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Stock Code 6231

Insyde Software Corp.

Handbook for the 2016 Annual Shareholders Meeting

Meeting Time: 9:00 a.m. on June 14, 2016

Place: 350 Sung Chiang Road, Taipei, 104, Taiwan, R.O.C.

(Importers and Exporters Association of Taipei)

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Insyde Software Corp.
Agenda for the 2016 Annual Shareholders Meeting

Call the Meeting to Order

Chairperson Remarks

Discussion Item (I)

Report Items

Ratification Items

Discussion Item (II)

Election Matters

Other Matters

Questions and Motions

Adjourn

Insyde Software Corp.

Agenda of 2016 Annual Shareholders Meeting

Time : 9:00 a.m. June 14 (Tuesday), 2016

Place : 350 Sung Chiang Road, Taipei, 104, Taiwan, R.O.C. (Importers and Exporters Association of Taipei)

Call the Meeting to Order

Chairperson Remarks

Discussion Item (I) :

1. Amendment to the Company's Corporate Charter.

Report Items :

1. 2015 Business Report.
2. Supervisors' Review Report of the 2015 Financial Statements.
3. 2015 Employee and Directors and Supervisors' remunerations Report.
4. Domestic Private Placement of Convertible Bonds Report.

Ratification Items :

1. Adoption of 2015 Annual Business Report and Financial Statements.
2. Adoption of the Proposal for the Distribution of 2015 Profits.

Discussion Item (II) :

1. Proposal to Issue a new Private Placement of Convertible Bonds.

Election Matters :

1. The 7th Election of Directors and Supervisors.

Other Matters :

1. Proposal to Release the Prohibition on Directors and Representatives from Participating in Competitive Businesses.

Questions and Motions

Adjourn

Discussion Item (I)

Proposal: (Proposed by the Board of Directors)

Amendment to the Company's Corporate Charter.

Explanation:

- (1) Because the Ministry of Economic Affairs has added article 235-1 to the Company Act and has amended Article 235, the Company hereby proposes to amend the Corporate Charter.
- (2) The original Corporate Charter is as pp. 27-30, Appendix 5. The comparison table shows the changes proposed.

Insyde Software Corporation

Comparison of Current and Amended Rules and Procedures of Company's Corporate Charter

Current Provisions	Proposed Amendments
Article 28 : After paying taxes, covering losses for the previous year and setting aside legal and special reserves. The Company is profitable, it shall set aside 10-15% as employee compensation and less than 3% as Director compensation.	Article 28 : In each year if the Company has earnings, before paying any bonus to employees or directors, funds shall be appropriated in this order, first: income taxes shall be paid, deficits from previous years shall be reimbursed, appropriation of 10% as a mandatory reserve shall be funded, unless the amount of mandatory reserve is already equivalent to the paid-in capital of The Company. And finally, appropriation or reversal of special reserves as required by Securities and Exchange Act 41 or the competent authority distributed on a record. If the Company is profitable, it shall set aside 10-15% as employee compensation and 3% as Director compensation. The Board of Directors shall draft a proposal to distribute the surplus, which shall be approved at a shareholders' meeting.
Article 28-1 : Any earnings after the Company's fiscal year final settlement shall be allotted to each item in the following order: 1. Payment of taxes and duties. 2. Offsetting previous periods' deficits and losses. 3. Setting aside 10% for the statutory surplus reserve, unless the statutory surplus reserve has reached the amount of the total capital. 4. Setting aside or funding special reserves. 5. Any further remaining amount shall be added to the unallocated surplus from the prior year as shareholder dividend and bonus. The Board of Directors shall draft a proposal to distribute the surplus, which shall be approved at a shareholders' meeting.	Added.
These Article were formulated on September 15, 1998 ; 1 st amendment on November 20, 1998; 2 nd amendment on July 20, 1999 ; 3 rd amendment on December 10, 1999; 4 th amendment on June 29, 2000; 5 th amendment on June 10, 2001; 6 th amendment on June 18, 2001;	These Article were formulated on September 15, 1998 ; 1 st amendment on November 20, 1998; 2 nd amendment on July 20, 1999 ; 3 rd amendment on December 10, 1999; 4 th amendment on June 29, 2000; 5 th amendment on June 10, 2001; 6 th amendment on June 18, 2001; 7 th amendment on

7 th amendment on June 28, 2002; 8 th amendment on June 20, 2003; 9 th amendment on June 17, 2005; 10 th amendment on June 14, 2006; 11 th amendment on June 25, 2008; 12 th amendment on June 26, 2009; 13 th amendment on June 15, 2010; 14 th amendment on July 21, 2012; 15 th amendment on June 17, 2013; <u>16th amendment on June 14, 2016</u>	June 28, 2002; 8 th amendment on June 20, 2003; 9 th amendment on June 17, 2005; 10 th amendment on June 14, 2006; 11 th amendment on June 25, 2008; 12 th amendment on June 26, 2009; 13 th amendment on June 15, 2010; 14 th amendment on July 21, 2012; 15 th amendment on June 17, 2013
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(3) Please resolve.

Resolution:

Report Items

Report No.1 : 2015 Business Report.

Explanation : The 2015 Business Report is attached as pp. 11-14, Appendix 1.

Report No.2 : Supervisor's Review Report of the 2015 Financial Statements.

Explanation : The 2015 Financial Statements audited by independent auditors KPMG Certified Public Accountants, and have been examined by the Supervisors of the Company. The 2015 Supervisor's Review Report is attached as pp. 25, Appendix 3.

Report No.3 : The 2015 Employee and Directors and Supervisors' remunerations Report.

Explanation : According to Article 235-1 of the Company Act, the Company's Articles of Incorporation shall clearly state a set amount or proportion of the Company's annual profits to be distributed as employee compensation. It shall set aside 10-15% as employee compensation and 3% as Director compensation.

According to the percentages in the amendments of the Company's Articles of Incorporation and the Company's business performance in 2015 and as approved by the Remuneration Committee and the Board of Directors, the Company proposes to distribute, in cash, NT\$ 7,271,718 as 2015 employees' compensation and NT\$1,454,344 as directors' compensation.

Report No.4 : Domestic Private Placement of Convertible Bonds Report.

Explanation :

2011 - The 2nd Domestic Private Placement of Convertible Bonds.

- 1) The Company applied the all capital from the Convertible Bond as planned, and as scheduled, by the end of the second quarter of 2013.
- 2) The Convertible Bond term was modified to "not to exceed 7 years" based on the approval of shareholders in a meeting on May 15, 2015. (The convertible bond issued to Intel Corporation had a term of "not to exceed 5 years" and was due on November 21, 2016.)
- 3) The Convertible Bond purchaser, Intel Corporation, requested to redeem an amount equal to NT\$ 270,000,000 plus interest on May 19, 2015. The Company paid NT\$ 270,000,000 plus interest of 1% (NT\$ 1,412,877) on June 1, 2015.
- 4) The Company has paid a total interest amount of NT\$ 10,712,877 (based on a 1% rate) through November 2015.
- 5) The outstanding balance of the Convertible Bond is NT\$ 30,000,000 now. The CB purchaser, Intel Corporation, has not requested to convert the bond.
- 6) The conversion price is NT\$ 100.8, after the Company paid the shareholders a cash dividend in 2013.
- 7) Please refer to page 26 (attachment 4) based on the Securities and Exchange Act (SEC rule) 43-6.

2015 - The 1st Domestic Private Placement of Convertible Bonds.

- 1) Has not been issued
- 2) Based SEC rule 43-6, the Convertible Bond can be issued within a one-year period after the shareholder meeting. As of now, the Convertible Bond cannot be issued, which protects the rights of all shareholders.

Ratification Items

1. (Proposed by the Board)

Proposal : Adoption of the 2015 Business Report and Financial Statements.

Explanation :

1. Insyde Software' Financial Statements , including the balance sheet, income statement, statement of changes in shareholders' equity, and statement of cash flows, were audited by independent auditors, Charles Chen and Jeff Chen of KPMG Certified Public Accountants. Also The Business Report and Financial Statements have been approved by the Board and examined by the Supervisors of the Company.
2. The 2015 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements are attached to the Meeting Agenda, pp.11-24.(Appendix 1 and 2)

Resolution :

2. (Proposed by the Board)

Proposal : Adoption of the Proposal for Distribution of 2015 Profits.

Explanation :

1. The Board has adopted a Proposal for Distribution of 2015 Profits in accordance with the Corporate Charter.
2. Distribution of 2015 Profits, after setting aside the legal reserve, the proposed dividend to shareholders is NT\$ 32,336,965.
3. The 2015 Profit Allocation Proposal as the following.

Insyde Software Corp. PROFIT DISTRIBUTION TABLE Year 2015

	Unit: NTD \$
	Amount
Retained earnings of prior years	\$ 73,293,652
Less : adjustments	(2,158,314)
After adjustments retained earnings	71,135,338
Add : 2015 retained earnings	43,222,683
Less : 10% Legal reserve	(4,322,268)
Distributable net profit	110,035,753
Distributable items:	
Cash dividend(0.85/Share)	(32,336,965)
Unappropriated retained earnings	\$ 77,698,788

Responsible person :

Manager :

Chief Accountmant :

4. The cash dividend distribution will be calculated to the nearest NT dollar, the remainder will be transferred into the shareholders equity account.

5. Subject to the approval of the regular shareholders' meeting, the ex-dividend date for the cash dividend distributions would be decided by the Board.
If the number of total shares outstanding, prior to the ex-dividend date for the distribution, has changed due to the repurchasing of shares by the Company, or the transfer of treasury shares to employees, or the conversion of shares from domestic convertible bonds, etc., such that the ratios of the stock dividends and cash dividends are affected and must be adjusted, the Board is authorized to make such adjustments.
6. The Board is authorized to make any necessary amendments to the due to the needs of actual practices or by the instructions of the competent authority.

Resolution :

Discussion Item (II)

Proposal: (Proposed by the Board of Directors)

Proposal to Issue a new Private Placement of Convertible Bonds.

Explanation :

The new Private Placement of Convertible Bonds is attached as pp. 36-38, Appendix 7 and pp. 39-43, Appendix 8.

Resolution:

Election

Proposal : (Proposed by the Board of Directors)

Election of directors and supervisors of the Company.

Explanation :

1. The three-year term of the 7 directors and 3 supervisors of the 6th Board will end on June 16, 2016. Accordingly, the company proposes to duly elect new Board members at this year's Annual Shareholders Meeting. The new directors will hold office upon election for three years from June 15, 2016 to June 14, 2018.
2. The shareholders' meeting shall elect 7 directors (including 2 independent directors) and 3 supervisors. Independent directors shall not be less than 2. Reelection of the directors shall follow the candidate nomination rules under relevant laws.
3. All directors and supervisors have been reviewed at the Board meeting on April 21, 2016. Personal information is attached as pp. 47-48, Appendix 10 and pp. 49, Appendix 11.

Voting Results

Other Matters

Proposal: (Proposed by the Board)

Proposal to Release the Prohibition on Directors and Representatives from Participating in Competitive Business.

Explanation:

1. According to Article 209 of the Company Act, if any of the new directors acts for himself or on behalf of another person, and whose act falls within the scope of the Company's business, such new director shall explain at the meeting of the shareholders the essential details of such act and obtain approval at the meeting of the shareholders.
2. As all the directors of the Company will be reelected this year, it is proposed that the new directors (including the representatives appointed by juristic persons) to be permitted to act for themselves or on behalf of another person whenever such act falls within the scope of the Company's business.

