

Stock Code: 6462



神盾股份有限公司
Egis Technology Inc.

2022 Annual Report

Prepared by Egis Technology Inc.

Published on March 31, 2023

(Website for viewing this annual report: <http://mops.twse.com.tw>)

1. Company's Spokesperson

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Position: Sr. Deputy General Manager

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2. Acting Spokesperson

Name: Karen Chang

Position: Deputy General Manager

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4. Stock Transfer Agency

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5. Certified Public Accountants Responsible for Audit and Certification of the Last Fiscal Year's Financial Statements

Name of Certified Public Accountant: Accountants Pei-Chuan Huang and Chin-Chang Chen

Name of Accounting Firm: PricewaterhouseCoopers (PwC) Taiwan

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6. Names of Exchanges where the Company's Securities are Traded Offshore, and the Method for Accessing Information on the said Offshore Securities: Nil

7. Website of the Company: <http://www.egistec.com>

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I. Report to Shareholders

Dear shareholders,

The 2022 Business Achievements and Business Plan are provided as follows:

I. 2022 Business Achievements

(I) 2022 Business Plan Implementation Outcomes

In 2022, the Company's combined operating revenue amounted to NTD3,289,300,000, reflecting a 4% decrease from the NTD 3,442,807,000 reported in 2021. The Company also experienced a net loss before tax of NTD 931,067,000, as well as a net loss after tax of NTD 902,338,000. The comprehensive net loss for the current period was NTD 1,737,344,000.

Unit: NTD '000

Item	2021	2022
Operating revenue	3,442,807	3,289,300
Gross operating profit	1,369,894	1,162,364
Net operating profit (loss)	(300,418)	(961,661)
Non-operating revenue and expenditure	(9,930)	30,594
Net profit (loss) before tax	(310,348)	(931,067)
Net profit (loss) after tax	(231,774)	(902,338)
Total comprehensive income for the	2,668,815	(1,737,344)
Basic earnings per share (NTD)	(3.11)	(12.31)

(II) Status of Research and Development

Item	Research and Development Plan	Description of Plan
Software	Enhanced AI Fingerprint Algorithm V2.0	Based on the original algorithm, the optimization of the training of the artificial intelligence model can further improve the efficiency and reliability of the recognition performance for smaller areas of optical and capacitive fingerprint images. This improvement has also resulted in a significant enhancement to the anti-counterfeiting capabilities of 2.5D technology.

Item	Research and Development Plan	Description of Plan
	AI Model Driving Monitor System	The DMS (Driving Monitor System) utilizes AI to detect a range of factors including eye closure, blinking, gaze direction, yawning, and head movements to interpret the driver's state and reduce the occurrence of vehicle accidents.
Hard ware	HD Capacitive Fingerprint Sensor Chip	It enhances the sensitivity of the sensor unit design to further improve the signal-noise ratio of the overall fingerprint imaging, which further improve the matching rate and anti-counterfeiting ability.
	Fingerprint Independent Computing Chip	The independent fingerprint recognition module, which is compatible with our Company's small-area fingerprint chips, provides a standalone and secure rapid fingerprint recognition function without a host device. Additionally, the module is developed with capacitive fingerprint technology that is suitable for Notebooks, offering Match on Chip (MOC) independent fingerprint recognition functionality.
	Time-of-flight Sensor Chip	We are developing a multi-point matrix version to provide a more precise 3D Depth Map of the object's surface, which is suitable for multi-lens mobile phones to achieve fast focus.
	Ambient Brightness and Proximity Sensor Chip	It provides ambient light detection and brightness adjustment for mobile phones, TVs, notebooks, and screens. The chip also offers proximity detection for mobile phones. Based on this, we have developed a function to detect flicker in the ambient light source, which can effectively enhance the quality of photography and videography under different lighting conditions.
	AI SoC Multi-Configuration Inference Accelerator	It is a collaborative project with ITRI. Based on the widespread application of AI technology in various industries, especially in edge devices where AI models can be directly applied, a series of AI accelerators are developed to optimize AI inference platforms for different computing capabilities required by Edge AI

Item	Research and Development Plan	Description of Plan
		chips, ranging from MAC64 to MAC2048 and supporting formats such as INT8/BF16.
	Dynamic Vision Sensor (DVS)	It is more suitable as an image sensor for deep learning inference, reducing the data bandwidth of the sensing element and decreasing the computational load on the processor, to improve overall performance and reduce power consumption.

2. Overview of 2022 Annual Business Plan

The year 2022 was marked by the continued impact of the COVID-19 pandemic on the global market, as well as inflation stemming from loose monetary policies in multiple countries and geopolitical risks. These factors combined to weaken end-user demand and reduce corporate demand due to an overall weakness in demand. In addition, adjustments in supply chain inventory have led to a decline in revenue and profitability in 2022. Currently, the smartphone market is saturated, and fingerprint recognition technology is mature. In the face of intense market competition, Egis not only optimizes existing products, but also actively transforms and strives to develop new products and applications, expanding into non-fingerprint recognition chip businesses and non-smartphone markets.

The Company actively expands the use of fingerprint recognition chips in the mobile phone, notebook brand customers and automotive markets, expanding the market share of fingerprint recognition chip products and optimizing our product portfolio. At the same time, the Company is also entering the non-fingerprint product field, expanding its product line of non-fingerprint recognition chips, including dToF (Time of Flight). The development of 3D DepthMap sensing technology has been completed, and the dToF (Time of Flight) sensing chip has also been developed. In addition to being applied to the fast-focusing function of smartphones, it also focuses on the trend of energy-saving and carbon reduction, introducing it to notebooks and televisions. When the screen is not being watched, the display is adjusted to save energy. In the future, it will also be introduced to other applications such as IoT.

In response to the diverse needs of different market customers, the Company continues to

maintain close cooperation with suppliers and has expanded its wafer sources in 2022. The work of introducing non-Taiwanese wafer foundries has also been gradually completed through investment and division of labor. This is to ensure the quality of supply and stability of wafer sources, while optimizing the cost structure and conducting effective cost control.

3. Business Strategy and Plans for the Year 2023

With many years of experience in the field of fingerprint recognition, Egis has established a strong presence and reputation in this area. Leveraging its technical expertise in biometric recognition, it has integrated artificial intelligence deep learning into its algorithm development, and has continued to explore emerging applications for biometric recognition across various industries. It has optimized its product portfolio, strengthened market competitiveness, and developed new customers to expand its market in addition to managing existing customer orders.

The Company has completed the development of the high-performance standalone fingerprint calculation chip, which, combined with the existing micro-capacitive fingerprint chip, will be integrated into the new generation of Notebook fingerprint applications to enhance security. It will begin shipping to our notebook brand customers in 2023, expanding our market share in the fingerprint recognition chip market and optimizing our existing product portfolio. The Company will continue to optimize our product portfolio and cost control. With the introduction of new products, strengthening inventory management will be a key focus for 2023.


The Company and ITRI's collaborative project, the AI SoC multi-configuration inference accelerator, will be completed and accepted in the first half of 2023. Drawing on the design experience accumulated in this project, and our professional expertise in the field of biometric recognition for many years, Egis has recently invested in the research and development of an AI-based Driving Monitor System (DMS) to provide driver behavior awareness to mitigate potential safety hazards and create a smoother, more enjoyable driving experience. By providing a machine vision DVS sensor, Egis can offer better automotive security solutions with higher accuracy, lower power consumption, and reduced computing power requirements. This AI application can also enhance the recognition and anti-counterfeiting capabilities of fingerprint recognition software.

The Company will continue to work in line with the government’s AI development policies and strive to collaborate with industry experts and exchange ideas. This will help us better understand the needs and future development of industries, customers, and technologies, and determine the Company’s short, medium, and long-term development direction in the AI field. With the R&D achievements mentioned above, Egis aims to further integrate and leverage our investment products to improve product development speed and application, customer loyalty, and create a more diversified product strategy, accelerating the company’s revenue growth and profitability in 2023.

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

As we look towards 2023, the overall economy will continue to grapple with a number of challenges, including sluggish demand for smartphones and heightened competition on a global scale. With inflationary pressures mounting, the recent interest rate hikes have had a notable impact on both consumer confidence and the wider economy, while supply chain inventory correction problems persist. Egis will continue to provide fingerprint recognition chips with better accuracy and speed than the market, strengthen AI fingerprint algorithms, further optimize optical and capacitive fingerprint images on a smaller area, and enhance 2.5D anti-counterfeiting capabilities, making integration more efficient, secure, and complete. At the same time, we will cooperate with our investment partners to provide customers with diverse solutions, become a reliable and trustworthy partner, and create synergies and deep product collaborations with investment companies. The Company remains committed to promoting ESG, and will continue to focus on integrating our core business with sustainable development. Our efforts will include the development of high-performance and low-power products to contribute to energy conservation and carbon reduction. We will also strive to improve our corporate governance, fulfill our corporate responsibilities, and create long-term stable value, ultimately increasing shareholder returns. Lastly, we would like to express our sincere gratitude to our shareholders for their ongoing support and dedication.

Chairman: LO, SEN CHOU 

General Manager: RO, SHIH HAO 

II. Company Profile

1. Date of Establishment: December 26, 2007

2. Company History

December 2007	The Company was founded as Taxxtron International Corporation, with a registered capital of NTD 1,000,000 and paid-in capital of NTD 1,000,000.
January 2008	The Company conducted a capital injection of NTD 128,000,000 in cash and its paid-in capital after the capital injection was NTD 129,000,000.
February 2008	The Company acquired the main business and assets of Ching Hu Technology Corporation that mainly engaged in the development and sales of fingerprint recognition application software.
April 2008	The Company was merged with Egis International Inc. by absorption, with the merger record date as April 1, 2008. The Company issued new shares of NTD 51,000,000 for capital injection upon the merger and the paid-in capital after the capital injection was NTD 180,000,000. It was renamed as Egis Technology Inc.
May 2008	The Company acquired Egis Inc. and its subsidiaries; Egis Inc. and its subsidiaries mainly engaged in the development and sales of security software. The Company conducted a capital injection of NTD 180,500,000 in cash and its paid-in capital after the capital injection was NTD 360,500,000. The Company conducted a capital reduction of NTD 164,000,000 and its paid-in capital after the capital reduction was NTD 196,500,000. The Company conducted a capital injection of NTD 164,000,000 through a transfer from capital reserves and its paid-in capital after the capital injection was NTD 360,500,000.
July 2008	The Company conducted a capital injection of NTD 12,000,000 in cash and its paid-in capital after the capital injection was NTD 372,500,000. The Company acquired LighTuning Technology Inc., with the merger record date set as July 19, 2008. LighTuning Technology Inc. mainly engaged in the development and sales of biometric hardware. The Company issued new shares of NTD 123,799,000 for capital injection upon the merger and the paid-in capital after the capital injection was NTD 496,299,000.
August 2009	A subsidiary company, Egis Technology (Japan) Inc., was established in Japan.
July 2010	Employees exercised stock warrants of NTD 384,000 and the paid-in capital after the capital injection was NTD 496,683,000.
December 2013	Employees exercised stock warrants of NTD 25,810,000 and the paid-in capital after

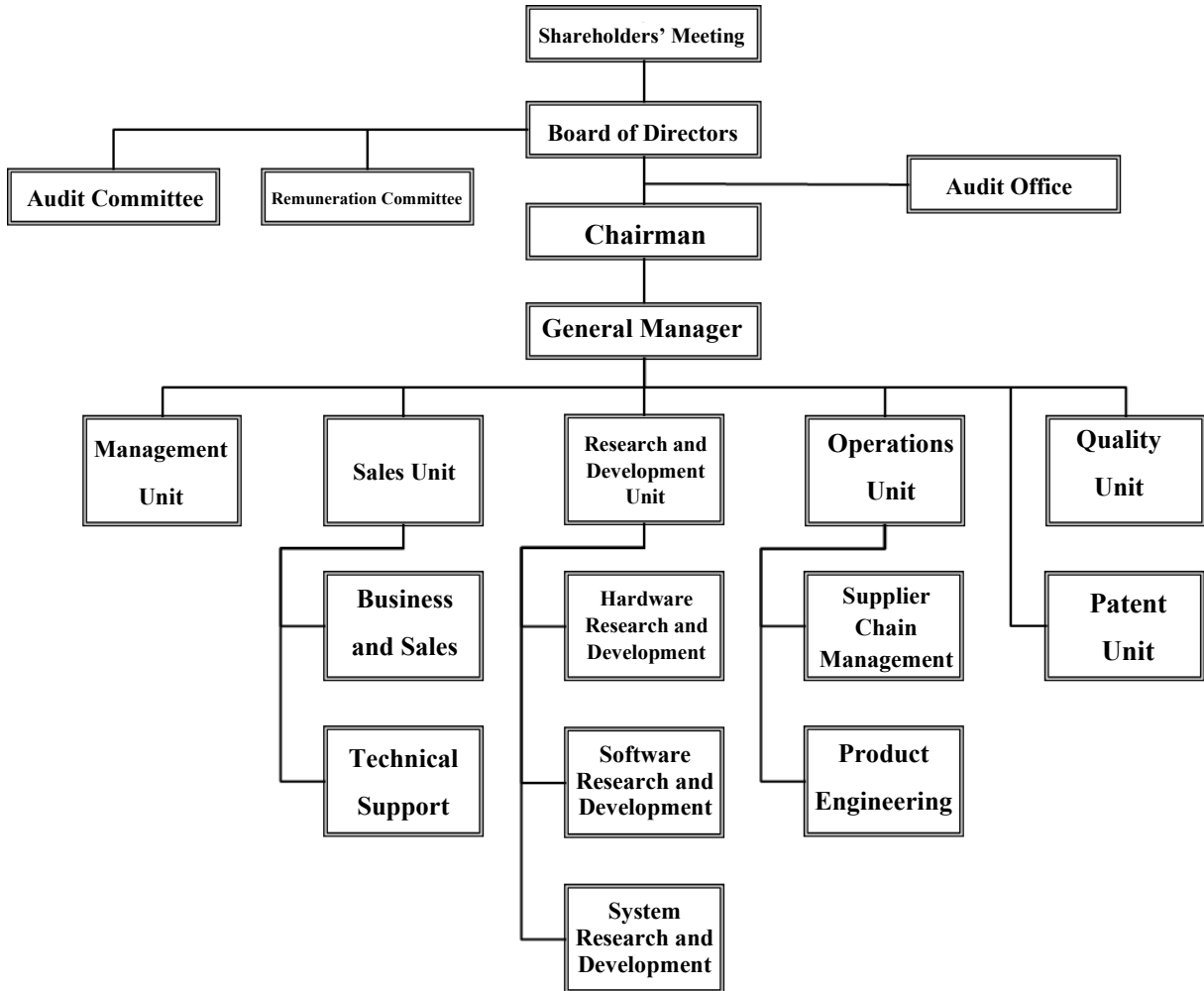
	the capital injection was NTD 522,493,000.
February 2014	The Company conducted a capital injection of NTD 88,000,000 in cash and its paid-in capital after the capital injection was NTD 610,493,000.
April 2014	Employees exercised stock warrants of NTD 9,950,000 and the paid-in capital after the capital injection was NTD 620,443,000.
May 2014	The Company declared the public offering of shares and employee stock warrants.
June 2014	The Taipei Exchange approved the listing on the emerging stock market.
August 2014	Employees exercised stock warrants of NTD 200,000 and the paid-in capital after the capital injection was NTD 620,643,000.
December 2014	Employees exercised stock warrants of NTD 850,000 and the paid-in capital after the capital injection was NTD 621,493,000.
March 2015	Employees exercised stock warrants of NTD 50,000 and the paid-in capital after the capital injection was NTD 621,543,000.
April 2015	The “Opinions Regarding the Successful Development and Marketability of Products or Technologies Under Application by Technology Enterprises” was issued by the Industrial Development Bureau, Ministry of Economic Affairs and the letter issued by the Taipei Exchange was obtained.
September 2015	Employees exercised stock warrants of NTD 240,000 and the paid-in capital after the capital injection was NTD 621,783,000.
January 2016	The Company conducted a capital injection of NTD 62,910,000 in cash and its paid-in capital after the capital injection was NTD 684,693,000.
April 2016	Employees exercised stock warrants of NTD 2,950,000 and the paid-in capital after the capital injection was NTD 687,643,000.
August 2016	Employees exercised stock warrants of NTD 750,000 and the paid-in capital after the capital injection was NTD 688,393,000.
March 2017	Employees exercised stock warrants of NTD 8,385,000 and the paid-in capital after the capital injection was NTD 696,778,000.
August 2017	Employees exercised stock warrants of NTD 1,700,000 and the paid-in capital after the capital injection was NTD 698,478,000.
December 2017	Employees exercised stock warrants of NTD 710,000. The Company issued new restricted employee shares of NTD 5,720,000 and the paid-in capital after the capital injection was NTD 704,908,000.
March 2018	Employees exercised stock warrants of NTD 4,895,000 and the paid-in capital after the capital injection was NTD 709,803,000.
September 2018	The Company collected new restricted employee shares of NTD 60,000 and its paid-in

	capital after the capital reduction was NTD 709,743,000.
March 2019	Employees exercised stock warrants of NTD 930,000. The Company collected the new restricted employee shares of NTD 30,000 and the paid-in capital was NTD 710,643,000.
May 2019	Employees exercised stock warrants of NTD 965,000 and the paid-in capital after the capital injection was NTD 711,608,000.
December 2019	Employees exercised stock warrants of NTD 1,045,000, and the paid-in capital after the capital injection was NTD 712,653,000.
March 2020	Employees exercised stock warrants of NTD 1,225,000. The Company collected the new restricted employee shares of NTD 60,000 and the paid-in capital after the capital injection was NTD 713,818,000.
June 2020	The Company collected new restricted employee shares of NTD 30,000 and its paid-in capital after the capital reduction was NTD 713,788,000.
December 2020	The Company collected new restricted employee shares of NTD 30,000 and its paid-in capital after the capital reduction was NTD 713,758,000.
June 2021	The Company cancelled treasury stock of NTD 6,000,000 and its paid-in capital after the capital reduction was NTD 707,758,000.
November 2021	The Company collected new restricted employee shares of NTD 40,000 and its paid-in capital after the capital reduction was NTD 707,718,000.
December 2021	The Company cancelled treasury stock of NTD 15,000,000 and its paid-in capital after the capital reduction was NTD 692,718,000.
May 2022	The Company participated in the AI on Chip Research and Development Program “Reconfigurable Analog AI Chip Prospective Technology Research and Development Program” subsidized by the Ministry of Economic Affairs and released the world’s first large-area fingerprint recognition analog AI chip.
July 2022	Alcor Micro Corporation has been incorporated into Egis as a consolidated entity since July 11, 2022.

III. Corporate Governance Report

1. Organization System

(I) The Company's Organizational Structure



(II) Business Operations of Major Departments

Department	Job Description
Audit Office	Audit, assess, study and formulate the internal controls of the Company and provide areas for improvement and suggestions to enhance business efficiency and the effective implementation of internal controls.
General Manager's Office	<p>Be responsible for the overall operation planning and execution of the Company.</p> <p>Develop and implement the medium and long-term business strategy of the Company.</p> <p>Establish, supervise, and manage organizational operations and systems of various departments.</p> <p>Be directly responsible to the Board of Directors.</p>
Management Unit	Integrate financial, accounting, information, legal, general affairs, and human resources within the organization and provide professional services related to the organization.
Sales Unit	<p>Market development, formulation of strategies, customer relationship management, and development of new products.</p> <p>Follow up on issues that customers gave feedback on to improve customer satisfaction.</p>
Research and Development Unit	<p>Plan, design, and verify chips based on product development and market demand.</p> <p>Develop and verify algorithms, software, and firmware.</p> <p>Develop and manage customer projects.</p>
Operations Unit	<p>Introduce new technologies and improve processes. Reduce product defects and resolve product-related technical problems.</p> <p>Arrangement of mass production capacity, management of delivery schedule, production-marketing coordination, material planning, and production cost control. Outsourcing production management and warehouse control.</p>
Quality and Reliability Operations Office	<p>Verification and guarantee of product quality. Assist in product development related reliability experiments and failure analysis.</p> <p>Evaluation, quality supervision and exception handling of outsourcing manufacturers.</p> <p>Handle customer complaints and provide customer problem analysis reports.</p> <p>Document control. Maintain and promote the quality system/activities.</p>
Patent Division	Responsible for the Company's R&D patent applications, patent

Department	Job Description
	evaluations and handling of disputes and litigations.

2. Information of Directors, Supervisors, General Managers, Deputy General Managers, Associates and Managers of Various Departments and Branch Organizations

(I) Information about Directors

1. Name, Work (Educational) Experience, Shareholding and Nature of Director

March 31, 2023; Unit: Shares; %

Position	Nationality or Place of Registration Gender Age	Name	Initial Date of Appointment	Date of Appointment	Term of Office	Shareholding upon Appointment Shares Held		Number of Shares Currently Held		Number of Shares Currently Held by Spouse and Underage Children		Shares Held in Others' Names Shares Held		Main Work (Educational) Experience	Concurrent Positions Currently Assumed in the Company and Other Companies	Other Managers, Directors or Supervisors with Whom a Spousal Relationship or Relationship within the Second Degree of Kinship Exists			Remarks
						Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
Chairman	Republic of China Male 60 – 69 years old	LO, SEN CHOU	08/05/2008	06/18/2020	3	3,546,262	4.97	9,006,262	13.00	0	0.00	426	0.00	<p>Founder and CEO of Intervideo Inc. in the United States</p> <p>Bachelor of Computer Science, Soochow University</p> <p>California State University Chico MSCS, USA</p> <p>National University MBA, San Jose, USA</p>	<p>Chairman of IvyRock Asset Management Consulting Co., Ltd.</p> <p>Director of HEADWAY CAPITAL LIMITED</p> <p>Director of ORIENTAL GOLD HOLDINGS LIMITED</p> <p>Kiwi Technology Inc.</p> <p>Director</p> <p>Chairman of iCatch Technology, Inc.</p> <p>Chairman of Alcor Micro Corporation</p> <p>Chairman of Alcorlink Corp.</p> <p>Director of Augentix Inc.</p> <p>Chairman of Egis Innovation Fund G.P., Ltd.</p> <p>Director of Teletrx Co.</p>	Director	RO, SHIH-HAO	Father and son	Explanation (Note 1)

Position	Nationality or Place of Registration Gender Age	Name	Initial Date of Appointment	Date of Appointment	Term of Office	Shareholding upon Appointment Shares Held		Number of Shares Currently Held		Number of Shares Currently Held by Spouse and Underage Children		Shares Held in Others' Names Shares Held		Main Work (Educational) Experience	Concurrent Positions Currently Assumed in the Company and Other Companies	Other Managers, Directors or Supervisors with Whom a Spousal Relationship or Relationship within the Second Degree of Kinship Exists			Remarks
						Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
Vice Chairman	Republic of China Male 60 – 69 years old	YU, MING-TO	10/17/2014	06/18/2020	3	100,000	0.14	150,000	0.22	0	0.00	0	0.00	Master of Public Administration, National Chengchi University Master of Business Administration, Wharton School of the University of Pennsylvania Financial Manager of Taiwan Semiconductor Manufacturing Company, Limited Chief Financial Officer and Spokesperson of MediaTek Inc. Chief Financial Officer of Beijing Xiaomi Technology Co., Ltd.	Independent Director of eMemory Technology Inc. Juristic Person Director of ULSEE INC. Chairman of Vitrio Technology Corporation Director of Egis Innovation Fund G.P., Ltd.	Nil	Nil	Nil	
Director	British Virgin Islands	HEADWAY CAPITAL LIMITED (Note 2)	10/17/2014	06/18/2020	3	2,700,000	3.78	-	-	-	-	-	-	Not applicable.	Description as per (Note 2)	Nil	Nil	Nil	
	Republic of China Male 60 – 69	Representative LIN, GONG-YI (Note 2)	10/17/2014	06/18/2020	3	90,000	0.13	-	-	-	-	-	-	Master's Degree from the Institute of Electronics, National Chiao Tung University Director of Chip Design	Description as per (Note 2)	Nil	Nil	Nil	

	years old														Consultant Group of Synopsys for Asia Region					
	Republic of China Male 60 – 69 years old	Representative LIU, DING-JEN (Note 2)	06/18/2020	06/18/2020	3	0	0.00	-	-	-	-	-	-	-	Master's Degree from the Institute of Electronics, National Chiao Tung University Ph.D. Student at the Institute of Electrical Engineering, The State University of New York, not-graduated (Ph.D. Candidate) Executive Deputy General Manager of MediaTek Inc. Director of MediaTek Inc.	Description as per (Note 2)	Nil	Nil	Nil	

Position	Nationality or Place of Registration Gender Age	Name	Initial Date of Appointment	Date of Appointment	Term of Office	Shareholding upon Appointment Shares Held		Number of Shares Currently Held		Number of Shares Currently Held by Spouse and Underage Children		Shares Held in Others' Names Shares Held		Main Work (Educational) Experience	Concurrent Positions Currently Assumed in the Company and Other Companies	Other Managers, Directors or Supervisors with Whom a Spousal Relationship or Relationship within the Second Degree of Kinship Exists			Remarks
						Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
Director	Republic of China Male 70 – 79 years old	SHIH, CHEN-JUNG	10/17/2014	06/18/2020	3	0	0.00	0	0.00	0	0.00	0	0.00	Honorary Doctor of International Law, Thunderbird International Management Institute Honorary	Director of Acer Inc., Limited Director of Nan Shan Life Insurance Co., Ltd. Juristic Person Director of Hung Jung Investment Co., Ltd. Director of Egis Technology	Nil	Nil	Nil	

												Fellowship of the University of Wales 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 Honorary Chairman of Acer Group	Inc. Director of Taiwan Public Television Service Foundation Director of Chinese Television System Corporation President of Cloud Gate Culture and Arts Foundation StanShih Foundation Chairman Chairman of CT Ambi Inc. Director of AiSails Power Inc. Director of One Song Inc. Chairman of Himalaya Venture Capital Inc. Director of Himalaya Venture Capital Management Consulting Inc. Transformativ Cell Processing Co., Ltd. Director Chairman of Chew's Culture Foundation NSFSG Foundation Director SanCode Foundation Director Director of Jung Hsin Management Consulting Corporation				
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Position	Nationality or Place of Registration Gender Age	Name	Initial Date of Appointment	Date of Appointment	Term of Office	Shareholding upon Appointment Shares Held		Number of Shares Currently Held		Number of Shares Currently Held by Spouse and Underage Children		Shares Held in Others' Names Shares Held		Main Work (Educational) Experience	Concurrent Positions Currently Assumed in the Company and Other Companies	Other Managers, Directors or Supervisors with Whom a Spousal Relationship or Relationship within the Second Degree of Kinship Exists			Remarks
						Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
Director	United States Male 30 – 39 years old	RO, SHIH-HAO	06/22/2017	06/18/2020	3	132,000	0.18	132,000	0.19	0	0.00	0	0.00	University of California, Riverside Business Manager and Vice General Manager of Egis Technology Inc. SBI & Capital 22 Mizuho Securities Asia Ltd	General Manager of the Company	Chairman	LO, SEN CHOU	Father and son	Explanation (Note 1)
Independent Director	Republic of China Male 60 – 69 years old	WENG, MING-JENG	10/17/2014	06/18/2020	3	23,000	0.03	23,000	0.03	0	0.00	0	0.00	Master of Business Administration, University of Southern California in the United States Vice President of Citibank General Manager of Smith Barney Shearson, Inc., Taipei Branch Chairman of Lehman Brothers Holdings Inc. Managing Director of Nomura Holdings, Inc. Person-in-charge of Nomura Taiwan	Sr. Partner of Millerful Capital Partners Inc. Independent director of TPK Holding Co., Ltd. Independent director	Nil	Nil	Nil	
Independent Director	Republic of China Male 50 – 59 years old	HUANG, TA-LUN	06/22/2017	06/18/2020	3	0	0.00	0	0.00	0	0.00	0	0.00	Master's Degree from University of Michigan -- Ann Arbor Partner of AsiaVest Partners, TCW/YFY Ltd.	Director of Parade Technologies, Ltd. Director of Amulaire Thermal Technology, Inc. Independent Director	Nil	Nil	Nil	

are automatically dismissed.

2. Principal Shareholder of the Juristic Person Shareholder: Nil.

The principal shareholder of the juristic person shareholder is the principal shareholder of a juristic person: Nil.

3. Disclosure of professional qualifications of directors and independence information of independent directors

Name	Criteria	Professional qualifications and experience	Compliance with Independence	Number of Other Public Companies in which He/She is Concurrently an Independent Director
LO, SEN CHOU		Mr. LO, SEN CHOU, Chairman of the Board, has extensive industry experience and leadership skills and is responsible for the strategic planning, structuring, promotion and long-term development of the Company.	(1) Not in violation of any of the matters listed in Article 30 of the Company Act. (2) Has not been elected in the capacity of the government, juristic person or its representative in accordance with Article 27 of the Company Act.	0
YU, MING-TO		Mr. YU, MING-TO, Vice Chairman, was the Finance Manager of Taiwan Semiconductor Manufacturing Company, Limited and the Chief Financial Officer of MediaTek Inc., and has extensive financial and investment experience and outstanding management skills.	(1) Not a spouse or relative within the second degree of kinship of other directors. (2) Not in violation of any of the matters listed in Article 30 of the Company Act. (3) Has not been elected in the capacity of the government, juristic person or its representative in accordance with Article 27 of the Company Act.	1
SHIH, CHEN-JUNG		Director SHIH, CHEN-JUNG is the founder of Acer Group. He is familiar with the development trends and industry conditions of the semiconductor industry, and has extensive leadership and decision-making skills.	(1) Not a spouse or relative within the second degree of kinship of other directors. (2) Not in violation of any of the matters listed in Article 30 of the Company Act. (3) Has not been elected in the capacity of the government, juristic person or its representative in accordance with Article 27 of the Company Act.	0

Name	Criteria	Professional qualifications and experience	Compliance with Independence	Number of Other Public Companies in which He/She is Concurrently an Independent Director
RO, SHIH-HAO		Director RO, SHIH-HAO is also the general manager of the Company and is committed to promoting the diversified applications and technological development of fingerprint chips.	(1) Not in violation of any of the matters listed in Article 30 of the Company Act. (2) Has not been elected in the capacity of the government, juristic person or its representative in accordance with Article 27 of the Company Act.	0
WENG, MING-JENG		Independent Director WENG, MING-JENG was formerly the vice president of Citibank and the person-in-charge of Nomura Taiwan. He has extensive financial and investment experience and has a professional background in accounting or finance. He specializes in corporate mergers and acquisitions, multinational investments and joint ventures, and is familiar with the financial markets and industry conditions.	The independent directors of the Company have met the following independence criteria for the two years preceding their appointment and during their term of office: (1) Not an employee of the Company or its affiliated enterprise. (2) Not a director, supervisor (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company, its subsidiary or a subsidiary of the same parent). (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total shares issued by the Company, or does not rank among the top ten in terms of shares held.	1

Name	Criteria	Professional qualifications and experience	Compliance with Independence	Number of Other Public Companies in which He/She is Concurrently an Independent Director
HUANG, TA-LUN	Independent Director HUANG, TA-LUN has extensive financial and investment experience and is currently a director of Parade Technologies, Ltd. He is familiar with the development trends and industry conditions of the semiconductor industry, and has extensive leadership and decision-making skills.	<p>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of any of the managers listed in (1) or the personnel listed in (2) and (3).</p> <p>(5) Not a director, supervisor, or employee of a corporate shareholder who directly holds more than 5% of the total issued shares of the Company, is within the top five shareholders, or appointed a representative to be a director or supervisor of the Company in accordance with Article 27, Paragraph 1 or 2 of the Company Act (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company, its subsidiary or a subsidiary of the same parent company).</p>	2	
CH'EN, LAI-CHU	Independent director CH'EN, LAI-CHU was formerly the general manager and CEO of AU Optronics. He is familiar with the development trends and industry conditions of the electronics industry, has extensive leadership and decision-making skills, and has accumulated extensive experience and strong connections in the industry.	<p>(6) Not a director, supervisor, or employee of another company controlled by the same person who holds more than half of the Company's director seats or voting shares (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company, its subsidiary or a subsidiary of the same parent company).</p> <p>(7) Not a director, supervisor, or employee of another company or institution with the same person or spouse as the Chairman, General Manager or equivalent of the Company (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company, its subsidiary or a subsidiary of the same parent company).</p> <p>(8) Not a director, supervisor, manager, or shareholder holding five percent or more of the shares of a specific company or institution with financial or business dealings with</p>	2	

		the Company (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company, its subsidiary or a subsidiary of the same parent company and, if the specific company or institution holds more than 20% of the total issued shares of the Company, the threshold amount is raised to 50%).	
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(2) Diversity and Independence of the Board of Directors:

The Board of Directors' diversity policy, objectives and achievement:

(1) Diversity policy:

The Company's Board diversity policy is set out in Article 20 of the "Corporate Governance Best Practice Principles". The policy content is as follows:

The composition of the Board of Directors shall be determined by taking diversity into consideration, and an appropriate diversity policy shall be formulated based on the operations, business type and development needs of the Company.

The members of the Board should generally possess the knowledge, skills and qualities necessary to carry out their duties. To achieve the desired objectives of corporate governance, the Board as a whole should have the following competencies:

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to execute business management.
4. Ability to execute crisis management.
5. Industry knowledge.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions.

(2) The specific management objectives and achievement of the diversity policy are as follows:

All the directors of the Company have extensive experience in business management, leadership and policy decision-making, and industry knowledge. Among them, independent directors Mr. LO, SEN CHOU, Mr. YU, MING-TO, and Mr. SHIH, CHEN-JUNG are adept in leadership, making operational judgments, business management, and crisis management, and have industry knowledge and an international market perspective; independent directors Mr. WENG, MING-JENG and Mr. HUANG, TA-LUN have professional background in accounting and financial analysis and can give professional advice to the Company from different aspects. All the independent directors have experience in important managerial positions as the Chairman or General Manager, etc. of listed companies in technology, electronic, information security, and communication industries, etc., and have professional skills in marketing, technology, business management, industry knowledge, and making operational judgments.

At present, the Company has 7 directors. Among them, 43% of the directors are employees, 43% are independent directors, 0% are female directors, 1 independent director has served for fewer than 3 years, 2 independent directors have served for more than 3 years, 1 director is older than 70 years old, 3 directors are 60 – 69 years old, and 3 directors are below 60 years old. The Company pays attention to gender equality in the composition of the Board of Directors and with the goal of adding at least one seat for a female director, one seat for a female director will be added to the Ninth Board of Directors to meet the goal.

The basic composition of the Board of Directors is as follows:

Core Items of Diversity Item	Nationality	Gender	Also An Employee of The Company	Age			Independent director Years of Service		Ability To Make Operational Judgments	Ability To Perform Accounting and Financial Analysis	Ability To Execute Business Management	Ability To Execute Crisis Management	Industry Knowledge	An International Market Perspective	Leadership Capability	Decision-making Capability
				Below 60	61 – 70	Over 71	3 Years Below 60	3 to 9 Years								
Name of Director																
LO, SEN CHOU	Republic of China	Male	v		v				v		v	v	v	v	v	v
SHIH, CHEN-JUNG	Republic of China	Male				v			v		v	v	v	v	v	v
YU, MING-TO	Republic of China	Male	v		v				v	v	v	v	v	v	v	v
RO, SHIH-HAO	United States	Male	v	v					v		v	v	v	v	v	v
WENG, MING-JENG	Republic of China	Male			v			v	v	v	v	v	v	v	v	v
HUANG, TA-LUN	Republic of China	Male		v				v	v	v	v	v	v	v	v	v
CH'EN, LAI-CHU	Republic of China	Male		v			v		v		v	v	v	v	v	v

(3) Independence of Board of Directors:

The Company re-elected its directors (including independent directors) in 2020. Currently, there are seven directors on the Board of Directors, three of whom are independent. The circumstances stipulated in Article 26-3, Items 3 and 4 of the Securities and Exchange Act do not apply to any of the directors.

