

Hua Nan Financial Holdings Co., Ltd.

Ethical Corporate Management Principles

Article 1 (Objective and Scope of Application)

In order to establish ethical corporate culture of Hua Nan Financial Holdings Co., Ltd. (hereinafter referred to as “the Company”) and its subsidiaries, and guide the conduct of the Company's directors, managers and employees to comply with moral standard and the Company's "Internal Control System" regulations, this Principles is established by referencing "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies".

The Company's subsidiaries and enterprises or juristic persons directly or indirectly controlled by the Company shall uphold the spirit of the Principles and establish their own ethical corporate management principles. If the Company has not established its own principles, it shall use the regulations of the Principles where appropriate, and regulations regarding directors in the Principles are applicable mutatis mutandis to supervisors of the aforementioned subsidiaries and companies, if any.

Article 2 (Regulatory Compliance)

The Company and its directors, managers and employees shall abide by the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflict of Interest, regulations relating to listed companies or other relevant laws and regulations related to commercial activities as bases of implementing ethical corporate management.

Article 3 (Ethics Policy)

The Company shall abide by the operational philosophies of honesty, transparency and responsibility, and shall formulate policies on the principle of good faith and establish good corporate governance and management mechanism for risk control so as to create an operational environment for sustainable development.

Article 4 (Commitment and Execution)

The Company shall clearly specify in their Principles and external documents, the ethical corporate management policies, and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

Article 5 (Ethical Corporate Management on Commercial Activities)

The Company shall engage in commercial activities in a fair and transparent manner based on the principles of ethical corporate management.

Prior to any commercial transactions, the Company shall take into consideration the legality of its trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with its trading counterparties, the Company shall include terms requiring compliance with ethical corporate management policy in such contracts, and that in the event the trading counterparties are involved in unethical conduct, the Company may, at any time, terminate or rescind the contracts.

Article 6 (Prohibition against Unethical Conduct)

When engaging in commercial activities, directors, managers, and employees of the Company shall not directly or indirectly offer, promise to offer, request, or accept any improper benefits, or commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.

The following unethical conduct shall be handled according to the relevant regulations of the Principles:

1. Offering and acceptance of bribes.
2. Providing illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competitive practices.
7. Damages directly or indirectly caused to the rights or interests of customers in the course of provision or sale of products and services.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or personnel working for political parties, state-run or private-owned businesses or institutions and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.

Article 7 (Forms of Benefits)

"Benefits" in the Principles refer to any valuable things, including money, endowments, commissions, job positions, services, preferential treatment or rebates of any type or in any name.

Article 8 (Organization and Responsibilities)

The directors, managers, and employees of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, and shall always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the Company shall establish a dedicated unit under the board of directors and report to the board of directors on the compliance of this Principles.

When the directors become aware of the likelihood of material impairment to the Company, they shall immediately notify the audit committee or independent directors of the audit committee, and report to the board of directors. Upon confirmation by the board of directors of the above situation, it shall supervise the Company in reporting to the competent authority.

Article 9 (Prohibition against Bribery and Accepting Bribes)

When conducting business, the Company and its directors, managers and employees, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

Upon receipt of the report under the preceding paragraph, the responsible unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency.

Article 10 (Prohibition against Providing Illegal Political Donations)

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, managers and employees shall comply with the Political Donations Act, and shall not make such donations in exchange for commercial gains or business advantages.

Article 11 (Prohibition against Improper Charitable Donations or Sponsorship)

With respect to the charitable donations or sponsorships, the Company and its directors, managers and employees shall comply with the relevant laws and regulations and internal procedures, and may not be a disguised form of bribery.

The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty

of the Company's commercial dealings or a party with which any personnel of the Company has a relationship of interest.

Article 12 (Prohibition against Unreasonable Gifts, Entertainment or Other Improper Benefits)

The Company and its directors, managers and employees shall not directly or indirectly provide or accept any unreasonable gifts, entertainment or other improper benefits, in the aim to establish commercial relationship or influence commercial transaction behavior.

Except under any one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 7, the conduct of the directors, managers and employees of the Company shall comply with the regulations of this Principles, and the relevant procedures shall have been carried out:

1. The conduct that complies with the rules and regulations in the location of business operations.
2. The conduct has its basis in ordinary social activities in line with accepted social custom, and it is infrequent and does not affect specific rights and obligations.
3. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom.
4. Commercial activities in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
5. Attendance at folk festivals that are open to and invite the attendance of the general public.
6. Rewards, emergency assistance, condolence payments, or honorariums from the management.
7. Other conduct that complies with the rules of the Company.

