

Insyde Software Corp.

2018 Annual General Shareholders Meeting Minutes

(This document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.)

Meeting Time: 9:00 a.m. on May 29, 2018

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

Attendants: Total outstanding shares: 38,043,488 shares, total shares represented by shareholders present in person or by proxy: 20,784,859 shares (votes casted electronically 10,452,065 shares). Percentage of shares held by shareholders present in person or by proxy: 54.63%. The aggregate shareholding of the shareholders present constituted a quorum.

Board members and Supervisors attendance list:

Independent Directors : Lu I Yen, Chen Chi Hsun

Directors : Chih Kao Wang, Fu Chiang-Sung, Huang, MEI-CHIN

Supervisors : Wang Chien-Chih, Shao Chien-Hua, Dai May Hong

The Chairman called the meeting to order.

I. Chairman's Address (omitted).

II. Report Items

1. 2017 Business Report (attached as pp. 9-12, Appendix 1)
2. Supervisor's Review Report of the 2017 Financial Statements. (attached pp. 27, Appendix 3)
3. 2017 Employee and Directors and Supervisors' remunerations Report.
4. Domestic Private Placement of Convertible Bonds Report.
5. Amendment to the Rules of Procedure for Board of Directors Meetings. (attached pp.29 -33, Appendix 5 and attached pp.34 -36, Appendix 6)
6. Amendment to the Rules of Governing the Scope of Powers of Independent Directors. (attached pp. 37-38, Appendix 7 and attached pp. 39-40, Appendix 8)

III. Ratification Items

1. (Proposed by the Board)

Proposal : Adoption of the 2017 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, Melody 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 2017 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements are attached to the Meeting Agenda, pp.9-26.(Appendix 1 and 2)

Voting Results : Shares represented at the time of voting : 20,784,859

| Voting Results | % of the total represented share present |
|--|---|
| Votes in favor : 19,230,582 votes (include votes casted electronically : 9,259,576 votes) | 92.52% |
| Votes against : 687 votes (include votes casted electronically : 687 votes) | 0.00% |
| Votes invalid : None | 0% |
| Votes abstained : 1,553,590 votes (include votes casted electronically : 1,191,802 votes) | 7.48% |

***including votes casted electronically(numbers in brackets)**

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

2. (Proposed by the Board)

Proposal : Adoption of the Proposal for Distribution of 2017 Profits.

Explanation :

1. The Board has adopted a Proposal for Distribution of 2017 Profits.
2. Proposed dividend to shareholders is NT\$ 32,336,965.
3. The 2016 Profit Allocation Proposal as the following.

Insyde Software Corp. PROFIT DISTRIBUTION TABLE Year 2017

| Unit: NTD \$ | |
|-------------------------------------|---------------|
| | Amount |
| Retained earnings of prior years | \$ 26,948,330 |
| Less : adjustments | (1,741,537) |
| After adjustments retained earnings | 25,206,793 |
| Add : 2017 Net profit for this year | 37,276,657 |
| Legal reserve : | (3,727,666) |
| Distributable net profit | 58,755,784 |
| Distributable items: | |
| Cash dividend(0.85/Share) | (32,336,965) |
| Unappropriated retained earnings | \$ 26,418,819 |

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.

Voting Results : Shares represented at the time of voting : 20,784,859

| Voting Results | % of the total represented share present |
|--|--|
| Votes in favor : 19,230,579 votes (include votes casted electronically : 9,259,573 votes) | 92.52% |
| Votes against : 699 votes (include votes casted electronically : 699 votes) | 0.00% |
| Votes invalid : None | 0% |
| Votes abstained : 1,553,581 votes (include votes casted electronically : 1,191,793 votes) | 7.48% |

***including votes casted electronically(numbers in brackets)**

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

IV. Discussion Item

1. Proposal: (Proposed by the Board of Directors)

Proposal to Issue a new Private Placement of Convertible Bonds.(The new Private Placement of Convertible Bonds is attached as pp. 41-43, Appendix 9 and pp. 44-49, Appendix 10.)

Voting Results : Shares represented at the time of voting : 20,784,859

| Voting Results | % of the total represented share present |
|--|--|
| Votes in favor : 19,222,283 votes (include votes casted electronically : 9,257,277 votes) | 92.48% |
| Votes against : 7,985 votes (include votes casted electronically : 7,985 votes) | 0.04% |
| Votes invalid : None | 0% |
| Votes abstained : 1,554,591 votes (include votes casted electronically : 1,186,803 votes) | 7.48% |

***including votes casted electronically(numbers in brackets)**

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

V. Questions and Motions : None.

VI. Adjournment: 9:26 am.

Chairman: Chih Kao Wang

Recorder: Pei Yen Lee

走過 2016 年因全球筆記型電腦出貨減少、而營運結果產生赤字。2017 年在全體同仁努力下營收成長，營運結果由虧損轉為獲利，此份成績單與各位股東分享。

未來系微除持續努力提高 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、此方案含結合 Intel Innovation Engine 之新處理器以及 I/O 次系統、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。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。同時本公司亦開始提供原有企業客戶使用 InsydeH2O 相關的雲端服務！

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（2018）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 InsydeH2O 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

一〇六年度（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 | 106 年實際 | 105 年實際 | 增（減）% |
|-----------|---------|----------|-------|
| 營業收入 | 786,648 | 719,818 | 9 |
| 營業成本 | 137,304 | 125,704 | 9 |
| 營業毛利 | 649,344 | 594,114 | 9 |
| 營業費用 | 593,190 | 638,537 | (7) |
| 營業利益(損失) | 56,154 | (44,423) | 226 |
| 營業外(支出)收入 | (5,138) | 9,345 | (155) |
| 稅前淨利(損) | 51,016 | (35,078) | 245 |
| 稅後淨利(損) | 37,249 | (37,616) | 199 |

本期營運結果為稅後淨利 37,249 仟元，營業額較上期增加 9%，並在精實人力資源情況下，本期營運費用較上期減少 45,347 仟元，業外收入主因受匯率影響較上期減少 6,396 仟元及前期因未實際發生之銷貨折讓數轉列收入 6,300 仟元，故業外收入綜較上期減少 14,483 仟元，最終以每股盈餘 0.98 元與全體股東分享之。

二、預算執行情形：本公司民國一〇六年度營業結果於內部經營團隊與全體同仁共同努力下，營業額成長，並達成原擬定之預算目標。

三、財務收支及獲利能力分析

單位：新台幣仟元

| | 項 目 | 106 年度 | 105 年度 |
|------|-----------------|--------|--------|
| 財務收支 | 利息收入 | 3,031 | 3,381 |
| | 利息支出 | 267 | 300 |
| 獲利能力 | 資產報酬率(%) | 4.35 | (4.06) |
| | 股東權益報酬率(%) | 5.94 | (5.71) |
| | 稅前純益佔實收資本額比率(%) | 13.41 | (9.22) |
| | 純益率(%) | 4.74 | (5.23) |
| | 每股盈(虧)(元) | 0.98 | (0.99) |

四、研究發展狀況

本公司產品 InsydeH2O 的開發，與 Intel、AMD 和 Microsoft 等 PC 大廠有著密切的關係，持續搭配硬體/作業系統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，彈性化的 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 合 1 筆電及平板電腦的 UEFI BIOS，本公司今年亦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微處理器及晶片組公司合作，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 緊密合作，針對新平台開發對應的 InsydeH2O UEFI BIOS，包括支援 Intel Thunderbolt 3、Optane Memory 等新技術，InsydeH2O 已經搭載於多款採用 Intel 第八代 Core i 處理器的筆記型電腦/2 合 1 筆電出貨，其中包含各大 PC 品牌的電競筆電，本公司也與 AMD 共同合作開發支援最新 Ryzen 處理器的 InsydeH2O UEFI BIOS，並於 2017 年搭載於 PC 品牌的 DT/AIO/NB 產品出貨；同時，本公司協助

Amazon 開發的深度學習攝影機 - AWS DeepLens 已順利出貨，帶領公司進入人工智慧 (AI) 領域，預期將能為公司帶來新的業績成長動能。

因應雲端服務以及應用的普及，雲端服務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。刺激了龐大的機房設備管理需求，帶起了台灣在相關產業上新的產業供應鏈與動能，如運算伺服器，儲存伺服器，高速網路交換器等。

同時 OCP (Open Compute Project) 及 Scorpio 等開源硬體組織亦加速了機房設備規格的更新與發展，本公司的機房設備管理系統 Supervyse，亦配合市場的需求及新的規範，並與 Intel 合作，已將此一產品更新至 Supervyse 3.0，支援新一代的 Intel 晶片並擁有更高的安全性，提供客戶更全面和更安全的機房設備管理。