(3) Information about General Managers, Deputy General Managers, Associates and the Managers of Various Departments and Branch Organizations

March 31, 2023; Unit: Shares; %

Position	Nationality	Name	Gender	Date of Appointment	Shares Held		Shareholding of Spouse and Minor Children		Shares Held in Others' Names		Main Work (Educational) Experience	Concurrent Positions Currently Held in Other Companies	Manager with Whom a Spousal Relationship or Relationship within the Second Degree of Kinship Exists			Remarks
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
General Manager	United States	RO, SHIH-HAO	Male	12/01/2018	132,000	0.19	0	0.00	0	0.00	University of California, Riverside Business Manager and Vice General Manager of Egis Technology Inc. SBI & Capital 22 Mizuho Securities Asia Ltd	Nil	Chairman	LO, SEN-CHOU	Father and son	Explanation (Note 1)
Chief Operating Officer and Chief Technology Officer	Republic of China	LIN, GONG-YI	Male	03/14/2014	0	0.00	0	0.00	0	0.00	Master's Degree from the Institute of Electronics, National Chiao Tung University Director of Chip Design Consultant Group of Synopsys for Asia Region	Chief Operating Officer and Chief Technology Officer of the Company Juristic Person Director of Evershine BPO Service Corporation AISTORM, INC. Director Juristic Person Director of Luxsentek Microelectronics Corp. General Manager of Egis Innovation Fund G.P., Ltd. Juristic Person Director of iCatch Technology, Inc.	Nil	Nil	Nil	

Position	Nationality	Name	Gender	Date of Appointment	Shares Held		Shareholding of Spouse and Minor Children		Shares Held in Others' Names		Main Work (Educational) Experience	Concurrent Positions Currently Held in Other Companies	Manager with Whom a Spousal Relationship or Relationship within the Second Degree of Kinship Exists			Remarks
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
Chief Financial Officer	Republic of China	LEE, YI-PIN	Male	09/01/2016	207,700	0.30	0	0.00	0	0.00	Central Missouri State University MBA Department of Economics, Chung Hsing University Chief Financial Officer of Primax Electronics Ltd. Chief Financial Officer of DaStrong Corporation Chief Financial Officer of Central Corporation Chief Financial Officer of TSTC Manager of Acer Inc.	Chairman of Sense Investment and Consulting Inc. Chairman of Luxsentek Microelectronics Corp. Chairman of VASUBI Technology Inc. Juristic Person Director of Egis Innovation Fund G.P., Ltd. Juristic Person Director of Ion Electronic Materials Co., Ltd. Chairman of NUI Technology Inc. Chairman of Taurus Wireless Inc. Juristic Person Director of Astrogate Inc. Chairman of Transducer Star Technology Inc. Director of Egis (Hong Kong) Limited	Nil	Nil	Nil	

Position	Nationality	Name	Gender	Date of Appointment	Shares Held		Shareholding of Spouse and Minor Children		Shares Held in Others' Names		Main Work (Educational) Experience	Concurrent Positions Currently Held in Other Companies	Manager with Whom a Spousal Relationship or Relationship within the Second Degree of Kinship Exists			Remarks
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
Deputy General Manager	Republic of China	Sky Su	Male	02/01/2008	54,000	0.08	0	0.00	0	0.00	Institute of Management of Technology, National Chiao Tung University Deputy General Manager of the Business Department of Ching Hu Technology Corporation	Person-in-charge of Shentao Intelligent Technology (Shanghai) Co., Ltd. Person-in-charge of Shentao Intelligent Technology (Shanghai) Co., Ltd., Shenzhen Branch	Nil	Nil	Nil	
Deputy General Manager	Republic of China	Karen Chang	Female	11/13/2017	0	0.00	0	0.00	0	0.00	Institute of Science and Technology Management, National Taiwan University of Science and Technology Deputy Director, S&T Foresight Division, Board of Science and Technology, Executive Yuan Group Leader of Cybersecurity Technology Institute, Institute for Information Industry Office Director of Transnational Information Plan, Ministry of Science and Technology (iCAST)	Nil	Nil	Nil		

Position	Nationality	Name	Gender	Date of Appointment	Shares Held		Shareholding of Spouse and Minor Children		Shares Held in Others' Names		Main Work (Educational) Experience	Concurrent Positions Currently Held in Other Companies	Manager with Whom a Spousal Relationship or Relationship within the Second Degree of Kinship Exists			Remarks
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
Deputy General Manager	Republic of China	Jimmy Hsu	Male	03/05/2018	10,000	0.01	0	0.00	0	0.00	Department of Mechanical Engineering, National Sun Yat-sen University Sr. Project Manager of Egis Technology Inc. Associate & Sr. Software Manager of Corel Software Manager & Software Engineer of Intervideo	Egis Technology (Korea) Inc. Director	Nil	Nil	Nil	
Deputy General Manager	Republic of China	Tony Lo	Male	05/10/2021	0	0.00	0	0.00	0	0.00	Graduate Institute of Electrical Engineering, National Taiwan University 18th Class of Department of Business Administration, National Chengchi University General Manager/Chairman of Incomm Technologies	Supervisor of Shentao Intelligent Technology (Shanghai) Co., Ltd. Chairman and General Manager of Incomm Technologies Co., Ltd. General Manager	Nil	Nil	Nil	
Deputy General Manager	Republic of China	Su-Yin Hsu	Female	03/29/2022	0	0.00	0	0.00	0	0.00	Master's Degree from Institute of Industrial Engineering, National Taiwan University Bachelor of Economics, National Chengchi University Deputy General Manager of Alcor Micro Corporation	Nil	Nil	Nil	Nil	

Position	Nationality	Name	Gender	Date of Appointment	Shares Held		Shareholding of Spouse and Minor Children		Shares Held in Others' Names		Main Work (Educational) Experience	Concurrent Positions Currently Held in Other Companies	Manager with Whom a Spousal Relationship or Relationship within the Second Degree of Kinship Exists			Remarks
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
Accountant Associate and Corporate Governance Director	Republic of China	Kathy Huang	Female	11/14/2013	10,000	0.01	0	0.00	0	0.00	Department of Public Finance, National Chung Hsing University Manager of Accounting Department of Biodenta Corporation	Supervisor of Egis Technology (Japan) Inc. Supervisors Supervisor of Sense Investment and Consulting Inc. Supervisor of Luxsentek Microelectronics Corp. Supervisor of VASUBI Technology Inc. Supervisor of NUI Technology Inc. Supervisor of Taurus Wireless Inc. Supervisor of Transducer Star Technology Inc.	Nil	Nil	Nil	
Deputy Audit Manager	Republic of China	Iris Lee	Female	07/02/2013	0	0.00	0	0.00	0	0.00	Department of Accounting, Shih Chien University Financial Manager of Dynamic Digital Holdings Limited	Nil	Nil	Nil	Nil	

Note 1: Because the Chairman and the General Manager are father and son, for corporate governance reasons, the Company expects to add one independent director before December 31, 2023, and more than half of the directors are not concurrently employees or managers.

3. Remunerations Paid to Directors, Supervisors, General Managers and Deputy General Managers for the Last Fiscal Year

(I) Directors' (Including Independent Directors) Remunerations

December 31, 2022; Unit: NTD'000; %

Title	Name	Directors' Remunerations								Percentage of Aggregate of Four Items A, B, C and D in Net Profit After Tax		Relevant Remunerations Received by Directors who are also Employees								Percentage of Aggregate of Seven Items A, B, C, D, E, F and G in Net Profit After Tax		Remunerations Received from Invested Businesses other than Subsidiaries of the Company or the Parent Company
		Remunerations (A)		Severance and Pension (B)		Directors' Remuneration (C)		Business Execution Fee (D)				Salaries, Bonuses and Special Disbursements (E)		Retirement Pen (F)		Employee Remunerations (G)						
		The Company	All Companies in the Financial Reports	The Company	All Companies in the Financial Reports	The Company	All Companies in the Financial Reports	The Company	All Companies in the Financial Reports	The Company	All Companies in the Financial Reports	The Company	All Companies in the Financial Reports	The Company	All Companies in the Financial Reports	Amount in Cash	Amount in Shares	Amount in Cash	Amount in Shares	The Company	All Companies in the Financial Reports	
Chairman	LO, SEN-CHOU	0	602	0	0	0	0	0	8	0.00%	-0.07%	25,247	26,743	0	0	0	0	0	0	-2.96%	-3.03%	Nil
Director	RO, SHIH-HAO	0	0	0	0	0	0	0	0	0.00%	0.00%	3,201	3,201	0	0	0	0	0	0	-0.38%	-0.38%	Nil
Vice Chairman	YU, MING-TO	0	0	0	0	0	0	0	0	0.00%	0.00%	10,942	10,942	108	108	0	0	0	0	-1.30%	-1.30%	Nil
Director	SHIH, CHEN-JUNG	0	0	0	0	0	0	0	0	0.00%	0.00%	0	0	0	0	0	0	0	0	0.00%	0.00%	Nil
Director (juristic person)	LIN, GONG-YI (Note 1)	0	0	0	0	0	0	0	0	0.00%	0.00%	7,719	7,719	56	56	0	0	0	0	-0.91%	-0.91%	Nil

Director (juristic person)	LIU, DING-JEN (Note 2)	0	0	0	0	0	0	30	38	0.00%	0.00%	0	0	-	-	0	0	0	0	0.00%	0.00%	Nil
Independent director	WENG, MING-JENG	188	188	0	0	0	0	30	30	-0.03%	-0.03%	0	0	-	-	0	0	0	0	-0.03%	-0.03%	Nil
Independent director	HUANG, TAILUN	188	188	0	0	0	0	0	0	-0.02%	-0.02%	0	0	-	-	0	0	0	0	-0.02%	-0.02%	Nil
Independent director	CH'EN, LAICHU	188	188	0	0	0	0	0	0	-0.02%	-0.02%	0	0	-	-	0	0	0	0	-0.02%	-0.02%	Nil
<p>1. Please state the policy, system, standard, and structure of independent directors' bonus payment and the relationship between the bonus amount and factors such as responsibilities, risks and contributed time: The remuneration of the independent directors of the Company shall be handled in accordance with the Articles of Association. The Remuneration Committee will deliberate on the extent of their participation in the Company's operation and the value of their contributions. The reasonable and fairness of the performance risk shall correspond with the remuneration received. After considering the Company's operating performance and the usual level of payment of the same industry, the Remuneration Committee shall make suggestions and submit them to the Board of Directors for resolution.</p> <p>2. In addition to the disclosure above, the remuneration received by the directors of the Company for providing services (such as serving as an external consultant of the parent company/all companies in the financial reports/investees) to all companies listed in the financial report during the last fiscal year: Nil.</p>																						

Note 1: Director was dismissed on July 08, 2022.

Note 2: Director was dismissed on July 08, 2022.

(II) Supervisors' Remunerations

Since the 5th Board of Directors, the Company has established an Audit Committee to replace the function of Supervisors. Therefore, this is not applicable.

(3) Remunerations paid to the general managers, deputy general managers and the top five highest paid management personnel

December 31, 2022; Unit: NTD'000; Thousand Shares; %

Position	Name	Salaries (A)		Severance and Pension (B)		Bonuses and Special Disbursements, etc. (C)		Amount of Employee Remunerations (D)				Percentage of Aggregate of Four Items A, B, C and D in Net Profit After Tax (%)		Remunerations Received from Invested Businesses other than Subsidiaries of the Company or the Parent Company	Top five highest paid management personnel from all companies in the consolidated report
		The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Reports	The Company	All Companies in the Financial Report	The Company		All Companies in the Financial Report		The Company	All Companies in the Financial Report		
								Amount in Cash	in Shares in Cash	Amount in Cash	in Shares in Cash				
General Manager	RO, SHIH-HAO	2,540	2,540	0	0	661	661	0	0	0	0	-0.38%	-0.38%	Nil	
Chief Financial Officer	LEE, YI-PIN	3,620	3,620	108	108	7,342	7,342	0	0	0	0	-1.30%	-1.30%	Nil	V
Chief Technology Officer and Chief Operating Officer	LIN, GONG-YI	3,600	3,600	108	108	7,290	7,290	0	0	0	0	-1.29%	-1.29%	Nil	V
Deputy General Manager	Tony Lo	3,000	3,000	108	108	947	947	0	0	0	0	-0.48%	-0.48%	Nil	V
Deputy General Manager	Sky Su	2,160	2,160	108	108	811	811	0	0	0	0	-0.36%	-0.36%	Nil	
Deputy General Manager	Jimmy Hsu	2,420	2,420	108	108	448	448	0	0	0	0	-0.35%	-0.35%	Nil	
Deputy General Manager	Karen Chang	1,820	1,820	108	108	1,502	1,502	0	0	0	0	-0.40%	-0.40%	Nil	V
Chief Financial Officer	GEORGE CHANG (Note 1)	3,000	3,000	54	54	1,586	1,586	0	0	0	0	-0.54%	-0.54%	Nil	V
Sr. Deputy General Manager	CHUNG, CHIA-HUA (Note 2)	2,301	2,301	77	77	0	0	0	0	0	0	-0.28%	-0.28%	Nil	
Sr. Deputy General Manager	David Hwang (Note 3)	1,810	2,354	53	71	26	26	0	0	0	0	-0.22%	-0.29%	Nil	

Note 1: Resigned on June 30, 2022.

Note 2: Resigned on September 16, 2022.

Note 2: Resigned on October 31, 2022.

Classification of Remunerations

Classification of Remunerations Paid to Various General Managers and Deputy General Managers in the Company	Name of General Manager and Deputy General Manager	
	The Company	All Companies in the Financial Reports
Less than NTD 1,000,000		
NTD 1,000,000 (Inclusive) – NTD 2,000,000 (Exclusive)	DAVID HWANG	
NTD 2,000,000 (Inclusive) – NTD 3,500,000 (Exclusive)	RO, SHIH-HAO; Sky Su; Jimmy Hsu; Karen Chang; and CHUNG, CHIA-HUA	RO, SHIH-HAO; Sky Su; Jimmy Hsu; Karen Chang; CHUNG, CHIA-HUA; and David Hwang
NTD 3,500,000 (Inclusive) – NTD 5,000,000 (Exclusive)	Tony Lo and GEORGE CHANG	Tony Lo and GEORGE CHANG
NTD 5,000,000 (Inclusive) – NTD 10,000,000 (Exclusive)		
NTD 10,000,000 (Inclusive) – NTD 15,000,000 (Exclusive)	LEE, YI-PIN, LIN, GONG-YI	LEE, YI-PIN, LIN, GONG-YI
NTD 15,000,000 (Inclusive) – NTD 30,000,000 (Exclusive)		
NTD 30,000,000 (Inclusive) – NTD 50,000,000 (Exclusive)		
NTD 50,000,000 (Inclusive) – NTD 100,000,000 (Exclusive)		
More than NTD 100,000,000		
Total	Ten persons in total	Ten persons in total

(4) Names of Managers Distributing Employee Remunerations and Status of Distribution:

December 31, 2022; Unit: NTD'000; %

	Position	Name	Amount in Shares	Amount in Cash	Total	Total Remuneration to the Net Profit After Tax Ratio (%)
Manager	Deputy General Manager	Sky Su	0	0	0	0
	Deputy General Manager	Tony Lo				
	Deputy General Manager	LIN, GONG-YI				
	Chief Financial Officer	LEE, YI-PIN				
	General Manager	RO, SHIH-HAO				
	Deputy General Manager	Karen Chang				
	Deputy General Manager	Jimmy Hsu				
	Chief Accountant	Kathy Huang				
	Deputy Audit Manager	Iris Lee				

(5) Comparison and Explanation of the Analysis on the Ratio of the Aggregate Amount of Remunerations Paid to the Company's Directors, Supervisors, General Managers, and Deputy General Managers by the Company and All Companies in the Consolidated Financial Statements to the Net Profit After Tax in the Parent Company Only Financial Reports or Individual Financial Reports in the Last Two Fiscal Years, and Explanations on the Policies, Standards and Portfolios for the Payment of Remunerations, Procedures for Determining Remunerations, as well as the Correlation between Business Performance and Future Risks

1. Analysis of the Ratio of Remunerations Paid to the Directors, Supervisors, General Managers, and Deputy General Managers of the Company in the Last Two Fiscal Years to the Net Profit After Tax

Unit: %

Position	Item	2021	2022
		Total Remunerations as a	Total Remunerations as a

	Percentage of Net Profit After Tax (%)		Percentage of Net Profit After Tax (%)	
	The Company	The Company	The Company	All Companies in the Financial Report
Directors	-47.41	-47.41	-0.07	-0.14
Supervisors	-	-	-	-
General Managers and Deputy General Managers	-41.79	-41.79	-5.60	-5.66

2. Policies, Standards and Portfolios for the Payment of Remunerations, Procedures for Determining Remunerations, as well as the Correlation with Business Performance and Future Risks

The total amount of remunerations paid by the Company to the Directors, General Managers, and Deputy General Managers is mainly determined based on their degree of participation and value of contributions to the operations of the Company, and with reference to the industry standards at home and abroad.

The remunerations of the General Managers and Deputy General Managers of the Company include their salaries, bonuses, employee remunerations, employee stock warrants and new restricted employee shares. The salary standard is determined based on their positions in the Company, their responsibilities, and their contributions to the Company, and with reference to the standards in the same industry. The employee remuneration distribution standards are in compliance with the Articles of Association of the Company and the relevant resolution is passed by the Board of Directors and reported at the shareholders meeting.

4. Corporate Governance Practices

(I) Practices of the Board of Directors

As of the publication date of this annual report, the Board of Directors has held seven (A) meetings (six in 2022 and one in 2023) in total. The attendance of directors is as follows:

Position	Name	Attendance in Person (B)	Attendance by Proxy	Rate of Attendance in Person (%) (B/A)	Remarks
Chairman	LO, SEN CHOU	7	0	100.00 %	
Vice Chairman	YU, MING-TO	7	0	100.00 %	
Director	SHIH, CHEN-JUNG	6	1	85.71%	
Director	RO, SHIH-HAO	7	0	100.00 %	
Director	Representative of HEADWAY CAPITAL LIMITED GONG-YI LIN	4	0	100.00 %	As the Director of HEADWAY CAPITAL LIMITED transferred more than half of the shares held during his appointment on July 08, 2022, the Director and his representative are automatically dismissed. The Board of Directors has held four meetings during his term of service as a director.
Director	Representative of HEADWAY CAPITAL LIMITED LIU, DING-JEN	4	0	100.00 %	Same as above.
Independent director	WENG, MING-JENG	7	0	100.00 %	
Independent director	HUANG, TA-LUN	6	1	85.71%	
Independent director	CH'EN, LAI-CHU	7	0	100.00 %	

Other Matters to be Recorded:

1. If the operation of the Board of Directors has one of the following circumstances, the date, period of the board of directors, the content of the proposal, the opinions of all independent directors and the Company's handling of the opinions of independent directors should be clarified:

- (1) Matters listed in Article 14(3) of the Securities and Exchange Act
- (2) Other resolutions of the Board of Directors that independent directors have an objection or reservation

and which have a record or a written statement

Board of Directors	Contents of the Proposals and Subsequent Handling	Items listed in Securities and Exchange Act 14-3	Independent directors hold objections or reservations
The 14th meeting of the 7th Board of Directors 03/16/2022	1. The Company proposed to acquire the common shares of Airoha Technology Corp.	V	No such situation.
	Opinions of the independent directors: Nil.		
	The Company's handling of the opinions of the independent directors: Nil.		
	Outcome of the Resolutions: All directors in attendance passed the resolutions.		
The 15th meeting of the 7th Board of Directors 03/22/2022	1. The 2021 Annual Business Report and Financial Statements of the Company.	V	No such situation.
	2. The 2021 Earnings Distribution Plan of the Company.	V	No such situation.
	3. Appointment and remunerations of the certified public accountants by the Company for 2022.	V	No such situation.
	4. Issuance of the 2021 Assessment of Effectiveness of the Internal Control System and "Statement on Internal Control System" of the Company.	V	No such situation.
	5. The Company proposed to issue common shares by private placement for cash capital injection.	V	No such situation.
	6. Amendment of some clauses in the "Articles of Association" of the Company.	V	No such situation.
	7. The Company proposed to jointly establish the Egis Innovation Fund with Industrial Technology Investment Corporation.	V	No such situation.
	Opinions of the independent directors: Nil.		
	The Company's handling of the opinions of the independent directors: Nil.		
	Outcome of the Resolutions: All directors in attendance passed the resolutions.		
The 16th meeting of the 7th Board of Directors 04/08/2022	1. The Company proposed to make a public tender offer for the common shares of Silicon Optronics, Inc.	V	No such situation.
	Opinions of the independent directors: Nil.		
	The Company's handling of the opinions of the independent directors: Nil.		
	Outcome of the Resolutions: All directors in attendance passed the resolutions.		
The 17th meeting of the 7th Board of Directors 05/12/2022	1. The Company's consolidated financial report for the first quarter of 2022.	V	No such situation.
	2. Amendment to some clauses in "Operating Procedures for Acquisition or Disposal of Assets" of the Company.	V	No such situation.
	Opinions of the independent directors: Nil.		
	The Company's handling of the opinions of the independent directors: Nil.		
Outcome of the Resolutions: All directors in attendance passed the resolutions.			
The 18th meeting of the 7th Board of Directors 08/10/2022	1. The Company's consolidated financial report for the second quarter of 2022.	V	No such situation.
	2. The Company's change of certified public accounts.	V	No such situation.
	3. The Company proposed to invest in common shares of Precise Biometrics AB by capital injection in cash.	V	No such situation.
	4. Proposal to appoint Chief Financial Officer.	V	No such situation.
	Opinions of the independent directors: Nil.		
The Company's handling of the opinions of the independent directors: Nil.			
Outcome of the Resolutions: All directors in attendance passed the resolutions.			
The 19th meeting of	1. The Company's consolidated financial report for the third quarter of 2022.	V	No such situation.

the 7th Board of Directors 11/11/2022	2. The Company's audit plan for 2023.	V	No such situation.
	Opinions of the independent directors: Nil.		
	The Company's handling of the opinions of the independent directors: Nil.		
	Outcome of the Resolutions: All directors in attendance passed the resolutions.		
The 20th meeting of the 7th Board of Directors 03/29/2023	1. The 2022 Annual Business Report and Financial Statements of the Company.	V	No such situation.
	2. The 2022 Earnings Distribution Plan of the Company.	V	No such situation.
	3. Appointment of the certified public accountants by the Company for 2023 and assessment of their independence and eligibility.	V	No such situation.
	4. Issuance of the 2022 Assessment of Effectiveness of the Internal Control System and "Statement on Internal Control System" of the	V	No such situation.
	5. Amendment to some clauses in "Operating Procedures for Acquisition or Disposal of Assets" of the Company.	V	No such situation.
	Opinions of the independent directors: Nil.		
	The Company's handling of the opinions of the independent directors: Nil.		
	Outcome of the Resolutions: All directors in attendance passed the resolutions.		

2. In the event that any director has to abstain from voting on any proposal due to a conflict of interest, the name of the director, the content of the proposal, reason(s) for recusal, and the result of the voting should be specified:

Board of Directors Appointment	Cause(s)	Name of Director	Reason(s) for Recusal	Result of Voting
The 15th meeting of the 7th Board of Directors 03/22/2022	Allocation of year-end bonus and performance bonus to managers of the Company in 2021.	LO, SEN CHOU; YU, MING-TO; RO, SHIH-HAO and LIN, GONG-YI	LO, SEN CHOU; YU, MING-TO; RO, SHIH-HAO and LIN, GONG-YI are the recipients of this proposal.	Directors LO, SEN CHOU; YU, MING-TO; RO, SHIH-HAO, and LIN, GONG-YI recused themselves on this proposal. The proposal was presided over by the Independent Director WENG, MING-JENG and was unanimously passed without objection upon consultation with all directors in attendance by the Chairman.
	The Company's issuance of performance bonus for 2021.	LO, SEN CHOU; RO, SHIH-HAO	RO, SHIH-HAO is the recipient of this proposal. Director RO, SHIH-HAO and Director LO, SEN CHOU have a relationship within the first degree of kinship	Director LO, SEN CHOU and Director RO, SHIH-HAO recused themselves on this proposal. The proposal was presided over by the Independent Director WENG, MING-JENG and was unanimously passed without objection upon consultation with all other directors in attendance by the Chairman.

	The Company's annual salary adjustment plan for managers in 2022.	LO, SEN CHOU	Deputy General Manager Tony Lo is the recipient of this proposal. Deputy General Manager Tony Lo and Director LO, SEN CHOU have a relationship within the second degree of kinship	Director LO, SEN CHOU recused himself on this proposal. The proposal was presided over by the Independent Director WENG, MING-JENG and was unanimously passed without objection upon consultation with all other directors in attendance by the Chairman.
The 18th meeting of the 7th Board of Directors 08/10/2022	Remuneration of independent directors of the Company.	WENG, MING-JENG; HUANG, TA-LUN; CH'EN, LAI-CHU	Independent Director WENG, MING-JENG, Independent Director HUANG, TA-LUN, and Independent Director CH'EN, LAI-CHU are recipients of this proposal.	Independent Director WENG, MING-JENG, Independent Director HUANG, TA-LUN, and Independent Director CH'EN, LAI-CHU recused themselves on this proposal. The proposal was unanimously passed without objection upon consultation with all other directors in attendance by the Chairman.
The 20th meeting of the 7th Board of Directors 03/29/2022	Allocation of year-end bonus and performance bonus to managers of the Company in 2022.	LO, SEN CHOU; YU, MING-TO; RO, SHIH-HAO	LO, SEN CHOU; YU, MING-TO, and RO, SHIH-HAO are the recipients of this proposal.	Directors LO, SEN CHOU, YU, MING-TO, and RO, SHIH-HAO, recused themselves on this proposal. The proposal was presided over by the Independent Director WENG, MING-JENG and was unanimously passed without objection upon consultation with all directors in attendance by the Chairman.

3. The Company shall disclose the evaluation cycle and period, evaluation scope, method, and evaluation content of the Board of Directors' self (or peer) evaluation, and fill in the following form of evaluation implementation of the Board of Directors: See the form below for details.

4. Goals in the enhancement of the functions of the Board of Directors in the current fiscal year and the last fiscal year (such as the establishment of an audit committee, enhancing information transparency, etc.) and evaluation of such implementations:

(1) Goals in the enhancement of the functions of the Board of Directors

1. The Company has formulated the "Rules of Procedures for Board of Directors" according to the "Regulations Governing Procedure for Board of Directors of Public Companies" through the resolution of the Board of Directors; the Board of Directors has been operated in accordance with the "Rules of Procedures for Board of Directors".
2. The Company has established independent directors, audit committee, and remuneration committee to strengthen the corporate governance functions of the Board of Directors.
3. The Company will regularly arrange for directors to participate in professional enrichment courses to ensure that directors maintain their core values as well as their professional strengths and abilities.

(2) Assessment of Implementation Status

1. The Company has established the Remuneration Committee and Audit Committee on June 12, 2014 and October 17, 2014 respectively to assist the Board of Directors in performing its duties.
2. The Company published important resolutions on the Market Observation Post System immediately

after the board meetings to safeguard the rights and interests of shareholders. A special person was appointed with the responsibility of collecting and disclosing information on the Company, and a spokesperson system was established to ensure the timely and proper disclosure of important information, which serves as financial and business-related information of the Company for reference by the shareholders and interested parties.

Evaluation of Implementation by the Board of Directors

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation contents
Carry out once a year	From January 01, 2022 to December 31, 2022	Entire Board of Directors	Self-appraisal by Board of Directors	<ol style="list-style-type: none"> 1. Compliance with the relevant laws and regulations 2. Degree of participation in the Company's operations
Carry out once a year	From January 01, 2022 to December 31, 2022	Individual director members	Self-appraisal by directors	<ol style="list-style-type: none"> 1. Mastery of the Company's objectives and tasks. 2. Recognition of responsibilities of directors 3. Degree of participation in the Company's operations. 4. Management and communication of internal relations. 5. Professional and continuing education of directors. 6. Internal control.
Carry out once a year	From January 01, 2022 to December 31, 2022	All functional committees	Self-appraisal by directors	<ol style="list-style-type: none"> 1. Degree of participation in the Company's operations. 2. Recognition of responsibilities of functional committees. 3. Improvement of decision-making quality of functional committees. 4. Composition and appointment of members of functional committees. 5. Internal control.

(II) Practices of the Audit Committee

As of the publication date of this annual report, the Audit Committee has held seven (A) meetings (six in 2022 and one in 2023) in total. The attendance of independent directors is as follows:

Position	Name	Attendance in Person (B)	Attendance by Proxy	Rate of Attendance in Person(%) (B/A)	Remarks
Independent director	WENG, MING-JENG	7	0	100.00 %	The Convener and the Chairman
Independent director	HUANG, TA-LUN	6	1	85.71%	
Independent director	CH'EN, LAI-CHU	7	0	100.00%	

Other Matters to be Recorded:

1. Any matter listed in Article 14-5 of the Securities and Exchange Act and other resolutions that were passed by two-thirds or more of all directors but not approved by the Audit Committee should be specified, with the date and session of the Audit Committee meeting, contents of the proposal, dissenting opinions, qualified opinions or major recommendations of the independent directors, the outcome of the resolution by the Audit Committee, and the Company's handling of the opinions of the Audit Committee provided in detail.

(1) Matters listed in Article 14-5 of the Securities and Exchange Act

(2) Resolutions that were passed by two-thirds or more of all directors but not approved by the Audit Committee
save the aforesaid matters:

Board of Directors	Contents of the Proposals and Subsequent Handling	Matters listed in Securities and Exchange Act 14-5	Resolutions passed by two-thirds or more of all directors but not approved by the Audit Committee
The 14th meeting of the 7th Board of Directors 03/16/2022	1. The Company proposed to acquire the common shares of Airoha Technology Corp.	V	No such situation.
	Resolutions of the Audit Committee (03/16/2022): All members of the Audit Committee approved the resolutions.		
	The Company's handling of the opinions of the Audit Committee: All directors in attendance passed the resolutions.		
The 15th meeting of the 7th Board of Directors	1. The 2021 Annual Business Report and Financial Statements of the Company.	V	No such situation.
	2. The 2021 Earnings Distribution Plan of the Company.	V	No such situation.
	3. Appointment and remunerations of the certified public accountants by the Company for 2022.	V	No such situation.

03/22/2022	4. Issuance of the 2021 Assessment of Effectiveness of the Internal Control System and “Statement on Internal Control System” of the Company.	V	No such situation.
	5. The Company proposed to issue common shares by private placement for cash capital injection.	V	No such situation.
	6. Amendment of some clauses in the “Articles of Association” of the Company.	V	No such situation.
	7. The Company proposed to jointly establish the Egis Innovation Fund with Industrial Technology Investment Corporation.	V	No such situation.
	Resolutions of the Audit Committee (03/22/2022): All members of the Audit Committee approved the resolutions.		
	The Company’s handling of the opinions of the Audit Committee: All directors in attendance passed the resolutions.		
The 16th meeting of the 7th Board of Directors 04/08/2022	1. The Company proposed to make a public tender offer for the common shares of Silicon Optronics, Inc.	V	No such situation.
	Resolutions of the Audit Committee (04/08/2022): All members of the Audit Committee approved the resolutions.		
	The Company’s handling of the opinions of the Audit Committee: All directors in attendance passed the resolutions.		
The 17th meeting of the 7th Board of Directors 05/12/2022	1. The Company’s consolidated financial report for the first quarter of 2022.	V	No such situation.
	2. Amendment to some clauses in “Operating Procedures for Acquisition or Disposal of Assets” of the Company.	V	No such situation.
	Resolutions of the Audit Committee: All members of the Audit Committee approved the resolutions.		
	The Company’s handling of the opinions of the Audit Committee (05/12/2022): All directors in attendance passed the resolutions.		
The 18th meeting of the 7th Board of Directors 08/10/2022	1. The Company’s consolidated financial report for the second quarter of 2022.	V	No such situation.
	2. The Company’s change of certified public accounts.	V	No such situation.
	3. The Company proposed to invest in common shares of Precise Biometrics AB by cash capital injection.	V	No such situation.
	4. Proposal to appoint Chief Financial Officer.	V	No such situation.
	Resolutions of the Audit Committee (08/10/2022): All members of the Audit Committee approved the resolutions.		
	The Company’s handling of the opinions of the Audit Committee: All directors in attendance passed the resolutions.		
The 19th meeting of the 7th Board of Directors 11/11/2022	1. The Company’s consolidated financial report for the third quarter of 2022.	V	No such situation.
	2. The Company’s audit plan for 2023.	V	No such situation.
	Resolutions of the Audit Committee (11/11/2022): All members of the Audit Committee approved the resolutions.		
	The Company’s handling of the opinions of the Audit Committee: All directors in attendance passed the resolutions.		
The 20th meeting of the 7th Board of Directors 03/29/2023	1. The 2022 Annual Business Report and Financial Statements of the Company.	V	No such situation.
	2. The 2022 Earnings Distribution Plan of the Company.	V	No such situation.
	3. Appointment of the certified public accountants by the Company for 2023 and assessment of their independence and eligibility.	V	No such situation.

	4. Issuance of the 2022 Assessment of Effectiveness of the Internal Control System and “Statement on Internal Control System” of the Company.	V	No such situation.
	5. Amendment to some clauses in “Operating Procedures for Acquisition or Disposal of Assets” of the Company.	V	No such situation.
	Resolutions of the Audit Committee (03/29/2023): All members of the Audit Committee approved the resolutions.		
	The Company’s handling of the opinions of the Audit Committee: All directors in attendance passed the resolutions.		

2. In the event that any independent director has to abstain from voting on any proposal due to a conflict of interest, the name of the independent director, the content of the proposal, reason(s) for recusal, and the result of the voting should be specified: No such situation.

3. Communications between the independent directors and internal audit supervisors, as well as accountants (such as matters related to the financial or business situation of the Company that were communicated, the mode and outcome of such communications, etc.)

Notes:

- (1) After the audit report and follow-up report are submitted, the audit director shall deliver the audit report and follow-up report to each independent director, and timely respond to matters raised by the independent directors.
- (2) The audit director and accountant shall communicate with the independent directors on financial and business conditions during the quarterly Board of Directors meeting.
- (3) The audit director shall attend the audit committee meetings in a non-voting capacity and prepare the audit report. The independent directors of the Company shall communicate with the internal audit director.
- (4) The accountant conducts meetings with the independent directors on the Company’s financial and business conditions, or the independent director communicates by telephone or email with the Deputy General Manager of the Finance Department at any time.

