

# Insyde Software Corp.

## 2020Annual 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 28, 2020

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: 22,230,336 shares (votes casted electronically 10,040,792 shares). Percentage of shares held by shareholders present in person or by proxy:58.43%. The aggregate shareholding of the shareholders present constituted a quorum.

Board members and Supervisors attendance list:

Independent Directors : Chen Chi Hsun, Yeh Shun Fa

Directors : Wang Chih Kao , Fu Chiang-Sung, Huang, Mei Chin, Wang Chien Chih

Supervisors : Shao Chien Hua, Hong Dai May

The Chairman called the meeting to order.

### I. Chairman's Address (omitted).

### II. Report Items

1. 2019 Business Report (Appendix 1)
2. Supervisor's Review Report of the 2019 Financial Statements. (Appendix 2 、 3)
3. 2019 Employee and Directors and Supervisors' remunerations Report.
4. 2019 – The 1<sup>st</sup> Domestic Private Placement of Convertible Bonds Report.
5. Amendment to the Operational Procedures for Ethical Corporate Management Best Practice Principle.

### III. Ratification Items

1. (Proposed by the Board)

**Proposal** : Adoption of the 2019 Annual 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 2019 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements are attached to the Meeting Agenda as Appendix 1 and 2

Voting Results : Shares represented at the time of voting : 22,230,336

Voting Results	% of the total represented share present
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Votes in favor : 22,211,314 votes (include votes casted electronically : 10,021,770 votes)	<b>99.91%</b>
Votes against : 7,863 votes (include votes casted electronically : 7,863 votes)	<b>0.04%</b>
Votes invalid : None	<b>0%</b>
Votes abstained : 11,159 votes (include votes casted electronically : 11,159 votes)	<b>0.05%</b>

**\*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 2019 Profits.

**Explanation :**

1. The Board has adopted a Proposal for Distribution of 2019 Profits in accordance with the Corporate Charter.
2. Proposed dividend to shareholders is NT\$ 76,086,976.
3. The 2019 Profit Allocation Proposal as the following.

### Insyde Software Corp. PROFIT DISTRIBUTION TABLE Year 2019

Unit: NTD \$

	Amount
Retained earnings of prior years	\$ 27,864,250
Less : adjustments	(962,257)
After adjustments retained earnings	26,901,993
Add : 2019 Net profit for this year	88,335,693
Legal reserve :	(8,833,569)
Distributable net profit	106,404,117
Distributable items:	
Cash dividend (2.00/Share)	(76,086,976)
Unappropriated retained earnings	\$ 30,317,141

Responsible person :

Manager :

Chief Accountment :

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 : 22,230,336

Voting Results	% of the total represented share present
Votes in favor : 22,212,516 votes (include votes casted electronically : 10,022,972 votes)	<b>99.91%</b>
Votes against : 7,867 votes (include votes casted electronically : 7,867 votes)	<b>0.04%</b>
Votes invalid : None	<b>0%</b>
Votes abstained : 9,953 votes (include votes casted electronically : 9,953 votes)	<b>0.05%</b>

**\*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 Appendix 6 and Appendix 7.)

Voting Results : Shares represented at the time of voting : 22,230,336

Voting Results	% of the total represented share present
Votes in favor : 22,166,151 votes (include votes casted electronically : 10,018,607 votes)	<b>99.71%</b>
Votes against : 9,930 votes (include votes casted electronically : 9,930 votes)	<b>0.04%</b>
Votes invalid : None	<b>0%</b>
Votes abstained : 54,255 votes (include votes casted electronically:12,255 votes)	<b>0.25%</b>

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

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

##### 2. Proposal: (Proposed by the Board of Directors)

Amendment to the Operational Procedures for Shareholder Meeting. Please proceed to discuss.  
(In order to conform to the needs of commercial practice, the company hereby proposes to amend the Operational Procedure for Shareholder Meeting. Please refer to Appendix 9 and Appendix 10.)

Voting Results : Shares represented at the time of voting : 22,230,336

Voting Results	% of the total represented share present
Votes in favor : 22,168,157 votes (include votes casted electronically : 10,020,613 votes)	<b>99.72%</b>
Votes against : 7,926 votes (include votes casted electronically : 7,926 votes)	<b>0.04%</b>
Votes invalid : None	<b>0%</b>
Votes abstained : 54,253 votes (include votes casted electronically:12,253 votes)	<b>0.24%</b>

**\*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: 9:25am.**

Chairman: Wang Chih Kao

Recorder: Lee Pei Yen

系微除持續穩定既有 InsydeH2O 於筆電產品的市佔外，於伺服器領域深耕多年後，於 2019 年與過去年度相較有相當亮眼的成長，在全體同仁努力下，營運結果為每股盈餘 2.32 元，此份成績單與各位股東分享。

未來系微仍將努力固守既有 InsydeH2O 於各產品領域的業務外，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（2020）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 可望迎接物聯網（Internet of Things，IoT）、5G 伺服器、人工智慧及深度學習的龐大商機。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，敬祝各位股東身體健康 萬事如意。

董事長：王志高

## 一〇八年度（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	107 年實際	108 年實際	增（減）%
營業收入	849,218	959,482	12.98
營業成本	141,341	148,539	5.09
營業毛利	707,877	810,943	14.56
營業費用	631,188	697,106	10.44
營業利益	76,689	113,837	48.44
營業外收入(支出)	6,962	3,353	(51.84)
稅前淨利	83,651	117,190	40.09
稅後淨利	66,323	88,336	33.19

本期營運結果為稅後淨利 88,336 仟元，本期於伺服器產品項目表現亮眼，致營業額較上期增加 12.98%，在增強研發人力情況下，本期營運費用較上期增加 65,918 仟元，業外收入因受匯率變化影響較上期減少約 3,609 仟元，營運結果最終以每股盈餘 2.32 元與全體股東分享之。

二、預算執行情形：本公司民國一〇八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	107 年度	108 年度
財務收支	利息收入	3,856	6,527
	利息支出	-	1,894
獲利能力	資產報酬率（%）	7.42	8.84
	股東權益報酬率（%）	10.18	12.95
	稅前純益佔實收資本額比率（%）	21.99	30.80
	純益率（%）	7.81	9.21
	每股盈餘（元）	1.74	2.32

### 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 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 及 Microsoft 緊密合作，針對新平台及新作業系統開發對應的 InsydeH2O UEFI BIOS，包括支援 Intel Thunderbolt 3、Wi-Fi 6、Wireless-AX CNVi、Modern Standby 等新技術及 UEFI 新規格，InsydeH2O 已經搭載於多款採

用 Intel 第十代 Core i 處理器的筆記型電腦及 2 合 1 筆電出貨，包含各大 PC 品牌的電競筆電、輕薄筆電，例如通過 Intel「Project Athena」雅典娜創新計畫驗證的高階筆記型電腦及 Acer Concept D 系列產品；本公司也與 AMD 共同合作開發支援最新 Ryzen 3000/4000 Zen2 架構系列處理器的 InsydeH2O UEFI BIOS，陸續於 2020 年搭載於 PC 品牌的 DT/AIO/NB 及遊戲桌機等產品出貨，預期搭載 Intel、AMD 及 Microsoft 最新科技的個人電腦產品將能為公司帶來新的業績成長動能。