Resolution:

Questions and Motions

在各位股東支持及全體同仁辛勤奉獻與努力下，本公司 2015 年度集團營業額為新台幣 8.30 億元，較 2014 年 8.65 億元減少 4%，稅前淨利 5,386 萬元，稅後淨利 4,284 萬元，每股稅後盈餘 1.14 元。即便受到去年全球筆記型電腦出貨減少影響，公司整體營業額衰退，惟公司有效地擷節費用及成本控制之下，去年獲利仍較前年明顯改善。

近年來由於傳統 PC 出貨量下滑，及因應大數據物聯網時代來臨，系微除努力提高 InsydeH2O 在各領域的市佔外，旗下伺服器 Supervyse 系統管理平台解決方案提供雲端伺服器穩固的系統管理基礎，可實現外部遠端平台管理。此外結合 Intel Innovation Engine 之新處理器以及 I/O 次系統，並鎖定資料中心平台商機，進而帶給系統製造商多樣性的創意開發和產品差異化價值。系微 Supervyse 的加入，提升了系微在伺服器解決方案的完整性，將有助於此領域市佔率穩定成長。

有鑒於產業發展瞬息萬變，產品與技術日新月異，系微除不遺餘力從內部發展新事業、新技術與強化組織能力外，也不排除透過購併與結盟等方式，以更快速進入市場滿足客戶需求，故公司在股東會提出私募可轉換公司債的議案，以保留尋找購併、結盟及技術性策略伙伴的可能性與契機。

展望今（2016）年，本公司將持續努力在各項產品如平板、筆記型、桌上型電腦、伺服器、工業電腦及嵌入式裝置提高 BIOS/UEFI 市佔率之外。系微旗艦產品 BIOS 及 Supervyse 結合 Innovation Engine 亦可望迎接「物聯網」（Internet of Things, IoT）的龐大商機。最後，感謝各位股東對系微公司的厚愛與支持，全體同仁將更加努力以厚植實力，來創造最大利潤與全體股東分享，敬祝各位股東與全體同仁身體健康萬事如意。

董事長：王志高

一〇四年度（前一年度）營業結果

一、營業計劃實施成果

單位：新台幣仟元

項 目	104 年實際	103 年實際	增（減）%
營業收入	830,114	864,733	(4)
營業成本	143,070	181,247	(21)
營業毛利	687,044	683,486	1
營業費用	652,231	666,725	(2)
營業利益	34,813	16,761	108
營業外收入(支出)	19,048	3,656	421
稅前淨利	53,861	20,417	164
稅後淨利	42,840	20,965	104

本期營運結果為稅後淨利 42,840 仟元，營業額較上期小幅下降 4%，惟在有效運用較少的人力資源且樽節支出之下，本期成本及營運費用較上期減少 52,671 仟元，業外主因本期迴轉過去認列金融負債之評價損失共 8,894 仟元至業外收入，故業外收支顯較上期為佳，最終以每股盈餘 1.14 元與全體股東分享之。

二、預算執行情形：本公司民國一〇四年度營業結果因受 PC 產業整體大環境之影響，與內部經營團隊原擬定之預算目標尚有努力的空間。

三、財務收支及獲利能力分析

單位：新台幣仟元

	項 目	104 年度	103 年度
財務收支	利息收入	6,254	8,417
	利息支出	2,619	5,521
獲利能力	資產報酬率（%）	4.17	2.11
	股東權益報酬率（%）	6.33	3.15
	稅前純益佔實收資本額比率（%）	14.16	5.37
	純益率（%）	5.21	2.42
	每股盈餘（元）	1.14	0.55

四、研究發展狀況

本公司產品 InsydeH2O 的開發，與 Intel、AMD、Google 和 Microsoft 等相關 PC 大廠有著密切的關係，持續搭配硬體開發時間表推出新產品，研發計畫亦因應 PC 大廠產品規劃而隨時調整，彈性的 InsydeH2O 設計架構，也是業界首創、支援跨平台的第一個量產的 UEFI BIOS 產品，可同時支援 Windows、Android 及 Linux 等作業系統，目前 InsydeH2O 已經成為 PC 市場中，主要搭載於筆記型電腦、2-in-1 device 及平板電腦的 UEFI BIOS，本公司今年亦將持續投入資源在伺服器及嵌入式系統 UEFI BIOS 的開發，並掌握初期開發的時機與 CPU 及 Chipset 公司合作，以爭取時效來獲得客戶的支持及更多業績成長空間，進而擴充營運規模。

本公司持續與 Intel 合作，開發同時支援 Windows 及 Android 作業系統的 InsydeH2O 版本，並進一步強化 InsydeQ2S 雙系統解決方案，以帶給終端用戶最佳的使用經驗，第二代 InsydeQ2S 也已成功導入 Intel CTE (China Technical Ecosystem) 客戶的 Broadwell 2-in-1 裝置，並於 2015 年第三季正式推出。

近年來由於雲端服務以及應用的普及，各國電信商及內容服務商無不積極地擴建自有的伺服器機房或是大型資料中心，以作為新雲端服務及搶占市場之必要業務平台。如此潛在龐大的伺服器需求，帶起了台灣在伺服器產業上新的產業供應鏈與動能。本公司為因應相關伺服器管理系統需求，研發出新型產品 Supervyse 作為市場開發與拓展之重要平台與工具。

一〇五年度（本年度）營業計劃概要

一、 經營方針

- （一）積極穩固 ODM 和 OEM 筆記型電腦製造商持續使用 InsydeH2O。
- （二）開發 BIOS 自動測試系統，進一步提高經營效率及產品品質，使客戶滿意且認同 InsydeH2O 所帶給雙方之利益，橫向擴展於各大廠產品線的廣度，持續擴大市場佔有率。
- （三）全力支援伺服器及嵌入式系統 BIOS 及 BIOS 外其他相關軟體，提供最完整且全面的服務。

經過過去多年的努力，UEFI 架構於筆記型電腦之領域已取代傳統 Legacy BIOS，在全球各大知名筆電公司合作並導入量產，伴隨著本公司將有更完備的產品技術規劃，InsydeH2O 韌體技術擴大運用至支援伺服器、工業電腦及嵌入式系統，以因應更廣大客戶的需求。

二、 預期銷售數量及其依據

本公司提供客戶專用母版及授權標籤，依量計費外，尚有一次收取專用母版之授權費，由客戶於一定期間內，自行複製使用之數量，除此型態之銷貨收入外，尚有提供原始程式碼及專業技術服務之業務收入，故本公司提供預期銷售數量較不具意義。

三、 重要之產銷政策

（一）銷售政策

1. 進行新產品研發並強化自我品牌形象，以擴大市場規模及佔有率。
2. 積極擴充行銷通路，並先後透過經銷商將產品打入日本、中國大陸、歐洲等地市場，未來將持續導入新產品，以建立完整行銷通路之運籌。

（二）產品研發策略

1. 未來將持續掌握新一代的晶片組和微處理器及新一代的作業系統之發展方向為藍圖，以發展出符合主流產業標準之產品與技術。
2. BIOS 延伸產品之開發。

未來公司發展策略

本公司產品 InsydeH2O 經過過去數年的努力，已逐漸導入主要筆記型電腦品牌大廠之產品，於筆記型電腦之產業地位已與其他同業不分軒輊。

目前本公司正努力穩固於 BIOS 產業在筆記型電腦之全球市佔率外，並積極切入伺服器及嵌入式系統 BIOS 及 BIOS 外其他相關軟體開發領域，期望自身未來目標成為提供軟韌體完整解決方案之國際級軟體公司。

受到外部競爭環境、法規環境及總體經營環境之影響

目前各國政府無不致力於科技創新政策的制定，協助中小企業的技術發展與存續。軟體研究開發因為需投入大量金錢及人力，人才培養與智財權保護的不易，屬於一種高難度與高風險之高科技產業，因此軟體開發產業公司普遍面臨擴展營運資金短缺，以及研究人才招募不易之問題。以本公司所從事 BIOS 業為例，目前 BIOS 研發人才培養不易，相關產業更是求才若渴，因此本公司將以自行培養及尋找外部人才雙軌並行，以解決目前研發人才短缺的困境。

董事長：王志高

經理人：王志高

會計主管：徐心吾

To the Board of Directors and Shareholders
of Insyde Software Corporation

We have audited the accompanying balance sheets of Insyde Software Corporation (the "Company") as of December 31, 2015 and 2014 and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the "Regulations Governing the Auditing and Certification of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Insyde Software Corporation as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the years ended December 31, 2015 and 2014, in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

24-Mar-16

Insyde Software Corp.
Balance Sheet
December 31, 2015 and 2014
(Expressed in thousands of New Taiwan Dollars)

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Assets		<u>2015.12.31</u>		<u>2014.12.31</u>		Liabilities and Equity		<u>2015.12.31</u>		<u>2014.12.31</u>	
Current assets：		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	Current liabilities：		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
1100	Cash and cash equivalents	\$ 468,168	50	715,575	60	2123	Current Financial liabilities at fair value through profit or loss	\$ -	-	8,894	1
1170	Accounts receivables, net	30,029	3	51,335	4	2150	Notes payable	19	-	19	-
1210	Other receivables - related parties	7,738	1	8,114	1	2200	Other payables	137,365	15	147,474	13
1410	Prepayments	27,165	3	22,578	2	2313	Deferred revenue	41,451	4	34,739	3
1470	Other current assets	<u>11,701</u>	<u>1</u>	<u>11,907</u>	<u>1</u>	2321	Bonds payable, current portion	30,000	3	298,798	25
	Total current assets	<u>544,801</u>	<u>58</u>	<u>809,509</u>	<u>68</u>	2399	Other current liabilities	<u>1,857</u>	<u>-</u>	<u>3,452</u>	<u>-</u>
	Non-current assets：						Total current liabilities	<u>210,692</u>	<u>22</u>	<u>493,376</u>	<u>42</u>
1551	Equity investments under equity method	167,029	18	143,680	12		Non-current liabilities：				
1600	Property, plant and equipment, net	3,629	-	8,447	1	2551	Non-current provisions for employee benefits	15,813	2	14,173	1
1780	Intangible assets	198,403	21	199,630	17	2570	Deferred tax liabilities	8,906	1	7,104	1
1840	Deferred tax assets	15,167	2	11,047	1	2630	Long-term deferred revenue	<u>7,580</u>	<u>1</u>	<u>785</u>	<u>-</u>
1920	Refundable deposits	<u>10,463</u>	<u>1</u>	<u>10,458</u>	<u>1</u>		Total non-current liabilities	<u>32,299</u>	<u>4</u>	<u>22,062</u>	<u>2</u>
	Total non-current assets	394,691	42	373,262	32		Total liabilities	<u>242,991</u>	<u>26</u>	<u>515,438</u>	<u>44</u>
							Equity attributable to shareholders of the parent				
						3110	Share Capital				
							Common stock	380,435	41	380,435	32
							Capital surplus				
						3211	Capital surplus, additional paid-in capital arising from ordinary share	48,769	5	48,769	4
						3260	Capital surplus, changes in equity of associates and joint ventures accounted for using equity method	317	-	317	-
						3272	Capital surplus, share options	-	-	9,758	1
						3280	Capital surplus, others	<u>18,407</u>	<u>2</u>	<u>8,649</u>	<u>1</u>
								<u>67,493</u>	<u>7</u>	<u>67,493</u>	<u>6</u>
							Retained earnings：				
						3310	Legal reserve	115,238	12	113,142	9
						3320	Special reserve	10,537	1	10,537	1
						3351	Undistributed earnings	<u>114,359</u>	<u>12</u>	<u>90,607</u>	<u>8</u>
								<u>240,134</u>	<u>25</u>	<u>214,286</u>	<u>18</u>
							Other equity：				
						3490	Other equity—Other	<u>8,439</u>	<u>1</u>	<u>5,119</u>	<u>-</u>
							Total equity	<u>696,501</u>	<u>74</u>	<u>667,333</u>	<u>56</u>
Total assets		<u>\$ 939,492</u>	<u>100</u>	<u>1,182,771</u>	<u>100</u>		Total liabilities and equity	<u>\$ 939,492</u>	<u>100</u>	<u>1,182,771</u>	<u>100</u>

Chairman：

C.E.O.：

Accounting Manager：

C.E.

