

HTC Corporation
Rules of Procedure for Board of Directors Meetings

Article 1 Basis for the adoption of these rules

To establish a strong governance system and sound supervisory capabilities for the directors meetings of this corporation and strengthen management functions, these rules are adopted pursuant to the provisions of Article 26-3, paragraph 8 of the Securities and Exchange Act and Article 2 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies issued by the Financial Supervisory Commission.

Article 2 Scope of these rules

The procedural rules for this corporation's board of directors meeting, its main agenda items, operational procedures, required content of meeting minutes, public announcements, and other compliance requirements, shall be handled in accordance with the provisions in these rules.

Article 3 Convening of a board of directors meeting and meeting notification

The board of directors shall meet at least quarterly.

Each director and supervisor shall be given at least seven days advance notice of the reasons for convening a board of directors meeting. In emergency circumstances, however, a meeting may be called on shorter notice.

[With the prior consent of the recipients, the meeting notice of the preceding paragraph may be given by electronic means.](#)

All matters set forth in Article 7, paragraph 1, subparagraphs 1 through 8 shall be specified in the notice of the reasons for convening a board of directors meeting; none of those matters may be raised by an extraordinary motion except in the case of an emergency or for legitimate reason.

Article 4 Meeting place and time

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

Article 5 Meeting notification and pre-meeting materials

The agenda working group of this Corporation shall be the Finance and Accounting Department.

The agenda working group shall prepare agenda items for board of directors meetings and fully provide sufficient 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 insufficient may request the agenda working group to supplement them. 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.

Article 6 Reports

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

1. Matters to be reported:

- (1) Minutes of the last meeting and action taken.
- (2) Report on important financial and business matters.
- (3) Report on internal audit activities.
- (4) Other important matters to be reported.
2. Matters for discussion:
 - (1) Items for continued discussion from the last meeting.
 - (2) Items for discussion at this meeting.
3. Extraordinary motions.

Article 7 Matters for discussion

The matters listed below as they relate to this corporation shall be raised for discussion at the board of directors meeting:

1. Corporate business plan.
2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under laws and regulations, need not be audited and attested by a certified public accountant.
3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any procedure for handling financial or operational actions of material significance, such as 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 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 Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders meeting or to be resolved by to a meeting of the board of directors, or any material matter as may be prescribed by the competent authority.
9. Long-term corporate business strategy.
10. Screening and approval of the corporate budget.
11. Screening and approval of major capital expenditures of the corporation.

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 certified public accountant-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.

With respect to a matter required by Article 14-3 of the Securities and Exchange Act to be resolved by a meeting of the board of directors, any and all independent directors of the corporation shall



attend the meeting in person, or shall authorize other independent directors to attend by proxy, and may not give a proxy to a non-independent director. If an independent director objects to or expresses reservations about such matter, it shall be recorded in the board meeting minutes; an independent director intending to express objection or reservations 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 board meeting minutes.

Article 8 Board of directors authorization principles

Apart from matters referred to in paragraph 1 of the preceding article, which are required to be submitted for discussion by the board of directors, when the board of directors delegates any exercise of its powers pursuant to laws or regulations or the company's articles of incorporation, matters such as the level and substance of the delegation shall be concretely and specifically set out.

Article 9 Preparation of documents such as the attendance book, and attendance by proxy of a director

When a board of directors meeting is held, an attendance book shall be provided for the directors who attend to sign-in, and be available for future reference.

Directors shall attend board meetings in person. If a director is unable to attend in person, the director may, in accordance with the company's articles of incorporation, appoint another director to attend in their place. Attendance via telecommunications is deemed as attendance in person.

A director who appoints another director to attend a board meeting in their place shall in each instance give the appointed director a written proxy stating the scope of authorization with respect to the reasons for convening the meeting.

A person appointed under the second paragraph of this Article may accept a proxy from one person only.

Article 10 Meeting chair and acting chair

Meetings of the board of directors shall be convened and chaired by the chairman of the board. However, the first meeting of each newly elected board of directors shall be called and chaired by the director who received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if there are two or more directors so entitled to convene the meeting, they shall choose one person by and from among themselves to do so.

When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman is also on leave or for any reason unable to exercise those powers, the chairman shall designate one of the directors to do so. Where the chairman does not make such a designation, a director shall be elected by and from among the directors to serve as chair.

Article 11 Non-voting participants

When the corporation convenes a board of directors meeting, the agenda working group shall provide relevant materials to the directors attending the meeting for their reference as necessary.