隨著 5G 時代即將來臨及雲端服務應用的普及，終端與雲端、核心網互聯，在 5G 與物聯網時代，計算能力進一步前移，雲與終端之間產生了邊緣層，提供邊緣計算的能力，數據中心和運營商目前正積極關注邊緣計算技術，同時帶動邊緣計算伺服器需求興起，根據 B2B 分析師 MarketsandMarkets 的數據，到 2022 年，邊緣計算市場的價值將達到 67.2 億美元，年複合增長率 35.4%，各家伺服器廠商正積極的布局邊緣伺服器。

本公司的伺服器機房設備管理系統 Supervyse，亦配合市場的需求及新的規範，包含了新一代的業界標準 Redfish 持續更新，今年我們將更專注於安全性相關開發來因應終端客戶對於安全層級的重要指標需求，此外我們持續和更多的第三方硬體原件的支援，如磁碟陣列卡，新型的固態硬碟，PCIe 交換器等，以提供客戶更完善的產品服務。

在中美貿易戰的局勢下，中國加速中國自有 CPU 的發展也將快速的推進，我們亦投入研發能量在布局這個新的市場與機會，在公司多年的專業技術研究上深得中國客戶與廠商的高度讚賞，因此獲得主要中國 CPU 供應商的合作機會，一同迎向雙贏的成果。

## 一〇九年度（本年度）營業計劃概要

### 一、 經營方針

- （一） 持續優化原始碼架構及開發 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

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

Insyde Software Corp.



Consolidated Balance Sheet

December 31, 2019 and 2018

(Expressed in thousands of New Taiwan Dollars)

Assets		2019.12.31		2018.12.31	
		Amount	%	Amount	%
<b>Current assets</b>					
1100	Cash and cash equivalents	\$ 728,118	67	\$ 636,549	67
1170	Accounts receivable, net	73,903	7	90,809	10
1410	Prepayments	38,161	3	35,415	4
1470	Other current assets	10,029	1	10,335	1
	<b>Total current assets</b>	<b>850,211</b>	<b>78</b>	<b>773,108</b>	<b>82</b>
<b>Non-current assets :</b>					
1600	Property, plant and equipment, net	18,628	2	7,292	1
1755	Right of use asset	104,900	9	-	-
1780	Intangible income asset	94,232	9	133,886	14
1840	Deferred tax assets	16,097	1	15,536	2
1920	Refundable deposits	10,551	1	9,240	1
	<b>Total non-current assets</b>	<b>244,408</b>	<b>22</b>	<b>165,954</b>	<b>18</b>
	<b>Total non-current assets</b>	<b>\$ 1,094,619</b>	<b>100</b>	<b>\$ 939,062</b>	<b>100</b>
<b>Liabilities and Equity</b>					
<b>Current liabilities :</b>					
2130	Current contract liabilities	\$ 68,119	6	\$ 74,137	8
2200	Other payables	193,557	18	160,637	17
2355	Current lease obligations	40,363	4	-	-
2399	Other current liabilities	1,158	-	3,891	1
	<b>Total current liabilities</b>	<b>303,197</b>	<b>28</b>	<b>238,665</b>	<b>26</b>
<b>Non-current liabilities :</b>					
2527	Non-current contract liabilities	1,574	-	1,408	-
2551	Non-current provisions for employee benefits	17,375	2	16,788	2
2570	Deferred income tax liabilities	12,923	1	12,923	1
2613	Non-current lease obligations	64,811	6	-	-
	<b>Total non-current liabilities</b>	<b>96,683</b>	<b>9</b>	<b>31,119</b>	<b>3</b>
	<b>Total liabilities</b>	<b>399,880</b>	<b>37</b>	<b>269,784</b>	<b>29</b>
<b>Share Capital</b>					
3110	Common stock	380,435	35	380,435	41
<b>Capital surplus</b>					
3211	Capital surplus, additional paid-in capital arising from ordinary share	48,769	4	48,769	5
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	18,427	2
		<b>67,477</b>	<b>6</b>	<b>67,477</b>	<b>7</b>
<b>Retained earnings :</b>					
3310	Legal reserve	129,921	12	123,289	13
3320	Special reserve	10,537	1	10,537	1
3351	Undistributed earnings	115,238	10	91,562	10
		<b>255,696</b>	<b>23</b>	<b>225,388</b>	<b>24</b>
<b>Other equity :</b>					
3490	Other equity—Other	(8,869)	(1)	(4,022)	(1)
	<b>Total equity attributable to owners of parent</b>	<b>694,739</b>	<b>63</b>	<b>669,278</b>	<b>71</b>
36XX	Non-controlling interests	-	-	-	-
	<b>Total equity</b>	<b>694,739</b>	<b>63</b>	<b>669,278</b>	<b>71</b>
	<b>Total liabilities and equity</b>	<b>\$ 1,094,619</b>	<b>100</b>	<b>\$ 939,062</b>	<b>100</b>

(English Translation of the Financial Statement  
Originally Issued in Chinese)  
Insyde Software Corp.  
Consolidated Balance Sheet  
December 31, 2019 and 2018  
(Expressed in thousands of New Taiwan Dollars)



		2019.12.31		2018.12.31	
		Amount	%	Amount	%
4110	Sales revenue	\$ 959,482	100	849,218	100
5000	Operating costs	148,539	15	141,341	17
	Gross profit	810,943	85	707,877	83
	Operating expenses				
6100	Selling expenses	88,568	9	81,376	9
6200	Administrative expenses	177,273	19	154,912	18
6300	Research and development expenses	431,265	45	394,900	47
		697,106	73	631,188	74
	Operating income	113,837	12	76,689	9
	Non-operating income and expenses				
7010	Other income	6,527	-	3,856	1
7020	Other gains and losses	(1,280)	-	3,106	-
7050	Finance costs	(1,894)	-	-	-
	Total non-operating income and expenses	3,353	-	6,962	1
7900	Profit from continuing operations before tax	117,190	12	83,651	10
7951	Less: Income tax expense	28,854	3	17,328	2
	Net profit for this year	88,336	9	66,323	8
8300	Other comprehensive income (loss) :				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans	(963)	-	(1,179)	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	-	-	-	-
	Total items that will not be reclassified subsequently to profit or loss	(963)	-	(1,179)	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translating foreign operations	(4,847)	(1)	2,946	-
8399	Income tax relating to the items that may be reclassified subsequently to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	(4,847)	(1)	2,946	-
8300	Other comprehensive income (loss) for the year, net of income tax	(5,810)	(1)	1,767	-
8500	Total comprehensive income for the year	82,526	8	68,090	8
	Net profit attributable to:				
8610	Owners of the Company	88,336	9	66,323	8
8620	Non-controlling interests	-	-	-	-
		88,336	9	66,323	8
	Total comprehensive income attributable to :				
8710	Owners of Company	82,526	8	68,090	8
8720	Non-controlling interests	-	-	-	-
	Total comprehensive income	82,526	8	68,090	8
	Earnings per share (NTD)				
9750	Basic Earnings Per Share		2.32		1.74
9850	Diluted Earnings Per Share		2.29		1.72