一〇七年度（本年度）營業計劃概要

一、 經營方針

- (一) 持續優化源始碼架構及開發 UEFI BIOS 客製化軟體，協助 ODM 有效率的開發系統 BIOS，以確保 ODM 和 OEM 筆記型電腦製造商能持續採用 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

會計師查核報告

系微股份有限公司董事會 公鑒：

查核意見

系微股份有限公司民國一〇六年及一〇五年十二月三十一日之資產負債表，暨民國一〇六年及一〇五年一月一日至十二月三十一日之綜合損益表、權益變動表及現金流量表，以及個體財務報告附註(包括重大會計政策彙總)，業經本會計師查核竣事。

依本會計師之意見，上開個體財務報告在所有重大方面係依照證券發行人財務報告編製準則編製，足以允當表達系微股份有限公司民國一〇六年及一〇五年十二月三十一日之財務狀況，與民國一〇六年及一〇五年一月一日至十二月三十一日之財務績效與現金流量。

查核意見之基礎

本會計師係依照會計師查核簽證財務報表規則及一般公認審計準則規劃並執行查核工作。本會計師於該等準則下之責任將於會計師查核個體財務報告之責任段進一步說明。本會計師所隸屬事務所受獨立性規範之人員已依會計師職業道德規範，與系微股份有限公司保持超然獨立，並履行該規範之其他責任。本會計師相信已取得足夠及適切之查核證據，以作為表示查核意見之基礎。

關鍵查核事項

關鍵查核事項係指依本會計師之專業判斷，對系微股份有限公司民國一〇六年度個體財務報告之查核最為重要之事項。該等事項已於查核個體財務報告整體及形成查核意見之過程中予以因應，本會計師並不對該等事項單獨表示意見。本會計師判斷應溝通在查核報告上之關鍵查核事項如下：

一、收入認列

有關收入認列之會計政策及揭露資訊，請詳個體財務報告附註四(十二)及六(十二)。

關鍵查核事項之說明：

系微股份有限公司銷貨收入組合以軟、韌體授權、銷售原始程式及提供軟、韌體技術服務為主，銷貨收入為決定財務報表績效最關鍵之因素，且受報表使用者高度關注，因此將銷貨收入認列為關鍵查核事項。

因應之查核程序：

- 評估並測試銷貨收入認列有關內部控制設計及執行之有效性。
- 針對銷售合約選取樣本，執行交易詳細測試並檢查合約中重大條款，核對內、外部資料，佐證交易之真實性。
- 檢查遞延收入餘額，測試攤銷期間係屬適當，並核對轉列銷貨收入之金額計算。
- 針對期末應收帳款金額執行函證與期後收款等餘額證實測試程序，評估應收帳款及銷貨收入記錄在正確之期間。

管理階層與治理單位對個體財務報告之責任

管理階層之責任係依照證券發行人財務報告編製準則編製允當表達之個體財務報告，且維持與個體財務報告編製有關之必要內部控制，以確保個體財務報告未存有導因於舞弊或錯誤之重大不實表達。

於編製個體財務報告時，管理階層之責任包括評估系微股份有限公司繼續經營之能力、相關事項之揭露，以及繼續經營會計基礎之採用，除非管理階層意圖清算系微股份有限公司或停止營業，或除清算或停業外別無實際可行之其他方案。

系微股份有限公司之治理單位(含獨立董事及監察人)負有監督財務報導流程之責任。

會計師查核個體財務報告之責任

本會計師查核個體財務報告之目的，係對個體財務報告整體是否存有導因於舞弊或錯誤之重大不實表達取得合理確信，並出具查核報告。合理確信係高度確信，惟依照一般公認審計準則執行之查核工作無法保證必能偵出個體財務報告存有之重大不實表達。不實表達可能導因於舞弊或錯誤。如不實表達之個別金額或彙總數可合理預期將影響個體財務報告使用者所作之經濟決策，則被認為具有重大性。

本會計師依照一般公認審計準則查核時，運用專業判斷並保持專業上之懷疑。本會計師亦執行下列工作：

- 1.辨認並評估個體財務報告導因於舞弊或錯誤之重大不實表達風險；對所評估之風險設計及執行適當之因應對策；並取得足夠及適切之查核證據以作為查核意見之基礎。因舞弊可能涉及共謀、偽造、故意遺漏、不實聲明或踰越內部控制，故未偵出導因於舞弊之重大不實表達之風險高於導因於錯誤者。
- 2.對與查核攸關之內部控制取得必要之瞭解，以設計當時情況下適當之查核程序，惟其目的非對系微股份有限公司內部控制之有效性表示意見。
- 3.評估管理階層所採用會計政策之適當性，及其所作會計估計與相關揭露之合理性。
- 4.依據所取得之查核證據，對管理階層採用繼續經營會計基礎之適當性，以及使系微股份有限公司繼續經營之能力可能產生重大疑慮之事件或情況是否存在重大不確定性，作出結論。本會計師若認為該等事件或情況存在重大不確定性，則須於查核報告中提醒個體財務報告使用者注意個體財務報告之相關揭露，或於該等揭露係屬不適當時修正查核意見。本會計師之結論係以截至查核報告日所取得之查核證據為基礎。惟未來事件或情況可能導致系微股份有限公司不再具有繼續經營之能力。
- 5.評估個體財務報告(包括相關附註)之整體表達、結構及內容，以及個體財務報告是否允當表達相關交易及事件。

6.對於採用權益法之被投資公司之財務資訊取得足夠及適切之查核證據，以對個體財務報告表示意見。本會計師負責對查核案件之指導、監督及執行，並負責形成系微股份有限公司之查核意見。

本會計師與治理單位溝通之事項，包括所規劃之查核範圍及時間，以及重大查核發現(包括於查核過程中所辨認之內部控制顯著缺失)。

本會計師亦向治理單位提供本會計師所隸屬事務所受獨立性規範之人員已遵循會計師職業道德規範中有關獨立性之聲明，並與治理單位溝通所有可能被認為會影響會計師獨立性之關係及其他事項(包括相關防護措施)。

本會計師從與治理單位溝通之事項中，決定對系微股份有限公司民國一〇六年度個體財務報告查核之關鍵查核事項。本會計師於查核報告中敘明該等事項，除非法令不允許公開揭露特定事項，或在極罕見情況下，本會計師決定不於查核報告中溝通特定事項，因可合理預期此溝通所產生之負面影響大於所增進之公眾利益。

安 侯 建 業 聯 合 會 計 師 事 務 所

陳 眉 芳

會 計 師：

陳 俊 光

證券主管機關：(88)台財證(六)第18311號
核准簽證文號：金管證審字第1020000737號
民 國 一〇七 年 三 月 十 四 日

(English Translation of the Financial Statement Originally Issued in Chinese)
Insyde Software Corp.
Balance Sheet
December 31, 2017 and 2016
(Expressed in thousands of New Taiwan Dollars)