Insyde Software Corp.
Comprehensive Income Statement
For the years ended December 31, 2015 and 2014
(Expressed in thousands of New Taiwan Dollars)

		2015		2014	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4110	Sales revenue	\$ 693,988	100	746,058	101
4170	Less : sales return	-	-	2,399	-
4190	sales discounts and allowances	27	-	6,336	1
	Net sales	693,961	100	737,323	100
5000	Operating costs	132,143	19	161,551	22
	Gross profit	561,818	81	575,772	78
	Operating expenses				
6100	Selling expenses	62,479	9	72,374	10
6200	Administrative expenses	132,110	19	136,225	18
6300	Research and development expenses	320,094	46	330,481	45
		514,683	74	539,080	73
	Operating income	47,135	7	36,692	5
	Non-operating income and expenses				
7010	Other income	5,289	1	8,335	1
7020	Other gains and losses	14,667	2	1,532	-
7050	Finance costs	(2,619)	(1)	(5,521)	-
7070	Share of profit of subsidiaries, associates and joint venture accounted for using equity method	(12,600)	(2)	(20,621)	(3)
	Total non-operating income and expenses	4,737	-	(16,275)	(2)
7900	Profit (loss) from continuing operations before tax	51,872	7	20,417	3
7951	Less: Income tax expense	8,649	1	(548)	-
	Net profit for this year	43,223	6	20,965	3
8300	Other comprehensive income (loss) :				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans	(2,158)	-	(2,623)	-

Chairman :
C.E.O. :

Manager :

Accounting

8349	Income tax relating to item that will not be reclassified subsequently to profit or loss	-	-	-	-
		(2,158)	-	(2,623)	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translating foreign operation	3,320	-	7,439	1
8399	Income tax relating to the items that may be reclassified subsequently to profit or loss	-	-	-	-
		3,320	-	7,439	1
8300	Other comprehensive income (loss)for the year, net of income tax	1,162	-	4,816	1
	Total comprehensive income for the year	\$ 44,385	6	25,781	4
	Earnings per share(NTD)				
9750	Basic Earnings Per Share	\$ 1.1		0.55	
		4			
9850	Diluted Earnings Per Share	\$ 1.1		0.55	
		3			

Chairman :
C.E.O. :

Manager :

Accounting

Insyde Software Corp.
Statement of Stockholders' Equity
For the years ended December 31, 2015 and 2014
(Expressed in thousands of New Taiwan Dollars)

	<u>Share stock</u>		<u>Retained earnings</u>				<u>Other equity</u>	
	<u>Ordinary share</u>	<u>Capital surplus</u>	<u>Legal reserve</u>	<u>Special reserve</u>	<u>Unappropriated retained earnings</u>	<u>Total retained earnings</u>	<u>Exchange difference on translation of foreign operations</u>	<u>Total equity</u>
Balance - January 1, 2014	\$ 380,435	67,176	110,360	10,537	95,971	216,868	(2,320)	662,159
Net profit for the year ended December 31, 2014	-	-	-	-	20,965	20,965	-	20,965
Other comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	(2,623)	(2,623)	7,439	4,816
Total comprehensive income	-	-	-	-	18,342	18,342	7,439	25,781
Appropriation and distribution of 2013 earnings: :								
Legal reserve	-	-	2,782	-	(2,782)	-	-	-
Cash dividends to shareholders	-	-	-	-	(20,924)	(20,924)	-	(20,924)
Changes in percentage interests in subsidiaries	-	317	-	-	-	-	-	317
Balance - December 31, 2014	380,435	67,493	113,142	10,537	90,607	214,286	5,119	667,333
Net profit for the year ended December 31, 2015	-	-	-	-	43,223	43,223	-	43,223
Other comprehensive income for the year ended December 31, 2015	-	-	-	-	(2,158)	(2,158)	3,320	1,162
Total comprehensive income (loss)	-	-	-	-	41,065	41,065	3,320	44,385
Appropriation and distribution of 2014 earnings:								
Legal reserve Legal reserve appropriated	-	-	2,096	-	(2,096)	-	-	-
Cash dividends to shareholders	-	-	-	-	(15,217)	(15,217)	-	(15,217)
Balance - December 31, 2015	<u>\$ 380,435</u>	<u>67,493</u>	<u>115,238</u>	<u>10,537</u>	<u>114,359</u>	<u>240,134</u>	<u>8,439</u>	<u>696,501</u>

Chairman :

C.E.O. :

Accounting Manager :

Insyde Software Corp.
Statements of Cash Flows
For the years ended December 31, 2015 and 2014
(Expressed in thousands of New Taiwan Dollars)

	<u>2015</u>	<u>2014</u>
Cash flows from (used in) operating activities :		
Profit (loss) before tax	\$ 51,872	20,417
Adjustments for :		
Adjustments to reconcile profit (loss)		
Depreciation expense	5,277	8,666
Amortization expense	29,655	33,522
Interest expense	2,619	5,521
Interest income	(5,289)	(8,335)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	12,600	20,621
Loss on disposal of property, plant and equipment	75	2
Gain on financial liabilities at fair value through profit or loss	(8,894)	-
Total adjustments to reconcile profit (loss) before income tax	<u>36,043</u>	<u>59,997</u>
Changes in operating assets and liabilities :		
Changes in operating assets :		
Decrease in accounts receivable	21,306	52,022
Decrease (increase) in other receivables - related parties	376	(3,284)
Increase in prepayments	(28,223)	(5,855)
Decrease in other current assets	88	236
Total changes in operating assets	<u>(6,453)</u>	<u>43,119</u>
Changes in operating liabilities :		
Decrease in notes payable	-	(23)
Decrease in other payable	(15,447)	(20,109)
(Decrease) increase in other current liabilities	(1,595)	599
Decrease in accrued pension liabilities	(518)	(1,701)
Increase (decrease) in deferred credits	13,507	(35,826)
Total changes in operating liabilities	<u>(4,053)</u>	<u>(57,060)</u>
Total changes in operating assets and liabilities	<u>(10,506)</u>	<u>(13,941)</u>
Cash generated from operations	77,409	66,473
Interest received	5,407	8,310
Interest paid	(1,713)	(3,000)
Income taxes paid	(5,332)	(4,975)
Net cash generated from operating activities	<u>75,771</u>	<u>66,808</u>
Cash flows from investing activities :		
Increase in Equity investments under equity method	(32,630)	(23,987)
Acquisition of property, plant and equipment	(586)	(297)
Proceeds from disposal of property, plant and equipment	52	240
(Increase) decrease in refundable deposits	(5)	1,488
Acquisition of intangible assets	(4,792)	(1,366)
Net cash used in investing activities	<u>(37,961)</u>	<u>(23,922)</u>
Cash flows from financing activities :		
Repayments of bonds	(270,000)	-
Cash dividends paid	(15,217)	(20,924)
Net cash used in financing activities	<u>(285,217)</u>	<u>(20,924)</u>
Net increase (decrease) in cash and cash equivalents	(247,407)	21,962
Cash and cash equivalents, beginning of the year	715,575	693,613
Cash and cash equivalents, end of the year	<u>\$ 468,168</u>	<u>715,575</u>

Chairman :

C.E.O. :

Accounting Manager :

Independent Auditors' Report

To the Board of Directors and Shareholders
of Insyde Software Corporation

We have audited the accompanying consolidated balance sheets of Insyde Software Corporation and its subsidiaries (the Consolidated Company) as of December 31, 2015 and 2014 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Insyde Software Corporation and its subsidiaries as of December 31, 2015 and 2014, and the results of their consolidated operations and their consolidated cash flows for the years ended December 31, 2015 and 2014, in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the International Financial Reporting Standards, International Accounting Standards, interpretation as well as related guidance translated by Accounting Research and Development Foundation as endorsed by the Financial Supervisory Commission of the Republic of China with the effective dates.

We have audited and expressed an unqualified opinion on the parent company only financial statements of Insyde Software Corporation the years ended December 31, 2015 and 2014.

24-Mar-16

Insyde Software Corp.
Consolidated Balance Sheet
December 31, 2015 and 2014
(Expressed in thousands of New Taiwan Dollars)

		<u>2015.12.31</u>		<u>2014.12.31</u>				<u>2015.12.31</u>		<u>2014.12.31</u>	
Assets		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	Liabilities and Equity		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Current assets :						Current liabilities :					
1100	Cash and cash equivalents	\$ 606,202	63	825,328	68	2123	Current financial liabilities at fair value through profit or loss	\$ -	-	8,894	1
1170	Accounts receivables, net	55,702	6	81,311	7	2150	Notes payable	19	-	19	-
1410	Prepayments	28,322	3	25,464	2	2200	Other payables	150,810	16	157,945	13
1470	Other current assets	11,855	1	12,266	1	2313	Deferred revenue	52,740	5	49,581	4
	Total current assets		73	944,369	78	2321	Bonds payable, current portion	30,000	3	298,798	25
		702,081									
Non-current assets :						2399	Other current liabilities	1,944	-	6,002	-
1600	Property, plant and equipment, net	4,237	-	9,269	1		Total current liabilities	235,513	24	521,239	43
1780	Intangible assets	231,732	24	235,581	19		Non-current liabilities :				
1840	Deferred tax assets	15,167	2	11,047	1	2551	Non-current provisions for employee benefits	15,813	2	14,173	1
1920	Refundable deposits	11,416	1	11,071	1	2570	Deferred tax liabilities	8,906	1	7,104	1
	Total non-current assets	262,552	27	266,968	22	2630	Long-term deferred revenue	7,580		785	-
									1		
							Total non-current liabilities	32,299	4	22,062	2
							Total liabilities	267,812	28	543,301	45
							Equity attributable to shareholders of the parent				
						3110	Share Capital				
							Common stock	380,435	39	380,435	31
						3211	Capital surplus				
							Capital surplus, additional paid-in	48,769	5	48,769	4

		capital arising from ordinary share				
	3260	Capital surplus, changes in equity of associates and joint ventures accounted for using equity method	317	-	317	-
	3272	Capital surplus, share options	-	-	9,758	1
	3280	Capital surplus, others	18,407	2	8,649	1
			67,493	7	67,493	6
		Retained earnings :				
	3310	Legal reserve	115,238	12	113,142	9
	3320	Special reserve	10,537	1	10,537	1
	3351	Undistributed earnings	114,359	12	90,607	8
			240,134	25	214,286	18
		Other equity :				
	3490	Other equity— Other	8,439	1	5,119	-
		Total equity attributable to owners of parent	696,501	72	667,333	55
	3180	Non-controlling interests	320	-	703	-
		Total equity	696,821	72	668,036	55
Total assets			\$ 964,633	100	1,211,337	100
		Total liabilities and equity	\$ 964,633	100	1,211,337	100

