

Implementation of corporate governance, differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof

Item for evaluation	Implementation (Note)			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
I. Does the Company establish and disclose its corporate governance principles pursuant to the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and disclose them?	V		<p>(I) We established the corporate governance principles based on the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies,” and the principles were adopted at the 11th meeting of the 17th Board of Directors. The provisions of the principles were subsequently amended pursuant to the letters of the Taiwan Stock Exchange Corporation.</p> <p>(II) The Company disclosed the “Corporate Governance Best Practice Principles” on the Market Observation Post System and the Company's website.</p>	<p>No difference</p> <p>We resolved at the 19th meeting of the 22nd Board of Directors on June 13, 2019 to amend the Corporate Governance Best Practice Principles.</p>
II. Shareholding structure and shareholders’ equity				
(I) Does the Company have an internal procedure in place and handle shareholders’ suggestions, doubts, disputes, and lawsuits accordingly?	V		<p>(I) For the method of handling shareholders’ suggestions, doubts or disputes, in addition to a spokesperson appointed to accept the suggestions from the shareholders or explain their doubts, the personnel of the Stock Affairs Section also spares no effort to provide satisfying answers in words or in writing after understanding and reviewing</p>	No difference

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(II) Does the Company have a list of major shareholders who actually control the Company and the persons who have ultimate control over the major shareholders?	V		the shareholders' suggestions or doubts. (II) The Company has always kept an eye on the increase/decrease in directors' shareholding and the changes in mortgages, entered specific information into the designated information reporting website for public disclosure in accordance with regulations, and been familiar with the list of major shareholders and their shareholding when closing accounts every month or on the ex-rights date.	No difference
(III) Does the Company establish or implement any risk control measures and firewall mechanisms between the Company and its affiliates?	V		(III) The Company and each of the affiliates operate separately, and hence each company has its own internal control system. We have established and implemented subsidiary management regulations. Therefore, we have followed laws and regulations to conduct risk assessment and establish appropriate firewall mechanisms between the Company and the affiliates.	No difference The Company has had no subsidiaries since December 18, 2017.
(IV) Does the Company have internal regulations to prohibit insiders of the Company from using undisclosed information in the market to trade securities?	V		(IV) The "Insider Trading Prevention Regulations" and "Code of Ethical Conduct for Directors and Managerial Officers" have been formulated to prohibit the insiders of the Company from	No difference Please refer to Page 110 of this annual report for the Company's directors and managerial officers' participation

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			using the undisclosed information on the market to trade securities. We also remind the insiders not to violate laws on an irregular basis.	in courses relevant to insider trading prevention in 2020.
III. Formation and responsibilities of the Board of Directors				
(I) Does the Board of Directors formulate policies of diversification for its formation and implement the policies?	V		(I) The Company elects board members based on the principle of “diversified board members” in Article 20 of the Corporate Governance Best Practice Principles. Therefore, our directors generally possess professional backgrounds or experience in international trade, finance, asset management or industrial operation. (Please refer to Pages 60-64 of this annual report for more details)	No difference
(II) Does the Company voluntarily establish any functional committees other than the Compensation Committee and Audit Committee set up pursuant to laws?		V	(II) We will plan to set up other functional committees according to relevant laws and regulations, the Company's business status and scale.	No difference
(III) Does the Company establish regulations and methods for evaluating the performance of the Board of Directors, conduct regular performance evaluations every year, and report the results to the Board of Directors? Are the results	V		(III) The Company resolved at the 20th meeting of the 20th Board of Directors on July 5, 2019 to formulate the “Regulations Governing the Performance Evaluation of the Board of Directors” and to start the evaluation in 2020. A	The “performance evaluation of the Board of Directors” for 2020 was completed in the first quarter in 2021. The relevant information was also uploaded to

