



Stock Code:6462

Egis Technology Inc.

2020 Annual General Meeting Meeting Handbook

Time: June 18, 2020 (Thursday) at 9 a.m.

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

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I. Meeting Procedures

1. Announce Start of Meeting
2. Speech by Chairman
3. Reporting Items
4. Matters for Ratification
5. Matters for Discussion
6. Election Matters
7. Other Proposals
8. Extemporaneous Motions
9. Close Meeting

II. Meeting Agenda

Time: June 18, 2020 (Thursday) 9 a.m.

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

1. Announce Start of Meeting

2. Speech by Chairman

3. Reporting Items

1. 2019 Annual Business Report.
2. Review of the Company's 2019 Annual Financial Statements and Reports by the Audit Committee.
3. 2019 Annual Remunerations Distribution of Employees and Directors.
4. Amendment of the Company's "Ethical Corporate Management Best Practice Principles".

4. Matters for Ratification

1. Approve the 2019 Annual Financial Statements.
2. Approve the 2019 Profit Distribution Plan.

5. Matters for Discussion

1. Amendment to some clauses in "Operating Procedures for Acquisition or Disposal of Assets" of the Company.
2. Amendment to some clauses in "Rules of Procedures for Shareholders' Meeting" of the Company.

6. Election Matters: Election of directors of the Company.

7. Other Proposals: The lifting of non-compete restrictions for directors of the Company and their representatives.

8. Extemporary Motions

9. Close Meeting

III. Reporting Items

Proposal 1

Subject matter: 2019 Annual Business Report.

Explanation: Please refer to Exhibit 1 of this Handbook for the 2019 Annual Business Report.

Proposal 2

Subject matter: Review of the Company's 2019 Annual Financial Statements and Reports by the Audit Committee.

Explanation: Please refer to Exhibit 2 of this Handbook for the Audit Committee's 2019 Annual Audit Report

Proposal 3

Subject matter: 2019 Annual Remunerations Distribution of Employees and Directors.

Explanation: The annual profit of this Company in 2019 is NTD 1,156,766,361. The profits shall be distributed in accordance with the provisions of Article 24 in the Articles of Incorporation and the Company Law, and 7.21%, that is, NTD 83,367,400, shall be set aside as employee remunerations; 1%, that is, NTD 11,567,664, shall be set aside as director remunerations; and the profits shall be distributed in the form of cash.

Proposal 4

Subject matter: Amendment of the Company's "Ethical Corporate Management Best Practice Principles".

Explanation: Because the Financial Supervisory Commission intends to amend the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", the Company intends to amend the "Ethical Corporate Management Best Practice Principles". Please refer to Exhibit 4 of this Handbook for the comparison table of clauses before and after the amendments.

IV. Matters for Ratification

Proposal 1

Proposed by the Board of Directors

Subject matter: Approve the 2019 Annual Financial Statements.

- Explanation:
- (1) The 2019 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 Sonia Chang, and an unqualified opinion report has been issued for filing. The said Financial Statements and unqualified opinion report have been submitted together with the 2019 Annual Business Report to the Audit Committee for review.
 - (2) The Auditors' Report, Individual and Consolidated Financial Statements (please refer to Exhibit 3 of this Handbook), and Business Report (please refer to Exhibit 1 of this Handbook) are enclosed herewith.
 - (3) The above is submitted for ratification.

Resolution:

Proposal 2

Proposed by the Board of Directors

Subject matter: Approved the 2019 Profit Distribution Plan.

- Explanation:
- (1) The annual profit of this Company in 2019 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 9,000 per 1,000 shares (that is NTD 9 per share), totaling NTD 623,535,786.
 - (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) Authorize the Chairman of the Board of Directors to fix the ex-dividend base date and other related matters.
 - (4) Please refer to Exhibit 5 of this Handbook for the Earnings Distribution Table, and it is submitted for ratification.

Resolution:

V. Matters for Discussion

Proposal 1

Proposed by the Board of Directors

Subject matter: Amendment to some clauses in "Operating Procedures for Acquisition or Disposal of Assets" of the Company.

- Explanation:
- (1) To meet the needs of operation management, the Company intends to amend the "Operating Procedures for Acquisition or Disposal of Assets". Please refer to Exhibit 6 of this Handbook for the comparison table of clauses before and after the amendments.
 - (2) The above is submitted for resolution.

Resolution:

Proposal 2

Proposed by the Board of Directors

Subject matter: Amendment to some clauses in "Rules of Procedures for Shareholders' Meeting" of the Company.

- Explanation:
- (1) The Company intends to amend some clauses in "Rules of Procedures for Shareholders' Meeting" based on a letter from the Financial Supervisory Commission dated December 31, 2019 (Jin Guan Zheng Fa #1080339900). Please refer to Exhibit 7 of this Handbook for the comparison table of clauses before and after the amendments.
 - (2) The above is submitted for resolution.

Resolution:

VI. Election Matters

Subject matter: Election of directors of the Company.

Proposed by the Board of Directors

- Explanation:
- (1) The term of office of the sixth session of directors of the Company will expire on June 21st, 2020. According to the provisions of Article 17 of the Articles of Incorporation of the Company, the seventh session of directors (including independent directors) will be elected during this Annual General Meeting. Nine director positions (including three independent director positions) will be open for election this time. Newly-elected directors (including independent directors) shall take office for a term of three years immediately after the election, starting from June 18, 2020 to June 17, 2023.
- (2) The Company adopts the system of nomination of candidates for directors. The shareholders shall select them from the list of candidates for directors. The list of candidates and relevant data are as follows:

Director Candidate Lists

Candidate Names	Educational Experiences	Main Experiences	Concurrent Positions Currently Assumed in the Company and Other Companies	Number of Shares Currently Held (Unit : Shares)
LO, SEN-CHOU	Bachelor of Computer Science, Soochow University California State University Chico MSCS, USA National University MBA, San Jose, USA	Chairman of Egis Technology Inc.	Chairman of Egis Technology Inc. Chairman of IvyRock Asset Management Consulting Co.,Ltd. Director of HEADWAY CAPITAL LIMITED Director of ORIENTAL GOLD HOLDINGS LIMITED Juristic Person Director of Tyrafos Technologies Co.,Ltd. Director of Kiwi Technology Inc. Independent Director of Acer Cyber Security Inc. Director of AIStorm, Inc. Juristic Person Director of Igistec Co., Ltd.	3,546,262
YU, MING-TO	Master of Public Administration, National Chengchi University Master of Business Administration, Wharton School of the University of Pennsylvania, USA	Vice Chairman of Egis Technology Inc.	Vice Chairman of Egis Technology Inc. Independent Director of eMemory Technology Inc. Independent director of Acer Cyber Security Inc. Juristic Person Director of ULSee Inc. Director of Yi-Hsing Technology Co., Ltd. Director of GIXIA Group Co., Ltd.	100,000
SHIH, CHEN-JUNG	Honorary Doctor of International Law of Thunderbird International, USA Management Institute Honorary Fellowship of the University of Wales, England Honorary Doctor of Science and Technology, Hong Kong Polytechnic University Honorary Doctor of Engineering, National Chiao Tung University Master of Electronic Engineering, National Chiao Tung University	Founder and Chairman of Acer Group	Director of Egis Technology Inc. Director of Acer Inc., Limited Independent Director of Taiwan Semiconductor Manufacturing Company, Ltd. Director of Nan Shan Life Insurance Co., Ltd. Juristic Person Director of Hung Jung Investment Co., Ltd. Juristic Person Director of ID SOFTCAPITAL Inc. Chairman of Dragon Investment Fund I Co., Ltd. Director of DIGITIMES Inc. Director of Jung Hsin Management Consulting Corp. Director of Ping Yu Corporation Director of Chinese Television System Corp. Chairman of CT Ambi Investment Consulting Corp.	0

