



# **Egis Technology Inc.**

## **2019 ANNUAL SHAREHOLDER'S MEETING MINUTES**

Stock Code:6462

Time: June 18, 2019 (Tuesday) at 9 a.m.

Place: 2F, No. 327, Section 1, Tiding Boulevard, Neihu District, Taipei City  
(Lily Conference)

Total outstanding Egis shares : 68,560,754 shares

Total shares represented by shareholders present in person or by proxy :  
48,611,541 shares

Percentage of shares held by shareholders present in person or proxy : 70.90%

Directors present : LO, SEN CHOU 、 YU, MING-TO 、

HEADWAY CAPITAL LIMITED Representative: LIN, GONG-YI 、

HEADWAY CAPITAL LIMITED Representative: LEE, YI-PIN 、

LIU, DING-JEN (Independent Director) 、 WENG, MING-JENG (Independent  
Director)

Chairman : LO, SEN CHOU the Chairman of the Board of Directors

Recorder : Sharon Hsu

**The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.**

**A.Chairman's Address (omitted)**

**B.Report Items**

**Proposal 1:** 2018 Annual Business Report (Please refer Exhibit 1)

**Proposal 2:** Review of the Company's 2018 Annual Financial Statements and Reports by the Audit Committee (Please refer Exhibit 2)

**Proposal 3:** 2018 Annual Remunerations Distribution of Employees and Directors  
The annual profit of this Company in 2018 is NTD 897,235,164. The profits shall be distributed in accordance with the provisions of Article 24 in the Articles of Incorporation and the Company Law, and 5.16%, that is, NTD 46,308,000, shall be set aside as employee remunerations; 1%, that is, NTD 8,972,000, shall be set aside as director remunerations; and the profits shall be distributed in the form of cash.

**Proposal 4:** Formulation of Regulations for Second Share Repurchase of the Company and Implementation of Share Repurchase of the Company (Please refer Exhibit3)

## **C.Ratified**

### **Proposal 1**

Proposed by the Board of Directors

Subject: Approve the 2018 Annual Financial Statement

Explanation: (1) The 2018 Annual Individual Financial Statements and Consolidated Financial Statements of the Company have been duly audited by the Certified Public Accountants of KPMG Taiwan, Steven Shih and Philip Tang, and an unqualified opinion report has been issued for filing. The said Financial Statements and unqualified opinion report have been submitted together with the 2018 Annual Business Report to the Audit Committee for review.

(2) The Auditors' Report, Individual and Consolidated Financial Statements (please refer to Exhibit 4 ), and Business Report (please refer to Exhibit 1 ) are enclosed herewith.

(3) The above is submitted for ratification.

Voting Results: Shares present at the time of voting: 48,611,541 (votes casted electronically: 19,418,854 votes)

Voting Results*		% of the total represented share present
Votes in favor:	44,490,801 votes (15,460,114 votes)	91.52%
Votes against :	880 votes (880 votes)	0.00%
Votes invalid or abstained:	4,119,860 votes (3,957,860 votes)	8.47%

\*including votes casted electronically (number in brackets)

RESOLVED, that the above proposal be and hereby was approved as proposed.

## **Proposal 2**

Proposed by the Board of Directors

Subject: Approve the 2018 Earnings Distribution Plan

- Explanation: (1) The annual profit of this Company in 2018 shall be distributed in accordance with the provisions in the Articles of Incorporation of this Company and the Company Law, and it is proposed to distribute shareholders the cash dividends of NTD 8,100 per 1,000 shares (that is NTD 8.10 per share), totaling NTD 554,844,464.
- (2) Before the ex-dividend date, if the proportion of profit paid to shareholders is accordingly changed because of alterations in law, review of the competent authority and total amount of common shares of this Company (for example, the Company repurchased its shares to transfer to employees or cancel them, increased its domestic capital in cash, and exercised the subscription right of employees, etc.), it is proposed to authorize the board of directors to adjust each condition in this Profit Distribution Plan in accordance with actual outstanding shares.
- (3) Please refer to Exhibit 5 of this Handbook for the Earnings Distribution Table, and it is submitted for ratification.

Voting Results: Shares present at the time of voting: 48,611,541 (votes casted electronically: 19,418,854 votes)

Voting Results*		% of the total represented share present
Votes in favor:	44,490,801 votes (15,460,114 votes)	91.52%
Votes against :	880 votes (880 votes)	0.00%
Votes invalid or abstained:	4,119,860 votes (3,957,860 votes)	8.47%

\*including votes casted electronically (number in brackets)

RESOLVED, that the above proposal be and hereby was approved as proposed.

## D. Discussion

### Proposal 1

Proposed by the Board of Directors

Subject: Amendment to some clauses in “Handling Procedures for Acquisition or Disposal of Assets” of the Company

Explanation: (1) In response to the amendment to regulations of “Handling Guidelines for Acquisition or Disposal of Assets of Public Offering Company” by Financial Supervisory Commission, it is proposed to amend some clauses in “Operating Procedures for Acquisition or Disposal of Assets” of the Company and please refer to Exhibit 6 of this Handbook for the Comparison Table of Clauses before and after the Amendment.

(2) The above is submitted for resolution.

Voting Results: Shares present at the time of voting: 48,611,541 (votes casted electronically: 19,418,854 votes)

Voting Results*		% of the total represented share present
Votes in favor:	44,491,420 votes (15,460,733 votes)	91.52%
Votes against :	263 votes (263 votes)	0.00%
Votes invalid or abstained:	4,119,858 votes (3,957,858 votes)	8.47%

\*including votes casted electronically (number in brackets)

RESOLVED, that the above proposal be and hereby was approved as proposed.

**Proposal 2**

Proposed by the Board of Directors

Subject: Amendment to some clauses in “Operating Procedures for Loaning Funds to Others” of the Company

Explanation: (1) In response to the amendment on regulations of “Handling Guidelines for Funds Loaning and Endorsement/Guarantees of Public Offering Company” by Financial Supervisory Commission, it is proposed to amend some clauses in “Operating Procedures for Loaning Funds to Others” of the Company and please refer to Exhibit 7 of this Handbook for the Comparison Table of Clauses before and after the Amendment.

(2) The above is submitted for resolution.

Voting Results: Shares present at the time of voting: 48,611,541 (votes casted electronically: 19,418,854 votes)

Voting Results*		% of the total represented share present
Votes in favor:	44,484,414 votes (15,453,727 votes)	91.50%
Votes against :	7,269 votes (7,269 votes)	0.01%
Votes invalid or abstained:	4,119,858 votes (3,957,858 votes)	8.47%

\*including votes casted electronically (number in brackets)

RESOLVED, that the above proposal be and hereby was approved as proposed.

**Proposal 3**

Proposed by the Board of Directors

Subject: Amendment to some clauses in “Operating Procedures for Endorsement/Guarantees” of the Company

Explanation: (1) In response to the amendment on regulations of “Handling Guidelines for Funds Loaning and Endorsement/Guarantees of Public Offering Company” by Financial Supervisory Commission, it is proposed to amend some clauses in “Operating Procedures for Endorsement/Guarantees” of the Company and please refer to Exhibit 8 of this Handbook for

the Comparison Table of Clauses before and after the Amendment.

(2) The above is submitted for resolution.

Voting Results: Shares present at the time of voting: 48,611,541 (votes casted electronically: 19,418,854 votes)

Voting Results*		% of the total represented share present
Votes in favor:	44,484,418 votes (15,453,731 votes)	91.50%
Votes against :	7,265 votes (7,265 votes)	0.01%
Votes invalid or abstained:	4,119,858 votes (3,957,858 votes)	8.47%

\*including votes casted electronically (number in brackets)

RESOLVED, that the above proposal be and hereby was approved as proposed.

#### **Proposal 4**

Proposed by the Board of Directors

Subject: The lifting of non-compete restrictions for the directors of the Company

Explanation: (1) In accordance with the provisions in Article 209 of the Company Law, a director who does anything that is within the scope of the Company's business, for himself or on behalf of others shall explain to the shareholders' meeting about the essential contents of such an act and secure its approval.

(2) When the directors of the Company were involved in the act regulated in Article 209 of the Company Law for part-time work, they are required to submit to the shareholders' meeting for approval of the lifting of the restrictions on engaging in the relevant activities without prejudice to the Company's interests. The situation of part-time work is shown in the following table.

(3) The above is submitted for resolution.

Description of Directors Holding an Important Position in Other Companies

Position	Name of Director	Part-time Employer	Title
Chairman	LO, SEN CHOU	Tyrafos Technologies Co., Ltd.	Director
		Kiwi Technology Inc.	Director
		Acer Cyber Security Inc.	Independent Director
		AISTORM, INC.	Director
		Igistec Co., Ltd.	Director
Legal Person Director	LIN, GONG-YI	Integrated Digital Technologies, Inc.	Director
		Tyrafos Technologies Co., Ltd.	Director
		AISTORM, INC.	Director
		Sirius Wireless Pte Ltd.	Director
Director	YU, MING-TO	Acer Cyber Security Inc.	Independent Director
Legal Person Director	LEE, YI-PIN	Sirius Wireless Pte Ltd.	Director
		Gingy Technology Inc.	Director
Independent Director	WENG, MING-JENG	United Renewable Energy Co., Ltd.	Independent Director

Voting Results: Shares present at the time of voting: 48,611,541 (votes casted electronically: 19,418,854 votes)

Voting Results*		% of the total represented share present
Votes in favor:	43,491,367 votes (14,460,680 votes)	89.46%
Votes against :	13,316 votes (13,316 votes)	0.02%
Votes invalid or abstained:	5,106,858 votes (4,944,858 votes)	10.50%

\*including votes casted electronically (number in brackets)

RESOLVED, that the above proposal be and hereby was approved as proposed.

### **E.Extemporary Motions : None**

**F.Adjournment of Meeting : 9:25 a.m., June 18, 2019.**



[Exhibit 1]

## **Egis Technology Inc. 2018 Annual Business Report**

The 2018 Business Achievements and Business Plan are provided as follows:

### 1. 2018 Annual Business Achievements

#### (1) 2018 Annual Business Plan Implementation Outcomes

The consolidated operating revenue of the Company for 2018 amounted to NTD 5,909,333,000, representing an increase of NTD 1,177,425,000 from 2017, and a growth rate of 25%; the net profit before tax is NTD 848,096,000 and net profit after tax is NTD 670,791,000, and the consolidated net profit for the current period is NTD 617,511,000.

Unit: NTD '000

Item	2017	2018
Operating revenue	4,731,908	5,909,333
Gross operating profit	1,822,175	2,083,902
Net operating profit (loss)	776,643	726,177
Non-operating revenue and expenditure	(40,757)	121,919
Net profit (loss) before tax	735,886	848,096
Net profit (loss) after tax	593,191	670,791
Total comprehensive income for the current period	590,583	617,511
Basic earnings per share (NTD)	8.50	9.62

#### (2) Status of Budget Implementation

The financial forecast for 2018 was not disclosed by the Company.

#### (3) Analysis of Financial Revenue and Expenditure and Profitability

Item		2017	2018
Financial Structure	Liabilities to assets ratio (%)	37.59	44.48
	Permanent capital to property, plant and equipment ratio (%)	6,706.80	6,068.32
Solvency	Current ratio (%)	237.53	195.81
	Quick ratio (%)	181.46	162.73
Profitability	Return on assets (%)	19.63	17.10
	Return on equity (%)	31.04	28.81
	Pure rate of return (%)	12.54	11.35
	Earnings per share (NTD)	8.50	9.62

#### (4) Status of Research and Development

Item	Research and Development Plan	Description
Algorithm	AI matching algorithm	The fingerprint matching algorithm can extract a large number of fingerprint feature points on the optical fingerprint image to optimize recognition efficiency and reliability performance.
Hardware	ET5XX series	This capacitive fingerprint recognition chip series, having an optimized cost structure, can be mounted under a cover of 100 um to 150 um thickness.
	ET6XX series	This capacitive fingerprint recognition chip series, having optimized sensing sensitivity, can be mounted under a cover of 200 um to 300 um thickness.
	ET7XX series	In response to the latest trend of full-screen mobile phones, the under-screen fingerprint recognition solution is provided using this optical fingerprint recognition chip series which can be mounted under a glass cover of 700 um to 1,400 um thickness.
	Grip Sensor	To detect if the user's hand is holding the mobile phone
	3D Modeling	ToF (time of flight) Depth Map Sensing Technology

## 2. Overview of 2019 Annual Business Plan

### (1) Operational Strategy

In response to the gradual maturity and growing application of biometric recognition technology, the Company is committed to boosting the technological advancement of capacitive fingerprinting and promoting the multiple applications of fingerprint chips, further investing in optical fingerprint recognition and other technological research and development to maintain the Company's technological leadership in the field of biometric recognition. Meanwhile we are committed to expanding the emerging applications of biometric recognition in various industries, including smart phones, mobile devices, financial payments, automotive electronics, etc. and making them the main business direction of the Company, with the goal of expanding the market landscape and spearheading entry into the market.

### (2) Expected Sales Volume and its Reasoning

The Company's total revenue of 2018 saw a growth rate of multiples, setting a new record. In addition to the continuous growth of existing customers in 2019 and the expansion of the fingerprint chip application models with the flagship model included, the Company has also made progress with new customers of major mobile phone brands in Mainland China, with successive shipments of products to

Mainland China this year. Therefore, it is expected that the Company's operations this year will likely grow in double digits, with continued expansion of its global market share of fingerprint recognition chip products.

(3) Significant Production and Sales Policies

In response to the continuous increase in demands by customers from different markets, strengthening the management and control of cost and the management of inventory are important for production and sales management this year. Therefore, the estimation and guarantee of chip fabrication plant capacity, as well as the confirmation of production and sale time shall continue to be improved. In addition, with regard to the management and control of the overall supply chain, the certification and introduction of second-party manufacturers and new suppliers will also continue uninterruptedly to ensure continuous improvement in the quality of products supplied, stable and flawless supply sources, while optimizing the cost structure and strengthening market competitiveness.

3. Future Development Strategy of the Company

(1) Short-Term

1. In the area of hardware development: Strengthen cooperation with customers. At the same time, the integration of software resources and engineering test field support should also comply with customer requirements. Therefore, continuous improvement is required in the recruitment and development of new engineering personnel.
2. In the area of process improvement: Work closely with wafer fabrication plants to achieve the objective of lowering cost by adopting more efficient methods.
3. In the area of software development: Strengthen the reusable software architecture and conduct a cycling verification of the introduction of test environment

(2) Long-Term

1. Strengthen the core competitiveness of product design and better understand and more rapidly grasp market trends.
2. For investment in new products and new technologies, we will accelerate the timeline for product introduction through market acquisitions or the introduction of new teams.

3. Solutions for various innovative biometrics will be developed together with strategic partners to grasp business opportunities while reducing R&D risks.

#### 4. Impact of External Competitive Environment, Legal Environment and Overall Business Environment

Since Apple discontinued the use of fingerprint recognition on iPhone X, it has caused doubts about the application of fingerprint recognition in smart phones. Some Chinese mobile phone manufacturers have also used the technology in several models, but even the iPhone X didn't sell well. Fingerprint recognition has become the basic configuration for medium- and high-end smartphones. It is estimated that by 2020, the shipment of smartphones equipped with fingerprint sensors will reach 1.25 billion. (Source: DIGITIMES Research)

In addition to smartphones, fingerprint recognition is a huge opportunity for multiple applications in mobile devices, mobile payments, automotive electronics, financial smart cards and so on. The Company has been dedicated to the fingerprint recognition for years. Aside from designing fingerprint recognition chips, it has self-developed algorithms and more than 100 patents in fingerprint recognition. It has also become a vehicle electronics supplier.