(III) The Company's Corporate Governance Practices, and Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, as well as Reasons for the Discrepancies

Assessment Item	Implementation Status		Summary Description	Discrepancy with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for the Discrepancy
	Yes	No		
1. Did the Company formulate and disclose its Corporate Governance Best Practice Principles according to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	✓		The Company has formulated "Code of Corporate Governance Practices of Egis Technology Inc." which is available on the Company's website for stakeholders to download.	No major discrepancy
2. Shareholding Structure of the Company and Shareholders' Equity	✓		(1) The Company has a spokesperson. The spokesperson, acting as the relevant departments of the legal unit serve as channels for proposals and communication with shareholders to ensure that these matters can be properly handled.	No major discrepancy
(1) Did the Company establish internal operating procedures to deal with the proposals, doubts, disputes and litigation matters of shareholders, and implement these in accordance with the procedures?	✓		(2) The shareholder services unit is responsible for controlling information related to the Company and maintaining close contact with the principal shareholders.	No major discrepancy
(2) Does the Company have a list of the principal shareholders who are in actual control of the Company and the ultimate controllers of the principal shareholders?	✓		(3) The Company has established relevant controls in the Company's internal control system and "Regulations for Financial- and Business-Related Operations with Related Enterprises" according to the law.	No major discrepancy
(3) Did the Company establish and implement risk control and firewall mechanisms between itself and its related enterprises?	✓		(4) The Company has formulated Article 6 of the "Operating Procedures for	No major
(4) Did the Company establish internal standards to				

Assessment Item	Implementation Status		Summary Description	Discrepancy with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for the Discrepancy
	Yes	No		
prohibit insiders from trading in securities using information that is undisclosed to the market?			the Management of Significant Internal Information” to prohibit directors, supervisors, managers, and employees with knowledge of significant internal information of the Company from disclosing said information to others. In addition, the “Management Procedures for the Prevention of Insider Trading” prohibit the disclosure of any information to the public or the adoption of any prohibited actions before the release of significant information as to ensure the correctness and popularity of the information.	discrepancy

3. Composition and the Duties of the Board of Directors			
(1) Did the Board of Directors formulate a diversity policy, specific management objectives and implement them with regard to its membership composition?	✓	(1) The Company has specified the Board diversity policy in the “Corporate Governance Best Practice Principles”. Please refer to the chapter on “Diversity and Independence of the Board of Directors” for specific management objectives and implementation.	No major discrepancy
(2) Apart from establishing the Remuneration Committee and Audit Committee in accordance with the law, did the Company establish other functional committees at its own will?	✓	(2) Apart from the Remuneration Committee and Audit Committee, the Company has not established any other functional committees at this point.	No major discrepancy
(3) Did the Company formulate methodologies and methods for performance appraisal of the Board of Directors, conduct the annual performance appraisal on a regular basis, report the performance appraisal results to the Board of Directors, and refer to them in relation to salary and remuneration of individual directors and their nomination for renewal?	✓	(3) The Company has formulated the “Methods for Performance Appraisal of the Board of Directors”, which should be conducted at least once a year. With regard to the performance appraisal of the Board of Directors, individual directors, and the functional committees, the procedures unit conducts director self-appraisal, records the implementation of the various appraisal indicators of the previous year made at the start of each year in accordance with provisions of the Methods, and reports the performance appraisal results to the Board of Directors. In addition, the results are used as a reference for salary and remuneration of individual directors and nomination for renewal.	No major discrepancy
(4) Does the Company evaluate the independence of the certified public accountants on a regular basis?		(4) The Financial Department of the Company evaluates the independence of the certified public accountants once a year and reports the results to the Audit Committee and the Board of Directors for consideration and approval. Upon approval, if all are in line with the Company’s independence standards, then they are able to serve as the Company’s certified public accountants. The evaluation criteria for certified public accountant’s independence are detailed in Note1. Annual appraisal of the certified public accountants and assessment of their independence and eligibility by the Audit Committee of the Company. In addition to requiring certified public accountants to	No major discrepancy

		<p>provide the “Detached Declaration of Independence” and “Audit Quality Indicators (AQIs)”, assessment is performed according to the standards in Note 1 and the 13 AQIs. Certified public accountants are confirmed to not have other financial interests and business relations with the Company other than for fees for certification, financial and tax cases, their family members are confirmed to not violate the independence requirements, and the certified public accountants and firms are confirmed to have higher than industry average standard in terms of audit experience and training hours with reference to AQI information. Digital audit tools will also continue to be introduced in the next 3 years to improve audit quality. After the appraisal results in the last year were discussed and approved by the Audit Committee on March 29, 2023, they were reported to the Board of Directors on March 29, 2023 for them to pass a resolution on the assessment of independence and eligibility of the certified public accountants.</p>	
<p>4. Is the Listed or OTC Company equipped with competent and appropriate number of corporate governance personnel and has it designated a corporate governance director to be responsible for corporate governance related matters (including but not limited to providing data required by directors and supervisors to carry out business, assisting directors and supervisors to comply with laws and regulations, managing meeting related matters of the Board of Directors and shareholders’ meeting in</p>	<p>✓</p>	<p>The Company’s Corporate Governance Unit is the Finance Department responsible for corporate governance related matters and Chief Accountant Kathy Huang was appointed as the Corporate Governance Director by the Board of Directors on August 10, 2022.</p> <p>The foregoing corporate governance related matters shall at least include the following:</p> <p>(1) Handling matters related to Board meetings and Shareholders’ meeting in accordance with the law.</p> <p>(2) Making minutes of the Board of Directors and Shareholders’ meetings.</p> <p>(3) Assisting in the appointment and continuing education of directors.</p>	<p>No major discrepancy</p>

Assessment Item	Implementation Status		Summary Description	Discrepancy with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for the Discrepancy
	Yes	No		
accordance with laws, making minutes of the Board of Directors and shareholders' meeting, etc.)?			<p>(4) Providing data required by directors to carry out their business. (5) Assisting directors in complying with laws and regulations. (6) Other matters stipulated in the Articles of Association or contracts of the Company.</p> <p>The business performance of the Company's Corporate Governance Unit in 2022 is as follows:</p> <ol style="list-style-type: none"> 1. Preparation of the agenda for meetings of the Board of Directors, Audit Committee and Remuneration Committee, and the materials for discussion; reminding the relevant stakeholders to recuse themselves if the proposal content is related to them. In 2022, six Board of Directors meetings, six Audit Committee meetings and three Remuneration Committee meetings were held. 2. Registering the date of the shareholders' meeting within the prescribed deadline and assisting in convening the shareholders' meeting. 3. Responsible for the announcement of important resolutions of the Board of Directors and Shareholders' meeting, and the release of important information in accordance with law. 4. Arranging for all directors, the General Manager, Chief Financial Officer, and Corporate Governance Director to participate in 6 hours of courses on "Prevention and Response to Insider Trading" and "Development Trends and Practical Cases on Mergers and Acquisitions from a Director's and 	

Assessment Item	Implementation Status		Summary Description	Discrepancy with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for the Discrepancy
	Yes	No		
			<p>Supervisor's Perspective".</p> <p>5. Arranging for the independent directors to communicate with the internal audit director and certified public accountants at the Audit Committee meeting, a summary of which is available on the Company's website.</p> <p>7. Conducting the 2022 Board of Directors' performance appraisal and reporting the results of the performance appraisal to the Board of Directors on March 29, 2023.</p> <p>8. The 2022 training records of the Corporate Governance Director are as described in Note 3.</p>	
5. Did the Company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.), set up a stakeholder area on the Company's website, and respond to important corporate social responsibility issues that are of concern to stakeholders in an appropriate way?	✓		In order to maintain a smooth communication channel with stakeholders, the Company has set up a section for stakeholders on the Company's website (http://www.egistec.com). In the event that a stakeholder suffers an infringement of his/her rights, discovers an employee of the Company to be involved in behavior that is illegal or in violation of the Company's corporate governance, or has any doubts or suggestions related to the Company, the stakeholder can contact the Company through this channel. There will be specially assigned personnel who will reply and handle the matter.	No major discrepancy
6. Has the Company appointed a professional shareholder services agency to handle the affairs related to the Board of Shareholders?	✓		The Company has appointed the Stock Service Department of Yuanta Securities Co., Ltd. as the shareholder services agency of the Company and it shall handle affairs related to the Board of Shareholders.	No major discrepancy

Assessment Item	Implementation Status			Discrepancy with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for the Discrepancy
	Yes	No	Summary Description	
7. Information Disclosure				
(1) Has the Company established a website for the disclosure of its financial, business and corporate governance information?	✓		(1) The Company has disclosed information related to its business, financial, and corporate governance status on the Company's website. (http://www.egistec.com)	No major discrepancy
(2) Has the Company adopted other measures for the disclosure of information (such as setting up an English website, appointing personnel to be responsible for the collection and disclosure of information related to the Company, implementing a spokesperson system, and posting investor conferences on the Company's website, etc.)?	✓		(2) The Company has an appointed spokesperson and an acting spokesperson. It has also designated a personnel to be responsible for the collection and disclosure of information to be released to the public (including the English website and the legal representative explanation meeting) to provide the spokesperson, acting spokesperson, and the relevant business departments with the resources to answer inquiries from stakeholders and the competent authorities.	No major discrepancy
(3) Does the Company announce and report the annual financial report within two months after the end of the fiscal year, and announce and report the financial report of the first, second and third quarters and the operation of each month in advance before the specified time limit?		✓	(3) The Company announced and declared the financial report of the year 2022 in March 2023, the financial report of the first, second and third quarters of the year 2022, and the operation of each month in advance before the specified time limit.	No major discrepancy
8. Other important information to facilitate better understanding of the company's corporate governance (including but not limited to employee	✓		(1) Implementation status of employee rights and employee welfare: The Company has open communication channels and is able to handle, answer and address the expectations, suggestions, doubts, and grievances	No major discrepancy

Assessment Item	Implementation Status		Summary Description	Discrepancy with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for the Discrepancy
	Yes	No		
rights and interests, employee welfare, investor relations, supplier relations, rights of stakeholders, training of directors and supervisors, implementation status of risk management policies and risk assessment criteria, implementation of customer relations policies, purchase of liability insurance for directors and supervisors by the Company)?			<p>of employees in a reasonable and appropriate manner. Attention is paid to the rights and interests of employees and concern is shown towards the employees; a work environment with gender equality and prevention and elimination of sexual harassment among staff was established; the Employee Welfare Committee organizes various travel activities for staff every year; and staff with outstanding work performance are commended as excellent employees at the end of each year.</p> <p>(2) Investor relations: The Company upholds the principles of fairness and openness in its treatment of all shareholders, and convenes the shareholders' meeting every year in accordance with the Company Act, as well as the relevant laws and regulations. It also notifies all shareholders to attend the shareholders' meeting in accordance with the relevant regulations, encourages shareholders to actively participate in motions such as those regarding the election of the directors and supervisors or revisions to the Articles of Association, and reports important financial and business decisions such as the acquisition and disposal of assets, as well as endorsements and guarantees, etc. in the shareholders' meeting. The Company also provides ample opportunities for shareholders to raise inquiries or proposals in order to have effective checks and balances. It has formulated the Rules of Procedure for</p>	

Assessment Item	Implementation Status		Summary Description	Discrepancy with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for the Discrepancy
	Yes	No		
			<p>Shareholders' Meetings in accordance with the law and has properly kept the minutes of shareholders' meetings, as well as made full disclosure of the relevant information on the Market Observation Post System. In addition, in order to ensure that the shareholders are fully aware of the major issues of the Company, enjoy full participation and decision-making rights, the Company has established the positions of spokesperson and acting spokesperson, as well as designated personnel to handle the suggestions, doubts and disputes of shareholders. Since the Company's public offering, it has designated personnel to be responsible for the collection and disclosure of information related to the Company, handling of the announcements and declarations of the relevant information, as well as timely provision of information that may affect the decision-making of investors according to the principles of information disclosure.</p> <p>(3) Supplier relations: The Company carries out the audit and management of suppliers on the basis of good faith to ensure that suppliers are able to meet the various environmental regulations and fulfill its social responsibility and continue to provide price-competitive products that meet the standards of the Company. The Company shall continue to uphold the spirit of mutual trust and mutual benefit with its suppliers in the hope that the suppliers can grow and achieve a win-win situation</p>	

Assessment Item	Implementation Status		Summary Description	Discrepancy with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for the Discrepancy
	Yes	No		
			<p>together with the Company.</p> <p>(4) Rights of stakeholders: Depending on the circumstances, the Company may instruct the investor relations, shareholder services, and legal affairs departments, etc. to communicate with stakeholders, and it has listed the contact information of the spokesperson as well as the various relevant business departments on the Company's website. A section dedicated to stakeholders has been set up on the Company's website (http://www.egistec.com). Stakeholders may communicate with the Company and raise suggestions at any time to safeguard their rights and interests.</p> <p>(5) Implementation status of risk management policies and risk assessment criteria: With regard to the risk management policies and risk assessment criteria of the Company, the Office of the General Manager, the Business Department, Finance Department, and other units are jointly responsible for the implementation of the risk management policies and performance of risk assessment. Please refer to Section VII, (6) Explanation on Risk Management Assessment of the current year's annual report for details.</p> <p>(6) Implementation status of customer relations policies: The Company has always maintained strict confidentiality of the secrets of its customers. Where a competitive relationship exists between customers, the internal</p>	

Assessment Item	Implementation Status		Summary Description	Discrepancy with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for the Discrepancy
	Yes	No		
			<p>department will set up different teams to service the customers, and firewalls will be established to protect the information of the customers. To protect its customers, discussions on the secrets of customers are generally prohibited in the Company as well as in public places. At the same time, a customer complaint handling mechanism has been established for the appropriate identification of problems in customer complaints and for the attribution of responsibility to protect the rights and interests of customers. In addition, customer satisfaction surveys are carried out to ensure that customers are most satisfied with the services provided.</p> <p>(7) Purchase of liability insurance for the directors and supervisors by the Company: The Company has purchased liability insurances from Fubon Insurance for directors and managers as described in Note 2.</p> <p>(8) The records of directors and managers in 2022 are as described in Note 3.</p>	

Assessment Item	Implementation Status		Summary Description	Discrepancy with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for the Discrepancy
	Yes	No		
<p>9. Please explain the improvements that have been made with regard to the Corporate Governance Evaluation results released in the last fiscal year by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, as well as suggest priority enhancement matters and measures to be taken for matters that have not been improved.</p> <ol style="list-style-type: none"> 1. The Company has strengthened and improved the annual report disclosure for the corporate governance evaluation in 2022: disclosure of the Company's Board diversity policy, and the specific management objectives and implementation of the diversity policy on the Company's website and annual report (Indicator 2.2). 2. On August 10, 2022, the Company's Board of Directors approved the appointment of Chief Accountant Kathy Huang as Corporate Governance Director (Indicator 2.21). 3. Future priority enhancement matters: It is expected that there will be a re-election of directors and an addition of independent directors at the 2023 Annual General Meeting of Shareholders (Indicator 2.7). 				

Note 1: Assessment Criteria for Independence of Accountant

Assessment Item	Assessment	Independent or
1. The accountant is employed by the Company as a regular employee and receives fixed salary or serves as a director or supervisor	No	Yes
2. The accountant once served as a director, supervisor, manager or an employee who has had a significant influence on the certification work of the Company, and was dismissed less than 2 years ago.	No	Yes
3. The accounting firm and the Company are related parties to each other	No	Yes
4. The accountant has a spousal relationship or a relationship within the second degree of kinship with the person in charge or manager of the Company	No	Yes
5. The accountant or his/her spouse or minor child has an investment or shared profits in the Company	No	Yes
6. The accountant or his/her spouse or minor child has funds borrowed from or lent to the Company.	No	Yes
7. The accountant has been appointed the certification for seven consecutive years	No	Yes
8. The accountant has not provided an independence statement every year	No	Yes
9. The Company has been sued for financial reports or corrected by the competent authority during the year of assessment	No	Yes
10. The quality of service such as auditing and taxation has not met the requirements	No	Yes
11. The size and reputation of the accounting firm have been seriously damaged during the year of assessment	No	Yes
12. Poor interaction between the accountant, management, and internal audit supervisor	No	Yes

Note 2: Purchase of Liability Insurance for Directors and Managers

Insured	Insurer	Insurance Premiums (USD)	Duration of Insurance
Directors and managers	Fubon Insurance Co., Ltd.	USD 17,800	From October 01, 2022 to October 01, 2023
	Cathay Century Insurance Co., Ltd.	USD 7,475	
	Hotai Insurance Co., Ltd.	USD 2,875	
	Chung Kuo Insurance Co., Ltd.	USD 1,150	
Total		USD 29,300	

Note 3: 2022 Training Records of Directors and Managers

Position	Name	Training Date	Topics	Unit	Number of Training Hours	2022 Number of Training Hours
Chairman	LO, SEN CHOU	08/10/2022	Prevention and Response to Insider Trading	Taiwan Corporate Governance Association	3	6
		11/11/2022	Development Trends and Practical Cases on Mergers and Acquisitions from a Director's and Supervisor's Perspective	Taiwan Corporate Governance Association	3	
Vice Chairman	YU, MING-TO	08/10/2022	Prevention and Response to Insider Trading	Taiwan Corporate Governance Association	3	6
		11/11/2022	Development Trends and Practical Cases on Mergers and Acquisitions from a Director's and Supervisor's Perspective	Taiwan Corporate Governance Association	3	
Director	SHIH, CHEN-JUNG	03/16/2022	New Order of Global Shipping and Logistics	Taiwan Corporate Governance Association	1.5	14
		05/05/2022	How Do Business Leaders Lead in Low-Carbon ESG Transformation Programs?	Taiwan Corporate Governance Association	1.5	
		08/04/2022	New Knowledge on Tax and Securities Management Laws	Taiwan Corporate Governance Association	1.5	
		08/10/2022	Prevention and Response to Insider Trading	Taiwan Corporate Governance Association	3	
		09/22/2022	Principles of Fairness and Honesty in Contract Signing to Treat Customers Fairly - Case Analysis in Insurance Industry	Taiwan Corporate Governance Association	1	
		09/29/2022	Issue Related to Latest IFRS 17	Taiwan Corporate Governance Association	1.5	
		11/03/2022	Observation of Cross-Strait and International Situation after 20th National Congress of the Chinese Communist Party	Taiwan Corporate Governance Association	1.5	
		11/10/2022	Anti-Money Laundering and Counter-Terrorism Financing Workshop	Taiwan Insurance Institute	1	

		12/06/2022	Issue Related to Latest IFRS 17	Taiwan Corporate Governance Association	1.5	
Director	RO, SHIH-HAO	08/10/2022	Prevention and Response to Insider Trading	Taiwan Corporate Governance Association	3	6
		11/11/2022	Development Trends and Practical Cases on Mergers and Acquisitions from a Director's and Supervisor's Perspective	Taiwan Corporate Governance Association	3	
Independent director	WENG, MING-JENG	08/10/2022	Prevention and Response to Insider Trading	Taiwan Corporate Governance Association	3	6
		11/04/2022	Global Trend Analysis - Risks and Opportunities	Taiwan Corporate Governance Association	3	
Independent director	HUANG, TA-LUN	07/26/2022	Taiwanese Business Operations and Merger and Acquisition Strategies in the Context of International Politics and Economies	Corporate Operating and Sustainable Development Association	3	6
		07/28/2022	Corporate Governance and Securities Regulations - Laws and Regulations on Insider Trading and Analysis of Practical Cases	Corporate Operating and Sustainable Development Association	3	
Independent director	CH'EN, LAI-CHU	08/10/2022	Prevention and Response to Insider Trading	Taiwan Corporate Governance Association	3	6
		11/11/2022	Development Trends and Practical Cases on Mergers and Acquisitions from a Director's and Supervisor's Perspective	Taiwan Corporate Governance Association	3	

Records of Manager Training in 2022:

Position	Name	Training Date	Name of Course	Organizing Unit	Number of Training Hours	2022 Number of Training Hours
Chief Financial Officer	LEE, YI-PIN	08/10/2022	Prevention and Response to Insider Trading	Taiwan Corporate Governance Association	3	6
		11/11/2022	Development Trends and Practical Cases on Mergers and Acquisitions from a Director's and Supervisor's Perspective	Taiwan Corporate Governance Association	3	
Accountant officer	Kathy Huang	From 09/15/2022 to 09/16/2022	Continuing Education Course for Issuer Securities Dealer Accounting Supervisor	Accounting Research and Development Foundation	12	12
Corporate Governance Director	Kathy Huang	08/25/2022	Briefing on Shareholders' Equity for Insiders of OTC and Emerging Stock Market Companies	Taipei Exchange	3	15
		08/10/2022	Prevention and Response to Insider Trading	Taiwan Corporate Governance	3	
		11/11/2022	Development Trends and Practical Cases on Mergers and Acquisitions from a Director's and Supervisor's Perspective	Taiwan Corporate Governance Association	3	
		10/11/2022	2022 OTC Companies - Announcement on Guidelines for Exercise of Duties by Independent Directors and Audit Committee and Briefing for Directors and Supervisors	Taipei Exchange	3	
		12/05/2022	Practical Analysis of Latest Corporate Governance Policies and Corporate Governance Evaluation	Accounting Research and Development Foundation	3	
Audit supervisor	Iris Lee	12/23/2022	Way to Legal Self-protection - How to Face Investigation and Trial Procedures?	The Institute of Internal Auditors - Republic of China	6	12
		10/21/2022	Common Internal Audit and Internal Control Deficiencies in Taiwanese Subsidiaries and Case Analysis	The Institute of Internal Auditors - Republic of China	6	

(IV) If the Company has set up a Remuneration Committee, the composition and duties, as well as the operational situation of the committee should be disclosed

1. Particulars of the Members of the Remuneration Committee

March 31, 2023

Position Name		Criteria	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which He/She Is Concurrently a Member of the Remuneration Committee
Independent Director (Convener)	HUANG, TA-LUN		See Pages 14 and 15 for information about the directors.	See Pages 14 and 15 for information about the directors.	2
Independent director	WENG, MING-JENG				1
Independent director	CH'EN, LAI-CHU				1

2. Duties and Powers of the Remuneration Committee

The Remuneration Committee shall exercise the due care of a good administrator in faithfully performing the official duties and powers listed below and shall submit its recommendations for deliberation by the Board of Directors:

- (1) Periodically review the regulation and propose recommendations for amendments.
- (2) Establish and periodically review the annual and long-term performance goals, as well as the policies, systems, standards, and structure for remuneration of the directors and managers of the Company.
- (3) Periodically assess the degree to which performance goals for the directors and managers of the Company have been achieved, and establish the contents and amounts of their individual remunerations.

3. Information on the Operational Situation of the Remuneration Committee

- (1) The Remuneration Committee of the Company comprises of three members.
- (2) As of the publication date of this annual report, the Remuneration Committee has held four (A) meetings (three in 2022 and one in 2023) in total. The attendance of the committee members is as follows:

Position	Name	Attendance in Person(B)	Attendance by Proxy	Rate of Attendance in Person(%) (B/A)	Remarks
Independent director	HUANG, TA-LUN	4	0	100.00%	The Convener and the Chairman
Independent director	WENG, MING-JENG	4	0	100.00%	
Independent director	CH'EN, LAI-CHU	4	0	100.00%	

Other Matters to be Recorded:

1. If the Board of Directors does not adopt or amend the recommendation of the Remuneration Committee, it shall state the date, period, contents of the proposal, resolution results of the Board of Directors and the Company's handling of the opinions of the Remuneration Committee (if the salary and remuneration adopted by the Board of Directors is more than the proposal of the Remuneration Committee, the difference and reason shall be stated): No such matter.
2. If with respect to any resolution of the Remuneration Committee, any member has a dissenting or qualified opinion that is on record or stated in a written statement, the date and session of the Remuneration Committee meeting, content of the proposal, as well as the opinions of all committee members and the handling of their opinions shall be specified: No such matter.
3. Discussion subject and voting results of Remuneration Committee:

Date and Session Number	Content of Proposal	Outcome of the Resolution
The 6th meeting of the 4th Remuneration Committee 03/22/2022	1. Allocation of year-end bonus and performance bonus to managers of the Company in 2021.	Remuneration Committee: Relevant proposals have been unanimously approved by members present and submitted to the Board of Directors of the Company for resolution. Board of Directors: All directors in attendance passed the resolutions.
	2. The Company's issuance of performance bonus for 2021.	
	3. The Company's annual salary adjustment plan for managers in 2022.	
The 7th meeting of the 4th Remuneration Committee on 05/12/2022	1. The Company's appointment of Senior Deputy General Manager.	
The 8th meeting of the 4th Remuneration Committee on 08/11/2022	1. Remuneration of independent directors of the Company.	
The 9th meeting of the 4th Remuneration Committee on 03/29/2023	1. Allocation of year-end bonus and performance bonus to managers of the Company in 2022.	
	2. The Company's appointment of Deputy General Manager.	

(V) The Implementation Status of Promoting the Sustainable Development and Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for the Discrepancies

Assessment Item	Implementation Status			Discrepancy with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for the Discrepancy
	Yes	No	Summary Description	
I. Has the Company established a governance structure to promote sustainable development and set up a dedicated (or ad-hoc) unit for the promotion of sustainable development that is managed by senior management as authorized by the Board of Directors and supervised by the Board of Directors?	✓		The Company has designated the General Manager's Office as the full-time sustainable development promotion unit. It is responsible for the proposal and implementation of relevant policies, systems, or management policies and plans, as well as the ethical management of the enterprise and the management of employee ethics, and reporting the operation and implementation results to the Board of Directors when necessary.	No major discrepancy
II. Does the Company conduct risk assessment on environmental, social, and corporate governance topics related to the Company's operation in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?	✓		The Company formulated and implemented relevant risk management policies and regularly conducted risk assessment on topics related to the Company's operation.	No major discrepancy
C. Environmental Topics				

Assessment Item	Implementation Status			Discrepancy with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for the Discrepancy
	Yes	No	Summary Description	
(1) Has the Company established an appropriate environmental management system according to its industrial characteristics?	✓		(1) The Company is a software and hardware design company that does not have factory-manufactured products, therefore does not have a physical product which would cause impact on the environment. The Company is committed to improving efficiency in the utilization of each resource, to achieve energy conservation, waste reduction, and reduce impact on environment to safeguard earth's resources and protect environmental health.	No major discrepancy
(2) Is the Company committed to improving efficiency in the utilization of each resource? Does it use renewable materials that have a low impact on the environment?	✓		(2) In order to make good use of all resources, the Company carries out activities such as sorting, recycling, and reduction of resources and wastes. The Company implements the use of recycled paper and improves the utilization efficiency of all resources, thereby thoroughly implementing the recycling and reuse of resources.	No major discrepancy
(3) Does the Company assess the potential risks and opportunities of climate change for the enterprise now and in the future, and take measures to deal with climate related topics?	✓		(3) The Company's air conditioners are configured to turn off at certain times. Additionally, the Company promotes the concept of energy saving and carbon reduction to employees of all	No major discrepancy

Assessment Item	Implementation Status			Discrepancy with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for the Discrepancy
	Yes	No	Summary Description	
(4) Does the Company gather statistics on greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction, or other waste management?			<p>departments of the company, and promote various energy saving measures to achieve energy saving and greenhouse gas reduction policies, reduce the impact on the environment, and fulfill the responsibility of corporate environmental protection.</p> <p>(4) The Company is a software and hardware design company and does not engage in manufacturing. So there is no particular pollution source. The Company aligns itself with and responds to the government's energy conservation measures and has prepared "energy conservation" measures. The Company implemented, on a long-term basis, energy conservation and carbon reduction measures related to the management of internal electricity, water, lighting equipment, resource recovery, etc.</p>	No major discrepancy
<p>D. Social Topics</p> <p>(1) Does the Company formulate relevant management policies and procedures in accordance with relevant laws, regulations, and international human rights</p>	✓		<p>(1) The Company is in compliance with the relevant laws and regulations such as the Labor Standards Act and Gender Equality in Employment Act and</p>	No major discrepancy

Assessment Item	Implementation Status			Discrepancy with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for the Discrepancy
	Yes	No	Summary Description	
conventions?	✓		observes the internationally recognized Fundamental Principles of Labor Rights. It has formulated the “Personnel Regulations and Work Management Rules”, which specifies the policies for employment, incentives, and disciplinary actions to safeguard the legitimate rights and interests of employees.	No major discrepancy
(2) Does the Company create and implement reasonable employee benefit measures (including compensation, vacation, and other benefits), and properly reflect the operating performance or results in its employee’s compensation?	✓		(2) The Board of Directors is the reporting line of the Remuneration Committee, which is responsible for formulating salary and remuneration policies, systems, standards and structures, and issuing various bonuses and periodic salary adjustments in combination with the Company’s business performance, annual net profit and employee assessment.	
(3) Does the Company provide a safe and healthy working environment for its employees and train them regularly on safety and health education?	✓		(3) The Company has appointed safety and health management staff and conducted safety and health educational training courses, as well as overhauls of fire-fighting equipment on a regular basis, so as to provide employees with a safe and healthy work environment.	No major discrepancy

Assessment Item	Implementation Status			Discrepancy with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for the Discrepancy
	Yes	No	Summary Description	
(4) Has the Company established effective career development training plans for employees?			(4) The Company encourages employees of all departments to cooperate in the work content and actively participate in external refresher courses to improve the professional abilities of employees.	No major discrepancy
(5) Does the Company follow relevant laws, regulations, and international standards in relation to customers' health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant policies, and complaint procedures to protect the rights of consumers?			(5) The Company attaches great importance to customer feedback, and the service procedures for customer feedback are handled by the unit-in-charge, so as to ensure the customer receives the ideal service effect and also protect the customer's rights.	No major discrepancy
(6) Does the Company have a supplier management policy that requires suppliers to follow relevant specifications in relation to environmental protection, occupational safety and health, labor rights, and other issues? What is the status of its implementation?			(6) The Company assesses its suppliers and evaluates their operations regularly, and it will include the corporate social responsibility of both parties, as well as the relevant contract termination clauses when signing contracts with suppliers in the future.	No major discrepancy
E. Does the Company prepare sustainability reports and other reports that disclose the Company's non-financial information by reference to				

Assessment Item	Implementation Status			Discrepancy with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for the Discrepancy
	Yes	No	Summary Description	
internationally accepted reporting standards or guidelines? Is the above-mentioned disclosure report confirmed or guaranteed by a third party verification unit?				The Company is committed to promoting sustainable development of the enterprise, and is planning to prepare corporate sustainability reports.
F. If the Company has formulated its own sustainable development principles based on the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please specify any discrepancies between the formulated principles and its implementation:				The Company has formulated the “Sustainable Development Best Practice Principles” and has actively implemented its obligations in the spirit of the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”.
G. Other important information to facilitate better understanding of the implementation of sustainable development:				<p>The Company is a software and hardware design company that does not have factory-manufactured products. In order to respond to environmental protection and energy conservation, employees are required to start from everyday life and the office environment.</p> <p>(1) The Company manages its employee according to the labor law and other relevant regulations and designated a dedicated staff to handle all work related benefits of employees in order to protect the rights of employees.</p> <p>(2) The Company’s industry does not implicate major environmental pollution problems, and the Company’s offices have been equipped with energy-saving devices, air conditioners configured to turn off at certain times, electronic forms, commercial waste reduction and recycling, and a greenhouse gas inventory program has been planned to achieve environmental protection and carbon reduction.</p>

Risk assessment of the Company’s promotion of sustainable development:

Materiality Issue	Risk Assessment Item	Risk Management Policy and Measures

Environmental	Environmental protection Climate change	The Company is a software and hardware design company and is not engaged in production and manufacturing, and therefore does not generate manufacturing-related waste.
		The Company is committed to energy conservation and carbon reduction, and plans to conduct regular greenhouse gas inventories with the goal of reducing carbon dioxide emissions year on year.
Social	Occupational safety Staff recruitment and training	The Company complies with laws and regulations related to safety and health, and regularly conducts safety and health education and “fire safety training” courses. Dedicated nursing room space, gender/disability-friendly toilets and annual employee health subsidies are set up.
		Increasing overall remuneration to attract, develop and retain talent.
		Encouraging employees to continue learning.
Corporate Governance	Socioeconomic and legal compliance	The Company ensures that all employees and operations comply with the relevant laws and regulations through the establishment of governance mechanisms and the implementation of internal control mechanisms.

