

## **Giant Heavy Machinery Service Corporation**

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

- Article 1 These Rules of Procedure are formulated in accordance with the Securities and Exchange Act, the Regulations Governing Procedure for Board of Directors Meetings of Public Companies, and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. The meetings of the board of directors of Giant Heavy Machinery Service Corporation (hereinafter referred to as this Corporation) shall be conducted in compliance with these Rules.
- Article 2 The board of directors of this Corporation shall meet at least once every quarter. The notice of the meeting shall specify the time, place, and purpose and shall be given to all directors and supervisors at least seven days before the meeting; however, in the event of an emergency, a meeting may be called at any time. The notice of the meeting mentioned in the preceding paragraph may be given by electronic means with the consent of the recipient. A board of directors meeting shall be held at the location and during the business hours of this Corporation, or at a place and time convenient to attendance by all directors and suitable for holding a board of directors meeting.
- Article 3 The agenda working group for the board of directors meetings is the finance and accounting unit, and it shall be responsible for drafting the agenda and providing sufficient meeting materials for the board of directors meetings. The meeting materials shall be sent together with the notice of the meeting.
- Article 4 A director of the opinion that the pre-meeting materials provided are insufficiently comprehensive may request the agenda working group to supplement the materials. If a director is of the opinion that materials concerning any proposal are insufficient in content, the deliberation of such proposal may be postponed by a resolution of the board of directors.
- Article 5 Agenda items for regular board of directors meetings shall include at least the following:
1. Reports:
    - A. Minutes of the last meeting and actions arising.
    - B. Reporting on important financial and business matters.

- C. Reporting on internal audit activities.
- D. Other important matters to be reported.
- 2. Discussions:
  - A. Items discussed and continued from the last meeting.
  - B. Items for discussion at this meeting.
- 3. Extraordinary motions.

Article 6      The items to be discussed at the board of directors meetings referred to in the preceding article shall include at least the following matters:

- 1. Corporate 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 Act, and an assessment of the effectiveness of the internal control system.
- 4. Adoption or amendment, pursuant to Article 36-1 of the Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
- 5. The offering, issuance, or private placement of any 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 for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
- 9. Any matter required by Article 14-3 of the Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or board of directors meeting, or any such significant 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 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 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.

For foreign companies whose stock has no par value or a par value other than NTD10, the "5 percent of paid-in capital" in paragraph 2 above shall be calculated instead as 2.5 percent of shareholder equity.

Article 7      The matters listed in each item of the preceding article, except in the case of an emergency or a justifiable reason, shall be included in the agenda of the meeting and shall not be proposed as a motion during the meeting. In addition to the matters that shall be discussed by the board of directors as provided in the preceding article, during the recess of the board of directors, if the board of directors is authorized to exercise its powers in accordance with the law or the company's articles of incorporation, the level, content, or matters of the authorization shall be specifically stated and shall not be generally authorized.

Article 8      An attendance book shall be provided at the board of directors meetings, and the attending directors shall sign in. Directors shall attend the meetings in person; if a director is unable to attend in person, they may, in accordance with this Corporation's articles of incorporation, appoint another director to attend and vote on their behalf by issuing a power of attorney specifying the scope of authority for the matters listed in the agenda. A director may only act as a proxy for one other director. Attendance via tele- or video-conference is deemed as attendance in person.

- Article 9      Where a meeting of the board of directors is called by the chairman of the board, the meeting shall be chaired by the chairman. However, where the first meeting of each newly elected board of directors is called by the director who received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting.
- Where a meeting of the board of directors is called by a majority of directors on their own initiative in accordance with the Company Act, the directors shall choose one person by and from among themselves to chair the meeting.
- When the chairman of the board is on leave or for any reason is unable to exercise the powers of the chairperson, by a director designated thereby, or, if the chairman does not make such a designation, by director elected by and from among themselves.
- Article 10      When holding a meeting of the board of directors, a company may, as necessary for the agenda items of the meeting, notify personnel of relevant departments or subsidiaries to attend the meeting as nonvoting participants.
- If necessary, this Corporation may also invite accountants, lawyers, or other professional experts to attend the meeting to report and answer questions raised by the directors, in order to assist the board of directors in making appropriate decisions. However, such personnel should leave the meeting during the board of directors' discussion and voting.
- Article 11      If there is any controversy regarding a proposal made by the board of directors, there should be a full discussion among the directors, and the chairman shall not put the matter to a vote until such discussion has taken place.
- Article 12      After this Corporation has issued shares to the public and has established independent directors in accordance with the relevant regulations, at least one independent director should attend the board of directors meetings in person. For the matters listed in Article 6, paragraph 1 that require a resolution of the board of directors, all independent directors should attend the board of directors meeting. If an independent director is unable to attend in person, they should delegate another independent director to attend and vote on their behalf. If an