RO,SHIH-HAO	University of California, Riverside, USA	General Manager of Egis Technology Inc.	General Manager of Egis Technology Inc.	132,000
HEADWAY CAPITAL LIMITED Representative : LIN, GONG-YI	Master of the institute of Electronics, National Chiao Tung University	Chief Operating Officer and Chief Technology Officer of Egis Technology Inc.	Chief Operating Officer and Chief Technology Officer of Egis Technology Inc. Juristic Person Director of EVERSHINE BPO Service Corp. Juristic Person Director of Integrated Digital Technologies Inc. Juristic Person Director of Tyrafos Technologies Co., Ltd. Director of AIStorm, Inc. Director of Sirius Wireless Pte., Ltd.	2,700,000
HEADWAY CAPITAL LIMITED Representative : LIU, DING-JEN	Master's Degree from the Institute of Electronics, National Chiao Tung University Associate of Ph.D. of electrical Engineering of State University of New York, USA (Ph.D. Candidate.)	Executive Deputy General Manager of MediaTek Inc. Director of MediaTek Inc.	Independent Director of Egis Technology Inc. Independent Director of Leadtrend Technology Corp. Consultant of H&J Management Corp.	2,700,000

Independent Director Candidate Lists

Candidate Names	Educational Experiences	Main Experiences	Concurrent Positions Currently Assumed in the Company and Other Companies	Number of Shares Currently Held (Unit : Shares)
WENG, MING-JENG	MBA, University of Southern California, USA	Vice President of Citi Bank General Manager of Salomon Smith Barney Inc. Taipei Branch, Citi Group Chairman of Lehman Brothers Securities Taiwan Ltd. Managing Director of Nomura International (Hong Kong) Limited, Taipei Branch	Independent Director of Egis Technology Inc. Senior Partner of Millerful Capital Partners Inc. Director of Lion Travel Service Co., Ltd. Independent Director of TPK Holding Co., Ltd. Independent Director of Clientron Corp. Independent Director of United Renewable Energy Co., Ltd.	23,000
HUANG, TA-LUN	Master Degree from University of Michigan - Ann Arbor, USA	Partner of AsiaVest Partners, TCW/YFY Ltd.	Independent Director of Egis Technology Inc. Director of Parade Technologies, Ltd. Director of Amulaire Thermal technology, Inc. Independent director of TCERA Co., Ltd. Independent director of MIKOBEAUTE Inc. Independent director of Ali Technology Inc. Chairman of GCS Holdings, Inc.	0
CHEN, LAI-JUH	EMBA, University of Arizona State, Thunderbird School of Global Management, USA	General Manager and CEO of AUO General Manager of Solar Business Group of AUO	Entrepreneur Mentor of AAMA Industry upgrading mentor of Small and Medium Enterprise Administration Ministry of Economic Affairs Consultant of Taiwan Institute of Economic Research Honorary President of the Center of Smart City Research Institute Chair Professor of Chung Hua University Committee of National Development Angel Fund Co-host of National Industrial Innovation Fund Plan Beginning President of New Generation College Adjunct Professor of National Chiao Tung University	0

Election results:

VII. Other Proposals

Proposal 1

Proposed by the Board of Directors

Subject matter: The lifting of non-compete restrictions for directors of the Company and their representatives.

- 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) If a director elected by the Shareholders' Meeting of the Company, due to his / her concurrent positions, takes any action described by Article 209 of the Company Law, he / she shall, without prejudice to the interests of the company, make a proposal to the Shareholders' Meeting on removing the non-compete restrictions relating to his / her concurrent positions. The details of his / her concurrent positions are as shown in the detailed statement disclosed on the spot during the Shareholders' Meeting after his / her election.
 - (3) The above is submitted for resolution.

Resolution:

VIII. Extemporaneous Motions

IX. Close Meeting

[Exhibit 1]

Egis Technology Inc.
2019 Annual Business Report

The 2019 Business Achievements and Business Plan are provided as follows:

1. 2019 Annual Business Achievements

1. 2019 Business Plan Implementation Outcomes

The consolidated operating revenue of the Company for 2019 amounted to NTD 7,358,411,000, representing an increase of NTD 1,449,108,000 from 2018, and a growth rate of 25%; the net profit before tax is NTD 1,052,201,000 and net profit after tax is NTD 862,681,000, and the consolidated net profit for the current period is NTD 830,085,000.

Unit: Thousand NTD

Item	2018	2019
Operating revenue	5,909,333	7,358,411
Gross operating profit	2,083,902	3,137,307
Net operating profit (loss)	726,177	1,102,652
Non-operating revenue and expenditure	121,919	(50,451)
Net profit (loss) before tax	848,096	1,052,201
Net profit (loss) after tax	670,791	862,681
Total comprehensive income for the current period	617,511	830,085
Basic earnings per share (NTD)	9.62	12.60

2. Status of Budget Implementation

The financial forecast for 2019 was not disclosed by the Company.

3. Analysis of Financial Revenue and Expenditure and Profitability

Item		2018	2019
Financial structure	Liabilities to assets ratio (%)	44.48	49.14
	Permanent capital to property, plant and equipment ratio (%)	6,068.32	4,604.57
Solvency	Current ratio (%)	195.81	181.77
	Quick ratio (%)	162.73	146.86
Profitability	Return on assets (%)	17.10	17.85
	Return on equity (%)	28.81	33.16
	Net profit margin (%)	11.35	11.72
	Earnings per share (NTD)	9.62	12.60

4. Status of Research and Development

Item	Research and Development Plan	Description of Plan
Software	AI Algorithm	It can extract a large number of feature points on a small-area optical fingerprint image to optimize recognition efficiency and reliability performance.
Hardware	Capacitive fingerprint sensor chip	It is equipped with optimized sensing sensitivity, and can be hidden within the keys of a mobile phone.
	Optical Fingerprint Sensor Chip	It can be used under the protective glass and screen with a thickness up to 1,400um. It provides an under-screen fingerprint recognition solution in response to the latest trend in full-screen mobile phones (including 5G phones and foldable phones).
	AI Algorithm Chip	We developed powerful, low-cost artificial intelligence chips with exclusive identification software to verify user identity and return the results to the device-side application processor to maintain the confidentiality, integrity and security of the user's biometric computing process, while reducing Egis engineers' time spent at the site of mobile phone

Item	Research and Development Plan	Description of Plan
		clients for integrating and debugging various mobile payment programs.
	Time-of-flight Sensor Chip	It provides a 3D Depth Map on the surface of an object. It is suitable for the augmented reality application trend of mobile phones.

2. Overview of 2020 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; and 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 make 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 Basis

The Company will expand the shipment of fingerprint chip applications to major mobile phone brand customers in China in 2020. It is expected that the performance may see a double-digit growth from 2019, and we will continue to expand our 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 costs and the management of inventory are important for production and sales management for the year of 2020. 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:

The Company's fingerprint matching algorithm embedded with artificial

intelligence technology has been used and consistently praised by hundreds of millions of mobile phone users for many years due to its wide market recognition.

In order to maintain the confidentiality (not to be hijacked), integrity (not to be tampered) and security (not to be stolen) of the user's biometric device, the biometric device has been used in a trusted execution environment (TEE) to perform key operations, including secure storage of fingerprint verification, PIN code input, confidential private keys for mobile payment, and isolates improper fingerprint collection, storage, verification processes in TEE; therefore if the phone is jailbroken or rooted, the attacker still cannot obtain the user's fingerprint information.

Due to this phenomenon, the TEE program software requires on-site labor force for testing support, and time for integration and debugging. Therefore, the Company will develop high-performance AI chips to strengthen existing hardware and software computing capabilities.

2. In the area of process improvement:

We work closely with the fab to find out the key to process parameter optimization through the use of big data analysis, machine learning, artificial intelligence and other technologies, to achieve goals such as reducing defects, improving process, error detection, reducing cost and shortening development cycle.

