

KWONG LUNG ENTERPRISE CO., LTD.

Ethical Corporate Management Best Practice Principles

1. Purpose

These principles are specially formulated for the purpose of establishing the corporate culture of ethical corporate management and the reference framework for sound development and good business operation. Based on the business philosophy of probity, transparency and responsibility, policies based on ethic are formulated to establish a sound corporate governance and risk control mechanism and create a sustainable business environment.

2. Scope

These principles are applicable to the Company, its subsidiaries, foundations with direct or indirect donations of more than 50% of funds, other organizations or legal persons with substantial control ability and other relevant group units.

3. Responsibility

3.1. The Company's directors, supervisors, managers, employees, fiduciaries and substantive controllers shall fulfill the duty of care, urge the company to prevent unethical behaviors, review its implementation effectiveness at any time and continuously improve, and truly abide by laws and regulations and preventive schemes to ensure the implementation of ethical corporate management policies.

3.2. In order to improve the management of ethical corporate management for the Company, the Human Resources Department (special unit) is responsible for the formulation, supervision and implementation of credit management policies and prevention plans, and is mainly responsible for the following matters, and reports to the board of directors when necessary:

3.2.1. Assist in integrating ethical and moral values into the company's operational strategy, and formulate relevant anti-fraud measures to ensure ethical operation in accordance with laws and regulations.

3.2.2. Formulate schemes to prevent unethical behavior, and set up standard operating procedures and behavioral guidelines related to work and business in each scheme.

3.2.3. Plan internal organization, establishment and responsibilities, and set up mutual supervision and check/balance mechanism for operational activities with high risk of unethical behavior within the business scope.

3.2.4. Promotion and coordination of ethical policy publication training.

3.2.5. Plan the reporting system to ensure the effectiveness of implementation.

3.2.6. Assist the board of directors and the management to check and evaluate whether the preventive measures established for the implementing the ethical operation are effective, and regularly evaluate the compliance of relevant business processes and formulate a report.

4. Definition

4.1. The "personnel of the Company" as mentioned in this Code refers to the directors, supervisors, managers, employees, fiduciaries or those who have the substantial control ability of the Company (hereinafter referred to as substantial controllers).

4.2. Interest mentioned in this Code refers to anything of value, including money, gifts, positions, services, preferential treatment, kickbacks, etc. in any form or name. However, this restriction shall not apply when it belongs to normal social etiquette and customs, and it is accidental and does not affect

specific rights and obligations.

- 4.3. The unethical behavior mentioned in this Code refers to that during the operational activities, do not directly or indirectly provide, promise, demand or accept any illegitimate interests, or do other unethical behaviors that violate ethics, lawlessness or fiduciary duties in order to obtain or maintain interests.

The objects of the actions mentioned in the preceding paragraph include public officials, candidates for political election, political parties or party officials, and any public or private enterprises or institutions and their directors (councilor), supervisors, managers, employees, substantive controllers or other stakeholders.

5. Operation Content

5.1. Operation Procedure

Except for the following circumstances, the company's personnel who directly or indirectly offer, accept, promise or demand money, gifts, positions, services, preferential treatment, kickbacks, etc., shall comply with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and the provisions of this Code, and can only do so after handling relevant procedures:

- 5.1.1. Based on business needs, when visiting at home or abroad, receiving foreign guests, promoting business, communicating and coordinating, they should follow local manners, conventions or customs.
- 5.1.2. Participate in or invite others to hold normal social activities based on normal social etiquette, business purpose or promotion relationship.
- 5.1.3. Inviting customers or being invited to participate in specific business activities, plant visits, etc. due to business needs, and the expense burden method, number of participants, accommodation level and duration of the previous activities have been specified.
- 5.1.4. Participate in folk festivals held in public and invited by the general public.
- 5.1.5. Reward, assistance, sympathy or consolation from the supervisor.
- 5.1.6. Offer or accepting money, financial or other benefits from people other than relatives or business friends, or others giving gifts to most of the company's personnel, the amount should be judged according to the actual reasons or general customs.
- 5.1.7. The amount of financial acceptance due to engagement, marriage, childbirth, housewarming, taking office, promotion, retirement, resignation and resignation, as well as injuries and deaths of oneself, spouse or direct relative members should be judged according to the actual causes or general market conditions.
- 5.1.8. Others that comply with company's regulation.