| Assets | | 2017.12.31 | | 2016.12.31 | | Liabilities and Equity | | 2017.12.31 | | 2016.12.31 | |
|---------------------|--|------------|-----|------------|-----|---|---|------------|-----|------------|-----|
| Current assets： | | Amount | % | Amount | % | Current liabilities： | | Amount | % | Amount | % |
| 1100 | Cash and cash equivalents | \$ 394,520 | 48 | \$ 362,045 | 43 | 2150 | Notes payable | \$ 19 | - | 94 | - |
| 1170 | Accounts receivables, net | 47,091 | 6 | 50,416 | 6 | 2200 | Other payables | 121,560 | 15 | 114,913 | 14 |
| 1210 | Other receivables - related parties | 6,961 | 1 | 6,585 | 1 | 2313 | Deferred revenue | 32,928 | 4 | 43,871 | 5 |
| 1410 | Prepayments | 31,367 | 4 | 26,336 | 3 | 2321 | Bonds payable, current portion | - | - | 30,000 | 4 |
| 1470 | Other current assets | 15,869 | 2 | 15,947 | 2 | 2399 | Other current liabilities | 4,027 | - | 3,879 | - |
| | Total current assets | 495,808 | 61 | 461,329 | 55 | | Total current liabilities | 158,534 | 19 | 192,757 | 23 |
| Non-current assets： | | | | | | Non-current liabilities： | | | | | |
| 1551 | Equity investments under equity method | 149,510 | 18 | 167,684 | 20 | 2551 | Non-current provisions for employee benefits | 15,996 | 2 | 16,489 | 2 |
| 1600 | Property, plant and equipment, net | 4,669 | 1 | 3,303 | - | 2570 | Deferred tax liabilities | 10,252 | 1 | 11,449 | 1 |
| 1780 | Intangible assets | 142,714 | 17 | 172,654 | 21 | 2630 | Long-term deferred revenue | 1,499 | - | 562 | - |
| 1840 | Deferred tax assets | 18,694 | 2 | 26,926 | 3 | | Total non-current liabilities | 27,747 | 3 | 28,500 | 3 |
| 1920 | Refundable deposits | 8,411 | 1 | 9,208 | 1 | | Total liabilities | 186,281 | 22 | 221,257 | 26 |
| | Total non-current assets | 323,998 | 39 | 379,775 | 45 | Equity attributable to shareholders of the parent | | | | | |
| | | | | | | Share Capital | | | | | |
| | | | | | | 3110 | Common stock | 380,435 | 46 | 380,435 | 46 |
| | | | | | | Capital surplus | | | | | |
| | | | | | | 3211 | Capital surplus, additional paid-in capital arising from ordinary share | 48,769 | 6 | 48,769 | 6 |
| | | | | | | 3260 | Capital surplus, changes in equity of associates and joint ventures accounted for using equity method | 281 | - | 281 | - |
| | | | | | | 3280 | Capital surplus, others | 18,427 | 3 | 18,407 | 2 |
| | | | | | | | | 67,477 | 9 | 67,457 | 8 |
| | | | | | | Retained earnings： | | | | | |
| | | | | | | 3310 | Legal reserve | 119,561 | 15 | 119,561 | 14 |
| | | | | | | 3320 | Special reserve | 10,537 | 1 | 10,537 | 1 |
| | | | | | | 3351 | Undistributed earnings | 62,483 | 8 | 38,361 | 5 |
| | | | | | | | | 192,581 | 24 | 168,459 | 20 |
| | | | | | | Other equity： | | | | | |
| | | | | | | 3490 | Other equity—Other | (6,968) | (1) | 3,496 | - |
| | | | | | | | Total equity | 633,525 | 78 | 619,847 | 74 |
| Total assets | | \$ 819,806 | 100 | 841,104 | 100 | Total liabilities and equity | | \$ 819,806 | 100 | 841,104 | 100 |

(English Translation of the Financial Statement Originally Issued in Chinese)

Insyde Software Corp.

Comprehensive Income Statement

For the years ended December 31, 2017 and 2016

(Expressed in thousands of New Taiwan Dollars)

| | | 2017 | | 2016 | |
|------|--|------------|-----|-------------|------|
| | | Amount | % | Amount | % |
| 4110 | Sales revenue | \$ 660,820 | 100 | \$ 559,222 | 100 |
| 4190 | Less : sales discounts and allowances | - | - | - | - |
| | Net sales | 660,820 | 100 | 559,222 | 100 |
| 5000 | Operating costs | 117,633 | 18 | 111,569 | 20 |
| | Gross profit | 543,187 | 82 | 447,653 | 80 |
| | Operating expenses | | | | |
| 6100 | Selling expenses | 53,049 | 8 | 52,738 | 9 |
| 6200 | Administrative expenses | 128,237 | 19 | 131,372 | 23 |
| 6300 | Research and development expenses | 306,250 | 46 | 322,746 | 58 |
| | | 487,536 | 73 | 506,856 | 90 |
| | Operating income | (55,651) | 9 | (59,203) | (10) |
| | Non-operating income and expenses | | | | |
| 7010 | Other income | 2,769 | - | 3,153 | 1 |
| 7020 | Other gains and losses | (6,824) | (1) | 4,054 | 1 |
| 7050 | Finance costs | (267) | - | (300) | (1) |
| 7070 | Share of profit of subsidiaries, associates and joint venture accounted for using equity method | (7,710) | (1) | 5,588 | 1 |
| | Total non-operating income and expenses | (12,032) | (2) | 12,495 | 2 |
| 7900 | Profit (loss) from continuing operations before tax | 43,619 | 7 | (46,708) | (8) |
| 7951 | Less: Income tax expense | 6,342 | 1 | (9,216) | (2) |
| | Net profit for this year | 37,277 | 6 | (37,492) | (6) |
| 8300 | Other comprehensive income (loss) : | | | | |
| 8310 | Items that will not be reclassified subsequently to profit or loss | | | | |
| 8311 | Remeasurement of defined benefit plans | (1,742) | - | (1,846) | - |
| 8349 | Income tax relating to item that will not be reclassified subsequently to profit or loss | - | - | - | - |
| | | (1,742) | - | (1,846) | - |
| 8360 | Items that may be reclassified subsequently to profit or loss | | | | |
| 8361 | Exchange differences on translating foreign operation | (10,464) | (2) | (4,943) | (1) |
| 8399 | Income tax relating to the items that may be reclassified subsequently to profit or loss | - | - | - | - |
| | | (10,464) | (2) | (4,943) | (1) |
| 8300 | Other comprehensive income (loss) for the year, net of income tax | (12,206) | (2) | (6,789) | (1) |
| | Total comprehensive income for the year | \$ 25,071 | 4 | \$ (44,281) | (7) |
| | Earnings per share(NTD) | | | | |
| 9750 | Basic Earnings Per Share | \$ 0.98 | | \$ (0.99) | |
| 9850 | Diluted Earnings Per Share | \$ 0.98 | | \$ (0.99) | |

Chairman :

C.E.O. :

Accounting Manager :

(English Translation of the Financial Statement Originally Issued in Chinese)
Insyde Software Corp.

Statement of Stockholders' Equity
For the years ended December 31, 2017 and 2016
(Expressed in thousands of New Taiwan Dollars)

| | <u>Share stock</u> | | <u>Retained earnings</u> | | | | <u>Other equity</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> | <u>Exchange difference on translation of foreign operations</u> | |
| Balance - January 1, 2016 | \$ 380,435 | 67,493 | 115,238 | 10,537 | 114,359 | 240,134 | 8,439 | 696,501 |
| Net profit for the year ended December 31, 2016 | - | - | - | - | (37,492) | (37,492) | - | (37,492) |
| Other comprehensive income (loss) for the year ended December 31, 2016 | - | - | - | - | (1,846) | (1,846) | (4,943) | (6,789) |
| Total comprehensive income | - | - | - | - | (39,338) | (39,338) | (4,943) | (44,281) |
| Appropriation and distribution of 2016 earnings: | | | | | | | | |
| Legal reserve | - | - | 4,323 | - | (4,323) | - | - | - |
| Cash dividends to shareholders | | | | | (32,337) | (32,337) | | (32,337) |
| Changes in percentage interests in subsidiaries | - | (36) | - | - | - | - | - | (36) |
| Balance - December 31, 2016 | 380,435 | 67,457 | 119,561 | 10,537 | 38,361 | 168,459 | 3,496 | 619,847 |
| Net profit for the year ended December 31, 2017 | - | - | - | - | 37,277 | 37,277 | - | 37,277 |
| Other comprehensive income for the year ended December 31, 2017 | - | - | - | - | (1,742) | (1,742) | (10,464) | (12,206) |
| Total comprehensive income (loss) | - | - | - | - | 35,535 | 35,535 | (10,464) | 25,071 |
| Appropriation and distribution of 2016 earnings: | | | | | | | | |
| Cash dividends to shareholders | - | - | - | - | (11,413) | (11,413) | - | (11,413) |
| Charger in other capital surplus | - | 20 | - | - | - | - | - | (20) |
| Balance - December 31, 2017 | <u>\$ 380,435</u> | <u>67,477</u> | <u>119,561</u> | <u>10,537</u> | <u>62,483</u> | <u>192,581</u> | <u>(6,968)</u> | <u>633,525</u> |

Remarks : The directors' and supervisors' compensation of \$1,223 and \$0, and employees' compensation of \$6,115, and \$0 had been deducted from net income for year 2017 and 2016, respectively.

