

Board of Directors Meeting Rules

Doc. No.	<u>AO-GM-MR-003</u>
Version	<u>A-5</u>

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1. Purpose

To establish a strong governance system and sound supervisory capabilities for the Company's board of directors and to strengthen management capabilities, 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

With respect to the board of directors meetings (the “**board meetings**”) of the Company, the main agenda items, working procedures, required content of meeting minutes, public announcements, and other compliance requirements shall be handled in accordance with the provisions of these Rules.

3. Unit-in-Charge

3.1 Office of the General Manager: a: In charge of promulgation, amendment and promotion of the Principles.

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 quarterly.

6.1.2 A notice of the reasons for convening a board meeting shall be given to each director and supervisor before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice.

The notice to be given under the preceding paragraph may be effected by means of electronic transmission with the prior consent of the recipients.

6.1.3 All matters set forth under 6.5 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion.

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6.1.4 The designated unit responsible for the board meetings of this Corporation shall be Office of the General Manager. The unit responsible for board meetings shall draft agenda items and prepare sufficient meeting materials, and shall deliver them 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 their supplementation by the unit responsible for board meetings. 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 Corporation, or at a place and time convenient for all directors to attend and suitable for holding board meetings.

6.2 Preparation of attendance book and other documents; attendance by proxy

6.2.1 When a board meeting is held, an attendance book shall be provided for signing-in by attending directors, 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 Corporation's articles of incorporation. Attendance by videoconference will be deemed 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 6.2.2 may be the appointed proxy of only one person.

6.3 Convening board meeting

6.3.1 Board meetings shall be convened and 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 received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if two or more directors are so entitled to convene the board meetings, they shall select from among themselves one director to serve as chair.

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6.3.2 The proposing directors may convene a meeting of board of directors on their own. The directors shall select one person from among themselves to serve as chair.

6.3.2.1 The director who received a ballot representing the largest number of votes fails to convene the first board meeting at the election of directors 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 convened for election of the chairman and the managing directors of the board of directors, then the original convener fails to convene the meeting within 15 days to conduct the election.

6.3.2.3 The majority or more of the directors may, by filing a written proposal setting forth therein the subjects for discussions and the reasons, request the chairman of the board of directors to convene a meeting of the board of directors. If the chairman of the board of directors fails to convene a meeting of board of directors within 15 days after the filing of the request under the preceding paragraph.

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, or, if there are no managing directors, one of the directors shall be appointed to act as chair. If no such designation is made by the chairperson, the managing directors or directors shall select one person from among themselves to serve as chair.

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 ready reference.

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 a subsidiary may be notified to attend the meeting as non-voting participants. When necessary, certified public accountants, attorneys, or other professionals retained by this Corporation may also be invited to

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attend the meeting as non-voting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.

6.3.6 The chair shall call the board meeting to order at the appointed 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 appointed meeting time, the chair may announce postponement of the meeting time, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chair shall reconvene the meeting in accordance with the rules 6.1.2.

6.3.8 The number of "all directors," as used in the rules, shall be counted as 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 action taken, important financial and business matters, internal audit activities and other important matters to be reported.

6.4.2 Matters for discussion: Items 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 Corporation's business plan.

6.5.1.2 Annual and semi-annual financial reports, with the exception of semi-annual financial reports that are not required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA).

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 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 for others.

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6.5.1.5 In case a company has no managing directors, election and dismissal of the chairman.

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

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

6.5.1.8 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 an 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" 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.

6.5.1.9 The amount of donation in 6.5.1.8, the annual cumulative limit is NT \$30 million. Those exceeding the limit shall be submitted to the board of directors for resolution.

6.5.1.10 Any matter or any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority.

6.5.2 At least one independent director of this Corporation shall attend the meeting in person. With respect to the matters which must be approved by resolutions at a board meeting as provided in the first paragraph, any and 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

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meeting as proxy. If an independent director objects to or expresses reservations about such a 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, then 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 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.

6.6.1.2 The meeting chair may not declare the meeting closed 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 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 6.3.6 shall apply mutatis mutandis.

6.6.2 Voting

6.6.2.1 When the chair at a board of directors meeting is of the opinion that a matter has been sufficiently discussed to a degree of putting to a vote, the chair may announce the discussion closed and bring the matter to vote.

6.6.2.2 When a proposal comes to a vote at a board of directors meeting, if the chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved.

6.6.2.3 The method of voting shall be one of the following as determined by the Chairman:

- a. By showing of hands or voting Machines;
- b. By voicing votes; or
- c. By casting ballots; or

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d. Other method which be determined by the Company.

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

6.6.3 Methods for vote monitoring and counting

6.6.3.1 Except as otherwise stated in the Act or in the Company Act, a resolution on a matter at a board of directors meeting requires the approval of a majority of the directors present at the meeting that shall be attended by a majority of all directors.

6.6.3.2 If there is an amendment to or substitute for a proposed resolution, the Chairman shall decide the sequence of voting for such proposed resolution and the amendment or substitute. If any one of them 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 motions, the Chairman shall appoint person(s) to monitor the voting process and person(s) to count the ballots; and the person(s) appointed to monitor the voting process should be a Director.

6.6.3.4 The result of voting shall be announced at the meeting and placed on record.

6.6.4 The Recusal of Conflict-Interested Directors

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 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.

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

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director, is an 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 exercising voting rights nor act as another director's proxy to exercise voting rights and the shares for which voting right shall not be counted in the number of votes of directors present at the meeting.

6.7 Meeting Items to be Recorded and Signed

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

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

6.7.1.2 Name of the meeting chair.

6.7.1.3 Attendance of directors at the meeting, specifying the names and number of members present, excused, and 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 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 6.5.2.

6.7.1.8 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 6.6.4.1, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not

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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.

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 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:

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 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.

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 of directors meeting and shall be well preserved during the existence of the company.

6.7.4 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 may be done in electronic form.

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

6.7.6 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.

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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 of directors meeting, the relevant audio or video recordings shall continue to be preserved until the litigation is concluded.

6.7.8 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.

6.8 With the exception of matters required to be discussed at a board meeting under 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 memorandum and articles of association, 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 Meeting agenda of the board of directors