3. In the area of software development:

We use AI technology to strengthen anti-spoofing functions, and introduce a cyclic verification test environment to establish a more solid and safer foundation and achieve more diverse applications.

(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. In response to the needs of the customers in the automotive industry, the Company

will actively develop ultrasonic fingerprint sensors.

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

As optical fingerprint sensing technology is more affordable than ultrasonic sensing technology, there are more companies throughout the entire supply chain that have invested in optical fingerprint sensing technology. With the introduction of such technology by major Chinese mobile phone makers, such as Huawei, Xiaomi, OPPO and Vivo, the application for this technology has seen the fastest development, and there is a great opportunity for the applications to develop in the high-end, and mid-to-high end markets, or even in the mid-end markets at the same time. The main competitors for optical fingerprint technology include Goodix, which is invested in by MediaTek, and Silead, acquired by GigaDevice, among others.

In July 2019, Goodix filed a lawsuit against the Company for infringement of its patents for under-screen optical fingerprint recognition technology, and at the same time appealed to the court to order the Company to immediately cease the shipping of the infringing products, and to pay for such infringement a royalty fee of CNY 50.5 million (NTD 220 million). This move is aimed at slowing down the Company's penetration into other smartphone manufacturers in China, and influencing the decision-making process of these Chinese manufacturers in placing their orders, so that the Company would have to make extra efforts to persuade new customers to adopt our designs.

In February 2020, China National Intellectual Property Administration ruled that Goodix's patent rights to the under-screen biometric identification device, biometric identification components and terminal equipment (patent number: 201820937410.2) were all invalidated; as a result, Goodix lost its cause of action pertaining to its patent infringement claim against the Company. The invalidation of Goodix's patent infringement claim will help Egis expand its market in under-screen fingerprint recognition chips in China.

As Covid-19 continues its expansion, it has been proven that iPhone X and its subsequent models that are equipped with 3D face recognition technology (Face ID) can no longer properly detect the facial features of users wearing a surgical mask. At this time, most people think that this technology is not as practical as fingerprint recognition, so facial recognition seems more like a drawback rather than a convenience. Before we can see the end of this pandemic, the inconvenience of this shortcoming will become more and more pronounced. As the infrared laser emitted by the infrared transmitter on the structure light depth sensing camera system

(TrueDepth Camera) on Face ID cannot penetrate the mask fabric, and Face ID is the only biometric device on new iPhone series, users will have to remove their mask, or otherwise input the password or use the pattern lock to unlock the phone in order to make payment with Apple Pay and purchase apps.

In addition, the recent deployment and development of the global 5G mobile telecommunication network is expected to drive the growth of global 5G mobile phone demand and the increase in the shipment of under-screen fingerprint sensors for use with AMOLED phone displays. Digitimes estimates that in 2020, global AMOLED mobile phone shipments will grow to 600 million units (annual growth rate of 46%), and the shipment of smartphones equipped with fingerprint sensors will reach 1.25 billion units (penetration rate of 90% or more),

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

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 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 3D Depth Map sensing technology 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 to channel customers to product applications and accelerate the time to market.

The product line of the biometric recognition chip of the Company will continue to follow process evolution 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 Company's parent-company-only financial statements and consolidated financial statements, business report and earnings distribution table for the year of 2019, among which the parent-company-only financial statements and consolidated financial statements for the year of 2019 had been audited by CPAs Steven Shih and Hui-chen Chang from KPMG Taiwan, and an audit report had been accordingly issued.

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.

2020 Annual General Meeting of Egis Technology Inc.

Audit committee convener: LIU, DING-JEN

March 17, 2020

[Exhibit 3]

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, 2019 and 2018, 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, 2019 and 2018, 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, 2019 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(l) "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: obtaining the assessment of goodwill impairment provided by the management; assessing the appropriateness of the valuation model and key assumptions, including the discount rate, expected sales growth rate and future cash flow projections, used by the management in measuring the recoverable amount; and assessing the adequacy of the Group's disclosures with respect to the related information.

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(e) "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, 2019 and 2018, 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 exercise professional judgment and maintain profession skepticism throughout the audit. We also:

1. Identify and assess 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. Obtain 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. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, base 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. Evaluate 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. Obtain 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 remain solely responsible for our audit opinion.

We communicate 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 identify during our audit.

We also provide 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 determine 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 describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine 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 Huei-Chen Chang .

KPMG

Taipei, Taiwan (Republic of China)
March 17, 2020

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and 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 Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2019		December 31, 2018				December 31, 2019		December 31, 2018	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (notes 6(a) and 8)	\$ 3,162,230	57	2,473,863	57	2100	Short-term borrowings (notes 6(m)(aa) and 8)	\$ 1,193,486	22	961,315	22
1110	Financial assets at fair value through profit or loss – current (notes 6(b) and 13)	62,541	1	-	-	2170	Notes and accounts payable	561,738	10	396,474	9
1170	Accounts receivable, net (notes 6(d)(ii))	343,355	6	614,327	14	2230	Current tax liabilities	166,761	3	110,812	3
130X	Inventories (note 6(e))	762,907	14	555,919	13	2280	Current lease liabilities (notes 6(n)(aa))	37,053	1	-	-
1410	Prepaid expenses and other current assets	160,921	3	77,611	2	2399	Accrued expenses and other current liabilities (notes 6(v))	687,074	12	446,773	10
1476	Other financial assets – current (notes 6(f) and 8)	317,974	6	28,681	1		Total current liabilities	2,646,112	48	1,915,374	44
	Total current assets	4,809,928	87	3,750,401	87		Non-current liabilities:				
Non-current assets:						2570	Deferred income tax liabilities (note 6(q))	75	-	1,038	-
1510	Non-current financial assets at fair value through profit or loss (note 6(b) and 13)	5,309	-	-	-	2580	Non-current lease liabilities (notes 6(n)(aa))	70,204	1	-	-
1517	Non-current financial assets at fair value through other comprehensive income (notes 6(c) and 13)	195,216	4	41,033	1		Total non-current liabilities	70,279	1	1,038	-
1550	Investments accounted for using equity method (note 6(g) and 13)	41,058	1	25,963	1		Total liabilities	2,716,391	49	1,916,412	44
1600	Property, plant and equipment (note 6(j))	62,589	1	39,437	1		Equity (notes 6(r)(s)):				
1755	Right-of-use assets (note 6(k))	104,939	2	-	-	3110	Common stock	712,653	13	709,743	16
1780	Intangible assets (notes 6(i),(l))	223,492	4	214,695	5	3140	Common stock subscribed	1,225	-	930	-
1840	Deferred income tax assets (note 6(q))	74,540	1	40,361	1	3200	Capital surplus	1,040,153	19	963,159	22
1960	Prepayments for investments (note 6(h))	-	-	186,593	4		Retained earnings:				
1920	Refundable deposits	10,551	-	9,581	-	3310	Legal reserve	137,801	2	70,722	2
1980	Other financial assets – non-current (note 8)	445	-	472	-	3320	Special reserve	48,867	1	-	-
	Total non-current assets	718,139	13	558,135	13	3350	Unappropriated earnings	1,197,715	22	1,005,824	23
							Other equity interest:				
						3411	Exchange differences on translation of foreign financial statements	2,361	-	3,935	-
						3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(83,824)	(2)	(52,802)	(1)
						3491	Deferred compensation cost arising from issuance of restricted stock	(5,145)	-	(30,647)	-
						3500	Treasury stock	(248,761)	(4)	(278,740)	(6)
							Equity attributable to shareholders of the Company	2,803,045	51	2,392,124	56
						36XX	Non-controlling interests	8,631	-	-	-
							Total equity	2,811,676	51	2,392,124	56
							Total liabilities and equity	\$ 5,528,067	100	4,308,536	100
	Total assets	\$ 5,528,067	100	4,308,536	100						