independent director has a dissenting or reservation opinion, it should be recorded in the minutes of the board of directors meeting. If an independent director is unable to attend the board of directors meeting to express their dissenting or reservation opinion, they should provide a written opinion in advance, except in the case of a justifiable reason, and it should be recorded in the minutes of the board of directors meeting.

Article 13 When the meeting time is due and one-half all board directors are not present, the meeting chair may announce that the meeting time will be postponed on the same day, provided that no more than two postponements are made. If the quorum is still not met after two postponements, the chair may re-convene the meeting following the procedures provided in Article 3, paragraph 2. The term "all board directors " as used in the preceding paragraph shall be calculated as the number of directors then in office.

Article 14 The board of directors shall proceed according to the agenda set in the meeting notice. However, it may be amended with the consent of more than half of the attending directors.

Article 15 The chairman shall not declare the meeting adjourned without the consent of more than half of the attending directors with respect to the agenda items set in the previous paragraph and any motions raised during the meeting.

Article 16 If at any time during the proceedings of a board of directors meeting the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Article 13 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 above, the provisions of Article 9, paragraph 3 shall apply mutatis mutandis to the selection of the deputy to act in place thereof.

Article 17 Each director shall have one vote. Except as otherwise provided by the Company Act or the company's articles of incorporation, resolutions of the board of directors shall require the presence of more than half of the directors, and the approval of more than half of the attending directors. However, if the

chairman asks for consent and no objection is raised, it shall be deemed to have been approved, and such approval shall have the same effect as a vote.

Article 18 Directors shall exercise a high degree of self-discipline. If a director has a conflict of interest with respect to any matter to be discussed at a board meeting, the director shall disclose the material details of such conflict of interest at the meeting. If there is a risk of harm to the company's interests, the director shall recuse himself or herself from the discussion and voting, and shall not exercise his or her voting rights by proxy. Directors shall also exercise self-restraint and shall not support each other. If a director has violated the recusal requirements and participated in voting, such vote shall be invalid. The spouse, second-degree relatives by blood, or a company controlled by a director shall be deemed to have a conflict of interest with respect to the matter under discussion if they have a conflict of interest with respect to such matter.

Article 19 The provisions of Article 180, paragraph 2 of the Company Act, as applied *mutatis mutandis* under Article 206, paragraph 4 of that Act, apply to resolutions of board of directors meetings when a director is prohibited by the preceding paragraph from exercising voting rights.

Article 20 A company shall record on audio or video tape the entire proceedings of a board of directors meeting, and preserve the recordings for at least five years, in electronic form or otherwise. The minutes of the board meetings shall be prepared and signed or stamped by the chairman of the meeting and the recording personnel. The minutes shall be distributed to all directors and relevant attendees within twenty days after the meeting and shall be permanently kept by this Corporation. The minutes may be prepared and distributed electronically. The attendance record of the board meetings shall be a part of the minutes and shall be permanently kept by this Corporation.

Article 21 If before the end of the preservation period referred to in the preceding paragraph any litigation arises in connection with a resolution of a board of directors meeting, the relevant audio or video recordings shall continue to be preserved until the litigation is concluded.

Article 22 Where a board of directors meeting is held via tele- or video conferencing, the audio and visual documentation of the meeting form a part of the meeting

minutes and shall be well preserved during the existence of this Corporation.

Article 23 The meeting minutes shall record the following:

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 members present, 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. 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 under Article 7, paragraph 5.
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, 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.

Article 24 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 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 that has been included in records or stated in writing.

2. If the company has an audit committee, any matter that has not been passed by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors without having been passed by the audit committee.

Article 25      Any matters not covered by these Rules of Procedure shall be handled in accordance with the Company Act, this Corporation's articles of incorporation, and other relevant laws and regulations.

Article 26      These Rules of Procedure shall be implemented after being approved by the board of directors and reported to the shareholders meeting. Any future amendments may be authorized by a resolution of the board of directors.