

# NOVA TECHNOLOGY CORP.

## **Rules of Procedure for Board of Directors Meeting**

### **Article 1** The basis of this Procedures

In order to establish the Company's Board of Directors governance system, improve the supervision function and strengthen management functions, the Procedures for Board of Directors Meetings of Public Companies has been established in order to comply with regulations.

### **Article 2** The scope of this Procedures

The proceedings of the Company Board of Directors' Procedures, its main proceedings, operation procedures, Minutes of Meeting matters, announcements and other matters to be observed shall be handled in accordance with the requirements of this Procedures.

### **Article 3** Calling and Meeting Notice for Board of Directors

The Company Board of Directors is called at least once every quarter.

The Board of Directors' convening shall set out the reasons and notify the directors seven days in advance. However, in times of emergency, they must be called at any time.

The notification of the preceding item of convocation shall be made electronically by the consent of the counterpart.

The matters in Article 12-1 of this Procedures shall be specified in the notice of the reasons for calling a board of directors meeting; none of them may be raised by an extraordinary motion.

### **Article 4** Conference notices and information

The Board of Directors designated by the Company is the general manager's office. The unit should prepare the Board of Directors' content and provide enough meeting materials to send it together with the notice.

If the directors think that the meeting materials are not sufficient, they may request the meeting units to make up. If directors consider that the information on the bill is not sufficient, they may delay the deliberation of the Board of Directors' resolution.

### **Article 5** Preparation of documents such as scrapbooks and delegation of directors

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.

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 the Company's Articles of Incorporation. Attendance by videoconference will be deemed attendance in person.

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.

The proxy referred to in paragraph 2 may be the appointed proxy of only one person.

**Article 6** Principle of Board of Directors Meeting Venues and Time

The company's Board of Directors' venue and time should be based on the company's location and office hours, or be convenient for directors to attend and suit the Board of Directors' venues and time.

**Article 7** Board of Directors' Chairperson and Agent

Board meetings are 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 meeting, they shall select from among themselves one director to serve as chair.

Where a board meeting is convened by a majority of the directors in accordance with Article 203, paragraph 4 or Article 203-1, paragraph 3 of the Company Act, the directors shall select from among themselves one director to serve as chair.

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.

**Article 8** Board of Directors reference materials, attendees and convening

When the Company Board of Directors is convened, the General Manager's Office shall prepare relevant materials for inspection by the directors at any time.

When Board of Directors is held, it may be necessary to notify the relevant department or a member of a subsidiary company of the contents of the proposal. When necessary, certified public accountants, attorneys, or other professionals retained by the Company may also be invited to attend the meeting.

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. If one-half of all the directors are not in attendance at the appointed meeting time, the chair may announce that the meeting time will be postponed on the same day, provided that no more than two postponements may be made. If the quorum is still not met after two postponements, the chair shall reconvene the meeting in accordance with the procedures in Article 3, paragraph 2.

The number of "all directors," as used in the preceding paragraph and in Article 16, paragraph 2, subparagraph 2, shall be counted as the number of directors then actually in office.

**Article 9** Board of Directors recording or video of meetings

After the public offering, the Company Board of Directors shall have a recording or video recording of the entire meeting and shall keep it for at least five years. The preservation of the company Board of Directors shall be made electronically.

Before the expiration of the retention period of the preceding paragraph, when a lawsuit concerning the Board of Directors related resolutions occurs, the related audio or video recording data shall be retained until the conclusion of the lawsuit.

Where a board meeting is held by videoconference, the audio or video documentation of the

meeting constitutes part of the meeting minutes and shall be retained for the duration of the existence of the Company.

**Article 10** Content of the proceedings

The company's periodic Board of Directors content includes at least the following items: 1. Matters to be reported:

- (i) Minutes of the last meeting and action taken.
- (ii) Important financial business reports.
- (iii) Internal Audit Business Report.
- (iv) Other important reporting matters.

2. Matters for discussion:

- (i) Items for continued discussion from the last meeting.
- (ii) Items for discussion at this meeting.

3. Extraordinary motions.

**Article 11** Motion discussion

A board meeting shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.

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

At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Article 8, paragraph 3 shall apply mutatis mutandis.

During the proceedings of a board meeting, if the chair is unable to chair the meeting or fails to declare the meeting closed as provided in paragraph 2, the provisions of Article 7, paragraph 3 shall apply mutatis mutandis to the selection of the deputy to act in place thereof.

**Article 12** The following matters should be discussed in the Company Board of Directors:

1. The company's operating plan.
2. Annual financial reports, and financial reports for the second quarter, 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 Securities and Exchange Act and assessment of the effectiveness of the internal control system.
4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, 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 for others.
5. The offering, issuance, or private placement of equity-type securities.
6. If the board of directors does not have managing directors, the election or discharge of the chairman of the board of directors.
7. The appointment or discharge of a financial, accounting, or internal audit officer.