(6) Ethical Management Practices and Measures Adopted by the Company

Status of ethical management and discrepancy with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons for such discrepancy

Assessment Item	Implementation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons for the Discrepancies
	Yes	No	Summary Description	
1. Formulation of Ethical Management Policy and Programs	✓			
(1) Did the Company formulate an ethical management policy that has been approved by the Board of Directors and expressly specifies the ethical management policy and measures as well as the commitment on active implementation of the management policy by the Board of Directors and the senior management in its regulations and public documents?	✓		(1) The Company has formulated the “Ethical Corporate Management Best Practice Principles”, “Code of Ethical Conduct”, “Operating Procedures and Behavioral Guidelines for Ethical Management”, as well as the “Code of Corporate Governance Practices”, etc. and published them on the Company’s website. Integrity is a core value of our Company and it is also fundamental to enterprise management. These principles apply to the directors, managers, employees, and related personnel of the Company.	No major discrepancy
(2) Did the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in	✓		(2) The Company has formulated the “Ethical Corporate Management Best Practice Principles”, the “Code of Ethical Conduct”, and “Operating Procedures and Behavioral	No major discrepancy

Assessment Item	Implementation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons for the Discrepancies
	Yes	No	Summary Description	
<p>unethical conduct and, according to the above, draw up a plan for preventing unethical conduct, which at least covers the preventive measures for the conduct specified in Article 7, Paragraph 2 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”?</p> <p>(3) Did the Company, in its programs against unethical conduct, expressly state the operating procedures, behavioral guidelines, disciplinary actions, and grievance system for violations of regulations in the various programs, as well as implement these programs and periodically consider amending them?</p>			<p>Guidelines for Ethical Management”, strictly requiring that all decisions and actions of the Company be made in conformity with the laws and regulations. The Company also promotes and strengthens the concept of ethical management through education.</p> <p>(3) Apart from conducting education and training programs, as well as publishing relevant implementation manuals for the promotion/regulation of ethical conduct, the Company also conducts internal audits or regular rotation of jobs to lower the risks with regard to units/personnel (such as procurement, capital) with potentially higher risk.</p>	No major discrepancy
<p>2. Implementation of Ethical Management</p> <p>(1) Does the Company assess the ethical records of its trading partners, and does it specify clauses on ethical conduct in contracts signed with its trading partners?</p>	✓		<p>(1) The Company has formulated the “Ethical Corporate Management Best Practice Principles”, and the “Operating Procedures and Behavioral Guidelines for Ethical Management”. The Company takes into consideration the legitimacy of its trading partners, as well as</p>	No major discrepancy

Assessment Item	Implementation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons for the Discrepancies
	Yes	No	Summary Description	
(2) Has the Company set up a dedicated unit under the Board of Directors to promote the ethical management of the enterprise, regularly (at least once a year) report to the Board of Directors its ethical management policies, and plans to prevent unethical behavior and supervise the status of its implementation?	✓		whether they have any record of unethical conduct in its various business dealings to ensure that all business activities are in compliance with the “Principle of Ethical Conduct”. It has also specified in its contracts with trading partners that the contracts may be unconditionally terminated or rescinded at any time in the event of any involvement of unethical conduct by the trading partners which damages the interests of the Company.	No major discrepancy
(3) Has the Company formulated policies to prevent conflicts of interest, provided adequate channels for reporting such situations, and implemented these measures?	✓		(II) The Company has formulated the “Ethical Corporate Management Best Practice Principles”. The Human Resources Division has been designated as the dedicated unit to assist the Board of Directors and management in checking and assessing the effectiveness of the preventive measures established for the implementation of ethical management and shall report to the Board of Directors whenever necessary. (3) Policies on conflicts of interest and situations/standards of contravention are	

Assessment Item	Implementation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons for the Discrepancies
	Yes	No	Summary Description	
(4) Has the Company established an effective accounting system and internal control system for the implementation of ethical management? Has the internal audit unit of the Company, based on the results of assessment of the risk of involvement in unethical conduct, devised relevant audit plans and checked compliance with the plan to prevent unethical conduct, or engage a certified public accountant to carry out the audit?	✓		<p>specified in the “Ethical Management Policy” and “Code of Ethical Conduct”, under which the relevant personnel are required to avoid such situations and take the initiative to report to their immediate supervisor, head of the human resources unit, or Board of Directors in the event that they are aware of or are facing a similar situation.</p> <p>(4) An evaluation and self-assessment of the design and effectiveness of implementation of the internal control system, including the accounting system, will be carried out annually based on the principle of ethical management, and amendments will be made where necessary. Internal auditors will conduct regular audits on compliance with the system, and accountants will also be commissioned to carry out internal control audits.</p>	No major discrepancy
(5) Does the Company organize regular internal or external education and training programs for ethical management?	✓		(5) At present, the Company has not organized regular internal or external education and training programs for ethical management, but it	No major discrepancy

Assessment Item	Implementation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons for the Discrepancies
	Yes	No	Summary Description	
			advocates this to employees during its education and training of new staff.	
<p>3. Implementation of the Whistleblowing System of the Company</p> <p>(1) Has the Company developed a specific whistleblowing and reward system and established convenient whistleblowing channels, and does it assign appropriate and dedicated personnel to deal with persons of whom the offenses are reported?</p>	✓		(I) The Company has formulated the “Ethical Corporate Management Best Practice Principles” and the “Operating Procedures and Behavioral Guidelines for Ethical Management”. It encourages internal employees and external persons to report unethical or improper behavior, and offers a discretionary bonus according to the severity of the reported matter. Disciplinary action will be taken against any personnel who makes false or malicious allegations, and the personnel will be dismissed in serious cases. The Human Resources Division is the dedicated unit responsible for the planning and reviewing of the whistleblowing system to ensure the effectiveness of its implementation.	No major discrepancy
(2) Has the Company formulated standard operating procedures, follow-up measures that should be taken	✓		(II) The Company has established a specific whistleblowing system and it has set out clear	No major discrepancy

Assessment Item	Implementation Status		Summary Description	Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons for the Discrepancies
	Yes	No		
<p>after investigation and the relevant non-disclosure mechanism with regard to the investigation of offenses reported?</p> <p>(3) Has the Company adopted any measures to protect the whistleblowers from being improperly treated after reporting offenses?</p>	✓		<p>operating procedures for the raising of grievances, the investigation, and the handling measures after the end of investigation. The identities of whistleblowers and content of the offenses are treated by the Company as confidential.</p> <p>(III) The Company should provide protection to the relevant personnel who reported the offense or of whom the offense is reported against, in the course of their participation in the investigation process to ensure that they are not subject to unfair reprisals or treatment. In Section 23 of the “Ethical Corporate Management Best Practice Principles”, the Company prescribes measures to protect the confidentiality of the identity of the informant and the content of the whistleblowing and to protect the informant from being improperly treated due to the whistleblowing.</p>	No major discrepancy
<p>4. Enhancing Information Disclosure</p> <p>Did the Company disclose its Ethical Corporate</p>	✓		The Company has disclosed its Ethical Corporate	No major

Assessment Item	Implementation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons for the Discrepancies
	Yes	No	Summary Description	
Management Best Practice Principles and effectiveness of its implementation on the Company's website and the Market Observation Post System?			Management Best Practice Principles on the Company's website (http://www.egistec.com) and shall disclose the relevant information on the effectiveness of its implementation on the website or in the annual report.	discrepancy
<p>5. If the Company has established its Ethical Corporate Management Best Practice Principles based on "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please specify any discrepancies between the Principles and their implementation:</p> <p>The Company has formulated "Ethical Corporate Management Best Practice Principles" and appointed the Human Resources Division as the dedicated unit to handle the revision, implementation, interpretation, and advisory services related to these operating procedures and behavioral guidelines, register and file the content of notifications, and carry out other related operations, as well as oversee such implementation. In addition, the said unit submits reports to the Board of Directors as and when necessary, and there is no major discrepancy between its operations and the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.</p>				
<p>6. Other important information to facilitate better understanding of the ethical management practices of the Company: (such as review and amendment of the Ethical Corporate Management Best Practice Principles formulated by the Company, etc.)</p> <p>(1) The Company's implementation of ethical management is based on its compliance with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, regulations relevant to TWSE/GTSM listed companies, and other laws related to commercial practice.</p> <p>(2) The "Rules of Procedures for Board of Directors" has set out a system of recusal for directors in case of conflict of interest. Directors shall comment on and answer to proposals listed in board meetings that affect their personal interests or the interests of the juristic persons they are representing, which may harm the interests of the Company, but they shall exercise recusal and not partake in the discussions and voting and may not act on behalf of other directors in the exercise of their voting rights.</p> <p>(3) The Company has formulated the "Management Practices for the Prevention of Insider Trading" and "Operating Procedures for the</p>				

Assessment Item	Implementation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons for the Discrepancies
	Yes	No	Summary Description	
<p>Management of Significant Internal Information”, under which directors, managers, and employees shall not disclose significant internal information that they have knowledge of to others and shall not make inquiries with persons who possess significant internal information of the Company, or collect significant internal information unrelated to their personal duties that has yet been disclosed by the Company. They may also not disclose significant internal information obtained outside of their performance of business activities that has yet been disclosed by the Company to others.</p> <p>(4) The Company has always upheld the principle of integrity in its operations and practices good management in adherence to the relevant laws and regulations, as well as the internal control system. It strictly forbids behavior that is unethical or in violation of the law, and it has a legal affairs unit that serves as a basis for consultation and validation whenever necessary.</p> <p>(5) The Company has directors and managers’ liability insurance (D&O) for its directors, managers, and important employees, which can sufficiently reduce the risks to the Company arising from the performance of duties by the relevant personnel and safeguard the rights and interests of investors.</p>				

Fulfillment of Ethical Management and Adopting of Measures

1. The Company follows the Company Act, the Securities and Exchange Act, the International Accounting Standards, and other related regulations of listed counters as the basis for implementing the ethical management.
2. The Rules of Procedures for Board of Directors has set out a system of recusal for directors in case of conflict of interest. For events of the board meeting that have interests with itself or the legal person representing it, directors shall not participate in the discussions and voting, and they may not act on behalf of other directors in the exercise of their voting rights.
3. The Company’s internal control system clearly specifies that the person who has knowledge of the information should not announce any information to the public before releasing the material information to ensure the correctness and popularity of the information. The contents of the material information should detail the authenticity of the matter and whether or not it has any effect on the Company’s financial affairs.
4. The Company clearly stipulates the ethical code of conduct, requiring each and every employee of the Company and its subsidiaries to be responsible for complying with the code of conduct and safeguarding the Company’s cultural core values and reputation.

(VII) If the Company has formulated the Corporate Governance Practices and other relevant regulations, it should disclose the method of inquiry into these practices and regulations.

The Company has drawn up the Code of Corporate Governance, and the Rules of Procedures for Board of Directors, Regulations Governing the Operation and Management of the Audit Committee, Ethical Corporate Management Best Practice Principles, Code of Ethical Conduct, and other relevant regulations have been in place and are disclosed on the Company's website (<http://www.egistec.com>) to facilitate inquiries.

(VIII) Other important information that would enhance an understanding of the corporate governance practices of the Company that should be disclosed: Nil.

(IX) Matters to be disclosed regarding the implementation of the internal control system

1. Statement on Internal Control: Please refer to Page 117 for further details.
2. If the Company has commissioned certified public accountants to perform examination of its internal control system, it should disclose the examination reports of the certified public accountants: Nil.

(X) Sanctions imposed on the Company and its internal personnel in accordance with the law, sanctions imposed by the Company against internal personnel who violated the regulations of the internal control system, as well as principal deficiencies, and the state of any efforts for improvements during the last fiscal year and the current fiscal year up to the date of publication of the annual report: No such situation.

(XI) Important resolutions of Shareholders' meetings and Board meetings during the last fiscal year and the current fiscal year up to the date of publication of the annual report

1. Important Resolutions of the Shareholders' Meeting in 2022

Important Resolutions of the Shareholders' Meeting		
Date of Resolution of the Shareholders' Meeting	Cause(s)	Implementation Status of Resolution
06/22/2022 Shareholders' meeting	Ratify the 2021 Annual Financial Statements.	Approved the original proposal of the Board of Directors through voting. Status of Implementation: The material information was released on June 22, 2022 and disclosed on the Company's website.
	Ratify the 2021 Earnings Distribution Plan.	Approved the original proposal of the Board of Directors through voting. Status of Implementation: The dividend record date was set as July 14, 2022, and cash dividends of NTD 10 per share (cash dividends to be distributed to shareholders: NTD 692,717,540) will be distributed on August 03, 2022.

Important Resolutions of the Shareholders' Meeting		
Date of Resolution of the Shareholders' Meeting	Cause(s)	Implementation Status of Resolution
	The Company proposed to issue common shares by private placement for cash capital injection.	Approved the original proposal of the Board of Directors through voting. Status of Implementation: Material information was released on June 22, 2022.
	Amendment of some clauses in the "Articles of Association" of the Company.	Approved the original proposal of the Board of Directors through voting. Status of Implementation: Material information was released on June 22, 2022, and disclosed on the Company's website in accordance with the amended "Articles of Association".
	Amendment to some clauses in "Operating Procedures for Acquisition or Disposal of Assets" of the Company.	Approved the original proposal of the Board of Directors through voting. Status of Implementation: Material information was released on June 22, 2022, and disclosed on the Company's website in accordance with the amended "Operating Procedures for Acquisition or Disposal of Assets".
	Amendment to some clauses in "Rules of Procedures for Shareholders' Meeting" of the Company.	Approved the original proposal of the Board of Directors through voting. Status of Implementation: Material information was released on June 22, 2022, and disclosed on the Company's website in accordance with the amended "Rules of Procedures for Shareholders' Meeting".
	The lifting of non-compete restrictions for the directors of the Company.	Approved the original proposal of the Board of Directors through voting. Status of Implementation: The material information was released on June 22, 2022 and disclosed on the Company's website.

2. Important Resolutions of the Board of Directors

Important Resolutions of the Board of Directors		
Resolution of the Board of Directors Appointment	Cause(s)	Outcome of the Resolution
The 14th meeting of the 7th Board of Directors 03/16/2022	1. The Company proposed to acquire the common shares of Airoha Technology Corp.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
The 15th meeting of the 7th Board of Directors 03/22/2022	1. The 2022 Operations Plan of the Company.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	2. The 2021 Annual Business Report and Financial Statements of the Company.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	3. The 2021 Earnings Distribution Plan of the Company.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	4. Appointment and remunerations of the certified public accountants by the Company for 2022.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	5. Issuance of the 2021 Assessment of Effectiveness of the Internal Control System and “Statement on Internal Control System” of the Company.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	6. The Company proposed to issue common shares by private placement for cash capital injection.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.

Important Resolutions of the Board of Directors		
Resolution of the Board of Directors Appointment	Cause(s)	Outcome of the Resolution
	7. Amendment of some clauses in the “Articles of Association” of the Company.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	8. Amendment to some clauses in “Rules of Procedures for Shareholders’ Meeting” of the Company.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	9. Date and venue of the 2022 Annual General Meeting of the Company, reason for convening the meeting and time frames, and venue for submission of proposals by shareholders who possess 1% or more shares.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	10. The Company proposed to jointly establish the Egis Innovation Fund with Industrial Technology Investment Corporation.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	11. Proposed application for a line of credit extension with Correspondent Bank by the Company.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	12. Allocation of year-end bonus and performance bonus to managers of the Company in 2021.	Directors LO, SEN CHOU, YU, MING-TO, RO, SHIH-HAO, and LIN, GONG-YI were recipients of this proposal and had recused themselves. The proposal was presided over by the Independent Director WENG, MING-JENG and was unanimously passed without objection upon consultation with all directors available for voting by the Chairman.

Important Resolutions of the Board of Directors		
Resolution of the Board of Directors Appointment	Cause(s)	Outcome of the Resolution
	13. The Company's issuance of performance bonus for 2021.	Director LO, SEN CHOU and Director RO, SHIH-HAO recused themselves on this proposal. The proposal was presided over by the Director WENG, MING-JENG and was unanimously passed without objection upon consultation with all directors in attendance by the Chairman.
	14. The Company's annual salary adjustment plan for managers in 2022.	Director LO, SEN CHOU is the relative of the recipient of this proposal and had recused himself. The proposal was presided over by the Independent Director WENG, MING-JENG and was unanimously passed without objection upon consultation with all directors available for voting by the Chairman.
The 16th meeting of the 7th Board of Directors 04/08/2022	1. The Company proposed to make a public tender offer for the common shares of Silicon Optronics, Inc.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
The 17th meeting of the 7th Board of Directors 05/12/2022	1. The Company's consolidated financial report for the first quarter of 2022.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	2. Amendment to some clauses in "Operating Procedures for Acquisition or Disposal of Assets" of the Company.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	3. Proposal to relieve the directors from the non-competition restrictions at the shareholders' meeting.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.

Important Resolutions of the Board of Directors		
Resolution of the Board of Directors Appointment	Cause(s)	Outcome of the Resolution
	4. Addition of reason for convening the 2022 Annual General Meeting of the Company.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	5. The lifting of non-competition restrictions on Managers.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	6. Proposed application for a line of credit extension with Correspondent Bank by the Company.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	7. The Company's appointment of Senior Deputy General Manager.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
The 18th meeting of the 7th Board of Directors 08/10/2022	1. The Company's consolidated financial report for the second quarter of 2022.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	2. The Company's change of certified public accounts.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	3. The Company proposed to invest in common shares of Precise Biometrics AB by cash capital injection.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	4. Proposed application for a line of credit extension with Correspondent Bank by the Company.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.

Important Resolutions of the Board of Directors		
Resolution of the Board of Directors Appointment	Cause(s)	Outcome of the Resolution
	5. The lifting of non-competition restrictions on Managers.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	6. Proposal to appoint the Chief Financial Officer of the Company.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	7. Proposal to appoint the Corporate Governance Director.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	8. Remuneration of independent directors of the Company.	Independent Director WENG, MING-JENG, Independent HUANG, TA-LUN, and Independent Director CH'EN, LAI-CHU recused themselves on this proposal and the proposal was unanimously passed without objection upon consultation with all directors in attendance by the Chairman.
The 19th meeting of the 7th Board of Directors 11/11/2022	1. The Company's consolidated financial report for the third quarter of 2022.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	2. The Company's audit plan for 2023.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	3. Amendment of the Rules of Procedures for Board of Directors of the Company.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.

Important Resolutions of the Board of Directors		
Resolution of the Board of Directors Appointment	Cause(s)	Outcome of the Resolution
	4. Amendment of the Operating Procedures for the Management of Significant Internal Information of the Company.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	5. Proposal for the application for a line of credit extension with Correspondent Bank by the Company.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
The 20th meeting of the 7th Board of Directors 03/29/2023	1. The 2023 Operations Plan of the Company.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	2. The 2022 Annual Business Report and Financial Statements of the Company.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	3. The 2022 Earnings Distribution Plan of the Company.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	4. Appointment of the certified public accountants by the Company for 2023 and assessment of their independence and eligibility.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	5. Issuance of the 2022 Assessment of Effectiveness of the Internal Control System and “Statement on Internal Control System” of the Company.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	6. Amendment to some clauses in “Operating Procedures for Acquisition or Disposal of Assets” of the Company.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.

Important Resolutions of the Board of Directors		
Resolution of the Board of Directors Appointment	Cause(s)	Outcome of the Resolution
	7. Amendment of some clauses in the “Corporate Governance Best Practice Principles” of the Company.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	8. Amendment of some clauses in the “Methods for Performance Appraisal of the Board of Directors”.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	9. Election of the directors of the Company and matters relating to nomination period and locations where nominations can be accepted.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	10. Date and venue of the 2023 Annual General Meeting of the Company, reason for convening the meeting and time frames, and venue for submission of proposals by shareholders who possess 1% or more shares.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	11. Proposed application for a line of credit extension with Correspondent Bank by the Company.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
	12. Allocation of year-end bonus and performance bonus to managers of the Company in 2022.	Directors LO, SEN CHOU, YU, MING-TO, and RO, SHIH-HAO, were recipients of this proposal and recused themselves. The proposal was presided over by the Independent Director WENG, MING-JENG and was unanimously passed without objection upon consultation with all directors available for voting by the Chairman.
	13. The Company’s appointment of Deputy General Manager.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.

(XII) Main content of any important board resolution passed during the last fiscal year and the current fiscal year up to the date of publication of the annual report that is on record or stated in a written statement for which any director or supervisor has a dissenting opinion: No such situation.

(XIII) Summary of any resignation or dismissal of the Chairman, General Manager, Chief Accountant, Chief Financial Officer, Internal Audit Supervisor, Corporate Governance Director and Research and Development Director of the Company in the last fiscal year and the current fiscal year up to the date of publication of the annual report:

March 31, 2023

Position	Name	Date of Appointment	Date of Dismissal	Reason for Resignation or Dismissal
Chief Financial Officer	GEORGE CHANG	April 09, 2019	June 30, 2022	Resigned
Corporate Governance Director	GEORGE CHANG	November 10, 2021	June 30, 2022	Resigned

5. Information on Fees to Certified Public Accountants

- (I) The amount of audit fees and non-audit fees paid to the certified public accountants, the accounting firm of the certified public accountants and its affiliated enterprises, and the content of non-audit services

Unit: NTD '000

Name of Accounting Firm	Name of Certified Public Accountant	Certified Public Accountant Intermediate Checks	Audit Fees	Non-Audit Fees					Remarks
				System Design	Industrial and Commercial Registration	Human Resources	Tax Service Fees	Sub-Total	
KPMG Taiwan	Steven Shih	01/01/2022 – 06/30/2022	1,935	0	0	0	334	334	Non-audit fees are mainly for tax consulting services
	Sonia Chang								

Name of Accounting Firm	Name of Certified Public Accountant	Certified Public Accountant Intermediate Checks	Audit Fees	Non-Audit Fees					Remarks
				System Design	Industrial and Commercial Registration	Human Resources	Tax Service Fees	Sub-Total	
PricewaterhouseCoopers (PwC) Taiwan	Pei-Chuan Huang	07/01/2022 – 12/31/2022	2,760	0	0	0	0	0	Explanation (Note 1)
	Chin-Chang Chen								

Note 1: Due to internal management needs, auditing and certification were commissioned to PricewaterhouseCoopers (PwC) Taiwan since the third quarter of 2022

- (II) If the accounting firm was changed and if the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the reduction in the amount of audit fees, the percentage of reduction, and the reasons for reduction should be disclosed:
No such situation.
- (III) If the audit fees paid are lower than those for the previous year by 15% or more, the

reduction in the amount of audit fees, the percentage of reduction, and the reasons for reduction should be disclosed: No such situation.

6. Information about Change of Certified Public Accountants:

(1) Information about the Former Certified Public Accountants

Date of Change	August 10, 2022		
Reason(s) and Explanation for Change	The reason for the change in the certified public accountant of the Company in the third quarter of 2022 is due to internal management needs.		
State if the Appointer or the Certified Public Accountant Terminates or Refuses the Appointment	Parties Involved	Certified Public Accountant	Appointer
	Voluntary	Not applicable.	Not applicable.
	Refusal of (the Renewal of) Appointment	Not applicable.	Not applicable.
Opinions and Reasons for Any Audit Reports Other than Those with an Unqualified Opinion Issued in the Last Two Fiscal Years	Not applicable.		
Any Disagreements with the Issuer	Yes	-	Accounting Principles or Practices
		-	Disclosure of Financial Statements
		-	Scope and Steps of Audit
		-	Others
	Nil	V	
Explanation: Nil			
Other disclosures (Disclosures under Point 4, Item 1, Paragraph 5, Article 10 of the Regulations)	Nil		

(2) Information about the New Certified Public Accountants

Name of Accounting Firm	PricewaterhouseCoopers
Name of Certified Public Accountant	Accountants Pei-Chuan Huang
Date of Appointment	August 10, 2022
Inquiries of Any Accounting Treatment Method for or Accounting Principles Applicable to Specific Transactions Undertaken by the Former Certified Public Accountants, or Opinion on the Financial Statements Issued by the Former Certified Public Accountants, and the Results of Such Inquiries	No differing opinions
Written Opinions on Matters of Disagreement Between the New Certified	Nil

7. Where the Chairman, General Manager, or manager in charge of financial or accounting affairs of the Company worked in a certified public accountant firm or its affiliated enterprises during the past year, the name, title, and the period of employment in the certified public accountant firm or its affiliated enterprises shall be disclosed: No such situation.

8. Equity transfers and equity pledges made by directors, supervisors, managers, and shareholders with a shareholding ratio of more than 10% during the most recent year and up to the date of publication of the annual report

(I) Changes in Equity Interests Owned by Directors, Supervisors, Managers, and Major Shareholders:

Position	Name	2022		As of March 31, 2023	
		Number of shares held Increase (Decrease)	Pledged Shares Increase (Decrease)	Number of shares held Increase (Decrease)	Pledged Shares Increase (Decrease)
Chairman	LO, SEN CHOU	5,460,000	0	0	0
Vice Chairman	YU, MING-TO	50,000	0	0	0
Director	SHIH, CHEN-JUNG	0	0	0	0
Director/General	RO, SHIH-HAO	0	0	0	0
Director	HEADWAY CAPITAL LIMITED	(2,700,000)	0	-	-
	Representative: LIN, GONG-YI	0	0	0	0
	Representative: LIU, DING-JEN	-	-	-	-
Independent	WENG, MING-JENG	0	0	0	0
Independent	HUANG, TA-LUN	0	0	0	0
Independent	CH'EN, LAI-CHU	0	0	0	0
Senior Deputy General Manager	LEE, YI-PIN (Note 2)	50,000	0	(10,000)	0
Chief Operating	LIN, GONG-YI	0	0	0	0
Sr. Deputy	CHUNG, CHIA-HUA (Note 3)	0	0	-	-
Sr. Deputy	David Hwang (Note 4)	0	0	-	-
Deputy General	Sky Su	(16,000)	0	0	0
Deputy General	Karen Chang	0	0	0	0
Deputy General	Jimmy Hsu	0	0	0	0
Deputy General	Tony Lo	0	0	0	0
Deputy General	GEORGE CHANG (Note 5)	(19,000)	0	-	-
Accountant and	Kathy, Huang (Note 6)	0	0	0	0
Deputy General	Su-Yin Hsu (Note 7)	-	-	0	0
Deputy Audit	Iris Lee	0	0	0	0

Note 1: Director was dismissed on July 08, 2022.

Note 2: Appointed as the Chief Financial Officer on August 10, 2022.

Note 3: Dismissed from the position of Senior Deputy General Manager and appointed as Consultant on September 29, 2022.

Note 4: Appointed on June 22, 2022 and resigned on October 31, 2022.

Note 5: Resigned on June 30, 2022.

Note 6: Appointed as the Corporate Governance Director on August 10, 2022.

Note 7: Appointed on March 29, 2023.

(2) Relative personal information on transfer of equity and pledge of equity of directors, supervisors, managers, and major shareholders:

(1) Information on transfer of equity interests

Name	Reason(s) for transfer of equity	Transaction Appointment	Transaction Counterpart	Relationship of Transaction Counterpart with the Company, Directors, Supervisors, Managers, and Shareholders Holding More than 10% Equity Stake	Number of Shares	Transaction Price
LO, SEN CHOU	Acquisition	01/03/2022	HEADWAY CAPITAL LIMITED	LO, SEN CHOU is the Director of HEADWAY CAPITAL LIMITED	1,340,000	110.20
LO, SEN CHOU	Acquisition	01/04/2022	ORIENTAL GOLD HOLDINGS LIMITED	LO, SEN CHOU is the Director of ORIENTAL GOLD HOLDINGS LIMITED	1,330,000	110.60
LO, SEN CHOU	Acquisition	01/05/2022	ORIENTAL GOLD HOLDINGS LIMITED	LO, SEN CHOU is the Director of ORIENTAL GOLD HOLDINGS LIMITED	1,330,000	111.10
LO, SEN CHOU	Acquisition	07/08/2022	HEADWAY CAPITAL LIMITED	LO, SEN CHOU is the Director of HEADWAY CAPITAL LIMITED	1,360,000	79.00

(2) Information on pledge of equity: Nil.

9. Relationship Information, if, among the top 10 shareholders, any one is a related party, or is the spouse or a relative within the second degree of kinship of another

April 23, 2023; Unit: Shares; %

Name	Shareholding Shares Held		Shareholding of Spouse and Minor Children		Shares Held in the Name of Others		Title, Name and Relationship of Any Related Party Among the Top 10 Shareholders, or the Spouse and Relatives Within the Second Degree of Kinship of Another		Remarks
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Title (or Name)	Relationship	
LO, SEN CHOU	9,006,262	13.00	0	0.00	426	0.00	Nil	Nil	
HO, YEN-FU	1,344,348	1.94	0	0.00	0	0.00	Nil	Nil	
HSBC Bank (Taiwan) Limited acting as custodian for the special investment account of POINT72, L.P.	1,123,000	1.62	0	0.00	0	0.00	Nil	Nil	
Taipei Branch of JP Morgan Chase Bank acting as custodian for the special investment account of Vanguard Emerging Markets Equity Index Fund of Vanguard Group	934,100	1.35	0	0.00	0	0.00	Nil	Nil	
The Taipei Branch of JP Morgan Chase Bank acting as custodian for the special investment account of PGIA General Global Equity Index Fund of PGIA Corporation	822,582	1.19	0	0.00	0	0.00	Nil	Nil	
HSBC Bank (Taiwan) Limited acting as custodian for the special investment account of Morgan Stanley Bank International Limited	604,000	0.87	0	0.00	0	0.00	Nil	Nil	
Chi-Pin Weng	465,000	0.67	0	0.00	0	0.00	Nil	Nil	
Yu-Lin Teng acting as fiduciary for the special property account of Hao-Yun	344,000	0.50	0	0.00	0	0.00	Nil	Nil	

Name	Shareholding Shares Held		Shareholding of Spouse and Minor Children		Shares Held in the Name of Others		Title, Name and Relationship of Any Related Party Among the Top 10 Shareholders, or the Spouse and Relatives Within the Second Degree of Kinship of Another		Remarks
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Title (or Name)	Relationship	
Hsieh									
Nien-Chin Hsiao	335,000	0.48	0	0.00	0	0.00	Nil	Nil	
The Taipei Branch of JP Morgan Chase Bank acting as custodian for Total Global Equity Index Trust II of the Juristic Person of PGIA Trust Company	287,000	0.41	0	0.00	0	0.00	Nil	Nil	

10. Total Number of Shares and Total Equity Stake Held in Any Single Invested Enterprise by the Company, Its Directors, Supervisors and Managers, and Any Companies Controlled either Directly or Indirectly by the Company

December 31, 2022 Unit: Thousand Shares; %

Name of Invested Enterprise	Investment by The Company		Investment by Directors, Supervisors, Managers, or Directly and Indirectly Controlled Companies		Total Investment	
	Number of Shares	Shareholding Ratio %	Number of Shares	Shareholding Ratio %	Number of Shares	Shareholding Ratio %
Egis Technology (Japan) Inc.	7,680	100.00	0	0.00	7,680	100.00
Egis Technology Korea Inc.	20	100.00	0	0.00	20	100.00
Sense Investment and Consulting Inc.	167	100.00	0	0.00	167	100.00
Vitrio Technology Corporation	142	50.00	0	0.00	142	50.00
Luxsentek Microelectronics Corp.	14,000	86.93	0	0.00	14,000	86.93
Alcor Micro Corporation	20,000	22.01	0	0.00	20,000	22.01
VASUBI Technology Inc.	4,000	100.00	0	0.00	4,000	100.00
NUI Technology Inc.	9,000	100.00	0	0.00	9,000	100.00

Taurus Wireless Inc.	1,000	100.00	0	0.00	1,000	100.00
SCT Holdings Ltd.	6,404	20.00	0	0.00	6,404	20.00
Egis Innovation Fund G.P., Ltd.	750	50.00	0	0.00	750	50.00
iCatch Technology, Inc.	18,000	18.91	0	0.00	18,000	18.91
Egis (Hong Kong) Limited	-	100.00	0	0.00	-	100.00
Shentao Intelligent Technology (Shanghai) Co., Ltd.	-	100.00	0	0.00	-	100.00

IV. Financing Situation

1. Capital and Shares

(I) Source of Share Capital

1. Source of Share Capital

March 31, 2023; Unit: NTD; Shares

Month Year	Issue Price (NTD)	Authorized Share Capital		Paid-in Share Capital		Remarks		
		Number of Shares (Shares)	Amount (NTD)	Number of Shares (Shares)	Amount (NTD)	Source of Share Capital	Those who Use Non-Cash Property to Offset Share Payment	Others
12/2007	10	100,000	1,000,000	100,000	1,000,000	Share capital acquired from founding assembly 1,000,000	-	Note 1
01/2008	10	12,900,000	129,000,000	12,900,000	129,000,000	Capital injection in cash 128,000,000	-	Note 2
04/2008	10	18,000,000	180,000,000	18,000,000	180,000,000	Capital injection through consolidation 51,000,000	-	Note 3
05/2008	43.27	60,000,000	600,000,000	36,050,000	360,500,000	Capital injection in cash 180,500,000	-	Note 4
05/2008	10	60,000,000	600,000,000	19,650,000	196,500,000	Capital reduction in cash 164,000,000	-	Note 5
05/2008	10	60,000,000	600,000,000	36,050,000	360,500,000	Capital injection by transfer of capital reserves 164,000,000	-	Note 6
07/2008	75.98	60,000,000	600,000,000	37,250,000	372,500,000	Capital injection in cash 12,000,000	-	Note 7
07/2008	23.46	60,000,000	600,000,000	49,629,856	496,298,560	Capital injection through consolidation 123,798,560	-	Note 8
07/2010	-	60,000,000	600,000,000	49,668,254	496,682,540	Employee stock warrants 383,980	-	Note 9
12/2013	-	60,000,000	600,000,000	52,249,254	522,492,540	Employee stock warrants 25,810,000	-	Note 10
02/2014	75	100,000,000	100,000,000	61,049,254	610,492,540	Capital injection in cash 88,000,000	-	Note 11
04/2014	-	100,000,000	100,000,000	62,044,254	620,442,540	Employee stock warrants 9,950,000	-	Note 12
08/2014	-	100,000,000	100,000,000	62,064,254	620,642,540	Employee stock warrants 200,000	-	Note 13
12/2014	-	100,000,000	100,000,000	62,149,254	621,492,540	Employee stock warrants 850,000	-	Note 14

Month Year	Issue Price (NTD)	Authorized Share Capital		Paid-in Share Capital		Remarks		
		Number of Shares (Shares)	Amount (NTD)	Number of Shares (Shares)	Amount (NTD)	Source of Share Capital	Those who Use Non-Cash Property to Offset Share Payment	Others
02/2015	-	100,000,000	100,000,000	62,154,254	621,542,540	Employee stock warrants 50,000	-	Note 15
08/2015	-	100,000,000	100,000,000	62,178,254	621,782,540	Employee stock warrants 240,000	-	Note 16
12/2015	-	100,000,000	100,000,000	68,469,254	684,692,540	Capital injection in cash 62,910,000	-	Note 17
03/2016	-	100,000,000	100,000,000	68,764,254	687,642,540	Employee stock warrants 2,950,000	-	Note 18
04/2016	-	100,000,000	100,000,000	68,839,254	688,392,540	Employee stock warrants 750,000	-	Note 19
03/2017	-	100,000,000	100,000,000	69,677,754	696,777,540	Employee stock warrants 838,500	-	Note 20
08/2017	-	100,000,000	100,000,000	69,847,754	698,477,540	Employee stock warrants 1,700,000	-	Note 21
12/2017	-	100,000,000	100,000,000	70,490,540	704,907,540	Employee stock warrants 710,000 Issuance of 5,720,000 new shares to restrict employee rights	-	Note 22
03/2018	-	100,000,000	100,000,000	70,980,254	709,802,540	Employee stock warrants 4,895,000	-	Note 23
09/2018	-	100,000,000	100,000,000	70,974,254	709,742,540	Cancellation of 60,000 new restricted employee shares	-	Note 24
03/2019	-	100,000,000	100,000,000	71,064,254	710,642,540	Employee stock warrants 930,000 Cancellation of 30,000 new restricted employee shares	-	Note 25
05/2019	-	100,000,000	100,000,000	71,160,754	711,607,540	Employee stock warrants 96,500	-	Note 26
12/2019	-	100,000,000	100,000,000	71,265,254	712,652,540	Employee stock warrants 104,500	-	Note 27
03/2020	-	100,000,000	100,000,000	71,381,754	713,817,540	Employee stock warrants 122,500 Cancellation of 6,000 new restricted employee shares	-	Note 28
06/2020	-	100,000,000	100,000,000	71,378,754	713,787,540	Cancellation of 30,000 new	-	Note 29

Month Year	Issue Price (NTD)	Authorized Share Capital		Paid-in Share Capital		Remarks		
		Number of Shares (Shares)	Amount (NTD)	Number of Shares (Shares)	Amount (NTD)	Source of Share Capital	Those who Use Non-Cash Property to Offset Share Payment	Others
						restricted employee shares		
12/2020	-	100,000,000	100,000,000	71,375,754	713,757,540	Cancellation of 30,000 new restricted employee shares	-	Note 30
06/2021	-	100,000,000	100,000,000	70,775,754	707,757,540	Cancellation of NTD 6,000,000 of treasury stock	-	Note 31
11/2021	-	100,000,000	100,000,000	70,771,754	707,717,540	The Company collected new restricted employee shares of NTD 40,000	-	Note 32
12/2021	-	100,000,000	100,000,000	69,271,754	692,717,540	Cancellation of NTD 15,000,000 of treasury stock	-	Note 33

Note 1: Taipei City Government 12/26/2007 Fu Chan Yeh Shang Tzu No. 09693753210.

Note 2: Taipei City Government 02/21/2008 Fu Chan Yeh Shang Tzu No. 09781401110.

Note 3: Taipei City Government 04/29/2008 Fu Chan Yeh Shang Tzu No. 09783518310.

Note 4: Taipei City Government 06/03/2008 Fu Chan Yeh Shang Tzu No. 09784640010.

Note 5: Taipei City Government 06/18/2008 Fu Chan Yeh Shang Tzu No. 09785509410.

Note 6: Taipei City Government 06/27/2008 Fu Chan Yeh Shang Tzu No. 09786113210.

Note 7: Taipei City Government 07/22/2008 Fu Chan Yeh Shang Tzu No. 09787050510.

Note 8: Taipei City Government 08/26/2008 Fu Chan Yeh Shang Tzu No. 09787564510.

Note 9: Taipei City Government 10/29/2010 Fu Chan Yeh Shang Tzu No. 09986101620.

Note 10: Ministry of Economic Affairs 01/02/2014 Ching Shou Shang Tzu No. 10201267500.

Note 11: Ministry of Economic Affairs 03/10/2014 Ching Shou Shang Tzu No. 10301036470.

Note 12: Ministry of Economic Affairs 04/10/2014 Ching Shou Shang Tzu No. 10301060840.

Note 13: Ministry of Economic Affairs 09/03/2014 Ching Shou Shang Tzu No. 10301182950.

Note 14: Ministry of Economic Affairs 12/30/2014 Ching Shou Shang Tzu No. 10301270280.

