

Document Number	Arizon RFID Technology (Cayman)	Effective Date	2022.07.11
AZ-MD-120-00-M03	Co., Ltd.	Version	V0
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Article 1 These procedures are established to ensure fair, just, and transparent election of directors, with reference to the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” of the Republic of China.

Article 2 Unless otherwise stipulated by laws, regulations, or the Articles of Incorporation, the election of directors the Company shall be conducted in accordance with these procedures.

Article 3 The election of the Company’s directors shall take into consideration the overall composition of the Board of Directors. The composition of the Board members shall consider diversity. To achieve sustainable and balanced development suitable for the Company’s operations, business model, and development needs, while also considering diversity at the Board level, the Company shall consider diversity when determining the composition of Board members. When setting the composition of Board members, the Company shall consider diversity based on, but not limited to the following two dimensions:

1. Basic conditions and values: Balance of gender, age, nationality, and culture.
2. Professional knowledge and skills: Balance and inclusion of Board members with different professional backgrounds (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Board members should generally possess the knowledge, skills, and qualities necessary to perform their duties. The overall capabilities the Board should possess are as follows:

1. Operational judgment ability.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Industry knowledge.
6. International market perspective.
7. Leadership ability.
8. Decision-making ability.

More than half of the director seats should not be held by individuals who have spousal relationships or are relatives within the second degree of kinship.

The Company’s Board of Directors should consider adjusting the composition of Board members based on the results of performance evaluations.

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Article 4 The qualifications of the Company’s independent directors shall comply with the provisions of the Company’s Articles of Incorporation, with reference to Articles 2, 3, and 4 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.”

The election of the Company’s independent directors may adopt the candidate nomination system in accordance with the Company’s Articles of Incorporation, with reference to Articles 5, 6, 7, 8, and 9 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies,” and shall be conducted in accordance with Article 24 of the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.”

Article 5 The election of the Company’s directors shall be conducted in accordance with the candidate nomination system and procedures specified in Article 192-1 of the Company Act. If a director is discharged for any reason, resulting in fewer than five directors, the Company shall hold a by-election at the next shareholder’s meeting. However, if the number of directors falls short by one-third of the total number specified in the Articles of Incorporation, the Company shall convene a special shareholder’s meeting for a by-election within sixty days from the date of occurrence.

If the number of independent directors is insufficient under the proviso of Paragraph 1, Article 14-2 of the Securities and Exchange Act, a by-election shall be held at the next shareholders’ meeting. When all independent directors have been discharged, a special shareholders’ meeting shall be convened for a by-election within sixty days from the date of occurrence.

Article 6 The election of the Company’s directors shall adopt the cumulative voting method. Each share shall have voting rights equivalent to the number of directors to be elected, and the voting rights may be exercised to elect one candidate or may be distributed among several candidates.

Article 7 The Board of Directors shall prepare election ballots equal to the number of directors to be elected, mark the number of voting rights on each ballot, and distribute them to the shareholders present at the shareholders’ meeting. The name of the voter may be represented by the attendance card number printed on the election ballot.

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Article 8 The directors of the Company shall be elected in accordance with the number specified in the Company's Articles of Incorporation. The independent directors and non-independent directors shall be elected separately, with voting rights calculated separately. Those who receive more votes representing voting rights shall be elected in sequence. If two or more candidates receive the same number of votes and this exceeds the specified number of positions, the candidates with the same number of votes shall draw lots to determine the winner. The chairperson shall draw lots on behalf of any candidate who is not present.

Article 9 Before the election begins, the chairperson shall appoint several shareholders to serve as ballot supervisors and ballot counters to perform relevant duties. The ballot boxes shall be prepared by the Board of Directors and publicly examined by the ballot supervisors before voting.

Article 10 Election ballots shall be invalid under any of the following circumstances:

1. Ballots not prepared by the person with the right to convene the meeting.
2. Blank ballots placed in the ballot box.
3. Illegible writing, unrecognizable writing, or ballots with alterations.
4. The name of the candidate written on the ballot does not match the director candidate list after verification.
5. Other text is written on the ballot in addition to the number of voting rights allocated.

Article 11 The ballots shall be counted immediately after the voting is completed, and the chairperson shall announce the results on the spot, including the list of elected directors and the number of votes they received.

The election ballots referred to in the preceding paragraph shall be sealed, signed by the ballot supervisors, properly kept, and preserved for at least one year.

However, if a shareholder files a lawsuit in accordance with Article 189 of the Company Act, the ballots shall be preserved until the conclusion of the litigation.

Article 12 The Company's Board of Directors shall issue a notice of election to the elected directors.

Article 13 These procedures shall be implemented after approval by the shareholders' meeting, and the same applies when amendments are made.