5.2. Behavior Guideline

5.2.1. Prohibit to bribe and graft

The Company, its directors, supervisors, managers, employees, fiduciaries and substantive controllers shall not directly or indirectly offer, promise, demand or accept any form of improper benefits to customers, agents, contractors, suppliers, public officials or other interested parties when performing business. However, this restriction shall not apply if it complies with the laws of the place where the operation is located and has been approved by the submitting supervisor.

5.2.2. Illegal political donations are prohibited.

The Company, its directors, supervisors, managers, employees, fiduciaries and substantive controllers shall directly or indirectly make donations to political parties or organizations or individuals involved in political activities, which shall comply with the Political Donations Act and relevant internal operating procedures of the Company, and shall not be used to seek commercial benefits or trading advantages.

5.2.3. Improper charitable donation or sponsorship is prohibited.

The Company, directors, supervisors, managers, employees, fiduciaries and substantive controllers shall comply with relevant laws and internal operating procedures for charitable donations or sponsorship, and shall not bribe in disguised form.

5.2.4. Unreasonable gifts, hospitality or other improper benefits are prohibited.

The Company, its directors, supervisors, managers, employees, fiduciaries and substantive controllers shall not directly or indirectly provide or accept any unreasonable gifts, entertainment or other illegitimate benefits to establish business relations or influence business transactions.

5.2.5. Infringement of intellectual property rights is prohibited

The Company, its directors, supervisors, managers, employees, fiduciaries and substantive controllers shall abide by the relevant laws and regulations of intellectual property, internal operating procedures of the Company and contractual provisions; Without the consent of the owner of intellectual property rights, it is not allowed to use, leak, dispose of, damage or otherwise infringe intellectual property rights.

5.2.6. Prohibit unfair competition.

The Company shall engage in business activities in accordance with relevant competition laws and regulations, and shall not fix prices, manipulate bids, limit output and quotas, or distribute customers, suppliers, operating areas or business types to enjoy or divide the market.

5.2.7. Prevent products or services from damaging stakeholders

The Company, directors, supervisors, managers, employees, fiduciaries and substantive controllers shall abide by relevant laws and regulations and international standards in the process of research and development, procurement, manufacturing, provision or sales of products and services to ensure the transparency and security of products and services information. And formulate and publicize the rights and interests protection policies of consumers or other stakeholders, and implement them in business activities to prevent products or services from directly or indirectly damaging the rights, health and safety of consumers or other stakeholders. In deed, the products or services should be recovered or stopped immediately when there is a real risk that their products or services will directly or indirectly harm the safety and health of consumers or other interested parties.

5.3. Treatment procedures for accepting improper benefits

5.3.1. The person who provides or promises and is related to position interest, should report to the direct supervisor within three days from the date of receiving, and inform the special unit of the Company if necessary.

5.3.2. The person who provides or promises and is related to position interest, shall return or reject, and report to the direct supervisor and informed to the company's special unit; If it can't be

returned, it should be handed over to the company's special unit for treating within three days from the date of acceptance. Depending on the nature and value of the interests, the company's special unit shall put forward the suggestions of refund, payment, return to the public, donation to charity or other appropriate suggestions, which shall be reported to the general manager of the company for approval before implementation.

5.3.3. The term "position interested relationship" as mentioned in the preceding paragraph refers to one of the following circumstances:

5.3.3.1. Those who have business contacts, command and supervision, or expense subsidies (awards), etc.

5.3.3.2. Those who are seeking, conducting or have entered into contracts, sales or other contractual relationships.

5.3.3.3. Other business decisions, implementation or non-implementation, which will suffer favorable or unfavorable effects.

