


Board of Directors Meeting Rules

Doc. No. **AO-GM-MR-003**

Version **A-4**

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1. Purpose

To establish a strong governance system and sound supervisory capabilities and to strengthen management capabilities for the Company and its subsidiary's board of directors, these Board of Directors Meeting Rules (the “**Rules**”) are adopted pursuant to Article 2 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

2. Scope of these Rules

These Rules shall be applicable to the operation of the Company’s board of directors’ meetings (“**board meetings**”). The main agenda items, working procedures, required content of meeting minutes, public announcements, and other items requiring compliance shall be handled in accordance with these Rules.

3. Unit-in-Charge

3.1 Office of the General Manager: In charge of formulating and amendment of the Rules.

4. Definition

None.

5. Procedures

None.


6. Content

6.1 Convening and notice of board meetings

6.1.1 The board of directors shall meet at least once each quarter.

6.1.2 A notice listing the reasons for convening a board meeting shall be given to each director and supervisor seven (7) days before the meeting is convened. In emergency circumstances, however, a board meeting may be called at any time after notice has been given in accordance with the regulations of public companies. The foregoing notice may be sent by means of electronic transmission with the prior consent of the recipients.

6.1.3 All matters set forth under Article 6.5 of these Rules shall be specified in the notice of the reasons for convening a board meeting and may not be raised by an extraordinary motion except in the case of an emergency or for other legitimate

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reasons.

6.1.4 The designated unit responsible for the board meetings of this Company shall be the Office of the General Manager, which shall be responsible for drafting agenda items and prepare sufficient meeting materials to be delivered together with the notice of the meeting.

6.1.5 A director who is of the opinion that the meeting materials provided are insufficient may request supplementation from the Office of the General Manager. If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a resolution of the board of directors.

6.1.6 A board meeting shall be held at the premises and during the business hours of this Company, or at a place and time suitable for holding board meetings and convenient for all directors to attend.

6.2 Preparation of “attendance book for board meetings”; attendance by proxy.

6.2.1 When a board meeting is held, an “attendance book” shall be provided for attending directors to sign-in, which shall be made available for future reference.

6.2.2 Directors shall attend board meetings in person. A director unable to attend in person may appoint another director to attend the meeting in his or her place in accordance with this Company's articles of incorporation. Attendance by videoconference will be deemed the same as attendance in person.

6.2.3 A director who appoints another director to attend a board meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting.

6.2.4 The proxy referred to in Article 6.2.2 may be the appointed proxy of only one person.

6.3 Convening board meetings

6.3.1 Board meetings, if called by the chairperson, shall be chaired by the chairperson of the board. However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the director that receives votes representing the largest portion of voting rights at the shareholders meeting in which

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the directors were elected; if two or more directors are entitled to call the board meetings, they shall select from among themselves one director to serve as the chairperson.

6.3.2 The directors shall select one person from among themselves to serve as chairperson when the board meeting is called by more than half of the directors in the event the situation as described in Articles 6.3.2.1, 6.3.2.2 or 6.3.2.3 occurs:

6.3.2.1 The director who received a ballot representing the largest number of votes fails to convene the first board meeting within 15 days after the re-election.

6.3.2.2 Where the number of directors attending the first meeting of the newly elected board of directors is less than the minimum quorum of the meeting of the board of directors required for election of the chairman and the managing directors, and the original convener fails to convene the meeting within 15 days following such incident.

6.3.2.3 More than half of the directors has filed a written proposal setting forth therein the subjects for discussions and the reasons requesting the chairman to convene a board meeting, and the chairman fails to convene a board meeting of board within 15 days after the filing of the foregoing request.

6.3.3 When the chairperson of the board is on leave or for any reason unable to exercise the powers of chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson is also on leave or for any reason unable to exercise the powers of vice chairperson, the chairperson shall appoint one of the managing directors to act in its place; if there are no managing directors, one of the directors shall be appointed to act as in place of the chairperson. If no such designation is made by the chairperson, the managing directors or directors shall select one person from among themselves to serve as chairperson.

6.3.4 When a board meeting is held, the management (or the designated unit responsible for the board meetings) shall furnish the attending directors with relevant materials for reference at any time.

