

**Nishoku Technology Inc.**  
**Rules of Procedure for Board of Directors Meetings**

2018/05/02

Chapter 1 Purpose

To develop a good governance system, supervision capabilities and management mechanism of the Company's Board of Directors, these rules and procedures (hereinafter referred as "Rules") are established in accordance with Article 2 of the Taiwan "Regulations Governing Procedure for Board of Directors Meetings of Public Companies".

Chapter 2 Scope

A public company shall adopt rules of procedure for meetings of its board of directors; the main agenda items, operational procedures, required content of meeting minutes, public announcements, and other compliance requirements for board meetings shall be handled in accordance with these Regulations.

Chapter 3 Definition

None.

Chapter 4 Responsibility

Meetings of the board of directors shall be called and chaired by the chairperson of the board.

Chapter 5 Operation Content

Article 1

A board of directors shall meet at least quarterly, which shall be set out in the rules of procedure.

The reasons for calling a board of directors meeting shall be notified to each director and supervisor at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice.

The notice set forth in the preceding paragraph may be effected by means of electronic transmission, after obtaining prior consent from the recipients thereof.

The matters described in the subparagraphs under Paragraph 1, Article 10, Chapter 5 of these Rules shall be set out in the meeting notice and may not be raised by an extraordinary motion, except in an emergency or for good reason.

Article 2

The Company's Financial unit is designated to handle the administrative matters relating to the Company's Board meetings.

The agenda working group shall prepare agenda items for board of directors meetings and

provide comprehensive pre-meeting materials, to be sent together with the notice of the meeting.

A director of the opinion that the pre-meeting materials provided are insufficiently comprehensive may request the agenda working group to supplement the materials. If a director is of the opinion that materials concerning any proposal are insufficient in content, the deliberation of such proposal may be postponed by a resolution of the board of directors.

#### Article 3

When a meeting of the board of directors is held, an attendance book shall be made ready for signature by directors attending the meeting and thereafter made available for future reference.

All board directors shall attend board meetings in person; if attendance in person is not possible, they may, pursuant to the company's articles of incorporation, appoint another director to attend as their proxy. Attendance via tele- or video-conference is deemed as attendance in person.

A director appointing another director to attend a board meeting in his or her place shall in each case give to that director a written proxy stating the scope of authorization with respect to the reasons for meeting.

A proxy under paragraph 2 may accept a proxy from one person only.

#### Article 4

A board of directors meeting shall be held at the location and during the business hours of the company, or at a place and time convenient to all directors and suitable for holding such a meeting.

#### Article 5

The Company's Board meetings shall be convened by the Chairperson of the Board, who shall act as chairperson of the meeting, provided, however, that the first Board meeting of each term after an election of Directors shall be convened by the Director who received the ballots representing the highest number of votes at a general meeting, with that Director acting as the chairperson of the meeting. In the event that there is more than one Director who has the power to convene such meeting, such Directors shall agree among themselves as to who shall act as the chairperson of the meeting.

When the chairperson of the board is on leave or for any reason is unable to exercise the powers of the chairperson, the vice chairperson shall do so in place of the chairperson, or, if there is no vice chairperson or the vice chairperson also is on leave or for any reason is unable to act, by a managing director designated by the chairperson, or, if there is no

managing director, by a director designated thereby, or, if the chairperson does not make such a designation, by a managing director or director elected by and from among themselves.

#### Article 6

Upon convening the Company's Board meeting, the management (or the Financial unit appointed by the Board) shall prepare relevant information readily available to Directors present at the meeting for reference.

When holding a meeting of the board of directors, a company may, as necessary for the agenda items of the meeting, notify personnel of relevant departments or subsidiaries to attend the meeting as nonvoting participants.

When necessary, the company may also invite certificated public accounts, attorneys, or other professionals to attend as nonvoting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.

When the time of a meeting has arrived and one-half all board directors are not present, the meeting chair may announce postponement of the meeting time, provided that only two postponements may be made. If the quorum is still not met after two such delays, the chair shall re-call the meeting following the procedures provided in Article 1, paragraph 2.

The term "all board directors " as used in the preceding paragraph and in Article 15, paragraph 2, subparagraph 2 shall be calculated as the number of directors then in office.

#### Article 7

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 five years, in electronic form or otherwise.

If before the end of the preservation period referred to in the preceding paragraph any litigation arises in connection with a resolution of a board of directors meeting, the relevant audio or video recordings shall continue to be preserved until the litigation is concluded.

Where a board of directors meeting is held via tele- or video conferencing, the audio and visual documentation of the meeting form a part of the meeting minutes and shall be well preserved during the existence of the company.

#### Article 8

Agenda items for regular board of directors meetings shall include at least the following:

(1) Reports:

- A. Minutes of the last meeting and actions arising.
- B. Reporting on important financial and business matters.
- C. Reporting on internal audit activities.

D. Other important matters to be reported.

(2) Discussions:

A. Items discussed and continued from the last meeting.

B. Items for discussion at this meeting.

(3) Extraordinary motions.

#### Article 9

A board of directors meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, the order may be changed with the approval of a majority of directors present at the meeting.

The meeting chair may not declare the meeting closed without the approval of a majority of directors present at the meeting.

If at any time during the proceeding of a board of directors meeting the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the chair shall declare a suspension of meeting, in which case Article 6, paragraph 3 of the preceding article shall apply *mutatis mutandis*.

#### Article 10

A company shall submit the following items for discussion by the board of directors:

(1) Corporate business plan.

(2) Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited and attested by a certified public accountant (CPA).