(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, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
4000 Revenue (note 6(u))	\$ 7,358,441	100	5,909,333	100
5000 Costs of revenue (notes 6(e)(j) and 12)	<u>(4,221,134)</u>	<u>(57)</u>	<u>(3,825,431)</u>	<u>(65)</u>
Gross profit	<u>3,137,307</u>	<u>43</u>	<u>2,083,902</u>	<u>35</u>
Operating expenses (notes 6(d)(j)(k)(l)(n)(o)(p)(s)(v), 7 and 12):				
6100 Selling expenses	(315,972)	(4)	(293,377)	(5)
6200 Administrative expenses	(277,169)	(4)	(212,325)	(4)
6300 Research and development expenses	<u>(1,441,514)</u>	<u>(20)</u>	<u>(852,023)</u>	<u>(14)</u>
Total operating expenses	<u>(2,034,655)</u>	<u>(28)</u>	<u>(1,357,725)</u>	<u>(23)</u>
Operating income	<u>1,102,652</u>	<u>15</u>	<u>726,177</u>	<u>12</u>
Non-operating income and loss:				
7010 Other income (note 6(w))	90,379	1	44,568	1
7020 Other gains and losses, net (note 6(w))	(74,789)	(1)	80,414	1
7050 Finance costs (notes 6(n)(w))	(19,332)	-	(9,917)	-
7060 Share of profits of associates and joint ventures accounted for using equity method (notes 6(g) and 13)	<u>(46,709)</u>	<u>(1)</u>	<u>6,854</u>	<u>-</u>
Total non-operating income and loss	<u>(50,451)</u>	<u>(1)</u>	<u>121,919</u>	<u>2</u>
Net income before taxes	1,052,201	14	848,096	14
7950 Less: Income tax expenses (note 6(q))	<u>(199,498)</u>	<u>(2)</u>	<u>(177,305)</u>	<u>(3)</u>
Net income	<u>852,703</u>	<u>12</u>	<u>670,791</u>	<u>11</u>
Other comprehensive income:				
8310 Items that will not be reclassified subsequently to profit or loss:				
8316 Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income (notes 6(r))	(31,022)	(1)	(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>(31,022)</u>	<u>(1)</u>	<u>(53,977)</u>	<u>(1)</u>
8360 Items that may be reclassified subsequently to profit or loss:				
8361 Exchange differences on translation of foreign operations (notes 6(g)(r))	(1,574)	-	697	-
8399 Income tax related to items that may be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(1,574)</u>	<u>-</u>	<u>697</u>	<u>-</u>
Other comprehensive income (loss), net	<u>(32,596)</u>	<u>(1)</u>	<u>(53,280)</u>	<u>(1)</u>
Comprehensive income	<u>\$ 820,107</u>	<u>11</u>	<u>617,511</u>	<u>10</u>
Net income attributable to:				
8610 Shareholders of the Company	\$ 862,681	12	670,791	11
8620 Non-controlling interests	<u>(9,978)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 852,703</u>	<u>12</u>	<u>670,791</u>	<u>11</u>
Total comprehensive income attributable to:				
8710 Shareholders of the Company	\$ 830,085	11	617,511	10
8720 Non-controlling interests	<u>(9,978)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 820,107</u>	<u>11</u>	<u>617,511</u>	<u>10</u>
Earnings per share (in New Taiwan dollars) (note 6(t)) :				
9750 Basic earnings per share	<u>\$ 12.60</u>		<u>9.62</u>	
9850 Diluted earnings per share	<u>\$ 12.46</u>		<u>9.54</u>	

(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, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	Attributable to shareholders of the Company												
	Retained earnings:						Other equity interest					Non-controlling interests	Total equity
	Common stock	Common stock subscribed	Capital Surplus	Legal reserve	Special 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	Total		
Balance at January 1, 2018	\$ 704,908	4,415	942,038	11,403	-	695,814	3,238	-	(97,734)	-	2,264,082	-	2,264,082
Effects of retrospective application	-	-	-	-	-	-	-	1,175	-	-	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	-	2,265,257
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	-	59,319	-	(59,319)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(301,462)	-	-	-	-	(301,462)	-	(301,462)
Purchase of treasury share	-	-	-	-	-	-	-	-	-	(278,740)	(278,740)	-	(278,740)
Issuance of common stock from exercise of employee stock options	4,895	(3,485)	15,508	-	-	-	-	-	-	-	16,918	-	16,918
Compensation cost of employee stock options	-	-	2,810	-	-	-	-	-	-	-	2,810	-	2,810
Compensation cost arising from restricted shares of stock issued to employees	-	-	2,743	-	-	-	-	-	67,087	-	69,830	-	69,830
Retirement of restricted shares of stock issued to employees	(60)	-	60	-	-	-	-	-	-	-	-	-	-
Net income in 2018	-	-	-	-	-	670,791	-	-	-	-	670,791	-	670,791
Other comprehensive income in 2018	-	-	-	-	-	-	697	(53,977)	-	-	(53,280)	-	(53,280)
Total comprehensive income in 2018	-	-	-	-	-	670,791	697	(53,977)	-	-	617,511	-	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	-	2,392,124
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	-	67,079	-	(67,079)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	48,867	(48,867)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(554,844)	-	-	-	-	(554,844)	-	(554,844)
Treasury stock transferred to employees	-	-	(90)	-	-	-	-	-	-	29,979	29,889	-	29,889
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	18,609	18,609
Issuance of common stock from exercise of employee stock options	2,940	295	33,995	-	-	-	-	-	-	-	37,230	-	37,230
Compensation cost of employee stock options	-	-	41,071	-	-	-	-	-	-	-	41,071	-	41,071
Compensation cost arising from restricted shares of stock issued to employees	-	-	1,988	-	-	-	-	-	25,502	-	27,490	-	27,490
Retirement of restricted shares of stock issued to employees	(30)	-	30	-	-	-	-	-	-	-	-	-	-
Net income in 2019	-	-	-	-	-	862,681	-	-	-	-	862,681	(9,978)	852,703
Other comprehensive income in 2019	-	-	-	-	-	-	(1,574)	(31,022)	-	-	(32,596)	-	(32,596)
Total comprehensive income in 2019	-	-	-	-	-	862,681	(1,574)	(31,022)	-	-	830,085	(9,978)	820,107
Balance at December 31, 2019	\$ 712,653	1,225	1,040,153	137,801	48,867	1,197,715	2,361	(83,824)	(5,145)	(248,761)	2,803,045	8,631	2,811,676

(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, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Income before income taxes	\$ 1,052,201	848,096
Adjustments for:		
Adjustments to reconcile profit (loss):		
Depreciation	60,490	15,545
Amortization	42,826	24,589
Expected credit loss (gain) / Provision for bad debt expense	-	(1,300)
Net loss on financial assets at fair value through profit or loss	415	755
Interest expense	19,332	9,917
Interest income	(80,063)	(41,767)
Share-based payments	68,561	72,640
Share of loss of associates and joint ventures accounted for using equity method	46,709	(6,854)
Loss on disposal of assets	724	11
Gain arising from lease modifications	(139)	-
Total adjustments to reconcile profit	<u>158,855</u>	<u>73,536</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts receivable	270,972	116,262
Inventories	(206,988)	143,634
Prepayments and other current assets	(81,476)	(13,763)
Total changes in operating assets	<u>(17,492)</u>	<u>246,133</u>
Changes in operating liabilities:		
Notes and accounts payable	165,264	(246,124)
Accrued expenses and other current liabilities	233,091	130,648
Total changes in operating liabilities	<u>398,355</u>	<u>(115,476)</u>
Total changes in operating assets and liabilities	<u>380,863</u>	<u>130,657</u>
Cash provided by operations	1,591,919	1,052,289
Interest received	77,962	41,045
Interest paid	(19,253)	(9,501)
Income taxes paid	(177,101)	(178,646)
Net cash provided by operating activities	<u>1,473,527</u>	<u>905,187</u>