In response to the development trend of the full screen, the fingerprint recognition solutions under the screen can increase the proportion of screens, and all manufacturers are eager to invest in R&D. Based on the long-term accumulated fingerprint recognition capabilities, the Company recruited new R&D teams and technology partners to develop optical fingerprint recognition chips and have made significant progress. At the same time, the Company has cooperated with customers to import fingerprint recognition solutions under the screen to customers' products.

The Company has also launched the R&D of sensing technology including 3D Modeling based on Time of Flight (ToF), while at the same time developing a more cost-effective wafer solution than the existing technology in the market, which will be more favorable for customers to introduce product applications and accelerate the speed to market.

The product line of the biometric recognition chip of the Company will continue to follow the evolution of manufacturing processes and move towards high-resolution, high-recognition rate and multi-specification. It will develop new applications and forms and expand the field of applications in meeting customer demands, thus maintaining the long-

term industrial competitiveness of the Company. The future trend of hardware design will make further efforts towards environment protection in the areas of saving energy and reducing carbon and the Company will work with upstream and downstream manufacturers to develop products that match this goal, while fulfilling its corporate social responsibility.

Chairman: LO, SEN CHOU

General Manager: RO, SHIH-HAO

Accountant-in-charge: Kathy Huang

[Exhibit 2]

## **Auditors' Report of Audit Committee**

It is hereby approved that

The Board of Directors delivered the individual financial statements and consolidated financial statements, business reports and earnings distribution table for the year of 2018 of the Company, among which the individual financial statements and consolidated financial statements for the year of 2018 were jointly audited by Accountant Steven Shih and Philip Tang from KPMG Accounting Firm and issued a check report.

All the tables prepared by the above-mentioned Board of Directors are considered no discrepancy after being reviewed by the Audit Committee. In accordance with the provisions of Articles 14(4) of the Security Exchange Act and Article 219 of the Company Law, the Report is subject to inspection.

2019 Annual General Meeting of Egis Technology Inc.

Audit committee convener: LIU, DING-JEN

March 14, 2019

[Exhibit 3]

**Egis Technology Inc.**  
**Regulations for Second Share Repurchase and Transfer to Employees**

Article 1 (Purpose)

- (1) In order to motivate employees and enhance staff cohesion, the Company has formulated the “Regulations for First Share Repurchase and Transfer to Employees” (hereinafter referred to as “the Regulations”) in accordance with Article 28, Clause 2.1.1 of the Securities and Exchange Act, “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies” promulgated by the Financial Supervisory Commission, and other relevant provisions.
- (2) The transfer of shares purchased by the Company to employees shall be handled in accordance with the provisions of these Regulations, in addition to the relevant laws and regulations.

Article 2 (Categories of Transferred Shares, Content and Restriction of Rights)

The shares transferred to employees this time are ordinary shares. Their rights and obligations are the same as those of other common shares outstanding, except for those otherwise stipulated in relevant laws and regulations and this Regulations.

Article 3 (Period of Transfer)

The shares repurchased this time may be transferred to employees one or more times within three years from the date of share repurchase in accordance with the provisions of the this Regulations.

Article 4 (Eligibility of Assignees)

All regular employees of the Company and regular employees of subsidiaries (the term “subsidiaries” refer to common investees with more than 50% voting shares directly or indirectly held by the Company) who have served three months before the subscription record date and have made special contributions to the Company are eligible for subscription according to the number of subscribable shares stipulated in Article 5 of this Regulations, upon approval by the Chairman.

Article 5 (Determination of Number of Shares Subscribable by Employees)

The Company determines the number of shares subscribable by employees upon consideration of factors such as the employee’s job position, performance and special contribution to the Company, alignment with the Company’s long-term development, as well as the total number of shares repurchased by the Company at the subscription record date and the upper limit of the number of shares subscribable by any single employee, and reports to the Chairman of the Company

for approval thereafter.

Article 6 (Transfer Procedures)

Operating procedures for repurchase of treasury stock and transfer to employees:

- (1) In accordance with the resolution of the Board of Directors, the Company shall announce, declare and repurchase the shares of the Company within the implementation period.
- (2) The Chairman of the Company shall, in accordance with this Regulations, determine and announce the employee subscription record date, the standard required for share subscription, the period for subscription payment and the content of the rights, etc. to be complied with.
- (3) Tabulation of actual subscribed shares and payment, and processing of registration for share transfer.

Article 7 (Transfer Price Per Share)

The transfer price for this share repurchase and transfer to employees shall be based on the average price of the actual repurchase. However, prior to the transfer, if there is an increase or decrease in the number of ordinary shares already issued by the Company, it may be adjusted according to the proportion of increase or decrease of the shares issued.

Formula for adjustment to transfer price:

Adjusted transfer price = average price of the actual repurchased shares × (total number of ordinary shares already issued at the time of declaration of share repurchase ÷ total number of ordinary shares already issued prior to the transfer of repurchased shares to employees)

Article 8 (Rights and Obligations upon Transfer)

After the repurchased shares are transferred to employees and registration of transfer is completed, the remaining rights and obligations shall be the same as those for the original shares, unless otherwise provided.

Article 9 This Regulations shall come into force after the resolution of the Board of Directors is adopted, and the same applies for amendment to this Regulations henceforth.

Article 10 This Regulations shall be submitted for reporting at the shareholders' meeting, and the same applies for amendment to this Regulations henceforth.

Article 11 This Regulations was formulated on September 18, 2018.



### Implementation of Share Repurchase

Number of Times Item	Second
Date of Board Resolution	September 18, 2018
Purpose of Repurchase	Transfer of shares to employees
Period of Repurchase	From September 20, 2018 to November 18, 2018
Quantity and Categories of Repurchased Shares	2,000,000 shares
Total Amount of Repurchased Shares	NTD 199,864,513
Average Repurchase Price Per Share	NTD 99.93
Quantity of Shares Canceled and Transferred	0 share
Cumulative Shares of the Company Held	2,600,000 shares
Proportion of Cumulative Shares of the Company Held to Total Quantity of Shares Issued	3.66%

[Exhibit 4]



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## Independent Auditors' Report

To the Board of Directors of Egis Technology Inc.:

### Opinion

We have audited the consolidated financial statements of Egis Technology Inc. (the “Company”) and its subsidiaries (the “Group”), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), interpretations as well as related guidance endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were significant in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group’s consolidated financial statements for the year ended December 31, 2018 are stated as follows:

#### 1. Impairment of goodwill

Please refer to Note 4(m) “Impairment of non-financial assets” for the significant accounting policies on goodwill impairment, Note 5 “Critical accounting judgments and key sources of estimation uncertainty” for estimation uncertainty of goodwill impairment and Note 6(j) “Intangible assets” for the related disclosures.

Description of key audit matter:

For impairment test, the recoverable amount of goodwill of relevant cash-generating units involves management's judgment and estimation with respect to the future cash flows and key assumptions which are complex and involve significant uncertainty. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included: evaluating the appropriateness of the discount rates used by management in estimating the recoverable amounts of goodwill by comparing them to internal and independent sources; assessing the appropriateness of future cash flow estimation and key assumptions (which include the appropriateness of sales growth rate, gross margin rate and operating expense ratio); comparing the results of past forecast and actual operating performance to verify the appropriateness of the method used in predicting the future cash flows.

2. Valuation of inventories

Please refer to Note 4(h) "Inventories" for the significant accounting policies, Note 5 "Critical accounting judgments and key sources of estimation uncertainty" for estimation uncertainty of inventory valuation and Note 6(f) "Inventories" for the related disclosures.

Description of key audit matter:

The inventory of the Group is primarily the biometric fingerprint touch sensor to be integrated into the electronic products of the customers. Inventories are measured at the lower of cost and net realizable value. With the rapid development in technology, the advance of new electronic products may significantly affect customers' demands, which can lead to the obsolescence of the Group's inventory that may result in the cost of inventory to be higher than its net realizable value. Consequently, the valuation of inventories has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included: obtaining the inventory aging report; analyzing the fluctuation of aging inventory and selecting samples to verify their accuracy; inspecting the sales status of inventories during the subsequent period; evaluating whether the valuation of inventories was accounted for in accordance with the Group's accounting policies; performing a retrospective review of the Group's historical accuracy of judgments with reference to inventory valuation and compare them with the current year's calculation to verify the appropriateness of the estimation and assumption used for inventory valuation.

**Other Matter**

The Company has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2018 and 2017, on which we have issued an unqualified audit opinion.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, interpretation as well as related guidance endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing the Group's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

1. Identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remained solely responsible for our audit opinion.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determined that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wei-Ming Shih and Tzu-Chieh Tang.

KPMG

Taipei, Taiwan (Republic of China)  
March 14, 2019

#### Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**EGIS TECHNOLOGY INC. AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2018 and 2017**

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2018		2017	
		Amount	%	Amount	%
4000	Revenue (notes 6(r)(s))	\$ 5,909,333	100	4,731,908	100
5000	Costs of revenue (notes 6(f)(i) and 12)	<u>(3,825,431)</u>	<u>(65)</u>	<u>(2,909,733)</u>	<u>(61)</u>
	Gross profit	<u>2,083,902</u>	<u>35</u>	<u>1,822,175</u>	<u>39</u>
	<b>Operating expenses (notes 6(e)(i)(j)(l)(m)(p)(t), 7 and 12):</b>				
6100	Selling expenses	(293,377)	(5)	(354,003)	(8)
6200	Administrative expenses	(212,325)	(4)	(173,516)	(4)
6300	Research and development expenses	<u>(852,023)</u>	<u>(14)</u>	<u>(518,013)</u>	<u>(11)</u>
	Total operating expenses	<u>(1,357,725)</u>	<u>(23)</u>	<u>(1,045,532)</u>	<u>(23)</u>
	Operating income	<u>726,177</u>	<u>12</u>	<u>776,643</u>	<u>16</u>
	<b>Non-operating income and loss:</b>				
7010	Other income (notes 6(l)(u) and 7)	44,568	1	22,223	-
7020	Other gains and losses, net (notes 6(u)(w))	80,414	1	(53,774)	(1)
7050	Finance costs (note 6(u))	(9,917)	-	(9,206)	-
7070	Share of profit of joint ventures accounted for using equity method, net (note 6(g))	<u>6,854</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total non-operating income and loss	<u>121,919</u>	<u>2</u>	<u>(40,757)</u>	<u>(1)</u>
	Income before taxes	848,096	14	735,886	15
7950	Income tax expense (note 6(n))	<u>(177,305)</u>	<u>(3)</u>	<u>(142,695)</u>	<u>(2)</u>
	Net income	<u>670,791</u>	<u>11</u>	<u>593,191</u>	<u>13</u>
	<b>Other comprehensive income (loss):</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss:</b>				
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income (notes 6(o)(v))	(53,977)	(1)	-	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(53,977)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
8360	<b>Items that may be reclassified subsequently to profit or loss:</b>				
8361	Exchange differences on translation of foreign operations (notes 6(g)(o))	697	-	(2,608)	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>697</u>	<u>-</u>	<u>(2,608)</u>	<u>-</u>
	Other comprehensive income (loss), net	<u>(53,280)</u>	<u>(1)</u>	<u>(2,608)</u>	<u>-</u>
	Comprehensive income	<u>\$ 617,511</u>	<u>10</u>	<u>590,583</u>	<u>13</u>
	<b>Earnings per common share (in New Taiwan dollars) (note 6(q)) :</b>				
9750	Basic earnings per share	<u>\$ 9.62</u>		<u>8.50</u>	
9850	Diluted earnings per share	<u>\$ 9.54</u>		<u>8.41</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
EGIS TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent							Total equity		
	Retained earnings			Total other equity interest						
	Common stock	Common stock subscribed	Capital surplus	Legal reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		Deferred compensation cost arising from issuance of restricted stock	Treasury stock
Balance at January 1, 2017	688,393	7,180	742,625	-	114,026	5,846	-	-	-	1,558,070
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	-	11,403	(11,403)	-	-	-	-	65,860
Issuance of common stock from exercise of employee stock options	10,795	(2,765)	57,830	-	-	-	-	-	-	-
Compensation cost of employee stock options	-	-	14,993	-	-	-	-	-	-	14,993
Issuance of restricted employee stock	5,720	-	126,590	-	-	-	-	(132,310)	-	-
Compensation cost arising from restricted shares of stock issued to employees	-	-	-	-	-	-	-	34,576	-	34,576
Net income in 2017	-	-	-	-	593,191	-	-	-	-	593,191
Other comprehensive income in 2017	-	-	-	-	-	(2,608)	-	-	-	(2,608)
Total comprehensive income in 2017	-	-	-	-	593,191	(2,608)	-	-	-	590,583
Balance at December 31, 2017	704,908	4,415	942,038	11,403	695,814	3,238	-	(97,734)	-	2,264,082
Effects of retrospective application	-	-	-	-	-	-	1,175	-	-	1,175
Balance at January 1, 2018 after adjustments	704,908	4,415	942,038	11,403	695,814	3,238	1,175	(97,734)	-	2,265,257
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	-	59,319	(59,319)	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(301,462)	-	-	-	-	(301,462)
Purchase of treasury stock	-	-	-	-	-	-	-	-	(278,740)	(278,740)
Retirement of restricted shares of stock issued to employees	(60)	-	60	-	-	-	-	-	-	-
Issuance of common stock from exercise of employee stock options	4,895	(3,485)	15,508	-	-	-	-	-	-	16,918
Compensation cost of employee stock options	-	-	2,810	-	-	-	-	-	-	2,810
Compensation cost arising from restricted shares of stock issued to employees	-	-	2,743	-	-	-	-	67,087	-	69,830
Net income in 2018	-	-	-	-	670,791	-	697	(53,977)	-	670,791
Other comprehensive income in 2018	-	-	-	-	-	-	697	(53,977)	-	(53,280)
Total comprehensive income in 2018	-	-	-	-	670,791	-	697	(53,977)	-	617,511
Balance at December 31, 2018	709,743	930	963,159	70,722	1,005,824	3,935	(52,802)	(30,647)	(278,740)	2,392,124

See accompanying notes to consolidated financial statements.