Article 13 (Methods of Handling of Acceptance of Benefits)

Except under any of the circumstances set forth in Paragraph 2 of the preceding article, when any personnel of the Company are provided with or are promised, either directly or indirectly, any benefits as specified in Article 7 by a third party, the matter shall be handled in accordance with the following procedures:

1. If there is no relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.
2. If a relationship of interest does exist between the party providing or offering the benefit and the official duties of the Company's personnel,

the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

"A relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:

1. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
2. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
3. Other circumstances in which a decision regarding this Corporation's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The responsible unit shall make a proposal, based on the nature and value of the benefit under Paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported to the Chairman for approval.

Article 14 (Prohibition against Intellectual Property Infringement)

The Company and its directors, managers and employees shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property.

Article 15 (Prohibition against Engaging in Unfair Competition)

The Company shall engage in business activities in accordance with applicable competition laws and regulations.

Article 16 (Prevent Product or Service from Damaging Stakeholders)

In the course of research and development, provision, or sale of products and services, the Company and their directors, managers and employees shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish regulations on the protection of the rights and interests of customers, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests of customers. Where there are sufficient facts to determine that the Company's products or services are likely to pose any hazard to the safety of customers, the Company shall, in principle, stop the sale and service of those products.

Article 17 (Recusal)

The Company's directors and managers shall uphold a high level of self-discipline to prevent possible risk of unethical conduct due to conflict of interest.

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by any of the directors, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to jeopardize the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as the proxy of another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The Company's directors, managers and employees shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children, or any other person.

Article 18 (Accounting and Internal Control)

The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, prohibit under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The internal audit unit of the Company shall periodically examine the Company's compliance with the foregoing systems and prepare audit reports and submit the same to the board of directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

Article 19 (Confidentiality)

The Company's directors, managers and employees shall faithfully follow the relevant regulations pertaining to confidentiality and may not disclose to any other party any trade secrets of the Company which they have learned, nor may they inquire about or collect Company's trade secret unrelated to their individual duties.

Article 20 (Prohibition against Insider Trading)

The Company's directors, managers and employees shall adhere to the provisions of the Securities and Exchange Act and relevant internal regulations, and may not take advantage of undisclosed information of

which they have learned to engage in insider trading.

Article 21 (Educational Training and Appraisal)

The Company shall provide directors, managers and employees with integrity-related training and awareness programs.

The Company shall apply the policies of ethical corporate management by combining its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 22 (Whistleblowing and Discipline)

The Company shall establish and publicly announce an independent email box or hotline to allow the Company's insiders and outsiders to submit reports.

If the Company's directors, managers and employees discover any violation of ethical corporate management, they shall immediately inform the responsible unit. The Company shall ensure the confidentiality of the whistleblower's identity and contents of information, and undertake to protect the whistleblowers from improper treatment due to their whistle-blowing.

Any tip involving a director or senior manager shall be reported to the independent directors by the responsible unit. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.

The aforementioned reported case, after being received by the dedicated unit, shall be delegated to the relevant responsible department to conduct further study and investigation. If it is fraud or material deficiency during operations due to poor internal control, it shall be handed to the internal audit unit. If found to be true, it shall be dealt with according to the Company's relevant disciplinary rules, and information such as the violator's position, name, date of violation, description of violation and case status, etc., shall be disclosed on the Company's internal website.

The whistleblower shall provide at the least the following information:

1. The whistleblower's name, personal identification number, contact address, telephone number, and email address.
2. The informed party's name or other information sufficient to distinguish its identifying features.
3. Specific facts available for investigation.

Article 23 (Information Disclosure)

The Company shall continue to promote ethical corporate management, and disclose the status of implementation of ethical corporate management on the Company's website, annual reports and prospectuses,

and disclose their ethical corporate management principles on the Market Observation Post System.

Article 24 (Review and Amendment of this Principles)

The Company shall, at all times, monitor the development of relevant local and international regulations concerning ethical corporate management, and encourage its directors, managers, and employees to make suggestions, based on which this principles and measures taken will be reviewed and amended with a view to achieve better implementation of ethical corporate management.

Article 25 (Approval Level)

The Principles is implemented upon approval by the board of directors.

Article 26 (Revision History)

The Principles was established on December 29, 2015. The first amendment was made on July 31, 2017.