(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, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	<u>2019</u>	<u>2018</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(62,140)	-
Acquisition of financial assets at fair value through profit or loss	(98,508)	-
Proceeds from disposal of financial assets at fair value through profit or loss	30,243	57,157
Acquisition of investments accounted for using equity method	(43,232)	(19,517)
Increase in prepayments for investments	-	(186,593)
Net cash flows from acquisition of subsidiaries	34,034	-
Acquisition of property, plant and equipment	(45,157)	(21,222)
Proceeds from disposal of property, plant and equipment	3	-
Acquisition of intangible assets	(20,070)	(38,643)
Decrease (increase) in other financial assets	(287,165)	504,985
Decrease (increase) in refundable deposits	(399)	194
Net cash provided by (used in) investing activities	<u>(492,391)</u>	<u>296,361</u>
Cash flows from financing activities:		
Proceeds from short-term borrowings	6,967,837	3,575,763
Repayments of short-term borrowings	(6,735,666)	(2,894,967)
Payment of lease liabilities	(35,669)	-
Cash dividends distributed to shareholders	(554,844)	(301,462)
Proceeds from exercise of employee stock options	37,230	16,918
Purchase of treasury stock	-	(278,740)
Treasury stock transferred to employees	29,889	-
Net cash provided by (used in) financing activities	<u>(291,223)</u>	<u>117,512</u>
Effects of foreign exchange rate changes	<u>(1,546)</u>	<u>1,092</u>
Net increase in cash and cash equivalents	688,367	1,320,152
Cash and cash equivalents at beginning of the period	<u>2,473,863</u>	<u>1,153,711</u>
Cash and cash equivalents at end of the period	<u><u>\$ 3,162,230</u></u>	<u><u>2,473,863</u></u>

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, 2019 and 2018, 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, 2019 and 2018, 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 of 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, 2019 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(k) "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: obtaining the assessment of goodwill impairment provided by the management; assessing the appropriateness of the valuation model and key assumptions, including the discount rate, expected sales growth rate and future cash flow projections, used by the management in measuring the recoverable amount; and assessing the adequacy of the Company's disclosures with respect to the related information.

2. Valuation of inventories

Please refer to Note 4(g) "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(e) "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 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 exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent-company-only 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. Obtain 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. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, base 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. Evaluate 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. Obtain sufficient and appropriate audit evidence regarding the financial information of the investee companies accounted for using 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 remain solely responsible for our audit opinion.

We communicate 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 identify during our audit.

We also provide 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 determine 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 describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine 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 Huei-Chen Chang.

KPMG

Taipei, Taiwan (Republic of China)

March 17, 2020

Notes to Readers

The accompanying financial statements are intended only to present the parent-company-only financial position, financial performance and 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 parent-company-only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent-company-only 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 parent-company-only financial statements, the Chinese version shall prevail.

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

Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2019		December 31, 2018			December 31, 2019		December 31, 2018	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets									
Current assets:									
1100 Cash and cash equivalents (notes 6(a))	\$ 3,099,110	57	2,443,774	57	2100 Short-term borrowings (notes 6(l)(z) and 8)	\$ 1,193,486	22	961,315	22
1110 Financial assets at fair value through profit or loss – current (notes 6(b))	62,541	1	-	-	2170 Notes and accounts payable	561,738	10	396,474	9
1170 Accounts receivable, net (notes 6(d)(t))	343,355	6	614,327	14	2220 Other payables to related parties (note 7)	5,015	-	5,998	-
1210 Other receivables from related parties (note 7)	-	-	109	-	2230 Current tax liabilities	165,836	3	110,442	3
130X Inventories (note 6(g))	762,907	14	555,919	13	2280 Current lease liabilities (notes 6(m)(z))	30,164	1	-	-
1470 Prepaid expenses and other current assets	160,648	3	77,130	2	2399 Accrued expenses and other current liabilities (note 6(u))	664,523	12	439,332	10
1476 Other financial assets – current (notes 6(f) and 8)	317,974	6	19,432	-	Total current liabilities	2,620,762	48	1,913,561	44
Total current assets	4,746,535	87	3,710,691	86	Non-current liabilities:				
Non-current assets:					2570 Deferred income tax liabilities (note 6(p))	75	-	1,038	-
1510 Non-current financial assets at fair value through profit or loss (note 6(b))	5,309	-	-	-	2580 Non-current lease liabilities (notes 6(m)(z))	61,912	1	-	-
1517 Non-current financial assets at fair value through other comprehensive income (note 6(c))	195,216	3	41,033	1	Total non-current liabilities	61,987	1	1,038	-
1550 Investments accounted for using equity method (note 6(g))	113,559	2	68,710	2	Total liabilities	2,682,749	49	1,914,599	44
1600 Property, plant and equipment (note 6(i))	57,567	1	37,531	1	Equity (notes 6(q)(r)):				
1755 Right-of-use assets (note 6(j))	90,173	2	-	-	3110 Common stock	712,653	13	709,743	16
1780 Intangible assets (note 6(k))	194,630	4	213,906	5	3140 Common stock subscribed	1,225	-	930	-
1840 Deferred income tax assets (note 6(p))	74,540	1	40,361	1	3200 Capital surplus	1,040,153	19	963,159	22
1960 Prepayments for investments (note 6(h))	-	-	186,593	4	Retained earnings:				
1995 Refundable deposits	8,265	-	7,898	-	3310 Legal reserve	137,801	3	70,722	2
Total non-current assets	739,259	13	596,032	14	3320 Special reserve	48,867	1	-	-
					3350 Unappropriated earnings	1,197,715	22	1,005,824	23
					Other equity interest:				
					3411 Exchange differences on translation of foreign financial statements	2,361	-	3,935	-
					3420 Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(83,824)	(2)	(52,802)	(1)
					3491 Deferred compensation cost arising from issuance of restricted stock	(5,145)	-	(30,647)	-
					3500 Treasury stock	(248,761)	(5)	(278,740)	(6)
					Total equity	2,803,045	51	2,392,124	56
Total assets	\$ 5,485,794	100	4,306,723	100	Total liabilities and equity	\$ 5,485,794	100	4,306,723	100