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**EGIS TECHNOLOGY INC. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2018 and 2017**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities:</b>		
Income before income taxes	\$ 848,096	735,886
<b>Adjustments for:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation	15,545	14,125
Amortization	24,589	22,016
Expected credit loss (gain) / Provision for bad debt expense	(1,300)	24,560
Net loss (gain) on financial assets at fair value through profit or loss	755	(71)
Interest expense	9,917	9,206
Interest income	(41,767)	(15,477)
Share-based payments	72,640	49,569
Share of loss of joint ventures accounted for using equity method	(6,854)	-
Loss on disposal of property, plant and equipment	11	243
<b>Total adjustments to reconcile profit</b>	<b>73,536</b>	<b>104,171</b>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Accounts receivable	116,262	(346,152)
Inventories	143,634	(150,762)
Prepayments and other current assets	(13,763)	(17,756)
<b>Total changes in operating assets</b>	<b>246,133</b>	<b>(514,670)</b>
<b>Changes in operating liabilities:</b>		
Notes and accounts payable	(246,124)	174,479
Other payables	130,648	105,308
<b>Total changes in operating liabilities</b>	<b>(115,476)</b>	<b>279,787</b>
<b>Total changes in operating assets and liabilities</b>	<b>130,657</b>	<b>(234,883)</b>
Cash provided by operations	1,052,289	605,174
Interest received	41,045	11,172
Interest paid	(9,501)	(9,115)
Income taxes paid	(178,646)	(14,438)
<b>Net cash provided by operating activities</b>	<b>905,187</b>	<b>592,793</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**EGIS TECHNOLOGY INC. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows (Continued)**

**For the years ended December 31, 2018 and 2017**

**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2018</u>	<u>2017</u>
<b>Cash flows from investing activities:</b>		
Purchase of financial assets at fair value through profit or loss	-	(57,841)
Proceeds from disposal of financial assets at fair value through profit or loss	57,157	-
Investment in financial assets carried at cost	-	(73,835)
Investment in joint venture	(19,517)	-
Increase in prepayments for investments	(186,593)	-
Additions to property, plant and equipment	(21,222)	(28,075)
Proceeds from disposal of property, plant and equipment	-	13
Additions to intangible assets	(38,643)	(5,521)
Increase (decrease) in other financial assets	504,985	(220,999)
Increase (decrease) in refundable deposits	194	(3,766)
<b>Net cash provided by (used in) investing activities</b>	<u>296,361</u>	<u>(390,024)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from short-term borrowings	3,575,763	1,929,570
Repayments of short-term borrowings	(2,894,967)	(1,901,744)
Cash dividends distributed to shareholders	(301,462)	-
Proceeds from exercise of employee stock options	16,918	65,860
Purchase of treasury stock	(278,740)	-
<b>Net cash provided by financing activities</b>	<u>117,512</u>	<u>93,686</u>
Effects of foreign exchange rate changes	<u>1,092</u>	<u>(2,539)</u>
Net increase in cash and cash equivalents	1,320,152	293,916
Cash and cash equivalents at beginning of the period	<u>1,153,711</u>	<u>859,795</u>
Cash and cash equivalents at end of the period	<u>\$ 2,473,863</u>	<u>1,153,711</u>

See accompanying notes to consolidated financial statements.



安侯建業聯合會計師事務所  
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## Independent Auditors' Report

To the Board of Directors of Egis Technology Inc.:

### Opinion

We have audited the accompanying parent-company-only financial statements of Egis Technology Inc. (the "Company"), which comprise the balance sheets as of December 31, 2018 and 2017, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent-company-only Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent-company-only financial statements of the current period. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent-company-only financial statements for the year ended December 31, 2018 are stated as follows:

#### 1. Impairment of goodwill

Please refer to Note 4(m) "Impairment of non-financial assets" for the significant accounting policies on goodwill impairment, Note 5 "Critical accounting judgments and key sources of estimation uncertainty" for estimation uncertainty of goodwill impairment and Note 6(j) "Intangible assets" for the related disclosures.

Description of key audit matter:

For impairment test, the recoverable amount of goodwill of relevant cash generating units involves management's judgment and estimation with respect to the future cash flows and key assumptions which are complex and involve significant uncertainty. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included: evaluating the appropriateness of the discount rates used by management in estimating the recoverable amounts of goodwill by comparing them to internal and independent sources; assessing the appropriateness of future cash flow estimation and key assumptions (which include the appropriateness of sales growth rate, gross margin rate and operating expense ratio); comparing the results of past forecast and actual operating performance to verify the appropriateness of the method used in predicting the future cash flows.

2. Valuation of inventories

Please refer to Note 4(g) "Inventories" for the significant inventory accounting policies, Note 5 "Critical accounting judgments and key sources of estimation uncertainty" for estimation uncertainty of inventory valuation and Note 6(f) "Inventories" for the related disclosures.

Description of key audit matter:

The inventory of the Company is primarily the biometric fingerprint touch sensor to be integrated into the electronic products of the customers. Inventories are measured at the lower of cost and net realizable value. With the rapid development in technology, the advance of new electronic products may significantly affect customers' demands, which can lead to the obsolescence of the Company's inventory that may result in the cost of inventory to be higher than its net realizable value. Consequently, the valuation of inventories has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included: obtaining the inventory aging report; analyzing the fluctuation of aging inventory and selecting samples to verify their accuracy; inspecting the sales status of inventories during the subsequent period; evaluating whether the valuation of inventories was accounted for in accordance with the Company's accounting policies; performing a retrospective review of the Company's historical accuracy of judgments with reference to inventory valuation and compare them with the current year's calculation to verify the appropriateness of the estimation and assumption used for inventory valuation.

**Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent-company-only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing the Company's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

1. Identified and assessed the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluated the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtained sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remained solely responsible for our audit opinion.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the parent-company-only financial statements of the current period and are therefore the key audit matters. We described these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determined that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wei-Ming Shih and Tzu-Chieh Tang.

KPMG

Taipei, Taiwan (Republic of China)  
March 14, 2019

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(English Translation of Financial Statements Originally Issued in Chinese)  
EGIS TECHNOLOGY INC.

Balance Sheets

December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2018		December 31, 2017		December 31, 2018		December 31, 2017		
	Amount	%	Amount	%	Amount	%	Amount	%	
<b>Assets</b>									
<b>Current assets:</b>									
1100 Cash and cash equivalents (notes 6(a)(v))	\$ 2,443,774	57	1,123,511	31	2100 Short-term borrowings (notes 6(k)(v)(w)(y) and 8)	\$ 961,315	22	280,519	8
1110 Financial assets at fair value through profit or loss – current (notes 6(b)(v))	-	-	57,912	2	2170 Notes and accounts payable (notes 6(v)(w))	396,474	9	642,598	18
1170 Accounts receivable, net (notes 6(e)(r)(v))	614,327	14	729,289	20	2220 Other payables to related parties (notes 6(v)(w) and 7)	5,998	-	-	-
1210 Other receivables from related parties (notes 6(v) and 7)	109	-	-	-	2230 Current tax liabilities	110,442	3	127,774	3
130X Inventories (note 6(f))	555,919	13	699,553	19	2399 Other payables (notes 6(o)(v)(w))	439,332	10	306,592	8
1470 Prepayments and other current assets	77,130	2	64,581	2	<b>Total current liabilities</b>	<u>1,913,561</u>	<u>44</u>	<u>1,357,483</u>	<u>37</u>
1476 Other financial assets – current (notes 6(a)(v) and 8)	19,432	-	524,469	14	<b>Non-current liabilities:</b>				
<b>Total current assets</b>	<u>3,710,691</u>	<u>86</u>	<u>3,199,315</u>	<u>88</u>	Deferred income tax liabilities (note 6(n))	1,038	-	-	-
<b>Non-current assets:</b>					<b>Total liabilities</b>	<u>1,914,599</u>	<u>44</u>	<u>1,357,483</u>	<u>37</u>
1543 Financial assets carried at cost – non-current (notes 6(i)(v))	-	-	93,835	3	<b>Equity (notes 6(o)(p)):</b>				
1517 Non-current financial assets at fair value through other comprehensive income (notes 6(c)(v))	41,033	1	-	-	Common stock	709,743	16	704,908	20
1550 Investments accounted for using equity method (note 6(g))	68,710	2	34,442	1	Common stock subscribed	930	-	4,415	-
1600 Property, plant and equipment (note 6(i))	37,531	1	33,111	1	Capital surplus	963,159	22	942,038	26
1780 Intangible assets (note 6(j))	213,906	5	200,641	6	Retained earnings:				
1840 Deferred income tax assets (note 6(n))	40,361	1	50,690	1	Legal reserve	70,722	2	11,403	-
1960 Prepayments for investments (notes 6(b)(v))	186,593	4	-	-	Unappropriated earnings	1,005,824	23	695,814	19
1995 Other non-current assets (note 6(v))	7,898	-	9,531	-	Other equity interest:	3,935	-	3,238	-
<b>Total non-current assets</b>	<u>596,032</u>	<u>14</u>	<u>422,250</u>	<u>12</u>	Exchange differences on translation of foreign financial statements	(52,802)	(1)	-	-
					Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(30,647)	-	(97,734)	(2)
					Deferred compensation cost arising from issuance of restricted stock	(278,740)	(6)	-	-
					Treasury stock	2,392,124	56	2,264,082	63
<b>Total assets</b>	<u>\$ 4,306,723</u>	<u>100</u>	<u>\$ 3,621,565</u>	<u>100</u>	<b>Total equity</b>	<u>\$ 4,306,723</u>	<u>100</u>	<u>\$ 3,621,565</u>	<u>100</u>
					<b>Total liabilities and equity</b>				

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)  
EGIS TECHNOLOGY INC.

Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		<u>2018</u>		<u>2017</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	<b>Revenue (notes 6(r)(s))</b>	\$ 5,909,333	100	4,731,908	100
5000	<b>Costs of revenue (notes 6(f)(i) and 12)</b>	<u>(3,825,431)</u>	<u>(65)</u>	<u>(2,909,733)</u>	<u>(61)</u>
	<b>Gross profit</b>	<u>2,083,902</u>	<u>35</u>	<u>1,822,175</u>	<u>39</u>
	<b>Operating expenses (notes 6(e)(i)(j)(l)(m)(p)(t), 7 and 12):</b>				
6100	Selling expenses	(271,985)	(5)	(343,275)	(7)
6200	Administrative expenses	(212,139)	(4)	(173,342)	(4)
6300	Research and development expenses	<u>(871,541)</u>	<u>(14)</u>	<u>(521,702)</u>	<u>(11)</u>
	<b>Total operating expenses</b>	<u>(1,355,665)</u>	<u>(23)</u>	<u>(1,038,319)</u>	<u>(22)</u>
	<b>Operating income</b>	<u>728,237</u>	<u>12</u>	<u>783,856</u>	<u>17</u>
	<b>Non-operating income and loss:</b>				
7010	Other income (notes 6(l)(u) and 7)	44,303	1	22,151	-
7020	Other gains and losses, net (notes 6(u)(w))	80,588	1	(53,724)	(1)
7050	Finance costs (note 6(u))	(9,917)	-	(9,206)	-
7060	Share of loss of associates and joint ventures accounted for using equity method, net (note 6(g))	<u>(1,256)</u>	<u>-</u>	<u>(11,119)</u>	<u>-</u>
	<b>Total non-operating income and loss</b>	<u>113,718</u>	<u>2</u>	<u>(51,898)</u>	<u>(1)</u>
	<b>Income before taxes</b>	841,955	14	731,958	16
7950	Income tax expense (note 6(n))	<u>(171,164)</u>	<u>(3)</u>	<u>(138,767)</u>	<u>(3)</u>
	<b>Net income</b>	<u>670,791</u>	<u>11</u>	<u>593,191</u>	<u>13</u>
	<b>Other comprehensive income (loss):</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss:</b>				
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income (notes 6(o)(v))	(53,977)	(1)	-	-
8349	Income tax related to items that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(53,977)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
8360	<b>Items that may be reclassified subsequently to profit or loss:</b>				
8361	Exchange differences on translation of foreign operations (notes 6(g) and (o))	697	-	(2,608)	-
8399	Income tax related to items that may be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>697</u>	<u>-</u>	<u>(2,608)</u>	<u>-</u>
	<b>Other comprehensive income (loss), net</b>	<u>(53,280)</u>	<u>(1)</u>	<u>(2,608)</u>	<u>-</u>
	<b>Comprehensive income</b>	<u>\$ 617,511</u>	<u>10</u>	<u>590,583</u>	<u>13</u>
	<b>Earnings per common share (in New Taiwan dollars) (note 6(q)) :</b>				
9750	Basic earnings per share	<u>\$ 9.62</u>		<u>8.50</u>	
9850	Diluted earnings per share	<u>\$ 9.54</u>		<u>8.41</u>	

See accompanying notes to financial statements.



(English Translation of Financial Statements Originally Issued in Chinese)  
EGIS TECHNOLOGY INC.

Statements of Changes in Equity

For the years ended December 31, 2018 and 2017  
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings				Total other equity interest				Total equity
	Common stock	Common stock subscribed	Capital Surplus	Legal reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Deferred compensation cost arising from issuance of restricted stock	
<b>Balance at January 1, 2017</b>	\$ 688,393	7,180	742,625	-	114,026	5,846	-	-	1,558,070
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	-	11,403	-	-	-	-	-
Issuance of common stock from exercise of employee stock options	10,795	(2,765)	57,830	-	(11,403)	-	-	-	65,860
Compensation cost of employee stock options	-	-	14,993	-	-	-	-	-	14,993
Issuance of restricted employee stock	5,720	-	126,590	-	-	-	-	(132,310)	-
Compensation cost arising from restricted shares of stock issued to employees	-	-	-	-	-	-	-	34,576	34,576
Net income in 2017	-	-	-	-	593,191	-	-	-	593,191
Other comprehensive income in 2017	-	-	-	-	-	(2,608)	-	-	(2,608)
Total comprehensive income in 2017	-	-	-	-	593,191	(2,608)	-	-	590,583
<b>Balance at December 31, 2017</b>	704,908	4,415	942,038	11,403	695,814	3,238	-	(97,734)	2,264,082
Effects of retrospective application	-	-	-	-	-	-	1,175	-	1,175
Equity at beginning of period after adjustments	704,908	4,415	942,038	11,403	695,814	3,238	1,175	(97,734)	2,265,257
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	-	59,319	(59,319)	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(301,462)	-	-	-	(301,462)
Purchase of treasury stock	-	-	-	-	-	-	-	(278,740)	(278,740)
Retirement of restricted shares of stock issued to employees	(60)	-	60	-	-	-	-	-	-
Issuance of common stock from exercise of employee stock options	4,895	(3,485)	15,508	-	-	-	-	-	16,918
Compensation cost of employee stock options	-	-	2,810	-	-	-	-	-	2,810
Compensation cost arising from restricted shares of stock issued to employees	-	-	2,743	-	-	-	-	67,087	69,830
Net income in 2018	-	-	-	-	670,791	-	-	-	670,791
Other comprehensive income in 2018	-	-	-	-	-	697	(53,977)	-	(53,280)
Total comprehensive income in 2018	-	-	-	-	670,791	697	(53,977)	-	617,511
<b>Balance at December 31, 2018</b>	\$ 709,743	930	963,159	70,722	1,005,824	3,935	(52,802)	(30,647)	2,392,124

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)  
EGIS TECHNOLOGY INC.

Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
<b>Cash flows from operating activities:</b>		
Income before income taxes	\$ 841,955	731,958
<b>Adjustments for:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation	14,890	13,735
Amortization	24,548	22,016
Expected credit loss (gain) / Provision for bad debt expense	(1,300)	24,560
Net loss (gain) on financial assets at fair value through profit or loss	755	(71)
Interest expense	9,917	9,206
Interest income	(41,583)	(15,405)
Share-based payments	72,640	49,569
Share of loss of subsidiaries and joint ventures accounted for using equity method	1,256	11,119
Loss on disposal of property, plan and equipment	-	12
<b>Total adjustments to reconcile profit</b>	<b>81,123</b>	<b>114,741</b>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Accounts receivable	116,262	(346,152)
Other receivables from related parties	(109)	-
Inventories	143,634	(150,762)
Prepayments and other current assets	(13,791)	(17,575)
<b>Total changes in operating assets</b>	<b>245,996</b>	<b>(514,489)</b>
<b>Changes in operating liabilities:</b>		
Notes and accounts payable	(246,124)	174,479
Other payables to related parties	5,998	-
Other payables	128,468	104,127
<b>Total changes in operating liabilities</b>	<b>(111,658)</b>	<b>278,606</b>
<b>Total changes in operating assets and liabilities</b>	<b>134,338</b>	<b>(235,883)</b>
Cash provided by operations	1,057,416	610,816
Interest received	40,877	11,112
Interest paid	(9,501)	(9,115)
Income taxes paid	(172,031)	(11,626)
<b>Net cash provided by operating activities</b>	<b>916,761</b>	<b>601,187</b>

See accompanying notes to financial statements.

(English Translation of Financial Statements Issued in Chinese)  
EGIS TECHNOLOGY INC.

**Statements of Cash Flows (Continued)**  
**For the years ended December 31, 2018 and 2017**  
**(Expressed in Thousands of New Taiwan Dollars)**

	2018	2017
<b>Cash flows from investing activities:</b>		
Purchase of financial assets at fair value through profit or loss	-	(57,841)
Proceeds from disposal of financial assets at fair value through profit or loss	57,157	-
Investment in financial assets carried at cost	-	(73,835)
Purchase of investments accounted for using equity method	(34,827)	(18,290)
Increase in prepayments for investments	(186,593)	-
Additions to property, plant and equipment	(20,376)	(27,893)
Proceeds from disposal of property, plant and equipment	1,066	-
Additions to intangible assets	(37,813)	(5,521)
Increase (decrease) in other financial assets	505,743	(221,424)
Increase (decrease) in refundable deposits	1,633	(4,783)
<b>Net cash provided by (used in) investing activities</b>	<b>285,990</b>	<b>(409,587)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from short-term borrowings	3,575,763	1,929,570
Repayments of short-term borrowings	(2,894,967)	(1,901,744)
Cash dividends distributed to shareholders	(301,462)	-
Proceeds from exercise of employee stock options	16,918	65,860
Purchase of treasury stock	(278,740)	-
<b>Net cash provided by financing activities</b>	<b>117,512</b>	<b>93,686</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,320,263</b>	<b>285,286</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>1,123,511</b>	<b>838,225</b>
<b>Cash and cash equivalents at end of the period</b>	<b>\$ 2,443,774</b>	<b>1,123,511</b>

See accompanying notes to financial statements.

[Exhibit 5]

**Egis Technology Inc.**  
**2018 Earnings Distribution Statement**

Unit: NTD

Item	Amount
Undistributed earnings at the beginning of period	335,033,924
Actuarial loss included in retained earnings	0
Undistributed earnings after adjustment	0
Net profit after tax for current period	670,790,776
Less: Appropriation to legal reserve	67,079,077
Appropriation to special reserve	48,867,235
Earnings available for distribution in current period	889,878,388
- Stock dividends (NTD - per share)	0
- Cash dividends (NTD 8.10 per share)	554,844,464
Undistributed earnings at the end of period	335,033,924

Note: The cash dividends shall be rounded down to the nearest dollar, and the total sum of fractional amounts less than a dollar shall be returned to the Company and recorded under the item of Other Revenue.

Person-in-charge: LO, SEN CHOU    Manager: RO, SHIH-HAO    Accounting officer: Kathy Huang

[Exhibit 6]

**Egis Technology Inc.**

**Comparison Table of Amendments to the “Operating Procedures for Acquisition or Disposal of Assets”**

Amended Clause	Existing Clause	Explanation
<p>Article 3: Scope of Assets</p> <ol style="list-style-type: none"> <li>1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities and asset-backed securities.</li> <li>2. Real property (including land, houses and buildings, investment property, and construction business inventory) and equipment.</li> <li>3. Memberships.</li> <li>4. Including patents, copyrights, trademarks, franchise rights and other intangible assets.</li> <li>5. <u>Right-of-use assets</u></li> <li>6. Claims of financial institutions (including receivables, bills purchased and discounted, loans and overdue receivables).</li> <li>7. Derivatives.</li> <li>8. Assets acquired or disposed of in connection with mergers, spin-off, acquisitions or transfer of shares in accordance with the law.</li> <li>9. Other major assets.</li> </ol>	<p>Article 3: Scope of Assets</p> <ol style="list-style-type: none"> <li>1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities and asset-backed securities.</li> <li>2. Real property (including land, houses and buildings, investment property, <del>land use right</del> and construction business inventory) and equipment.</li> <li>3. Memberships.</li> <li>4. Including patents, copyrights, trademarks, franchise rights and other intangible assets.</li> <li>5. Claims of financial institutions (including receivables, bills purchased and discounted, loans and overdue receivables).</li> <li>6. Derivatives.</li> <li>7. Assets acquired or disposed of in connection with mergers, spin-off, acquisitions or transfer of shares in accordance with the law.</li> <li>8. Other major assets.</li> </ol>	<p>Amended in accordance with relevant laws.</p>
<p>Article 4: Definitions</p>	<p>Article 4: Definitions</p> <ol style="list-style-type: none"> <li>1. Derivatives: Refers to forward contracts, options contracts, futures contracts, leverage contracts and swap contracts <del>as well as compound contracts combining the above products</del>, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other <del>interests</del>. The term “forward contracts” does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts or long-term purchase (sales) <del>contracts</del>.</li> <li>2. Assets acquired or disposed of in connection with mergers, spin-off, acquisitions or transfer of shares in accordance with the</li> </ol>	<p>Amended in accordance with relevant laws.</p>

Amended Clause	Existing Clause	Explanation
<p>1. Derivatives: Refers to forward contracts, options contracts, futures contracts, leverage contracts and swap contracts as well as <u>compound contracts combining the above products or combined contracts or structured products embedded in a derivative product</u>, whose value is derived from <u>specific interest rates, financial instrument price, product price</u>, foreign exchange rates, <u>price or rate indexes, credit rating or credit indexes or other variables</u>. The term “forward contracts” does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts or long-term purchase (sales) <u>contracts</u>.</p> <p>2. Assets acquired or disposed of in connection with mergers, spin-off, acquisitions or transfer of shares in accordance with the law: Refers to assets acquired or disposed of through mergers, spin-offs or acquisitions conducted under the Business Mergers and Acquisitions Act, the Financial Holding Company Act, Financial Institutions Merger Act and other laws, or to transfer of shares from another company by issuance of new shares of its own as consideration therefor (hereinafter “Transfer of Shares”) under the Paragraph <u>3</u> of Article 156 of the Company Act.</p> <p>3. Related party and subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by the law to engage in the value appraisal of real property or equipment.</p>	<p>law: Refers to assets acquired or disposed of through mergers, spin-offs or acquisitions conducted under the Business Mergers and Acquisitions Act, the Financial Holding Company Act, Financial Institutions Merger Act and other laws, or to transfer of shares from another company by issuance of new shares of its own as consideration therefor (hereinafter “Transfer of Shares”) under the Paragraph <u>8</u> of Article 156 of the Company Act.</p> <p>3. Related party and subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by the law to engage in the value appraisal of real property or equipment.</p> <p>5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of resolutions of the boards of directors, or other date that can confirm the counterparty and amount of the transaction, whichever date is earlier. Provided, for investment for which approval of the Competent Authority is required, the earlier of the above date or the date of receipt of approval by the Competent Authority shall apply.</p> <p>6. Investment in Mainland China area: Refers to investments in the mainland China area conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area issued by the Investment Commission of Ministry of Economic Affairs.</p> <p>7. “Within one year” shall be one year preceding the date of acquisition or disposal. The amounts duly announced are excluded from the calculation.</p> <p>8. “Latest financial statement” refers to the financial statement audited, attested, or scrutinized by the certified public accountants and released to the public in</p>	

Amended Clause	Existing Clause	Explanation
<p>5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of resolutions of the boards of directors, or other date that can confirm the counterparty and amount of the transaction, whichever date is earlier. Provided, for investment for which approval of the Competent Authority is required, the earlier of the above date or the date of receipt of approval by the Competent Authority shall apply.</p> <p>6. Investment in Mainland China area: Refers to investments in the mainland China area conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area issued by the Investment Commission of Ministry of Economic Affairs.</p> <p>7. “Within one year” shall be one year preceding the date of acquisition or disposal. The amounts duly announced are excluded from the calculation.</p> <p>8. “Latest financial statement” refers to the financial statement audited, attested, or scrutinized by the certified public accountants and released to the public in accordance with the law prior to the acquisition or disposal of the assets.</p> <p>9. The terms of “all Audit Committee members” in this paragraph and “all directors” in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p>	<p>accordance with the law prior to the acquisition or disposal of the assets.</p> <p>9. The terms of “all Audit Committee members” in this paragraph and “all directors” in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p>	
<p>Article 6: Operating Procedures for Acquisition or Disposal of Real Property, Equipment or <u>Right-of-use Assets</u></p> <p>1. Evaluation and operating procedures</p> <p>(1) Acquisition or disposal of real property, equipment or <u>right-of-use assets</u> are subject to the operating procedures of the Company’s internal control system.</p>	<p>Article 6: Operating Procedures for Acquisition or Disposal of Real Property or Equipment</p> <p>1. Evaluation and operating procedures</p> <p>(1) Acquisition or disposal of real property or equipment are subject to the operating procedures <del>for fixed assets recycling</del> of the Company’s internal control system.</p>	<p>Amended in accordance with relevant laws.</p>

Amended Clause	Existing Clause	Explanation
<p>(2) In acquiring or disposing of real property, the terms and price shall be determined based on the publicly announced current value, appraised value, actual transaction prices of neighboring real estate, etc, and an analysis report shall be produced and submitted to the Board of Directors for approval.</p> <p>(3) Acquisition or disposal of equipment or right-of-use assets shall be carried out by one of the following methods: price solicitation, price comparison, negotiation or bidding. Transaction amount not more than NTD 30 million shall be subject to the approval of the <u>General Manager</u>; and transaction amount exceeding NTD 30 million shall be subject to the <u>approval of the Chairman</u> and shall be effective <u>upon approval by the Board of Directors</u>.</p> <p>(4) Major transactions in acquisition or disposal of assets by the Company pursuant to or other laws requires the approval by more than one-half of all members of the Audit Committee and shall be submitted to the Board of Directors for resolution. If any director expresses dissent which is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee. The dissenting opinions or reservations of independent directors shall be clearly indicated in the Board meeting minutes.</p> <p>If approval of more than half of all Audit Committee members is not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the Board meeting minutes.</p> <p>2. Execution department</p>	<p>(2) In acquiring or disposing of real property, the terms and price shall be determined based on the publicly announced current value, appraised value, actual transaction prices of neighboring real estate, etc, and an analysis report shall be produced and submitted to the Board of Directors for approval.</p> <p>(3) Acquisition or disposal of equipment shall be carried out by one of the following methods: price solicitation, price comparison, negotiation or bidding. Transaction amount not more than NTD 30 million shall be subject to the approval of the <del>Chairman</del>; and transaction amount exceeding NTD 30 million shall be effective upon approval by the Board of Directors.</p> <p>(4) Major transactions in acquisition or disposal of assets by the Company pursuant to the procedures or other laws requires the approval by more than one-half of all members of the Audit Committee and shall be submitted to the Board of Directors for resolution. If any director expresses dissent which is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee. The dissenting opinions or reservations of independent directors shall be clearly indicated in the Board meeting minutes.</p> <p>If approval of more than half of all Audit Committee members is not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the Board meeting minutes.</p> <p>2. Execution department</p>	



Amended Clause	Existing Clause	Explanation
<p>In acquiring or disposing of real property, <u>equipment or right-of-use assets</u>, the department in use of such property and the management department shall be responsible for the execution pursuant to the scope of authorization set forth in the preceding subparagraph.</p> <p>3. Obtaining expert opinion</p> <p>In acquiring or disposing of real property, <u>equipment or right-of-use assets</u> where the transaction amount reaches twenty percent of the Company's paid-in capital or NTD 300 million, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on the rented land, or acquiring or disposing of business-use equipment, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(1) Where due to special circumstances it is necessary to give a limited price, specified price or special price as a reference basis for the transaction price, the transaction shall be submitted for approval by the Board in advance, and the <u>same</u> procedures shall apply to any <u>future changes</u> in terms and conditions of the transaction.</p> <p>(2) Where the transaction amount reaches NTD 1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p>	<p>In acquiring or disposing of real property or equipment, the department in use of such property and the management department shall be responsible for the execution pursuant to the scope of authorization set forth in the preceding subparagraph.</p> <p>3. Obtaining expert opinion</p> <p>In acquiring or disposing of real property or equipment where the transaction amount reaches twenty percent of the Company's paid-in capital or NTD 300 million, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on the rented land, or acquiring or disposing of business-use equipment, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(1) Where due to special circumstances it is necessary to give a limited price, specified price or special price as a reference basis for the transaction price, the transaction shall be submitted for approval by the Board in advance, and the <del>above procedures</del> shall apply to any future changes in terms and conditions of the transaction.</p> <p>(2) Where the transaction amount reaches NTD 1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p>	

Amended Clause	Existing Clause	Explanation
<p>(3) Where any one of the following circumstances applies with respect to the professional appraiser’s appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> <li>1. The discrepancy between the appraisal result and the transaction amount is twenty percent or more of the transaction amount.</li> <li>2. The discrepancy between the appraisal results of two or more professional appraisers is ten percent or more of the transaction amount.</li> </ol> <p>(4) The period between the date of the appraisal report issued by a professional appraiser and the contract execution date shall be within three months. Provided, where the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>(5) Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or the CPA opinion.</p> <p>4. The calculation of the transaction amount of this article shall be handled in accordance with the provisions of Subparagraph 5 of Paragraph 1 of Article 14.</p>	<p>(3) Where any one of the following circumstances applies with respect to the professional appraiser’s appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> <li>1. The discrepancy between the appraisal result and the transaction amount is twenty percent or more of the transaction amount.</li> <li>2. The discrepancy between the appraisal results of two or more professional appraisers is ten percent or more of the transaction amount.</li> </ol> <p>(4) The period between the date of the appraisal report issued by a professional appraiser and the contract execution date shall be within three months. Provided, where the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>(5) Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or the CPA opinion.</p> <p>4. The calculation of the transaction amount of this article shall be handled in accordance with the provisions of Subparagraph 5 of Paragraph 1 of Article 14.</p>	