Insyde Software Corp.
Consolidated Comprehensive Income Statement
For the years ended December 31, 2015 and 2014
(Expressed in thousands of New Taiwan Dollars)

		2015		2014	
		Amount	%	Amount	%
4110	Sales revenue	\$ 830,141	100	873,468	101
4170	Less : sales return	-	-	2,399	-
4190	sales discounts and allowances	27	-	6,336	1
	Net sales	830,114	100	864,733	100
5000	Operating costs	143,070	17	181,247	21
	Gross profit	687,044	83	683,486	79
	Operating expenses				
6100	Selling expenses	81,434	10	93,035	11
6200	Administrative expenses	158,414	19	163,239	19
6300	Research and development expenses	412,383	50	410,451	47
		652,231	79	666,725	77
	Operating income	34,813	4	16,761	2
	Non-operating income and expenses				
7010	Other income	6,254	1	8,417	1
7020	Other gains and losses	15,413	2	760	-
7050	Finance costs	(2,619)	(1)	(5,521)	(1)
	Total non-operating income and expenses	19,048	2	3,656	-
7900	Profit from continuing operations before tax	53,861	6	20,417	2
7951	Less: Income tax expense	11,021	1	(548)	-
8200	Net profit for this year	42,840	5	20,965	2
8300	Other comprehensive income (loss) :				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans	(2,158)	-	(2,623)	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	-	-	-	-
		(2,158)	-	(2,623)	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translating foreign operations	3,320	-	7,439	1
8399	Income tax relating to the items that may be reclassified subsequently to profit or loss	-	-	-	-
		3,320		7,439	
	Other comprehensive income (loss) for the year, net of income tax	1,162	-	4,816	1
8500	Total comprehensive income for the year	\$ 44,002	5	25,781	3
	Net profit attributable to:				
8610	Owners of the Company	\$ 43,223	5	20,965	2
8620	Non-controlling interests	(383)	-	-	-
		\$ 42,840	5	20,965	2
	Total comprehensive income attributable to :				
8710	Owners of Company	\$ 44,385	5	25,781	3
8720	Non-controlling interests	(383)	-	-	-
		\$ 44,002	5	25,781	3
	Earnings per share (NTD)				
9750	Basic Earnings Per Share	\$ 1.14		0.55	
9850	Diluted Earnings Per Share	\$ 1.13		0.55	

Chairman :

C.E.O. :

Accounting Manager :

Insyde Software Corp.
Consolidated Statement of Stockholders' Equity
For the years ended December 31, 2015 and 2014
(Expressed in thousands of New Taiwan Dollars)

Total equity attributable to shareholders of parent

	<u>Share stock</u>		<u>Retained earnings</u>			<u>Exchange difference on translation of foreign operations</u>		<u>Total</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
	<u>Ordinary share</u>	<u>Capital surplus</u>	<u>Legal reserve</u>	<u>Special reserve</u>	<u>Unappropriated retained earnings</u>	<u>Total retained earnings</u>				
Balance-January 1, 2014	\$ 380,435	67,176	110,360	10,537	95,971	216,868	(2,320)	662,159	-	662,159
Net profit for the year ended December 31, 2014	-	-	-	-	20,965	20,965	-	20,965	-	20,965
Other comprehensive income (loss) for the ended December 31, 2014	-	-	-	-	(2,623)	(2,623)	7,439	4,816	-	4,816
Total comprehensive income	-	-	-	-	18,342	18,342	7,439	25,781	-	25,781
Appropriation and distribution of 2013 earnings: :										
Legal reserve	-	-	2,782	-	(2,782)	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(20,924)	(20,924)	-	(20,924)	-	(20,924)
Changes in percentage interests in subsidiaries	-	317	-	-	-	-	-	317	-	317
Changes in non-controlling interests	-	-	-	-	-	-	-	-	703	703
Balance-December 31, 2014	380,435	67,493	113,142	10,537	90,607	214,286	5,119	667,333	703	668,036
Net profit for the year ended December 31, 2015	-	-	-	-	43,223	43,223	-	43,223	(383)	42,840
Other comprehensive income(loss) for the year ended December 31, 2015	-	-	-	-	(2,158)	(2,158)	3,320	1,162	-	1,162
Total comprehensive income	-	-	-	-	41,065	41,065	3,320	44,385	(383)	44,002
Appropriation and distribution of 2014 earnings:										
Legal reserve	-	-	2,096	-	(2,096)	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(15,217)	(15,217)	-	(15,217)	-	(15,217)
	-	-	2,096	-	(17,313)	(15,217)	-	(15,217)	-	(15,217)
Balance-December 31, 2015	<u>\$ 380,435</u>	<u>67,493</u>	<u>115,238</u>	<u>10,537</u>	<u>114,359</u>	<u>240,134</u>	<u>8,439</u>	<u>696,501</u>	<u>320</u>	<u>696,821</u>

Chairman :

C.E.O. :

Accounting Manager :

Insyde Software Corp.
Consolidated Statements of Cash Flows
For the years ended December 31, 2015 and 2014
(Expressed in thousands of New Taiwan Dollars)

	2015	2014
Cash flows from (used in) operating activities :		
Profit (loss) before tax	\$ 53,861	20,417
Adjustments for :		
Adjustments to reconcile profit (loss)		
Depreciation expense	5,763	9,058
Amortization expense	35,297	38,819
Interest expense	2,619	5,521
Interest income	(6,254)	(8,417)
Loss on disposal of property, plant and equipment	75	4
Gain on financial liabilities at fair value through profit or loss	(8,894)	-
Total adjustments to reconcile profit (loss) before income tax	28,606	44,985
Changes in operating assets and liabilities :		
Changes in operating assets :		
Decrease in accounts receivable	25,609	45,823
Increase in prepayments	(28,096)	(6,222)
Decrease(increase) in other current assets	293	(18)
Total changes in operating assets	(2,194)	39,583
Changes in operating liabilities :		
Decrease in notes payable	-	(23)
Decrease in other payable	(19,984)	(17,200)
Decrease (increase) in other current liabilities	(4,058)	2,229
Decrease in accrued pension liabilities	(518)	(1,701)
Increase (decrease) in deferred credits	9,954	(34,400)
Total changes in operating liabilities	(14,606)	(51,095)
Total changes in operating assets and liabilities	(16,800)	(11,512)
Cash generated from operations	65,667	53,890
Interest received	6,372	8,392
Interest paid	(1,713)	(3,000)
Income taxes refund (paid)	1,408	(4,299)
Net cash generated from operating activities	71,734	54,983
Cash flows from investing activities :		
Acquisition of property, plant and equipment	(857)	(924)
Proceeds from disposal of property, plant and equipment	52	240
Increase (decrease) in refundable deposits	(345)	1,452
Acquisition of intangible assets	(4,792)	(1,366)
Net cash used in investing activities	(5,942)	(598)
Cash flows from financing activities :		
Repayments of bonds	(270,000)	-
Cash dividends paid	(15,217)	(20,924)
Chairman :	C.E.O. :	Accounting Manager :

Proceeds from issuing shares	-	317
Change in non-controlling interests	-	703
Net cash flows used in financing activities	(285,217)	(19,904)
Effect of exchange rate changes on cash and cash equivalents	299	5,204
Net increase (decrease) in cash and cash equivalents	(219,126)	39,685
Cash and cash equivalents, beginning of the year	825,328	785,643
Cash and cash equivalents, end of the year	\$ 606,202	825,328

Chairman :

C.E.O. :

Accounting Manager :

Supervisors Review Report

The Board of Directors has prepared the Company's Financial Statements. Insyde Financial Statements have been audited and certified by Charles Chen, CPA, and Jeff Chen, CPA, of KPMG and an audit report relating to the Financial Statements has been issued. The Business Report, Financial Statements and Earnings Distribution Proposal have been reviewed and considered to be complied with relevant rules by the undersigned, the supervisor of Insyde. According to Article 219 of the Company act, I hereby submit this report.

To

The Company's 2016 annual Shareholders' Meeting

Insyde Software Corp.

Supervisor

王建智

邵建華

明良投資股份有限公司

代 表 人 洪黛美

June 14 2016

項目	100 年度第二次國內私募無擔保可轉換公司債 發行日期：100 年 11 月 22 日				
私募有價證券種類	轉換公司債				
股東會通過日期與數額	100 年 11 月 10 日；新台幣 3 億元內				
價格訂定之依據及合理性	以(1)定價日前一、三或五個營業日擇一計算本公司普通股收盤價簡單算數平均數扣除無償配股除權及配息，並加回減資反除權後之股價。或(2)定價日前三十個營業日本公司普通股收盤價簡單算數平均數扣除無償配股除權及配息，並加回減資反除權後之股價孰高為基準計算價格，乘以不低於 81% 之轉換率，為計算轉換價格(計算至新台幣角為止，以下四捨五入)之依據。				
特定人選擇之方式	依證券交易法第四十三條之六規定及財政部證券暨期貨管理委員會 91 年 6 月 13 日台財證(一)字第 0910003455 號函規定之特定人為限。				
辦理私募之必要理由	本公司近年來營運結果為獲利且無累積虧損，但因應長期策略發展所需，故擬引進策略性投資夥伴，而私募有價證券受限於三年內不得自由轉讓之規定，將可更確保公司與策略性投資夥伴間的長期合作關係。				
價款繳納完成日期	100 年 11 月 22 日				
應募人資料	私募對象	資格條件	認購數量	與公司關係	參與公司經營情形
	美商英特爾公司	第四十三條之六第三款	新台幣參億元	無	無
實際認購(或轉換)價格	新台幣 100.8 元				
實際認購(或轉換)價格與參考價格差異	新台幣 100.8 元				
辦理私募對股東權益影響(如：造成累積虧損增加...)	截至目前尚流通在外之轉換公司債 3 仟萬元，若依轉換價格計算，佔現流通在外已發行之普通股 38,043,488 股的 0.78%，稀釋效果尚不重大。				
私募資金運用情形及計畫執行進度	截至 102 年第二季止，已全數支用完畢，與計畫執行進度一致。				
私募效益顯現情形	請詳見民國一〇四年年報第 63 頁及 64 頁說明。				

Insyde Software Corp.
Articles of Incorporation

CHAPTER 1 : General Provisions

- Article 1 : The Company is incorporated under those provisions of the Company Law relating to companies limited by shares, and is named as " Insyde Software Corporation".
- Article 2 : The business engaged in by the Company shall be as follows :
 一、F118010 Wholesale of Computer Software
 二、F119010 Wholesale of Electronic Materials
 三、I301010 Software Design Services
 四、I301020 Data Processing Services
 五、I301030 Digital Information Supply Services
 六、F113050 Wholesale of Computing and Business Machinery Equipment
 七、F113030 Wholesale of Precision Instruments
 八、F401010 International Trade
 九、ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special
- Article 3 : The Company may provide endorsement and guarantee for the outside parties due to business or investment needs. The total reinvestment of the Company shall not be limited to less than 40%.
- Article 4: The Company's principal executive offices shall be located in Taipei City. The Company may, upon approval of the board of directors, establish and revocation branch offices in Taiwan or abroad
- Article 5: The Company's processing rules of announcement affairs shall fully comply with Company Act Art 28.

CHAPTER 2 : Shares

- Article 6 : The total authorized capital of the Company shall be NT\$600,000,000, divided into 60,000,000 shares with a par value of NT\$10 each. The board of directors is authorized to issue the aforesaid shares in several tranches, and may issue employee stock options within the scope of unissued shares in the previous item. Of the aforesaid capital stock, NT\$75,000,000 is reserved for stock options of employees with the issue of 750,000 shares with a par value of NT\$10 each in the form of stock options and issued in several tranches in accordance with the resolution adopted by the board of directors.