**Total equity attributable to shareholders of parent**

	Common Stock	Capital surplus	Retained earnings				Exchange difference on translation of foreign operations	Total	Non-controlling interests	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings				
<b>Balance-January 1, 2018</b>	\$380,435	67,477	119,561	10,537	62,483	192,581	(6,968)	633,525	159	633,684
Net profit for the year ended December 31,2018	-	-	-	-	66,323	66,323	-	66,323	-	66,323
Other comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	(1,179)	(1,179)	2,946	1,767	-	1,767
Total comprehensive income	-	-	-	-	65,144	65,144	2,946	68,090	-	68,090
Appropriation and distribution of 2017 earnings:										
Legal reserve	-	-	3,728	-	(3,728)	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(32,337)	(32,337)	-	(32,337)	-	(32,337)
Consolidated Net Income Attributed to Non-controlling Interest	-	-	-	-	-	-	-	-	(159)	(159)
<b>Balance-December 31, 2018</b>	<b>\$380,435</b>	<b>67,477</b>	<b>123,289</b>	<b>10,537</b>	<b>91,562</b>	<b>225,388</b>	<b>(4,022)</b>	<b>669,278</b>	<b>-</b>	<b>669,278</b>
Net profit for the year ended December 31,2019	-	-	-	-	88,336	88,336	-	88,336	-	88,336
Other comprehensive income (loss) for the year ended December 31,2019	-	-	-	-	(963)	(963)	(4,847)	(5,810)	-	(5,810)
Total comprehensive income	-	-	-	-	87,373	87,373	(4,847)	82,526	-	82,526
Appropriation and distribution of 2018 earnings:										
Legal reserve	-	-	6,632	-	(6,632)	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(57,065)	(57,065)	-	(57,065)	-	(57,065)
<b>Balance-December 31, 2019</b>	<b>\$380,435</b>	<b>67,477</b>	<b>129,921</b>	<b>10,537</b>	<b>115,238</b>	<b>255,696</b>	<b>(8,869)</b>	<b>694,739</b>	<b>-</b>	<b>694,739</b>

## Consolidated Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in thousands of New Taiwan Dollars)

	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities :</b>		
<b>Profit before income tax</b>	\$ 117,190	\$ 83,651
<b>Adjustments for :</b>		
Depreciation expense	41,817	2,563
Amortization expense	39,611	38,650
Interest expense	1,894	-
Interest income	(6,527)	(3,856)
Gain on disposal of property, plant and equipment	(80)	(130)
Gain on modified the lease agreement	(144)	-
Total adjustments to reconcile profit (loss) before income tax	<u>76,571</u>	<u>37,227</u>
<b>Changes in operating assets and liabilities :</b>		
<b>Changes in operating assets :</b>		
Accounts receivable	16,906	(24,574)
Prepayments	(2,253)	(3,462)
Other current assets	295	1,634
Contract liability	(5,852)	26,445
Notes payable	-	(19)
Other payable	21,116	11,623
Other current liabilities	(2,733)	(203)
Accrued pension liabilities	(376)	(387)
Total changes in operating assets and liabilities	<u>103,674</u>	<u>48,284</u>
Cash generated from operations	<u>220,864</u>	<u>131,935</u>
Interest received	6,538	3,838
Income taxes (paid) refund	(18,123)	6,770
<b>Net cash generated from operating activities</b>	<u>209,279</u>	<u>142,543</u>
<b>Cash flows from investing activities :</b>		
Acquisition of property, plant and equipment	(15,746)	(4,421)
Proceeds from disposal of property, plant and equipmen	126	147
Refundable deposits paid	(1,311)	(187)
Acquisition of intangible assets	(91)	(444)
<b>Net cash used in investing activities</b>	<u>(17,022)</u>	<u>(4,905)</u>
Lease payment paid	(37,052)	-
Cash dividends paid	(57,065)	(32,337)
Change in non-controlling interests	-	(159)
Interest paid	(1,894)	-
<b>Net cash flows used in financing activities</b>	<u>(96,011)</u>	<u>(32,496)</u>
Effect of exchange rate changes on cash and cash equivalents	(4,677)	2,457
Net increase in cash and cash equivalents	91,569	107,599
Cash and cash equivalents, beginning of the year	636,549	528,950
Cash and cash equivalents, end of the year	<u><u>\$ 728,118</u></u>	<u><u>\$ 636,549</u></u>

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

Insyde Software Corp.



Balance Sheet

December 31, 2019 and 2018

(Expressed in thousands of New Taiwan Dollars)

Assets		2019.12.31		2018.12.31	
		Amount	%	Amount	%
<b>Current assets :</b>					
1100	Cash and cash equivalents	\$ 495,192	47	\$ 499,855	55
1170	Accounts receivable, net	59,550	6	53,956	6
1210	Other receivables - related parties	17,410	2	15,884	2
1410	Prepayments	27,740	3	25,581	3
1470	Other current assets	9,895	1	9,940	1
	<b>Total current assets</b>	<b>609,787</b>	<b>59</b>	<b>605,216</b>	<b>67</b>
<b>Non-current assets :</b>					
1551	Equity investments under equity method	200,807	19	152,465	16
1600	Property, plant and equipment, net	17,578	2	6,364	1
1755	Right of use asset	97,783	9	-	-
1780	Intangible income asset	85,265	8	119,280	13
1840	Deferred tax assets	16,097	2	15,536	2
1920	Refundable deposits	9,790	1	8,604	1
	<b>Total non-current assets</b>	<b>427,320</b>	<b>41</b>	<b>302,249</b>	<b>33</b>
	<b>Total assets</b>	<b>\$ 1,037,107</b>	<b>100</b>	<b>\$ 907,465</b>	<b>100</b>
<b>Liabilities and Equity</b>					
<b>Current liabilities :</b>					
2130	Current contract liability	\$ 48,074	5	\$ 59,066	7
2200	Other payables	163,162	16	144,068	16
2355	Current lease obligations	34,977	3	-	-
2399	Other current liabilities	1,331	-	3,934	-
	<b>Total current liabilities</b>	<b>247,544</b>	<b>24</b>	<b>207,068</b>	<b>23</b>
<b>Non-current liabilities :</b>					
2527	Non-current contract liability	1,574	-	1,408	-
2551	Non-current provisions for employee benefits	17,375	2	16,788	2
2570	Deferred income tax liabilities	12,923	1	12,923	1
2613	Non-current lease obligations	62,952	6	-	-
	<b>Total non-current liabilities</b>	<b>94,824</b>	<b>9</b>	<b>31,119</b>	<b>3</b>
	<b>Total liabilities</b>	<b>342,368</b>	<b>33</b>	<b>238,187</b>	<b>26</b>
3110	Common stock	380,435	37	380,435	42
<b>Capital surplus :</b>					
3211	Capital surplus, additional paid-in capital arising from ordinary share	48,769	5	48,769	5
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	18,427	2
		<b>67,477</b>	<b>7</b>	<b>67,477</b>	<b>7</b>
<b>Retained earnings :</b>					
3310	Legal reserve	129,921	13	123,289	14
3320	Special reserve	10,537	1	10,537	1
3351	Undistributed earnings	115,238	11	91,562	10
		<b>255,696</b>	<b>25</b>	<b>225,388</b>	<b>25</b>
<b>Other equity :</b>					
3490	Other equity — Other	(8,869)	(1)	(4,022)	-
	<b>Total equity</b>	<b>694,739</b>	<b>67</b>	<b>669,278</b>	<b>74</b>
	<b>Total liabilities and equity</b>	<b>\$ 1,037,107</b>	<b>100</b>	<b>\$ 907,465</b>	<b>100</b>