Amended Clause	Existing Clause	Explanation
<p>Article 9: Operating Procedures for Acquiring Assets from Related Parties</p> <p>(1) When the Company engages in any acquisition or disposal of assets from or to a related party, the relevant resolutions shall be adopted, the reasonableness of the transaction terms shall be appraised, and other relevant matters shall be carried out in compliance with the following provisions in addition to the procedures set forth in Articles 6, 7 and 8 of the Procedures; and if the transaction amount reaches 10 percent or more of the company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion according to Article 6. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substantive relationship shall also be considered.</p> <p>(2) Except for the sale of <u>domestic</u> bonds, bonds under repurchase and resale agreements, subscription or redemption of money market funds issued by domestic securities investment trust enterprises, when the Company intends to acquire or dispose of real property <u>or right-of-use assets</u> from or to a related party, or when it intends to acquire or dispose of assets other than real property <u>or right-of-use assets</u> from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NTD 300 million or more, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all Audit Committee members, and then submitted to the Board of Directors for approval:</p> <p>(1) The purpose, necessity and estimated benefit of the acquisition or disposal of assets.</p>	<p>Article 8: Operating Procedures for Acquiring Assets from Related Parties</p> <p>(1) When the Company engages in any acquisition or disposal of assets from or to a related party, the relevant resolutions shall be adopted, the reasonableness of the transaction terms shall be appraised, and other relevant matters shall be carried out in compliance with the following provisions in addition to the procedures set forth in Articles 6 of the Procedures; and if the transaction amount reaches 10 percent or more of the company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion according to Article 6. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substantive relationship shall also be considered.</p> <p>(2) Except for the sale of bonds, bonds under repurchase and resale agreements, subscription or redemption of money market funds issued by domestic securities investment trust enterprises, when the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NTD 300 million or more, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all Audit Committee members, and then submitted to the Board of Directors for approval:</p> <p>(1) The purpose, necessity and estimated benefit of the acquisition or disposal of assets.</p>	<p>Amendment and article number changes are made in accordance with relevant laws/management requirements.</p>

Amended Clause	Existing Clause	Explanation
<p>(2) The reason for choosing the related party as a trading counterparty.</p> <p>(3) Information regarding appraisal of the reasonableness of the pre-determined transaction terms in accordance with the Subparagraphs 3(1) to 3(5) of this Article.</p> <p>(4) The date and price at which the related party originally acquired the real property, the trading counterparty and that trading counterparty’s relationship to the Company and the related party.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract and evaluation of the necessity of the transaction and reasonableness of the funds utilization.</p> <p>(6) An appraisal report from a professional appraiser or a CPA’s opinion obtained in compliance with <u>the preceding article</u>.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with the Subparagraph 1 of Paragraph 1 of Article 14 herein, and “within one year” as used herein refers to the year preceding the date of occurrence of the current transaction. The amounts that have been approved by the Audit Committee and the Board of Directors are excluded from the calculation.</p> <p>With respect to the <u>following transactions</u> between the Company and its parent company, <u>subsidiaries</u> or subsidiaries <u>that it directly or indirectly holds 100% of the issued shares or capital</u>, the Company’s board of directors may delegate the chairman to decide such transactions when the transaction is within a certain amount according to <u>Article 6</u> and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <ol style="list-style-type: none"> <li>1. <u>Acquisition or disposal of business-use equipment or right-of-use assets.</u></li> <li>2. <u>Acquisition or disposal of business-use real estate or right-of-use assets.</u></li> </ol>	<p>(2) The reason for choosing the related party as a trading counterparty.</p> <p>(3) Information regarding appraisal of the reasonableness of the pre-determined transaction terms in accordance with the Subparagraphs 3(1) to 3(4) <del>and 3(6)</del> of this Article.</p> <p>(4) The date and price at which the related party originally acquired the real property, the trading counterparty and that trading counterparty’s relationship to the Company and the related party.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract and evaluation of the necessity of the transaction and reasonableness of the funds utilization.</p> <p>(6) An appraisal report from a professional appraiser or a CPA’s opinion obtained in compliance with <del>Article 8</del>.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with the Subparagraph 5 of Paragraph 1 of Article 14 herein, and “within one year” as used herein refers to the year preceding the date of occurrence of the current transaction. The amounts that have been approved by the Audit Committee and the Board of Directors are excluded from the calculation.</p> <p>With respect to the <del>acquisition or disposal of business-use equipment</del> between the Company and its parent company <del>or</del> subsidiaries, the Company’s board of directors may delegate the chairman to decide such transactions when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p>	

Amended Clause	Existing Clause	Explanation
<p>When an acquisition or disposal is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, full consideration should be given to the opinions of independent directors. The dissenting opinions or reservations of independent directors shall be clearly indicated in the Board meeting minutes.</p> <p>If approval of more than half of all Audit Committee members in the preceding paragraph is not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors and the resolution of the Audit Committee shall be recorded in the Board meeting minutes.</p> <p>(3) Evaluation of the reasonableness of the transaction costs</p> <p>(1) In acquisition of real property <u>or right-of-use assets</u> by the Company from a related party, the reasonableness of the transaction costs shall be evaluated by the following means:</p> <p>1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer pursuant to the Law. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p>	<p>When an acquisition or disposal is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, full consideration should be given to the opinions of independent directors. The dissenting opinions or reservations of independent directors shall be clearly indicated in the Board meeting minutes.</p> <p>If approval of more than half of all Audit Committee members in the preceding paragraph is not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors and the resolution of the Audit Committee shall be recorded in the Board meeting minutes.</p> <p>(3) Evaluation of the reasonableness of the transaction costs</p> <p>(1) In acquisition of real property by the Company from a related party, the reasonableness of the transaction costs shall be evaluated by the following means:</p> <p>1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer pursuant to the Law. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p>	

Amended Clause	Existing Clause	Explanation
<p>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided that the actual cumulative amount loaned by the financial institution shall have been seventy percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.</p> <p>(2) Where land and houses thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the houses may be separately appraised in accordance with either of the means listed in the preceding subparagraph.</p> <p>(3) In acquiring real property <u>or right-of-use assets</u> from a related party, the Company shall appraise the cost of the real property <u>or right-of-use assets</u> in accordance with the provisions of Subparagraphs 3(1) and 3(2) of this Article and shall also engage a certified public accountant to check the appraisal and render a specific opinion.</p> <p>(5) In acquiring real property <u>or right-of-use assets</u> from a related party, where the appraisal prices conducted in accordance with Subparagraphs 3(1) and 3(2) of this Article are both lower than transaction price, Subparagraphs 3(6) and 3(7) of this Article shall apply, However, where one of the following circumstances exists, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a certified public accountant, this restriction shall not apply:</p>	<p>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided that the actual cumulative amount loaned by the financial institution shall have been seventy percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.</p> <p>(2) Where land and houses thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the houses may be separately appraised in accordance with either of the means listed in the preceding subparagraph.</p> <p>(3) In acquiring real property from a related party, the Company shall appraise the cost of the real property in accordance with the provisions of Subparagraphs 3(1) and 3(2) of this Article and shall also engage a certified public accountant to check the appraisal and render a specific opinion.</p> <p>(4) In acquiring real property from a related party, where the appraisal prices conducted in accordance with Subparagraphs 3(1) and 3(2) of this Article are both lower than transaction price, Subparagraphs 3(5) and 3(7) of this Article shall apply, However, where one of the following circumstances exists, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a certified public accountant, this restriction shall not apply:</p> <p>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p>	

Amended Clause	Existing Clause	Explanation
<p>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) The undeveloped land is appraised in accordance with the means in the preceding Article, and houses according to the related party’s construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The “Reasonable construction profit” shall be deemed the average gross operating profit margin of the related party’s construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2) <u>Transactions</u> by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market trading practices.</p>	<p>(1) The undeveloped land is appraised in accordance with the means in the preceding Article, and houses according to the related party’s construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The “Reasonable construction profit” shall be deemed the average gross operating profit margin of the related party’s construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2) <del>Completed transactions</del> by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market trading practices.</p> <p>(3) <del>Leases by unrelated parties within the preceding year involving other floors of the same property, where transaction terms are similar after calculation of reasonable price discrepancies in floors in accordance with standard property market lease practices.</del></p>	

Amended Clause	Existing Clause	Explanation
<p>2. Where the acquisition of real property by purchasing <u>or right-of-use assets of real property by leasing</u> from a related party provides evidence that the terms of the transaction are similar to the terms of <u>transactions</u> made for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to <u>transactions</u> by unrelated parties for parcels with a land area of no less than fifty percent of the property in the planned transaction; within one year refers to one year from the actual date of acquisition of the real property <u>or right-of-use assets</u>.</p> <p>(6) Where the Company acquires real property <u>or right-of-use assets</u> from a related party and the results of appraisals conducted in accordance with the provisions of Subparagraphs 3(1) to 3(5) of this Article are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>1. A special reserve shall be set aside in accordance with the Paragraph 1 of Article 41 of the Securities and Exchange Act against the difference between the transaction price of real property <u>or right-of-use assets</u> and the appraised cost and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the Company, then the special reserve shall be set aside pro rata in accordance with the Paragraph 1 of Article 41 of the Securities and Exchange Act.</p>	<p>2. Where the acquisition of real property by purchasing from a related party provides evidence that the terms of the transaction are similar to the terms of <del>completed transactions</del> made for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to <del>completed transactions</del> by unrelated parties for parcels with a land area of no less than fifty percent of the property in the planned transaction; within one year refers to one year from the actual date of acquisition of the real property.</p> <p>(5) Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with the provisions of Subparagraphs 3(1) to 3(4) <del>and 3(6)</del> of this Article are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>1. A special reserve shall be set aside in accordance with the Paragraph 1 of Article 41 of the Securities and Exchange Act against the difference between the transaction price of real property and the appraised cost and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the Company, then the special reserve shall be set aside pro rata in accordance with the Paragraph 1 of Article 41 of the Securities and Exchange Act.</p> <p>2. The Audit Committee shall comply with Article 218 of the Company Act.</p>	



Amended Clause	Existing Clause	Explanation
<p>2. The Audit Committee shall comply with Article 218 of the Company Act.</p> <p>3. Actions taken pursuant to Subparagraph 3(6).1 and 3(6).2 of this paragraph shall be reported to a general meeting and the details of the transaction shall be disclosed in the annual report and the prospectus.</p> <p>Where the Company and a public company uses the equity method to account for its investment in the Company have set aside a special reserve under the preceding paragraph, the special reserve may not be utilized until a loss is recognized on decline in market value of the assets which are purchased <u>or leased</u> at a premium, or the assets have been disposed of, <u>or the lease contract is terminated</u>, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Financial Supervisory Commission of the Republic of China (“FSC”) has given its consent.</p> <p>(4) In acquiring real property <u>or right-of-use assets</u> from a related party, where one of the following circumstances exists, the acquisition shall be conducted in accordance with the relevant assessment and operating procedures of Paragraphs 1 and 2 of this Article and rules for evaluation of the reasonableness of transaction costs of subparagraphs (1), (2) and (3) of Paragraph 3 of this Article shall not apply:</p> <ol style="list-style-type: none"> <li>1. The related party acquired the real property <u>or right-of-use assets</u> through inheritance or as a gift.</li> <li>2. It’s more than five years from the time the related party signed the contract to obtain the real property <u>or right-of-use assets</u> to the signing date for the current transaction.</li> </ol>	<p>3. Actions taken pursuant to Subparagraph 3(5).1 and 3(5).2 of this paragraph shall be reported to a general meeting and the details of the transaction shall be disclosed in the annual report and the prospectus.</p> <p>Where the Company and a public company uses the equity method to account for its investment in the Company have set aside a special reserve under the preceding paragraph, the special reserve may not be utilized until a loss is recognized on decline in market value of the assets which are purchased at a premium, or the assets have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Financial Supervisory Commission of the Republic of China (“FSC”) has given its consent.</p> <p>(6) In acquiring real property from a related party, where one of the following circumstances exists, the acquisition shall be conducted in accordance with the relevant assessment and operating procedures of Paragraphs 1 and 2 of this Article and rules for evaluation of the reasonableness of transaction costs of subparagraphs (1), (2) and (3) of Paragraph 3 of this Article shall not apply:</p> <ol style="list-style-type: none"> <li>1. The related party acquired the real property through inheritance or as a gift.</li> <li>2. It’s more than five years from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</li> <li>3. The real estate is acquired through signing of a joint development contract with the Related Party or engaging the Related Party to build real property on its own land or a leased land.</li> </ol>	

Amended Clause	Existing Clause	Explanation
<p>3. The real estate is acquired through signing of a joint development contract with the related party or engaging the related party to build real property on its own land or a leased land.</p> <p>4. <u>Business-use real estate or right-of-use assets are acquired between a public company and its parent company, subsidiaries or subsidiaries that it directly or indirectly holds 100% of the issued shares or total capital.</u></p> <p>(7) In acquiring real property <u>or right-of-use assets</u> from a related party, if there is other evidence indicating that the acquisition was not an arm's length transaction, it shall be dealt with pursuant to Subparagraph 3(6) of this Article.</p>	<p>(7) In acquiring real property from a related party, if there is other evidence indicating that the acquisition was not an arm's length transaction, it shall be dealt with pursuant to Subparagraph 3(5) of this Article.</p>	
<p>Article 8: Operating Procedures for Acquisition or Disposal of Intangible Assets, <u>Right-of-use Assets or Memberships</u></p> <p>1. Evaluation and operating procedures</p> <p>(1) The acquisition or disposal of intangible assets, <u>right-of-use assets or memberships</u> shall be subject to the related operating procedures of the Company's internal control system.</p> <p>(2) In acquiring or disposing of a membership, in case that the transaction value is less than NTD 3 million, the terms and price shall be determined based on the fair market value, and an analysis report shall be produced and submitted to the chairman for approval. For transaction value exceeding NTD 3 million, additional approval by the Board of Directors is required.</p>	<p>Article <del>9</del>: Operating Procedures for Acquisition or Disposal of <del>Memberships or</del> Intangible Assets</p> <p>1. Evaluation and operating procedures</p> <p>(1) The acquisition or disposal of <del>memberships or</del> intangible assets shall be subject to the related operating procedures of the Company's internal control system.</p> <p>(2) In acquiring or disposing of a membership, in case that the transaction value is less than NTD 3 million, the terms and price shall be determined based on the fair market value, and an analysis report shall be produced and submitted to the chairman for approval. For transaction value exceeding NTD 3 million, additional approval by the Board of Directors is required.</p> <p>(3) In acquiring or disposing of an intangible asset where the transaction price is NTD 30 million or less, the terms and price shall be determined based on professional evaluation report and the fair market value, and an analysis report shall be produced and submitted to the chairman for approval. For transaction price exceeding NTD 30 million, additional approval by the Board of Directors is required.</p>	<p>Amendment and article number changes are made in accordance with relevant laws.</p>

Amended Clause	Existing Clause	Explanation
<p>(3) In acquiring or disposing of an intangible asset <u>or right-of-use assets</u> where the transaction price is NTD 30 million or less, the terms and price shall be determined based on professional evaluation report and the fair market value, and an analysis report shall be produced and submitted to the chairman for approval. For transaction price exceeding NTD 30 million, additional approval by the Board of Directors is required.</p> <p>Major transactions in acquisition or disposal of assets by the Company pursuant to the procedures or other laws requires the approval by more than one-half of all members of the Audit Committee and shall be submitted to the Board of Directors for resolution.</p> <p>If any director expresses dissent which is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee. When an acquisition or disposal of assets is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, full consideration should be given to the opinions of independent directors. The dissenting opinions or reservations of independent directors shall be clearly indicated in the Board meeting minutes.</p> <p>If approval of more than half of all Audit Committee members in the preceding paragraph is not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors and the resolution of the Audit Committee shall be recorded in the Board meeting minutes.</p> <p>2. Execution department</p>	<p>Major transactions in acquisition or disposal of assets by the Company pursuant to the procedures or other laws requires the approval by more than one-half of all members of the Audit Committee and shall be submitted to the Board of Directors for resolution.</p> <p>If any director expresses dissent which is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee. When an acquisition or disposal of assets is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, full consideration should be given to the opinions of independent directors. The dissenting opinions or reservations of independent directors shall be clearly indicated in the Board meeting minutes.</p> <p>If approval of more than half of all Audit Committee members in the preceding paragraph is not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors and the resolution of the Audit Committee shall be recorded in the Board meeting minutes.</p> <p>2. Execution department</p> <p>In acquiring or disposing of <del>memberships or</del> intangible assets, the department in use of such property and the management department and accounting department shall be responsible for the execution pursuant to the scope of authorization set forth in the preceding subparagraph.</p> <p>3. Obtaining expert opinion</p>	