Note 15: Ministry of Economic Affairs 03/20/2015 Ching Shou Shang Tzu No. 10401042210.

Note 16: Ministry of Economic Affairs 09/18/2015 Ching Shou Shang Tzu No. 10401180090.

Note 17: Ministry of Economic Affairs 01/11/2016 Ching Shou Shang Tzu No. 10401280730.

Note 18: Ministry of Economic Affairs 04/01/2016 Ching Shou Shang Tzu No. 10501065020.

Note 19: Ministry of Economic Affairs 08/24/2016 Ching Shou Shang Tzu No. 10501209650.

Note 20: Ministry of Economic Affairs 04/06/2017 Ching Shou Shang Tzu No. 10601043350.

Note 21: Ministry of Economic Affairs 09/01/2017 Ching Shou Shang Tzu No. 10601125800.

Note 22: Ministry of Economic Affairs 12/14/2017 Ching Shou Shang Tzu No. 10601169060.

Note 23: Ministry of Economic Affairs 03/28/2018 Ching Shou Shang Tzu No. 10701030910.

Note 24: Ministry of Economic Affairs 09/19/2018 Ching Shou Shang Tzu No. 10701116310.

Note 25: Ministry of Economic Affairs 03/07/2019 Ching Shou Shang Tzu No. 10801017040.

Note 26: Ministry of Economic Affairs 05/29/2019 Ching Shou Shang Tzu No. 10801061630.
Note 27: Ministry of Economic Affairs 12/06/2019 Ching Shou Shang Tzu No. 10801181030.
Note 28: Ministry of Economic Affairs 03/06/2020 Ching Shou Shang Tzu No. 10901026000.
Note 29: Ministry of Economic Affairs 06/09/2020 Ching Shou Shang Tzu No. 10901089260.
Note 30: Ministry of Economic Affairs 12/09/2020 Ching Shou Shang Tzu No. 10901232690.
Note 31: Ministry of Economic Affairs 06/09/2021 Ching Shou Shang Tzu No. 11001099810.
Note 32: Ministry of Economic Affairs 11/02/2021 Ching Shou Shang Tzu No. 11001198540.
Note 33: Ministry of Economic Affairs 12/10/2021 Ching Shou Shang Tzu No. 11001217680.

2. Type of Shares

April 23, 2023; Unit: Shares

Type of Shares	Authorized Share Capital			Remarks
	Outstanding Shares	Unissued Shares	Total	Over-the-counter stock
Common stock	69,271,754	30,728,246	100,000,000	

3. Summary of information related to the declaration system: Not applicable.

(II) Shareholder Structure

April 23, 2023; Unit: Person; Shares; %

Shareholder Structure	Government Agencies	Financial Institutions	Other Juristic Persons	Individuals	Foreign Organizations and Foreigners	Total
Number of persons	0	1	175	30,879	74	31,129
Number of shares held	0	14,000	1,331,085	62,132,461	5,794,208	69,271,754
Shareholding ratio	0.00	0.02	1.92	89.70	8.36	100.00

(III) Distribution of Shareholders' Equity

April 23, 2022; Unit: Person; Shares; %

Shareholding Level	Number of Shareholders	Number of shares held	Shareholding Ratio
1 to 999	17,127	315,702	0.46
1,000 to 5,000	12,100	22,432,237	32.38
5,001 to 10,000	1,125	8,754,633	12.64
10,001 to 15,000	275	3,540,438	5.11
15,001 to 20,000	178	3,274,298	4.73
20,001 to 30,000	143	3,614,162	5.22
30,001 to 40,000	54	1,961,042	2.83
40,001 to 50,000	34	1,544,779	2.23
50,001 to 100,000	55	3,845,487	5.55
100,001 to 200,000	21	3,074,701	4.44
200,001 to 400,000	10	2,614,983	3.77
400,001 to 600,000	1	465,000	0.67
600,001 to 800,000	1	604,000	0.87
800,001 to 1,000,000	2	1,756,682	2.54
1,000,001 shares and more	3	11,473,610	16.56
Total	31,129	69,271,754	100.00

(IV) List of Principal Shareholders

Name, Number of Shares Held and Shareholding Ratio of Shareholders with Equity Stake of Five Percent (5%) or More or Top Ten Shareholders in Terms of Equity Stake

April 23, 2023; Unit: Shares; %

Name of Principal Shareholder	Shares	Number of shares held	Shareholding Proportion
LO, SEN CHOU		9,006,262	13.00
HO, YEN-FU		1,344,348	1.94
HSBC Bank (Taiwan) Limited acting as custodian for the special investment account of POINT72, L.P.		1,123,000	1.62
Taipei Branch of JP Morgan Chase Bank acting as custodian for the special investment account of Vanguard Emerging Markets Equity Index Fund of Vanguard Group		934,100	1.35
The Taipei Branch of JP Morgan Chase Bank acting as custodian for the special investment account of PGIA General Global Equity Index Fund of PGIA Corporation		822,582	1.19
HSBC Bank (Taiwan) Limited acting as custodian for the special investment account of Morgan Stanley Bank International Limited		604,000	0.87
Chi-Pin Weng		465,000	0.67
Yu-Lin Teng acting as fiduciary for the special property account of Hao-Yun Hsieh		344,000	0.50
Nien-Chin Hsiao		335,000	0.48
The Taipei Branch of JP Morgan Chase Bank acting as custodian for Total Global Equity Index Trust II of the Juristic Person of PGIA Trust Company		287,000	0.41

(V) Market Price, Net Value, Earnings and Dividends Per Share and Relevant Information for the Last Two Fiscal Years

Unit: NTD; Thousand Shares

Item	Year		2021	2022	As of March 31 (Note 4)
	Market price per share (Note 1)	Maximum		188.50	122.50
Minimum		107.00	54.80	60.80	
Average		154.77	88.18	74.49	
Net value per share (Note 2)	Before distribution		91.42	57.74	
	After distribution		81.42	54.74	
Earnings per share	Weighted average number of shares		69,271	69,271	
	Earnings per share (Note 3)		(3.11)	(12.31)	
Dividends per share	Cash dividends		10	3	
	Stock grants	Stock dividends from retained earnings	-	-	
		Stock dividends from capital reserves	-	-	
	Accumulated unpaid dividends		-	-	
Analysis of return on investment	Price-earnings ratio (Note 1)		(49.77)	(7.16)	
	Dividend yield (Note 2)		15.48	29.39	
	Cash dividend yield (Note 3)		6.46%	3.40%	

Note 1: Price-earnings ratio = average closing price per share for the current year/retained earnings per share.

Note 2: Dividend yield = average closing price per share for the current year/cash dividends per share.

Note 3: Cash dividend yield = cash dividends per share/average closing price per share for the current year.

Note 4: The net value per share and earnings per share shall be indicated as audited (reviewed) by the CPAs in the most recent quarter of the publication date of the annual report. As of the date of publication of the annual report, the financial information for the first quarter of 2023 reviewed by the accountants had not been issued.

(VI) Dividend Policy of the Company and Implementation Status

1. The dividend policy of the Company is as follows:

After the closing of accounts for the fiscal year, if there are earnings, the Company shall first pay the taxes, make up for accumulated losses, 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, and submit it for resolution at the shareholders' meeting if the earnings are distributed in the form of new shares. If the earnings are distributed in the form of cash, in accordance with the provisions of Paragraph 5 of Article 240 of the Company Law, the Board of Directors shall be authorized to pass resolutions to distribute the earnings if more than two-thirds of the directors attend the meeting and the majority of the attending directors pass the resolution, and report this during the shareholders' meeting.

The Company's dividend 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 to shareholders in the form of cash or shares, of which cash dividends shall be no less than 20% of the total shares.

2. Shareholder dividend distribution proposed for the current fiscal year:

The Earnings Distribution Plan of the Company in 2022 was formulated as shown in the following table by the Board of Directors on March 29, 2023. The ex-dividend date will be determined by the Board of Directors.

2022 Earnings Distribution Table

Unit: NTD	
Item	Amount in Cash
Undistributed earnings at the beginning of period (Note 1)	3,240,982,776
Changes in other undistributed earnings	0
Remeasurements of the defined benefit plans	1,177,460
Disposal of investments accounted for using equity	-30,974,724

Changes in related enterprise accounted for using	-150,822
Net loss after tax for current period	-852,835,985
Less: Provision (reversal) of legal reserve	0
Provision (reversal) of special reserve	782,361,910
Earnings available for distribution in current period	1,575,836,795
- Stock dividends (NTD - per share)	0
- Cash dividends (NTD -3 per share)	207,815,262
Undistributed earnings at the end of period	1,368,021,533

Note 1: Undistributed earnings at the end of period of 2021 was erroneously entered as NTD 3,363,959,888, and should be NTD 3,240,982,776 instead. The amount was carried forward to undistributed earnings at the beginning of period of 2022.

Note 2: 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 Incomes.

3. Explanations shall be provided where major changes are expected in the dividend policy: No such situation.

(VII) Effect of Stock Grants Proposed in this Shareholders' Meeting on the Business Performance and Earnings Per Share of the Company

The Board of Directors of the Company passed the resolution on non-distribution of dividends from the earnings of 2022 on March 29, 2023, and it has not announced the financial forecast information for 2023. Therefore, this is not applicable.

(VIII) Employee and Directors' Remunerations

1. The percentages and ranges of employee, directors' and supervisors' remunerations stated in the Articles of Association of the Company:

If the Company makes a profit in the fiscal year (the so-called profit refers 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 payee 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.

2. The basis for estimating the amount of employee, director, and supervisor remunerations, for calculating the number of shares to be distributed as employee remunerations, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

If there are any changes to the amount of employee and director remunerations in the earnings distribution plan approved in the shareholders' meeting, the difference in amount shall be accounted for as a change in accounting estimate and listed as profit and loss in the fiscal year that the resolution was passed in the shareholders' meeting. It shall not affect the financial reports that have been recognized.

3. Remuneration distribution approved by the Board of Directors:

- (1) The amount of any employee remunerations distributed in cash or stocks and remunerations for directors and supervisors. If there is any discrepancy between that amount and the estimated figure for the fiscal year in which these

expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:

The Company made a loss in 2022. Hence, it will not distribute employee remunerations and director remunerations in accordance with the Articles of Association.

(2) The amount of employee remunerations distributed in stocks, and the percentage of the amount of the net profit after tax stated in the parent company only financial reports or individual financial reports for the current period and total employee remunerations: Not applicable.

4. The actual distribution of employee and director remunerations for the previous fiscal year (including number of shares, monetary amount, and stock price), and if there is a difference between these and those recognized employee and director remuneration, the difference, reason and handling situation should be stated clearly:

The Company made a loss in 2021. Hence, it will not distribute employee remunerations and director remunerations in accordance with the Articles of Association.

(IX) The Company's share repurchase situation

Item	Number of Times	
	First Time	Second Time
Date of Board Resolution	03/05/2018	09/18/2018
Purpose of Repurchase	Transfer of shares to	Transfer of shares to
Period of Repurchase	From April 12, 2018 to May 4, 2018	From September 20, 2018 to November 18, 2018
Average Repurchase Price Per Share	NTD 131.46	NTD 99.93
Quantity and Categories of Repurchased Shares	600,000 common shares	2,000,000 common shares
Total Amount of Repurchased Shares	NTD 78,875,372	NTD 199,864,513
Ratio (%) of the number of repurchased shares to the number of shares reserved for repurchase	42.55%	100%

Quantity of Shares Canceled and Transferred	Cancelled 600,000 shares	Cancelled 1,500,000 shares Transferred 500,000 shares
Cumulative Shares of the Company Held	0	0
Proportion of Cumulative Shares of the Company Held to Total Quantity of Shares Issued	0%	0%

2. The Company's Debt Repayment Situation: No such situation.
3. Special Shares Administration Situation: No such situation.
4. Overseas Depository Receipt Administration Situation: No such situation.
5. Employee Stock Warrants Administration Situation: No such situation.
6. New Restricted Employee Shares Administration Situation: No such situation.
7. Situation of Mergers and Acquisitions (Including Mergers, Acquisitions and Demergers): No such situation.

8. Status of Implementation of the Funds Utilization Plan

- (I) Status of implementation of each public issuance or private placement of securities that has yet been completed as of the quarter preceding the date of publication of the annual report:

The Company passed a resolution during the shareholders' meeting on June 22, 2022 to issue a total of no more than 10,000,000 common shares by private placement for cash capital injection. In accordance with Article 43-6 of the Securities and Exchange Act, private placement of securities shall be carried out in separate tranches within one year from the resolution passed by the shareholders' meeting. As this case will expire on June 21, 2023, it has yet to be implemented as of the date of publication of the annual report.

- (II) The plans for funds utilization from each of the public issuance of securities have been completed as of the quarter preceding the date of publication of the annual report.

V. Overview of Business Operations

1. Content of Business

(一) Scope of Business

1. Principal Business Activities

- (1) I301010 Information Software Service Industry
- (2) I301020 Document Processing Service Industry
- (3) I301030 Electronic Information Supply Service Industry
- (4) I501010 Product Design Industry
- (5) F401010 International Trade Industry
- (6) ZZ99999 Besides those that are subject to approval, all businesses that are not prohibited or restricted by business law shall be operated

2. The Proportion of Primary Business Products (Services)

- (1) Biometric Recognition Sensing IC: We offer a wide range of ICs and modules for customers, which can significantly reduce the number of components used, are small in size, and are mainly used in notebook computers, smartphones, and tablet PCs. In addition, we also provide fingerprint recognition application software.
- (2) Data Security and Protection: The Company provides various data encryption software. The Company integrates safety and management functions into a single user interface, which improves convenience, and strengthens E-commerce security. Products include software applications for data protection, encryption, defragmentation of data, etc.
- (3) Peripheral and Control ICs for Information and Consumer Products: Digital information exchange and transfer may be performed based on USB interface device needs and through the relevant control IC. They include products such as storage device control ICs, memory card reader control ICs, smart card reader control ICs, Ethernet hub ICs, output and input device control ICs and image signal processor control ICs.
- (4) Wireless Audio Control ICs: This includes wireless audio control ICs and modules, with smart television, home entertainment audio applications, portable multimedia applications, computer multimedia applications, and other gaming multimedia applications.
- (5) Technical Services: We provide software testing and sensing IC development services according to customer needs.

Product Item \ Fiscal Year	2021		2022	
	Net Operating Revenue	Percentage (%)	Net Operating Revenue	Percentage (%)
Biometric Recognition Sensing IC and Its Applications	3,431,561	100%	2,475,567	75%
Peripheral and Control ICs for Information and Consumer Products	-	-	629,642	19%
Wireless Audio Control ICs	-	-	152,305	5%
Data Security and Protection and Its Applications	113	0%	-	0%
Revenue from Technical Services	8,788	0%	4,075	0%
Others	2,345	0%	27,711	1%
Total	3,442,807	100%	3,289,300	100%

3. Current Products (Services) Item

The Company is dedicated to the design, development, manufacture, and sale of the biometric recognition sensor chips. Besides the passive capacitive fingerprint and optical fingerprint recognition chips being the key products of the Company, the Company plans to proactively introduce fingerprint independent computing chip, Time of Flight (ToF), vehicle fingerprint recognition chip, and ambient brightness and proximity sensor chip this year. Currently, the main products of the Company include:

(1) The sensing solution of passive capacitive fingerprint recognition

The Company provides a variety of chips and modules with different specifications to cater to the demands of different customers. The fingerprint sensors designed by the Company are able to significantly reduce the number of components while remaining small and compact. This makes it easier to integrate into mobile devices that are small, slim, and lightweight. Other than hardware chips, the Company also provides various integrated software and hardware application solutions for fingerprint recognition.

The new generation of capacitive fingerprint further improves resolution and enhances sensing sensitivity to capture clearer fingerprint information in a smaller sensing area, improves recognition and 2.5D anti-counterfeit capability and can be hidden within the keys of a mobile phone.

(2) Under-screen fingerprint recognition sensing solution

Under-screen fingerprint solutions can effectively improve the screen-to-body ratio of mobile phones, as well as improved cost and performance now with optical imaging. In the past few years, the Company has introduced a series of optical fingerprint recognition chips which can be used for fingerprint sensing on soft and hard organic light emitting diode (OLED) screens without using fingerprint sensing buttons, increasing screen-to-body ratio and optimizing user experience.

(3) Fingerprint Independent Computing Chip

The independent fingerprint recognition module, along with our small-area fingerprint chip, provides independent, secure and rapid fingerprint recognition without host

(4) Time-of-flight Sensor Chip

It provides a 3D Depth Map on the surface of an object. It is suitable for the multi-lens handset fast focus, and can be used in Notebook human body detection for privacy protection and power saving.

(5) Ambient Brightness and Proximity Sensor Chip

It provides the display brightness adjustment for the ambient brightness of mobile phones, TVs, Notebooks, and monitors, with the phone proximity detection.

II. Industry Highlights

1. Current State of the Industry and Future Developments

After the prosperous 2021, the semiconductor industry underwent adjustments in 2022. The impact of COVID-19 persisted in 2022 and geopolitical risks, the Russo-Ukraine war and other factors also came into play. In the context of mounting global inflation pressure, consumer purchase expenditure was squeezed, which affected the sales momentum of electronic products to end users. Business demand was reduced due to weakening of overall demand, resulting in the destocking rate of the supply chain being lower than expected. Semiconductors are developed and applied in extremely broad fields and are increasingly tied to and important to our lives. In the future, the focus will be on emerging technology fields and digital transformation, including artificial intelligence (AI), 5G, automotive semiconductors, and high performance computing.

According to the estimates of the World Semiconductor Trade Statistics (WSTS), global semiconductor value in 2022 was approximately USD 580.1 billion, which is a year-on-year increase of 4.4%; in terms of product category, the growth momentum of fields such as analog ICs, sensors, and discrete devices will be maintained; these fields are expected to grow by 20.8%, 16.3%, and 12.4%, respectively, while the memory industry will decline by 12.6%. The global semiconductor value in 2023 is expected to be approximately USD 556.5 billion, which is a year-on-year decrease of 4.1%; categories such as discrete devices, optoelectronics, sensors, and analog ICs are expected to grow slightly by 2.8%, 3.7%, 3.7%, and 1.6%, respectively. In terms of market region, WSTS expects the Asia-Pacific market to decline by 7.5%, while the US market will have a year-on-year growth of 0.8%. As for markets such as Europe and Japan, they will have a year-on-year growth of 0.4%, respectively.

Despite the industries being subject to cyclical changes, the global shortage of semiconductors since 2020 has been gradually improved and the primary goal for now is active destocking. Semiconductor supply chains are moving towards regionalization and localization, and various countries are actively nurturing relevant talents to ensure that there are sufficient human resources to drive industry chain growth, so as to maintain industry competitiveness. Long-term trends include increasing penetration rate of semiconductors in emerging technology fields, including in AI, 5G network infrastructure, self-driving cars, electric vehicles, Internet of Things, cloud computing, and storage devices, greater diversification of product lines, and continuous improvement of chip performance. According to Industrial Economics & Knowledge Center (IEK), in 2022, the semiconductor industry in Taiwan had a value of approximately NTD 4.84 trillion and the IC design industry in Taiwan had a value of approximately NTD 1.23 trillion. Taiwan plays a very important role in the global semiconductor and downstream consumer electronics industries, etc.

Currently, the Company is gearing towards smartphones as our main direction of business development while closely monitoring future trend changes and integrating past experience to grasp market opportunities. At present, the smartphone market is saturated and the fingerprint recognition technology is mature. Under intense competition, apart from optimizing current products, the Company is also actively pushing forward transformation, dedicated to the development of new products and new applications, and expanding non-fingerprint recognition chip business and non-phone market applications. In the smartphone market, according to the “2023 Global Mobile Economy Development Report” released by Groupe Speciale Mobile Association, as of January 2023, there are 229

operators in the world that provide 5G services, and there will be 1.5 billion 5G connections by the end of 2023. Global smartphone traffic will grow four-fold; it is expected that by 2027, 8 billion smartphones will be connected globally, and 5G will account for 54% of mobile connections in 2030. The market is expected to resume growth as existing phones are replaced with 5G phones and low-price smartphones by feature phone users in emerging markets.

Furthermore, as the only Taiwanese manufacturer on the Board of Directors of the Fast Identity Online (FIDO) Alliance International Standards Association, the Company is also actively involved in various meetings for setting authentication standards.¹ We hope that by joining the FIDO Alliance, the chips we manufacture will be allowed into various new fields of application and by being actively involved in FIDO and other international mobile payment alliances, we can participate in the making of the game rules and contribute our technologies and experience. Besides the robust development of the multiple applications in the fingerprint recognition, other biometric recognition technologies have emerged in recent years, such as Apple's 3D facial recognition unlocking and payment function (iPhone X) in 2017, iris recognition (Samsung S8/S9 and Note 8/Note 9) in 2018 and vein recognition (LG G8 ThinQ), but fingerprint recognition still retains an edge in terms of intuition and convenience. In 2019, Samsung S10 series adopted Qualcomm's ultrasonic technology, which officially introduces under-screen fingerprint and replaces the iris recognition technology. China's top four mobile phone manufacturers (Huawei, OPPO, Vivo, and Xiaomi) have also identified under-screen fingerprint as an important feature perceived by users in the future. Under-screen fingerprint does not affect the appearance of the panel and does not require a notch; the visual integrity of the screen will be greatly enhanced when phone manufacturers adopt hole-punch or pop-up front cameras. IHS Markit believes that it is more desirable to adopt under-screen fingerprint on the front of smartphones. The original 3D sensing technology, be it structured light or time of flight, should be placed on the back for further integration with the rear camera lens module to provide fast focusing capabilities and further expand the capabilities of future AR applications.

In fact, the fingerprint recognition function is not only used to unlock the screen. For example, Samsung has developed corresponding functions such as privacy mode, which only allows users themselves to access private folders, so that users can keep their files private and avoid problems such as leakage of private files or data when the phone is used by a third party. In addition, with the

¹FIDO board members include Alibaba, Amazon, Apple, S.H.I.E.L.D., Facebook, Google, Infineon, Intel, Mastercard, Microsoft, NTT Docomo, Qualcomm, Samsung, Visa, etc.

popularization of fingerprint recognition in the future, looking ahead, for the application scenario such as finance and others which set a high bar for the security, it is possible that two alternatives out of facial recognition, fingerprint recognition, and password will exist at the same time. Based on the technology and market position for fingerprint recognition, the Company will solicit more partners and continue to involve in all kinds of advanced biometric recognition fields to lead the technology and consolidate our market competitiveness.

To sum up, since the advent of fingerprint recognition solutions, the supply chain of under-screen fingerprint solutions has become relatively mature. Technically, it is set to be optical and ultrasonic, the components (lens), manufacturing process and modules are more complete, and the sensing performance has also been recognized by major mobile phone manufacturers. However, mobile phone manufacturers are not fully satisfied with the current under-screen fingerprint technology, so reducing the module space or expanding the sensing area are directions that can be continuously improved in the future. In particular, if the sensing area is to be expanded, blind unlocking and multi-finger authentication can be added to improve security and convenience.

2. Relationship between the Upstream, Midstream, and Downstream Sectors of the Industry

In Taiwan's IC industry, the relationship between the upstream, midstream, and downstream sectors can be categorized into IC design companies in the upstream, IC wafer plants in the midstream, and IC packing and testing factories in the downstream. The main business of upstream IC design companies comprises designing and selling their own products, or accepting design assignments from customers. They belong to the upstream sector in the industrial value chain. The main business activity of midstream IC wafer plants is to transform the well-designed circuits into the chips, using precise equipment, complex processes, and strict quality control. The main business activity of downstream IC packing and testing factories involves cutting, packaging, testing, and packing of the manufactured IC wafers, to obtain the final IC product.

3. Various Development Trends of the Product

A. Capacitive Fingerprint Recognition

With the popularization of fingerprint recognition on smartphones, capacitive fingerprint recognition has had the most development to date and is

used by the largest amount of people for biometric recognition. It uses a special chip to detect and sense capacitance changes from the crest and trough when the chip makes contact with the fingertip. An advanced algorithm is then applied to detect particular characteristics and identify different users. The capacitive fingerprint recognition has advantages of small-sized components, low power consumption, and being applicable to different environments, so it is widely used in different levels. Capacitive fingerprint recognition is widely applied on notebooks, smartphones, and tablets currently, and it is the prevailing standard configuration for all smartphones.

B. Optical Fingerprint Recognition

Optical fingerprint sensors were developed much earlier than capacitive fingerprint sensors. The optical lens is used to focus the reflected light from the fingerprint, and then relies on the CMOS and the lens to sense the fingerprint image and record the fingerprint characteristics. Since this technology has the advantages of being a low cost, mature technology with a complete supply chain, in addition to the feature of not having to split the module and letting the supplier take full control of the hardware and software, it is used in a large number of scenarios such as airport clearance, corporate attendance access control, and smartphone screens.

The optical fingerprint solution is similar to a camera in that the image is captured through a CMOS image sensor, and as each person's fingerprints are different, the brightness of the image varies from person to person, resulting in different fingerprint pictures. At present, the industry has widely adopted under-screen optical fingerprint recognition in high-end models, such as Samsung, Huawei, Honor, Motorola, OnePlus, OPPO, Realme, Vivo, Xiaomi (including Redmi), etc. Many models choose to have fingerprint and facial recognition functions at the same time, and even use fingerprint sensing back again. It features high cost performance with fingerprint recognition functions taking account of user habits. Therefore, fingerprint recognition will become a standard accessory for identity authentication on mobile phones.

C. Time of Flight 3D Sensing Technology

Time of Flight (ToF) is an active depth sensing technology and ToF depth sensors are gradually being popularized in mobile phones. The advantages of ToF include long detection distance, fast scanning speed and good resistance to optical interference. Therefore, ToF technology will have a wider range of applications than structured light technology in the future. Many mobile phone

brands on the market are now incorporating ToF technology. For example, Samsung, LG, Vivo, OPPO and Honor.

The Company has been engaging in the research and development of ToF technology since the end of 2019 and expects to accurately apply the technology in handheld devices, Lidar for self-driving cars, and IOT, etc. The Company has experience in developing high-sensitivity single photon avalanche diode (SPAD) technology and direct time of flight (dToF) module in 2020 and 2021, and combines this with its many years of experience in the development of optical fingerprint recognition solutions and light sensor technology.

3D Sensing Technology	Light Coding	Structured Light	Time of Flight	Stereo Vision
Detection range	20cm~5m	10cm~2m	30cm~50m	1 – 10 m (adjusted according to baseline)
Resolution	High	High	High	Medium
Measurement precision	Medium	Extremely high	High	Moderate-to-low
Algorithm complexity	Low	Medium	Low	High
Real-time	High	Low	High	Medium
Low-light performance	Good	Good	Good	Poor
Outdoor performance	Poor	Poor	Poor – Good	Good
Material cost	Medium	High	Medium	Low

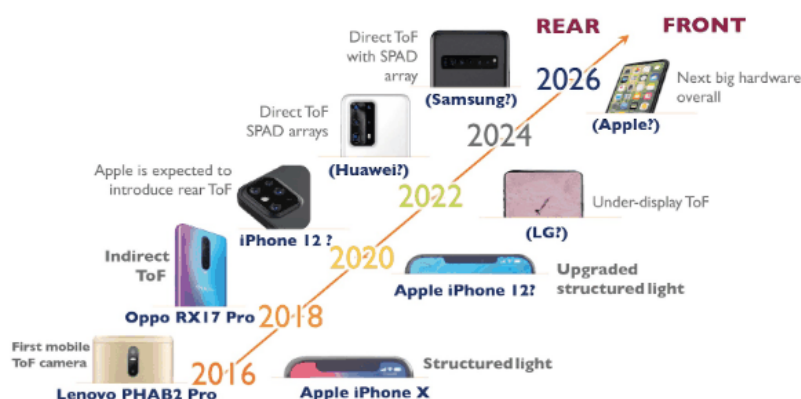
Information source: With reference to EE Times Taiwan, organized by ITRI Microsystems Technology Center

(Information source: EE Times Taiwan, ITRI)

Apart from the smartphone market, ToF camera modules still have broad application markets. With VR/AR development, AR/VR with long-distance 3D ranging needs is one of the functions that best embody ToF advantages. According to the survey organization IDC, the total global investment in augmented reality (AR) and virtual reality (VR) in 2021 was close to USD 12.54 billion, and is expected to increase to USD 50.88 billion in 2026, with a 5-year compound annual growth rate (CAGR) of 32.3%. Devices and robots powered by artificial intelligence (AI) are beginning to understand their surroundings better and are developing deeper human-computer interactions.

Evolution of front and rear 3D sensing camera modules in smartphones - Technology roadmap

(Source: 3D Imaging & Sensing 2020 report, Yole Développement, 2020)



(Information source: Yole Development)

The Company will introduce this technology into notebooks and televisions in line with the energy-saving and carbon emission reduction trend. When no one is watching, energy-saving adjustments will be made to the display; Lidar will be used in advanced driver assistance systems (ADAS) in the automotive market. The Company will also invest considerable resources to attain a vehicle distance error of 1% ToF; for example, the error will not exceed 10 cm for the length of two cars, including the distance between them (10 meters).

D. AI Chip

The Company participated in the AI on Chip Research and Development Program “Reconfigurable Analog AI Chip Prospective Technology Research and Development Program” subsidized by the Ministry of Economic Affairs in 2019 and released the world’s first large-area fingerprint recognition analog AI chip in 2022. The chip will be used for continuously developing advanced technologies and products, with the efficiency of five megabit floating-point operations per watt per second (5 TOPS / W), the international first-class standard, as its goal. This analog AI technology is expected to be widely used in mobile device recognition systems, automotive DMS and self-driving, safety monitoring, security system, IoT (Internet of Things) and other fields, to create more and more cost-effective new AI applications. This analog AI chip can also be used in under-screen large-area optical fingerprint recognition system applications, which can effectively solve the bottleneck of current fingerprint unlocking technology and improve security. In addition to mobile phones, it can also be used in vehicles, and information security.

Analog AI can also be applied to keyword spotting in voice recognition. According to Grand View Research's research, it is expected to have a CAGR of 15.3% from 2022 to 2030, with investment amounting to USD 53.66 billion in 2030. Convenience and low energy consumption are key elements of voice recognition devices. Therefore, the Company will apply the low energy consumption features of analog AI to voice recognition chips. Analog signals do not have to be converted into digital signals when analog AI technology is applied in voice processing. Analog AI technology can directly transform analog signals into time spectrum through Fast Fourier Transform (FFT), the image features in the time spectrum are used to determine whether keywords were said, and the digital signal processor is activated based on the situation to determine the semantics, which greatly saves the power required for a smart speaker or wearable device.

E. Smart Car Application Field

In 2019, the Company partnered with South Korean car manufacturer Hyundai to apply fingerprint recognition technology to the world's first fingerprint-based 2019 Santa Fe SUV and Genesis Essentia electric concept car. Drivers can now open the doors and start the engine of the Santa Fe SUV without using a key; by touching any biometric recognition sensor in the car, the in-car system automatically adjusts the seat position, rearview mirror and so on to the preset position based on the owner's settings.

Essentia features lift-up "butterfly doors" unlocked by fingerprint and face recognition. The doors are unlocked and opened using fingerprint and face recognition via a sensor camera mounted in the B-pillar. Fingerprint recognition actually improves safety and its efficiency is five times that of traditional chip keys; it only has a 1 in 50,000 chance of misrecognition. This application will also attract other international car manufacturers to start joint cooperation with us in the future. In 2021, Genesis continued to release the new electric SUV GV60, in which, the fingerprint and face recognition unlocking application was continuously applied to provide users with better security and user experience.

F. Machine Vision and Image Processing Field

Vision sensing technology is currently a key trend of market development and needs to be incorporated into self-driving, monitoring, AR/VR, smart homes and other Internet of things devices. Hence, vision sensing technology will become one of the key items for new product development in the future. Generally, CMOS Image Sensor (CIS), Image Signal Processor (ISP), Neural network Processing Unit (NPU) and AI algorithms needs to be incorporated for

vision sensing. According to Yole Development, a survey organization, the global sales of CIS in 2022 was approximately USD 21.3 billion; the demand for CIS in broad applications such as smartphones, driver and occupant monitoring in smart cockpits, PC/NB, and security will remain strong and the global market size is expected to expand to USD 31.5 billion in 2026.

Dynamic vision sensors will first be applied in notebook camera lens sensing to meet the always-on energy-saving needs of notebooks. By only sensing and transmitting variable data, when the camera lens senses variable data, data is transmitted to the back end for AI computing, which greatly reduces the power consumption and computing needs of the AI chip.

Together with its investees, the Company plans to develop Dynamic Vision Sensors (DVSs). The advantages of this technology differ from that of general image sensors; DVSs only sense variable data, which greatly reduces the amount of information, so an advanced process ISP is not required and can be replaced with a mature process ISP, which has the advantages of saving costs, reducing power consumption, and having fast computing. It can be applied in notebooks, Driver Monitoring Systems (DMS) and Occupant Monitoring Systems (OMSs), etc.

The rapid development of Advanced Driver Assistant System (ADAS) technology has driven the development of automotive vision solutions and automotive peer-to-peer transmission technology. At present, automotive manufacturers are actively introducing multiple lenses to improve the safety of self-driving cars; MIPI-A-PHY is required for information and data transfer between lens sensors and electronic control units (ECU). The number of vehicle lens worldwide is expected to reach 470 million in 2025, which is equivalent to the total global number of MIPI-A-PHY. Together with its investees, the Company will launch MIPI-A-PHY chips and since the Company has previously entered the Korean vehicle market with fingerprint and facial recognition, it will have an edge in penetrating Hyundai Motor Company. Hence, it is expected to have great potential for growth in the future.

4. Competitive Situation

The Company and Chinese manufacturer, Goodix Technology of Shenzhen are currently the main fingerprint recognition sensing suppliers. With different fingerprint recognition solutions, market backgrounds, and different barriers to entry, as compared to new competitors, the development experience and customer

channels accumulated by mainstream suppliers over the years are more conducive to the success of new products in the future.

In 2023, the overall economy will continue to grapple with a number of challenges, including sluggish demand for smartphones and heightened competition on a global scale. With inflationary pressures mounting, the recent interest rate hikes have had a notable impact on both consumer confidence, and will result in supply exceeding demand. Apart from optimizing existing products, the Company is also actively pushing forward transformation, dedicated to the development of new products and new applications, and expanding non-fingerprint recognition chip business and non-phone market applications. The Company will further integrate and leverage invested products to improve product development speed and application, customer loyalty, and create a more diversified product strategy, so as to accelerate its revenue growth and profitability.

In terms of patents, in July 2020, Goodix Technology filed another patent infringement complaint against the Company to the Beijing Intellectual Property Court, requiring the Company to compensate it for a total related loss of RMB 50.5 million. The Company officially received a written complaint on July 21, 2020, and has appointed a lawyer to deal with it and take appropriate countermeasures. The final result has not been confirmed, and it is estimated that no immediate and significant negative impact come about on the operation and finance of the Consolidated Company.

In December 2020, Goodix Technology filed another patent infringement complaint against the Company to the Nanjing Intermediate People's Court, requiring the Company to compensate it for a total related loss of RMB 50.5 million. The Company officially received a written complaint on December 04, 2020, and has requested Goodix Technology to assert the invalidity of the Company's infringement of the relevant patent rights through the China National Intellectual Property Administration (CNIPA). On May 06, 2022, the Company received the written decision of CNIPA, which declared all the patent rights of the patent that Goodix Technology asserted against the Company invalid; as a result, Goodix Technology lost its cause of action pertaining to its patent infringement claim against the Company. On May 10, 2022, the Company submitted an application to the Nanjing Intermediate People's Court to dismiss the lawsuit brought by Goodix Technology and received the court ruling issued by the Nanjing Intermediate People's Court dismissing the application by Goodix Technology on May 26, 2022.