5.4. Treatment procedures for political donations

5.4.1. It should be confirmed that it complies with the relevant laws and regulations of the country where the recipient of political donations is located, including the upper limit and form of political donations.

5.4.2. Decisions should be made in written records, and the amount standard should be handled according to the company's approval authority.

5.4.3. Political donations should be recorded in accordance with laws and regulations and relevant accounting procedures.

5.4.4. When providing political donations, it shall avoid engaging in business dealings with relevant government units, applying for permission or handling other matters involving the interests of the company.

5.5. Treatment procedure and amount standard of legitimate charitable donation or sponsorship

5.5.1. Shall comply with the laws and regulations of the place of operation.

5.5.2. Decision-making shall be recorded in writing, and the amount standard shall be handled according to the company's approval authority.

5.5.3. Donations should be made to charitable organizations, and bribery in disguised form is not allowed.

5.5.4. The feedback from sponsorship is clear and reasonable, and it is not allowed to be the object of the company's business dealings or the person who is beneficial to the company's personnel.

5.5.5. After donation or sponsorship, it shall be confirmed that the purpose of money flow is consistent with the purpose of donation.

5.6. Job-related conflicts of interest and their reporting and handling procedures (for avoidance)

5.6.1. Directors, supervisors, managers and other interested parties attending or attending the board of directors of the Company who have an interest in the proposals listed by the board of directors and their own or their legal persons should explain the important contents of their interests at the current board of directors, and if it is harmful to the interests of the company, they should not participate in the discussion and voting, and should abstain from the discussion and voting, and should not exercise their voting rights on behalf of other directors. Directors shall also be self-disciplined and not support each other improperly.

- 5.6.2. Directors, supervisors, managers, employees, appointees and material controllers of the Company shall not take advantage of their positions or influence in the Company to obtain illegitimate benefits for themselves, spouses, parents, children or anyone else.
- 5.6.3. Employees of this company should take the initiative to inform their superiors of matters with potential conflicts of their own interests when performing their duties, and the superiors may appoint people who have no interests to deal with them on their behalf if necessary.
- 5.7. Provisions on confidentiality of confidential and commercially sensitive information obtained in business
 - 5.7.1. The company's personnel shall strictly abide by the employment contract and internal major information processing procedures and other relevant regulations, and shall not disclose the company confidentialities they know to others, and shall not inquire about or collect non-job related company business confidentialities.
 - 5.7.2. The Company's personnel shall abide by the provisions of the Securities and Exchange Act, and shall not use the undisclosed information they know to engage in insider trading, nor disclose it to others, so as to prevent others from engaging in insider trading by using the undisclosed information.
- 5.8. Regulations and handling procedures for suppliers, customers and business transaction partners involved in unethical behavior
 - 5.8.1. Based on the Ethical Corporate Management Best Practice Principles, the Company conducts business activities in a fair and transparent way.
 - 5.8.2. Before business activities, the Company will consider the legitimacy of agents, suppliers, customers or other business transaction partners and whether they are involved in unethical behaviors, so as to avoid dealing with those involved in unethical behaviors.
 - 5.8.3. The Company signs major contracts with agents, suppliers, customers or other business partners, and its contents should include the terms of abiding by the honest business policy and the possibility of terminating or dissolving the contracts at any time if the trading counterpart is involved in unethical behavior.
- 5.9. Treatment procedures for violating Ethical Corporate Management Best Practice Principles
 - 5.9.1. When the Company discovers or receives reports that the directors, supervisors, managers, employees, fiduciaries and substantive controllers of the Company are involved in unethical behaviors, the relevant units shall immediately investigate the facts. If it is confirmed that there is a violation of relevant laws or regulations of the Company's ethical management policies and regulations, the Company shall immediately require the perpetrators to stop the related behaviors and take appropriate measures, and if necessary, request damages through legal procedures to safeguard the company's reputation and rights and interests.
 - 5.9.2. The Company shall instruct relevant units to review relevant internal control systems and operating procedures and propose improvement measures to prevent the same behavior from happening again.
 - 5.9.3. The Company's special unit shall report the unethical behavior, its treatment methods and follow-up review and improvement measures to the board of directors.
- 5.10. Education Training and Examination
 - 5.10.1. The chairman, general manager or senior management of the company shall regularly

convey the importance of ethics to directors, employees and fiduciaries.