Amended Clause	Existing Clause	Explanation
<p>In acquiring or disposing of intangible assets, <u>right-of-use assets or memberships</u>, the department in use of such property and the management department and accounting department shall be responsible for the execution pursuant to the scope of authorization set forth in the preceding subparagraph.</p> <p>3. Obtaining expert opinion</p> <p>(1) In acquiring or disposing of intangible assets, <u>right-of-use assets or memberships</u> where the transaction amount reaches twenty percent of the Company's paid in capital or above NTD 300 million, the Company, unless transacting with a <u>domestic</u> government agency, shall engage a certified public accountant to provide opinion in respect of the reasonableness of the transaction price in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF prior to the date of occurrence of the event.</p> <p>(2) Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or the CPA opinion.</p> <p>4. The calculation of the transaction amount of this article shall be handled in accordance with the provisions of Subparagraph 5 of Paragraph 1 of Article 14.</p>	<p>(1) In acquiring or disposing of <del>memberships or</del> intangible assets where the transaction amount reaches twenty percent of the Company's paid in capital or above NTD 300 million, the Company, unless transacting with a government agency, shall engage a certified public accountant to provide opinion in respect of the reasonableness of the transaction price in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF prior to the date of occurrence of the event.</p> <p>(2) Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or the CPA opinion.</p> <p>4. The calculation of the transaction amount of this article shall be handled in accordance with the provisions of Subparagraph 5 of Paragraph 1 of Article 14.</p>	
<p>Article 14: Information disclosure procedures</p> <p>1. Items and standards of the public announcement-</p>	<p>Article 14: Information disclosure procedures</p> <p>1. Items and standards of the public announcement-</p>	<p>Amended in accordance with relevant laws.</p>

Amended Clause	Existing Clause	Explanation
<p>(1) Acquisition or disposal of real property <u>or right-of-use assets</u> from or to a related party, or acquisition or disposal of assets other than real property <u>or right-of-use assets</u> from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NTD 300 million or more. Provided, this shall not apply to the trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(2) Merger, spin-off, acquisition or transfer of shares.</p> <p>(3) Losses from derivatives trading reaching the limits of aggregate losses or losses on individual contracts set out in the relevant procedures adopted by the Company.</p> <p>(4) Where the type of asset acquired or disposed of is business-use equipment <u>or right-of-use assets</u>, the trading counterparty is not a related party and the transaction amount meets one of the following conditions:</p> <ol style="list-style-type: none"> <li>1. The public company with a paid-in capital of less than NTD 10 billion has a transaction amount of NTD 500 million or more.</li> <li>2. The public company with a paid-in capital of NTD 10 billion or more has a transaction amount of NTD 1 billion or more.</li> </ol>	<p>(1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NTD 300 million or more. Provided, this shall not apply to the trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(2) Merger, spin-off, acquisition or transfer of shares.</p> <p>(3) Losses from derivatives trading reaching the limits of aggregate losses or losses on individual contracts set out in the relevant procedures adopted by the Company.</p> <p>(4) Where the type of asset acquired or disposed of is business-use equipment, the trading counterparty is not a related party and the transaction amount meets one of the following conditions:</p> <ol style="list-style-type: none"> <li>1. The public company with a paid-in capital of less than NTD 10 billion has a transaction amount of NTD 500 million or more.</li> <li>2. The public company with a paid-in capital of NTD 10 billion or more has a transaction amount of NTD 1 billion or more.</li> </ol> <p>(5) Where the type of asset acquired or disposed by the public company that operates construction business is business-use real property, the trading counterparty is not a related party and the transaction amount reaches NTD 500 million or more.</p>	

Amended Clause	Existing Clause	Explanation
<p>(5) Where the type of asset acquired or disposed by the public company that operates construction business is business-use real property <u>or right-of-use assets</u>, the trading counterparty is not a related party and the transaction amount reaches NTD 500 million or more <u>and where the paid-in capital amounts to NTD 10 billion or more, the asset to be disposed is real property built and completed on its own, the trading counterparty is not a related party and the transaction amount reaches NTD 1 billion or more.</u></p> <p>(6) Where real property is acquired under an arrangement for commissioned construction on self-owned land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages or joint construction and separate sale, <u>the trading counterparty is not a related party</u> and the amount the Company expects to invest in the transaction is less than NTD 500 million.</p> <p>(7) Where there is an asset transaction (other than any such transactions referred to in the preceding six subparagraphs), a disposal of receivables to a financial institution or an investment in mainland China area that reaches 20% or more of paid-in capital or NTD 300 million or more, but this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> <li>1. Trading of <u>domestic</u> government bonds.</li> </ol>	<p>(6) Where real property is acquired under an arrangement for commissioned construction on self-owned land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages or joint construction and separate sale and the amount the Company expects to invest in the transaction is less than NTD 500 million.</p> <p>(7) Where there is an asset transaction (other than any such transactions referred to in the preceding six subparagraphs), a disposal of receivables to a financial institution, or an investment in mainland China area that reaches 20% or more of paid-in capital or NTD 300 million or more, but this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> <li>1. Trading of government bonds.</li> <li>2. Securities trading by investment management companies on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics that are offered and issued in the primary market, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</li> <li>3. Trading of bonds under repurchase/resale agreements or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. The amount of transactions above shall be calculated as follows: <ol style="list-style-type: none"> <li>(1) The amount of any individual transaction.</li> </ol> </li> </ol>	

Amended Clause	Existing Clause	Explanation
<p>2. Securities trading by investment management companies on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (<u>excluding subordinated debt</u>) that are offered and issued in the primary market, <u>or subscription or redemption of securities investment trust funds or futures trust funds</u>, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>3. Trading of bonds under repurchase/resale agreements or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. The amount of transactions above shall be calculated as follows:</p> <p>(1) The amount of any individual transaction.</p> <p>(2) The cumulative transaction amount of acquisitions or disposals of the same type of underlying asset with the same trading counterparty within one year.</p> <p>(3) The cumulative transaction amount of acquisitions or disposals of real property <u>or right-of-use assets</u> (cumulative acquisitions and disposals, respectively) within the same development project within one year.</p> <p>(4) The cumulative transaction amount of acquisitions or disposals (cumulative acquisitions and disposals, respectively) of the same security within one year.</p> <p>“Within one year” as used above refers to the year preceding the date of occurrence of the current transaction.</p>	<p>(2) The cumulative transaction amount of acquisitions or disposals of the same type of underlying asset with the same trading counterparty within one year.</p> <p>(3) The cumulative transaction amount of acquisitions or disposals of real property (cumulative acquisitions and disposals, respectively) within the same development project within one year.</p> <p>(4) The cumulative transaction amount of acquisitions or disposals (cumulative acquisitions and disposals, respectively) of the same security within one year.</p> <p>“Within one year” as used above refers to the year preceding the date of occurrence of the current transaction. The amounts duly announced in accordance with the regulations are excluded from the calculation.</p> <p>(Omitted)</p>	

Amended Clause	Existing Clause	Explanation
<p>The amounts duly announced in accordance with the regulations are excluded from the calculation.</p> <p>(Omitted)</p>		
<p>Article 16: The subsidiaries of the Company shall handle matters in accordance with the following rules:</p> <ol style="list-style-type: none"> <li>1. Subsidiaries should also establish the “Operating Procedures for Acquisition or Disposal of Assets” in accordance with the relevant provisions of the “Regulations Governing the Acquisition or Disposal of Assets by Public Companies”.</li> <li>2. <u>If a subsidiary has not yet established an “Operating Procedures for Acquisition or Disposal of Assets”, its acquisition or disposal of assets shall be handled in accordance with the provisions of the Company.</u></li> <li>3. If a subsidiary of the Company is not a public company, where its information on acquisitions and disposals of assets is required to be publicly announced under “Regulations Governing the Acquisition or Disposal of Assets of Public Companies”, the Company shall make public announcements on behalf of the subsidiary.</li> <li>4. Under the public announcement standard of a subsidiary, <u>for provisions related to paid-in capital or total assets</u>, the paid-in capital or the total assets of the Company shall prevail.</li> </ol>	<p>Article 16: The subsidiaries of the Company shall handle matters in accordance with the following rules:</p> <ol style="list-style-type: none"> <li>1. Subsidiaries should also establish the “Operating Procedures for Acquisition or Disposal of Assets” in accordance with the relevant provisions of the “Regulations Governing the Acquisition or Disposal of Assets by Public Companies”.</li> <li>2. Acquisition or disposal of assets by a subsidiary shall <del>also</del> be handled in accordance with the provisions of the Company.</li> <li>3. If a subsidiary of the Company is not a public company, where its information on acquisitions and disposals of assets is required to be publicly announced under “Regulations Governing the Acquisition or Disposal of Assets of Public Companies”, the Company shall make public announcements on behalf of the subsidiary.</li> <li>4. Under the public announcement standard of a subsidiary, <del>“twenty percent of the company’s paid in capital or ten percent of the total assets”</del> refers to the paid-in capital or the total assets of <del>the parent company</del> (the Company).</li> </ol>	<p>Amended in accordance with relevant laws/management requirements.</p>
<p>Article 17: Implementation and Amendment (Omitted)</p> <ol style="list-style-type: none"> <li>3. For the calculation of 10 percent of total assets under the procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a Company whose shares have no par value or a par value per share other than NTD 10, for the calculation of transaction amounts of 20 percent of</li> </ol>	<p>Article 17: Implementation and Amendment (Omitted)</p> <ol style="list-style-type: none"> <li>3. For the calculation of 10 percent of total assets under the procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a Company whose shares have no par value or a par value per share other than NTD 10, for the calculation of transaction amounts of 20 percent of</li> </ol>	<p>Amended in accordance with relevant laws.</p>



Amended Clause	Existing Clause	Explanation
<p>paid-in capital under the procedures, 10 percent of equity attributable to owners of the parent shall be applied. <u>For the calculation of transaction amounts reaching NTD 10 billion of paid-in capital under the procedures, NTD 20 billion of equity attributable to owners of the parent shall be applied.</u></p> <p>4. Matters not covered in the procedures shall be handled in accordance with the relevant laws and the relevant regulations of the Company.</p>	<p>paid-in capital under the procedures, 10 percent of equity attributable to owners of the parent shall be applied.</p> <p>4. Matters not covered in the procedures shall be handled in accordance with the relevant laws and the relevant regulations of the Company.</p>	
<p>Article 18 This Operating Procedures was formulated on May 5, 2008. The first amendment was made on June 19, 2009. The second amendment was made on June 4, 2010. The third amendment was made on June 19, 2013. The fourth amendment was made on May 30, 2014. The fifth amendment was made on October 17, 2014. The sixth amendment was made on June 28, 2016. The seventh amendment was made on June 22, 2017. The eighth amendment was made on May 30, 2018. <u>The ninth amendment was made on June 18, 2019.</u></p>	<p>Article 18 This Operating Procedures was formulated on May 5, 2008. The first amendment was made on June 19, 2009. The second amendment was made on June 4, 2010. The third amendment was made on June 19, 2013. The fourth amendment was made on May 30, 2014. The fifth amendment was made on October 17, 2014. The sixth amendment was made on June 28, 2016. The seventh amendment was made on June 22, 2017. The eighth amendment was made on May 30, 2018.</p>	<p>Added</p>

[Exhibit 7]

**Egis Technology Inc.**

**Comparison Table of Amendments to the “Operating Procedures for Lending Funds to Others”**

Amended Clause	Existing Clause	Explanation
<p>Article 3: Lending counterparts</p> <p>As stipulated in Article 15 of the Company Act, the Company shall not lend its funds to any shareholders or any other persons except under any of the following circumstance:</p> <ol style="list-style-type: none"> <li>1. Companies or firms that have business relationship with the Company; or</li> <li>2. Companies or firms in need of short-term financing. The amount of financing shall not exceed forty percent of the net worth of the Company. The term “short term” means the period of either one year or one operating cycle, whichever is longer. The term “amount of financing” means the cumulative balance of the Company’s short-term financing.</li> </ol> <p>The Company can only lend its funds to its subsidiaries, except there is a necessity of lending funds for special need, which shall obtain the prior consent of the board of directors of the Company. The restriction in subparagraph 2 of the preceding paragraph, shall not apply to inter-company loans between overseas subsidiaries in which the Company holds, directly or indirectly, 100 percent of the voting shares <u>or loans from overseas subsidiaries in which the Company holds, directly or indirectly, 100 percent of the voting shares, to the Company.</u> However, the provisions of Article 5 and Article 6 concerning <u>the aggregate amount of loans,</u> the cap on loans and the duration of loans shall still <u>apply.</u></p>	<p>Article 3: Lending counterparts</p> <p>As stipulated in Article 15 of the Company Act, the Company shall not lend its funds to any shareholders or any other persons except under any of the following circumstance:</p> <ol style="list-style-type: none"> <li>1. Companies or firms that have business relationship with the Company; or</li> <li>2. Companies or firms in need of short-term financing. The amount of financing shall not exceed forty percent of the net worth of the Company. The term “short term” means the period of either one year or one operating cycle, whichever is longer. The term “amount of financing” means the cumulative balance of the Company’s short-term financing.</li> </ol> <p>The Company can only lend its funds to its subsidiaries, except there is a necessity of lending funds for special need, which shall obtain the prior consent of the board of directors of the Company.</p> <p>The restriction in subparagraph 2 of the preceding paragraph, shall not apply to inter-company loans between overseas subsidiaries in which the Company holds, directly or indirectly, 100 percent of the voting shares. However, the provisions of Article 5 and Article 6 concerning the cap on loans and the duration of loans shall still apply.</p>	<p>Amended in accordance with relevant laws.</p>
<p>Article 9: Subsequent measures for control and management of loans, and procedures for handling overdue loans (Omitted)</p>	<p>Article 9: Subsequent measures for control and management of loans, and procedures for handling overdue loans (Omitted)</p>	<p>Amended as appropriate in accordance with relevant laws.</p>