6.3.5 As merited by the content of a proposal to be put forward at a board meeting, personnel from a relevant department or managing personnel from a subsidiary who

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is not a director of the Company may be notified to attend the meeting. When necessary, certified public accountants, attorneys, or other professionals retained by this Company may also be invited to attend the meeting. The aforementioned attendees shall leave the meeting when deliberation or voting takes place.

6.3.6 The chairperson shall call the board meeting to order at the designated meeting time and when more than one-half of all the directors are in attendance.

6.3.7 If one-half of all the directors are not in attendance at the designated meeting time, the chairperson may postpone the meeting, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chairperson shall reconvene the meeting in accordance with Article 6.1.2 of the Rules.

6.3.8 "All directors," as used in the Rules, shall be the number of directors then actually in office.

6.4 Agenda items for regular board meetings

6.4.1 Matters to be reported: Minutes of the last meeting and actions taken, important financial and business matters, internal audit activities and other important matters to be reported.

6.4.2 Matters for discussion: Items reserved for continued discussion from the last meeting, and items for discussion at this meeting.

6.4.3 Extraordinary motions

6.5 Agenda items for board meetings

6.5.1 Matters requiring discussion at a board meeting

6.5.1.1 The Company's business plan.

6.5.1.2 Annual and semi-annual financial reports.

6.5.1.3 Adoption or amendment of an internal control system and assessment of the effectiveness of the internal control system.

6.5.1.4 Adoption or amendment of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees on behalf of

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others.

6.5.1.5 The offering, issuance, or private placement of equity-type securities.

6.5.1.6 The appointment or discharge of a financial, accounting, or internal audit officer.

6.5.1.7 A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.

The term "related party" 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 one single donation, or cumulative donations within a 1-year period to a single recipient, amounting to NT\$ thirty 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" 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.

6.5.1.8 Regarding the donation amount in Article 6.5.1.7, the annual cumulative limit is NT\$ thirty million. Those exceeding the limit shall be submitted to the board of directors for resolution.

6.5.1.9 Any matter that must be approved by resolution at a shareholders meeting or board meeting in accordance with the applicable laws or articles of incorporation, or any material matter as may be prescribed by the competent authority.

6.5.2 At least one independent director of this Company shall attend the meeting in person.

With respect to the matters which must be approved by resolutions at a board meeting as provided in applicable laws, all independent directors shall attend the meeting. Where an independent director is unable to attend the meeting, that independent director shall appoint another independent director to attend the meeting as proxy. If an independent director objects to or expresses reservations regarding a

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matter, it shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.

6.6 Discussion and voting

6.6.1 Discussion

6.6.1.1 A board 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.

6.6.1.2 The chairperson may not declare the meeting adjourned without the approval of a majority of directors present at the meeting.

6.6.1.3 If at any time during the proceeding of a board meeting, no more than half of the attending directors are present, then upon motion by the directors present at the meeting, the chairperson shall declare a suspension of meeting, and Article 6.3.6 shall apply mutatis mutandis.


6.6.2 Voting

6.6.2.1 The chairperson at a board meeting may declare an end to the discussion of a proposal if he deems the proposal in discussion has been sufficiently discussed and is ready for a vote, and may then have the matter voted on.

6.6.2.2 When a proposal comes to a vote at a board meeting, the proposal is deemed approved if all directors present at the meeting does not raise any objections when the chairperson puts forward the proposal for approval; if, upon the chairperson raising the relevant proposal for approval, a director states his dissent, the proposal shall be voted on in the manner set out below.

6.6.2.3 The method of voting shall be one of the following as determined by the chairperson, provide, however, if a person present at the meeting objects, the decision shall be made by a majority vote:

- a. A vote by show of hands or a vote by voting machines;
- b. Roll-call votes; or

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c. Vote by casting ballots; or

d. Any other methods as determined by the Company.

6.6.2.4 "All directors present at the meeting" in the Article 6.6.2.2 and 6.6.2.3 does not include directors prohibited from exercising voting rights pursuant to paragraph 1, Article 6.6.4.1.

6.6.3 Methods for vote monitoring and counting

6.6.3.1 Except as otherwise stated in applicable laws or in the articles of incorporation of the Company, a resolution on a matter at a board meeting requires the approval of a majority of the directors present at the meeting attended by a majority of all directors.