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

Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

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

		2019		2018	
		Amount	%	Amount	%
4000	Revenue (note 6(t))	\$ 7,358,441	100	5,909,333	100
5000	Costs of revenue (notes 6(e)(i) and 12)	<u>(4,221,134)</u>	<u>(57)</u>	<u>(3,825,431)</u>	<u>(65)</u>
	Gross profit	<u>3,137,307</u>	<u>43</u>	<u>2,083,902</u>	<u>35</u>
	Operating expenses (notes 6(d)(i)(j)(k)(m)(n)(o)(v), 7 and 12):				
6100	Selling expenses	(303,537)	(4)	(271,985)	(5)
6200	Administrative expenses	(253,463)	(4)	(212,139)	(4)
6300	Research and development expenses	<u>(1,424,781)</u>	<u>(19)</u>	<u>(871,541)</u>	<u>(14)</u>
	Total operating expenses	<u>(1,981,781)</u>	<u>(27)</u>	<u>(1,355,665)</u>	<u>(23)</u>
	Operating income	<u>1,155,526</u>	<u>16</u>	<u>728,237</u>	<u>12</u>
	Non-operating income and loss:				
7010	Other income (note 6(v))	89,829	1	44,303	1
7020	Other gains and losses, net (note 6(v))	(72,915)	(1)	80,588	1
7050	Finance costs (notes 6(m)(v))	(18,816)	-	(9,917)	-
7060	Share of losses of associates and joint ventures accounted for using equity method (note 6(g))	<u>(91,793)</u>	<u>(1)</u>	<u>(1,256)</u>	<u>-</u>
	Total non-operating income and loss	<u>(93,695)</u>	<u>(1)</u>	<u>113,718</u>	<u>2</u>
	Income before taxes	1,061,831	15	841,955	14
7950	Less: Income tax expenses (notes 6(p))	<u>(199,150)</u>	<u>(3)</u>	<u>(171,164)</u>	<u>(3)</u>
	Net income	<u>862,681</u>	<u>12</u>	<u>670,791</u>	<u>11</u>
	Other comprehensive income (loss):				
8310	Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income (notes 6(q))	(31,022)	(1)	(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>(31,022)</u>	<u>(1)</u>	<u>(53,977)</u>	<u>(1)</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign operations (note 6(g)(q))	(1,574)	-	697	-
8399	Income tax related to items that may be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(1,574)</u>	<u>-</u>	<u>697</u>	<u>-</u>
	Other comprehensive income (loss), net	<u>(32,596)</u>	<u>(1)</u>	<u>(53,280)</u>	<u>(1)</u>
	Comprehensive income	<u>\$ 830,085</u>	<u>11</u>	<u>617,511</u>	<u>10</u>
	Earnings per share (in New Taiwan dollars) (note 6(s)) :				
9750	Basic earnings per share	<u>\$ 12.60</u>		<u>9.62</u>	
9850	Diluted earnings per share	<u>\$ 12.46</u>		<u>9.54</u>	

(English Translation of Financial Statements Originally Issued in Chinese)

EGIS TECHNOLOGY INC.

Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other equity interest					Total equity
	Common stock	Common stock subscribed	Capital Surplus	Legal reserve	Special 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, 2018	\$ 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 of ordinary share	-	-	-	-	-	(301,462)	-	-	-	-	(301,462)
Purchase of treasury share	-	-	-	-	-	-	-	-	-	(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
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
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	-	67,079	-	(67,079)	-	-	-	-	-
Special reserve	-	-	-	-	48,867	(48,867)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(554,844)	-	-	-	-	(554,844)
Treasury stock transferred to employees	-	-	(90)	-	-	-	-	-	-	29,979	29,889
Issuance of common stock from exercise of employee stock options	2,940	295	33,995	-	-	-	-	-	-	-	37,230
Compensation cost of employee stock options	-	-	41,071	-	-	-	-	-	-	-	41,071
Compensation cost arising from restricted shares of stock issued to employees	-	-	1,988	-	-	-	-	-	25,502	-	27,490
Retirement of restricted shares of stock issued to employees	(30)	-	30	-	-	-	-	-	-	-	-
Net income in 2019	-	-	-	-	-	862,681	-	-	-	-	862,681
Other comprehensive income in 2019	-	-	-	-	-	-	(1,574)	(31,022)	-	-	(32,596)
Total comprehensive income in 2019	-	-	-	-	-	862,681	(1,574)	(31,022)	-	-	830,085
Balance at December 31, 2019	\$ 712,653	1,225	1,040,153	137,801	48,867	1,197,715	2,361	(83,824)	(5,145)	(248,761)	2,803,045

(English Translation of Financial Statements Originally Issued in Chinese)

EGIS TECHNOLOGY INC.

Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Income before income taxes	\$ 1,061,831	841,955
Adjustments for:		
Adjustments to reconcile profit (loss):		
Depreciation	49,959	14,890
Amortization	39,256	24,548
Expected credit loss (gain) / Provision for bad debt expense	-	(1,300)
Net loss on financial assets at fair value through profit or loss	415	755
Interest expense	18,816	9,917
Interest income	(79,765)	(41,583)
Share-based payments	68,561	72,640
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	91,793	1,256
Total adjustments to reconcile profit	<u>189,035</u>	<u>81,123</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts receivable	270,972	116,262
Other receivables from related parties	109	(109)
Inventories	(206,988)	143,634
Prepayments and other current assets	(83,518)	(13,791)
Total changes in operating assets	<u>(19,425)</u>	<u>245,996</u>
Changes in operating liabilities:		
Notes and accounts payable	165,264	(246,124)
Other payables to related parties	(983)	5,998
Accrued expenses and other current liabilities	223,153	128,468
Total changes in operating liabilities	<u>387,434</u>	<u>(111,658)</u>
Total changes in operating assets and liabilities	<u>368,009</u>	<u>134,338</u>
Cash provided by operations	1,618,875	1,057,416
Interest received	77,630	40,877
Interest paid	(18,737)	(9,501)
Income taxes paid	(176,939)	(172,031)
Net cash provided by operating activities	<u>1,500,829</u>	<u>916,761</u>

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

Statements of Cash Flows (Continued)

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(62,140)	-
Acquisition of financial assets at fair value through profit or loss	(98,508)	-
Proceeds from disposal of financial assets at fair value through profit or loss	30,243	57,157
Acquisition of investments accounted for using equity method	(83,795)	(34,827)
Increase in prepayments for investments	-	(186,593)
Proceeds from capital return of investments accounted for using equity method	9,107	-
Acquisition of property, plant and equipment	(39,594)	(20,376)
Proceeds from disposal of property, plant and equipment	-	1,066
Acquisition of intangible assets	(19,980)	(37,813)
Decrease (increase) in other financial assets	(296,407)	505,743
Decrease (increase) in refundable deposits	(367)	1,633
Net cash provided by (used in) investing activities	(561,441)	285,990
Cash flows from financing activities:		
Proceeds from short-term borrowings	6,967,837	3,575,763
Repayments of short-term borrowings	(6,735,666)	(2,894,967)
Payment of lease liabilities	(28,498)	-
Cash dividends distributed to shareholders	(554,844)	(301,462)
Proceeds from exercise of employee stock options	37,230	16,918
Purchase of treasury stock	-	(278,740)
Treasury stock transferred to employees	29,889	-
Net cash provided by (used in) financing activities	(284,052)	117,512
Net increase in cash and cash equivalents	655,336	1,320,263
Cash and cash equivalents at beginning of the period	2,443,774	1,123,511
Cash and cash equivalents at end of the period	\$ 3,099,110	2,443,774

[Exhibit 4]

Egis Technology Inc.

Comparison Table of Pre- and Post-Amendment Clauses of the Ethical Corporate Management Best Practice Principles

Amended Clause	Existing Clause	Explanation
<p>Articles 5 (Policy)</p> <p>The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and <u>obtain approval from the board of directors</u>, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.</p>	<p>Articles 5 (Policy)</p> <p>The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.</p>	<p>It provides that the Ethical Corporate Management Best Practice Principles has been approved by the board of directors.</p>
<p>Article 7 (Scope of Prevention Program)</p> <p>The Company shall <u>establish a risk assessment mechanism against unethical conduct</u>, analyze <u>and assess</u> on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and <u>establish prevention programs accordingly and review their adequacy and effectiveness</u> on a regular basis.</p> <p>It is advisable for the Company to <u>refer to prevailing domestic and foreign standards or guidelines</u> in establishing the prevention programs, which shall at least include preventive measures against the following: 1 ~ 7 (omitted)</p>	<p>Article 7 (Scope of Prevention Program)</p> <p>When <u>establishing prevention programs</u>, the Company shall analyze business activities within their business scope which are at a higher risk of being involved in unethical conduct, and <u>enhance relevant preventive measures</u>.</p> <p>The Company shall establish prevention programs that include at least preventive measures against the following: 1 ~ 7 (omitted)</p>	<p>1.Paragraph 1 of this Article is amended in order to establish the types for risk level assessment for bribery. 2.To establish a corporate culture of integrity (anti-bribery), there are prevailing domestic and foreign standards or guidelines for reference, so the wording in paragraph 2 of this article is amended.</p>
<p>Article 8 (Commitment and Implementation)</p> <p>The Company shall <u>request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such</u></p>	<p>Article 8 (Commitment and Implementation)</p> <p>The Company and its business group shall clearly</p>	<p>1.Paragraph 1 is added to require that employment contracts shall include and emphasize provisions on ethical management. 2.The Company shall establish a website that clearly presents the ethical corporate</p>

