders’ rights (1) Has the Company established internal operating procedures to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedures? (2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares? (3) Has the Company established and implemented risk management and firewall mechanisms with its affiliates? (4) Has the Company established internal rules against insiders trading with undisclosed information?	√ √ √ √		(1) The Company has appointed dedicated personnel to properly address shareholders’ suggestions, queries and opinions. The Company engages legal consultants when a query involves legal matters. Internal procedures are being set up. (2) The Company identifies its major shareholders and ultimate controller based on the shareholder registry provided by the share administration agent. Changes in insider shareholding are reported on a regular basis. (3) The Company has established various internal control measures and measures for the supervision of subsidiaries to effectively control enterprise risks and establish appropriate firewalls. (4) Article 10 of the Company’s “Corporate Governance Principles” 、 Article 15 of “Procedures for Ethical Management and Guidelines for Conduct.”prohibits insiders from trading securities against non-public information in order to protect shareholders’ rights as well as promoting its prohibition on insider trading and its legal liabilities.	None.
3. Composition and Responsibilities of the Board of Directors (1) Has the Board developed and implemented a diversified policy for the composition of its members?	√		(1) Article 20 of the Company’s “Corporate Governance Principles” outlines the required capabilities and diversity guidelines for the board of directors. (Note1) ①Specific objectives for management of multiple policies and goal achievement. The Company aims to recruit directors with divers in gender, age, professional competence and background.	(1) None.

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(2) Has the Company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee?		√	<p>Currently, there is one female director, three independent directors (i.e. 30% of all directors) among the 10 members in Board of Directors, whose average age is 67.6. Two of the directors are employees of the Company, and the tenure of the three independent directors lasts for six years.</p> <p>② Professional competence and skill: field of expertise, professional skills, and work experience on the industry (member of regular directors: MBA, University of California, Los Angeles; Department of Accounting, Shih Chien University; Department of Business Management Research Program, Cheng Kung University; EMBA, National Cheng Kung University, Marymount College U.S.A) and members of other expertise, professional skills, and industrial experience. (professional skills of Independent directors: Doctor of financing, The City University of New York Baruch College; Doctor of accounting, The State University of New Jersey; Doctor of Business, NCCU MBA Program; Deputy dean of NCKU College of management and chief executive director of EMBA/AMBA programs; Dean of NCKU accounting department; vice principal of Fu jen Catholic University and expertise in human resource, and other expertise).</p> <p>(2) The Company has not established any functional committee other than the Remuneration Committee and Audit Committee.</p>	(2) Does not comply with “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
(3) Has the Company established the rules and procedures for evaluation of Board of Directors’ performance, conduct performance evaluation annually, report the outcome to the Board of directors, and take the report into consideration for determining remuneration of each director as well as nomination of candidates for extending directors’ tenure?	√		<p>(3) The Company has established “Rules for Performance Evaluation of the Board” and has been conducting annual performance evaluation of the Board since January 1, 2020; the outcome shall be used as reference for determining remuneration of each director as well as nomination of candidates for extending directors’ tenure. The company’s evaluation results are divided into five levels which are Require Immediate Improvement, To be Improved, Meet the Standard, Exceed the</p>	(3) Partial compliance, since January 1, 2020, began to implement performance evaluation.