Amended Clause	Existing Clause	Explanation
<p>4. If, as a result of a change in circumstances, a lending counterpart does not meet the requirements of these Operating Procedures or the loan balance exceeds the limit, the Company shall formulate a rectification plan and submitted it to <u>independent directors</u>, and rectification shall be completed within the timeframe of the plan.</p>	<p>4. If, as a result of a change in circumstances, a lending counterpart does not meet the requirements of these Operating Procedures or the loan balance exceeds the limit, the Company shall formulate a rectification plan and submitted it to the Audit Committee, and rectification shall be completed within the timeframe of the plan.</p>	
<p>Article 10: Announce and report (Omitted)</p> <p>The term “announce and report” as used in these Operating Procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission.</p> <p>“Date of occurrence” in these Operating Procedures means the date of contract signing, date of payment, dates of resolutions of the board of directors, or other date that can confirm the counterparty and amount of the <u>lending</u>, whichever date is earlier.</p>	<p>Article 10: Announce and report (Omitted)</p> <p>The term “announce and report” as used in these Operating Procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission.</p> <p>“Date of occurrence” in these Operating Procedures means the date of contract signing, date of payment, dates of resolutions of the board of directors, or other date that can confirm the counterparty and amount of the transaction, whichever date is earlier.</p>	<p>Amended as appropriate in accordance with relevant laws.</p>
<p>Article 12: Internal audit</p> <p>To reinforce the Company’s control over and management of its loans, the internal audit unit shall check and assess the implementation of aforementioned regulations on a quarterly basis and keep a written record. The internal audit unit shall notify the <u>independent directors</u> in writing promptly in case of any material violation found.</p>	<p>Article 12: Internal audit</p> <p>To reinforce the Company’s control over and management of its loans, the internal audit unit shall check and assess the implementation of aforementioned regulations on a quarterly basis and keep a written record. The internal audit unit shall notify the Audit Committee in writing promptly in case of any material violation found.</p>	<p>Amended as appropriate in accordance with relevant laws</p>
<p>Article 17</p> <p>This Operating Procedures was formulated on May 5, 2008.</p> <p>The first amendment was made on June 19, 2009.</p> <p>The second amendment was made on June 4, 2010.</p> <p>The third amendment was made on June 19, 2013.</p> <p>The fourth amendment was made on December 10, 2013.</p> <p>The fifth amendment was made on October 17, 2014.</p> <p><u>The sixth amendment was made on June 18, 2019.</u></p>	<p>Article 17</p> <p>This Operating Procedures was formulated on May 5, 2008.</p> <p>The first amendment was made on June 19, 2009.</p> <p>The second amendment was made on June 4, 2010.</p> <p>The third amendment was made on June 19, 2013.</p> <p>The fourth amendment was made on December 10, 2013.</p> <p>The fifth amendment was made on October 17, 2014.</p>	<p>Added</p>

[Exhibit 8]

**Egis Technology Inc.**

**Comparison Table of Amendments to the “Operating Procedures for Endorsement/Guarantees”**

Amended Clause	Existing Clause	Explanation
<p>Article 6: Hierarchy of decision-making and authorization (Omitted)</p> <p>3. In case that the party to whom the Company provides endorsements/guarantees no longer satisfies the criteria set forth in Article 4 herein, or the amount of endorsement/guarantee exceeds the limits due to changes of basis on which the amounts of limits are calculated, the Company shall make a rectification plan to discharge the amount of endorsement/guarantee provided to such party or the amount in excess within a given time limit, and the rectification plan shall be submitted to the <u>independent directors, and rectification shall be implemented within the period specified in the plan.</u></p> <p>When the board of directors discusses the matters in the preceding paragraph, it shall take into full consideration the opinions of each independent director. Independent directors’ opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors’ meeting.</p>	<p>Article 6: Hierarchy of decision-making and authorization (Omitted)</p> <p>3. In case that the party to whom the Company provides endorsements/guarantees no longer satisfies the criteria set forth in Article 4 herein, or the amount of endorsement/guarantee exceeds the limits due to changes of basis on which the amounts of limits are calculated, the Company shall make a rectification plan to discharge the amount of endorsement/guarantee provided to such party or the amount in excess within a given time limit, and the rectification plan shall be submitted to the Audit Committee.</p> <p>When the board of directors discusses the matters in the preceding paragraph, it shall take into full consideration the opinions of each independent director. Independent directors’ opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors’ meeting.</p>	<p>Amended as appropriate in accordance with relevant laws.</p>
<p>Article 9: Announcement and reporting procedures</p> <p>Subsequent to the public offering of shares, the Company shall announce and report the previous month’s balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month. In addition, when the balance of endorsements/guarantees reaches one of the following levels, the Company shall announce and report such an event within two days commencing immediately from the date of occurrence of the fact:</p>	<p>Article 9: Announcement and reporting procedures</p> <p>Subsequent to the public offering of shares, the Company shall announce and report the previous month’s balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month. In addition, when the balance of endorsements/guarantees reaches one of the following levels, the Company shall announce and report such an event within two days commencing immediately from the date of occurrence of the fact:</p>	<p>Amended in accordance with relevant laws.</p>

Amended Clause	Existing Clause	Explanation
<p>1. The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>2. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>3. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, <u>carrying amount</u> of investment accounted for <u>under the equity method</u> in, and balance of loaning funds to, such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>4. The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>Subsequent to the public offering of shares, the Company shall announce and report on behalf of any subsidiary thereof that is not a public company in Taiwan any matters that such subsidiary is required to announce and report pursuant to the preceding paragraph. The term "announce and report" as used in these Operating Procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission.</p> <p>"Date of occurrence" in these Operating Procedures means the date of contract signing, date of payment, dates of resolutions of the board of directors, or other date that can confirm the counterparty and amount of <u>endorsements/guarantees</u>, whichever date is earlier.</p>	<p>1. The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>2. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>3. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, long-term investment in, and balance of loaning funds to, such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>4. The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>Subsequent to the public offering of shares, the Company shall announce and report on behalf of any subsidiary thereof that is not a public company in Taiwan any matters that such subsidiary is required to announce and report pursuant to the preceding paragraph. The term "announce and report" as used in these Operating Procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission.</p> <p>"Date of occurrence" in these Operating Procedures means the date of contract signing, date of payment, dates of resolutions of the board of directors, or other date that can confirm the counterparty and amount of the transaction, whichever date is earlier.</p>	

Amended Clause	Existing Clause	Explanation
<p>Article 10: Internal control</p> <p>1. The Company’s internal auditors shall audit the implementation of the abovementioned requirements on a quarterly basis and prepare written records accordingly. They shall promptly notify the <u>independent directors</u> in writing of any material violation found.</p> <p>2. When making endorsements/guarantees, the Company shall follow the Operating Procedures. Should managers and persons-in-charge violate the Operating Procedures, the penalty for them is subject to the work management rules of the Company. Where such violation causes losses to the Company, they shall be liable for compensation.</p>	<p>Article 10: Internal control</p> <p>1. The Company’s internal auditors shall audit the implementation of the abovementioned requirements on a quarterly basis and prepare written records accordingly. They shall promptly notify the Audit Committee in writing of any material violation found.</p> <p>2. When making endorsements/guarantees, the Company shall follow the Operating Procedures. Should managers and persons-in-charge violate the Operating Procedures, the penalty for them is subject to the work management rules of the Company. Where such violation causes losses to the Company, they shall be liable for compensation.</p>	<p>Amended as appropriate in accordance with relevant laws.</p>
<p>Article 13</p> <p>This Operating Procedures was formulated on May 5, 2008.</p> <p>The first amendment was made on August 5, 2008.</p> <p>The second amendment was made on June 19, 2009.</p> <p>The third amendment was made on June 4, 2010.</p> <p>The fourth amendment was made on June 19, 2013.</p> <p>The fifth amendment was made on December 10, 2013.</p> <p>The sixth amendment was made on October 17, 2014.</p> <p><u>The seventh amendment was made on June 18, 2019.</u></p>	<p>Article 13</p> <p>This Operating Procedures was formulated on May 5, 2008.</p> <p>The first amendment was made on August 5, 2008.</p> <p>The second amendment was made on June 19, 2009.</p> <p>The third amendment was made on June 4, 2010.</p> <p>The fourth amendment was made on June 19, 2013.</p> <p>The fifth amendment was made on December 10, 2013.</p> <p>The sixth amendment was made on October 17, 2014.</p>	<p>Added</p>

## [Appendix 1]

### **Egis Technology Inc.**

## **Articles of Incorporation of the Company**

### **Chapter 1 General Provisions**

- Article 1: The Company is organized in accordance with the provisions of the Company Act. It is known as “神盾股份有限公司”, with its English name as “Egis Technology Inc.”.
- Article 2: The businesses conducted by the Company are:
1. I301010 Information software services.
  2. I301020 Information process services.
  3. I301030 Electronic information supply services.
  4. I501010 Product designing.
  5. F401010 International trade.
  6. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The Company is incorporated in Taipei. The Board of Directors may, by resolution, approve the establishment of branches, offices or liaison offices at home and abroad; and the cancellation or modification of such establishment shall also be conducted based on the resolutions of the Board of Directors.
- Article 4: The method of public announcements by the Company shall be handled in accordance with the provisions of Article 28 of the Company Act.
- Article 5: When the Company invests in another company and becomes a shareholder of limited liability, its total investment amount may exceed 40% of the Company's paid-up capital.  
The Company may provide endorsement or guarantee to external parties for business or investment relations needs.

### **Chapter 2 Share Capital**

- Article 6: The total capital of the Company shall be NTD 1,000,000,000, divided into 100,000,000 shares of NTD 10 each, to be issued in separate tranches; and the Board of Directors is authorized to issue the un-issued shares based on actual needs.

Out of the total capital amount above, NTD 50,000,000 shall be divided into 5,000,000 shares with a par value of NTD 10 per share, to be issued as stock warrants for employees to subscribe; and such issuance in separate tranches shall be based on the resolutions of the Board of Directors.

The issuance of stock warrants to the Company's employees need not be subject to the exercise price restriction set out in Article 53 of the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers", provided that the consent of at least two-thirds of the voting rights represented at a shareholders meeting attended by shareholders representing a majority of the total issued shares is obtained.

Article 7: The share certificates of the Company shall be in registered form, and prior to their issuance, they shall be signed by or affixed with the seals of no less than three Directors of the Company, and be certified pursuant to the law. The Company may be exempted from printing any share certificate for the shares issued, but the Company shall ensure that a recordation of the issuance of such shares is made with a centralized securities custody enterprise/ institution.

Article 8: The entries in the shareholders' roster shall not be altered within 60 days prior to the convening date of an annual general meeting, or within 30 days prior to the convening date of an extraordinary general meeting, or within five days prior to the record date fixed by the Company for distribution of dividends and bonuses or other benefits.

Article 9: The Company shall handle the shareholder services according to the provisions of "Regulations Governing the Administration of Shareholder Services of Public Companies" promulgated by the competent authority, in addition to the relevant laws and regulations.

### **Chapter 3 Shareholders Meetings**

Article 10: Shareholders' meetings are of two types, namely annual general meetings and extraordinary general meetings. Annual general meetings shall be convened at least once a year by the Board of Directors according to the law within six months after the close of each fiscal year. Extraordinary general meetings shall be convened whenever necessary according to the law.

Article 11: If a shareholders meeting is convened by the Board of Directors, the meeting



shall be chaired by the Chairman of the Board. When the Chairman of the Board is on leave or is unable to exercise his duties and powers for any reason, its proxy shall act in accordance with the provisions in Article 208 of the Company Act. If a shareholders meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

Article 12: If any shareholder of the Company is unable to attend a shareholders meeting in person, the shareholder may appoint a proxy to attend the meeting by providing the power of attorney issued by the Company, stating therein the scope of power authorized to the proxy. The manner in which the shareholders of the Company authorize proxies for attendance at shareholders meetings shall be handled according to the provisions of “Regulations Governing the Use of Powers of Attorney for Attendance at Shareholders Meetings of Public Companies” promulgated by the competent authority, in addition to Article 177 of the Company Act and other relevant laws and regulations.

Article 13: Unless otherwise provided in the Company Act or other laws, the respective shareholders of the Company shall be entitled to one vote for each share held, except for the shares deemed as non-voting shares under Article 179 of the Company Act.  
When the Company holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice.

Article 14: Except when otherwise provided in the relevant laws, resolutions at a shareholders’ meeting shall be adopted by a majority vote of the attending shareholders, who represent more than one-half of the total number of issued shares.

Article 15: Matters related to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the Chairman of the meeting and a copy distributed to each shareholder within 20 days after the meeting. The meeting minutes may be produced and distributed in electronic format.  
The meeting minutes stated above may be distributed by means of a public

announcement.

Article 16: Deleted

#### **Chapter 4 Directors and Audit Committee**

Article 17: The Company shall have 5-9 directors to be elected at the shareholders' meeting from among the individuals of legal capacity, with the term of office as three years. All directors shall be eligible for re-election. A candidate nomination system shall be adopted for the directors, and they shall be elected from the list of director candidates by the shareholders.

The Company shall elect independent directors from the aforementioned list, and there shall be at least three independent directors, representing at least one-fifth of the seats of directors.

With regard to the professional qualifications, shareholding and moonlighting restrictions of independent directors, nomination and election method for all directors, and other compliance requirements, they shall be handled according to the relevant regulations of the competent authority.

Article 18: The Directors shall constitute the Board of Directors and shall elect one Chairman and one Vice-chairman of the Board from among themselves by the consent of a majority at a meeting attended by at least two-thirds of the Directors. The Chairman shall internally preside the shareholders meetings and Board meetings, and shall externally represent the Company; and shall execute his duties and powers according to the law.

Article 19: Board meetings shall be convened by the Chairman, unless otherwise provided in the Company Act. Except when otherwise provided in the Company Act, resolutions at a Board meeting shall be adopted by the consent of a majority of the directors present at the meeting.

The Board meetings shall be convened at least once a quarter. The reasons for convening a Board meeting shall be specified in a notice served to every director seven days in advance. However, a Board meeting may be convened at any time in emergency situations. The notice on the convening of a Board meeting of the Company may be served by correspondence, e-mail or fax. A Board meeting may be convened via video conferencing, and the directors taking part in such video conference shall be deemed to have attended the meeting in person.

Where the Chairman is on leave or is unable to exercise his duties and powers

for any reason, his proxy shall act according to the provisions in Article 208 of the Company Act.

If any director is unable to attend a Board meeting in person, the director may appoint another director to attend the meeting as his proxy through a power of attorney, provided that the scope of power authorized to the proxy is clearly stated in the power of attorney each time. Independent directors shall attend the Board meetings in person or appoint other independent directors to attend on their behalf. A proxy under the preceding paragraph may accept authorization from one person only.

Article 20: Remunerations of all directors shall be determined and paid by the Board of Directors as authorized by the Company, according to the degree of participation in the operations of and contribution to the Company, and with reference to the standard as generally adopted by the enterprises of the same industry, regardless of whether the Company is experiencing a loss in business.

Article 21:

The Company shall authorize the Board of Directors to purchase liability insurance covering the liability for compensation to be assumed by all directors for the scope of business conducted within their term of office in accordance with the law.

Article 21-

1: The Company may establish functional committees under the Board of Directors, and the establishment and duties and powers of the relevant committees shall be carried out according to the regulations prescribed by the competent authorities.

Article 21-

2: The Company shall establish an audit committee comprising all independent directors according to Article 14-4 of the Securities and Exchange Act. The audit committee and the exercise of duties and powers by its members, as well as other related matters shall be subject to the provisions of the Securities and Exchange Act and relevant laws.

Article 21-

3: Matters related to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the Chairman of the meeting and a copy distributed to each shareholder within twenty days after the conclusion of the meeting.