Chairman :

C.E.O. :

Accounting Manager :

(English Translation of the Financial Statement Originally Issued in Chinese)

Insyde Software Corp.
Statements of Cash Flows
For the years ended December 31, 2017 and 2016
(Expressed in thousands of New Taiwan Dollars)

| | <u>2017</u> | <u>2016</u> |
|--|--------------------------|--------------------------|
| Cash flows from (used in) operating activities : | | |
| Profit (loss) before tax | \$ 43,619 | \$ (46,708) |
| Adjustments for : | | |
| Adjustments to reconcile profit (loss) | | |
| Depreciation expense | 1,883 | 2,942 |
| Amortization expense | 32,679 | 32,282 |
| Interest expense | 267 | 300 |
| Interest income | (2,769) | (3,153) |
| Share of profit of subsidiaries, associates and joint ventures accounted for using equity method | 7,710 | (5,588) |
| Loss on disposal of property, plant and equipment | (205) | (127) |
| Loss on Intangible assets | 72 | 21 |
| Gain on financial liabilities at fair value through profit or loss | - | - |
| Total adjustments to reconcile profit (loss) before income tax | <u>39,637</u> | <u>26,677</u> |
| Changes in operating assets and liabilities : | | |
| Changes in operating assets : | | |
| (Increase) decrease in accounts receivable | 3,325 | (20,387) |
| Decrease in other receivables - related parties | (376) | 1,153 |
| Increase in prepayments | (7,517) | (659) |
| (Increase) Decrease in other current assets | <u>99</u> | <u>(3,699)</u> |
| Total changes in operating assets | <u>(4,469)</u> | <u>(23,592)</u> |
| Changes in operating liabilities : | | |
| Increase in notes payable | (75) | 75 |
| Decrease in other payable | 7,059 | (17,232) |
| Increase (Decrease) in other current liabilities | 168 | 2,022 |
| Decrease in accrued pension liabilities | (2,235) | (1,170) |
| (Decrease) Increase in deferred credits | <u>(10,006)</u> | <u>(4,598)</u> |
| Total changes in operating liabilities | <u>(5,089)</u> | <u>(20,903)</u> |
| Total changes in operating assets and liabilities | <u>(9,558)</u> | <u>(44,495)</u> |
| Cash generated from operations | 73,698 | (64,526) |
| Interest received | 2,748 | 3,261 |
| Interest paid | (300) | (300) |
| Income taxes paid | <u>748</u> | <u>(10,600)</u> |
| Net cash generated from operating activities | <u>76,894</u> | <u>(72,165)</u> |
| Cash flows from investing activities : | | |
| Increase in Equity investments under equity method | - | (45) |
| Acquisition of property, plant and equipment | (3,328) | (2,620) |
| Proceeds from disposal of property, plant and equipment | 212 | 131 |
| Decrease (Increase) in refundable deposits | 797 | 1,255 |
| Acquisition of intangible assets | <u>(687)</u> | <u>(342)</u> |
| Net cash used in investing activities | <u>(3,006)</u> | <u>(1,621)</u> |
| Cash flows from financing activities : | | |
| Repayments of bonds | (30,000) | - |
| Cash dividends paid | <u>(11,413)</u> | <u>(32,337)</u> |
| Net cash used in financing activities | <u>(41,413)</u> | <u>(32,337)</u> |
| Net decrease in cash and cash equivalents | 32,475 | (106,123) |
| Cash and cash equivalents, beginning of the year | <u>362,045</u> | <u>486,168</u> |
| Cash and cash equivalents, end of the year | <u><u>\$ 394,520</u></u> | <u><u>\$ 362,045</u></u> |

Chairman :

C.E.O. :

Accounting Manager :

會計師查核報告

系微股份有限公司董事會 公鑒：

查核意見

系微股份有限公司及其子公司(系微集團)民國一〇六年及一〇五年十二月三十一日之合併資產負債表，暨民國一〇六年及一〇五年一月一日至十二月三十一日之合併綜合損益表、合併權益變動表及合併現金流量表，以及合併財務報告附註(包括重大會計政策彙總)，業經本會計師查核竣事。

依本會計師之意見，上開合併財務報告在所有重大方面係依照證券發行人財務報告編製準則暨經金融監督管理委員會認可並發布生效之國際財務報導準則、國際會計準則、解釋及解釋公告編製，足以允當表達系微集團民國一〇六年及一〇五年十二月三十一日之合併財務狀況，與民國一〇六年及一〇五年一月一日至十二月三十一日之合併財務績效與合併現金流量。

查核意見之基礎

本會計師係依照會計師查核簽證財務報表規則及一般公認審計準則規劃並執行查核工作。本會計師於該等準則下之責任將於會計師查核合併財務報告之責任段進一步說明。本會計師所隸屬事務所受獨立性規範之人員已依會計師職業道德規範，與系微集團保持超然獨立，並履行該規範之其他責任。本會計師相信已取得足夠及適切之查核證據，以作為表示查核意見之基礎。

關鍵查核事項

關鍵查核事項係指依本會計師之專業判斷，對系微集團民國一〇六年度合併財務報告之查核最為重要之事項。該等事項已於查核合併財務報告整體及形成查核意見之過程中予以因應，本會計師並不對該等事項單獨表示意見。本會計師判斷應溝通在查核報告上之關鍵查核事項如下：

一、收入認列

有關收入認列之會計政策及揭露資訊，請詳合併財務報告附註四(十二)及六(十一)。

關鍵查核事項之說明：

系微集團銷貨收入組合以軟、韌體授權、銷售原始程式及提供軟、韌體技術服務為主，銷貨收入為決定財務報表績效最關鍵之因素，且受報表使用者高度關注，因此將銷貨收入認列為關鍵查核事項。

因應之查核程序：

- 評估並測試銷貨收入認列有關內部控制設計及執行之有效性。
- 針對銷售合約選取樣本，執行交易詳細測試並檢查合約中重大條款，核對內、外部資料，佐證交易之真實性。
- 檢查遞延收入餘額，測試攤銷期間係屬適當，並核對轉列銷貨收入之金額計算。
- 針對期末應收帳款金額執行函證與期後收款等餘額證實測試程序，評估應收帳款及銷貨收入記錄在正確之期間。

其他事項

系微股份有限公司已編製民國一〇六年及一〇五年度之個體財務報告，並經本會計師出具無保留意見之查核報告在案，備供參考。

管理階層與治理單位對合併財務報告之責任

管理階層之責任係依照證券發行人財務報告編製準則暨經金融監督管理委員會認可並發布生效之國際財務報導準則、國際會計準則、解釋及解釋公告編製允當表達之合併財務報告，且維持與合併財務報告編製有關之必要內部控制，以確保合併財務報告未存有導因於舞弊或錯誤之重大不實表達。

於編製合併財務報告時，管理階層之責任包括評估系微集團繼續經營之能力、相關事項之揭露，以及繼續經營會計基礎之採用，除非管理階層意圖清算系微集團或停止營業，或除清算或停業外別無實際可行之其他方案。

系微集團之治理單位(含獨立董事及監察人)負有監督財務報導流程之責任。

會計師查核合併財務報告之責任

本會計師查核合併財務報告之目的，係對合併財務報告整體是否存有導因於舞弊或錯誤之重大不實表達取得合理確信，並出具查核報告。合理確信係高度確信，惟依照一般公認審計準則執行之查核工作無法保證必能偵出合併財務報告存有之重大不實表達。不實表達可能導因於舞弊或錯誤。如不實表達之個別金額或彙總數可合理預期將影響合併財務報告使用者所作之經濟決策，則被認為具有重大性。

本會計師依照一般公認審計準則查核時，運用專業判斷並保持專業上之懷疑。本會計師亦執行下列工作：

- 1.辨認並評估合併財務報告導因於舞弊或錯誤之重大不實表達風險；對所評估之風險設計及執行適當之因應對策；並取得足夠及適切之查核證據以作為查核意見之基礎。因舞弊可能涉及共謀、偽造、故意遺漏、不實聲明或踰越內部控制，故未偵出導因於舞弊之重大不實表達之風險高於導因於錯誤者。
- 2.對與查核攸關之內部控制取得必要之瞭解，以設計當時情況下適當之查核程序，惟其目的非對系微集團內部控制之有效性表示意見。
- 3.評估管理階層所採用會計政策之適當性，及其所作會計估計與相關揭露之合理性。

- 4.依據所取得之查核證據，對管理階層採用繼續經營會計基礎之適當性，以及使系微集團繼續經營之能力可能產生重大疑慮之事件或情況是否存在重大不確定性，作出結論。本會計師若認為該等事件或情況存在重大不確定性，則須於查核報告中提醒合併財務報告使用者注意合併財務報告之相關揭露，或於該等揭露係屬不適當時修正查核意見。本會計師之結論係以截至查核報告日所取得之查核證據為基礎。惟未來事件或情況可能導致系微集團不再具有繼續經營之能力。
- 5.評估合併財務報告(包括相關附註)之整體表達、結構及內容，以及合併財務報告是否允當表達相關交易及事件。
- 6.對於集團內組成個體之財務資訊取得足夠及適切之查核證據，以對合併財務報告表示意見。本會計師負責集團查核案件之指導、監督及執行，並負責形成集團查核意見。