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(4) Does the Company regularly evaluate the independence of CPAs?	√		Standard, Outstanding Performance. The 2020 evaluation results of each performance of the Board of Directors all exceed the standard. (4) The audit committee of the Company carries out an evaluation on the independence of the accountants once a year and has submitted it to the board of directors on March 23, 2021 (Note 2).	(4) None.
4. Does the listed company assign appropriate number of qualified persons to take charge of corporate governance affairs and designated a corporate governance director to take charge of relevant affairs (including but not limited to providing information to directors and supervisors for business needs, assist the directors and supervisors about law-abiding matters, handle matters related to Board of Directors Meeting and Shareholders meeting, register and alter data of the Company, compile memorandum for Board of directors’ meeting and shareholders’ meetings, and other obligations)?	√		The Company has organized the Corporate Governance Team on March 28, 2017, and a “corporate governance director” has been designated with adoption of the Board on March 25, 2019. The financing director Wen-Lin Chuang who has over three years of experience in the position of financial director, takes the position concurrently. The obligations of the position mainly include: 1. Handle the matters of the Board of directors’ meeting and the shareholders meeting according to relevant legal regulations; 2. Compile memorandum for Board of directors’ meeting and shareholders’ meetings; 3. Assist directors in inauguration and seeking on-the-job training opportunities; 4. Provide directors information for business purpose; 5. Assist the directors in law abiding affairs; 6. Other matters specified in the Articles of Association or contracts, which should be implemented according to the legal regulations.	None.
5. Has the Company established communication channels and dedicate section for stakeholder (including but not limited to the shareholders, employees, clients and suppliers) on its website to respond to important issues of corporate social responsibility concerns?	√		The Company has set up various communication channels for stakeholders, including: investor relations, customers, suppliers and employees sections and other service corresponding units, and has a reporting channel for dishonest behavior that violates the integrity of business practices. There is a stakeholder section on the Company’s official website and any important issues of corporate social responsibility concerns shall be responded appropriately.	None.
6. Has the Company appointed a professional shareholder service agency to deal with shareholder affairs?	√		The Company commissions the Shareholder Service Department of President Securities Corporation to handle matters relating to shareholder meetings.	None.
7. Disclosure of information (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?	√		(1) The Company has set up a website and discloses online in accordance with the regulations.	(1)None.

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(2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information on collection and disclosure, creating a spokesperson system, webcasting investor conferences)?	√		(2) The Company has set up a spokesperson system and has appointed dedicated personnel to gather information and discloses online. There is also an English website available.	(2)None
(3) Does the Company submit and disclose the annual financial statement within two months after the fiscal year ends, and publicize and submit the Q1, Q2, and Q3 financial statement as well as the monthly report on business operation prior to the designated time?		√	(3) While the Company has not disclosed and submitted the annual financial statement for due to the schedule of the Board of Directors meeting, the Q1, Q2, and Q3 financial statement and the monthly report on business operation have been summited before the designated time and disclosed on the Company’s website and MOPS.	(3)Partially Porresponding.
8. Is there any other important information to facilitate a better understanding of the Company’s corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	√		<p>1. Employees’ rights:</p> <p>(1) All employees are covered by life insurance and accident insurance.</p> <p>(2) Employee health checkups are organized on a regular basis.</p> <p>(3) The Company provides employee wedding gifts, allowances of child birth, funeral and education, as well as holiday bonus and welfare gifts.</p> <p>2. Supplier relations, the rights of stakeholders and the implementation of customer policies: All the raw materials and materials required for operation shall be purchased from local manufacturers where as possible to create employment opportunities and enhance the competitiveness of local manufacturers.</p> <p>3. Directors’ further training: All directors have completed the required training hours in 2020. (Note 3)</p> <p>4. The Company purchases liability insurance for directors and important employee</p>	None.

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9. Please state the improvements made to the items in the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd., and indicate the enhancement and improvement measures for the items not yet improved: Note 4

Note 1: Director Diversity

Item Director Name	Gender	1	2	3	4	5	6	7	8	9
		Academic Background	Operational judgement A	Accounting Finance	Administration	Crisis Management	Industrial experiences	International Markets perspectives	Leadership	Decision making
Chih-Hsien Lo	Male	Business Administration	√	√	√	√	√	√	√	√
Jau- Kai Hwang	Male	Accounting and Statistics	√	√	√	√	√	√	√	√
Jui-Sheng Wang	Male	Business Administration	√		√	√	√	√	√	√
Feng-Fu Chen	Male	Business Administration	√	√	√	√	√	√	√	√
Shiow-Ling Kao	Female	Business	√		√	√	√	√	√	√
Shing-Chi Liang	Male	Business Administration	√	√	√	√	√	√	√	√
Kuo-Keng Chen	Male	Textile	√		√	√	√	√		√
Ming-Long Wang	Male	Finance	√	√	√	√		√	√	√
Chin-Cheng Chien	Male	Accounting	√	√	√	√		√	√	√
Bin-Eng Wu	Male	Business Administration	√		√	√		√	√	√