## **Chapter 5 Managers**

Article 22: The Company may establish positions for chief executive officer, general manager and deputy general manager, and their appointment, dismissal and remunerations shall be handled in accordance with the provisions of Article 29 of the Company Act.

## **Chapter 6 Accounting**

Article 23: The Company's fiscal year shall be from January 01 to December 31. The Board of Directors shall prepare the business report, financial statements and proposal for earnings distribution or loss offsetting at the end of each fiscal year, and submit them to the Audit Committee for review thirty days prior to the convening of the annual general meeting, followed by ratification thereof at the annual general meeting.

Article 24: If the Company makes a profit in the year (the so-called profit refer to the pre-tax profit before the deduction of remunerations payable to the employees and directors), it shall set aside no less than 5% of the profits for employee remunerations and no more than 1% for director remunerations. However, if the Company has accumulated losses (including the adjustment of undistributed earnings amount), the amount for offsetting should first be retained. The employee remunerations stated above may be paid in the form of shares or cash, and the object of payment shall include the employees of subsidiaries who meet the conditions set by the Board of Directors. The director remunerations stated above may only be paid in the form of cash. The two items above shall be handled according to the resolutions of the Board of Directors and reported at the shareholders meeting.

Article 24-1: After the closing of accounts for the year, if there is net profit after tax for the current period, the Company shall first pay the taxes, make up for accumulated losses (including adjustment of undistributed earnings amount), and then set aside 10% of the said profits as legal reserve; where such legal reserve amounts to the total paid-in capital of the Company, this provision shall not apply. The company shall also set aside or reverse another sum as special reserve in accordance with the law or regulations of competent authorities. The Board of Directors shall draft an earnings distribution proposal for the remaining earnings amount, as well as the undistributed earnings at the beginning of the period

(including the adjustment of undistributed earnings amount), and submit it for resolution at the shareholders meeting for the distribution of dividends and bonuses to the shareholders.

The Company's dividends policy is in line with the current and future development plans, with the investment environment, capital requirements and domestic and international competition, as well as the interests of shareholders and other such factors taken into account; and with reference to the general standard of dividends issuance in the same industry and capital market as the basis for dividends issuance. Dividends and bonuses may be distributed in the form of cash or shares, of which cash dividends shall be no less than 20% of the total shares.

## **Chapter 7 Supplementary Provisions**

Article 25: In the event of any cancellation of public offering by the Company, this shall be handled in accordance with the provisions of Article 156 of the Company Act.

Article 26: For all matters not addressed in this Articles of Incorporation, they shall be handled according to the Company Act and other relevant laws and regulations.

Article 27: This Articles of Incorporation was concluded on December 11, 2007.

The first amendment was made on December 26, 2007.

The second amendment was made on February 25, 2008.

The third amendment was made on May 05, 2008.

The fourth amendment was made on May 28, 2008.

The fifth amendment was made on June 04, 2010.

The sixth amendment was made on September 24, 2010.

The seventh amendment was made on June 15, 2011.

The eighth amendment was made on June 15, 2012.

The ninth amendment was made on December 10, 2013.

The tenth amendment was made on October 17, 2014.

The eleventh amendment was made on June 28, 2016.

The twelfth amendment was made on May 30, 2018.

## [Appendix 2]

# **Egis Technology Inc.**

## **Rules of Procedure for Shareholders Meetings**

### Article 1

The Rules of Procedure for the Company's shareholders meetings, except as otherwise provided by the laws and regulations, or the Articles of Incorporation, shall be exercised as provided in these Rules.

### Article 2

Unless otherwise provided by the laws and regulations, the Company's shareholders meetings shall be convened by the Board of Directors.

After the public offering of the Company's shares, the Company shall prepare electronic versions of the shareholders meeting notice and power of attorney, and the subject matters of and explanatory materials related to all proposals, including proposals for ratification, matters for discussion, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) 30 days before the date of an annual general meeting or 15 days before the date of an extraordinary general meeting.

The Company shall prepare electronic versions of the meeting handbook and supplemental meeting materials of the shareholders meeting and upload them to the MOPS 21 days before the date of the annual general meeting or 15 days before the date of the extraordinary general meeting. In addition, 15 days before the date of the shareholders meeting, the Company shall ensure that the meeting handbook and supplemental meeting materials for the said meeting have been properly prepared and made available for viewing by shareholders at any time. The meeting handbook and supplemental meeting materials shall also be displayed at the Company and its appointed professional shareholder services agencies, as well as being distributed on-site at the meeting venue. The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement; with the consent of the addressee, the meeting notice may be served in the electronic format.

Election or dismissal of directors, amendments to the Articles of Incorporation, the dissolution, merger, or demerger of the company, or any matter under Article 185, Paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

A shareholder holding one percent or more of the total number of issued shares may

submit to the Company a written proposal for discussion at an annual general meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, Paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the meeting agenda. Prior to the book closure date before an annual general meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals shall not be less than 10 days. Proposals submitted by shareholders are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the annual general meeting and participate in discussion of the said proposal. Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this Article. At the shareholders meeting, the Board of Directors shall explain the reasons for the exclusion of any shareholder proposals from the meeting agenda.

#### Article 3

The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for holding a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

#### Article 4

If a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the Board. When the Chairman of the Board is on leave or is unable to exercise his duties and powers for any reason, the Vice-chairman shall act on behalf of the Chairman. If there is no Vice-chairman or the Vice-chairman is also on leave or is unable to exercise his duties and powers for any reason, the Chairman shall appoint one of the managing directors to act as chair. If there are no managing directors, one of the directors shall be appointed to act as chair. Where the Chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as the chairman, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more, and understands the financial and business situation of the company. The same shall be true for a representative of a juristic person director that

serves as chair.

It is advisable that shareholders meetings convened by the Board of Directors be chaired by the Chairman of the Board in person and attended by a majority of the directors, and at least one member of each functional committee as representative of the committee.

The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chairman from among themselves.

#### Article 5

If any shareholder of the Company is unable to attend a shareholders meeting in person, the shareholder may appoint a proxy to attend the meeting by providing the power of attorney issued by the Company, stating therein the scope of power authorized to the proxy.

Except for trust enterprises or shareholder services agencies approved by the competent securities authority, when a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of issued voting shares of the company, otherwise, the portion of excessive voting powers shall not be counted.

A shareholder may only execute one power of attorney and appoint one proxy only, and shall serve such power of attorney to the Company five days prior to the meeting date of the shareholders' meeting. In case two or more powers of attorney are served, the first one delivered to the Company shall prevail, unless an explicit statement to revoke the previous proxy appointment is made.

After a power of attorney has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise his voting power by correspondence or electronic means, a proxy rescission notice shall be served to the Company two days prior to the date of the shareholders' meeting. If the proxy rescission notice is not served in time, the voting power exercised by the proxy at the meeting shall prevail.

#### Article 6

The time during which shareholder attendance registrations will be accepted by the Company shall be at least 30 minutes prior to the time of commencement of the meeting. The venue at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel shall be assigned to handle the registrations. During the shareholders meetings held by the Company, the Company shall furnish the attending shareholders or their proxies with an attendance book for signing in, or the



attending shareholders may submit a sign-in card in lieu of signing in.

Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other supporting documents of attendance. The Company may not arbitrarily add requirements for the provision of other supporting documents beyond those showing eligibility of attendance presented by the shareholders. Solicitors soliciting powers of attorney shall also bring identification documents for verification.

The Company shall furnish attending shareholders with the meeting handbook, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend a shareholders meeting as proxy, it may designate only one person to represent it in the meeting.

#### Article 7

Attendance at shareholders meetings shall be calculated based on the numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards submitted, plus the number of shares whose voting rights are exercised by correspondence or electronic means.

#### Article 8

The Chairman shall call the meeting to order at the appointed meeting time when the meeting is attended by shareholders representing more than half of the total number of issued shares. If the quorum is not met, the Chairman may announce a deferment of the meeting. Such deferment is restricted to a maximum of two times and the total time of such deferments shall not exceed one hour.

If the quorum is still not met after two deferments, but the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be passed by a majority of those present. All shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.

#### Article 9

A shareholder of the Company shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed as non-voting shares under Article 179, Paragraph 2 of the Company Act.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting, but the voting right that may be

exercised shall be calculated on the basis of the total number of shares it holds.

A shareholder who has a personal interest in any matter under discussion at a meeting, which may impair the interests of the Company, shall not vote nor exercise the voting right on behalf of another shareholder.

When the Company holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person. However, the said shareholder will be deemed to have waived his rights with respect to the Extemporaneous Motions and amendments to original proposals of that meeting.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall serve a declaration of intent to the Company two days before the date of the shareholders meeting. Where duplicate declarations of intent are served, the one received earliest shall prevail, except when a declaration is made to revoke the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event that the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be served to the Company, via the same means by which the voting rights were exercised, two days before the date of the shareholders meeting. If the notice of retraction is not served in time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

#### Article 10

The Company may designate attorneys, certified public accountants, or relevant personnel appointed by it to attend a shareholders meeting in a non-voting capacity.

#### Article 11

The Company shall make uninterrupted audio and video recordings for the entire course of the shareholders meeting, and the recorded materials shall be retained for at least 1 year. However, if a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the said lawsuit.

## Article 12

If a shareholders meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the Board of Directors.

The Chairman may not declare the meeting adjourned prior to the completion of deliberation on the meeting agenda set out in the two paragraphs above (including Extemporaneous Motions), except by a resolution of the shareholders meeting. If the Chairman declares the meeting adjourned in violation of the Rules of Procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chairman in accordance with statutory procedures, by the agreement of a majority of the votes represented by the attending shareholders, and continue the meeting thereafter.

The Chairman shall allow ample opportunities during the meeting for explanation and discussion of proposals, and of amendments or Extemporaneous Motions put forward by the shareholders. When the Chairman is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chairman may announce the discussion closed and call for a vote.

## Article 13

Before speaking, an attending shareholder or proxy must specify on a speaker's slip the subject of the speech, his shareholder account number or attendance card number and account name. The order in which shareholders speak will be decided by the Chairman. An attending shareholder or proxy who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject stated on the speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the Chairman and the shareholder that has the floor. The Chairman shall stop any such violation.

## Article 14

When there is an amendment or an alternative to a proposal, or other proposals raised through Extemporaneous Motions by a shareholder or proxy, it shall be seconded by other shareholders or proxies, and the same applies for amendment of the meeting agenda or motion for adjournment of meeting.

#### Article 15

Except with the consent of the Chairman, a shareholder or proxy may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

If the shareholder's speech violates the provisions in the preceding paragraph or exceeds the scope of the agenda item, the Chairman may terminate the speech.

#### Article 16

When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

If a juristic person shareholder appoints two or more representatives to attend the shareholders meeting, only one representative may speak on the same proposal.

#### Article 17

After the speech of a shareholder, the Chairman may respond in person or appoint a relevant personnel to respond.

#### Article 18

When the Chairman is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chairman may announce the discussion closed and call for a vote.

#### Article 19

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the Chairman, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting shall be conducted in public at the venue of the shareholders meeting. The results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record shall be made.

#### Article 20

When a meeting is in progress, the Chairman may set time for breaks at his discretion.

#### Article 21

Except as otherwise provided in the Company Act and the Articles of Incorporation of the Company, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

If the Chairman of the meeting inquires of the opinions of all attending shareholders and receives no objection to the proposal, the motion is deemed passed, with equivalent force

as a resolution by vote.

If there is objection, the proposal shall be submitted for discussion and voting again, but no further objection may be raised after the Chairman announced the resolution upon inquiry with all attending shareholders and no objection was raised.

#### Article 22

When there is an amendment or an alternative to a proposal, the Chairman 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. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

#### Article 23

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or armbands.

The Chairman may direct the proctors or security personnel to help maintain order at the meeting venue. When proctors or security personnel help maintain order at the meeting venue, they shall wear an identification card or armband bearing the word "Proctor."

At the venue of a shareholders meeting, if a shareholder attempts to speak through any equipment other than the public address equipment set up by the Company, the Chairman may prevent the shareholder from doing so.

Where a shareholder violates the Rules of Procedure and defies the Chairman's correction, obstructing the proceedings and refusing to heed calls to stop, the Chairman may direct the proctors or security personnel to escort the shareholder from the meeting.

#### Article 24

Matters related to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the Chairman of the meeting and a copy distributed to each shareholder within twenty days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic format, and in accordance with the provisions of the Company Act.

Companies with public offering of shares may distribute the meeting minutes stated above by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and venue of the meeting, the Chairman's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the Company.

With regard to the method of resolution in the preceding paragraph, if the Chairman of the meeting inquires of the opinions of all shareholders and the shareholders have no

objection to the proposal, “the resolution is passed after the Chairman has inquired of the opinions of all attending shareholders and no objection was raised” shall be stated; however, if there is objection to the proposal by the shareholders, the method of voting and the electoral vote count and proportion of the votes shall be stated.

#### Article 25

When a meeting is in progress, the Chairman may set time for breaks at his discretion. If a force majeure event occurs, the Chairman may rule the meeting temporarily suspended and in view of the circumstances, announce a time when the meeting will be resumed. If the meeting venue is no longer available for continued use at the appointed time and not all of the items (including Extemporaneous Motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with the provisions in Article 182 of the Company Act.

#### Article 26

In the case of election of directors during the shareholders meeting, the election shall be handled according to the relevant election procedures formulated by the Company and the results shall be announced on-site at the meeting, including the list of elected directors and the electoral vote count.

The ballots for the electoral item in the preceding paragraph shall be sealed and signed by the vote monitoring personnel and properly safe-kept for at least one year. However, if a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the said lawsuit.

#### Article 27

These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

#### Article 28

These Rules were formulated on June 30, 2008.

The first amendment was made on June 15, 2012.

The second amendment was made on December 10, 2013.

The third amendment was made on October 17, 2014.

The fourth amendment was made on June 30, 2015.

**[Appendix 3]**

**The effect of this stock grant on the business performance, earnings per share and return on investment of shareholders of the Company is as follows:**

The Company did not issue any stock grant for the current year, thus this is not applicable.

**[Appendix 4]**

**Egis Technology Inc.**  
**Current Shareholding of All Directors**

1. Types of shares and total shares issued: 71,160,754 ordinary shares.
2. In accordance with the provisions in Article 26 of the Securities and Exchange Act and Article 2 of the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”, the minimum number of shares to be held by all directors is: 5,692,860 shares.
3. As of the book closure date of this shareholders meeting, the number of shares held by all the directors as stated in the roster of shareholders is as follows:

Position	Name	Number of Shares Held
Chairman	LO, SEN CHOU	3,546,262
Director	HEADWAY CAPITAL LIMITED Representative: LIN, GONG-YI	2,700,000
Director	HEADWAY CAPITAL LIMITED Representative: LEE, YI-PIN	2,700,000
Director	YU, MING-TO	0
Director	SHIH, CHEN-JUNG	0
Director	RO, SHIH-HAO	98,000
Independent Director	LIU, DING-JEN	0
Independent Director	WENG, MING-JENG	23,000
Independent Director	HUANG, TA-LUN	0
Total number of shares held by all shareholders (excluding independent directors)		6,344,262

Note: The shareholdings of independent directors elected by a publ company shall not be counted in the total referred to in the preceding paragraph. If a public company has elected two or more independent directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all directors and supervisors other than the independent directors shall be decreased by 20 percent.