本會計師與治理單位溝通之事項，包括所規劃之查核範圍及時間，以及重大查核發現(包括於查核過程中所辨認之內部控制顯著缺失)。

本會計師亦向治理單位提供本會計師所隸屬事務所受獨立性規範之人員已遵循會計師職業道德規範中有關獨立性之聲明，並與治理單位溝通所有可能被認為會影響會計師獨立性之關係及其他事項(包括相關防護措施)。

本會計師從與治理單位溝通之事項中，決定對系微集團民國一〇六年度合併財務報告查核之關鍵查核事項。本會計師於查核報告中敘明該等事項，除非法令不允許公開揭露特定事項，或在極罕見情況下，本會計師決定不於查核報告中溝通特定事項，因可合理預期此溝通所產生之負面影響大於所增進之公眾利益。

安 侯 建 業 聯 合 會 計 師 事 務 所

陳 眉 芳

會 計 師：

陳 俊 光

證券主管機關：(88)台財證(六)第18311號
核准簽證文號：金管證審字第1020000737號

(English Translation of the Financial Statement Originally Issued in Chinese)
Insyde Software Corp.
Consolidated Balance Sheet
December 31, 2017 and 2016
(Expressed in thousands of New Taiwan Dollars)

| Assets | | <u>2017.12.31</u> | | <u>2016.12.31</u> | | Liabilities and Equity | | <u>2017.12.31</u> | | <u>2016.12.31</u> | |
|----------------------|------------------------------------|-------------------|------------|-------------------|------------|---|--|-------------------|------------|-------------------|------------|
| | | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> | | | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> |
| Current assets : | | | | | | Current liabilities : | | | | | |
| 1100 | Cash and cash equivalents | \$ 528,950 | 62 | 506,373 | 58 | 2150 | Notes payable | \$ 19 | - | 19 | - |
| 1170 | Accounts receivables, net | 66,235 | 8 | 82,539 | 9 | 2200 | Other payables | 136,321 | 16 | 130,202 | 15 |
| 1410 | Prepayments | 42,150 | 5 | 28,709 | 3 | 2313 | Deferred revenue | 47,601 | 6 | 61,297 | 7 |
| 1470 | Other current assets | 16,0675 | 2 | 16,099 | 2 | 2321 | Bonds payable, current portion | - | - | 30,000 | 3 |
| | Total current assets | 654,010 | 77 | 633,801 | 72 | 2399 | Other current liabilities | 4,094 | - | 4,479 | 1 |
| Non-current assets : | | | | | | | Total current liabilities | 188,035 | 22 | 226,072 | 26 |
| 1600 | Property, plant and equipment, net | 5,441 | 1 | 4,237 | 1 | | Non-current liabilities : | | | | |
| 1780 | Intangible assets | 162,268 | 19 | 231,732 | 23 | 2551 | Non-current provisions for employee benefits | 15,996 | 2 | 16,489 | 2 |
| 1840 | Deferred tax assets | 18,694 | 2 | 15,167 | 3 | 2570 | Deferred tax liabilities | 10,252 | 1 | 11,449 | 1 |
| 1920 | Refundable deposits | 9,053 | 1 | 11,416 | 1 | 2630 | Long-term deferred revenue | 1,499 | - | 562 | - |
| | Total non-current assets | 195,456 | 23 | 240,805 | 28 | | Total non-current liabilities | 27,747 | 3 | 28,500 | 3 |
| | | | | | | | Total liabilities | 215,782 | 25 | 254,572 | 29 |
| | | | | | | Equity attributable to shareholders of the parent | | | | | |
| | | | | | | Share Capital | | | | | |
| | | | | | 3110 | Common stock | | 380,435 | 45 | 380,435 | 44 |
| | | | | | | Capital surplus | | | | | |
| | | | | | 3211 | Capital surplus, additional paid-in capital arising from ordinary share | | 48,769 | 6 | 48,769 | 6 |
| | | | | | 3260 | Capital surplus, changes in equity of associates and joint ventures accounted for using equity method | | 281 | - | 281 | - |
| | | | | | 3280 | Capital surplus, others | | 18,427 | 2 | 18,407 | 2 |
| | | | | | | | | 67,457 | 8 | 67,493 | 8 |
| | | | | | | Retained earnings : | | | | | |
| | | | | | 3310 | Legal reserve | | 119,561 | 14 | 119,561 | 14 |
| | | | | | 3320 | Special reserve | | 10,537 | 1 | 10,537 | 1 |
| | | | | | 3351 | Undistributed earnings | | 62,483 | 8 | 38,361 | 4 |
| | | | | | | | | 192,581 | 23 | 168,459 | 19 |
| | | | | | | Other equity : | | | | | |
| | | | | | 3490 | Other equity—Other | | (6,968) | (1) | 3,469 | - |
| | | | | | | Total equity attributable to owners of parent | | 633,525 | 75 | 619,847 | 71 |
| | | | | | 3180 | Non-controlling interests | | 159 | - | 187 | - |
| | | | | | | Total equity | | 633,684 | 75 | 620,034 | 71 |
| Total assets | | <u>\$ 849,466</u> | <u>100</u> | <u>874,606</u> | <u>100</u> | Total liabilities and equity | | <u>\$ 849,466</u> | <u>100</u> | <u>874,606</u> | <u>100</u> |

Chairman :

C.E.O. :

Accounting Manager :

(English Translation of the Financial Statement Originally Issued in Chinese)

Insyde Software Corp.

Consolidated Comprehensive Income Statement

For the years ended December 31, 2017 and 2016

(Expressed in thousands of New Taiwan Dollars)

| | | 2017 | | 2016 | |
|------|---|--------------------|----------|-----------------|------------|
| | | Amount | % | Amount | % |
| 4110 | Sales revenue | \$ 786,648 | 100 | 719,818 | 100 |
| 4190 | Less : sales discounts and allowances | - | - | - | - |
| | Net sales | 786,648 | 100 | 719,818 | 100 |
| 5000 | Operating costs | 137,304 | 17 | 125,704 | 17 |
| | Gross profit | 649,344 | 83 | 594,114 | 83 |
| | Operating expenses | | | | |
| 6100 | Selling expenses | 76,287 | 10 | 75,390 | 10 |
| 6200 | Administrative expenses | 151,165 | 19 | 154,756 | 22 |
| 6300 | Research and development expenses | 365,738 | 47 | 408,391 | 57 |
| | | 593,190 | 76 | 638,537 | 89 |
| | Operating income | 56,154 | 7 | (44,423) | (6) |
| | Non-operating income and expenses | | | | |
| 7010 | Other income | 3,031 | - | 3,381 | - |
| 7020 | Other gains and losses | (7,902) | (1) | 6,264 | 1 |
| 7050 | Finance costs | (267) | - | (300) | - |
| | Total non-operating income and expenses | (5,138) | (1) | 9,345 | 1 |
| 7900 | Profit from continuing operations before tax | 51,016 | 6 | (35,078) | (5) |
| 7951 | Less: Income tax expense | 13,767 | 2 | 2,538 | - |
| 8200 | Net profit for this year | 37,249 | 4 | (37,616) | (5) |
| 8300 | Other comprehensive income (loss) : | | | | |
| 8310 | Items that will not be reclassified subsequently to profit or loss | | | | |
| 8311 | Remeasurement of defined benefit plans | (1,742) | - | (1,846) | - |
| 8349 | Income tax relating to items that will not be reclassified subsequently to profit or loss | - | - | - | - |
| | | (1,742) | - | (1,846) | - |
| 8360 | Items that may be reclassified subsequently to profit or loss | | | | |
| 8361 | Exchange differences on translating foreign operations | (10,464) | (1) | (4,943) | (1) |
| 8399 | Income tax relating to the items that may be reclassified subsequently to profit or loss | - | - | - | - |
| | | (10,464) | (1) | (4,943) | (1) |
| | Other comprehensive income (loss) for the year, net of income tax | (12,206) | (1) | (6,789) | (1) |
| 8500 | Total comprehensive income for the year | \$ 25,043 | 3 | (44,405) | (6) |
| | Net profit attributable to: | | | | |
| 8610 | Owners of the Company | \$ 37,277 | 4 | (37,492) | (5) |
| 8620 | Non-controlling interests | (28) | - | (124) | - |
| | | \$ (37,249) | 4 | (37,616) | (5) |
| | Total comprehensive income attributable to : | | | | |
| 8710 | Owners of Company | \$ 25,071 | 3 | (44,281) | (6) |
| 8720 | Non-controlling interests | (28) | - | (124) | - |
| | | \$ 25,043 | 3 | (44,405) | (6) |
| | Earnings per share (NTD) | | | | |
| 9750 | Basic Earnings Per Share | \$ 0.98 | | (0.99) | |
| 9850 | Diluted Earnings Per Share | \$ 0.98 | | (0.99) | |

Chairman :

C.E.O. :

Accounting Manager :

(English Translation of the Financial Statement Originally Issued in Chinese)

Insyde Software Corp.