Note 2: Assessment Standard for Accountant Independence

Item	Assessment Content	Result	Whether it is Independent
01	Does the accountant avoid and not carry out a matter when they have direct or significant indirect conflict against their own interests and affects their impartiality and independence?	Yes	Yes
02	When an accountant provides an audit, review, revise or review of a financial statement and makes a submission, does it maintain formal independence in addition to maintaining substantial independence?	Yes	Yes

Item	Assessment Content	Result	Whether it is Independent
03	Do members of the audit service team, other joint CPAs or corporate accountants, accounting firms, firm related companies and alliance firms also maintain independence for the Company?	Yes	Yes
04	Do auditors perform their services in an honest diligent and professional manner?	Yes	Yes
05	Does the accountant maintain a fair and objective position when carrying out professional services, and also avoid affecting professional judgment due to prejudice, conflict of interest or interest?	Yes	Yes
06	The accountants maintain integrity and fairness and objectivity due to lack or loss of independence.	Yes	Yes

Note 3: The directors and supervisor of corporate governance `s further training

The directors' further training in 2020

Directors	Education Progress	Date	Organizer	Course Title	Hours
Chih-Hsien Lo, Shio-Ling Kao		05/07	Taiwan Corporate Governance Association	How the Companies Prevent Corruption – Case Study	3
Chih-Hsien Lo, Shio-Ling Kao, Jau-Kai Hwang, Jui-Sheng Wang		07/24	Taiwan Institute of Directors	Group Governance and Performance Management	3
Chih-Hsien Lo, Shio-Ling Kao		08/11	Taiwan Corporate Governance Association	The Response and Application of the Board of Directors to Corporate Governance Evaluation	3
Chih-Hsien Lo, Shio-Ling Kao, Jau-Kai Hwang, Jui-Sheng Wang		10/23	Taiwan Institute of Directors	Seize the Key Talented People: the Advent of Digital Economy, How the Companies Embrace the Transformation of the Talented People in the Next Decade	3
Feng-Fu Chen		05/22	Accounting Research And Development Foundation	Key Points of Revision and Common Deficiency of Relevant Regulations of IFRS Financial Report Preparation and Improvement of Ability to Self-Prepare the Financial Reports	3
		06/23	Accounting Research And Development Foundation	Internal Control and Auditing and Information Technology	3
Guo-Geng Chen		09/25	Securities & Futures Institute	2020 Propaganda Seminar for Prevention of Insider Trading and Insiders' Share Transfers	3
		12/04	Accounting Research And Development Foundation	Common Deficiency of Corporate Governance and Analysis of Relevant Laws	3
Shing-Chi Liang		11/03	Accounting Research And Development Foundation	Compliance-Based Audit of Corporate "Shareholders Meeting"	3
		11/24	Taiwan Corporate Governance Association	Corporate Governance 3.0 – Sustainable Development Blueprint	3
Ming-Long Wang, Chin-Cheng Chien		05/11	Securities & Futures Institute	Analysis and Application Practice of International Taxation Trend Under the New Version of Corporate Governance Blueprint	3