<p><u>policy.</u></p> <p>The Company and its business group shall clearly specify in their rules and external documents <u>and on the company website</u> the ethical corporate management policies and the commitment by the board of directors and <u>senior</u> management to rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in external commercial activities.</p> <p><u>The Company shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.</u></p>	<p>specify in their rules <u>and</u> external documents the ethical corporate management policies and the commitment by the board of directors and senior management to rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in external commercial activities.</p>	<p>management policies and the commitment by the board of directors and senior management to rigorous and thorough implementation of such policies.</p> <p>3.Paragraph 3 is added to require documentation and proper retention.</p>
<p>Article 17 (Organization and Responsibilities)</p> <p>The directors, managers, employees, mandataries, and actual controllers of the Company shall exercise the fiduciary duty of care to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>To achieve sound ethical corporate management, the human resources department shall be responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs, by being in charge of the following matters:</p> <p>1. Assisting in incorporating ethics and moral values into the company's business strategy and</p>	<p>The directors, managers, employees, mandataries, and actual controllers of the Company shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>To achieve sound ethical corporate management, the personnel administration unit shall be responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs, and in charge of the following matters:</p> <p>1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption</p>	<p>A provision is added that the ethical management dedicated unit shall be in charge of matters including regular analysis and assessment of the risk of involvement in unethical conduct within the business scope; and relevant wordings are accordingly adjusted.</p>

<p>adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</p> <p>2. <u>Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope</u>, adopting accordingly programs to prevent unethical conduct, and setting out in each program the standard operating procedures <u>and</u> code of conduct with respect to the company's operations and business.</p> <p>3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p>	<p>and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</p> <p>2. Adopting programs to prevent unethical conduct, and setting out in each program the standard operating procedures and code of conduct with respect to the company's operations and business.</p> <p>3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p>	
<p>Article 20 (Accounting and Internal Control)</p> <p>The Company shall establish effective accounting systems and internal control systems for</p>	<p>Article 20 (Accounting and Internal Control)</p> <p>The Company shall establish effective accounting systems and internal control systems for</p>	<p>1.Paragraph 2 of this article is amended so that the audit plans include audit frequency, audit method, etc.</p>

<p>business activities possibly at a higher risk of being involved in an unethical conduct, shall not have under-the-table accounts or keep secret accounts, and shall conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of the Company shall, <u>based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans including auditees, audit scope, audit items, audit frequency, etc., and examine accordingly the compliance with the prevention programs.</u> The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p> <p><u>The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the board of directors.</u></p>	<p>business activities possibly at a higher risk of being involved in an unethical conduct, shall not have under-the-table accounts or keep secret accounts, and shall conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of the Company shall examine <u>on a regular basis the compliance with the systems in the preceding paragraph, and put down in writing in the form of an audit report to be submitted to the board of directors.</u> The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p>	<p>2.Paragraph 3 is added, to include the wording “put down in writing in the form of an audit report to be submitted to the board of directors” from paragraph 2, and the reporting procedures following examination by the internal audit unit.</p>
<p>Article 23 (Whistling-blowing system)</p> <p>The Company shall adopt a concrete whistle-blowing system and faithfully implement the system. The whistle-blowing system shall include at least the following:</p> <ol style="list-style-type: none"> 1. A report mailbox or hotline, either internally established or provided by an independent external institution, to allow internal and external personnel of the company to submit reports. 2. Dedicated personnel or unit appointed to handle the whistle- 	<p>Article 23 (Whistling-blowing system)</p> <p>The Company shall adopt a concrete whistle-blowing system and faithfully implement the system. The whistle-blowing system shall include at least the following:</p> <ol style="list-style-type: none"> 1. A report mailbox or hotline, either internally established or provided by an independent external institution, to allow internal and external personnel of the company to submit reports. 2. Dedicated personnel or unit appointed to handle the whistle- 	<ol style="list-style-type: none"> 1.Subparagraph 3 is added to paragraph 1 of this article, and the existing subparagraphs 3 to 6 under paragraph 1 are renumbered as subparagraphs 4 to 7. 2.The wording in subparagraph 2 under paragraph 1 is slightly amended. 3.Anonymous report is permitted, and the renumbered subparagraph 5 under paragraph is amended accordingly.

<p>blowing system. Any circumstance reported involving a director or senior <u>management</u> shall be reported to the independent directors or supervisors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</p> <p><u>3. Take follow-up measures depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.</u></p> <p>4. Documentation and record retention of case acceptance, investigation processes, investigation results, and relevant documents.</p> <p><u>5. Confidentiality of the identity of whistle-blowers and the content of reported cases, and allow anonymous reporting.</u></p> <p><u>6. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</u></p> <p><u>7. Whistle-blowing incentive measures.</u></p> <p>When material misconduct or likelihood of material impairment to the Company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in written form.</p>	<p>blowing system. Any circumstance reported involving a director or senior <u>officer</u> shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</p> <p><u>3. Documentation and record retention of case acceptance, investigation processes, investigation results, and relevant documents.</u></p> <p>4. Confidentiality of the identity of whistle-blowers and the content of reported cases.</p> <p><u>5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</u></p> <p><u>6. Whistle-blowing incentive measures.</u></p> <p>When material misconduct or likelihood of material impairment to the Company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in written form.</p>	
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[Exhibit 5]

Egis Technology Inc.
2019 Earnings Distribution Statement

Unit: NTD

Item	Amount in Cash
Undistributed earnings at the beginning of period	335,033,924
Actuarial loss included in retained earnings (explanation)	0
Undistributed earnings after adjustment	0
Net profit after tax for current period	862,681,117
Less: Appropriation to legal reserve	86,268,112
Appropriation to special reserve	32,596,206
Earnings available for distribution in current period	1,078,850,723
- Stock dividends (NTD - per share)	0
- Cash dividends (NTD 9.0 per share)	623,535,786
Undistributed earnings at the end of period	455,314,937

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:

Manager:

Accounting officer:

[Exhibit 6]

Comparison Table of Pre- and Post-Amendment Clauses of Operating Procedures for Acquisition or Disposal of Assets of Egis Technology Inc.

Amended Clause	Existing Clause	Explanation
<p>Article 7: Operating procedures for acquisition or disposal of negotiable securities investments</p> <p>1. Evaluation and operating procedures</p> <p>(1) The Company shall acquire and dispose of long-term and short-term securities in accordance with Company's investment cycle regulations under the internal control system.</p> <p>(2) For negotiable securities that are traded in centralized trading markets or business premises of securities dealers, the transaction price shall be determined based on market conditions, and <u>the implementing unit is authorized to make decisions and handle the case based on the approval authority table.</u></p>	<p>Article 7: Operating procedures for acquisition or disposal of negotiable securities investments</p> <p>1. Evaluation and operating procedures</p> <p>(1) The Company shall acquire and dispose long-term and short-term securities in accordance with Company's investment cycle regulations under the internal control system.</p> <p>(2) For negotiable securities that are traded in centralized trading markets or business premises of securities dealers, the transaction price shall be determined based on market conditions. Where the amount for any single transaction is less than NTD50 million (inclusive) or the cumulative monthly amount is less than NTD100 million(inclusive), approval may be granted by the Chairman; where the amount for any single transaction exceeds NTD50 million or the cumulative monthly amount exceeds NTD100 million (excluding fixed income negotiable securities with a tenor of one year or less), it may be implemented only upon deliberation and approval by the Board of Directors.</p> <p>(3) For negotiable securities that are not traded in centralized trading markets or the business premises of securities dealers,</p>	<p>This change is made to meet management needs.</p>