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utilized as the basis for the remuneration and nomination for re-election of individual directors?			performance evaluation was completed before the first quarter in 2021 in accordance with the regulations, and the results were reported at a board meeting.	the Market Observation Post System and reported at the Board of Directors meeting on March 18, 2021 in accordance with the regulations. (Please refer to Page 82-85 of this annual report)
(IV) Does the Company assess the independence of the CPAs on a regular basis?			(IV) The Company requires CPAs to provide a “declaration of independence” every year and assesses whether the CPAs meet independence requirements according to the relevant procedures. The assessment of the CPAs’ independence was completed at the 5th meeting of the 23rd Board of Directors on March 16, 2020. We also assessed the independence of the CPAs at the 10th meeting of the 23rd Board of Directors on March 18, 2021. (Please refer to Pages 108-110 of this annual report for assessment procedures.)	No difference
IV. Does your TWSE/TPEX-listed company designate competent corporate governance personnel in an appropriate number along with a chief corporate governance officer responsible for related	V		The Company appointed the Secretariat Office, Board of Directors to serve as the corporate governance unit and resolved at the board meeting on August 27, 2008 to designate Division Director Chia-Hui Wan as the secretary to the Board of Directors. Currently,	No difference

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matters (including but not limited to providing information required for directors and supervisors to perform their duties, ensuring that directors and supervisors follow laws and regulations, handling matters related to the Board of Directors and shareholders' meetings, and preparing minutes of the Board of Directors and shareholders' meetings)?			<p>the Division Director has more than three years of meeting management experience in public listed companies. The responsibilities of the Division Director at least include the following matters:</p> <ol style="list-style-type: none"> 1. Handling company registration and change registration. 2. Handling affairs relevant to Board of Directors meetings and shareholders' meetings in accordance with laws and ensuring that the Company follows the laws and regulations related to Board of Directors meetings and shareholders' meetings. 3. Preparing the minutes of Compensation Committee meetings, Audit Committee meetings, Board of Directors meetings and shareholders' meetings. 4. Providing information required for directors to perform their duties and related to the latest legal development relevant to the operation of the Company to help directors (independent directors) observe laws and regulations. 5. Dealing with affairs relevant to investor relations. 6. Other matters referred to in the Articles of Incorporation or contracts. <p>A chief corporate governance</p>	

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			officer will be appointed in 2021 in accordance with laws to comply with the regulations.	
V. Does the Company establish a channel for communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), design a stakeholder section on the Company's website, and appropriately respond to important CSR issues for which the stakeholders are concerned?	V		The Company has designed a stakeholder section on the Company' website at: https://www.ttch.com.tw/zh/stakeholder/stakeholder . The stakeholders may provide suggestions regarding the issues that they are concerned about or communicate with the Company through the channel. We will handle these suggestions appropriately and make direct responses as soon as possible.	No difference
VI. Does the Company commission a professional registrar to deal with matters related to shareholders' meetings?	V		The Company commissions the Stock Transfer Department of Grand Fortune Securities Co., Ltd. to held the Company's shareholders' meetings and handle stock affairs.	No difference
VII. Information disclosure				
(I) Does the Company establish a website to disclose information concerning financial affairs and corporate governance?	V		(I) The Company has disclosed the information about financial affairs and corporate governance on the website at: https://www.ttch.com.tw/zh/governance/governance .	No difference
(II) Does the Company use other information disclosure methods (such as building an English website, assigning dedicated personnel for collection and disclosure of information, implementing a spokesperson system, and publishing the process of investor conferences on the	V		(II) In addition to the information disclosed on the Company's website for investors' reference, a spokesperson and deputy spokesperson are appointed to answer the questions from shareholders. The Marketing Department updates the Company's information on the website on	No difference

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<p>website)?</p> <p>(III) Does the Company publish and file its annual financial statements within two months after the close of the fiscal year? Does the Company publish and file the Q1, Q2 and Q3 financial statements and monthly operational performance prior to the required deadline?</p>		V	<p>an irregular basis.</p> <p>(III) We publish and file our annual financial statements within three months after the close of every fiscal year; publish and file the financial statements within 45 days after the close of Q1, Q2 and Q3 in every fiscal year; and publish and file the operational performance of the previous month 10 days before every month.</p>	<p>The Company publishes and files financial statements and monthly operation reports pursuant to Article 36 of the Securities and Exchange Act.</p>
<p>VIII. Does the Company have other important information that are helpful to understand the implementation of the corporate governance (including but not limited to the interests and care of employees, investor relationship, supplier relationship, rights of stakeholders, continuing education of directors and supervisors, implementation of risk management policies and risk assessment standards, implementation of customer policies, and liability insurance coverage for directors and supervisors)?</p>	V		<p>(I) In addition to the Employee Welfare Committee set up to ensure and maintain employees' welfare and provide free annual medical check-ups for the employees, the Labor-Management Committee established in March 2014 holds regular labor-management meetings to improve labor relations. We constantly organize training on occupational safety and health and improvement of the professional capability of the employees. For employees choosing the old pension system, 8.58% of the income, as retirement funds, is deposited in accounts at the Department of Trusts of the Bank of Taiwan for yields on</p>	<p>No difference</p>