Education Progress	Date	Organizer	Course Title	Hours
Directors	08/12	Securities & Futures Institute	Strategy and Management of Corporate Upgrading and Transformation – Decision Between Merger and Acquisition and Alliance	3
Ming-Long Wang	08/05	Taiwan Corporate Governance Association	Prevention and Response of Insider Trading	3
Chin-Cheng Chien	10/20	Taiwan Corporate Governance Association	Ethical Corporate Management, Corporate Governance, Three Rules of Corporate Social Responsibilities and Practice	3
Bin-Eng Wu	08/11	Taiwan Corporate Governance Association	Strategy of Responding Company Changes	3
	11/05	Taiwan Corporate Governance Association	Ten Compulsory Courses of Corporate Governance	3

Supervisor of Corporate Governance `s further training in 2020

Name	Date	Organizer	Course Title	Hours
Wen-Lin Chuang	07/14	Accounting Research And Development Foundation	Key Points of Revision and Common Deficiency of Relevant Regulations of IFRS Financial Report Preparation and Improvement of Ability to Self-Prepare the Financial Reports	3
	08/06	Accounting Research And Development Foundation	Compliance Practice and Case Study of the Labor Standard Act During COVID-19	6
	08/20	Accounting Research And Development Foundation	Common Deficiency of Corporate Governance and Analysis of Relevant Laws	3

Note4: the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd., and indicate the enhancement and improvement measures for the items not yet improved:

Number	Index	Description
1.6	Does the Company hold a general shareholders' meeting before the end of May?	Remain current status
1.17	Does the Company have government agencies or single listing company and its subsidiaries account for more than one-third of the board seats?	Remain current status
2.2	Has the Company established the Board Diversity Policy and disclose implementation the implementation of the policy on the Company's website and annual report?	The information has been disclosed in 2020 annual report and on the Company's website
2.7	Does the Company voluntarily set up more independent seats as required by the Act?	Remain current status
2.9	Does the Company establish succession planning for Board of Directors members and important managerial staff and disclose implementation of such plan on the Company's website or annual report?	The Company has no intention in making such plan at present.
2.13	Do the committee members of the remuneration committee attend the meeting at least twice per year and reveal the information of regular performance evaluation of the	The attendance criteria is not

	directors, supervisors, and managers and the policy, institution, standards, structure of the remuneration?	fulfilled by committee members for some reasons.
2.14	Does the Company set up a functional committee other than statutory, the number of which is not less than three, and more than half of the member are independent directors and disclose their composition, responsibilities and operation status?	No plans of setting up
2.22	Does the company enact the policy and procedure of risk management which is approved by the Board of Directors and reveals the scope of the risk management, organizational structure, and its operation situation?	Please Refer to Corporate Website
2.23	Has the Company's board performance appraisal method or procedures been approved by the board of directors, and it is determined that the external assessment will be carried out according to the time set by the method, and the implementation and assessment results will be disclosed on the Company website or annual report.	Remain current status
2.30	Does at least one of the internal auditors have certificates such as Certified Internal Auditor, Certified Audit Professional or have passed the accountant examination?	Not yet obtained
3.4	Does the Company publish annual financial report within two months of the end of the fiscal year?	Remain current status
3.8	Does the Company voluntarily publish the four-year financial forecast report and the relevant operations, with no corrections ordered by the competent authority or having any demerits imposed by the TWSE or TPEX?	No plans of disclosure
3.13	Does the Company's annual report disclose the remuneration of individual directors and supervisors?	No plans of disclosure
3.14	Does the Annual Report reveal the linkage between the performance evaluation of the directors and the managers and their remuneration?	Page 19 ∙ 58
3.15	Is the non-audit fee and nature of such expenses that the Company voluntarily paid to CPAs and the affiliation of the CPA firms disclosed in the annual report?	The non-audit fee reached 1/4 of the total amount of the audit fee, so it is obligated for the Company to disclose the information.
3.20	Does the Company invite (is invited) to hold at least two investor conferences and the first conference of the year is more than 3 months apart from the last one?	Strive to achieve
3.21	Is the remuneration for each general director and deputy general manager disclosed in the Company's annual report?	No plans of disclosure