Consolidated Statement of Stockholders' Equity

For the years ended December 31, 2017 and 2016

(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>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> | | <u>Total</u> | | |
| Balance-January 1, 2016 | \$ 380,435 | 67,493 | 115,238 | 10,537 | 114,359 | 240,134 | 8,439 | 696,501 | 320 | 696,821 |
| Net profit for the year ended December 31,2016 | - | - | - | - | (37,492) | (37,492) | - | (37,492) | (124) | (37,616) |
| Other comprehensive income (loss) for the ended December 31, 2016 | - | - | - | - | (1,846) | (1,846) | (4,943) | (6,789) | - | (6,789) |
| Total comprehensive income | - | - | - | - | (39,338) | (39,338) | (4,943) | (44,281) | (124) | (44,405) |
| Appropriation and distribution of 2016 earnings: : | | | | | | | | | | |
| Legal reserve | - | - | 4,323 | - | (4,323) | - | - | - | - | - |
| Cash dividends to shareholders | - | - | - | - | (32,337) | (32,337) | - | (32,337) | - | (32,337) |
| Changes in percentage interests in subsidiaries | - | (36) | - | - | - | - | - | (36) | (9) | (45) |
| Balance-December 31, 2016 | 380,435 | 67,457 | 119,561 | 10,537 | 38,361 | 168,459 | 3,496 | 619,847 | 187 | 620,034 |
| Net profit for the year ended December 31,2017 | - | - | - | - | 37,277 | 37,277 | - | 37,277 | (28) | 37,249 |
| Other comprehensive income(loss) for the year ended December 31,2017 | - | - | - | - | (1,742) | (1,742) | (10,464) | (12,206) | - | (12,206) |
| Total comprehensive income | - | - | - | - | 35,535 | 35,535 | (10,464) | 25,071 | (28) | 25,043 |
| Appropriation and distribution of 2016 earnings: | | | | | | | | | | |
| Cash dividends to shareholders | - | - | - | - | (11,413) | (11,413) | - | (11,413) | - | (11,413) |
| Changer in other capital surplus | - | 20 | - | - | - | - | - | 20 | - | 20 |
| Balance-December 31, 2017 | <u>\$ 380,435</u> | <u>67,477</u> | <u>119,561</u> | <u>10,537</u> | <u>62,483</u> | <u>192,581</u> | <u>(6,968)</u> | <u>633,525</u> | <u>159</u> | <u>633,684</u> |

Chairman :

C.E.O. :

Accounting Manager :

(English Translation of the Financial Statement Originally Issued in Chinese)

Insyde Software Corp.

Consolidated Statements of Cash Flows

For the years ended December 31, 2017 and 2016

(Expressed in thousands of New Taiwan Dollars)

| | 2017 | 2016 |
|--|-------------------|----------------|
| Cash flows from (used in) operating activities : | | |
| Profit (loss) before tax | \$ 51,016 | (35,078) |
| Adjustments for : | | |
| Adjustments to reconcile profit (loss) | | |
| Depreciation expense | 2,159 | 3,340 |
| Amortization expense | 38,158 | 38,098 |
| Interest expense | 267 | 300 |
| Interest income | (3,031) | (3,381) |
| Loss (profit) on disposal of property, plant and equipment | (205) | (127) |
| Loss on Intangible assets | 72 | 21 |
| Gain on financial liabilities at fair value through profit or loss | - | - |
| Total adjustments to reconcile profit (loss) before income tax | 37,420 | 38,251 |
| Changes in operating assets and liabilities : | | |
| Changes in operating assets : | | |
| (Increase) Decrease in accounts receivable | 16,304 | (26,838) |
| Increase in prepayments | (6,910) | (5,520) |
| Decrease in other current assets | (989) | 372 |
| Total changes in operating assets | 8,405 | (31,986) |
| Changes in operating liabilities : | | |
| Increase in notes payable | (75) | 75 |
| Decrease in other payable | 7,653 | (16,021) |
| Increase (Decrease) in other current liabilities | (365) | 2,535 |
| Decrease in accrued pension liabilities | (2,235) | (1,170) |
| Increase in deferred credits | (12,759) | 1,539 |
| Total changes in operating liabilities | (7,781) | (13,042) |
| Cash generated from operations | 89,060 | (41,855) |
| Interest received | 3,010 | 3,489 |
| Interest paid | (300) | (300) |
| Income taxes refund (paid) | (16,301) | (22,224) |
| Net cash generated from operating activities | 75,469 | (60,890) |
| Cash flows from investing activities : | | |
| Acquisition of property, plant and equipment | (3,561) | (3,292) |
| Proceeds from disposal of property, plant and equipment | 212 | 134 |
| Decrease (Increase) in refundable deposits | 1,062 | 1,301 |
| Acquisition of intangible assets | (687) | (342) |
| Net cash used in investing activities | (2,974) | (2,199) |
| Cash flows from financing activities : | | |
| Repayments of bonds | (30,000) | - |
| Cash dividends paid | (11,413) | (32,337) |
| Change in non-controlling interests | - | (45) |
| Net cash flows used in financing activities | (41,413) | (32,382) |
| Effect of exchange rate changes on cash and cash equivalents | (8,505) | (4,358) |
| Net (decrease) increase in cash and cash equivalents | 22,577 | (99,829) |
| Cash and cash equivalents, beginning of the year | 506,373 | 606,202 |
| Cash and cash equivalents, end of the year | <u>\$ 528,950</u> | <u>506,373</u> |

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 2017 annual Shareholders' Meeting

Insyde Software Corporation

Supervisor

Wang Chien-Chih

Shao Chien-Hua

Ming Liang Investment Co., Ltd.

Representative : Dai May HONG

May 29, 2018

| | | | | | |
|----------------------------|---|------------|--------|-------|----------|
| 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 | 請詳見民國一〇七年年報第 73 頁及 74 頁說明。 | | | | |

Insyde Software Corp.
Rules of Procedure for Board of Directors Meetings

Appendix 5

| |
|--|
| 2013.06.17 shareholders' meeting report |
|--|

- Article 1 (Basis for the adoption of these Rules)
To establish a strong governance system and sound supervisory capabilities for this Corporation's board of directors and to strengthen management capabilities, these Rules are adopted pursuant to Article 2 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.
- Article 2 (Scope of these Rules)
With respect to the board of directors meetings ("board meetings") of this Corporation, the main agenda items, working procedures, required content of meeting minutes, public announcements, and other compliance requirements shall be handled in accordance with the provisions of these Rules.
- Article 3 (Convening and notice of board meetings)
The board of directors shall meet at least quarterly.
A notice of the reasons for convening a board meeting shall be given to each director and supervisor before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice.
The notice to be given under the preceding paragraph may be effected by means of electronic transmission with the prior consent of the recipients.
All matters set forth under Article 7, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion except in the case of an emergency or for other legitimate reason.
- Article 4 (Principles for determining the place and time of a board meeting)
A board meeting shall be held at the premises and during the business hours of this Corporation, or at a place and time convenient for all directors to attend and suitable for holding board meetings.
- Article 5 (Meeting notification and meeting materials))
The designated unit responsible for the board meetings of this Corporation shall be President Office .
The unit responsible for board meetings shall draft agenda items and prepare sufficient meeting materials, and shall deliver them together with the notice of the meeting.
A director who is of the opinion that the meeting materials provided are insufficient may request their supplementation by the unit responsible for board meetings. If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a resolution of the board of directors.
- Article 6 (Agenda items)
Agenda items for regular board meetings of this Corporation shall include at least the following:
1. Matters to be reported:
A. Minutes of the last meeting and action taken.
B. Important financial and business matters.
C. Internal audit activities.
D. Other important matters to be reported.
2. Matters for discussion:
A. Items for continued discussion from the last meeting.
B. Items for discussion at this meeting.
3. Extraordinary motions.
- Article 7 (Matters requiring discussion at a board meeting)
The matters listed below as they relate to this Corporation shall be raised for discussion at a board meeting:

1. The Corporation's business plan.
2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports that are not required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA).
3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.
5. The offering, issuance, or private placement of equity-type securities.
6. The appointment or discharge of a financial, accounting, or internal audit officer.
7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
8. Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority.

The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

In the case of a foreign issuer whose shares have no par value or a par value other than NT\$10, 2.5 percent of shareholders' equity shall be substituted for the calculation of the amount equal to 5 percent of paid-in capital required under this paragraph.