A company may restrain the shares subscribed by its employees under Article 167-1, a company buy back any of its outstanding shares, from being transferred or assigned to others within a specific period of time which shall in no case be longer than two years.

Article 6-1 : If the price of transfer to employees is lower than average price actually bought back by the company, such transfer shall be adopted at the most recent Shareholders' Meeting with consents of more than two-thirds of votes of attending shareholders who represent a majority of the total issued shares.

Article 6-2 : If the subscription price of issue of the Company is lower than the price of employees' warrants certificates which is equal to the close price of ordinary shares at the date of issue, such issue shall be adopted at a Shareholders' Meeting with consents of more than two-thirds votes of attending shareholder who represent a majority of the total issued shares..

Article 7 : Delete

Article 8 : The share certificate of the Company shall be hereof, the registered ones, shall be duly signed and sealed by not less three directors and endorsed by the competent authority or its authorized issuing registration agency relevant to the purpose before issuance.

When the Company issues shares, the share certificates may be exempted from printing; however, Centralized Securities Depository Enterprises Organizations should be contacted for their entries.

Article 9 : Transfer of shares shall be suspended within sixty (60) days before any general shareholders' meeting, within thirty (30) days before any special shareholders' meeting, and within five days before the base date on which dividends, bonuses or other interest are scheduled to be paid by the Company.

CHAPTER 3 : Shareholder meeting

Article 10 : The shareholders' meetings of the Company shall be classified as either general meetings or special meetings. General meetings shall be called by the board of directors according to law once a year within six months after the end of the fiscal year. Special meetings shall be called as necessary in accordance with the law.

Article 11 : In case a shareholder is unable to attend a shareholders' meeting, he/she may appoint someone to attend the meeting on his/her behalf with a written proxy prepared by the Company with his/her signature or seal and stating therein the scope of authorization with reference to the subjects to be discussed at the meeting. The appointment of proxy to attend a shareholders' meeting shall follow the Rules for Attending Shareholders' Meeting of a Public Company by Proxy promulgated by the competent authority except Article 177 of the Company Act.

Article 12 : Shareholders of the Company shall be entitled with one vote for each share of capital

stock held, except for situations of no voting right set out in the Company Act

- Article 13 : Except as otherwise provided by Company Act or relevant regulations, no resolution shall be adopted at a shareholders' meeting unless it is attended by shareholders holding and representing over one-half of all issued and outstanding shares and at which meeting over one-half of the votes held by shareholders present cast in favor of such resolution.
- Article 14 : The shareholders' meetings shall be convened by the Board of Directors and presided over by the Chairman of the Board. The Chairman of the Board shall appoint a director to act as his or her proxy if the Chairman is unable to attend such meeting. If the Chairman does not appoint a proxy, the directors shall appoint one from among them. If a meeting is convened by a person entitled to convene other than the Board of Directors, such person shall act as the chairman for the meeting; provided, however, if there are more than one person entitled to convene, the chairman for the meeting shall be appointed from among them.
- Article 15 : The resolution adopted by the shareholders meeting shall be recorded in writing; the meeting minutes must be signed by or imprinted with the seal of the chairperson and distributed to shareholders within twenty (20) days after the meetings. Proceedings of the distribution in the preceding paragraph, to enter the announcement MOPS whom the way.

Chapter 4 - Directors and Supervisors

- Article 16 : The Company shall have seven directors and three supervisors the actual quota of their seats of each session elected by the shareholders' meeting was authorized to be decided by the board meeting. They shall be elected by the shareholders' meeting from among the persons with disposing capacity. The term of office of directors shall be three years; re-election shall be permissible. The Company's shares are issued to the public, the percentage of shareholdings of all the directors selected shall follow the regulation of the competent authority in charge of securities affairs.
- Article 17 : The previous said directors quota, the independent directors shall not be fewer than two persons in number and not be fewer than 1/5 directors, The candidates nomination system is adopted and the shareholders shall elect from among the nominees listed in the roster of directors (independent director) and supervisors candidates. Their professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to independent directors shall follow the regulation of the competent authority in charge of securities affairs.
- Article 18 : When the posts of 1/3 of the directors have been vacated or all of the supervisors have been discharged, a special meeting of shareholders shall be convened to elect directors or supervisors to fill the vacancies within sixty (60) days. The term

of office of the new members shall be the same as the original.

Article 19 : The board of directors shall be organized by directors, among them the Chairman of the Board shall be elected by more than half of directors present at a meeting attended by more than 2/3 of directors. The Chairman of the meetings externally represent the Company.

Article 20 : Unless otherwise provided by the Company Act, the meetings of the Board of Directors shall be convened by the Chairman of the Board with written notice sent to each director by mail, email, or fax. Except as otherwise provided by the Company Act, the resolutions of the Board of Directors shall be adopted by at least a majority of the directors present at a meeting attended by at least a majority of the directors holding office. A director who has a personal interest in any of the items on the meeting agenda shall disclose the details of the conflict at such meeting. Directors should attend board meetings in person. The director who is unable to attend board meetings in person may authorize another director to attend a board meeting on his or her behalf. Nonetheless, a director may accept the appointment to act as the proxy of one other director only
The board of directors' meetings may be held by video conference. Directors who attend meetings by video conference are deemed as attend the meetings in person.

Article 21 : In case the Chairman of the Board of Directors is on leave or cannot exercise his powers, he may designate in accordance with Article 208 of the Company Law. Directors should attend board meetings in person. The director who is unable to attend board meetings in person may authorize another director to attend a board meeting on his or her behalf. Nonetheless, a director may accept the appointment to act as the proxy of one other director only.
The board of directors' meetings may be held by video conference. Directors who attend meetings by video conference are deemed as attend the meetings in person.

Article 22 : Delete

Article 23 : The compensation or transportation allowance paid to the Directors shall be determined by the Board of Directors' resolution according to the industry standard. The chairman's payment is given by according to the wage of the company employment.

Article 24 : Delete

Article 25 The Company may purchase liability insurance for Directors to protect them against potential liabilities arising from the exercise of their duties.

Chapter 5 - Managers

Article 26 : The Company shall have one president. The appointment, removal and payment shall be handled in accordance with Article 29 of Company Act.

Chapter 6 - Accounting

- Article 27 : The Company shall in accordance with have the following various documents and books prepared by the Board of Directors at the end of the fiscal year to the supervisors thirty day prior to the shareholder's meeting, for auditing and endorsement by the supervisor(s) and the supervisors shall submit the reports to the shareholders' annual meeting for ratification. (1) Business Report (2) Financial Statement (3) Proposals of profit allocation and loss coverage
- Article 28 : In each year if the Company has earnings, before paying any bonus to employees or directors, funds shall be appropriated in this order, first: income taxes shall be paid, deficits from previous years shall be reimbursed, appropriation of 10% as a mandatory reserve shall be funded, unless the amount of mandatory reserve is already equivalent to the paid-in capital of The Company.
And finally, appropriation or reversal of special reserves as required by Securities and Exchange Act 41 or the competent authority distributed on a record. If the Company is profitable, it shall set aside 10-15% as employee compensation and 3% as Director compensation. The Board of Directors shall draft a proposal to distribute the surplus, which shall be approved at a shareholders' meeting.

Chapter 7 - Supplemental Provisions

- Article 29 : For items not provided in the rules, Articles of Incorporation, the Company Act and other relevant laws and regulations shall govern.
- Article 30 : For dividend distribution, the surplus dividend policy will be adopted based on the future operational planning, business development, capital expenditure budget and requirement of capital fund. Distribution of dividend may be made by cash dividend or by stock dividend, provided that the percentage of cash dividend shall exceed 10% of total distributed dividend, and the plan of distribution shall be proposed by the Board of Directors and shall be implemented after the distribution plan is approved by the Shareholder' Meetings .Shareholders of the company dividend distribution, of which cash dividends shall not be lower than ten percent of the total shareholders' dividends distributed for the same year.
- Article 31 : These Article were formulated on September 15, 1998 ; 1st amendment on November 20, 1998; 2nd amendment on July 20, 1999 ; 3rd amendment on December 10, 1999; 4th amendment on June 29, 2000; 5th amendment on June 10, 2001; 6th amendment on June 18, 2001; 7th amendment on June 28, 2002; 8th amendment on June 20, 2003; 9th amendment on June 17, 2005; 10th amendment on June 14, 2006; 11th amendment on June 25, 2008; 12th amendment on June 26, 2009; 13th amendment on June 15, 2010; 14th amendment on July 21, 2012; 15th amendment on June 17, 2013

Insyde Software Corp.

Chairman : 王 志 高

Insyde Software Corp.
Rules for Conduct of Shareholders' Meetings

Article 1 To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2 The shareholders' meetings of Insyde Software Corporation. (hereinafter referred to as "the Company") shall be implemented in accordance with the provisions of these Rules, unless otherwise required by law.

Article 3 (Convening shareholders meetings and shareholders meeting notices)
 Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the Board of Directors.
 This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

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

extraordinary motion.

A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4 General shareholders' meeting by its duly authorized representative.

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 (Principles determining the time and place of a shareholders meeting)

The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no

later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6 (The chair and non-voting participants of a shareholders meeting)

The Company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders or their appointed proxies (hereinafter referred to as “Shareholders”) shall attend the shareholders’ meeting with attendance permit, attendance card or other attendance certificates. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall prepare the attendance book for the attending shareholders or their appointed proxies to sign in, or the attending Shareholders shall hand in the attendance cards in lieu of signing in.

The Company shall deliver the meeting agenda, annual report, attendance permit, speaker’s slip, voting ballot and other meeting materials to the Shareholders attending the shareholders’ meeting. Where directors and supervisors are to be elected, ballots shall also be provided.

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

Article 7 (The chair and non-voting participants of a shareholders meeting)

If a shareholders’ meeting is convened by the Board of Directors, the chairman of the Board shall be the chairman presiding at the meeting. If the chairman is on leave or for any reason unable to exercise the power of chairman, the vice chairman shall act in the place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the power of the chairman, the chairman shall designate one managing director to act on his behalf. If there is no managing director, the chairman shall designate one director to act as chair. If the chairman has not designated an agent, the one person shall be elected from among managing directors or directors to act on behalf of the chairman.

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

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

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

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8 (Documentation of a shareholders meeting by audio or video)

This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9 (Calculation of Attending Shares)

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

The chair shall call the meeting to order at the appointed meeting time.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairman may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Law.

Article 10 (Discussion of proposals)

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The above provisions apply mutatis mutandis to the shareholders' meeting convened by a party entitled to convene other than the board of directors.

The chairperson shall not announce adjournment of the meeting before completion of the agenda (including extraordinary motions) referred to in the two preceding paragraphs unless otherwise resolved at the shareholders' meeting. If the chairperson announces the adjournment in violation of the Rules, other members of the board shall promptly assist the attending Shareholders in electing a chairperson pursuant to the statutory procedures with the consent of the majority of voting rights represented by the attending Shareholders to continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

After the meeting is adjourned, the Shareholders shall not elect another chairperson to continue the meeting at the original or other venue.

Article 11 (Shareholder speech)

Before speaking, an attending shareholder shall fill out the speaker's note, specifying therein essential points of his speech, shareholder account number (or attendance card number) and account name. The sequence of speeches shall be determined by the chairman.