Amended Clause	Existing Clause	Explanation
<p>(3) For negotiable securities that are not traded in centralized trading markets or the business premises of securities dealers, the transaction price shall be determined based on the most recent financial statements of the target company audited or certified by an accountant, with the net worth per share, profitability and future development potential, etc. of the said company taken into consideration. Where the amount is less than NTD100 million (inclusive), approval may be granted by the Chairman; where the amount exceeds NTD100 million, it may be implemented only upon deliberation and approval by the Board of Directors.</p> <p>(Omitted)</p>	<p>the transaction price shall be determined based on the most recent financial statements of the target company audited or certified by an accountant, with the net worth per share, profitability and future development potential, etc. of the said company taken into consideration. Where the amount for any single transaction is less than NTD50 million (inclusive) or the cumulative monthly amount is less than NTD100 million (inclusive), approval may be granted by the Chairman; where the amount for any single transaction exceeds NTD 50 million or the cumulative monthly amount exceeds NTD100 million, it may be implemented only upon deliberation and approval by the Board of Directors.</p> <p>(Omitted)</p>	
<p>Article 18 These Operating Procedures were adopted 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>Article 18 This Operating Procedures was adopted 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>

Amended Clause	Existing Clause	Explanation
<p>The ninth amendment was made on June 18, 2019.</p> <p>The tenth amendment was made on June 18, 2020.</p>	<p>The ninth amendment was made on June 18, 2019.</p>	

[Exhibit 7]

Comparison Table of Pre- and Post-Amendment Clauses of Shareholders
Meeting Procedure Rules of
Egis Technology Inc.

Amended Clause	Existing Clause	Explanation
<p>Article 2 (Paragraphs 1 and 2 omitted) Election or dismissal of directors, <u>amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the company, or any matter under Article 185, Paragraph 1 of the Company Act, shall be set out in the notice of the reasons for convening the shareholders meeting, with the essential contents explained; none of the above matters may be raised by an extraordinary motion. The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.</u> <u>Where the notice of the reasons for convening the shareholders meeting specifies a reelection of all directors as well as the date when they will assume office, after the election is completed at such shareholders meeting, the date when they will assume office may not be changed again at such same meeting through an extraordinary motion or any other method.</u> 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,</p>	<p>Article 2 (Paragraphs 1 and 2 omitted) 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.</p> <p>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.</p> <p>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</p>	<p>This is made in compliance with the amendment of the Company Act, and a requirement is added that after the election is completed at the shareholders meeting, the date when the elected directors will assume office may not be changed again at such same meeting through an extraordinary motion or any other method.</p>

<p>are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. <u>However, a shareholder proposal for urging the Company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the Board of Directors.</u></p> <p>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, <u>in writing or by way of electronic transmission</u>, and the location and time period for their submission; the period for submission of shareholder proposals shall not be less than 10 days. (the following is omitted)</p>	<p>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. (the following is omitted)</p>	
<p>Article 24 (Paragraphs 1 and 2 omitted) 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 <u>voting results (including the number of votes); when there is an election of directors, the number of votes received by each elected director shall be disclosed.</u> The meeting minutes shall be retained for the duration of the existence of the Company. (the following is omitted)</p>	<p>Article 24 (Paragraphs 1 and 2 omitted) 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. (the following is omitted)</p>	<p>This change is made in compliance with the amendment of the laws.</p>
<p>Article 28 These Rules were formulated on June 30, 2008. The first amendment was made on</p>	<p>Article 28 These Rules were formulated on June 30, 2008. The first amendment was made on</p>	<p>An additional amendment date is added.</p>

<p>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. <u>The fifth amendment was made on June 18, 2020.</u></p>	<p>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.</p>	
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[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]

Egis Technology Inc.

Procedures for Election of Directors and Independent Directors

1. These Procedures are formulated in accordance with the provisions of the Company Act, Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the Articles of Incorporation of the Company. The election of the directors (including independent directors) of the Company, except when otherwise provided in the laws or Articles of Incorporation, shall be conducted according to the provisions of these Procedures.
2. The election of the directors (including independent directors) of the Company shall be held at the shareholders' meeting.
- 2-1 The overall composition of the board of directors shall be taken into consideration in the selection of this Corporation's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:
 - (1) Basic requirements and values: Gender, age, nationality, and culture.
 - (2) Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:
 - (1) The ability to make judgments about operations.
 - (2) Accounting and financial analysis ability.
 - (3) Business management ability.
 - (4) Crisis management ability.
 - (5) Knowledge of the industry.
 - (6) An international market perspective.
 - (7) Leadership ability.
 - (8) Decision-making ability.More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The board of directors of this Corporation shall consider adjusting its composition based on the results of performance evaluation.
3. The qualifications of the independent directors of the Company shall comply with the provisions in Articles 2, 3 and 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".

The election of independent directors of the Company shall comply with the provisions in Articles 5, 6, 7, 8 and 9 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", and shall be conducted according to the provisions in Article 24 of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies".
4. Elections of directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. This Corporation shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and supervisors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified directors and supervisors will be elected

5. The cumulative voting method shall be used for election of the directors and independent directors of the Company. Attendance card numbers printed on the ballots may be used instead of recording the names of the voters. Each share will have voting rights in number equal to the directors to be elected. The Board of Directors shall prepare ballots in numbers corresponding to the directors to be elected, which shall then be distributed to the respective shareholders. The ballot stated above may be cast for a single candidate or split among multiple candidates.
6. The election of the directors and independent directors of the Company shall be conducted together based on the number of directors and independent directors specified in the Company's Articles of Incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes; where two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the Chairman drawing lots on behalf of any person not in attendance.
7. The Board of Directors shall prepare ballots in numbers equivalent to the directors to be elected, serialize them according to the attendance card numbers and indicate the voting rights of each shareholder.
8. Before the election begins, the Chairman shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel.
9. The ballot boxes shall be prepared by the Board of Directors and publicly checked by the vote monitoring personnel before voting commences.
10. If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot. For a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental institution or juristic person shareholder, the name of the governmental institution or juristic person shareholder shall be entered in the column for the candidate's account name in the ballot, or both the name of the governmental institution or juristic person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of the respective representatives shall be entered.
11. A ballot is invalid under any of the following circumstances:
 - (1) The ballot was not prepared by the Board of Directors of the Company.
 - (2) A blank ballot is placed in the ballot box.
 - (3) The writing is unclear and indecipherable or has been altered, and no correction has been made according to the law.
 - (4) The name of the candidate entered in the ballot, and his shareholder account number (or identity card number) do not conform to those stated in the shareholder register.
 - (5) The number of candidates filled in the ballot exceeds the number of stipulated seats.
 - (6) Other words are entered in addition to the name of the candidate entered in the ballot, and his shareholder account number (or identity card number), as well as the number of voting rights allotted.
 - (7) The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.
12. The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors or supervisors and the numbers of votes with which they were elected, shall be announced by the chair on the site. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the

ballots shall be retained until the conclusion of the litigation.

13. The Board of Directors of the Company shall issue notifications to the persons elected as directors and independent directors.

14. These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

15. These Procedures were formulated on October 17, 2014.

The first amendment was made on June 30, 2015.

[Appendix 4]

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 5]

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

1. Types of shares and total shares issued: 71,381,754 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: 5,710,540 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
Vice Chairman	YU, MING-TO	100,000
Director	HEADWAY CAPITAL LIMITED Representative: LIN, GONG-YI	2,700,000
Director	HEADWAY CAPITAL LIMITED Representative: LEE, YI-PIN	2,700,000
Director	SHIH, CHEN-JUNG	0
Director	RO, SHIH-HAO	132,000
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)		6,478,262

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.