With respect to a matter that, under Article 14-3 of the Securities and Exchange Act, must be approved by resolution at a board meeting, any and all independent directors of this Corporation shall attend the meeting in person or appoint another independent director to attend the meeting as proxy. If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.

Article 8 (Principles with respect to the delegation of powers by the board)

With the exception of matters required to be discussed at a board meeting under Article 7, paragraph 1, when the board of directors appoints a party to exercise the powers of the board in accordance with applicable laws and regulations or this Corporation's articles of incorporation, the levels of such delegation and the content or matters it covers shall be definite and specific, and the matters of major of the company still subject to the resolution of the board of directors.

Article 9 (Preparation of attendance book and other documents; attendance by proxy)

When a board meeting is held, an attendance book shall be provided for signing-in by attending directors, which shall be made available for future reference.

Directors shall attend board meetings in person. A director unable to attend in person may appoint another director to attend the meeting in his or her place in accordance with this Corporation's articles of incorporation. Attendance by videoconference will be deemed attendance in person.

A director who appoints another director to attend a board meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting.

Article 10 The proxy referred to in paragraph 2 may be the appointed proxy of only one person. (Chair and acting chair of a board meeting)

Board meetings shall be convened and chaired by the chairperson of the board. However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the director that received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if two or more directors are so entitled to convene the meeting, they shall select from among themselves one director to serve as chair.

When the chairperson of the board is on leave or for any reason unable to exercise the powers of chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson is also on leave or for any reason unable to exercise the powers of vice chairperson, the chairperson shall appoint one of the managing directors to act, or, if there are no managing directors, one of the directors shall be appointed to act as chair. If no such designation is made by the chairperson, the managing directors or directors shall select one person from among themselves to serve as chair.

Article 11 Depending on the subject matters of proposed resolutions, relevant managerial personnel may be invited to present at Board Meetings to assist the Directors in understanding the Company's current conditions so that they can make appropriate resolutions.

When necessary, CPAs, legal counsels, or other professional personnel may be invited to the meetings to provide professional opinions for the Board of Directors' reference, but shall excuse themselves and vacate the meeting when the proposed resolution will be discussed and resolved.

Article 12 More than half of the directors attend the board meeting at time for the meeting, the chairman should immediately declare the meeting. If half of all the directors are not present for the meeting at the meeting time, the chairman may announce a postponement of the meeting, it's can be delayed twice limit. If the second delay is still not enough, the chairman may re-convene pursuant to the procedure set forth in Article 3, paragraph 2. All the directors mentioned in the preceding paragraph and the second paragraph of Article 17 shall be calculated on the basis of the actual incumbent.

Article 13 (Discussion of proposals)

A board meeting shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.

The preceding meeting agenda and the approved change agenda, the chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting.

At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Article 12, paragraph 1 shall apply mutatis mutandis.

Article 14 (Voting—I)

When the chair at a board meeting 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 a vote.

When a proposal comes to a vote at a board meeting, if no attending director voices an objection following an inquiry by the chair, the proposal will be deemed approved. If there is an objection following an inquiry by the chair, the proposal shall be brought to a vote.

One voting method for proposals at a board meeting shall be selected by the chair from among those below, provided that when an attending director has an objection, the chair shall seek the opinion of the majority to make a decision:

1. A show of hands or a vote by voting machine.
2. A roll call vote.
3. A vote by ballot.
4. A vote by a method selected at this Corporation's discretion.

"Attending directors," as used in the preceding two paragraphs, does not include directors that may not exercise voting rights pursuant to Article 16, paragraph 1.

Article 15 (Voting—II and methods for vote monitoring and counting)

Except where otherwise provided by the Securities and Exchange Act and the Company Act,

the passage of a proposal at a board meeting shall require the approval of a majority of the directors in attendance at a board of directors meeting attended by a majority of all directors.

When there is an amendment or 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. If any one among them is passed, the other proposals shall then be deemed rejected, and no further voting on them shall be required.

If a vote on a proposal requires monitoring and counting personnel, the chair shall appoint such personnel, providing that all monitoring personnel shall be directors.

Voting results shall be made known on-site immediately and recorded in writing.

Article 16 (Recusal system for directors)

If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of this Corporation, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.

Where a director is prohibited by the preceding paragraph from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, paragraph 2 of the Company Act apply mutatis mutandis in accordance with Article 206, paragraph 3 of the same Act.

Article 17 (Meeting minutes and sign-in matters)

Discussions at a board meeting shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below:

1. The meeting session (or year) and the time and place of the meeting.
2. The name of the chair.
3. The directors' attendance at the meeting, including the names and the number of directors in attendance, excused, and absent.
4. The names and titles of those attending the meeting as non-voting participants.
5. The name of the minute taker.
6. The matters reported at the meeting.
7. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Article 7, paragraph 5.
8. Extraordinary motions: The name of the mover, the method of resolution and the result, a summary of the comments of any director, supervisor, expert, or other person; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; and their objections or reservations and any recorded or written statements.

Other matters required to be recorded.

The occurrence of any of the following circumstances, with respect to a resolution passed at a board meeting, shall be stated in the meeting minutes and shall be publicly announced and filed on the website of the Market Observation Post System designated by the Financial Supervisory Commission, within 2 days from the date of the meeting:

Any objection or expression of reservations by an independent director expresses of which there is a record or written statement.

The attendance book constitutes part of the minutes for each board meeting and shall be retained for the duration of the existence of this Corporation.

The minutes of a board meeting shall bear the signature or seal of both the chair and the minute taker, and a copy of the minutes shall be distributed to each director and supervisor within 20 days after the meeting. The minutes shall be deemed important corporate records and appropriately preserved during the existence of this Corporation.

- The meeting minutes of paragraph 1 may produced and distributed in electronic form.
- Article 18 (Documentation of a board meeting by audio or video)
- Proceedings of a board meeting shall be recorded in their entirety in audio or video, and the recording shall be retained for a minimum of 5 years. The record may be retained in electronic form.
- If any litigation arises with respect to a resolution of a board meeting before the end of the retention period of the preceding paragraph, the relevant audio or video record shall be retained until the conclusion of the litigation.
- Where a board meeting is held by videoconference, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be retained for the duration of the existence of this Corporation.
- Article 19 The board of directors has managing directors, the provisions of Article 2, Article 3, paragraph 2, Articles 4 to 6, Articles 9 and Articles 11 to 18 apply, mutatis mutandis, to this Corporation's meetings of the board of managing directors, provided that when meetings of the board of managing directors are held at regular intervals of 7 days or less, notices of such meetings may be given to each managing director before 2 days before the meeting.
- Article 20 (Supplementary provisions)
- These Rules of Procedure and amendments shall be adopted by the approval of meeting of the board of directors and shall be reported to the shareholders meeting.

Insyde Software Corp.
Comparison Table For the Rules of Procedure for Board of Directors Meetings

Approved by board meeting on 2017 Nov. 2

| After the Version | Before the Version | Amendment Reason |
|---|---|--|
| <p>Article 7 (Matters requiring discussion at a board meeting)</p> <p>The matters listed below as they relate to this Corporation shall be raised for discussion at a board meeting :</p> <p>1.The Corporation's business plan.</p> <p>2.Annual and semi-annual financial reports, with the exception of semi-annual financial reports that are not required under relevant laws and regulations to be audited and attested by a cerified public accountant (CPA).</p> <p>3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act., <u>and the effectiveness of internal control system assessment.</u></p> <p>4.Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.</p> <p>5. The offering, issuance, or private placement of equity-type securities.</p> <p>6. The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p>7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for</p> | <p>Article 7 (Matters requiring discussion at a board meeting)</p> <p>The matters listed below as they relate to this Corporation shall be raised for discussion at a board meeting:</p> <p>1.The Corporation's business plan.</p> <p>2.Annual and semi-annual financial reports, with the exception of semi-annual financial reports that are not required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA).</p> <p>3.Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.</p> <p>4.Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.</p> <p>5.The offering, issuance, or private placement of equity-type securities.</p> <p>6.The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p>7.A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p>8.Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be</p> | <p>According regulator's ruling amended.</p> |

| After the Version | Before the Version | Amendment Reason |
|---|---|------------------|
| <p>retroactive recognition.</p> <p>8. Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority.</p> <p>The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.</p> <p>The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.</p> <p>In the case of a foreign issuer whose shares have no par value or a par value other than NT\$10, 2.5 percent of shareholders' equity shall be substituted for the calculation of the amount equal to 5 percent of paid-in capital required under this paragraph.</p> <p>With respect to a matter that, under Article 14-3 of the Securities and Exchange Act, <u>At least one independent director should attend the board meeting, for the first item</u></p> | <p>approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority.</p> <p>The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.</p> <p>The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.</p> <p>In the case of a foreign issuer whose shares have no par value or a par value other than NT\$10, 2.5 percent of shareholders' equity shall be substituted for the calculation of the amount equal to 5 percent of paid-in capital required under this paragraph.</p> <p>With respect to a matter that, under Article 14-3 of the Securities and Exchange Act, must be approved by resolution at a board meeting, any and all independent directors of this Corporation shall attend the meeting in person or appoint another independent director to attend the meeting as proxy. If an independent director objects to or expresses reservations about</p> | |

| After the Version | Before the Version | Amendment Reason |
|--|---|------------------|
| <p><u>must be approved by resolution at a board meeting, and should be all independent directors attend the board meeting,if independent can't attend the meeting in person</u>,must appoint another independent director to attend the meeting as proxy. If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.</p> | <p>such a matter, it shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.</p> | |

