

Topoint Technology Co., Ltd

Rules of Procedure for Board of Directors' Meeting

Article 1 Basis

These Rules are established in accordance with the provisions under the *Regulations for Rules of Procedure for Board of Directors of Public Companies*, in order to facilitate a sound corporate governance system, effective oversight and better management mechanism.

Article 2 Scope

The main meeting agenda, operating procedure, items for inclusion in the meeting minutes, public announcements and other matters necessary for compliance shall be governed by the provisions herein.

Article 3 Convocation and Notice of Meeting

Board of directors' meetings shall be held at least quarterly.

Except for urgent circumstances, when a meeting may be called as and when necessary, the purpose of a board of directors' meeting shall be clearly stated when the board of directors is called into session, and, a minimum of seven days' notice shall be given to all directors.

Save for emergencies or legitimate reasons, all items under paragraph 1 of Article 12 hereof shall be listed in the purpose of the meeting and shall not be raised during an extempore motion.

Article 4 Preparation of Meeting Reference Information

The Company's **Corporate Governance** is the designated unit in charge of preparing the board meeting notice, materials and for providing logistical support for meetings of the board of directors. The meeting materials shall be mailed out along with the meeting notice.

If the directors consider the meeting materials to be insufficient, they may request the designated unit to provide supplemental materials in advance. If a director considers the meeting materials to be insufficient during the meeting, the consideration of that agenda item may be postponed upon a resolution of the board of directors.

Article 5 Signature Register and Proxy Appointment

A sign-in register shall be available for signing-in by directors attending the meeting and retained for future reference. While directors should attend the board of directors' meetings in person, persons unable to do so shall appoint other directors to attend on his behalf in accordance with the company's *Articles of Incorporation*. **And at least one independent director shall attend each meeting in person.** Directors attending meetings via video conferencing are deemed to have attended the meetings in person. A written proxy setting forth the delegated scope of powers pertaining to the meeting agenda should be produced whenever a director appoints another director to act as his proxy. Pursuant to the aforesaid proxy appointment, each proxy may only act for one director.

Article 6 Meeting Venue and Time

Board of directors' meetings shall be held on the company's premises and during office hours, or be held at such other convenient and appropriate locations and time to facilitate attendance by directors.

Article 7 Chairman and its Proxy

The chairman of the board of directors shall convene and preside over the board of directors' meetings. The first meeting of every new board of directors shall be called by the director elected with the highest votes at the shareholders' meeting, and such person with convening powers shall preside at the meeting. In the event that there are two or more persons having convening powers, such persons shall elect one candidate from among themselves as the meeting's chairman. If the board of directors is convened by more than half of the directors, the directors shall be elected by the directors.

Where the chairman of the board of directors is on leave or is unable to exercise his powers of office, the vice chairman shall preside over the meeting. If there is no vice chairman or if the vice chairman is on leave or is unable to exercise his powers of office, the chairman shall designate one executive director as proxy.

Where the chairman has not designated any deputy director, the directors shall elect one member from among themselves as representative.

Article 8 Reference Information, Observers and Meeting Convocation

The meeting affairs department as designated by the board of directors shall prepare materials for reference by the directors at any time during the meeting.

Depending on the meeting agenda, personnel from a relevant department or a subsidiary may be notified to attend the meeting as non-voting participants.

Where necessary, certified public accountants, attorneys, or other professionals retained by this Corporation may also be invited 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.

The chairman shall call the meeting to order upon presence of more than half of the directors. Where less than half of the all directors are present at the meeting time, the chairman may defer the meeting. Such deferment may not exceed two times and not longer than one hour. Where the number of attendees fails to meet the quorum after two deferments, the chairman shall reconvene the meeting in accordance with paragraph 2 of Article 3 hereof.

The aforesaid "all directors" refer to the directors in office.

Article 9 Audio Taping or Video Recording of Meeting Proceeding

Audio taping or video recording of Board of Directors' meetings shall be taken and retained for a minimum of five years. The archive may be preserved in an electronic format.

Where a lawsuit in connection with a relevant board resolution arises prior to the expiration of the aforementioned archive period, such archive shall continue to be preserved.

Audio and video recorded materials from a videoconference shall be considered

as part of the meeting minutes and therefore preserved indefinitely.

Article 10 Meeting Agenda

The meeting agenda for regular Board of Directors' meetings shall consist of at least the following items:

I. Items to Report:

- (1) Previous meeting minutes and execution progress
- (2) Key financial reports
- (3) Internally audited business reports
- (4) Other important reports

II. Items for Deliberation:

- (1) Items adjourned for discussion during the previous meeting
- (2) Items scheduled for discussion at current meeting

III. Extempore Motion

Article 11 Procedures of Deliberation

Board of Directors' meetings shall be held in accordance with the prepared agenda as stated in meeting notices. However, such agenda may be altered if approved by more than half of the attending directors.

Unless agreed by more than half of the attending directors, the chairman may not, at his discretion, announce the adjournment of a meeting against the foregoing meeting agenda or extempore motion.

Where the Board meeting is in progress and is attended by less than half the directors, the chairman may announce a suspension of the meeting upon a motion made by the attending directors, and to which the provisions under paragraph 3 of Article 8 hereof shall apply mutatis mutandis.