In March 2021, Goodix Technology filed another patent infringement complaint against the Company to the Fuzhou Intermediate People’s Court, requiring the Company to compensate it for a total related loss of RMB 50.5 million. The Company officially received a written complaint on June 10, 2021, and has appointed a lawyer to deal with it and take appropriate countermeasures. The final result has not been confirmed, and it is estimated that no immediate and significant negative impact come about on the operation and finance of the Company.

III. Technology and Research and Development Highlights

1. Cost of Research and Development in the Last Two Years

Unit: NTD '000

Fiscal Year	2021	2022
Cost of Research and Development	1,195,104	1,542,376
Net Acquisition Revenue	3,442,807	3,289,300
As a Percentage of Net Acquisition Revenue (%)	35%	47%

2. Technologies or products successfully developed in the latest fiscal year and as of the date of publication

Year	R&D achievements
2021	<ul style="list-style-type: none"> (1) Under-screen fingerprint was revised to support low penetration screen (2) Side capacitive fingerprint was revised to support 2.4mm packaging (3) Optical fingerprint AI matching algorithm was revised (4) Optical 2D counterfeit-resistant algorithm was developed (5) Capacitive fingerprint AI matching algorithm was revised to support 2.4mm packaging
2022	<ul style="list-style-type: none"> (1) Side capacitive fingerprint was revised to support 2.1mm packaging (2) Under-screen large-area TFT fingerprint sensor solution (3) Optical fingerprint AI matching algorithm was revised to improve performance and support more use scenarios (4) Optical 2.5D counterfeit-resistant algorithm was developed

	<ul style="list-style-type: none"> (5) Capacitive fingerprint AI matching algorithm was revised to support 2.1mm packaging (6) Capacitor 2.5D counterfeit-resistant algorithm was developed (7) Time of flight sensor chip 1x1 and 4x4 editions were developed (8) Ambient brightness and proximity sensor chip was developed
2023	<ul style="list-style-type: none"> (1) ToF sensor chip module 1x1 was optimized (2) ToF sensor chip 8x8 was developed (3) MCU module of built-in fingerprint accelerator was optimized (4) Ambient brightness and proximity sensor chip was optimized (5) High-sensitivity ambient brightness and ambient light flicker sensor chip was developed (6) FPS low penetration screen application was developed (7) Sensor with improved FPS sensitivity was designed and developed (8) Sensors with smaller FPS sensing area were mass produced

The Company is committed to the self-development of fingerprint recognition related application technologies, has fully grasped the key technologies and actively applies for patent protection. As of March 31, 2023, there have been 160 patents under application around the world, and 497 patent approvals obtained from various countries.

IV. Long-Term and Short Term Business Development Plan

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, integrity and security of the user's biometric recognition device, the biometric recognition 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 even 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 secure foundation, and achieve more diverse applications.

2. Long-term

(1) Continue to actively invest in the innovation and development of the AI field, launch new competitive products, optimize the existing product portfolio, and improve product competitiveness and value added, so that the products maintain their leading positions.

(2) Establish better internal management systems, improve operational efficiency and establish effective communication with external parties, jointly develop the relevant technical application platforms, work with investees to provide customers with more diversified solutions, and harness synergy and establish in-depth product cooperation with investees.

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

(4) Integrate the product line of investees and affiliated enterprises, gain brands as customers through its composite sales model and improve its influence in brands and markets, and expand markets and marketing channels, so as to increase market share.

2. Market and Production and Sales Overview

(I) Market Analysis

1. Sales (provided) Regions of the Company's Major Commodities (services)

Unit: NTD'000; %

Fiscal Year Sales Region		2021		2022	
		Amount in Cash	Percentage (%)	Amount in Cash	Percentage (%)
Domestic Sales		3,990	0.12%	297,417	9.04%
..	Asia	3,433,906	99.74%	2,984,412	90.73%
	Europe	-	-	-	-
	America	4,911	0.14%	1,008	0.03%
	Others			6,463	0.2%
Subtotal		3,438,817	99.88%	2,991,883	90.96%
Total		3,442,807	100%	3,289,300	100%

2. Market Share

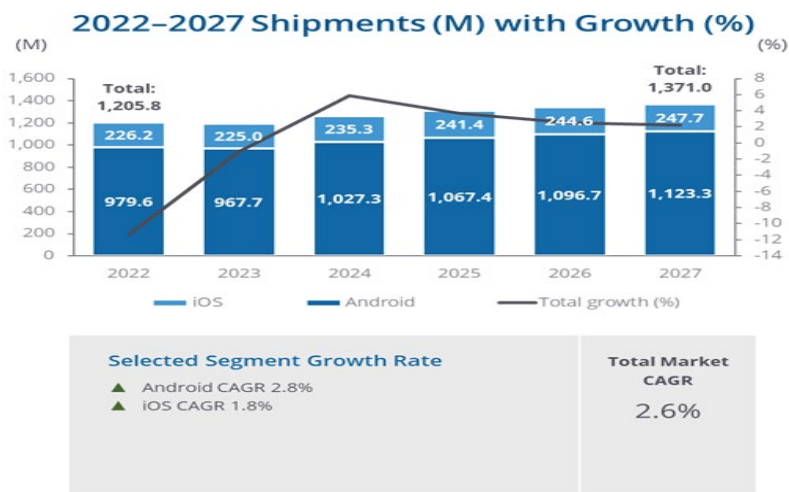
According to survey organization Omdia, Samsung ranks first in terms of market share among brands in 2022, followed by Apple, and Chinese brand Xiaomi. The fourth and fifth are Oppo and Vivo, respectively; the overall changes in market share were not significant. Honor, a Chinese brand, was the only major manufacturer with year-on-year growth. Apple and Motorola were the most resilient, with small falls of 1.3% and 1.4%; Chinese manufacturers were the most affected; the shipment volumes of Vivo and Oppo had double-digit declines year-on-year.

Year Result: 2022 Smartphone shipments

Rank	OEM	Y2022		Y2021		YoY
		Shipment	M/S	Shipment	M/S	
1	Samsung	259	21%	272	20%	-4.8%
2	Apple	231	19%	235	18%	-1.3%
3	Xiaomi	152	13%	190	14%	-20.0%
4	Oppo	108	9%	144	11%	-25.0%
5	vivo	98	8%	134	10%	-27.1%
6	Transsion	68	6%	75	6%	-8.7%
7	Honor	59	5%	40	3%	47.2%
8	Realme	53	4%	58	4%	-9.0%
9	Motorola	47	4%	48	4%	-1.4%
10	Huawei	28	2%	35	3%	-19.7%
	Others	104	9%	109	8%	-4.6%
Total		1,207	100%	1,340	100%	-9.90%

(Source: Omdia)

In terms of fingerprint recognition, according to IEK, the global market is expected to grow from USD 3 billion in 2020 to USD 6 billion in 2025. Among them, consumer product applications have become its largest market, because it has become the basic accessory of most mobile phones, with a penetration rate of more than 80%. Fingerprint solutions are mainly divided into capacitive fingerprint and optical (under-screen) fingerprint. Capacitive fingerprint is favored by customers because of its product stability, leading to a stable overall demand, and can be designed in most popular models. Optical (under-screen) fingerprint benefited from the introduction of mobile phone OLED panel, driving the growth of under-screen fingerprint penetration rate. The long-term forecasts of survey organization IDC are as follows: IDC expects the CAGR of Android phone shipment volume to reach 2.8% in the next 5 years, the global shipment volume to be 1.12 billion phones in 2027, while the CAGR of iPhone shipment volume to be 1.8% and the global shipment volume in 2027 to be 240 million phones.

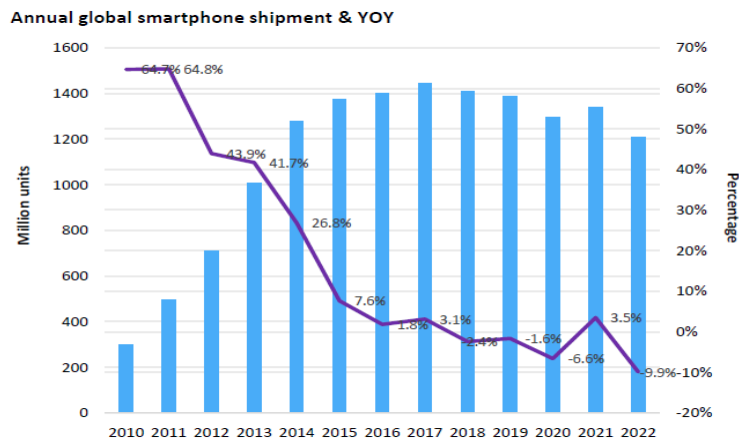


(Source: IDC)

Overall, as overall negative economic impact on the smartphone market abates, the market will return to the normal track as existing phones are replaced with 5G phones and low-price smartphones by feature phone users in emerging markets. Hence, the overall fingerprint recognition market still remains huge.

3. Future Supply and Demand and Growth of the Market

The impact of COVID-19 persisted in 2022 and with inflation caused by various countries loosening their monetary policies, geopolitical risks, the Russo-Ukraine war and other factors, as well as supply chain inventory adjustments, the end-user demand of the global market was sluggish. According to survey organization Omdia, 1.207 billion smartphones were shipped in 2022, which declined by 9.9% as compared to that in 2021. The Company expects the shipment volume of smartphones in 2023 to continue to be affected by global inflationary pressures and limited improvement in specifications, which make consumers less willing to spend. The overall growth of the smartphone market will slow down and the shipment volume of smartphones worldwide is expected to be approximately 1.2 billion.



(Source: Omdia)

Smartphone shipment forecast by brand (Million of units)

Brand	2022 Target	2022 Shipment	Completion rate	2023 Target	2023F
Samsung	330	259	78%	280	259
Apple	250	231	92%	240	235
Xiaomi	230	152	66%	150	145
OPPO Group	230	160	70%	150	154
vivo	150	98	65%	100	97
Transsion	90	68	76%	90	72
Honor	80	59	74%	65	58
Motorola	60	48	80%	50	44
Others	\	132	\	\	136
Total	\	1207	\	\	1200

Notes: Target numbers are survey by supply chain and brand, it's a scope number close their internal KPI

Source: Omdia

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(Source: Omdia)

As communication technology continues to evolve and upgrade worldwide, 5G continues to develop towards large-scale commercialization, large bandwidth, high speed, and low delay; these features will aid in the long-term development of fields such as cloud computing, vehicle-to-everything, and artificial intelligence of things, improve hardware specifications and performance requirements of mobile devices, and drive end-user prices and overall industrial evolution. As the penetration rate of 5G mobile phones increases, such phones gradually replace 4G mobile phones as the mainstream in developed countries, while this only occurs in high-end markets in developing countries.

The market will return to the growth track as the negative impact of COVID-19, the Russo-Ukrainian war, interest hikes, and global inflation, etc. abates year by year, and as existing phones are replaced with 5G phones and low-price smartphones by feature phone users in emerging markets. With the gradual growth of emerging markets such as the Indian market and European market driving the growth of mobile phone demand and specifications, flip phones will become the future market highlight. As 5G-related technologies gradually mature and with deeper cross-industry cooperation, 5G has become the standard for the flagship mobile phones of all brands and 5G will start to be introduced into emerging markets. According to survey organization Omdia, about 31% of telecommunication operators worldwide provided 5G services in 2022 and this is expected to increase to 59% in 2023, showing strong growth momentum.

The Company will continue to optimize the performance of capacitive sensor products, and expects to collect clearer fingerprint information with a smaller sensing area, improve recognition and 2.5D anti-counterfeit capability, and the products can be hidden within the keys of a mobile phone, in order to meet the current trend of mobile phone parts, i.e. fine but small in volume. Apart from mobile phone applications, fingerprint recognition will also be applied in notebook and automotive fields. An increasing number of notebooks have fingerprint recognition functions to unlock the computer and improve safety. Moreover, the Match on Chip scheme has better specifications than the traditional scheme, and can achieve the recognition effect without turning on the computer. It will become the growth momentum of the medium- and high-end Notebook market.

Automotive markets have mid- to long-term growth potential. According to the “2023 Global Semiconductor Industry Survey” released by Deloitte &

Touche, the automotive industry is responsible for the greatest growth in the operating revenue of the semiconductor industry. In KMPG's report "Automotive Semiconductors — Accelerating into the New Era of MaaS", revenue from automotive semiconductors in 2024 is expected to exceed USD 250 billion.

The fingerprint recognition industry involves the combination of hardware and software, and needs to capture clear images in an extremely short period of time, and overcome all kinds of situations that may occur in users' fingers, such as wet fingers and sensor noise etc. After capturing the image, the image has to be reconstructed. Then go through a series of analyses and calculations of fingerprints, and analyze and compare the characteristic values by using an algorithm. Therefore, the security and convenience of application must be taken into consideration. Therefore, cross-domain knowledge and skills are needed, and it is a high technical barrier and requires years of cumulative experience in the IC design industry. Since the inception of the Company, we have been committed to developing proprietary technologies. At the same time, we have accumulated over 500 patents to protect our intellectual property rights. As we have developed the technology over a long time and refined our algorithms, we are able to develop application end products that best suit customer needs in terms of security and convenience.

4. Competitive Niche

The Company has been dedicated to the field of fingerprint recognition for a long time. By leveraging our advantages in the field of biometric recognition technology, the biometric recognition chip production line will continue to evolve along with the process, and develop towards high-resolution, high-definition, and multiple specification chips. Moreover, AI deep learning will be further incorporated in terms of the algorithm and the application of biometric recognition in emerging applications of various industries will be expanded. The Company has completed the development of the high performance fingerprint independent computing chip and with the existing mini capacitive fingerprint chip, it will introduce fingerprint applications to the new generation of notebooks to improve safety, increase the market share of fingerprint recognition chip products and optimize existing product portfolios.

The Company will also invest in research and development of AI-based DMS to provide sensing of driving behavior, so as to prevent safety hazards and provide a better driving experience. With DVS, the Company can offer better

automotive security solutions with higher accuracy, lower power consumption, and reduced computing power requirements. This AI application can also enhance the recognition and anti-counterfeiting capabilities of fingerprint recognition software.

On the other hand, the Company has also launched the R&D of sensing technology based on time of flight, while at the same time developing a more cost-effective wafer solution than the existing technology in the market, which will be more helpful for channel customers to introduce product applications and accelerate the time to market.

(1) Unique Passive Capacitive Sensing Technology

In the most important wafer design technology, the Company's design framework is unique, using passive capacitive sensing principles to design fingerprint recognition chip. Our competitors typically employ the active sensing principle, which requires such manufacturing processes as an external metallic ring, precise sequence control, and an internal protective shield. As a result, for the products of our competitors, the cost is higher, and the noise is stronger and the power consumption is greater compared with the products of our Company. As for the Company's unique passive capacitive sensing technology, the chip designed with this technology does not require the aforementioned manufacturing processes and thus has a simpler structure. There is no need for any special manufacturing processes, and the module structure is simple. The chip can achieve the goal of accurate fingerprint recognition, and this is matched with its smaller size, lower power consumption with lowered costs.

(2) Autonomous Algorithm Technology

Capturing fingerprints accurately is only one part of fingerprint recognition. After the front-end fingerprint sensor captures the image of a fingerprint, the algorithms will then process the fingerprint image and extract the fingerprint minutiae. The system then converts the captured fingerprint into a digital template, which is then compared with all of the fingerprint templates in the database in order to verify the correct identity of the user. In the past, the larger surface area of the sensors used on notebook computers allowed larger images of fingerprints to be captured, which made the comparison of fingerprints relatively easier. Today, the images of fingerprints captured are smaller due to the small surface area of the sensors on the smartphones. Hence, the algorithms used in the fingerprint recognition on smartphones have become critical in the determination of the

size of the chips and the cost of producing the chips. The Company not only possesses the technology for manufacturing fingerprint sensors, but also has independently developed fingerprint recognition algorithms which have passed strict test conditions. We have also integrated the relevant technologies for fingerprint extraction and unique integrated fingerprint algorithms.

The Company's algorithm is flexible and customizable according to different environments, and has the features of low memory consumption and savings on operating resources. Besides fulfilling the requirement of secure operations on mobile devices and in embedded equipment, it has the potential of porting over to smartcards and secure chips. Due to the fact that we have a fingerprint recognition algorithm for small surface areas, the Company does not have to give a percentage cut to algorithm providers. Thus, in terms of price competitiveness, there is room for price flexibility and negotiation.

(3) Over a hundred patents in fingerprint recognition for upstream and downstream

The Company has been committed to the research and development of technologies related to capacitive fingerprint recognition sensor chips since its establishment in 2007 and has accumulated over 500 patents worldwide. These patents include the design and packaging technology of chips, image extraction, algorithm for image reconstruction and comparison, firmware, tools for hardware and software development, identification comparison functions, software applications, mobile payments, compatible software for electronic commerce, security control, data encryption etc.

As fingerprint recognition in smartphone applications has been predicted to undergo a rapid and flourishing development, patent rights protection becomes an important factor in the development of this particular industry. The development and protection of Intellectual Property (IP) is a useful tool for maintaining the competitiveness of the Company's products and technologies, especially when facing the strong competition from competitors worldwide. Major brands worldwide value the importance of patent rights protection. They have to ensure that all hardware and software used in brand products do not constitute an infringement of patent rights before proceeding with procurement. Thus, it is an important niche market for the Company, which possesses over a hundred patents that cover the upstream and downstream of fingerprint recognition.

(4) Experience in Application Development and System Integration

The Company has not only provided chips and algorithms in the past, but also provided companies with application development services like: file encryption and decryption, system logins, fingerprint capturing, Website logins etc. The Company's application development has been highly recognized by customers, and even the Company's competitors have used our software applications in the past. In the earlier days, competitors like AuthenTec (acquired by Apple), UPEK (acquired by AuthenTec) and Validity (acquired by Synaptics) outsourced for the fingerprint application software that the Company designed and developed. The Company previously also supplied the software to notebook computer companies, and it has accumulated experience in the integration of hardware and software platforms as well as the ability to provide instant technical support, providing customers with a complete solution in terms of product development. The flexibility in product development and technical support of the Company is superior as compared to our competitors.

5. Advantages and Disadvantages in the Company's Prospect, and Contingency Measures

(1) Advantageous Factors

A. Diversification of Applications, Promising Future of the Industry

The application of biometric recognition is not only a security-grade anti-counterfeiting mechanism at the high security level, but the application of biometrics can also be used as a protection function for personal privacy, such as: password management of various accounts, database management, mailbox management, etc. of personal electronic devices. Furthermore, the uniqueness of biometric recognition enables the introduction of various types of consumer electronic products, providing individuals with fast and convenient personal management functions for their daily lives. These include: all devices that provide for personal needs such as wearable devices, access control, vehicle anti-theft devices and smart TV, etc. 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.

B. Fingerprint recognition technology has patent restrictions, thus there are high barriers to entry.

As the time taken to train an IC design talent is relatively long, the research and development of a product requires a long-term accumulation of experiences. Furthermore, fingerprint recognition ICs have to capture clear images in an extremely short period of time, and overcome all kinds of situations that may be caused by users' fingers in daily use, such as wet fingers and sensor noise, etc. After capturing the image, the image has to be rearranged and go through a series of analysis and calculations, where the image will then be compared with the analyzed finger characteristic values using an algorithm. As a result, security and convenience are particularly important in applications. Therefore, cross-domain knowledge and skills are needed, and it is a high technical barrier and requires years of cumulative experience in the IC design industry. The Company was established in 2007 and has acquired key technology and patents related to fingerprint recognition through its own development and acquisition. It has not only equipped itself with advanced development technologies and expertise in upstream chip design and production, but has also empowered itself with the ability for self-development of algorithms, as well as hardware and software application development and system integration capabilities due to its long-term accumulative shipment experience in personal computer market. This enables the Company to provide a full range of products and services for different needs of customers, including those in the upstream, middle and downstream sectors.

C. Exclusive Analog Artificial Intelligence (AI) Chip

The analog AI chip is designed with analog circuitry, and the area can be effectively reduced thanks to new process improvement. Compared with the digital circuitry design, there is a multiplier difference in area between the two, the power consumption is expected to be lower, and it can be produced using a lower-order manufacturing process.

In addition, the analog AI and sensors can be integrated on the same chip, and the complex computation results can be reported immediately after processing, which can significantly reduce the burden and transmission volume of the main system, and is a low cost, low power, high performance, and strong anti-counterfeiting product. This analog AI chip is expected to be widely used in mobile device recognition systems, driver monitoring system (DMS), automatic driving, security surveillance,

the Internet of Things and other fields, to add more cost-effective new AI applications.

(2) Disadvantageous Factors

A. Uncertainties and Variables in Global Consumer Electronic Markets

The persisting impact of COVID-19 on the global market and inflation, geopolitical risks, the Russo-Ukraine war and other overall economic factors, as well as supply chain inventory adjustments have introduced more uncertainties to the end-user market.

Contingency Measures:

The Company quickly adjusted its business strategy based on macroenvironment changes, diversifying risks and performing proper inventory and production capacity management, continuing to optimize product portfolios and cost control and management, working closely with customers, improving customer loyalty, and creating more diversified product strategies of the Company, so as to accelerate its operating revenue growth and profitability.

B. Intense Market Competition and Short Product Cycle

High-tech industries face quick changes, new products emerge rapidly and the continuous integration of the semiconductor industry has resulted in the flow of talents.

Contingency Measures:

The Company will continue to invest in new product research and development and launch new products in a timely manner with market trends in mind, so as to grasp market opportunities. It will further optimize existing products and perform more effective and comprehensive integration to increase the value added of new products, while working with investees to provide more diversified solutions for customers, so as to become a trustworthy and reliable partner to customers. It will also continue to recruit research and development talents to improve product development speed and application, in order to create long-term stable value for the Company.

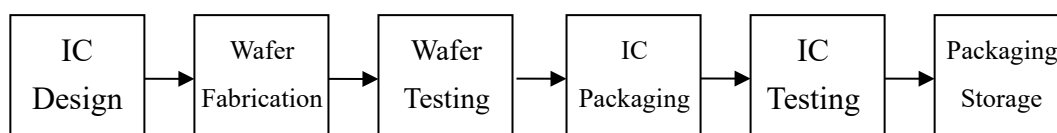
(II) Product Manufacturing Process and Important Uses of Primary Products

1. Important Uses of Main Products

Main Products	Main Function and Uses
Biometric Recognition Sensing IC and Its Applications	Optical Fingerprint Recognition Sensor Chip and Fingerprint Recognition Software Applications
Revenue from Technical Services	Provision of technical support services, including technical services like software testing and the development of sensor chips

2. Manufacturing Process of Main Products

The Company is a design company for fingerprint recognition ICs and its solutions. The plant is commissioned to manufacture the wafers and the wafers produced by the plant will be sent to the packing and testing factories for packaging and testing, and then stored for sale. The product manufacturing process is as follows: besides the research and development of software, planning and scheduling of the design is based on the orders given, so it does not have its own product line, and hence, there is no manufacturing process.



(III) Supply of the Primary Raw Materials

Wafers are the major raw materials of the Company's products, and the main supplier of wafers is company A, which possesses a considerable standard in terms of their quality and manufacturing capacity. The supply quantity and level of accommodation are compatible with the Company's demands and expectations. The Company will discuss the price with the supplier based on the demand and supply in the market, and regularly examine the product quality and service conditions. The supplier will provide technical services. In addition, to cater to the needs of different markets and customers, the Company continues to maintain close cooperation with suppliers and expanded the source of wafers in 2022. At present, the introduction of non-Taiwanese wafer Original Equipment Manufacturers (OEMs) is successively completed through investees. The supply of goods from wafer OEMs must be reliable, and the quality of goods supplied, process capabilities, and cooperation must be ensured to meet the Company's developmental needs.

(IV) Names of customers who contributed to more than 10% of total purchase (or sales) amount in one of the most recent two years, and the corresponding purchase (or sales) amounts and percentages, as well as reasons for their changes

1. Names of companies which contributed to more than 10% of total purchase amount in one of the most recent two years, and the corresponding purchase amounts and percentages, as well as reasons for their changes

Unit: NTD'000; %

Item	2021				2022			
	Name	Amount in Cash	As a Percentage of Net Purchases (%)	Relationship with Issuer	Name	Amount in Cash	As a Percentage of Net Purchases (%)	Relationship with Issuer
1	Company A	768,785	41.62	Nil	Company A	813,667	35.75	Nil
2	Company B	525,169	28.43	Nil	Company B	726,472	31.92	Nil
3	Company C	-	-	Nil	Company C	279,717	12.29	Nil
4	Company D	462,351	25.03	Nil	Company D	250,685	11.01	Nil
	Others	90,694	4.92	Nil	Others	205,546	9.03	Nil
	Purchases Net Amount	1,846,999	100.00	-	Purchases Net Amount	2,276,087	100.00	-

Reasons for Increase and Decrease: The changes in the proportion of purchases of the Company in the past two years were mainly due to acquisition of Alcor and adjustment of categories of products purchased according to market demand.

2. Names of customers who contributed to more than 10% of total sales amount in one of the most recent two years, and the corresponding sales amounts and percentages, as well as reasons for their changes

Unit: NTD'000; %

Item	2021				2022			
	Name	Amount in Cash	As a Percentage of Net Sales (%)	Relationship with Issuer	Name	Amount in Cash	As a Percentage of Net Sales (%)	Relationship with Issuer
1	Company	669,102	19.43	Nil	Comp	795,414	24.18	Nil

	A				any A			
2	Company B	878,771	25.52	Nil	Company B	605,287	18.40	Nil
3	Company C	966,981	28.09	Nil	Company C	441,611	13.43	Nil
4	Company D	745,886	21.67	Nil	Company D	437,883	13.31	Nil
	Others	182,067	5.29	Nil	Others	1,009,105	30.68	Nil
	Sales Net Amount	3,442,807	100.00	-	Sales Net Amount	3,289,300	100.00	-

Reasons for Increase and Decrease: The changes in the proportion of purchases of the Company in the past two years were mainly due to acquisition of Alcor and adjustment of categories of products purchased according to market demand.

(V) Production Volume and Value in the Recent Two Years

Unit: PCS; NTD '000

Output Quantity and Value		2021			2022		
		Capacity	Output	Value	Capacity	Output	Value
Primary Product							
Biometric Recognition Sensing	IC and Application Devices	Note 1	138,091,891	2,120,842	Note 1	125,731,047	1,915,256
IC and Its Applications	Software Application	Note 2	Note 2	Note 2	Note 2	Note 2	Note 2
Data Security and Protection and Its Applications		Note 2	Note 2	Note 2	Note 2	Note 2	Note 2
Technical Services		Note 2	Note 2	Note 2	Note 2	Note 2	Note 2
Peripheral and Control ICs for Information and Consumer Products		Note 1	-	-	Note 1	69,943,037	359,700
Wireless Audio Control ICs		Note 1	-	-	Note 1	1,698,914	71,523
Total			138,091,891	2,120,842		192,372,998	2,346,479

Note 1: The Company's main business activity is IC design, and it has commissioned the plant to manufacture the wafer, as well as outsourced the packaging and testing jobs. Thus, this is not applicable.

Note 2: This is a software application project and thus, it is not applicable.

Analysis and explanation of the changes in the output quantity and value: Mainly due to the acquisition of Alcor.

(VI) Sales Quantity and Values in the Recent Two Years

Unit: PCS; NTD '000

Sales Quantity		Fiscal Year	2021				2022			
			Domestic Sales		International Sales		Domestic Sales		International Sales	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	
Primary Product										
Biometric Recognition Sensing IC and Its Applications	IC and Application Devices	-	-	134,959,985	3,429,806	100	3	121,255,875	2,474,221	
	Software Application	Note 1	-	Note 1	1,755	Note 1	-	Note 1	1,343	
Data Security and Protection and Its Applications		Note 1	113	Note 1	-	Note 1	-	Note 1	-	
Technical Services		Note 1	3,877	Note 1	4,911	Note 1	849	Note 1	3,226	
Peripheral and Control ICs for Information and Consumer Products						14,127,903	225,653	55,131,064	403,989	
Wireless Audio Control ICs						1,038,659	70,729	1,058,875	81,576	
Others		Note 1	-	460,000	2,345	6,500	183	993,621	27,528	
Total		-	3,990	135,419,985	3,438,817	15,173,162	297,417	178,439,435	2,991,883	

Note 1: This is a software application project and thus, it is not applicable.

Analysis and Explanation of the Changes in Sales Quantity and Value: Mainly due to the acquisition of Alcor and adjustment of sales according to market demand.

3. Number of employees hired for the last two fiscal years, and during the current fiscal year up to the date of publication of the annual report, their average years of service, average age, and percentage distribution of education levels

Fiscal Year		2021	2022	As of 2023
Number of Employees	Direct	-	-	-
	Indirect	359	312	293
	Total	359	312	293
Average Age		36.24	38.88	39.35
Average Length of Service (Years)		2.53	3.88	4.13
Education Level Ratio (%)	PhD	4.74%	3.21%	3.07%
	Postgraduate	47.91%	48.40%	48.81%
	University and Diploma	46.80%	46.79%	46.76%
	Diploma and below	0.56%	1.60%	1.37%
	Total	100.00%	100.00%	100.00%

4. Information on Disbursements for Environmental Protection

Total Losses (Including Damages) and Fines for Environmental Pollution in the Current Fiscal Year Up to the Date of Publication of the Annual Report, Explanation of Future Contingency Policies (including the improvement of measures) and Possible Payments (including the possible losses, fines, and damages incurred for failure to adopt the contingency policies; an explanation should be provided should a reasonable estimation cannot be given): The Company is an IC design company, and thus is not involved in environmental pollution.

5. Labor Relations

(I) List of various employee benefits, further education, training, retirement scheme, and

other implementation situations, as well as labor-management agreements and various protective measures for employee rights

1. Employee Benefits and Their Implementation

The Company's benefits can be categorized into benefit provided by the Company and benefit provided by the Employee Welfare Committee:

Benefits Provided by the Company:

- (1) Labor insurance, national health insurance, and the allocation of labor pension are provided in compliance with the law.
- (2) The Company pays for the employee's insurance in full, including life insurance, casualty insurance, medical insurance, cancer insurance, and business travel insurance.
- (3) Annual health checkups, overtime dinners, department banquets, year-end company parties and events etc.
- (4) Competitive salary including year-end bonuses, performance bonuses, special project bonuses, patent bonuses, and subsidies for business travel expenses etc.

Benefits Provided by the Employee Welfare Committee:

- (1) Lucky draws in year-end company parties.
- (2) Employee holiday trips and festive celebratory events.
- (3) Cash gifts and gifts for the three traditional holidays (namely the Spring Festival, Dragon Boat Festival and Mid-Autumn Festival) and cash gifts for birthdays.
- (4) Subsidies for weddings and funerals.

2. Employee Training and Development

The Company provides diverse training courses and arrangements for education training, in order to improve the professional skills and core competitiveness of the employees so that they are able to perform their functions, increase work productivity, and ensure work quality in the achievement of the Company's goals of sustainable operations and development.

The contents of the training courses include the training of new employees, professional skills training, management development training, and the general training etc. By providing employees with opportunities for education and development through various ways of internal and external training and self-learning, colleagues will be able to constantly fulfill and gain new knowledge, and unleash their inner potential.

3. Retirement Scheme and its Implementation

The Company adopts the new scheme in compliance with the Labor Pension Act, where 6% of the monthly salary will be allocated to the pension account; relevant retirement matters will be handled in compliance with the Labor Pension Act.

4. Situation on Labor and Management Relations

The Regulations set by the Company is in compliance with the Labor Standards Act. The Company values its employees' opinions and thus adopts an open and two-way communication approach. This provides a channel for smooth internal communication within the Company, in the hope that the employees and the management can maintain good and harmonious relations.

5. Various Protective Measures of Employee Rights and Interests

The Company has formulated relevant management regulations and systems which clearly state employees' rights and obligations, as well as benefits. The Company will examine and modify the contents of the benefits regularly, so as to protect the rights and interests of all the employees.

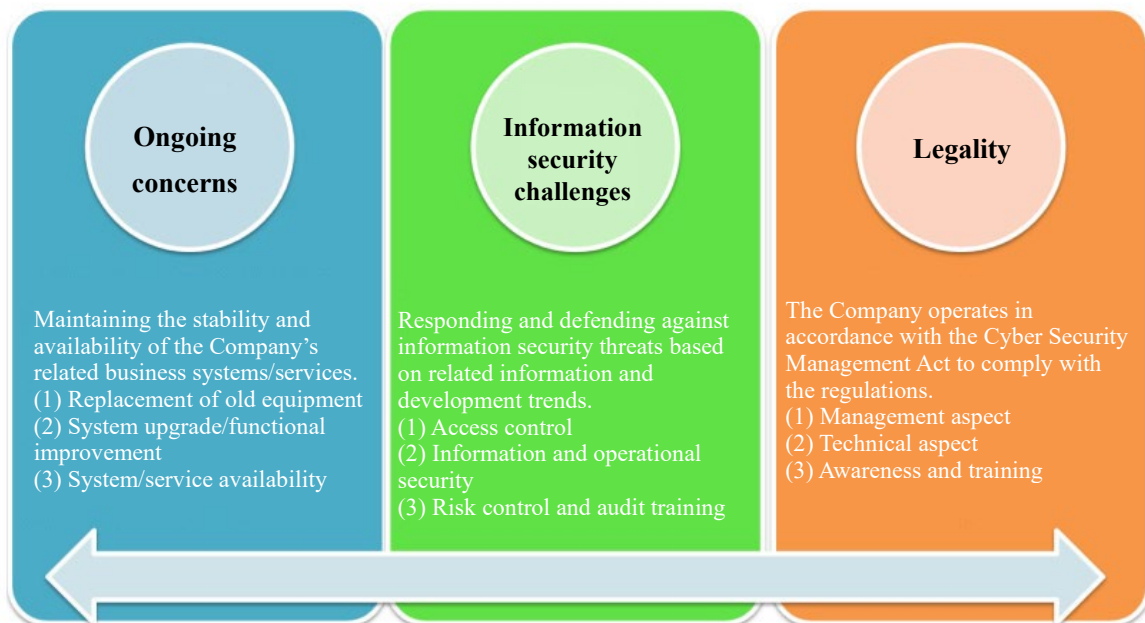
- (II) Losses Incurred by the Company as a Result of Labor Disputes in the Current Fiscal Year Up to the Date of Publication of the Annual Report, and Disclose an Estimate of Losses Incurred to Date or Likely to be Incurred in the Future, and the Contingency Measures. An Explanation Should be Provided Should a Reasonable Estimation Cannot be Given: No such situation.

6. Information and Communication Security Management

- (I) The Company's Information and Communication Security Risk Management Architecture, Information Security Policies, Specific Management Plans, and Resources Invested in Information Security Management

1. Information and communication security risk management architecture:

The Company has “information and communication security management measures” in place to protect hardware, software and archives in order to meet confidentiality, integrity, availability and legal compliance requirements. And it has gradually improved the management measures based on ongoing concerns, information security challenges and legality, which are used as the foundation of information security architecture.



2. Information and communication security policy

A. The information department is responsible for coordinating the promotion of information security management related matters.

The information department shall gather the relevant units, including the legal, human resource, audit, and research and development units, for discussion on risk assessment or specific topics if necessary.