5.10.2. The Company shall regularly organize education, training and publicity for directors, supervisors, managers, employees, fiduciaries and substantive controllers, so that they can fully understand the company's determination, policies, preventive schemes and the consequences of violating unethical behavior.

5.10.3. The Company combines the ethical management policy with employee performance appraisal and human resources policy to establish a clear and effective reward and punishment system.

5.11. Report, appeal system and punishment

5.11.1. Establish and announce an internal independent report mailbox and special line, or entrust other external independent organizations to provide the report mailbox and special line for internal and external personnel of the company.

5.11.2. The Human Resources Department of the Company is appointed as the special unit for reporting and accepting. If the reporting situation is found to be a major violation of regulations or the Company is in danger of major damage, or involves directors or senior executives, it should immediately make a written report and report it to independent directors or supervisors.

5.11.3. The report case acceptance, investigation process, investigation results and related documents shall be recorded and kept.

5.11.4. The identity of the prosecutor and the content of the report should be kept confidential. Measures should also be taken to protect the informant from improper handling due to the reported situation.

5.11.5. Those who violate the integrity of the company's personnel shall be dealt with according to relevant laws and regulations, relevant measures of rewards and punishments of the company or resolutions of the executive meeting, and the violators shall be given the opportunity to appeal and reply.

5.11.6. The Company shall announce the title, name, date of violation, content of violation, handling situation and other information of those who violate the integrity.

5.11.7. In order to encourage internal and external personnel to report dishonest behavior or improper behavior, relevant informant reward measures should be based on relevant regulations on rewards and punishments or relevant meeting resolutions.

6. Others

6.1. The Company shall establish an effective accounting system and internal control system for business activities with high risk of unethical behavior, and shall not have external accounts or keep secret accounts, and shall review them from time to time to ensure that the design and implementation of the system are continuous and effective.

6.2. The Company's internal audit unit shall regularly check the compliance with the system mentioned in the preceding paragraph, prepare an audit report and submit it to the board of directors, and may appoint an accountant to perform the audit, and if necessary, appoint professionals to assist.

6.3. The Company regularly discloses the measures, performance, various information and promotion results of good faith management in the company website, annual report and prospectus, and discloses the relevant contents of the good faith management code in the open information

observatory.

6.4. Law and Regulation Compliance

The Company abides by the Company Law, the Securities Exchange Law, the Business Accounting Law, the Political Contribution Law, the Corruption Crimes Ordinance, and the Government Procurement Law, the conflict of interest avoidance law for public officials, the regulations related to TWSE/GTSM or other laws and regulations related to business activities, as the basic premise for implementing the ethical operation.

7. Implementation and Revision

7.1. The Company will always pay attention to the development of relevant norms of ethical management at home and abroad, and encourage directors, supervisors, managers, employees and fiduciaries to put forward suggestions, so as to review and improve the company's policies on ethical management and the measures to promote it, so as to enhance the implementation effect of the company's ethical management.

7.2. When this principle is submitted to the board of directors for discussion, the opinions of independent directors should be fully considered, and their objections or reservations should be stated in the minutes of the board of directors; If independent directors can't attend the board of directors in person to express their objections or reservations, unless there are justified reasons, they should issue written opinions in advance, which shall be recorded in the minutes of the board of directors. If the audit committee has been set up, the provisions of this Code for supervisors shall be applied to the audit committee.

7.3. This principle will be announced and implemented after the resolution of the board of directors is passed, and the same applies when it is amended.

8. Attachment: None.