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.
9. Any matter that, under Article 14-3 of the Securities and Exchange Act 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.

The term "related party" in subparagraph 8 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 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. (In the case of a foreign issuer whose shares have no par value or a par value other than NT\$10, 2.5 percent of shareholders' equity shall be substituted for the calculation of the amount equal to 5 percent of paid-in capital required under this paragraph.)

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.

There should be at least one independent director who personally attends the board of directors; for the first item of that should be submitted to the resolution of the board of directors, all independent directors should attend the board of directors, if independent directors cannot attend the board, they should be represented by other independent directors. If an independent director has objections or reservations, he or she shall specify in the proceedings of the board of directors; if an independent director cannot personally attend the board of directors to express objections or reservations, he shall, unless there is a valid reason, issue a written opinion in advance and specify in the minutes of the board of directors.

### **Article 13** Resolution 1

When the chair at a board meeting is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call a vote.

When a proposal comes to a vote at a board meeting, if no attending director voices an objection following an inquiry by the chair, the proposal will be deemed approved. If there is an objection following an inquiry by the chair, the proposal shall be brought to a vote.

One voting method for proposals at a board meeting shall be selected by the chair from among those below, provided that when an attending director has an objection, the chair shall seek the opinion of the majority to make a decision:

1. A show of hands or a voter vote.
2. Roll call vote.
3. Vote for resolution.
4. The company's own choice of vote.

"Attending directors," as used in the preceding two paragraphs, does not include directors that may not exercise voting rights pursuant to Article 15, paragraph 1.

### **Article 14** Resolution 2 and scrutineering and counting methods

Except where otherwise provided by the Securities and Exchange Act and the Company

Act, the passage of a proposal at a board meeting shall require the approval of a majority of the directors in attendance at a board of directors meeting attended by a majority of all directors.

When there is an amendment or alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. If any one among them is passed, the other proposals shall then be deemed rejected, and no further voting on them shall be 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.

The result of the vote shall be reported on site and a record shall be made.

#### **Article 15** Recusal system for directors

If a director or a juristic person that the director represents is an interested party in relation to an 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 interest of this Corporation, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.

A director is deemed to be an interested party with respect to an agenda item in respect of which its spouse or a blood relative within the second degree of kinship, or a company with a controlling or subordinate relation with the director, is an interested party.

Where a director is prohibited by the preceding paragraph from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, paragraph 2 of the Company Act apply mutatis mutandis in accordance with Article 206, paragraph 4 of the same Act.

#### **Article 16** Meeting minutes and signed matters

The Company Board of Directors shall make a Minutes of Meeting. The Minutes of Meeting shall record the following items:

1. The name of the Chairperson.
2. The status of director's attendance includes the attendance, leave of absence and the names and number of absent persons.
3. Names and titles of the participants.
4. The session (or year) and time and place of the meeting.
5. The name of the record.
6. Report items.
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 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 pursuant to Article 12, paragraph 4.
8. Extraordinary motions: The name of the mover, the method of resolution and the result, a summary of the comments of any director, supervisor, expert, or other person; 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; and their objections or reservations and any recorded or written statements.

9. Other matters required to be recorded.

The occurrence of any of the following circumstances, with respect to a resolution passed at a board meeting, shall be stated in the meeting minutes and shall be publicly announced and filed on the website of the Market Observation Post System designated by the Financial Supervisory Commission, within 2 days from the date of the meeting:

- (1). Independent director has objections or reservations and there are records or written statements.
- (2). A resolution is adopted with the approval of two-thirds or more of all directors, without having been passed by the audit committee of the Company.

The attendance book constitutes part of the minutes for each board meeting and shall be retained for the duration of the existence of the Company.

The minutes of a board meeting shall bear the signature or seal of both the chair and the minute taker, and a copy of the minutes shall be distributed to each director within 20 days after the meeting. The minutes shall be deemed important corporate records and appropriately preserved during the existence of the Company.

The meeting minutes of paragraph 1 may produced and distributed in electronic form.

**Article 17** Board of Directors' Authorization Principle

In addition to the discussion of the Board of Directors of the Company in the first item of Article 12, the Board of Directors or the Articles of Association of the Board of Directors may authorize directors to exercise the authority of the Board of Directors. Its authorization content is as follows:

1. Authorized by the Board of Directors as required by law.
2. According to the company's " Approved authority level Policies " provision.
3. According to company regulations, systems and methods.
4. Transfer of investment company directors and supervisors.
5. Appraisal of base date of capital increase or decrease and base date of cash dividend distribution.
6. Other company-related matters that are not subject to statutes, Articles of Association, Shareholders' meeting, and Board of Directors resolutions. However, matters involving major interests of the company should still be resolved through the Board of Directors.

**Article 18** Supplementary Articles

These Rules of Procedure shall be adopted by the approval of meeting of the board of directors and shall be reported to the shareholders meeting. The board of directors may be authorized to adopt, by resolution, any future amendments to these Rules.