Chairman: Jeremy Wang

C. E. O. : Jeremy Wang

Accounting Manager : Melody Hsu

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

Insyde Software Corp.

Comprehensive Income Statement

For the years ended December 31, 2019 and 2018

(Expressed in thousands of New Taiwan Dollars)



		2019		2018	
		Amount	%	Amount	%
4110	Sales revenue	\$ 749,114	100	\$ 710,443	100
5000	Operating costs	128,734	17	124,298	17
	Gross profit	620,380	83	586,145	83
	Operating expenses :				
6100	Selling expenses	61,676	8	54,119	8
6200	Administrative expenses	145,083	19	128,740	18
6300	Research and development expenses	369,770	50	333,010	47
		576,529	77	515,869	73
	Operating income	43,851	6	70,276	10
	Non-operating income and expenses :				
7010	Other income	3,936	-	3,127	1
7020	Other gains and losses	(1,639)	-	2,053	-
7050	Finance costs	(1,621)	-	-	-
7070	Share of profit of subsidiaries, associates and joint venture accounted for using equity method	53,190	7	2,224	-
	Total non-operating income and expenses	53,866	7	7,404	1
7900	Profit (loss) from continuing operations before tax	97,717	13	77,680	11
7951	Less: Income tax expense	9,381	1	11,357	2
	Net profit for this year	88,336	12	66,323	9
8300	Other comprehensive income (loss) :				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans	(963)	-	(1,179)	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translating foreign operation	(4,847)	(1)	2,946	1
8300	Other comprehensive income (loss)for the year, net of income tax	(5,810)	(1)	1,767	1
8500	Total comprehensive income for the year	\$ 82,526	11	\$ 68,090	10
	Earnings per share(NTD)				
9750	Basic Earnings Per Share		2.32		1.74
9850	Diluted Earnings Per Share		2.29		1.72

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

Insyde Software Corp.

Statement of Stockholders' Equity

For the years ended December 31, 2019 and 2018

(Expressed in thousands of New Taiwan Dollars)



	Retained earnings					Other equity		
	Common Stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total retained earnings	Exchange difference on translation of foreign operations	Total equity
Balance - January 1,2018	\$380,435	67,477	119,561	10,537	62,483	192,581	(6,968)	633,525
Net profit for the year ended December 31,2018	-	-	-	-	66,323	66,323	-	66,323
Other comprehensive income (loss) for the year ended December 31,2018	-	-	-	-	(1,179)	(1,179)	2,946	1,767
Total comprehensive income (loss)	-	-	-	-	65,144	65,144	2,946	68,090
Appropriation and distribution of 2017 earnings:								
Legal reserve	-	-	3,728	-	(3,728)	-	-	-
Cash dividends to shareholders	-	-	-	-	(32,337)	(32,337)	-	(32,337)
Balance - December 31, 2018	\$380,435	67,477	123,289	10,537	91,562	225,388	(4,022)	669,278
Net profit for the year ended December 31,2019	-	-			88,336	88,336		88,336
Other comprehensive income (loss) for the year ended December 31,2019	-	-			(963)	(963)	(4,847)	(5,810)
Total comprehensive income (loss)					87,373	87,373	(4,847)	82,526
Appropriation and distribution of 2018 earnings:								
Legal reserve	-	-	6,632	-	(6,632)	-	-	-
Cash dividends to shareholders	-	-	-	-	(57,065)	(57,065)	-	(57,065)
Balance - December 31, 2019	\$380,435	67,477	129,921	10,537	115,238	255,696	(8,869)	694,739

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

Insyde Software Corp.



Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in thousands of New Taiwan Dollars)

	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities :</b>		
<b>Profit before income tax</b>	\$ 97,717	\$ 77,680
<b>Adjustments for :</b>		
Depreciation expense	36,747	2,204
Amortization expense	34,038	33,223
Interest expense	1,621	-
Interest income	(3,936)	(3,127)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(53,190)	(2,224)
Gain on disposal of property, plant and equipment	(80)	(147)
Gain on modified the lease agreement	(144)	-
Total adjustments to reconcile profit before income tax	<u>15,056</u>	<u>29,929</u>
<b>Changes in operating assets and liabilities :</b>		
<b>Changes in operating assets :</b>		
Accounts receivable	(5,594)	(6,865)
Other receivables - related parties	(1,526)	(8,923)
Prepayments	(2,178)	(8,283)
Other current assets	35	5,947
Total changes in operating assets	<u>(9,263)</u>	<u>(18,124)</u>
<b>Changes in operating liabilities :</b>		
Current contract liability	(10,826)	26,047
Notes payable	-	(19)
Other payable	22,720	14,388
Other current liabilities	(2,603)	(93)
Accrued pension liabilities	(376)	(387)
Total changes in operating liabilities	<u>8,915</u>	<u>39,936</u>
Total changes in operating assets and liabilities	<u>(348)</u>	<u>21,812</u>
Cash generated from operations	<u>112,425</u>	<u>129,421</u>
Interest received	3,947	3,109
Interest paid	0	0
Income taxes (paid) refund	(13,568)	7,316
<b>Net cash generated from operating activities</b>	<u>102,804</u>	<u>139,846</u>
<b>Cash flows from investing activities :</b>		
Proceeds from disposal of investments under equity method	-	2,215
Acquisition of property, plant and equipment	(15,176)	(3,899)
Proceeds from disposal of property, plant and equipment	126	147
Refundable deposits paid	(1,186)	(193)
Acquisition of intangible assets	(4)	(444)
<b>Net cash used in investing activities</b>	<u>(16,240)</u>	<u>(2,174)</u>
Lease payment paid	(32,541)	-
Cash dividends paid	(57,065)	(32,337)
Interest paid	(1,621)	-
<b>Net cash used in financing activities</b>	<u>(91,227)</u>	<u>(32,337)</u>
Net (decrease) increase in cash and cash equivalents	(4,663)	105,335
Cash and cash equivalents, beginning of the year	499,855	394,520

Chairman : Jeremy Wang

C. E. O. : Jeremy Wang  
Hsu

Accounting Manager : Melody

## **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 2020 annual Shareholders' Meeting

Insyde Software Corporation

Supervisor

Shao Chien-Hua

Dai May Hong

Ming Liang Investment Co., Ltd.