An attending shareholder, who has only submitted speaker's slip but does not actually speak, shall be deemed to have not spoken. When contents of the speech does not correspond to the those specified in the speaker's note, contents of actual speech shall prevail.

No shareholder (or his/her proxy) may speak on the same proposal more than twice without the agreement of the chair. Individual speeches may not exceed five minutes in length. If a shareholder violates this provision, or if the content of the shareholder's speech exceeds the scope of the proposal, the chair may cease his/her speaking.

Without consents of the chairman and speaking shareholder, other shareholders shall not speak or interrupt when a attending shareholder is

speaking. The chairman shall stop any violation.

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

After an attending shareholder has spoken, the chairman may respond in person or direct relevant personnel to respond.

Article 12 (Calculation of voting shares and recusal system)

Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13 (Calculation of Voting Shares, Checking and Counting Ballots)

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

When this Corporation holds a shareholder meeting, it may adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence). When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice

A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered,

the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

Resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced by any of the attending shareholders after solicitation by the Chair. If objection is voiced after solicitation by the Chair, such resolution shall be voted in accordance with the provisions of the preceding paragraph. Except for the proposals enumerated on the Meeting Agenda, other motions or amendments/alternative to original proposals posed by shareholders shall be seconded by other shareholders. Total number of shares represented by the proposing shareholders and the seconding shareholders shall be one percent or more of the issued voting shares of the Company.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

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

Vote counting for shareholders meeting proposals or elections shall be

conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14 (Election of directors and supervisors)

The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15 Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

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

Article 16 (Public disclosure)

On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 (Maintaining order at the meeting place)

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands

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

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 (Recess and resumption of a shareholders meeting)

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19 These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

Article 20 These Rules were formulated on June 29, 2000

1st amendment on June 28, 2002;

2nd amendment on June 15, 2007 ;

3rd amendment on June 25, 2008;

4th amendment on June 21, 2012;

5th amendment on June 17, 2013;

6th amendment on May 15, 2015;

- 1.董事會決議日期:105/03/24
- 2.公司債名稱:系微股份有限公司一〇五年第一次國內私募無擔保可轉換公司債
- 3.發行總額:於新台幣陸仟萬元(含)內之額度,於股東常會決議之日起一年內一次辦理。
- 4.每張面額:新台幣壹拾萬元。
- 5.發行價格:面額發行。
- 6.發行期間:預計發行期間 5 年。
- 7.發行利率:票面年利率 0%。
- 8.擔保品之種類、名稱、金額及約定事項:無。
- 9.募得價款之用途及運用計畫:
充實營運資金,於資訊產業日新月異的變遷時代下,為因應長期策略發展,預計將拓展研發實力,本著軟體開發不斷研究創新的精神,預計將與策略性投資人共同合作,開發電腦資訊業界新世代之產品與技術。
- 10.公司債受託人:不適用。
- 11.發行保證人:不適用。
- 12.代理還本付息機構:本公司。
- 13.能轉換股份者,其轉換價格及轉換辦法:詳後發行辦法(暫定)。
- 14.賣回條件:詳後發行辦法(暫定)。
- 15.買回條件:詳後發行辦法(暫定)。
- 16.附有轉換、交換或認股者,其換股基準日:詳後發行辦法(暫定)。
- 17.附有轉換、交換或認股者,對股權可能稀釋情形:詳其他應敘明事項。
- 18.其他應敘明事項:

(1) 私募價格訂定之依據及合理性:

本私募轉換公司債轉換價格之訂定應以(1)定價日前一、三或五個營業日擇一計算本公司普通股收盤價簡單算數平均數扣除無償配股除權及配息,並加回減資反除權後之股價。或(2)定價日前三十個營業日本公司普通股收盤價簡單算數平均數扣除無償配股除權及配息,並加回減資反除權後之股價孰高為基準計算價格,乘以前述基準計算價格之折價 10%與溢價 10%之間轉換率,為計算轉換價格(計算至新台幣角為止,以下四捨五入)之依據。本次私募國內無擔保可轉換公司債之發行價格不低於理論價格之八成訂定,委請股東常會於不低於股東常會所決議訂價依據與成數範圍內授權董事會訂定之。

實際發行價格及定價日擬請股東常會授權董事會視日後洽策略性投資人情形決定之。

上述轉換價格訂定之依據均依主管機關之法令規範,並配合當時市場狀況且不低於參考價格及理論價格之八成,其定價方式應屬合理。

本次私募可轉債總額上限為陸仟萬元,若依 105 年 03 月 10 日收盤價試算新台幣 23.85 元並乘上折價 10%與溢價 10%之間(本次私募可轉債暫定之辦法)之轉換率計算後轉換價格區間為新台幣 21.47~26.24 元,若應募人於未來可轉換期間全數轉換為普通股,依上述假設之轉換價格計算可轉換之股數約為 2,794,597~2,286,585 股,約佔轉換後發行總股數之 6.84%~5.67%,對本公司經營權無重大影響。

(2) 特定人選擇方式：

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本次私募國內無擔保可轉換公司債以不各性投資人為限。

- A.應募人之選擇方式與目的：本次私募有價證券之對象以符合證券交易法第 43 條之 6 規定及財政部證券暨期貨管理委員會 91 年 6 月 13 日台財證(一)字第 0910003455 號函規定之特定人為限，於符合前述特定人中以可和本公司長期合作，且可藉由策略性投資人之技術或行銷推廣等以為強化本公司未來的營運為目的，符合上述策略性投資人為主要選擇方式。
- B.必要性：有鑑於近來 PC 產業產品多樣性發展，為提升本公司之產品競爭優勢，提昇技術開發與創新能力，引進可強化本公司現有技術及市場之策略性投資人為本公司長期發展之必要策略。
- C.預計效益：藉由應募人之加入可加強本公司產品之研發技術，強化本公司未來的營運，以達到長期經營發展之績效。此外，應募人之加入亦可凸顯台灣軟體實力已逐漸受到國際之重視與肯定，對於擴展台灣國際聲望亦有正面之助益。

(3) 辦理私募之必要理由：

- A.不採用公開募集之理由：本公司近年來營運結果為獲利且無累積虧損，但因應長期策略發展所需，故擬引進策略性投資夥伴，而私募有價證券受限於三年內不得自由轉讓之規定，將可更確保公司與策略性投資夥伴間的長期合作關係，故依「公開發行公司辦理私募有價證券應注意事項」規定，本公司得採私募方式辦理。
- B.得私募額度：依據公司法第 247 條，公司債之總額不得逾公司現有全部資產減去全部負債及無形資產後之餘額，依最近期經會計師查核後之民國一〇四年財務報告數據計算為 498,098 仟元，本次董事會提案私募發行上限金額為陸仟萬元，該金額於得私募額度之範圍內。
- C.資金用途及預計達成效益：
- 資金用途：充實營運資金，於資訊產業日新月異的變遷時代下，為因應長期策略發展，預計將拓展研發實力，本著軟體開發不斷研究創新的精神，預計將與策略性投資人共同合作，開發電腦資訊業界新世代之產品與技術。
 - 預計達成效益：在不斷積極開發新技術之下，期以強化公司之競爭力、提升營運效能，另因行業特性本公司握有之資產多屬無形智慧財，與其他行業相較，無具體之資產如存貨、機器設備及廠房等，可向銀行融資之機會較低且融資額度亦不高，資金之注入對新研發長期之投資尚未量產前，於整體財務結構及股東權益將有正面助益。

(4) 本次私募標的之權利義務：本次私募國內無擔保可轉換公司債及其嗣後轉換之普通股，依證券交易法第 43 條之 8 規定，除符合該條文規定之轉讓對象及條件外，於本次私募標的的交付日或劃撥日起滿三年始得自由轉讓。另本次私募標的的嗣後所轉換之普通股，依相關法令規定，自該私募轉換公司債交付日或劃撥日起滿三年後，應取具中華民國證券櫃檯買賣中心或本公司當時所掛牌交易之其他證券交易所核發符合上市櫃標準之同意函，並向金管會申報補辦公開發行及申請上市櫃交易。

(5) 本次私募國內無擔保可轉換公司債得於股東常會決議之日起一年內一次辦理，擬提請股東常會授權董事會全權處理。

- (6) 本次私募國內無擔保可轉換公司債之發行條件、實際募集金額、計劃項目、資金運用進度、預計可能產生效益及其他未盡事宜，未來如經主管機關修正或因客觀環境變更而有所修正時，委請股東常會授權董事會依規定辦理。
- (7) 擬提請股東常會通過本私募案，並授權董事長或其指定之人代表本公司簽署一切有關發行本次私募國內無擔保可轉換公司債之契約或文件、辦理一切有關發行本次私募國內無擔保可轉換公司債所需事宜。
- (8) 本公司私募有價證券議案，依證券交易法第四十三條之六規定，應說明事項請詳公開資訊觀測站(網址:<http://mopes.twse.com.tw>)點選「投資專區」之「私募專區」。
- (9) 發行辦法(暫定)如附件所示

**Rules Governing Issue and Conversion of Unsecured Convertible Bonds by Private Placement
(Provisional)**

1. Name of Bonds

The Year 2016 First Issue of Domestic Unsecured Convertible Bonds of Insyde Software Corp. ("Company") by private placement (the "Bonds").

2. Issue Date

2016 3rd Quarter 4th Quarter preparatory

3. Issue Size

The aggregate principal amount of the Bonds shall be up to NT\$ 60,000,000. The Bonds are issued at par value in denominations of NT\$100,000.

4. Term of Bond

The Term of Bond is five years from the Issue Date.

5. Coupon Rate

The coupon rate will be 0% per annum.

6. Redemption at Maturity

Unless previously converted pursuant to Article 11 or redeemed pursuant to Article 20 by Bondholders, or redeemed and cancelled by the Company pursuant to Article 19, the Bonds will be redeemed by the Company upon the Maturity Date at 100% of their principal amount plus accrued interest.

7. Availability of collateral

The convertible bonds will be in registered form and unsecured. However, if the Company issues other secured bonds with warrants or secured convertible bonds after this issue, the Bonds shall be secured with equivalent collaterals at the same priority with those bonds.

8. Transfer

The Bonds may be transferred in accordance with laws following the third anniversary of the Issue Date.

9. Type of Converted Stock

The Bonds will be convertible into the Company's Common Shares, which conversion obligation shall be fulfilled by the Company by the issuance of new shares or transfer of treasury shares of the Company.

10. Conversion Period

Bondholders may submit its application for conversion of any or all of the Bonds into Common Shares to the Company in accordance with the procedures under Articles 11, 12, 13 and 15 of these Rules at any time after six month from the Issue Date until the tenth day prior to the Maturity Date except for the period in which the share recordation is prohibited by law, the period which commences from the fifteenth business day before the promulgated dates for suspension of the share recordation due to distribution of stock dividends, cash dividends or the capital increase and ends on the respective record date, and the period which commences from the capital reduction date and ends on the day before the date of the shares issuable upon capital reduction starts trading.

11. Conversion Procedure

- 11.1 Bondholders shall fill out the application form for conversion and deliver such forms to the securities agent of the Company. Conversion shall take effect upon delivery and shall be irrevocable. The conversion

procedure will be completed within 5 business days after such delivery, and the Company's Common Shares will be delivered by entry into Bondholder's account at Taiwan Depository and Clearing Corporation ("TDCC").

- 11.2 Conversion by Bondholders who are foreigners or Overseas Chinese shall be processed by TDCC through book entry system.