(3) Adoption or amendment of an internal control system pursuant to Article 14-1 of the Act, and an assessment of the effectiveness of the internal control system.

(4) Adoption or amendment, pursuant to Article 36-1 of the 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, and endorsements or guarantees for others.

(5) The offering, issuance, or private placement of any equity-type securities.

(6) The appointment or discharge of a financial, accounting, or internal audit officer.

(7) 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 following board of directors meeting for retroactive recognition.

(8) Any matter required by Article 14-3 of the Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or board of directors meeting, or any

such significant matter as may be prescribed by the competent authority.

The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

If a company has an independent director or directors, at least one independent director shall attend each meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under paragraph 1, each independent director shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy. If an independent director expresses any objection or reservation about a matter, it shall be recorded in the board meeting minutes. An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.

#### Article 11

After attending the speeches of the directors, the chairman may answer the questions in person or by designating the relevant person, or designate the attending professional to provide relevant necessary information.

If the directors have repeated speeches on the same motion and the speeches exceed the agenda, affecting other directors to speak or obstruct the proceedings, the chairman may stop his speech.

#### Article 12

The Chairperson may declare an end to discussion of a proposal in the agenda if he or she deems the proposal in discussion is ready for a vote and may then have the proposal voted on. When the Directors are deliberating a resolution to be adopted in a meeting of the Board, the resolution shall be deemed approved and voted on by the Board if all Directors present at the

meeting consent to the passing of such resolution without raising any objection when the Chairperson puts forward the relevant resolutions for approval. If, upon the Chairperson proposing the relevant resolution for approval, a Director states his or her dissent, the resolution shall be voted on in the manner set out below.

Formal votes may be cast in one of the following manners as determined by the Chairperson, provided, however, that when a person present at the meeting voices his or her objection, the decision shall be made according to a majority vote:

- (1) Vote by show of hands or a vote by voting machine;
- (2) Roll-call vote;
- (3) Vote by ballots;
- (4) Any other voting method as determined by the Board.

For purpose of the second paragraph, the phrase “all Directors present at the meeting” does not include Directors who may not exercise their voting rights in accordance with the provisions under Paragraph 1, Article 14 of these Rules.

#### Article 13

Unless a higher approval threshold is required under the Taiwan SEA and the Taiwan Company Law, a proposal to be resolved at the Company’s Board meeting shall be approved by consent of a majority of the Directors present at the meeting attended by a majority of all Directors.

In the case of an amendment or substitute to a proposal and to the extent that is permissible under applicable laws, the chairperson shall decide on the order of voting by combining the amendment or substitute with the same proposal. However, if one of the proposals has been approved, the others shall be deemed over-ruled and no further vote is required.

If a vote on a proposal requires monitoring and counting personnel, the chair shall appoint such personnel, providing that all monitoring personnel shall be directors.

Results of the votes shall be announced on the spot and recorded.

For so long as the Company's shares are traded on the emerging stock market or listed on the Taipei Exchange (TPEX) or the Taiwan Stock Exchange in Taiwan, if either of the following happens to the resolution of the Board meeting, the fact should be specified in the meeting minutes and be published and reported on the Market Observation Post System designated by the Taiwan Financial Supervisory Commission of the Board meeting.

#### Article 14

If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party

relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

The provisions of Article 180, paragraph 2 of the Company Act, as applied mutatis mutandis under Article 206, paragraph 2 of that Act, apply to resolutions of board of directors meetings when a board director is prohibited by the preceding paragraph from exercising voting rights.

#### Article 15

Minutes shall be prepared of the discussions at board of directors meetings. The meeting minutes shall record the following:

- (1) Session (or year), time, and place of meeting.
- (2) Name of the meeting chair.
- (3) Attendance of directors at the meeting, specifying the names and number of members present, excused, and absent.
- (4) Names and titles of those attending the meeting as nonvoting participants.
- (5) Name of minutes taker.
- (6) Matters reported on.
- (7) Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in Article 14, paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director under Article 10, paragraph 4.
- (8) Extraordinary motions: the name of the mover; the method of resolution and the result for each motion; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in Article 10, paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing.
- (9) Other matters required to be recorded.

Any of the following matters in relation to a resolution passed at a meeting of the board of

directors shall be stated in the meeting minutes and within two days of the meeting be published on an information reporting website designated by the competent authority:

- (1) Any matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing.
- (2) If the company has an audit committee, any matter that has not been passed by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors without having been passed by the audit committee.

The attendance book forms a part of the minutes for each board of directors meeting and shall be well preserved during the existence of the company.

The minutes of a board of directors meeting shall bear the signature or seal of both the meeting chair and the minutes taker; a copy of the minutes shall be distributed to each director and supervisor within 20 days after the meeting and well preserved as important company records during the existence of the company.

The production and distribution of the meeting minutes referred to in paragraph 1 may be done in electronic form.

#### Article 16

Except for the matters as set forth in Paragraph 1 of Article 10, chapter 5 of the Rules which shall be raised at the Company's Board meeting for discussion, subject to the applicable law and the Memorandum and Articles of Association, the matters to be executed by the Chairpersons as authorized by the Board are specified as below:

- (1) All matters within the scope of business.
- (2) The matters shall be executed in accordance with the approved authority level, management policies and procedures.
- (3) All matters have been approved by resolution at a shareholders' meeting or board of directors to provide the authorized the Chairpersons with full power to execute in accordance with relevant law.

#### Article 17

Establishment of these Rules shall be subject to consent of the Board and raised to report at a Shareholders' Meeting.

Any amendment to these Rules shall be authorized for resolution made by the Board of Directors.

This article was made on 12 26, 2008.

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