B. The Company's personnel shall abide by the Company's information or confidentiality security specifications.

C. The Company's suppliers, third parties and outsourcing service providers shall abide by the Company's information security specifications.

D. Any information security incident, once discovered, shall be reported to the

information security contact.

E. Based on the severity of the situation, civil, criminal, or administrative liabilities shall be pursued or penalty shall be imposed according to the relevant regulations of the Company against any acts that endanger information security.

3. Specific management schemes and resources invested in information and communication security management

A. The maintenance services shall be outsourced to professional computer information manufacturers.

B. Network and computer system security management.

C. System access control, development and maintenance security management.

D. Information asset security management.

E. Set up network firewalls, install anti-virus software, and set folders access restrictions.

F. Regularly perform vulnerability assessment on the Company's computer anti-virus equipment, network equipment and servers every month.

G. Regularly back up important information systems and carry out disaster recovery drills.

H. Regularly carry out social engineering drills and carry out information security education and training on employees based on the results, so as to improve employees' awareness on information security when faced with such hacker threats.

(II) Major information and communication security incidents

It is required to list the losses suffered due to major information and communication security incidents in the latest fiscal year and as of the date of this annual report, and its possible impacts and countermeasures: Nil.

7. Important Contracts

List of all marketing contracts, technical assistance agreements, engineering agreements, long-term loan agreements and any other important contracts that will affect the shareholders' equity, which are still valid up to the date of publication of the annual report and that has expired in the current fiscal year; list the parties involved, main content, terms and conditions, and the date of the subscription agreement:

Nature of Contract	Parties Involved	Date of the Subscription Agreement	Main Content	Terms and Conditions
Authorization	Company E	From January 2015	Software Authorization	Nil

Nature of Contract	Parties Involved	Date of the Subscription Agreement	Main Content	Terms and Conditions
Authorization	Company F	From January 2015	Software Authorization	Nil
Manufacturing Process Outsourcing Contract	Company H	From August 2015	Manufacturing Process Outsourcing	Nil
Technology Development	ITRI	December 2019 - November 2021	Technology Development	Nil
Long-term Rental	Company X	January 2021 - March 2025	Rental of Office	Nil
Cooperative Development	Company I	January 2021 - January 2024	Cooperative Development	Nil
Authorization	ITRI	September 2021 - August 2025	Technology Development & Authorization	Nil
Long-term Rental	Chen oYing	February 2022 - February 2027	Rental of Office	Nil
Technology Development	Company J	January 2022 - December 2022	Cooperative Development of Software Technology	Nil
Cooperative Development	Company J	January 2022 - December 2022	Cooperative Development	Nil
Technology Development	ITRI	January 2022 – December 2023	Technology Development & Authorization	Nil

VI. Financial Overview

1. Concise Balance Sheets and Consolidated Income Statements for the Last Five Fiscal Years

1. Concise Financial Information for the Last Five Years

(1) Consolidated Concise Balance Sheet - International Financial Reporting Standards

Unit: NTD '000

Fiscal Year		Financial Information for the Last Five Fiscal Years					2023 As of March 31
		2018	2019	2020	2021	2022	
Item		2018	2019	2020	2021	2022	(Note 3)
Current assets		3,750,401	4,809,928	2,505,674	5,208,223	5,763,106	
Investments accounted for using equity method		25,963	41,058	46,034	1,444,578	1,771,707	
Property, plant and equipment		39,437	62,589	104,000	94,724	129,750	Not applicable.
Intangible assets		214,695	223,492	193,154	194,247	882,999	
Other assets		278,040	391,000	3,829,983	1,937,822	3,478,428	
Total asset		4,308,536	5,528,067	6,678,845	8,879,594	12,025,990	
Current liabilities	Before distribution	1,915,374	2,646,112	870,720	1,646,811	2,878,305	
	After distribution	2,470,218	3,269,648	1,909,856	2,339,529	3,086,120	
Non-current liabilities		1,038	70,279	1,100,880	900,233	1,516,165	
Total liabilities	Before distribution	1,916,412	2,716,391	1,971,600	2,547,044	4,394,470	
	After distribution	2,471,256	3,339,927	3,010,736	3,239,762	4,602,285	
Equity attributable to owners of the parent company		2,392,124	2,803,045	4,683,324	6,320,415	3,999,750	
Share capital		710,673	713,878	713,758	692,718	692,718	
Capital reserves		963,159	1,040,153	1,057,960	968,659	1,005,857	
Retained earnings	Before distribution	1,076,546	1,384,383	1,363,161	4,734,406	3,158,904	
	After distribution	521,702	760,847	324,025	4,041,688	2,951,089	
Other equities		(79,514)	(86,608)	1,777,220	(75,368)	(857,729)	
Treasury stock		(278,740)	(248,761)	(228,775)	-	-	
Non-controlling interests		-	8,631	23,921	12,135	3,631,770	

Total equity	Before distribution	2,392,124	2,811,676	4,707,245	6,332,550	7,631,520	
	After distribution	1,837,280	2,188,140	3,668,109	5,639,832	7,423,705	

Note 1: The financial information of the respective fiscal years has been audited and certified by the certified public accountants.

Note 2: The 2022 Earnings Distribution Plan is still pending resolution by the shareholders' meeting.

Note 3: As of the date of publication of the annual report, the financial information for the first quarter of 2023 reviewed by the accountants had not been issued.

(2) Consolidated and Concise Balance Sheet-R.O.C.'s Enterprise Accounting Standards

The Company has fully adopted the International Financial Reporting Standards (IFRS) in 2013 to prepare financial statements

(3) Individual Concise Balance Sheet-International Financial Reporting Standards

Unit: NTD '000

Item	Fiscal Year	Financial Information for the Last Five Fiscal Years				
		2018	2019	2020	2021	2022
Current assets		3,710,691	4,746,535	2,403,484	5,020,760	2,092,028
Investments accounted for using equity method		68,710	113,559	137,328	1,609,754	2,418,742
Property, plant and equipment		37,531	57,567	101,051	89,360	66,749
Intangible assets		213,906	194,630	167,921	182,358	229,235
Other assets		275,885	373,503	3,812,299	1,919,677	2,753,850
Total asset		4,306,723	5,485,794	6,622,083	8,821,909	7,560,604
Current liabilities	Before distribution	1,913,561	2,620,762	846,439	1,611,839	2,206,308
	After distribution	2,468,405	3,244,298	1,885,575	2,304,557	2,414,123
Non-current liabilities		1,038	61,987	1,092,320	889,655	1,354,546
Total liabilities	Before distribution	1,914,599	2,682,749	1,938,759	2,501,494	3,560,854
	After distribution	2,469,443	3,306,285	2,977,895	3,194,212	3,768,669
Equity attributable to owners of the parent company		2,392,124	2,803,045	4,683,324	6,320,415	3,999,750
Share capital		710,673	713,878	713,758	692,718	692,718

Capital reserves		963,159	1,040,153	1,057,960	968,659	1,005,857
Retained earnings	Before distribution	1,076,546	1,384,383	1,363,161	4,734,406	3,158,904
	After distribution	521,702	760,847	324,025	4,041,688	2,951,089
Other equities		(79,514)	(86,608)	1,777,220	(75,368)	(857,729)
Treasury stock		(278,740)	(248,761)	(228,775)	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	2,392,124	2,803,045	4,683,324	6,320,415	3,999,750
	After distribution	1,837,280	2,179,509	3,644,188	5,627,697	3,791,935

Note 1: The financial information of the respective fiscal years has been audited and certified by the certified public accountants.

Note 2: The 2022 Earnings Distribution Plan is still pending resolution by the shareholders' meeting.

(4) Concise Individual Balance Sheet-R.O.C.'s Enterprise Accounting Standards

The Company has fully adopted the International Financial Reporting Standards (IFRS) in 2013 to prepare financial statements

2. Concise Consolidated Income Statements

(1) Concise Consolidated Income Statement-International Financial Reporting Standards

Unit: NTD '000

Item	Fiscal Year	Financial Information for the Last Five Fiscal Years					2023 As of March 31
		2018	2019	2020	2021	2022	
Operating revenue		5,909,333	7,358,441	6,224,427	3,442,807	3,289,300	(Note 2)
Gross operating profit		2,083,902	3,137,307	2,690,953	1,369,894	1,162,364	
Operating profit and loss		726,177	1,102,652	850,627	(300,418)	(961,661)	Not applicable
Non-operating revenue and expenditure		121,919	(50,451)	(99,145)	(9,930)	30,594	
Net profit (loss) before tax		848,096	1,052,201	751,482	(310,348)	(931,067)	
Net profit from continuing operations		670,791	852,703	627,991	(231,774)	(902,338)	
Loss from discontinued operations		-	-	-	-	-	
Net profit (loss) for the current period		670,791	852,703	627,991	(231,774)	(902,338)	
Other comprehensive income (net amount after tax) for the current period		(53,280)	(32,596)	1,828,376	2,900,589	(835,006)	
Total comprehensive income for the current period		617,511	820,107	2,456,367	2,668,815	(1,737,344)	
Net profit attributable to owners of the parent company		670,791	862,681	632,559	(215,605)	(852,837)	
Net profit attributable to non-controlling interests		-	(9,978)	(4,568)	(16,169)	(49,501)	
Total comprehensive income attributable to owners of the parent company		617,511	830,085	2,460,935	2,684,984	(1,669,759)	
Total comprehensive income attributable to non-controlling interests		-	(9,978)	(4,568)	(16,169)	(67,585)	
Earnings per share		9.62	12.60	9.14	(3.11)	(12.31)	

Note 1: The financial information of the respective fiscal years has been audited and certified by the certified public accountants.

Note 2: As of the date of publication of the annual report, the financial information for the first quarter of 2023 reviewed by the accountants had not been issued.

(2) Concise Consolidated Income Statement-R.O.C.'s Enterprise Accounting Standards

The Company has fully adopted the International Financial Reporting Standards (IFRS) in 2013 to prepare financial statements

(3) Concise Individual Consolidated Income Statement-International Financial Reporting Standards

Unit: NTD '000

Item	Fiscal Year	Financial Information for the Last Five Fiscal Years				
		2018	2019	2020	2021	2022
Operating revenue		5,909,333	7,358,441	6,219,414	3,438,319	2,506,569
Gross operating profit		2,083,902	3,137,307	2,685,941	1,365,359	821,465
Operating profit and loss		728,237	1,155,526	873,133	(219,228)	(739,561)
Non-operating revenue and expenditure		113,718	(93,695)	(118,499)	(77,679)	(119,673)
Net profit (loss) before tax		841,955	1,061,831	754,634	(296,907)	(859,234)
Net profit from continuing operations		670,791	862,681	632,559	(215,605)	(852,837)
Loss from discontinued operations		-	-	-	-	-
Net profit (loss) for the current period		670,791	862,681	632,559	(215,605)	(852,837)
Other comprehensive income (net amount after tax) for the current period		(53,280)	(32,596)	1,828,376	2,900,589	(816,922)
Total comprehensive income for the current period		617,511	830,085	2,460,935	2,684,984	(1,669,759)
Earnings per share		9.62	12.60	9.14	(3.11)	(12.31)

Note 1: The financial information of the respective fiscal years has been audited and certified by the certified public accountants.

(4) Concise Individual Consolidated Income Statement-R.O.C.'s Enterprise Accounting Standards

The Company has fully adopted the International Financial Reporting Standards (IFRS) in 2013 to prepare financial statements

3. Names and Audit Opinion of Certified Public Accountants for the Last Five Fiscal Years

Fiscal Year	Name of Accounting Firm	Name of Certified Public Accountant Responsible for Certification Work	Opinion
2018	KPMG Taiwan	Steven Shih and Philip Tang	Unqualified opinion
2019	KPMG Taiwan	Steven Shih and Sonia Chang	Unqualified opinion
2020	KPMG Taiwan	Steven Shih and Sonia Chang	Unqualified opinion
2021	KPMG Taiwan	Steven Shih and Sonia Chang	Unqualified opinion and other matters
2022	PricewaterhouseCoopers (PwC) Taiwan	Pei-Chuan Huang, Chin-Chang Chen	Unqualified opinion and other matters

Note: The change to the certified public accountant is due to adjustments in the internal job duties of the accounting firm.

2. Financial Analysis for the Last Five Fiscal Years

(1) Financial Analysis for the Last Five Fiscal Years-International Financial Accounting Standards (Consolidated)

Fiscal Year Analysis Item		Financial Analysis for the Last Five Fiscal Years					2023 As of March 31
		2018	2019	2020	2021	2022	
Financial structure (%)	Liabilities to assets ratio	44.48	49.14	29.52	28.68	36.54	(Note 1)
	Permanent capital to property, plant and equipment ratio	6,068.32	4,604.57	5,584.74	7,635.64	7,050.24	Not applicable.
Solvency	Current ratio (%)	195.81	181.77	287.77	316.26	200.23	
	Quick ratio (%)	162.73	146.86	227.58	270.68	138.83	
	Interest coverage ratio	86.52	55.43	34.34	(20.72)	(26.96)	
Operational capability	Receivables turnover ratio (number of times)	8.80	15.37	19.24	7.55	5.42	
	Average collection period	42	24	19	48	67	
	Inventory turnover ratio (number of times)	6.09	6.40	6.16	4.19	1.90	
	Payables turnover ratio (number of times)	7.36	8.81	8.66	7.08	7.39	
	Average sales days of inventory	60	57	59	87	192	
	Property, plant and equipment turnover ratio (number of times)	161.47	144.25	74.73	34.65	29.31	
	Total assets turnover ratio (number of times)	1.49	1.50	1.02	0.44	0.31	
Profitability	Return on assets (%)	17.10	17.85	10.66	(2.62)	(8.38)	
	Return on equity (%)	28.81	33.16	16.83	(3.91)	(12.92)	
	Pre-tax profit to paid-in capital ratio (%)	119.34	147.39	105.29	(44.80)	(134.41)	
	Net profit margin (%)	11.35	11.72	10.16	(6.26)	(27.43)	
	Earnings per share (NTD)	9.62	12.60	9.14	(3.11)	(12.31)	
Cash Flow	Cash flow ratio (%)	47.26	55.69	69.34	(44.83)	(60.69)	
	Cash flow adequacy ratio (%)	94.95	144.17	167.44	97.58	12.42	

Fiscal Year		Financial Analysis for the Last Five Fiscal Years					2023 As of March 31
		2018	2019	2020	2021	2022	
Analysis Item	Cash reinvestment ratio (%)	24.69	31.09	(0.33)	(24.15)	(26.67)	
	Degree of operating leverage	2.50	2.57	2.88	(4.03)	(0.97)	
	Degree of financial leverage	1.01	1.02	1.03	0.95	0.97	

The explanations for financial ratios with changes in excess of 20% for 2022 as compared to 2021 are as follows:

1. Liabilities to assets ratio: Caused by working capital needs and increase in loans in the current period.
2. Current ratio: Caused by working capital needs and increase in loans in the current period.
3. Quick ratio: Caused by working capital needs and increase in loans in the current period.
4. Interest coverage ratio: Caused by reduction in operating revenue and increase in net operating loss in the current period due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry.
5. Receivables turnover ratio: Caused by reduction in operating revenue due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry.
6. Average collection period: Caused by reduction in operating revenue due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry.
7. Inventory turnover ratio: Caused by reduction in operating revenue and cost of goods sold in the current period due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry.
8. Average sales days of inventory: Caused by reduction in operating revenue and cost of goods sold in the current period due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry.
9. Total assets turnover ratio (number of times): Caused by reduction in operating revenue due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry.
10. Return on assets: Caused by reduction in operating revenue and increase in net operating loss in the current period due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry.
11. Return on equity: Caused by reduction in operating revenue and increase in net operating loss in the current period due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry.
12. Pre-tax profit to paid-in capital ratio: Caused by reduction in operating revenue and increase in net loss before tax in the current period due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry.
13. Net profit margin: Caused by reduction in operating revenue and increase in net operating loss in the current period due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry.
14. Earnings per share: Caused by reduction in operating revenue due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry.
15. Cash flow ratio: Caused by reduction in operating revenue, working capital needs, increase in short-term loans in the current period, and increase in current liabilities due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry.
16. Cash flow adequacy ratio: Caused by reduction in operating revenue and increase in net operating loss in the current period due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry.
17. Degree of operating leverage: Caused by reduction in operating revenue and increase in net operating loss in the current period due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry.

Information source: The financial statements audited and certified by the certified public accountants.

Note 1: As of the date of publication of the annual report, the financial information for the first quarter of 2023 reviewed by the accountants had not been issued.

The formulae for analysis are as follows:

1. Financial structure

(1) Liabilities to assets ratio = total liabilities/total assets.

(2) Permanent capital to property, plant and equipment ratio = (total equity + non-current liabilities)/net value of property, plant and equipment.

2. Solvency

(1) Current ratio = current assets/current liabilities.

(2) Quick ratio = (current assets - inventories - prepaid expenses)/current liabilities.

(3) Interest coverage ratio = profit before income tax and interest expenses/interest expenses for the current period.

3. Operational capability

- (1) Receivables (including accounts receivable and notes receivable arising from business operations) turnover ratio = net sales/average receivables balance (including accounts receivable and notes receivable arising from business operations) for each period.
- (2) Average collection period = 365/receivables turnover ratio.
- (3) Inventory turnover ratio = cost of goods sold/average inventory value.
- (4) Payables (including accounts payable and notes payable arising from business operations) turnover ratio = cost of goods sold/average payables balance (including accounts payable and notes payable arising from business operations) for each period.
- (5) Average sales days of inventory = 365/inventory turnover ratio.
- (6) Property, plant and equipment turnover ratio = net sales/average net value of property, plant and equipment.
- (7) Total assets turnover ratio = net sales/average total assets.

4. Profitability

- (1) Return on assets = [profit or loss after tax + interest expenses x (1 - tax rate)]/average total assets.
- (2) Return on equity = profit or loss after tax/average total equity.
- (3) Net profit margin = profit or loss after tax/net sales.
- (4) Earnings per share = (profit or loss attributable to owners of the parent company - preferred dividends)/weighted average number of issued shares.

5. Cash Flow

- (1) Cash flow ratio = net cash flow from operating activities/current liabilities.
- (2) Cash flow adequacy ratio = net cash flow from operating activities for the last five fiscal years/(capital expenditures + inventory increase + cash dividends) for the last five fiscal years.
- (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends)/(gross value of property, plant and equipment + long-term investments + other non-current assets + working capital).

6. Degree of leverage :

- (1) Degree of operating leverage = (net operating revenue – variable operating costs and expenses)/operating income.
- (2) Degree of financial leverage = operating income/(operating income - interest expenses).

(2) Financial Analysis for the Last Five Fiscal Years-R.O.C. Enterprise Accounting Standards (Consolidated)

The Company has fully adopted the International Financial Reporting Standards (IFRS) in 2013 to prepare financial statements

(3) Financial Analysis for the Last Five Fiscal Years-International Financial Accounting Standards (Individual)

Analysis Item		Fiscal Year	Financial Analysis for the Last Five Fiscal Years				
		2018	2019	2020	2021	2022	
Financial structure (%)	Liabilities to assets ratio	44.46	48.90	29.28	28.36	47.10	
	Permanent capital to property, plant and equipment ratio	6,376.49	4,976.87	5,715.57	8,068.57	8,021.54	
Solvency	Current ratio (%)	193.92	181.11	283.95	311.49	94.82	
	Quick ratio (%)	160.83	145.87	222.08	265.08	47.65	
	Interest coverage ratio	85.90	57.43	34.81	(20.07)	(26.61)	
Operational capability	Receivables turnover ratio (number of times)	8.80	15.37	19.34	7.57	5.37	
	Average collection period	42	24	19	48	68	
	Inventory turnover ratio (number of times)	6.09	6.40	6.16	4.19	2.18	
	Payables turnover ratio (number of times)	7.36	8.81	8.66	7.08	8.37	
	Average sales days of inventory	60	57	59	87	167	
	Property, plant and equipment turnover ratio (number of times)	167.30	154.75	78.42	36.11	32.11	
	Total assets turnover ratio (number of times)	1.49	1.50	1.03	0.45	0.31	
Profitability	Return on assets (%)	17.12	17.93	10.74	(2.65)	(10.11)	
	Return on equity (%)	28.81	33.21	16.9	(3.92)	(16.53)	
	Pre-tax profit to paid-in capital ratio (%)	118.47	148.74	105.73	(42.86)	(124.04)	
	Net profit margin (%)	11.35	11.72	10.17	(6.27)	(34.02)	
	Earnings per share (NTD)	9.62	12.60	9.14	(3.11)	(12.31)	
Cash Flow	Cash flow ratio (%)	47.91	57.27	73.12	(42.86)	(59.45)	
	Cash flow adequacy ratio (%)	101.62	149.95	172.66	101.48	26.71	
	Cash reinvestment ratio (%)	25.18	32.25	(0.08)	(23.60)	(38.11)	

Degree of leverage	Degree of operating leverage	2.49	2.46	2.80	(5.50)	(0.97)
	Degree of financial leverage	1.01	1.02	1.03	0.94	0.96
<p>The explanations for financial ratios with changes in excess of 20% for 2022 as compared to 2021 are as follows:</p> <ol style="list-style-type: none"> 1. Liabilities to assets ratio: Caused by working capital needs and increase in loans in the current period. 2. Current ratio: Caused by working capital needs and increase in loans in the current period. 3. Quick ratio: Caused by working capital needs and increase in loans in the current period. 4. Interest coverage ratio: Caused by reduction in operating revenue and increase in net operating loss in the current period due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry. 5. Receivables turnover ratio: Caused by reduction in operating revenue due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry. 6. Average collection period: Caused by reduction in operating revenue due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry. 7. Inventory turnover ratio: Caused by reduction in operating revenue and cost of goods sold in the current period due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry. 8. Average sales days of inventory: Caused by reduction in operating revenue and cost of goods sold in the current period due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry. 9. Total assets turnover ratio (number of times): Caused by reduction in operating revenue due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry. 10. Return on assets: Caused by reduction in operating revenue and increase in net operating loss in the current period due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry. 11. Return on equity: Caused by reduction in operating revenue and increase in net operating loss in the current period due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry. 12. Pre-tax profit to paid-in capital ratio: Caused by reduction in operating revenue and increase in net loss before tax in the current period due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry. 13. Net profit margin: Caused by reduction in operating revenue and increase in net operating loss in the current period due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry. 14. Earnings per share Caused by reduction in operating revenue due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry. 15. Cash flow ratio: Caused by reduction in operating revenue, working capital needs, increase in short-term loans in the current period, and increase in current liabilities due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry. 16. Cash flow adequacy ratio: Caused by reduction in operating revenue and increase in net operating loss in the current period due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry. 17. Cash reinvestment ratio: Caused by reduction in operating revenue and increase in net operating loss in the current period due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry. 18. Degree of operating leverage: Caused by reduction in operating revenue and increase in net operating loss in the current period due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry. 						

Information source: The financial statements audited and certified by the certified public accountants.

The formulae for analysis are as follows :

1. Financial structure

- (1) Liabilities to assets ratio = total liabilities/total assets.
- (2) Permanent capital to property, plant and equipment ratio = (total equity + non-current liabilities)/net value of property, plant and equipment.

2. Solvency

- (1) Current ratio = current assets/current liabilities.
- (2) Quick ratio = (current assets - inventories - prepaid expenses)/current liabilities.
- (3) Interest coverage ratio = profit before income tax and interest expenses/interest expenses for the current period.

3. Operational capability

- (1) Receivables (including accounts receivable and notes receivable arising from business operations) turnover ratio = net sales/average receivables balance (including accounts receivable and notes receivable arising from business operations) for each period.
- (2) Average collection period = 365/receivables turnover ratio.
- (3) Inventory turnover ratio = cost of goods sold/average inventory value.
- (4) Payables (including accounts payable and notes payable arising from business operations) turnover ratio = cost of goods sold/average payables balance (including accounts payable and notes payable arising from business operations) for each period.
- (5) Average sales days of inventory = 365/inventory turnover ratio.
- (6) Property, plant and equipment turnover ratio = net sales/average net value of property, plant and equipment.
- (7) Total assets turnover ratio = net sales/average total assets.

4. Profitability

- (1) Return on assets = [profit or loss after tax + interest expenses x (1 - tax rate)]/average total assets.
- (2) Return on equity = profit or loss after tax/average total equity.
- (3) Net profit margin = profit or loss after tax/net sales.
- (4) Earnings per share = (profit or loss attributable to owners of the parent company - preferred dividends)/weighted average number of issued shares.

5. Cash Flow

- (1) Cash flow ratio = net cash flow from operating activities/current liabilities.
- (2) Cash flow adequacy ratio = net cash flow from operating activities for the last five fiscal years/(capital expenditures + inventory increase + cash dividends) for the last five fiscal years.
- (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends)/(gross value of property, plant and equipment + long-term investments + other non-current assets + working capital).

6. Degree of leverage :

- (1) Degree of operating leverage = (net operating revenue – variable operating costs and expenses)/operating income.
- (2) Degree of financial leverage = operating income/(operating income - interest expenses).

(4) Financial Analysis for the Last Five Fiscal Years-R.O.C. Enterprise Accounting Standards (Individual)

The Company has fully adopted the International Financial Reporting Standards (IFRS) in 2013

3. Audit Committee's Audit Report for the Financial Statements of the Last Fiscal Year: Please refer to Page 118 for details.
4. Financial Statements for the Last Fiscal Year, including an Audit Report Prepared by Certified Public Accountants, a Two-Year Comparative Balance Sheet and Consolidated Income Statement, Statement of Changes in Equity, Cash Flow Statement, and Any Attached Notes or Appendices: Please refer to Pages 119 to 206 for details.
5. Parent Company Only Financial Statements for the Last Fiscal Year, Audited and Certified by Certified Public Accountants: Please refer to Page 207 to Page 299 for details.
6. In the most recent year and up to the date of publication of the annual report, if the Company or its affiliated enterprises experience any difficulty in financial turnover, the impact on the financial position of the Company shall be listed: No such situation.

VII. Review and Analysis of Financial Status and Financial Performance, and Risk Matters

- I. Financial Situation: Main reason(s) for any material change to the assets, liabilities or equity over the last two fiscal years, and the impact of such changes. An explanation on the planned future contingency measures should be included if the impact is of material significance

Unit: NTD '000

Item	Fiscal Year	2022	2021	Difference	
				Amount	%
Current assets		5,763,106	5,208,223	554,883	11
Investments accounted for using equity method		1,771,707	1,444,578	327,129	23
Property, plant and equipment		129,750	94,724	35,026	37
Intangible assets		882,999	194,247	688,752	355
Other assets		3,478,428	1,937,822	1,540,606	80
Total asset		12,025,990	8,879,594	3,146,396	35
Current liabilities		2,878,305	1,646,811	1,231,494	75
Non-current liabilities		1,516,165	900,233	615,932	68
Total liabilities		4,394,470	2,547,044	1,847,426	73
Share capital		692,718	692,718	0	0
Capital reserves		1,005,857	968,659	37,198	4
Retained earnings		3,158,904	4,734,406	(1,575,502)	(33)
Other equities		(857,729)	(75,368)	(782,361)	1,038
Treasury stock		0	0	0	0
Non-controlling interests		3,631,770	12,135	3,619,635	29,828
Total equity		7,631,520	6,332,550	1,298,970	21
<p>1. For items with a 20% or more variation between the previous and current periods, and the variation amount reaches NTD 10 million, an explanation should be provided:</p> <p>(1) Investments accounted for using equity method: In order to strengthen diversification, expand the scale of operation and increase the economies of scale, the Company newly invested in iCatch Technology, Inc. and SCT Holdings Ltd. in the current period.</p> <p>(2) Property, plant and equipment: Mainly caused by the increase in fixed assets due to the acquisition of Alcor Micro, Corp.</p> <p>(3) Intangible assets: Mainly caused by the increase in intangible assets due to the acquisition of Alcor Micro, Corp.</p>					

- (4) Other assets: Mainly caused by the increase in investment in financial assets due to the acquisition of Alcor Micro, Corp.
- (5) Current liabilities: Mainly caused by working capital needs and increase in short-term loans in the current period.
- (6) Non-current liabilities: Mainly caused by working capital needs and increase in long-term loans in the current period.
- (7) Retained earnings: Caused by reduction in operating revenue and increase in net loss after tax due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry.
- (8) Other equities: Due to the economic downturn in the IC design industry, the profitability of the relevant industries was not as expected, resulting in an increase in valuation loss on financial assets as measured by fair value through other comprehensive income.
- (9) Non-controlling interests: Alcor Micro, Corp. was acquired in the current period, and the non-controlling interests accounted for 77.92%.
- 1.
2. Planned future contingency measures when the impact is of material significance: Nil.

II. Financial Performance: Main Reasons for Any Material Change to Operating Revenue, Operating Profit or Pre-tax Profit for the Last Two Fiscal Years; the Sales Volume Forecast and the Basis, and the Possible Impact on the Company's Future Financial Operations and Contingency Measures

Comparative Analysis of Financial Performance

Unit: NTD '000

Item \ Fiscal Year	2022	2021	Increase (Decrease) Amount	Percentage of Change (%)
Operating revenue	3,289,300	3,442,807	(153,507)	(4)
Gross operating profit	1,162,364	1,369,894	(207,530)	(15)
Net operating profit (loss)	(961,661)	(300,418)	(661,243)	220
Non-operating revenue and expenditure	30,594	(9,930)	40,524	(408)
Net profit (loss) before tax	(931,067)	(310,348)	(620,719)	200
Income tax benefit (expense)	28,729	78,574	(49,845)	(63)
Net profit (loss) for the current period	(902,338)	(231,774)	(670,564)	289
Other comprehensive income (net	(835,006)	2,900,589	(3,735,595)	(129)

Item	Fiscal Year	2022	2021	Increase (Decrease) Amount	Percentage of Change (%)
amount after tax) for the current period					
Total comprehensive income for the current period		(1,737,344)	2,668,815	(4,406,159)	(165)

1. For items with a 20% or more variation between the previous and current periods, and the variation amount reaches NTD 10 million, an explanation should be provided:
 - (1) Net operating loss: Caused by reduction in operating revenue and increase in net operating loss due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry.
 - (2) Non-operating revenue and expenditure: Caused by dividend income from new investee Silicon Optronics, exchange rate gains from appreciation of USD, and through the accounting recognition of equity method, losses from the investee and losses generated from disposal of subsidiaries, bond funds, and other financial products in the current period.
 - (3) Net profit before tax: Caused by reduction in operating revenue and increase in net loss before tax due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry.
 - (4) Income tax benefit: Caused by reduction in operating revenue and increase in net loss before tax due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry.
 - (5) Net loss for the current period: Caused by reduction in operating revenue and increase in net loss after tax due to customers adjusting inventory and suspending the purchase of goods due to the economic downturn in the IC design industry.
 - (6) Other comprehensive income for the current period: Due to the economic downturn in the IC design industry, the profitability of the relevant industries was not as expected, resulting in an increase in valuation loss on financial assets as measured by fair value through other comprehensive income.
2. Sales volume forecast and the basis therefore, as well as the possible impact on the company's future financial operations and contingency measures:

The Company's main products are biometric sensing IC and its applications. The Business Department determined the sales volume forecast based on the sales forecast of existing products, development progress of new products, forecast value of customer production demand, with the business development strategy taken into account.

3. Cash Flow: Explanation on the Analysis of Cash Flow Changes During the Last Fiscal Year; Improvement Measures to be Taken in Response to Illiquidity; and the Liquidity Analysis for the Coming Year

(1) Explanation on the analysis of cash flow changes during the last fiscal year (2022)

1. Financial Analysis

Unit: NTD '000

Opening cash balance (1)	Net cash flow from operating activities for the year (2)	Cash outflows (inflows) volume (3) (Note)	Surplus (insufficient) amount (1)+(2)-(3)	Remedial measures for insufficient cash	
				Investment plan	Financial plan
2,325,144	(1,746,934)	(966,632)	1,544,842	NA	NA

Note: Inclusive of the effect of exchange rate fluctuations on cash and cash equivalents, that is, NTD 7,286,000.

Analysis of cash flow changes during the current fiscal year:

(1) Operating activities: The increase in inventory resulted in net cash outflow from business activities.

(2) Investment activities: This is mainly due to the investment in financial assets, thus resulting in net cash outflow from investment activities.

(3) Financing activities: This is mainly due to the distribution of cash dividends and borrowing of large sums of bank loans, thus resulting in a net cash inflow from financing activities.

2. Improvement measures for illiquidity: There is no any situation of illiquidity for the Company.

3. Liquidity analysis for the coming year (2023)

Unit: NTD '000

Opening cash balance (1)	Estimated net cash flow from operating activities for the year (2)	Estimated cash outflows (inflows) for the whole year (3)	Estimated surplus (insufficient) amount (1)+(2)-(3)	Remedial measures for estimated insufficient cash	
				Investment plan	Financial plan
1,544,842	(698,830)	(504,477)	1,350,489	NA	NA

1. Liquidity analysis for the coming year:

(1) Operating activities: This is due to a minor revision of operating revenue downwards, thus resulting in net cash outflow from business activities.

(2) Investment activities: This is mainly due to the disposal of financial assets, thus resulting in net cash inflow from investment activities.

(3) Financing activities: This is mainly due to the repayment of long-term loans, thus resulting in net cash outflow from financing activities.

2. Remedial measures for estimated insufficient cash: There is no situation of estimated insufficient cash. Therefore, this is not applicable.

4. Effect of Major Capital Expenditures on Financial Operations for the Last Fiscal Year: Nil.

5. Reinvestment Policy for the Last Fiscal Year; the Main Reasons for the Profits or Losses Generated Thereby and the Plan for Improvement; and Investment Plans for the Coming Year

1. Reinvestment Policy

The Company has drafted the “Operating Procedures for Acquisition or Disposal of Assets” in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” formulated by the competent authority, which serves as the basis for the Company’s conduct of its reinvestment business, enabling the Company to master the relevant business and financial situation. Furthermore, in order to improve the supervision and management of the invested companies, the Company has formulated the monitoring and management methods for the subsidiaries in the internal control system, and formulated the relevant regulations for the disclosure of information, finance, business, inventories and financial management, so as to realize the greatest effectiveness in the reinvestment matters of the Company.