12. Conversion price and its adjustment

12.1 Conversion Price

The Conversion Price shall be the higher of the following (i) and (ii) multiplying a discounted conversion rate of 81% (by rounding the calculation to NT\$0.1):

- (i) The simple average closing price of the Common Shares of the Company for any of the one, three, or five business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction; or
- (ii) The simple average closing price of the Common Shares of the Company for the thirty business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction;

12.2 Adjustments of Conversion Price

The Conversion Price shall be subject to adjustments as follows:

- A. After the issuance of the Bonds, whenever the number of Issuer's Common Shares increases, including but not limited to capital increase funded by cash (through public offering or private placement), by retained earnings or by capital reserves stock dividends, employee bonus shares, , shares issued for consideration of merger and acquisition, stock split, and capital increase for participation in overseas ADRs other than the new shares issued upon exercise of the conversion or of the securities convertible into or entitled to subscribe Common Shares, the Conversion Price shall be adjusted in accordance with the following formula by rounding the calculation to the nearest NT\$0.1 (and only a downward adjustment would be allowed) on the record date of new shares issuance (Note 1) and adjusted Conversion Price will be disclosed on the Market Observation Post System ("MOPS"); provided that adjustment shall be made on the payment date of the subscription price for new shares if there is an actual payment process. If the Company adjusts the new share issue price after the record date of the new share issue funded by cash, the Conversion Price shall be further adjusted based on the adjusted new share issue price according to the said formula; provided that the further adjusted Conversion Price is lower than the adjusted Conversion Price published prior to the original record date, the adjusted Conversion Price shall be re-published.

$$\text{Adjusted Conversion Price} = \frac{\text{Unadjusted Conversion Price} \times \text{ENS (Note 2)} + \text{PNI (Note 3)} \times \text{NNS}}{\text{ENS (Note 2)} + \text{NNS}}$$

ENS = Number of outstanding shares before issue of new shares (including privately-placed shares) (Note 2)

NNS = Number of new shares (including private-placed shares)

PNI = Offering price of new shares (Note3)

Note 1: Since there is no record date for the capital increase funded by cash or

capital increase for participation in overseas ADR by means of the book building method, the adjustment shall be made upon the date that the share subscription price is paid in full. The record date of the adjustment will be the merger or acquisition date for capital increase due to merger or acquisition. The record date of the adjustment will be the stock split date for the stock split. The record date of the adjustment will be the delivery date of the privately-placed shares if the capital increase is made through private placement.

Note 2: The ENS shall be the number of outstanding shares (including privately-placed shares), but deduct treasury shares purchased by the Company and not yet cancelled or transferred.

Note 3: The PNI shall be zero if the shares are issued without consideration or as a result of stock split. In the event of capital increase due to merger, then the PNI shall be the net book value per share reflected in the most recent financial statement of the disappearing company certified or reviewed by a certified public accountant immediately prior to the merger multiplying the stock exchange ratio. In the event of capital increase due to acquisition of the shares of other company, PNI shall be the net book value per share reflected in the most recent financial statement of the acquired company certified or reviewed by a certified public accountant immediately prior to the merger multiplying the stock exchange ratio. In the event of capital increase due to issuance of employee bonus shares, the PNI shall be the closing price on the first day before the shareholder's meeting by taking into account the impact of ex-rights and ex-dividends.

B. After issuance of the Bonds, in the event of the cash dividends distributed by the Company exceeds 15% of the share capital, the Conversion Price will be reduced by the same percentage as such excess portion on the ex-dividend date and the adjusted Conversion Price will be published on the MOPS. This Conversion Price reduction clause shall not apply to the requests for conversion submitted before the ex-dividend date.

Adjusted Conversion Price = Unadjusted Conversion Price x (PCD-15%)x10

PCD= Percentage of the distributed cash dividends on the share capital

C In the even that the Company issues any kind of securities (including privately-placed securities) (i) convertible into Common Shares or (ii) with warrants to subscribe for Common Shares at a conversion price or exercise price lower than the current Market Price per Share (Note 4), the Conversion Price shall be adjusted in accordance with the following formula by rounding the calculation to the nearest NT\$0.1 (and only a downward adjustment would be allowed), effective as of the issue date of the securities or warrants or delivery date of privately-placed securities and the adjusted Conversion Price shall be published on the MOPS:

$$\begin{aligned} \text{Adjusted Conversion Price} &= \frac{\text{Unadjusted Conversion Price} \times \frac{\text{ENS}}{\text{(Note 5)}} + \text{PNC} \times \text{NNC}}{\text{ENS}(\text{Note 5}) + \text{NNC}} \\ &= \frac{\text{Number of outstanding shares before issue (including private-placed shares) (Note 5)} \times \text{ENS} + \text{Number of new shares which will be converted or exercised from the newly issued securities (including privately-placed)}}{\text{ENS}(\text{Note 5}) + \text{NNC}} \end{aligned}$$

securities) (i) convertible into Common Shares or (ii) with warrants to subscribe for Common Shares

PNC = Conversion price or exercise price of the newly issued securities (including privately-placed securities) (i) convertible into Common Shares or (ii) with warrants to subscribe for Common Shares

Note 4: The Market Price per Share shall be either of the following average closing prices of Company's Common Shares for one, three or five business days prior to the pricing date for the issue of securities (i) convertible into Common Shares or (ii) with warrant(s) to subscribe for common stock or the delivery date of privately-placed securities.

Note 5: The ENS shall be the number of outstanding shares (including privately-placed shares). In the event that the treasury shares will be transferred upon conversion or exercise of the newly issued securities convertible into Common Shares or with warrants to subscribe for Common Shares, the NNC will be deducted from the ENS.

D. In the event that the Company's Common Shares are reduced due to capital reduction, which is not resulted from the treasury stocks cancellation, the conversion price shall be adjusted in accordance with the following formula, effective as of the capital reduction date.

$$\text{Adjusted Conversion Price} = \text{Unadjusted Conversion Price} \times \frac{\text{Shares outstanding before capital reduction (Note 6)}}{\text{Shares outstanding after capital reduction (Note 6)}}$$

Note 6: The number of outstanding shares shall mean the number of Common Shares issued (including privately-placed shares), but deduct treasury shares purchased by the Company and not yet cancelled or transferred.

13. Disposition of conversion shares less than one while processing a conversion

For those Conversion Shares to be distributed that are less than one share, the holders will be not entitled to have them combined into one share and the Company will not pay for them in cash.

14. Listing and Delisting of the Bonds

After the third anniversary of the delivery date of the Bonds, [the Company] may apply with Financial Supervisory Commission ("FSC") for public offering and apply for listing and trading of the Bonds on TSE or GTSM. The Bonds will be delisted at the time that the Bonds are fully converted into Common Shares, redeemed or repaid.

15. Conversion Shares Listing

When the Bonds are eligible for public offering under applicable laws, with respect to the Conversion Shares converted from the Bonds, the Company shall, after three years following the delivery of the Bonds to the Bondholders, make filing with the TSE or GTSM, as the case may be, for the approval of qualification for listing requirement for the Common Shares converted from the Bonds within 45 days, proceed with the procedure for a public offering with the Competent Authority, and the listing with the TSE or GTSM. The Company will obtain approval from the TSE or GTSM in connection with the aforementioned matter and cause the Conversion Shares to be listed on TSE or GTSM and make public notice.

16. Register the change in its capital

The Company shall publish the number of Conversion Shares issued in the prior quarter after the end of each quarter, and shall submit a registration with the Competent Authority for registration of the

capital amount change at least once per quarter.

17. Rights and obligations after conversion

The holders of Conversion Shares are entitled to the same rights and the obligations as the holders of the existing outstanding Common Shares. Article 15 of these Rules shall apply to the Common Shares issued upon conversion.

18. The disposition of interests and dividends in the year of conversion

18.1 If the Bondholder exercises the Conversion Right in the period commencing from January 1 of each year to the fifteenth business day (excluded) before the promulgated dates for suspension of the share recordation due to distribution of cash dividends, such holder of the Conversion Shares upon conversion will be entitled to receive the cash dividends (stock dividends) as the general shareholders' meeting may resolve to distribute for the preceding year.

18.2 The conversion of Bonds will not be processed in the period commencing the fifteenth business day before the date for suspension of the share recordation due to distribution of cash or stock dividends and ending on the ex-dividend or ex-right date.

18.3 If the Bondholder exercises the Conversion Rights in the period commencing after such ex-dividend or ex-right date to December 31, such Bondholders shall not be entitled to receive the cash dividends (stock dividends) as the general shareholders' meeting may resolve to distribute for the preceding year, but, instead, entitled to receive the cash dividends (stock dividends) of that year as the general shareholders' meeting in the following year may resolve to distribute.

19. Redemption at the option of the Company

19.1 After the third anniversary from the Issue Date of the Bonds, if the closing prices of the Company's Common Shares listed on the GTSM reaches 160% of the then Conversion Price for 30 consecutive business days, the Company may, within 30 business days thereafter, send a 30-day Compulsory Redemption Notice to the Bondholders by registered mail (such period will commence from the date of sending out Compulsory Redemption Notice and its end date will be the Redemption Date provided that such period will not include the period in which conversion will not be processed as set forth in Article 10). The Company shall promptly redeem the Bonds at the price of 100% of the principal amount of the Bonds plus accrued and unpaid interest after the Redemption Date.

19.2 After the third anniversary from the Issue Date of the Bonds, if the outstanding principal amount of the Bonds in issue is less than NT\$30,000,000 (provisional amount, i.e. 10% of the aggregate principal amount of the Bonds originally issued), the Company may, within 30 business days thereafter, send a 60-day Compulsory Redemption Notice to the Bondholders by registered mail (such period will commence from the date of sending out Compulsory Redemption Notice and its end date will be the Redemption Date provided that such period will not include the period in which conversion will not be processed as set forth in Article 10). The Company shall promptly redeem the Bonds at the price of 100% of the principal amount of the Bonds plus accrued and unpaid interest after the Redemption Date.

After the third anniversary from the Issue Date of the Bonds, upon receipt of redemption by the Company, the Bondholders may also request to convert the Bonds into Common Shares at any time up to the redemption date

20. Redemption by Bondholders

20.1 Unless the Bonds have been redeemed or deemed redeemed due to conversion, buy back or cancellation, any Bondholder may make redemption of the Bonds from time to time within sixty days after the third anniversary from the Issue Date by written notice to the Company's Securities Agent (effective upon delivery, stamp governs if sent by mail) to request the Company to redeem the Bonds owned by such Bondholders by cash at the price of 100% of their principal amount plus accrued interest due (calculated per days) deducting the applicable withholding tax payable by the Bondholders. After the third anniversary of the Issue Date, the Company shall send a notice to the Bondholders by registered mail that the Bondholders are entitled to exercise the redemption right hereunder.

20.2 In the event that the Company's Common Shares are delisted from the GTSM or stop trading

traded, any Bondholder may make redemption of the Bonds by written notice to the Company's Securities Agent (effective upon delivery, stamp governs if sent by mail) to request the Company to redeem the Bonds owned by such Bondholders by cash at the price of 100% of their principal amount plus accrued interest due (calculated per days) deducting the applicable withholding tax payable by the Bondholders. In the occurrence of the above mentioned circumstances, the Company shall send a notice to the Bondholders by registered mail that the Bondholders are entitled to exercise the redemption right hereunder.

21. The Bonds which are redeemed, repaid or converted by the Bondholders will forthwith be cancelled and not be reissued, and the associated conversion rights will be extinguished accordingly.