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	V		<p>a monthly basis in accordance with the Labor Standards Act; for employees covered by the new pension system, 6% of the total salary is transferred to individual accounts at the Bureau of Labor Insurance. All the rights and interests of our employees are guaranteed.</p> <p>(II) We take care of disadvantaged groups, support the government policy of “employment of disabled workers,” offer equal work opportunities for employees, and provide a safe and promising working environment. The Company won the Best Growth Award in the “Visible Abilities with Unlimited Employment Opportunities” corporate model evaluation held by the Taipei City Government in 2016. Our Pingtung Branch Office has been presented the award of “Excellent Unit Employing Workers with Disabilities in Pingtung County” by the Pingtung County Government for three consecutive years since 2018 to acknowledge our efforts to actively employ disabled workers in response to the</p>	No difference

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	V		government policy. (III) The relations with shareholders and investors, and the rights and interests of the suppliers having a business relationship with the Company and of stakeholders are maintained and guaranteed in accordance with laws.	No difference
	V		(IV) The Company designs a stakeholder section on the website providing multiple communication channels for stakeholders (shareholders, investors, customers, employees, communities, neighborhoods, suppliers (contractors), media, government units, etc.) to maintain the legal rights of both parties.	No difference
	V		(V) For detailed information related to the corporate governance training participated by the Company's directors and managerial officers, please refer to the following tables of "2020 Continuing Education of the Company's Directors" and "2020 Managerial Officers' Continuing Education and Training Related to Corporate Governance."	Several directors completed the continuing education courses for directors.

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	V		(VI) The Company purchased directors and managerial officers' liability insurance for 2018 (with a policy term beginning August 1, 2018, and ending July 31, 2019) on July 30, 2018. The insurance has been renewed on August 1 every year (with a policy term beginning August 1 in the current year and ending July 31 in the following year) since then. The main contents of the insurance policy were reported to directors at the 13th meeting of the 22nd Board of Directors, and the 1st and 7th meetings of the 23rd Board of Directors.	No difference
IX. On the basis of the result of corporate governance evaluation released by TWSE's Corporate Governance Center in the most recent year, please describe the matters to which improvements have been made. Regarding the matters to which improvements have yet to be made, please list those which have been selected as priorities and the measures to be taken.	V		(I) We started to prepared an English version of 2017 separate and consolidated financial statements in 2018 to improve information transparency. An English version of the notice of annual shareholders' meetings started to be prepared in 2018. In 2021, we begin to prepare an English version of the annual report and meeting handbook to protect shareholders' rights and interests and allow foreign companies to receive the	Although the Company does not commission a professional institution to conduct corporate governance evaluations, there are no material defects found during the Company's corporate governance self-evaluations. We will continue to implement corporate governance.

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			<p>same information.</p> <p>(II) The Company arranged a re-election at the extraordinary meeting of shareholders on August 1, 2019. Therefore, the Chairman and the General Manager for the current term are not the same person.</p> <p>(III) The Company has established the “Intellectual Property Rights Management Regulations” based on the latest indicators of the Corporate Governance Evaluation and disclosed the Regulations and the implementation thereof on the Company’s website.</p> <p>(IV) The Company resolved at the 8th meeting of the 23rd Board of Directors on November 12, 2020 to establish the Company's “Regulations on Risk Management Policies and Procedures” and reported the implementation of risk management in 2020 at the 9th meeting of the 23rd Board of Directors on January 21, 2021.</p> <p>(V) We completed the performance evaluation of the Board of Directors for 2020 and reported the result at the Board of Directors meeting</p>	

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			<p>on March 18, 2021.</p> <p>(VI) We will timely publish the English version of important messages consistent with laws and regulations.</p>	