Representative : Wang Yen Chi

Feb. 27, 2020

## 一、訂定目的及適用範圍

為建立誠信經營之企業文化及健全發展，特訂定本守則。

本守則適用範圍及於公司、直接或間接捐助基金累計超過百分之五十之財團法人及其他具有實質控制能力之機構或法人等集團企業與組織。

## 二、禁止不誠信行為

本公司董事、監察人、經理人、受僱人或具有實質控制能力者(以下簡稱實質控制者)或其他利害關係人，於從事商業行為之過程中，不得直接或間接提供、承諾、要求或收受任何不當利益，或做出其他違反誠信、不法或違背受託義務等不誠信行為，以求獲得或維持利益(以下簡稱不誠信行為)。

前項行為之對象，包括公職人員、參政候選人、政黨或黨職人員，以及任何公、民營企業或機構及其董事(理事)、監察人(監事)、經理人、受僱人、實質控制者或其他利害關係人。

## 三、利益之態樣

本守則所稱利益，其利益係指任何有價值之事物，包括任何形式或名義之金錢、餽贈、禮物、佣金、職位、服務、優待、回扣等。但屬正常社交禮俗，且係偶發而無影響特定權利義務之虞時，不在此限。

## 四、法令遵循

本公司應遵守公司法、證券交易法、商業會計法、政治獻金法、貪汙治罪條例、政府採購法、公職人員利益衝突迴避法、上市上櫃相關規章或其他商業行為有關法令，以作為落實誠信經營之基本前提。

## 五、政策

本公司應本於廉潔、透明及負責之經營理念，制定以誠信為基礎之政策，並建立良好之公司治理與風險控管機制，以創造永續發展之經營環境。

## 六、行為指南

本公司為落實前調之經營理念及政策，於守則中訂定防範不誠信行為方案(以下簡稱行為指南)，本公司董事、監察人、經理人、受僱人或具有實質控制能力者，應依本守則第九條至第十二條規定辦理。

## 七、承諾於實行

本公司及集團企業與組織應於其規章及對外文件中明示誠信經營之政策，董事會管理階層應承諾積極落實，並於內部管理及外部商業會動中確實執行。

## 八、誠信經營商業活動

本公司應以公平與透明之方式進行商業活動。

本公司於商業往來之前，應考量供應商、客戶或其他商業往來交易對象之合法性及是否有不誠信行為紀錄，宜避免與有不誠信行為紀錄者進行交易。

本公司與他人簽訂契約，其內容宜包含遵守誠信經營政策及交易相對人如涉及不誠信行為，得隨時終止或解除契約之條款。

#### 九、 禁止行賄及收賄

本公司及董事、監察人、經理人、受僱人與實質控制者，於執行業務時，不得直接或間接提供、承諾、要求或收受任何形式之不正當利益，包括回扣、佣金、疏通費或透過其他途徑向客戶、承包商、供應商、公職人員或其他利害關係人提供或收受不正當利益。但符合營運所在地法律者，不在此限。

#### 十、 禁止提供非法政治獻金

本公司董事、監察人、經理人、受僱人與實質控制者，對政黨或參與政治活動之組織或個人直接或間接提供捐贈，應符合政治獻金法及公司內部相關作業程序，不得藉以謀取商業利益或交易優勢。

#### 十一、 禁止不當慈善捐贈或贊助

本公司及董事、監察人、經理人、受僱人與實質控制者，對於慈善捐贈或贊助，應符合相關法令及內部作業程序，不得為變相行賄。

#### 十二、 禁止不合理禮物、款待或其他不正當利益

本公司及本公司董事、監察人、經理人、受僱人與實質控制者，不得直接或間接提供或接受任何不合理禮物、款待或其他不正當利益，藉以建立商業關係或影響商業交易行為。

#### 十三、 組織與責任

本公司之董事會應盡善良管理人之注意義務，督促公司防止不誠信行為，並隨時檢討其實施成效及持續改進，確保誠信經營政策之落實。

本公司為健全誠信經營之管理，將指派負責誠信經營監督執行單位，並定期向董事會報告。

#### 十四、 業務執行之法令遵循

本公司之董事、監察人、經理人、受僱人與實質控制者於執行業務時，應遵守法令規定及行為指南。

#### 十五、 董事、監察人及經理人之利益迴避

本公司董事應本持高度自律，對董事會所列議案，與其自身或其代表之法人有利害關係，致有害於公司利益之虞者，得陳述意見及答詢，不得加入討論及表決，且討論及表決時應予迴避，並不得代理其他董事行使其表決權。董事間自應自律，不得相互支援。

本公司董事、監察人及經理人不得藉其在公司擔任之職位，使其自身、配偶、父母、子女或任何他人獲得不正當利益。

#### 十六、 會計與內部控制

本公司應就具較高不誠信行為風險之營業活動，建立有效之會計制度及內部控制制度，不得有

外帳或保留秘密帳戶，並應隨時檢討，俾確保該制度之設計及執行持續有效。  
本公司內部稽核人員應定期查核前項制度遵循情形，並做成稽核報告提報董事會。

#### 十七、 作業程序及行為指南

本公司依第六條規定訂定之防範要點應具體規範董事、監察人、經理人、受僱人及實質控制者執行業務之作業程序及行為指南，其內容包括下列事項：

- 一、 提供或接受利益亦須符合正常社交禮俗，且係偶發而無影響特定權利業務之虞。
- 二、 提供合法政治獻金之處理程序。
- 三、 提供正當慈善捐贈或贊助之處理程序及金額標準。
- 四、 避免與職務相關利益衝突之規定，及其申報與處理程序。
- 五、 對業務上獲得之機密及商業敏感資料之保密規定。
- 六、 對涉有不誠信行為之供應商、客戶及業務往來交易對象之規範及處理程序。
- 七、 發現違反企業經營守則之處理程序。
- 八、 對違反者採取之紀律處分。