As merited by the content of a proposal to be put forward at the meeting, the convener of the board of directors meeting may notify [relevant personnel of subsidiaries](#) to attend, and when necessary, may also invite certified public accountants, attorneys, or other professionals to 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.](#)

Article 12 Convening of board of directors meetings

If one-half of all the directors are not in attendance at the appointed meeting time, the meeting chair may announce postponement of the meeting time, provided that the meeting may be postponed two times only. If the quorum is still not met after two postponements, the chair may reconvene the meeting following the procedures provided in Article 3, paragraph 2.

The term "all directors" as used in the preceding paragraph and in Article 18, paragraph 2, subparagraph 2 shall be calculated as the number of directors then actually in office.

Article 13 Discussion of proposals

A board of directors meeting shall be conducted according to the order of the agenda procedure as stated in the meeting notice. However, that order may be changed with the approval of a majority of directors in attendance at the meeting.

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

If at any time during the course of a board of directors meeting the number of directors sitting at the meeting does not constitute a majority of the directors in attendance at the meeting, then upon a motion by the directors sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Section 1 of the preceding article shall apply mutatis mutandis.

Article 14 Voting-I

When the chair at a board of directors 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 of directors meeting, if upon inquiry by the chair all directors in attendance voices no objection, that proposal is deemed approved. If upon inquiry by the chair there is an objection, the proposal shall be brought to a vote.

One voting method for proposals at a board of directors meeting shall be selected by the chair from among the provisions below, provided that when one of those in attendance has an objection, the chair shall solicit multiple opinions upon which to make a decision:

1. Show of hands.
2. Roll call vote.
3. Vote by ballot.
4. Vote by a method selected at the corporation's discretion.

The previous two sections concerning the full body of directors do not apply to the directors who are precluded from the use of voting rights according to Article 17.

Article 15 Voting-II and vote monitoring and counting methods

When there is any amendment or alternative to a proposal, the chair shall place such amended proposal or alternative proposal together with the original proposal and determine their voting order. If any one among them is passed, the other proposals shall thereupon 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, however, all monitoring personnel shall be directors.

Voting results shall be made known immediately and recorded in writing.

If matters put to a resolution constitute material information under law or regulation or the provisions of the Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, this corporation shall input the content of such resolution into the Market Observation Post System (MOPS) within the prescribed time period.

Article 16 Voting-III

Except as otherwise provided in the Securities and Exchange Act, the Company Act, or the Article of Incorporation, a resolution on a proposal at a board of directors meeting requires the approval of a majority of the directors in attendance at a meeting attended by a majority of all directors.

Article 17 Recusal system for directors

If an interested party relationship exists for a director, or the juristic person he/she represents, regarding 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 interests of the corporation, that director may not participate in the discussion and voting on that item, and shall recuse himself/herself during the discussion and voting on the resolution, and also may not exercise voting rights as proxy on behalf of another director.

With respect to a resolution at a board of directors meeting, the provisions of Article 180, paragraph 2, of the Company Act, as applied mutatis mutandis under Article 206, paragraph 3, of that Act, shall apply in cases where a director is prohibited by the preceding paragraph from exercising voting rights.

Article 18 Meeting minutes and sign-in matters

Minutes shall be prepared of the discussions at a board of directors meeting, and the minutes shall record the matters listed below in a detailed and accurate manner:

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 directors in attendance, 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. Discussion items: the method of resolution and the result for each proposal; a summary of the comments made by directors, supervisors, experts, and 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 Article 7, 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, and 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; and 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 from the date 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 of which there is a record or written statement.
2. If the corporation has established an audit committee, what is adopted with the approval of two-thirds or more of all 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 kept appropriately within the corporation during the existence of 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 kept appropriately 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 19 Documentation by audio or video tape

The Corporation shall document proceedings of a board of directors meeting in their entirety via audio or video and keep such documentation for a minimum of 5 years; such documentation may be kept in electronic form.

If before the end of the period for keeping documentation under the preceding paragraph any litigation arises with respect to a resolution of a board of directors meeting, the relevant audio or video documentation shall continue to be kept until the litigation has concluded.

Where a board of directors meeting is held via telecommunications, the video-conferencing of the meeting forms a part of the meeting minutes and shall be retained during the existence of the company.

Article 20 Supplementary provisions

These rules of procedure, and any amendments hereto, shall be adopted by approval of a board of directors meeting, and shall be reported to the shareholders meeting.