Insyde Software Corp.
Rules Governing the Scope of Powers of Independent Directors

Appendix 7

Article 1 (Basis for the adoption of these Rules)

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| 2008.06.25 shareholders' meeting report |
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To ensure good corporate governance and establish a sound independent director system, these Rules are adopted pursuant to Article 26, paragraph 1 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2 (Scope of application for these Rules)

Except as otherwise provided by law and regulation or by the articles of incorporation, matters concerning the duties of independent supervisors of this Corporation shall be as set out in these Rules.

Article 3 (Scope of duties)

The matters listed below as they relate to this Corporation shall be raised for discussion at a board meeting, if an independent director objects to or expresses reservations about such a matter, it shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes :

1. This Corporation's business plan.
2. Annual and semi-annual financial reports.
3. Review of the adoption of or amendments to the internal control system of this Corporation.
4. Review of the adoption of or amendments to the procedures for handling material financial or business activities, such as acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.
5. Matters in which a director or a supervisor is an interested party.
6. Asset transactions or derivatives trading of a material nature.
7. Loans of funds, endorsements, or provision of guarantees of a material nature.
8. The offering, issuance, or private placement of equity-type securities.
9. The hiring or dismissal of a certified public accountant and their compensation.
10. The appointment or discharge of a financial, accounting, or internal audit officer.
11. Other matters required by law, regulation, or the articles of incorporation to be approved by resolution at a shareholders meeting or a board meeting, or any matter of a material nature as prescribed by the competent authority.

Article 4 (Liability insurance)

This Corporation may take out liability insurance for its independent directors.

Article 5 (Remuneration)

This Corporation shall set the remuneration of the independent directors in its articles of incorporation or by a resolution of a shareholders meeting, and may consider providing a reasonable level of remuneration different from that of ordinary directors and supervisors. This Corporation may also, in accordance with procedures prescribed by law, consider providing remuneration for independent directors in the form of a fixed monthly salary, rather than as distributions from the earnings of the

company.

Article 6 (Continuing education)

All independent directors of this Corporation shall pursue continuing education, including attending the relevant training courses as required.

Article 7 (The right to know)

Neither this Corporation nor other board members may obstruct, refuse, or evade the actions of independent directors in the performance of their duties. As they deem necessary to performing those duties, independent directors may request the board to appoint relevant personnel or to hire professionals for assistance.

Any expenses necessary to the hiring of professionals or the exercise of powers by the independent directors under the preceding paragraph shall be borne by this Corporation.

Article 8 Enforcement

These Rules, and any amendments hereto, shall be implemented after adoption by the board of directors.

These Rules were formulated on May 15, 2008

Insyde Software Corp.

Comparison Table For the Rules Governing the Scope of Powers of Independent Directors

Approved by board meeting on 2017 Nov. 2

| After the Version | Before the Version | Amendment Reason |
|---|--|--|
| <p>Article 3 (Scope of duties)</p> <p><u>At least one independent director should attend the board meeting, for the first item must be approved by resolution at a board meeting, and should be all independent directors attend the board meeting, if independent can't attend the meeting in person, must appoint another independent director to attend the meeting as proxy.</u> If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes :</p> <ol style="list-style-type: none"> 1. This Corporation's business plan. 2. Annual and semi-annual financial reports. <u>With the wxcwption of semi-annual financial reports that are not required under relevant laws and regulations to be audited and attested by a cerified public accountant (CPA).</u> 3. <u>Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act., and the effectiveness of internal control system assessment.</u> 4. <u>Pursuant to Article 36-1 of the adoption of or amendments to the procedures for handling material financial or business activities, such as acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.</u> 5. Matters in which a director or a supervisor is an interested party. 6. Asset transactions or derivatives trading of a material nature. 7. Loans of funds, endorsements, or provision of guarantees of a material nature. | <p>Article 3 (Scope of duties)</p> <p>The matters listed below as they relate to this Corporation shall be raised for discussion at a board meeting, if an independent director objects to or expresses reservations about such a matter, it shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes :</p> <ol style="list-style-type: none"> 1. This Corporation's business plan. 2. Annual and semi-annual financial reports. 3. Review of the adoption of or amendments to the internal control system of this Corporation. 4. Review of the adoption of or amendments to the procedures for handling material financial or business activities, such as acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others. 5. Matters in which a director or a supervisor is an interested party. 6. Asset transactions or derivatives trading of a material nature. 7. Loans of funds, endorsements, or provision of guarantees of a material nature. 8. The offering, issuance, or private placement of equity-type securities. 9. The hiring or dismissal of a certified public accountant and their compensation. 10. The appointment or discharge of a financial, accounting, or internal audit officer. 11. Other matters required by law, regulation, or the articles of incorporation to be approved by resolution at a shareholders meeting or a board meeting, or any matter of a material nature as prescribed by the competent authority. | <p>According regulator's ruling amended.</p> |

| After the Version | Before the Version | Amendment Reason |
|---|---|------------------|
| <p>8. The offering, issuance, or private placement of equity-type securities.</p> <p>9. The hiring or dismissal of a certified public accountant and their compensation.</p> <p>10. The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p>11. <u>A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</u></p> <p>12. Other matters required by law, regulation, or the articles of incorporation to be approved by resolution at a shareholders meeting or a board meeting, or any matter of a material nature as prescribed by the competent authority.⁷</p> <p><u>The term "related party" in subparagraph 11 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.(In the case of a foreign issuer whose shares have no par value or a par value other than NT\$10, 2.5 percent of shareholders' equity shall be substituted for the calculation of the amount equal to 5 percent of paid-in capital required under this paragraph.)</u></p> <p><u>The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened.</u></p> <p><u>Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.</u></p> | | |
| <p>Article 8 Enforcement</p> <p>These Rules, and any amendments hereto, shall be implemented after adoption by the board of directors.</p> <p>These Rules were formulated on May 15, 2008</p> <p><u>1st amendment on November 2, 2017</u></p> | <p>Article 8 Enforcement</p> <p>These Rules, and any amendments hereto, shall be implemented after adoption by the board of directors.</p> <p>These Rules were formulated on May 15, 2008</p> | |

- 1.董事會決議日期:107/03/14
- 2.公司債名稱:系微股份有限公司一〇七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之精神，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 107 年 03 月 05 日收盤價試算新台幣 44.00 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)轉換率計算後轉換價格區間為新台幣 36.96~48.40 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 1,515,151~1,239,669 股，約佔轉換後發行總股數之 3.83%~3.16%，對本公司經營權無重大影響。

(2) 特定人選擇方式：

本次私募國內無擔保可轉換公司債以策略性投資人為限。

- 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一〇六年財務報告數據計算為 490,811 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 2018 First Issue of Domestic Unsecured Convertible Bonds of Insyde Software Corp. (“Company”) by private placement (the “Bonds”).

2. Issue Date

2018 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):

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

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.

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

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 (Note 3)

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:

$$\text{Adjusted Conversion Price} = \frac{\text{Unadjusted Conversion Price} \times \frac{\text{ENS}}{\text{(Note 5)}} + \text{PNC} \times \text{NNC}}{\text{ENS}(\text{Note 5}) + \text{NNC}}$$

ENS = Number of outstanding shares before issue (including private-placed shares) (Note 5)

NNC = Number of new shares which will be converted or exercised from the newly issued securities (including privately-placed 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 150% 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\$6,000,000 (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, 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.
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.

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 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 meeting 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 : After paying taxes, covering losses for the previous year and setting aside legal and special reserve sf. The Company is profitable, it shall set aside 10-15% as employee compensation and less than 3% as Director compensation.

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.

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; 16th amendment on June 14, 2016

Insyde Software Corp.
Chairman : Chih Kao Wang

Insyde Software Corporation

Rules for Porcedures 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;