6.6.3.2 If there is an amendment to or substitute for a proposal, the chairperson shall decide the order of voting by combining the amendment or substitute with the same proposal. If any one of the proposals has been adopted, the others shall be deemed vetoed and no further voting is required.


6.6.3.3 If it is necessary to set up supervisors and counting personnel for the voting of proposals, the chairperson shall appoint such person(s) to monitor the voting process and to count the ballots; provided that the person(s) appointed should be a director.

6.6.3.4 The result of voting shall be announced at the meeting and recorded.

6.6.4 Avoidance of Conflict of Interest

6.6.4.1 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 its interest at the respective meeting. When the interest is likely to prejudice the interests of the company, the director may not participate in discussion or vote on that agenda item, and shall further abstain from discussion and voting and may not act as another director's proxy to exercise voting rights on that matter.

6.6.4.2 Where the spouse, blood relative within the second degree of kinship, or a company which has a controlling or subordinate relationship with a director is an

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interested party with respect to an agenda item as described in the preceding paragraph, such director shall be deemed to be an interested party with respect to that agenda item.

6.6.4.3 When a director is prohibited by the preceding two paragraphs, the director may not exercise voting rights nor act as another director's proxy to exercise voting rights. Said director's voting right shall not be counted in the number of votes of directors present at the meeting.

6.7 Meeting Minutes and Signatures

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

6.7.1.1 Session (or year), time, and place of meeting.

6.7.1.2 Name of the chairperson.

6.7.1.3 Attendance of directors at the meeting (specifying the names and numbers of directors present, on leave, or absent).

6.7.1.4 Names and titles of those attending the meeting as nonvoting participants.

6.7.1.5 Name of minutes taker.

6.7.1.6 Matters reported on.

6.7.1.7 Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of Article 6.6.4.1, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to abstain, and the status of such abstention; 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 6.5.2.

6.7.1.8 Extraordinary motions: the name of the movant; 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 6.6.4.1, an explanation of the important aspects of the relationship of interest, the reasons why the director was required

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or not required to abstain, and the status of such abstention; opinions expressing objections or reservations at the meeting that were included in records or stated in writing.

6.7.1.9 Other matters required to be recorded.

6.7.2 Any of the following matters in relation to a resolution passed at a board meeting shall be stated in the meeting minutes and be published on an information reporting website designated by the competent authority within two days of the meeting:

6.7.2.1 Any matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing.

6.7.2.2 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.

6.7.2.3 If the remuneration passed by the board of directors exceeds the recommendation of the remuneration committee.

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

6.7.4 The minutes of a board meeting shall bear the signature or seal of both the chairperson and the minutes taker; a copy of the minutes shall be distributed to each director and supervisor within 20 days after the meeting, and shall be well preserved by the Company as important company records during the existence of the Company. The production and distribution of the meeting minutes may be done in electronic form.

6.7.5 The board of directors shall also appoint a specified person to summarize the minutes into a "Meeting Agenda of the board of directors" in order to implement the contents of various resolutions and strengthen corporate governance.

6.7.6 The Company shall record on audio or video tape the entire proceedings of a board meeting, and preserve the recordings for at least five years, in electronic form or otherwise.

6.7.7 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 meeting, the relevant

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audio or video recordings shall continue to be preserved until the litigation is concluded.

6.7.8 Where a board meeting is held via telephone or video conference, 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.

6.8 With the exception of matters required to be discussed at a board meeting under Article 6.5.1, when the board of directors appoints a party to exercise the powers of the board in accordance with applicable laws and regulations or this Company's articles of incorporation, the levels of such delegation and the content or matters it covers shall be definite and specific, and carried out in accordance with the authorization chart.

6.9 These Rules shall be adopted by the approval of meeting of the board of directors and shall be reported to the shareholders' meeting. Any future amendment may be adopted with a resolution of the board of directors. After the enactment of these Rules, in case of any change of relevant laws and regulations, the Rules shall be amended in time and shall be approved by the board of directors in accordance with the laws and regulations.

7. Related Rules

None.

8. Exhibits

8.1 Attendance book of the board of directors

8.2 Table of Contents of the Meeting agenda of the board of directors