Article 12 Items for Deliberation

The following items should be proposed for resolution at Board of Directors' Meetings in the notice of the reasons for calling a board of directors meeting; none of them may be raised by an extraordinary motion except in the case of an emergency or legitimate reason:

1. The Company's business plans
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).
3. Internal control systems established or amended according to the provisions under Article 14.1 of the *Securities and Exchange Act* (hereinafter called "*Securities Act*")
4. Procedures of major financial and business activities, such as acquisition and disposal of assets, trading of derivatives, extension of loan to other parties, endorsement or provision of guarantee for other parties, established or amended according to the provisions under Article 36.1 of the *Securities Act*
5. Offer, issue, or private placement of equity-linked securities
6. Appointment or dismissal of heads of finance, accounts or internal audit
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.

8. Pursuant to the provisions under Article 14.3 of the *Securities Act*, other matters to be resolved at the shareholders' meeting or proposed at the Board of Directors' meetings according to the laws and decrees, or articles of incorporation, or major matters as stipulated by the competent authorities.

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 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.

Pursuant to matters under Article 14.3 of the *Securities and Exchange Act* to be proposed at a board of directors' meeting by an independent director, such independent director shall attend the meeting in person and shall not appoint a proxy. Any opposition or qualified opinion by an independent director shall be documented in the minutes of meeting. Except for valid reasons, an independent director unable to attend a board of directors' meeting personally to express opposition or qualified opinion shall give his (her) written opinions in advance, and such opinions shall be recorded in the minutes of meeting.

Article 13 Voting

When the presiding chairman deems that a subject under deliberation is ready to be put to vote, cessation of deliberation may be announced and the said subject be put to vote.

An agenda item shall be deemed approved and shall have the same effect as if it was voted by casting ballots if no opposition is voiced by all attending shareholders after solicitation by the chairman. However, if there is any opposition, the agenda item shall be put to a vote.

The presiding chairman shall select one of the following voting methods. Where there is opposition from the attendees, the majority's view shall prevail:

1. Show of hands or voting machine
2. Open outcry
3. Balloting
4. Method as decided by the Company.

Article 14 Vote Supervision and Vote Counting

Unless otherwise provided under the *Securities and Exchange Act* and the

Company Law, the Company's board of directors' resolutions shall be adopted by more than half of the attending directors at a board of directors' meeting attended by more than half of the board members.

Where there is an amended or alternative proposal, the presiding chairman shall consider such proposals together with the original proposal on the same voting orders. If, however, one of the proposal has been adopted, the remaining proposals shall be deemed rejected, and no further voting shall be necessary.

The presiding chairman may designate a vote supervisor and vote counter, if required, during voting on a resolution; such vote supervisor, however, must be a director. The voting results shall be reported while the meeting is in session and shall be recorded.

Article 15 Avoidance of Conflicts of Interest

Where the meeting agenda item(s) conflicts with the interests of any director or the legal person whom a director represents such that the Company's interests may be prejudiced, such director shall not be not allowed to participate in any deliberation or vote, and shall not exercise any voting right on behalf of other directors.

Directors' spouses, blood relatives such as second relatives, or companies with a controlling affiliation with directors, who are interested in the matter of the meeting, believe that the directors have their own interests in this matter.

Directors who are unable to exercise their voting rights under the foregoing provisions shall be governed by paragraph 3 of Article 206 of the *Company Law*, whereupon paragraph 2 of Article 180 shall apply mutatis mutandis.

Article 16 Minutes of Meeting and Signature

Proposals at the Board of Directors' meetings shall be documented in the minutes of meeting, detailing the following:

- (1) Meeting Session Number (Year No.), time and venue
- (2) Name of presiding chairman
- (3) Directors' level of attendance, including the names and numbers of directors present, on leave and absent.
- (4) Names and titles of meeting observers
- (5) Name of minute-taker
- (6) Items reported
- (7) Items deliberated: Methods and results of resolution of all proposals, abstracts of speeches of directors, 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, oppositions or qualified opinions which are documented or indicated in written statements and written opinions of independent directors as stipulated under paragraph 4 of Article 12 hereof.
- (8) Extempore motion: Names of sponsors, methods and results of resolutions, abstracts of speeches of directors, 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, opposing or qualified opinions of other persons which are documented or on written statements.

(9) Other items to be documented.

Where there is opposition or qualified opinions from the independent directors on board of directors' resolutions, such opposition or qualified opinions shall be documented in the minutes of meeting and submitted to the Market Observation Post System website for public announcement within two days from the date of the board of directors' meeting as designated by the Financial Supervisory Commission, Executive Yuan. The sign-in register of the Board of Directors' meetings shall constitute an integral part of the minutes of meeting and therefore preserved indefinitely.

The minutes of meeting shall be signed and stamped by the presiding chairman and the person documenting the meeting proceedings, and shall be distributed within twenty days after the meeting to all directors. Such minutes of meeting should be classified under the Company's important archives and appropriately preserved during the company existence.

The minutes of meeting as stated in the first paragraph may be produced and retained electronically.

Article 17 Empowerment

Save for items under paragraph 1 of Article 12 to for deliberation by the board of directors, when the board is not in session and where the Board of Directors empowers the chairman to execute its powers of office in accordance with the laws and the Company's *Articles of Incorporation*, the scope of such powers are as follows:

- (1) Approval of major agreements;
- (2) Approval of fixed asset mortgage loans and other borrowings;
- (3) Approval of acquisition and disposal of the Company's general assets and fixed assets;
- (4) Appointment of directors and supervisors of invested companies;
- (5) Approval of record days for capital increase or reduction, distribution of cash dividends and share allotment or subscription, as well as changes to the ratio of dividend distribution etc.

Any execution of powers of the preceding paragraph shall be presented to the board of directors at the next board of directors' meeting.

Article 18 Supplementary Provisions

The formulation of and amendment to these Rules of Procedures are subject to approval by the Company's board of directors.