

# **PlayNitride Inc.**

## **Management of operation of board meetings**

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### **Article 1 (Basis for the adoption of the rules)**

To establish a strong governance system and sound supervisory capabilities for PlayNitride Inc.'s (hereinafter as "*the Company*") board of directors and to strengthen management capabilities, the *Rules Governing Operation of Board of Directors Meetings* (hereinafter as "*the Rules*") are adopted pursuant to Article 2 of the *Regulations Governing Procedure for Board of Directors Meetings of Public Companies*.

### **Article 2 (Scope of the rules)**

With respect to the board of directors meetings ("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 *the Rules*.

### **Article 3 (Convening and notice of board meetings)**

The board of directors shall meet at least quarterly.

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.

All matters set forth under Article 12, paragraph 1 of *the 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 except in the case of an emergency or for other legitimate reason.

Article 4 (Meeting notification and meeting materials)

The designated unit responsible for the board meetings of *the Company* shall be *Administration Division*.

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.

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.

Article 5 (Preparation of attendance book and other documents; attendance by proxy)

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 (Principles for determining the place and time of a board meeting)

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

Article 7 (Chair and acting chair of a board meeting)

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.

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 (Reference materials, non-voting participants, and holding board meetings)

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.

As merited by the content of a proposal to be put forward at a board meeting, a managerial person who is not a director of the board and from a relevant department may be notified to attend the meeting as non-voting participants. When necessary, certified public accountants, attorneys, or other professionals 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 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 postponement of the meeting time on the same day, 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 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 (Documentation of a board meeting by audio or video)

Proceedings of a board meeting shall be recorded in their entirety in audio or video, and the recording shall be retained for a minimum of 5 years. The record may be retained in electronic form.

If any litigation arises with respect to a resolution of a board meeting before the end of the retention period of the preceding paragraph, the relevant audio or video record shall be retained until the conclusion of the litigation.

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 (Agenda items)

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

1. Matters to be reported:
  - A. Minutes of the last meeting and action taken.
  - B. Important financial and business matters.
  - C. Internal audit activities.
  - D. Other important matters to be reported.
2. Matters for discussion:
  - A. Items for continued discussion from the last meeting.
  - B. Items for discussion at this meeting.

3. Extraordinary motions.

Article 11 (Discussion of proposals)

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 a board meeting, if the chairman is unable to preside over the meeting, due to unforeseen circumstances or fails to adjourn the meeting as stipulated in the second item, the appointment of a proxy shall be governed by the provisions of Article 7, Paragraph 3

Article 12 (Matters requiring discussion at a board meeting)

The matters listed below as they relate to *the Company* shall be raised for discussion at a board meeting:

1. *The Company's* business plan.
2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be 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. 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 that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
8. 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 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.

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.

In the case of a foreign issuer whose shares have no par value or a par value other than NTD10, 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 Paragraph 2.

If there are independent directors, at least one independent director of *the Company* shall attend the meeting in person. Any and all independent directors shall attend the meeting with respect to the matters which must be approved by resolutions at a board meeting as provided in the first paragraph. 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 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.

Article 13 (Voting)

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 vote by voting machine.
2. A roll call vote.
3. A vote by ballot.
4. A vote by a method selected at *the Company's* discretion.

“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 (Voting, Methods for vote monitoring and counting)

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.

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

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 *the Company*, 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.

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 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.

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 34 of the same Act.

Article 16 (Meeting minutes and sign-in matters)

Discussions at a board meeting shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below:

1. The meeting session (or year) and the time and place of the meeting.
2. The name of the chair.



3. The directors' attendance at the meeting, including the names and the number of directors in attendance, excused, and absent.
4. The names and titles of those attending the meeting as non-voting participants.
5. The name of the minute taker.
6. The matters reported at the meeting.
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 pursuant to Article 12, paragraph 5.
8. Extraordinary motions: The name of the mover, the method of resolution and the result, a summary of the comments of any director, 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 designated by the competent authority, within 2 days from the date of the meeting:

1. Any objection or expression of reservations by an independent director expresses of which there is a record or written statement.
2. If there is an audit committee, 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 forms a part of the minutes for each board of

directors 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 be produced and distributed in electronic form.

- Article 17 (Principles with respect to the delegation of powers by the board)
- With the exception of matters that are required to be resolved at a board meeting under applicable laws, regulations and *the Company's* articles of incorporation, when the board of directors delegate the chairperson to exercise the powers of the board during the recess of the board, the chairperson is delegated to handle the following matters:
1. Represent *the Company* externally within the scope of *the Company's* business.
  2. Handle those delegated matters according to *the Company's* approval authority, management policies and procedures.
  3. Examine *the Company's* accounting system, financial position and financial reporting procedures.
  4. Examine the procedures for material financial and operational actions, such as acquisition and disposal of assets, engaging in derivatives trading, extension of monetary loans to others, endorsements and guarantees for others.
  5. Communicate with *the Company's* certified public accountants.
  6. Reviewing and evaluating the internal auditors and their work performance.
  7. Reviewing and evaluating *the Company's* internal control system.
  8. Evaluating, examining, and supervising existing or potential risks in *the Company*.
  9. Examining the legal compliance of *the Company*.
  10. Examining the transactions involving a director's recusal from voting due to a conflict of interest as described in Article 14 of *the*

*Rules*, inter alias those concerning transactions with major affiliated persons, acquisition and disposal of assets, engaging in derivatives trading, extension of monetary loans to others, endorsements and guarantees for others, and establishing an investment company for the purpose of investment, etc.

11. According to *the Company's* funding requirement, handling the terms and amount limit of loans and other relevant matters with financial institutes, and further reporting the implementation status to the board of directors.
12. According to *the Company's* funding requirement, handle matters concerning endorsements and guarantees within the amount permitted under the procedures for loans to others and the procedures for endorsement and guarantees, conduct transactions within the amount permitted under the procedures for acquisition and disposal of assets, and further report the implementation status to the board of directors.
13. Handle matters concerning selection and appointment of the director(s), supervisor(s), and representative(s) of subsidiaries (including overseas branches).
14. Restructure *the Company*, and amend *the Company's* articles of incorporation.
15. Evaluate and review the qualifications for the certified public accountants, and nominate appropriate candidates.
16. Other powers and duties delegated to the chairman by the board of directors.

Article 18 (Supplementary provisions)

The Rules shall be effective after approved by the board of directors. and submitted to the shareholders meeting, In the future, any amendments shall. be authorized by resolution of the board of directors.