22. The Bonds and their Conversion Shares thereafter are in registered forms and the relevant transfer, registration change, pledge or loss will follow all requirements of "Regulations governing handling of stock affairs by public companies" and "Company Act". The tax issues will follow relevant tax law.

23. The repayment and payment of interest of the Bonds will be administered by the Company.

24. According to Article 8 of Securities and Exchange Act, the Bonds will be offered without printing physical securities and delivered by book-entry transfer.

25. These Rules shall not be amended by either party unless otherwise agreed by the Company and the Bondholders (approval by the Bondholders holding two-thirds voting rights on as-if-converted basis at a Bondholders' meeting attended by three-fourths of the Bondholders) in writing in advance.

26. The Trustee of the Bonds shall not be the determined, which shall audit and supervise the Company's performance of its obligations under the Bonds in the interest of the Bondholders. No matter whether the Bonds are subscribed at the time of Issue or acquired afterwards by Bondholders, Bondholders shall agree to the terms and conditions of the Trust Agreement between the Company and the Trustee ("Trust Agreement") and the Trustee's rights and obligations, and these Rules Bondholders shall be entitled to review the Trust Agreement at the premises of Company or Trustee during business hours.

27. The issue and exercise of the Bonds shall be governed by the laws of the Republic of China and any matters not provided herein shall be handled by relevant laws.

Insyde Software Corp.

Rules of Election of Directors and Supervisors

- Article 1 To ensure a just, fair, and open election of directors and supervisors, these Procedures are adopted pursuant to Articles 21 and 41 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
- Article 2 Except as otherwise provided by law and regulation or by this Corporation's articles of incorporation, elections of directors and supervisors shall be conducted in accordance with these Procedures.
- Article 3 The overall composition of the board of directors shall be taken into consideration in the selection of this Corporation's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:
1. Basic requirements and values: Gender, age, nationality, and culture.
 2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.
- Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:
1. The ability to make judgments about operations.
 2. Accounting and financial analysis ability.
 3. Business management ability.
 4. Crisis management ability.
 5. Knowledge of the industry.
 6. An international market perspective.
 7. Leadership ability.
 8. Decision-making ability.
- More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.
- Article 4 Supervisors of this Corporation shall meet the following qualifications:
1. Integrity and a practical attitude.
 2. Impartial judgment.
 3. Professional knowledge.
 4. Broad experience.
 5. Ability to read financial statements.
- In addition to the requirements of the preceding paragraph, at least one among the supervisors of this Corporation must be an accounting or finance professional. Appointments of supervisors shall be made with reference to the provisions on independence contained in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, in order to select appropriate supervisors to help strengthen the corporation's risk management and control of finance and operations.

At least one supervisor position must be held by a person having neither a spousal relationship nor a relationship within the second degree of kinship with any other supervisor or with any director.

A supervisor may not serve concurrently as the director, managerial officer, or any other employee of this Corporation, and at least one of the supervisors must be domiciled in the Republic of China to be able to promptly fulfill the functions of supervisor.

Article 5 The qualifications for the independent directors of this Corporation shall comply with Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

The election of independent directors of this Corporation shall comply with Articles 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted in accordance with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 6 Elections of both directors and supervisors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. This Corporation shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and supervisors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified directors and supervisors will be elected

When the number of directors falls below five due to the dismissal of a director for any reason, this Corporation shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one third of the total number prescribed in this Corporation's articles of incorporation, this Corporation shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, or the related provisions of the Taiwan Stock Exchange Corporation rules governing the review of listings, or subparagraph 8 of the Standards for Determining Unsuitability for GTSM Listing under Article 10, Paragraph 1 of the GreTai Securities Market Rules Governing the Review of Securities for Trading on the GTSM, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of supervisors falls below that prescribed in this Corporation's articles of incorporation due to the dismissal of a supervisor for any reason, a by-election to fill the vacancy should ideally be held at the next shareholders meeting. When the supervisors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

- Article 7 The cumulative voting method shall be used for election of the directors and supervisors at this Corporation. Each share will have voting rights in number equal to the directors or supervisors to be elected, and may be cast for a single candidate or split among multiple candidates.
- Article 8 The board of directors shall prepare separate ballots for directors and supervisors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
- Article 9 The number of directors and supervisors will be as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
- Article 10 Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.
- Article 11 If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.
- Article 12 A ballot is invalid under any of the following circumstances:
1. The ballot was not prepared by the board of directors.
 2. A blank ballot is placed in the ballot box.
 3. The writing is unclear and indecipherable or has been altered.
 4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
 5. Other words or marks are entered in addition to the candidate's account name or

shareholder account number (or identity card number) and the number of voting rights allotted.

6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.

Article 13 The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors or supervisors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 14 The board of directors of this Corporation shall issue notifications to the persons elected as directors or supervisors.

Article 15 These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Article 16 These Rules were formulated on June 29, 2000

1st amendment on June 28, 2002;

2nd amendment on June 25, 2008;

3rd amendment on June 17, 2013;

4th amendment on May 15, 2015.

The list of candidates of directors (including independent directors)

Account No. / ID No.	Title of Candidate	Name of Candidate	Academic Qualification / Experience	Shares held (Unit: Share)
1	Director	王志高	學歷：輔仁大學電子工程系畢 經歷： 艾理有限公司總經理 亞矽科技(股)公司營業四部部門總經理 目前兼任本公司及其他公司之職務： 系微(股)公司董事長兼總經理 倍微科技(股)公司董事、榮譽董事長兼長期策略執行長 Silicon Professional Technology Limited 董事 Silicon Professional Technology Hong Kong Ltd. 董事 Excellence International Holding Corp. 董事 巨微雲集(股)公司法人董事系微(股)公司代表人兼董事長	1,875,145
2	Director	傅江松	學歷：龍華工專電機科畢 經歷： 艾理有限公司副理 亞矽科技(股)公司工程師 目前兼任本公司及其他公司之職務： 倍微科技(股)公司董事長兼總經理 Silicon Professional Technology Ltd 董事 Silicon Professional Technology Hong Kong Ltd. 董事兼總經理 Excellence International Holding Corp. 董事 祖微電子產品(上海)有限公司總經理 倍微電子(深圳)有限公司總經理 巨微雲集(股)公司法人董事系微(股)公司代表人	551,389
8	Director	倍微科技股份有限公司 代表人： 黃美津	學歷：輔仁大學日文系畢 經歷：日商伊藤忠公司台北分公司總經理秘書 目前兼任本公司及其他公司之職務： 倍微科技(股)公司總管理處 總經理 系微(股)公司 顧問 巨微雲集(股)公司法人董事系微(股)公司代表人	4,920,111
28	Director	Jonathan Joseph	學歷：BA degree, Oberlin College 經歷：Executive VP, System soft Corp. 目前兼任本公司及其他公司之職務： 系微(股)公司副總經理 Insyde Software Inc. 總裁 系微軟件科技(上海)有限公司 總裁	1,038,172
057687861	Director	Bing Yeh	學歷： 台大物理系學士 台大物理研究所碩士 史丹福大學 Engineer Degree 史丹福大學博士候選人	0

Account No. / ID No.	Title of Candidate	Name of Candidate	Academic Qualification / Experience	Shares held (Unit: Share)
			經歷： SST 董事長暨執行長 目前兼任本公司及其他公司之職務： 倍微科技(股)公司董事 Greenliant System LTD. 董事長暨執行長	
4180	Independent Director	盧一言	學歷： 國立交通大學機械工程所畢 國立交通大學機械工程系畢 目前兼任本公司及其他公司之職務： 鼎新電腦 副董事長 華生資本 董事 系微(股)公司 薪酬委員會委員	0
Q121*****	Independent Director	陳基勳	學歷：輔仁大學電子工程系畢 經歷： 龍相電子(股)公司 市場部副處長 友亮科技(股)公司 總經理 目前兼任本公司及其他公司之職務： 研騰科技(股)公司 董事長兼總經理 唐佑開發科技(股)公司 總經理	0

The list of candidates of Supervisors

Account No. / ID No.	Title of Candidate	Name of Candidate	Academic Qualification / Experience	Shares held (Unit: Share)
11	Supervisors	王建智	學歷：輔仁大學法律畢 經歷：寰波科技(股)公司 董事長 目前兼任本公司及其他公司之職務： 建智法律事務所負責人 威力能源(股)公司 獨立董事及薪酬委員 正凌精密工業(股)公司 監察人 泰宗生物科技(股)公司 監察人 凌昇能源科技(股)公司 獨立董事及薪酬委員 巨微雲集(股)公司 法人監察人 系微(股)公司之代表人 倍微科技(股)公司 法人監察人 明良投資(股)公司之代表人	219,015
50	Supervisors	明良投資 股份有限 公司	核准設立日： 民國88年12月27日 所營事業：一般投資業	1,037,558
A220*****	Supervisors	邵建華	學歷： 國立中興大學企管所畢 國立政治大學企管系畢 經歷： 漢友投資顧問(股)公司副總經理 坤建管理顧問(股)公司合夥人 中華開發工業銀行投資部副理 目前兼任本公司及其他公司之職務： 智碩投資顧問(股)公司合夥人 瑞祺電通股份有限公司 獨立董事 沛波國際股份有限公司 獨立董事	0

Shareholding of Directors and Supervisors:

Directions : The company's total outstanding shares : 38,043,488

1. Total shareholding of all Directors required by law : 3,600,000

Total Shareholding of all Supervisors required by law : 360,000

2. As of April 18th, 2016, the cut-off date of this Shareholders' Meeting, the individual Directors and Supervisors their aggregate shareholdings are listed below:

Title	Name	Current Shareholding(Shares)	Current Shareholding(%)
Chairman	王志高	1,875,145	4.93%
Director	Jonathan Joseph	1,038,172	2.73%
Director	傅江松	551,389	1.45%
Director	Bing Yeh	0	0.00%
Independent Director	林淑慧	0	0.00%
Independent Director	盧一言	0	0.00%
Director	倍微科技股份有限公司 (代表人：黃美津)	4,920,111	12.93%
Holdings of all Directors		8,384,817	22.04%

職 稱	戶 名	持有股數	持股比例
Supervisors	明良投資股份有限公司 (代表人：洪黛美)	1,037,558	2.73%
Supervisors	王建智	219,015	0.58%
Supervisors	邵建華	0	0.00%
Holdings of all Supervisors		1,256,573	3.31%

Holdings of all Directors and Supervisors		9,641,390	25.35%
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1. According to article 172-1 of the Company Law, shareholders with over 1% holding of total shares issued can submit only one written proposal, containing up to 300 words, to shareholders' meeting.
 - 1.1 Shareholders can put forth proposals to the shareholders' meeting during April 11-20, 2016, which had been posted on the Market Observation Post System of the Taiwan Stock Exchange, according to law.
 - 1.2 The company didn't receive any proposal from shareholders during the period.
2. The Remuneration to Employees, Directors and Supervisors :
 - 2.1 As the amount of remuneration to Employees, Directors and Supervisors is different from the estimated number, the difference, reasons and measures should be disclosed as follows : none.
 - 2.2 The amount of proposed distribution of remuneration to employees, and the size of such an amount as a percentage of the sum of the current after-tax net income and total remuneration to employees : The Board of Directors also approved that employees' bonus is distributed by cash.
 - 2.3 Recalculated EPS after distribution of remuneration to Employees, Directors and Supervisors remuneration : The expense treatment for employee bonus and director compensation were regulated by IFRSs, Earnings per share were NT\$0.85 in 2015.

Thank you for participating in regular shareholders' meeting !