#### 十八、 教育訓練及考核

本公司應定期對董事、監察人、經理人、受僱人及實質控制者舉辦教育訓練與宣導，使其充分了解公司誠信經營之決心、政策、防範方案及違反不誠信之後果。

本公司應將誠信經營政策與員工績效考核及人力資源政策結合，設立明確有效之獎懲制度。

#### 十九、 檢舉與獎懲

本公司應提供正當檢舉管道，並對於檢舉人身分及檢舉內容應確實保密。確有違反誠信經營規定者，將視情節輕重予以懲處。

#### 二十、 資訊揭露

本公司應於公司網站、年報及公開說明書揭露其誠信經營守則執行情形。

#### 二十一、 誠信經營守則之檢討修正

本公司應隨時注意國內外誠信經營相關規範之發展，並鼓勵董事、監察人、經理人及受僱人提出建議，據以檢討改進公司訂定之誠信經營守則，以提昇公司誠信經營之成效。

#### 二十二、 實施

本公司之誠信經營守則經董事會通過後實施，並送各監察人及提報股東會，修正時亦同。

本守則訂定於中華民國一〇四年三月二十六日。

修正條文對照表 Approved by board meeting on 2019 Aug.8

修正條文	現行條文	修正理由
<p>第一條 訂定目的及適用範圍</p> <p>為建立誠信經營之企業文化及健全發展，<u>提供其建立良好商業運作之參考架構</u>，特訂定本守則。</p> <p>本守則適用範圍及於公司、<u>子公司</u>、直接或間接捐助基金累計超過百分之五十之財團法人及其他具有實質控制能力之機構或法人等集團企業與組織（<u>以下簡稱集團企業與組織</u>）。</p>	<p>第一條 訂定目的及適用範圍</p> <p>為建立誠信經營之企業文化及健全發展，特訂定本守則。</p> <p>本守則適用範圍及於公司、直接或間接捐助基金累計超過百分之五十之財團法人及其他具有實質控制能力之機構或法人等集團企業與組織。</p>	<p>配合證櫃監字第10800565492修正</p>
<p>第二條 禁止不誠信行為</p> <p><u>本公司之董事、監察人、經理人、受僱人、受任人或具有實質控制能力者</u>（以下簡稱實質控制者），於從事商業行為之過程中，不得直接或間接提供、承諾、要求或收受任何不正當利益，或做出其他違反誠信、不法或違背受託義務等不誠信行為，以求獲得或維持利益（以下簡稱不誠信行為）。前項行為之對象，包括公職人員、參政候選人、政黨或黨職人員，以及任何公、民營企業或機構及其董事（理事）、監察人（監事）、經理人、受僱人、實質控制者或其他利害關係人。</p>	<p>第二條 禁止不誠信行為</p> <p>本公司董事、監察人、經理人、受僱人或具有實質控制能力者（以下簡稱實質控制者）或其他利害關係人，於從事商業行為之過程中，不得直接或間接提供、承諾、要求或收受任何不當利益，或做出其他違反誠信、不法或違背受託義務等不誠信行為，以求獲得或維持利益（以下簡稱不誠信行為）。</p> <p>前項行為之對象，包括公職人員、參政候選人、政黨或黨職人員，以及任何公、民營企業或機構及其董事（理事）、監察人（監事）、經理人、受僱人、實質控制者或其他利害關係人。</p>	<p>配合證櫃監字第10800565492修正</p>
<p>第五條 政策</p> <p>本公司應本於廉潔、透明及負責之經營理念，制定以誠信為基礎之政策，<u>經董事會通過</u>，並建立良好之公司治理與風險控管機制，以創造永續發展之經營環境。</p>	<p>第五條 政策</p> <p>本公司應本於廉潔、透明及負責之經營理念，制定以誠信為基礎之政策，並建立良好之公司治理與風險控管機制，以創造永續發展之經營環境。</p>	<p>配合證櫃監字第10800565492修正</p>
<p>第七條 防範方案之範圍</p> <p><u>本公司訂定防範方案時，應分析營業範圍內具較高不誠信行為風險之營業活動，並加強相關防範措施。</u></p> <p><u>防範方案涵蓋下列行為之防範措施：</u></p> <p><u>一、行賄及收賄。</u></p> <p><u>二、提供非法政治獻金。</u></p> <p><u>三、不當慈善捐贈或贊助。</u></p>		<p>配合證櫃監字第10800565492修正</p>

<p><u>四、提供或接受不合理禮物、款待或其他不正當利益。</u></p> <p><u>五、侵害營業秘密、商標權、專利權、著作權及其他智慧財產權。</u></p> <p><u>六、從事不公平競爭之行為。</u></p> <p><u>七、產品及服務於研發、採購、製造、提供或銷售時直接或間接損害消費者或其他利害關係人之權益、健康與安全。</u></p>		
<p><del>第</del><u>八</u>條 承諾與執行</p> <p><u>本公司應要求董事與高階管理階層出具遵循誠信經營政策之聲明，並於僱用條件要求受僱人遵守誠信經營政策。</u></p> <p><u>本公司及其集團企業與組織應於其規章、對外文件及公司網站中明示誠信經營之政策，以及董事會與高階管理階層應承諾積極落實誠信經營政策之承諾，並於內部管理及外部商業會活動中確實執行。</u></p> <p><u>本公司針對第一、二項誠信經營政策、聲明、承諾及執行，應製作文件化資訊並妥善保存。</u></p>	<p>第七條 承諾於實行</p> <p>本公司及集團企業與組織應於其規章及對外文件中明示誠信經營之政策，董事會管理階層應承諾積極落實，並於內部管理及外部商業會動中確實執行。</p>	<p>配合證櫃監字第10800565492 修正</p>
<p><del>第</del><u>九</u>條 誠信經營商業活動</p> <p><u>本公司應本於誠信經營原則，以公平與透明之方式進行商業活動。</u></p> <p><u>本公司於商業往來之前，應考量其代理商、供應商、客戶或其他商業往來交易對象之合法性及是否涉有不誠信行為紀錄，並避免與涉有不誠信行為紀錄者進行交易。</u></p> <p><u>本公司與其代理商、供應商、客戶或其他商業往來交易對象簽訂之契約，其內容應包含遵守誠信經營政策及交易相對人如涉有不誠信行為時，得隨時終止或解除契約之條款。</u></p>	<p>第八條 誠信經營商業活動</p> <p>本公司應以公平與透明之方式進行商業活動。</p> <p>本公司於商業往來之前，應考量供應商、客戶或其他商業往來交易對象之合法性及是否有不誠信行為紀錄，宜避免與有不誠信行為紀錄者進行交易。</p> <p>本公司與他人簽訂契約，其內容宜包含遵守誠信經營政策及交易相對人如涉及不誠信行為，得隨時終止或解除契約之條款。</p>	<p>配合證櫃監字第10800565492 修正</p>
<p><del>第</del><u>十</u>條 禁止行賄及收賄</p> <p><u>本公司及其董事、監察人、經理人、受僱人、受任人與實質控制者，於執行業務時，不得直接或間接向客戶、代理商、承包商、供應商、公職人員或其他利害關係人提供、承諾、要求或收受任何形</u></p>	<p>第九條 禁止行賄及收賄</p> <p>本公司及董事、監察人、經理人、受僱人與實質控制者，於執行業務時，不得直接或間接提供、承諾、要求或收受任何形式之不正當利益，包括回扣、佣金、疏通費或透過其他途徑向客戶、承包</p>	<p>配合證櫃監字第10800565492 修正</p>