2. Main reasons for the profits or losses generated from the reinvestment business in the last fiscal year, and the plan for improving reinvestment profitability

Unit: NTD '000

Name of investor	Name of invested enterprise	Main business item	Investment (losses) and gains recognized in 2022	Main reasons for profits or losses -	Plan for improving reinvestment profitability
The Company	Egis Technology (Japan) Inc.	Customer service, business promotion and technical support	464	Revenue from Technical Services	Nil
"	Egis Technology Korea Inc.	Customer service, business promotion and technical support	1,309	Revenue from Technical Services	Nil
"	Igistec Co., Ltd.	Technology Development	(260)	Operating losses	Liquidated and dissolved in November 2022.
"	Sense Investment and Consulting Inc.	Holding company	35	Return on investment	Nil
"	Luxsentek Microelectronics Corp.	Technology Development	(64,144)	Operating losses	Accelerate development integration and use its technology to become part of the supply chain
"	Alcor Micro, Corp.	Technology Development	3,441	Operating profit	Nil
"	VASUBI Technology Inc.	Technology Development	(17,947)	Operating losses	Accelerate development integration and use its technology to become part of the supply chain
"	NUI Technology Inc.	Technology Development	(15,580)	Operating losses	Accelerate development integration and use its technology to become part of the supply chain

Name of investor	Name of invested enterprise	Main business item	Investment (losses) and gains recognized in 2022	Main reasons for profits or losses -	Plan for improving reinvestment profitability
"	Taurus Wireless Inc.	Technology Development	(7,853)	Operating losses	Accelerate development integration and use its technology to become part of the supply chain
"	Vitrio Technology Corporation	Technology Development	-	-	To be liquidated
"	iCatch Technology, Inc.	Technology Development	(57,225)	Operating profit, losses were offset by amortized acquisition price	Nil
"	SCT Holdings Ltd.	IC design, development, and sales	(5,924)	Customer need deferral	Accelerate the business development of new markets.
"	Egis Innovation Fund G.P., Ltd.	General investment	(13)	General operating expenditure	Nil
"	Shentao Intelligent Technology (Shanghai) Co., Ltd.	Customer service, business promotion and technical services	(4,032)	Operating losses	Improve the quality of service to customers and strengthen the review of the reasonableness of expenses
Alcor Micro, Corp.	Alcor Micro Technology, Inc. (AMTI)	Investment holding	(50,792)	Investment losses	To be determined based on the operating results of the next level of investees. Please detail the improvement plans of these subsidiaries.
"	AlgolTek, Inc.	IC development,	7,380	Operating profit	Nil

Name of investor	Name of invested enterprise	Main business item	Investment (losses) and gains recognized in 2022	Main reasons for profits or losses -	Plan for improving reinvestment profitability
		design, and sales			
"	Syncomm Technology Corp.	IC development, design, and sales	17,781	Operating profit	Nil
"	Alcorlink Corp.	IC development, design, and sales	2,387	Operating profit	Nil
"	Qunfeng Investment Co., Ltd.	General investment	21,168	Operating profit	Nil
"	Ene Technology Inc.	IC development, design, and sales	10,633	Operating profit	Nil
Qunfeng Investment Co., Ltd.	AlgoITek, Inc.	IC development, design, and sales	1,163	Operating profit	Nil
"	Syncomm Technology Corp.	IC development, design, and sales	3,612	Operating profit	Nil
Alcor Micro Technology, Inc. (AMTI)	Alcor Micro Technology, Corp. (AMIC)	After-sales service and collection of business information	1	-	Liquidated and dissolved in March 2022.
"	Alcor Micro Technology, (H.K.) Limited (AMTHK)	Operation and sales of	(52,347)	Operating losses	Enhance business development and review the

Name of investor	Name of invested enterprise	Main business item	Investment (losses) and gains recognized in 2022	Main reasons for profits or losses -	Plan for improving reinvestment profitability
		electronic products			reasonableness of service fee expenditure, and utilize funds to obtain non-operating revenue.
"	Alcor Micro Tech (Shenzhen) Co., Ltd	After-sales service and collection of business information	1,739	Operating profit	Nil
Ene Technology Inc.	Xinyuan Technology (Shenzhen)	Wholesale of electronic materials	(2,352)	Operating losses	Improve competitiveness and business performance.

3. Investment plan for the coming year

In terms of the main strategic investment goals, in addition to smartphones, the Company has been committed to expanding diversified markets and other applications in recent years. In the future, the Company will accelerate its deployment in the AIoT smart Internet of Things, automotive market and security surveillance field, and actively integrate CIS, ISP and DVS to combine applications, integrate high-end light processing and AI-smart image processing chips, combined with the dynamic image sensing technology that the Company is committed to developing.

6. Risk Management Analysis and Evaluation

(1) Risk management policy

- The Company intends to gradually strengthen the management of corporate risks in accordance with the latest development of internal auditing and standards requirements; the organizational structure of risk management is divided into three levels (mechanisms):

The first mechanism: For the organizer or contractor, it must be responsible for the measurement, design and prevention of the initial risk detection,

evaluation and control.

The second mechanism: For the assessment of the general manager (or chief executive officer and vice president), in addition to being responsible for feasibility assessment, it also includes various risk assessments.

The third mechanism: For review of the legal affairs and audit department and deliberation of the Board of Directors/Audit Committee.

2. If the Company's important risk assessment matters do not need to be reviewed by the second and third mechanisms for implementation matters, it will conduct legal affairs to identify, assess and prevent risks with the audit office if necessary; usually if it finds that there is immediately potential risks, it can also be immediately reported to the superiors for prevention.
3. According to the provisions of "Guidelines for Handling Internal Control of Public Issuance Companies", the Company establishes "Self-inspection Procedures, Operation and Methods", handles regularly self-assessment internal control operations of each department and operation unit each year, so as to implement the Company's self-supervision mechanism, to change the corresponding environment in a timely manner, to adjust the design and implementation of the internal control system, and to enhance the audit quality and efficiency of the internal audit unit; its scope of self-assessment covers the execution and design of various internal control systems of the Company.

(2) Risk management organization form

Important risk assessment matters	(The first mechanism) Direct risk control unit	(The second mechanism) Risk review and control	(The third mechanism) Board of Directors, Audit Committee and Audit Office
1. Interest Rate, Exchange Rate and Financial Risks	Financial contractor	Directors at all levels and general manager	Board of Directors and Audit Committee (Decision-making and final control of risk assessment and control)
2. High-risk, high-leverage investment, capital loans to others, derivative commodity transactions, financial investment	Financial contractor	Directors at all levels and general manager	
3. Investment, Transfer of Investment and M&A Benefits	Stock and financial staff	Directors at all levels and general manager	
4. Research and Development Plan	Research and Development personnel	Directors at all levels, operation officer and general	Audit Office (Inspection, Improvement)

Important risk assessment matters	(The first mechanism) Direct risk control unit	(The second mechanism) Risk review and control	(The third mechanism) Board of Directors, Audit Committee and Audit Office
		manager	Tracking and Report of Risk)
5. Concentrated sales or purchases	Business Department, Purchasing Department and Financial Staff	Production and marketing meeting	
6. Changes in equity of directors and major shareholders	Stock	Board of Directors	
7. Changes in operating rights	Stock	Board of Directors	
8. Litigation and non-contentious matters	Legal affairs	General Manager	
9. Other business operations	Directors at all levels	General Manager	
10. Personnel behavior, morality and ethics	Directors at all levels and Personnel Administration Department	Labor-management conference	
11. Compliance with regulations	Directors at all levels	Legal affairs and audit	
12. Management of Board Meetings	Stock	Legal affairs and audit	

(3) Effect of Interest Rate, Exchange Rate Fluctuations and Inflation on the Profit and Loss of the Company and Future Contingency Measures

1. Interest Rate Fluctuations

(1) Effect on the Profit and Loss of the Company

The Company's percentages of bank loans to total assets for the fiscal years 2021 and 2022 were 10.28% and 20.89%, respectively. The percentages of interest expenses to the net operating revenue were 0.41% and 1.01%, respectively, which were relatively small percentages. Therefore, interest rate fluctuations have a limited effect on the profit and loss of the Company. The Company will continue to closely monitor changes in the global and domestic economic environments in the future and take necessary measures whenever needed, in order to minimize the risk of interest rate fluctuations on the profits and losses of the Company.

(2) Specific Contingency Measures

The Company evaluates the bank loan interest rate on a regular basis and constantly monitors the financial market for any effects of interest rate fluctuations on the Company's allocation of funds, so as to duly implement adaptation measures.

Therefore, interest rate fluctuations do not have any significant effect on the profits and losses of the Company.

2. Exchange Rate Fluctuations

(1) Effect of Exchange Rate Fluctuations on the Profit and Loss of the Company

The purchase and sales transactions of the Company are mainly denominated, paid and received in the U.S. dollar. The net exchange (losses) profits of the Company in the fiscal years 2021 and 2022 were NTD (35,156,000) and NTD (125,650,000), respectively, accounting for approximately (1.02%) and 3.82% of the Company's net operating revenue, respectively, and accounting for 11.33% and (13.50%) of the net loss before tax, respectively. Fluctuations in the exchange rate of the New Taiwan dollar against the US dollar have a certain impact on the Company's profit or loss.

(2) Specific Contingency Measures

A. When providing customers with price quotations, the Business Department will take into account the exchange rate trends for quotation decision-making and make dynamic adjustments to quoted prices offered to customers, so as to avoid any significant impact on the Company's profits due to the exchange rate fluctuations.

B. The natural hedging of foreign exchange risk will continue to be the main strategy for exchange rate risk control and management in the future, and the foreign currency assets and liabilities will be appropriately adjusted to lower the risks arising from exchange rate fluctuations.

3. Inflation

(1) Analysis of the Impact on the Company

The year 2022 was marked by the continued impact of the COVID-19 pandemic on the global market, as well as inflation stemming from loose monetary policies in multiple countries. With mounting inflationary pressure, interest hikes affected the overall economy and consumer confidence, resulting in sluggish end-user demand. Business demand also decreased due to overall sluggish demand. Hence, close attention should be paid to the relevant changes in economic environments and market trends to cope with fluctuations in markets and economic environments.

(2) Specific Contingency Measures

A. The Company will be aware of the fluctuations in market prices of upstream raw materials at all times, and maintain good interactions with suppliers and customers, so as to predict the market trends of the raw materials and lower the impact of rising prices.

B. In accordance with fluctuations in the costs of raw materials, the Company will dynamically adjust the prices offered to customers when the preset tolerance

intervals are exceeded, so as to avoid any significant impact on the Company due to inflation.

- (4) Policies for High-Risk and High-Leverage Investments, Capital Loan to Others, Endorsements and Guarantees and Derivative Transactions as well as Major Causes of Profits and Losses and Future Contingency Measures

The Company is prudent in its financial management and does not engage in any high-risk or high-leverage investments. The Company has established comprehensive policies and internal control procedures for the capital loan to others, endorsements and guarantees and derivative transactions. All loans and endorsements made by the Company during the year of 2022 and up to date were in accordance with the relevant regulations.

- (5) Future Research and Development Plan and Estimated Research and Development Expenses Invested

1. Future Research and Development Plan

The Company is committed to the design, development and sale of biometric sensor-related chips. For a description of our future research and development plans, please refer to “V. Overview of Business Operations, 1. Content of Business, 3. General Situation of Technology and Research” in this Annual Report.

2. Estimated Research and Development Expenses

The estimated research and development expenses of the Company are gradually allocated based on the progress of the development of new products and technologies, and adjusted according to the market changes and the progress in the research and development of new products. The Company expects to invest approximately NTD 1.6 billion in research and development in 2023 in continual support of the future research and development plans, so as to sustain the market competitive advantages of the Company’s products.

- (6) Effect of Changes in Major Domestic and International Policies and Laws on the Financial Operations of the Company and Contingency Measures

The Company’s routine operations shall be in compliance with the relevant domestic and international laws and regulations, and the Company will monitor the development trends of domestic and international policies and changes in the laws at all times. The Company will also gather relevant information as reference for decision-making at the operational level and make adjustments to the relevant operational strategies of the Company. The Company’s financial operations have not been affected by any changes in major domestic and international policies and laws in the last fiscal year and the current fiscal year up to the date of publication of the annual report.

- (7) Effect of Technological Innovation (Including Information and Communication Security Risks) and Industrial Changes on the Financial Operations of the Company and Contingency Measures

The Company keeps an eye on the evolution of technology related to the industry in which it operates, keeps abreast of industry dynamics, continues to enhance its research and development capabilities, and actively expands future market applications to ensure its competitive advantage in the market. In order to fulfill the requirements of information security management, we focus on processes, legal compliance, personnel training, and technology utilization to strengthen the security and protection of data, information systems, equipment, and network communications, and effectively reduce the risk of theft, misuse, leakage, tampering, or destruction of information assets caused by human negligence, intentional or natural disasters, to ensure our commitment to shareholders and customers, and to achieve the Company's sustainable management. In addition, we continue to pay attention to new cyber security information and technology in response to the rapid changes in external factors and attack methods, and keep our defense or management methods up-to-date to effectively block new types of information security threats and reduce the risk of operations. Therefore, in the last fiscal year and the current fiscal year up to the date of publication of the annual report, there were no technological innovation or industrial changes that would affect the financial operations of the Company.

(8) Effect of Changes in Corporate Image on Crisis Management and Contingency Measures

Since its establishment, the Company has focused on its core business operations, adhering to relevant laws and regulations, actively strengthening internal control and improving management quality and performance, so as to uphold the good corporate image of the Company and increase customer trust. The Company has not faced any operational crisis due to changes in the Company's corporate image in the last fiscal year and the current fiscal year up to the date of publication of the annual report. However, as the enterprise may face considerably huge damages due to corporate crisis, the Company will continue to execute all the requirements of corporate governance so as to minimize the occurrence of corporate risk and such impact on the Company.

(9) Expected Benefits and Potential Risks of Mergers and Acquisitions as well as Contingency Measures

The Company has no plans for mergers and acquisitions in the last fiscal year and the current fiscal year up to the date of the printing of the annual report. Should there be any plans for mergers and acquisitions in the future, the Company shall adhere to the "Operating Procedures for Acquisition or Disposal of Assets", and uphold the attitude of prudential assessment when conducting various cost-benefit evaluations and risk control management, so as to protect the Company's interests and shareholders' equity.

(10) Expected Benefits and Potential Risks of Factory Expansion as well as Contingency Measures

The Company does not have a factory site, and has no plans for the establishment or expansion of a factory in the future. Therefore, this is not applicable.

(11) Risk Faced of Purchases or Sales and Contingency Measures

1. In terms of purchases

The Company is a professional IC design company and thus does not own a foundry. At present, its purchases are concentrated in the foundry in Taiwan. In order to achieve reliable and stable production capacity and shorten the time to market of products, IC design companies have the industrial characteristics of using the same semiconductor process, and also consider factors such as process technology, quality efficiency, full capacity, delivery coordination, etc., so they tend to maintain long-term and close cooperation with specific wafer foundry. Should the production output of the collaborating foundry be insufficient, the Company may face the risk of supply shortage or delay in goods delivery. In view of the aforementioned risks, besides maintaining a good cooperative relationship between the Company and the collaborating foundry, the Company shall also not exclude the possibility of working with other foundries, so as to provide more choices and security in terms of the quality, source, and prices of the raw materials.

2. In terms of sales

The Company's sales to Company A in 2022 was approximately NTD 1.9 billion, accounting for approximately 57.7% of its operating revenue of the current year; hence, sales were highly concentrated. The Company continues to develop new products for different end-user application markets, and actively develops new customers and provides new services to reduce the percentage of shipments to a single customer.

(12) Effect and Risks of Material Transfer of or Change in the Equity of Directors, Supervisors or Major Shareholders with shareholding of More Than 10% on the Company as well as Contingency Measures: No such situation.

(13) Effect and Risk of Changes in Management Rights on the Company as well as Contingency Measures: No such situation.

(14) With regard to litigious and non-litigious matters, major litigious matters, non-litigious matters, and administrative litigious matters involving the Company and its directors, supervisors, general manager, de facto responsible person, major shareholders with shareholding of more than 10%, and subsidiary companies for which a judgment has become final or is still pending judgment, as well as those whose outcome could significantly affect shareholders' equity or the prices of the Company's securities should be clearly listed; the facts in contention, the value of the object of litigation, the start date of litigation, the main party or parties involved, and the status of the case up to the date of publication of the annual report should be disclosed: No such situation.

(15) Other Important Risks and Contingency Measures: Nil.

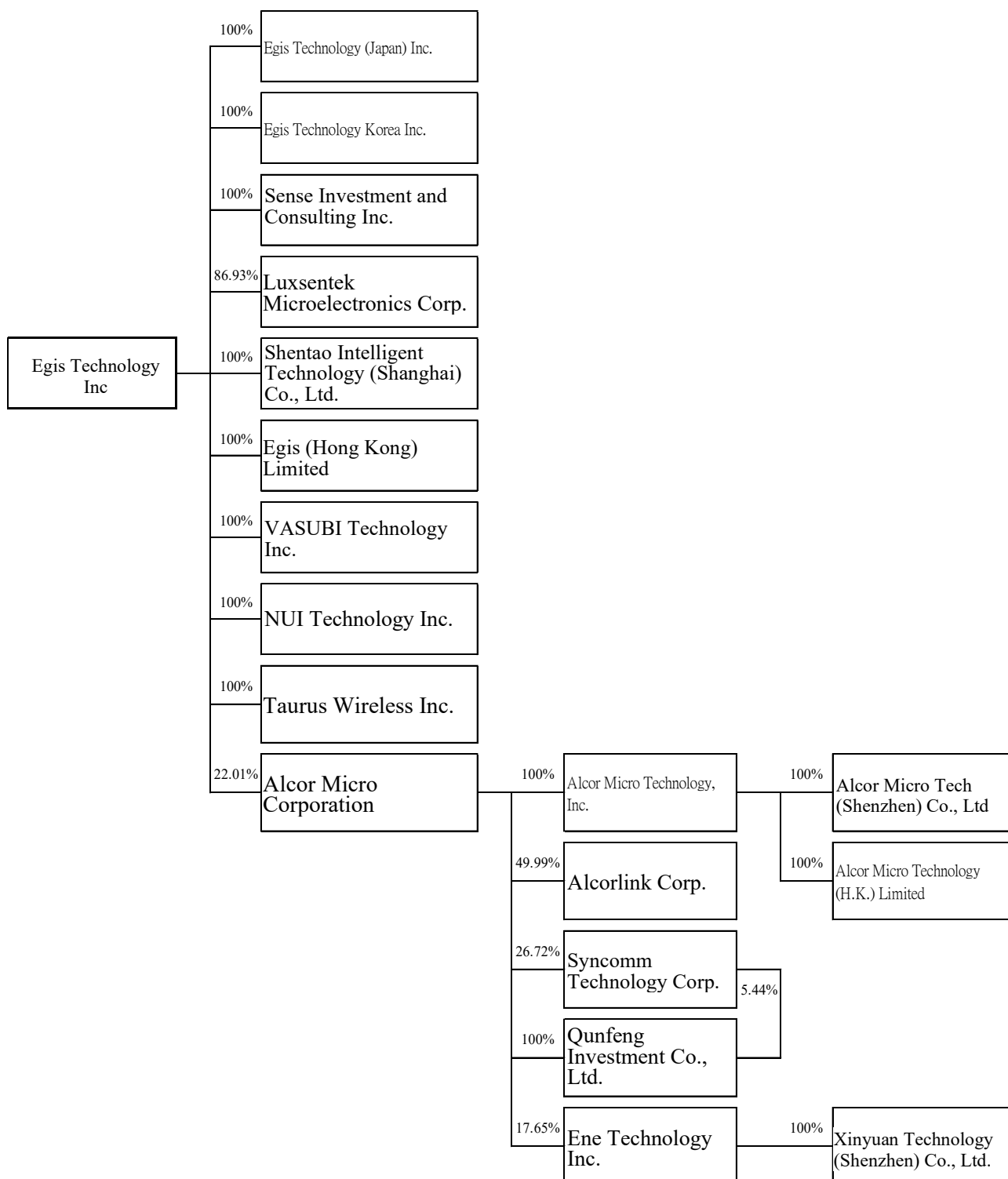
7. Other Significant Matters: Nil.

VIII. Special Notes

I. Relevant Information on Affiliated Enterprises

(一) Affiliated Enterprises

December 31, 2022



(2) Basic Information of Affiliated Enterprises

Unit: NTD '000

Name of Enterprise	Date of Establishment	Address	Paid-in Capital	Main business item
Egis Technology (Japan) Inc.	08/18/2009	Mita Kokusai Bldg. 3F., 1-4-28, Mita, Minato-ku, Tokyo,108-0073 Japan	NT\$10,502	Customer service, business promotion and technical services
Egis Technology Korea Inc.	11/23/2017	17 Daehak 4-ro, Ace Gwanggyo Tower #516, Yeongtong, Suwon, Gyeonggi	NT\$5,706	Customer service, business promotion and technical services
Sense Investment and Consulting Inc.	08/14/2015	2F, No. 360 Ruiguang Road, Neihu District, Taipei City	NT\$1,670	Holding company
Luxsentek Microelectronics Corp.	08/24/2020	5F, No. 119 Baozhong Road, Xindian District, New Taipei City	NT\$161,050	Technology Development
Shentao Intelligent Technology (Shanghai) Co., Ltd.	12/28/2020	Room 3866, Building 11, Alley 1333, Jiangnan Avenue, Changxing Town, Chongming District, Shanghai City	NT\$56,000	Customer service, business promotion and technical services
Egis (Hong Kong) Limited	08/17/2015	Room 20A, Kiu Fu Commercial Building, 300 Lockhart Road, Wan Chai, Hong Kong.	- (Note 1)	Holding company
VASUBI Technology Inc.	01/11/2022	29F-5, No. 118, Ciyun Road, East District, Hsinchu City	NT\$40,000	Technology Development
NUI Technology Inc.	05/19/2022	29F-3, No. 118, Ciyun Road, Puding Village, East District, Hsinchu City	NT\$90,000	Technology Development
Taurus Wireless Inc.	05/30/2022	30F-2, No. 118, Ciyun Road, East District, Hsinchu City	NT\$10,000	Technology Development
Alcor Micro Corporation	11/23/1999	9F, No. 66, Sanchong Road, Nangang District, Taipei City	NT\$908,588	Technology Development
Alcor Micro Technology, Inc.	12/06/1999	PO Box 32322 4th Floor, Century Yard Elgin Avenue, Cricket Square Grand Cayman Ky1-1209 Cayman Islands.	US\$28,613	Investment holding
Syncomm Technology Corp.	01/23/1998	10F-1, No. 101, Section 2, Gongdao 5th Road, Hsinchu City	NT\$316,070	IC development, design, and sales
Alcorlink Corp.	08/04/2015	5F, No. 209, Section 1, Nangang Road, Nangang District, Taipei City	NT\$301,596	IC development, design, and sales

Name of Enterprise	Date of Establishment	Address	Paid-in Capital	Main business item
Qunfeng Investment Co., Ltd.	12/18/2017	9F, No. 66, Sanchong Road, Nangang District, Taipei City	NT\$90,000	General investment
Ene Technology Inc.	05/20/1998	4F, No. 21, Lixing Road, Hsinchu City, Hsinchu Science Park	NT\$453,228	IC development, design, and sales
Alcor Micro Tech (Shenzhen) Co., Ltd	04/21/2006	Room B1502, TCL Industrial Research Institute Building, No. 6 Gaoxin South 1st Road, South District, Gaoxin District, Nanshan District, Shenzhen City	US\$2,000	After-sales service and collection of business information
Alcor Micro Technology (H.K.) Limited.	04/03/2006	Unit 1701, 17th Floor, The Sun's Group Centre, No.200 Gloucester Road, Wanchai, Hong Kong.	HK\$1 & US\$18,790	Operation and sales of electronic products
Xinyuan Technology (Shenzhen) Co., Ltd.	08/10/2018	601, East Block, Phase II, Tian An Innovation Technology Plaza, Tairan Shilu, Tian'an Community, Shatou Sub-district, Futian District, Shenzhen City	US\$300	Wholesale of electronic materials

Note 1: Egis (Hong Kong) Limited was established and registered on August 17, 2015, but the Company has yet to complete capital injection.

- (3) Information on Shareholders Representing Both the Holding Company and Subordinates:
Nil.
- (4) Industries covered by the operations of all affiliated enterprises: Design, development, production and sales of biometric recognition sensor chips, IC design and solutions that integrate chip and software design.
- (5) Names and Shareholding or Capital Contribution Status of Directors, Supervisors, and General Managers of Affiliated Enterprises

December 31, 2022 Unit: Thousand Shares; %

Name of Enterprise	Position	Name or Representative	Shares Held	
			Number of Shares/Capital Contribution	Shareholding Ratio
Egis Technology (Japan) Inc.	General Manager	Representative of Egis Technology Inc.: Tang, Hsien Chih	7,680	100.00%
Egis Technology Korea Inc.	Director	Representative of Egis Technology Inc.:	20	100.00%

Name of Enterprise	Position	Name or Representative	Shares Held	
			Number of Shares/Capital Contribution	Shareholding Ratio
		Jimmy Hsu		
Sense Investment and Consulting Inc.	Director Supervisors	Representative of Egis Technology Inc.: LEE, YI-PIN Supervisor: Egis Technology Inc. Representative Kathy Huang	167	100.00%
Luxsentek Microelectronics Corp.	Director Supervisors	Representative of Egis Technology Inc.: LEE, YI-PIN, LIN, GONG-YI Supervisor: Kathy Huang	14,000	86.93%
Shentao Intelligent Technology (Shanghai) Co., Ltd.	Director Supervisors	Representative of Egis Technology Inc.: Sky Su Supervisor: Tony Lo	-	100%
Egis (Hong Kong) Limited	Director	LEE, YI-PIN	-	100%
VASUBI Technology Inc.	Director Supervisors	Representative of Egis Technology Inc.: LEE, YI-PIN Supervisor: Egis Technology Inc. Representative Kathy Huang	4,000	100%
NUI Technology Inc.	Director Supervisors	Representative of Egis Technology Inc.: LEE, YI-PIN Supervisor: Egis Technology Inc. Representative Kathy Huang	9,000	100%
Taurus Wireless Inc.	Director Supervisors	Representative of Egis Technology Inc.: LEE, YI-PIN Supervisor: Egis Technology Inc. Representative Kathy Huang	1,000	100%
Alcor Micro Corporation	Director	Representative of Egis Technology Inc.: LO, SEN CHOU, Tony Lo, LIU, DING-JEN	20,000	22.01%
Alcorlink Corp.	Director	Representatives of Alcor Micro, Corp.: LO, SEN CHOU, Chi-Tung Chang, Kuang-Yao Kuo	14,640	49.99%
Syncomm Technology Corp.	Director	Representatives of Alcor Micro, Corp.: Ling-Chun Tsai	8,444	26.72%
Qunfeng Investment Co., Ltd.	Director Supervisors	Representatives of Alcor Micro, Corp.: Ling-Chun Tsai, Der-Sheng Chen	9,000	100%

Name of Enterprise	Position	Name or Representative	Shares Held	
			Number of Shares/Capital Contribution	Shareholding Ratio
		Supervisor: Representative of Alcor Micro, Corp. Yu-Wen Chang		
Ene Technology Inc.	Director	Representatives of Alcor Micro, Corp.: Wen-Kai Chung, Der-Sheng Chen	8,000	17.65%
Alcor Micro Technology, Inc.	Director	Representatives of Alcor Micro, Corp.: Ling-Chun Tsai, Yu-Wen Chang	Alcor Micro Corporation Capital contribution US\$28,613	100%
Alcor Micro Technology (H.K.) Limited.	Director	Chi-Tung Chang, Ling-Chun Tsai, Chao-Yu Chen	Alcor Micro Technology, Inc. Capital contribution US\$18,790	100%
Alcor Micro Tech (Shenzhen) Co., Ltd.	Director	Alcor Micro Technology, Inc. Representative: Chi-Tung Chang, Ling-Chun Tsai, Chao-Yu Chen	Alcor Micro Technology, Inc. Capital contribution US\$2,000	100%
Xinyuan Technology (Shenzhen) Co., Ltd.	Representative	Kuang-Li Liang	Ene Technology Inc. Capital contribution US\$3,000	100%

(6) Overview of Business Operations of Affiliated Enterprises

December 31, 2022 Unit: NTD '000

Name of Enterprise	Capital	Total Assets	Total	Net Value	Operating revenue	Operating Income	Profit and loss for the current period (After Tax)	Earnings per share (NTD) (After Tax)
Egis Technology (Japan) Inc.	NT\$10,502	3,573	2,719	854	11,361	864	464	0.06
Egis Technology Korea Inc.	NT\$5,706	43,463	16,292	27,170	39,430	2,819	1,309	65.43
Igistec Co., Ltd.	NT\$0	0	0	0	849	-480	-541	-
Shengshi Investment Counselor Share Co Limited	NT\$1,670	6,624	4,426	2,198	0	-8	35	0.21
Luxsentek Microelectronics Corp.	NT\$161,050	42,946	37,201	5,745	16	-72,864	-83,182	-4.58
Shentao Intelligent Technology (Shanghai) Co., Ltd.	NT\$56,000	53,113	1,689	51,424	0	-8,761	-4,032	註 1
VASUBI Technology Inc.	NT\$40,000	26,472	4,419	22,053	0	-17,961	-17,947	-4.49
NUI Technology Inc	NT\$90,000	77,604	3,184	74,420	0	-15,757	-15,580	-1.73
Taurus Wireless Inc.	NT\$10,000	3,503	1,356	2,147	0	-7,860	-7,853	-7.85
Alcor Micro, Corp.	NT\$908,588	2,885,882	129,415	2,756,467	432,356	-6,155	109,092	0.57
Alcorlink Corp.	NT\$301,596	714,345	89,716	624,629	415,253	579	4,792	0.17
Syncomm Technology Corp.	NT\$316,070	493,908	86,090	407,818	387,924	51,658	66,362	2.15
Qunfeng Investment Co., Ltd.	NT\$90,000	157,125	1,425	155,700	27,050	26,735	25,476	2.83
Ene Technology Inc.	NT\$453,228	1,164,206	371,322	792,884	713,885	4,194	76,906	1.74
Alcor Micro Technology, Inc.	US\$28,613	95,973	0	95,973	0	-271	-50,792	-1.78
Alcor Micro Tech. (H.K.) Limited	US\$18,790	73,246	46,304	26,942	190,167	-53,537	-52,347	-2.79
Alcor Micro Tech (Shenzhen) Co., Ltd	US\$2,000	79,100	28,466	50,634	63,287	652	1,739	註 1
Xinyuan Technology (Shenzhen) Co., Ltd	US\$300	4,382	4,587	-205	6,156	575	-2,352	註 1
Vitrio Technology Corporation	NT\$2,840	2,109	1,771	338	0	-548	0	-1.73
iCatch Technology, Inc.	NT\$951,888	1,930,815	187,405	1,743,410	1,093,183	13,866	69,640	0.80
SCT Holdings Ltd.	US\$1	828,973	638,412	190,561	1,057,504	-22,457	-22,457	-0.70
Egis Technology Inc	NT\$15,000	15,015	41	14,974	15	-26	-26	-0.02

Note 1: Only the capital was available and the number of shares issued was not available, so the earnings per share could not be calculated.

Note 2: If the affiliated enterprise is a foreign company, the relevant numbers shown will be based on conversion to NTD using the exchange rate on the date of the report.

II. Status of Private Placement of Securities in the Last Fiscal Year and the Current Fiscal Year Up to the Date of Publication of the Annual Report:

The Company passed a resolution during the shareholders' meeting on June 22, 2022 to issue a total of no more than 10,000,000 common shares by private placement for cash capital injection. In accordance with Article 43-6 of the Securities and Exchange Act, private placement of securities shall be carried out in separate tranches within one year from the resolution passed by the shareholders' meeting. As this case will expire on June 21, 2023, it has yet to be implemented as of the date of publication of the annual report.

III. Shares in the Company Held or Disposed of by Subsidiaries in the Last Fiscal Year and the Current Fiscal Year Up to the Date of Publication of the Annual Report: No such situation.

IV. Other Necessary Supplementations:

OTC Trading Commitments	Status of Compliance with Commitments
<p>In the "Operating Procedures for Acquisition or Disposal of Assets", the addition of "The Company shall not cease capital injections into Egis Inc. and Egis Technology (Japan) for the respective fiscal years in the future. Should the Company have to cease the capital injections into or to dispose of the aforementioned company due to strategic alliance considerations or other factors, the Company must gain the approval of Taipei Exchange and raise it to the Company's Board of Directors for the passing of a special resolution." Should the said operating procedures be revised after the approval by the Board of Directors, it should be entered into the Market Observation Post System as material information disclosure and reported to Taipei Exchange for future reference.</p>	<ol style="list-style-type: none"> 1. The Company has provided the Letter of Commitment which will be disclosed in the prospectus. 2. The Company has passed the resolution on the addition of the content stated on the left to Article 5, Paragraph 6 of the "Operating Procedures for Acquisition or Disposal of Assets" during the Board meeting on August 13, 2015, and this has been entered into the Market Observation Post System as material information disclosure on the same day. 3. The Company has passed the resolution to amend part of the content of the "Operating Procedures for Acquisition or Disposal of Assets" during the Shareholders' meeting on June 28, 2016, and this has been entered

	<p>into the Market Observation Post System as material information disclosure on the same day.</p> <p>4. On May 6, 2020, the Company reported to the Board of Directors that Egis Inc., a wholly-owned subsidiary of the Company, no longer had actual operation function and would be dissolved, and the liquidation certificate was obtained on June 02, 2020. The Company is expected to amend “Operating Procedures for Acquisition or Disposal of Assets” at the 2021 shareholders’ meeting.</p>
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Explanation on the Non-fulfillment of OTC Trading Commitments by the Company

IX. Matters that Significantly Affected Shareholders’ Equity and Prices of Securities Pursuant to Item 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the Last Fiscal Year and the Current Fiscal Year Up to the Date of Publication of the Annual Report: Nil

In accordance with the result of self-assessment on the internal control system for 2022, the Company hereby declares as follows:

- I. The Company acknowledges and understands that the establishment, enforcement, and preservation of the internal control system are the responsibilities of the Board of Directors and managers of the Company, and the Company has already established such a system. The purpose of the system is to provide reasonable guarantee for the achievement of goals such as effectiveness and efficiency of business operations (including profitability, performance and security of assets, etc.), reliability, timeliness, and transparency of reporting, as well as compliance with relevant regulatory requirements.
- II. There are inherent limitations to even the most well-designed internal control system. Thus, an effective internal control system can only reasonably ensure the achievement of the three aforementioned goals. Moreover, changes in the operating environment and circumstances may also affect the effectiveness of the internal control system. The internal control system of the Company features a self-monitoring mechanism. Once identified, any deficiency will be rectified immediately by the Company.
- III. The Company determines the effectiveness of the internal control system in design and enforcement in accordance with the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as “the Regulations”), which are instituted for judging the effectiveness of internal control systems. The internal control system comprises five components as specified in “the Regulations” for judging the effectiveness of internal control systems, and these components are examined throughout the internal control process: 1. Control Environment, 2. Risk Evaluation, 3. Control Operation, 4. Information and Communication, and 5. Monitoring Operation. Each of the elements in turn contains several items. Please refer to “the Regulations” for details on the aforementioned items.
- IV. The Company has adopted the aforementioned internal control system for the assessment on the effectiveness of the design and enforcement of the internal control system.
- V. According to the findings of the aforementioned assessment, the Company holds that it is able to reasonably ensure the achievement of the aforementioned goals with the internal control system (including the monitoring and management of the subsidiaries) as of December 31, 2022, including understanding of the effectiveness and efficiency in operation, reliability, timeliness, and transparency in reporting, as well as compliance with relevant regulatory requirements, and that the design and enforcement of the internal control system are effective.

- VI. This statement shall form an integral part of the annual report and prospectus of the Company, and will be announced to the public. If any fraudulent information, concealment, or unlawful practices are discovered in the content of the aforementioned information, the Company shall be held liable under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
- VII. This statement was approved by the Board of Directors of the Company on March 29, 2023 in the presence of seven directors, who concurred unanimously on the contents of this statement with no objection. This statement is hereby provided.

Egis Technology Inc

Chairman: LO, SEN-CHOU sign/seal



General Manager: RO, SHIH-HAO sign/seal



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 2022, among which the parent-company-only financial statements and consolidated financial statements for the year of 2022 had been audited by CPAs Pei-Chuan Huang and Chin-Chang Chen from PricewaterhouseCoopers (PwC) 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 Securities and Exchange Act and Article 219 of the Company Law, the Report is subject to inspection.

2023 Annual General Meeting of Egis Technology Inc.
Audit committee convener: WENG, MING-JENG

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