



## **M31 Technology Corporation**

### **Rules for Election of Directors**

- Article 1 The election, re-election and by-election of directors shall be elected in accordance with the rules specified herein.
- Article 2 For the election of directors of the Company, the name of the elector shall be replaced by the attendance number.  
The election of directors shall be based on the nomination of candidates.
- Article 3 For the election of directors, each share shall have the same right to vote as the number of directors to be elected, and the board of directors shall prepare ballots equal to the number of directors to be elected and distribute them to each shareholder.
- Article 4 The directors of the Company shall be elected in accordance with the quotas set forth in the Articles of Incorporation, and the independent directors and non-independent directors shall be elected together and the number of elected quotas shall be calculated separately. The directors shall be elected in the order of the majority of the votes received. If there are more than two persons with the same number of votes and the number of directors exceeds the required number, lots shall be drawn by those with the same number of votes. For persons who are unable to attend, the Chairman shall draw lots for the candidates.
- Article 5 Independent directors shall obtain one of the following professional qualifications and have at least five years of working experience:
1. Lecturer or above from a public or private college or university in business, law, finance, accounting or related fields required for company's business.
  2. Judges, prosecutors, lawyers, accountants or other professional and technical personnel who have passed the national examinations required for the company's business.
  3. Experience in business, legal, finance, accounting or corporate business.
- Anyone who has served as an independent director shall be prohibited from serving as an independent director and shall be terminated if he or she has served as one of the following:
1. In one of the cases specified in Article 30 of the Company Act.
  2. In accordance with Article 27 of the Company Act, the government, legal persons or their representatives shall be elected.
  3. Violation of the qualifications of independent directors as stipulated in the Regulations.



Article 6 An independent director shall not be one of the following two years prior to his or her election and during his or her term of office:

1. Employees of the Company or its affiliated companies.
2. Directors and supervisors of the Company or its affiliated companies. However, this does not apply if the company or its parent company or subsidiary is an independent director established in accordance with this Act or local laws and regulations, the company shall not be subject to this limitation.
3. The natural shareholders who hold more than one percent of the total issued shares or the top ten natural shareholders in the name of themselves, their spouses, minor children or in the name of others.
4. The spouse of a person listed in the preceding three paragraphs, a relative within the second degree of kinship, or a relative within the third degree of kinship in the direct blood relatives.
5. A director, supervisor or employee of a corporate shareholder who directly holds more than five percent of the total issued shares of the Company, or the top five corporate shareholders who hold shares.
6. Directors, supervisors, managers, or shareholders holding more than 5% of the shares of a specific company or organization with which the Company has financial or business dealings.
7. Professionals, sole proprietors, partners, directors, supervisors, managers and their spouses who provide business, legal, financial and accounting services or consulting services to the Company or its affiliates. However, members of the Compensation Committee who perform their duties and responsibilities in accordance with Article 7 of the Rules Governing the Establishment and Exercise of Powers and Functions of Compensation Committees of Companies whose stocks are Listed or Traded on the Business Premises of Securities Firms shall be excluded.

If an independent director has served as an independent director of a company or its affiliates or a specific company or organization with which the company has financial or business dealings as described in Paragraph 2 or 6 of the preceding paragraph and has now terminated his or her appointment, the preceding two-year period prior to his or her election shall not apply.

The specific company or organization referred to in Paragraph 6 of Item 1 shall mean a company with one of the following circumstances:

1. Hold at least 20% and not more than 50% of the Company's total issued shares.

2. Other companies and their directors, supervisors and shareholders holding more than 10% of the total number of shares hold more than 30% of the total number of issued shares of the Company, and there is a record of financial or business dealings between the two parties. The shares held by the aforementioned persons include their spouses, minor children and those held in the name of others.
3. The Company receives more than 30% of its operating revenues from other companies and its group companies.
4. The Company's major raw materials (defined as those that account for more than 30% of the total purchase amount and are indispensable for the manufacture of products) or major products (defined as those that account for more than 30% of the total operating revenues) are derived more than 50% from other companies and their group companies in quantities or total purchase amounts.

The parent company, subsidiary and group referred to in the first and preceding paragraphs shall be recognized in accordance with the provisions of IFRS 10.

- Article 7 An independent director shall not serve as an independent director of more than three other public companies.
- Article 8 When the Board of Directors prepares the ballot, it shall be printed according to the attendance number and filled in with its weight.
- Article 9 At the beginning of the election, the Chairman shall designate scrutineers and tellers to monitor and count the votes.
- Article 10 The ballot boxes shall be prepared by the Board of Directors and shall be opened for inspection by the scrutineers before the voting.
- Article 11 If the person to be elected is a shareholder, the elector shall fill in the name of the person to be elected and the shareholder's account number on the ballot paper. If he/she is not a shareholder, he/she shall fill in the name of the person to be elected and the tax ID number (or ID card number), and then put it into the ballot box; however, if the government or a corporate shareholder is the nominee, the nominee column of the ballot paper shall be filled in with the name of the government or the corporate in accordance with the provisions of Article 27, Paragraph 1 of the Company Act, and the name of the government or the corporate and the name of its representative in accordance with the provisions of Paragraph 2 of the same Article.
- Article 12 An election ballot shall be invalid if one of the following circumstances occurs:
1. Those who do not use the ballot papers specified in this rule.
  2. Those who vote with a blank ballot.



3. The handwriting is blurred and unrecognizable or has been altered.
4. If the name of the candidate is a shareholder, the name of the candidate does not match with the register of shareholders. If the name of the candidate is not a shareholder, the name and the tax ID number (or ID card number) of the candidate do not match.
5. The same ballot is filled with more than two candidates.
6. In addition to the candidate's account name (surname) and shareholder's account number (tax ID number or ID card number), other written characters are included.
7. Not in accordance with the provisions of Article 11.

Article 13 The ballot boxes for the election of directors shall be opened together with the scrutineers and tellers after the ballots have been cast.

Article 14 The counting of votes shall be monitored by the scrutineers, and the results of the ballot shall be announced by the Chairman on the spot. The election ballots for the aforementioned election shall be sealed and signed by the scrutineers and kept in a safe place for at least one year. However, if a lawsuit is filed by a shareholder in accordance with Article 189 of the Company Act, it shall be kept until the conclusion of the litigation.

Article 15 The elected director shall be given a notice of election by the Board of Directors.

Article 16 (Deleted)

Article 17 Matters not covered by this Act shall be handled in accordance with the provisions of the Company Law and relevant laws and regulations.

Article 18 These regulations shall come into effect upon the approval of the shareholders' meeting, and shall be the same when amended.

Article 19 These Regulations were established on June 28, 2016.  
The first amendment was made on May 24, 2018.