<p><del>式之不正當利益，包括回扣、佣金、疏通費或透過其他途徑向客戶、承包商、供應商、公職人員或其他利害關係人提供或收受不正當利益。但符合營運所在地法律者，不在此限。</del></p>	<p>商、供應商、公職人員或其他利害關係人提供或收受不正當利益。但符合營運所在地法律者，不在此限。</p>	
<p><u>第十一條 禁止提供非法政治獻金</u> 本公司及其董事、監察人、經理人、受僱人、受任人與實質控制者，對政黨或參與政治活動之組織或個人直接或間接提供捐贈獻，應符合政治獻金法及公司內部相關作業程序，不得藉以謀取商業利益或交易優勢。</p>	<p>第十條 禁止提供非法政治獻金 本公司董事、監察人、經理人、受僱人與實質控制者，對政黨或參與政治活動之組織或個人直接或間接提供捐贈，應符合政治獻金法及公司內部相關作業程序，不得藉以謀取商業利益或交易優勢。</p>	<p>配合證櫃監字第10800565492 修正</p>
<p><del>第十一條</del> <u>禁止不當慈善捐贈或贊助</u> 本公司及其董事、監察人、經理人、受僱人、受任人與實質控制者，對於慈善捐贈或贊助，應符合相關法令及內部作業程序，不得為變相行賄。</p>	<p>第十一條 禁止不當慈善捐贈或贊助 本公司及董事、監察人、經理人、受僱人與實質控制者，對於慈善捐贈或贊助，應符合相關法令及內部作業程序，不得為變相行賄。</p>	<p>配合證櫃監字第10800565492 修正</p>
<p><del>第十二條</del> <u>禁止不合理禮物、款待或其他不正當利益</u> 本公司及本公司董事、監察人、經理人、受僱人、受任人與實質控制者，不得直接或間接提供或接受任何不合理禮物、款待或其他不正當利益，藉以建立商業關係或影響商業交易行為。</p>	<p>第十二條 禁止不合理禮物、款待或其他不正當利益 本公司及本公司董事、監察人、經理人、受僱人與實質控制者，不得直接或間接提供或接受任何不合理禮物、款待或其他不正當利益，藉以建立商業關係或影響商業交易行為。</p>	<p>配合證櫃監字第10800565492 修正</p>
<p><u>第十四條 禁止侵害智慧財產權</u> 本公司及其董事、監察人、經理人、受僱人、受任人與實質控制者，應遵守智慧財產相關法規、公司內部作業程序及契約規定；未經智慧財產權所有人同意，不得使用、洩漏、處分、燬損或有其他侵害智慧財產權之行為。</p>		<p>配合證櫃監字第10800565492 修正</p>
<p><u>第十五條 禁止從事不公平競爭之行為</u> 本公司應依相關競爭法規從事營業活動，不得固定價格、操縱投標、限制產量與配額，或以分配顧客、供應商、營運區域或商業種類等方式，分享或分割市場。</p>		<p>配合證櫃監字第10800565492 修正</p>
<p><u>第十六條 防範產品或服務損害利害關係人</u> 本公司及其董事、監察人、經理人、</p>		<p>配合證櫃監字第10800565492 修正</p>

<p><u>受僱人、受任人與實質控制者，於產品與服務之研發、採購、製造、提供或銷售過程，應遵循相關法規與國際準則，確保產品及服務之資訊透明性及安全性，制定且公開其消費者或其他利害關係人權益保護政策，並落實於營運活動，以防止產品或服務直接或間接損害消費者或其他利害關係人之權益、健康與安全。有事實足認其商品、服務有危害消費者或其他利害關係人安全與健康之虞時，原則上應即回收該批產品或停止其服務。</u></p>		
<p><u>第十二條 組織與責任</u></p> <p>本公司之董事會、監察人、經理人、受僱人、受任人及實質控制者應盡善良管理人之注意義務，督促公司防止不誠信行為，並隨時檢討其實施成效及持續改進，確保誠信經營政策之落實。</p> <p>本公司為健全誠信經營之管理，<del>將指派負責誠信經營監督執行單位，並定期向董事會報告。</del><u>應設置隸屬於董事會之專責單位，負責誠信經營政策與防範方案之制定及監督執行，主要掌理下列事項，定期（至少一年一次）向董事會報告：</u></p> <p><u>一、協助將誠信與道德價值融入公司經營策略，並配合法令制度訂定確保誠信經營之相關防弊措施。</u></p> <p><u>二、定期分析及評估營業範圍內不誠信行為風險，並據以訂定防範不誠信行為方案，及於各方案內訂定工作業務相關標準作業程序及行為指南。</u></p> <p><u>三、規劃內部組織、編制與職掌，對營業範圍內較高不誠信行為風險之營業活動，安置相互監督制衡機制。</u></p> <p><u>四、誠信政策宣導訓練之推動及協調。</u></p> <p><u>五、規劃檢舉制度，確保執行之有效性。</u></p> <p><u>六、協助董事會及管理階層查核及評估落實誠信經營所建立之防範措施是</u></p>	<p><u>第十三條 組織與責任</u></p> <p>本公司之董事會應盡善良管理人之注意義務，督促公司防止不誠信行為，並隨時檢討其實施成效及持續改進，確保誠信經營政策之落實。</p> <p>本公司為健全誠信經營之管理，將指派負責誠信經營監督執行單位，並定期向董事會報告。</p>	<p>配合證櫃監字第10800565492修正</p>

<p><u>否有效運作，並定期就相關業務流程進行評估遵循情形，作成報告。</u></p>		
<p><del>第十</del><u>八</u>條 業務執行之法令遵循 本公司之董事、監察人、經理人、受僱人、<u>受任人與實質控制者</u>於執行業務時，應遵守法令規定及<u>行為指南</u>防範方案。</p>	<p>第十四條 業務執行之法令遵循 本公司之董事、監察人、經理人、受僱人與實質控制者於執行業務時，應遵守法令規定及行為指南。</p>	<p>配合證櫃監字第10800565492修正</p>
<p><del>第十五</del><u>九</u>條<u>董事、監察人及經理人之利益迴避</u> <u>本公司應制定防止利益衝突之政策，據以鑑別、監督並管理利益衝突所可能導致不誠信行為之風險，並提供適當管道供董事、監察人、經理人及其他出席或列席董事會之利害關係人主動說明其與公司有無潛在之利益衝突。</u> <u>本公司董事應本持高度自律、監察人、經理人及其他出席或列席董事會之利害關係人對董事會所列議案，與其自身或其代表之法人有利害關係，應於當次董事會說明其利害關係之重要內容，如</u><del>致</del><u>有害於公司利益之虞者，得陳述意見及答詢，不得加入討論及表決，且討論及表決時應予迴避，並不得代理其他董事行使其表決權。董事間亦應自律，不得不當相互支援。</u> <u>本公司董事、監察人、經理人、受僱人、受任人與實質控制者不得藉其</u><u>在公司擔任之職位或影響力</u>，使其自身、配偶、父母、子女或任何他人獲得不正當利益。</p>	<p>第十五條 董事、監察人及經理人之利益迴避 本公司董事應本持高度自律，對董事會所列議案，與其自身或其代表之法人有利害關係，致有害於公司利益之虞者，得陳述意見及答詢，不得加入討論及表決，且討論及表決時應予迴避，並不得代理其他董事行使其表決權。董事間自應自律，不得不當相互支援。 本公司董事、監察人及經理人不得藉其在公司擔任之職位，使其自身、配偶、父母、子女或任何他人獲得不正當利益。</p>	<p>配合證櫃監字第10800565492修正</p>
<p><del>第二十六</del>條 會計與內部控制 本公司應就具較高不誠信行為風險之營業活動，建立有效之會計制度及內部控制制度，不得有外帳或保留秘密帳戶，並應隨時檢討，俾確保該制度之設計及執行持續有效。 本公司內部稽核單位應定期查核前項制度遵循情形，<del>人員應定期查核前項制度遵循情形，並做成稽核報告提報董事會</del>且得委任會計師執行查核，必</p>	<p>第十六條 會計與內部控制 本公司應就具較高不誠信行為風險之營業活動，建立有效之會計制度及內部控制制度，不得有外帳或保留秘密帳戶，並應隨時檢討，俾確保該制度之設計及執行持續有效。 本公司內部稽核人員應定期查核前項制度遵循情形，並做成稽核報告提報董事會。</p>	<p>配合證櫃監字第10800565492修正</p>

<p><u>要時，得委請專業人士協助。</u></p> <p><u>前項查核結果應通報高階管理階層及誠信經營專責單位，並作成稽核報告提報董事會。</u></p>		
<p><del>第二十一條</del> 作業程序及行為指南 本公司應依第六條規定訂定之防範要點應具體規範董事、監察人、經理人、受僱人及實質控制者執行業務之作業程序及行為指南，<u>具體規範董事、監察人、經理人、受僱人及實質控制者執行業務應注意事項</u>，其內容包括至少應涵蓋下列事項：</p> <p>一、提供或接受不正當利益亦須符合正常社交禮俗，且係偶發而無影響特定權利業務之虞之認定標準。</p> <p>二、提供合法政治獻金之處理程序。</p> <p>三、提供正當慈善捐贈或贊助之處理程序及金額標準。</p> <p>四、避免與職務相關利益衝突之規定，及其申報與處理程序。</p> <p>五、對業務上獲得之機密及商業敏感資料之保密規定。</p> <p>六、對涉有不誠信行為之供應商、客戶及業務往來交易對象之規範及處理程序。</p> <p>七、發現違反企業誠信經營守則之處理程序。</p> <p>八、對違反者採取之紀律處分。</p>	<p>第十七條 作業程序及行為指南 本公司依第六條規定訂定之防範要點應具體規範董事、監察人、經理人、受僱人及實質控制者執行業務之作業程序及行為指南，其內容包括下列事項：</p> <p>一、提供或接受利益亦須符合正常社交禮俗，且係偶發而無影響特定權利業務之虞。</p> <p>二、提供合法政治獻金之處理程序。</p> <p>三、提供正當慈善捐贈或贊助之處理程序及金額標準。</p> <p>四、避免與職務相關利益衝突之規定，及其申報與處理程序。</p> <p>五、對業務上獲得之機密及商業敏感資料之保密規定。</p> <p>六、對涉有不誠信行為之供應商、客戶及業務往來交易對象之規範及處理程序。</p> <p>七、發現違反企業經營守則之處理程序。</p> <p>八、對違反者採取之紀律處分。</p>	<p>配合證櫃監字第10800565492修正</p>
<p><del>第二十二條</del> 教育訓練及考核 本公司之董事長、總經理或高階管理階層應定期向董事、受僱人及受任人傳達誠信之重要性。</p> <p>本公司應定期對董事、監察人、經理人、受僱人、受任人及實質控制者舉辦教育訓練與宣導，<u>並邀請與公司從事商業行為之相對人參與</u>，使其充分瞭解公司誠信經營之決心、政策、防範方案及違反不誠信行為之後果。</p> <p>本公司應將誠信經營政策與員工績效考核及人力資源政策結合，設立明確有效之獎懲制度。</p>	<p>第十八條 教育訓練及考核 本公司應定期對董事、監察人、經理人、受僱人及實質控制者舉辦教育訓練與宣導，使其充分了解公司誠信經營之決心、政策、防範方案及違反不誠信之後果。</p> <p>本公司應將誠信經營政策與員工績效考核及人力資源政策結合，設立明確有效之獎懲制度。</p>	<p>配合證櫃監字第10800565492修正</p>
<p><del>第二十三條</del> 檢舉制度</p>	<p>第十九條 檢舉與獎懲</p>	<p>配合證櫃監字第</p>

<p><del>本公司應提供正當檢舉管道，並對於檢舉人身分及檢舉內容應確實保密。確有違反誠信經營規定者，將視情節輕重予以懲處。訂定具體檢舉制度，並應確實執行，其內容至少應涵蓋下列事項：</del></p> <p><u>一、建立並公告內部獨立檢舉信箱、專線或委託其他外部獨立機構提供檢舉信箱、專線，供公司內部及外部人員使用。</u></p> <p><u>二、指派檢舉受理專責人員或單位，檢舉情事涉及董事或高階管理階層，應呈報至獨立董事或監察人，並訂定檢舉事項之類別及其所屬之調查標準作業程序。</u></p> <p><u>三、訂定檢舉案件調查完成後，依照情節輕重所應採取之後續措施，必要時應向主管機關報告或移送司法機關偵辦。</u></p> <p><u>四、檢舉案件受理、調查過程、調查結果及相關文件製作之紀錄與保存。</u></p> <p><u>五、檢舉人身分及檢舉內容之保密，並允許匿名檢舉。</u></p> <p><u>六、保護檢舉人不因檢舉情事而遭不當處置之措施。</u></p> <p><u>七、檢舉人獎勵措施。</u></p> <p><u>本公司受理檢舉專責人員或單位，如經調查發現重大違規情事或公司有受重大損害之虞時，應立即作成報告，以書面通知獨立董事或監察人。</u></p>	<p>本公司應提供正當檢舉管道，並對於檢舉人身分及檢舉內容應確實保密。確有違反誠信經營規定者，將視情節輕重予以懲處。</p>	<p>10800565492 修正</p>
<p><u>第二十四條 懲戒與申訴制度</u></p> <p><u>本公司應明訂及公布違反誠信經營規定之懲戒與申訴制度，並即時於公司內部網站揭露違反人員之職稱、姓名、違反日期、違反內容及處理情形等資訊。</u></p>		<p>配合證櫃監字第10800565492 修正</p>
<p><u>第二十五條 資訊揭露</u></p> <p><u>本公司應建立推動誠信經營之量化數據，持續分析評估誠信政策推動成效，於公司網站、年報及公開說明書揭露其誠信經營守則執行情形採行措</u></p>	<p><u>第二十條 資訊揭露</u></p> <p><u>本公司應於公司網站、年報及公開說明書揭露其誠信經營守則執行情形。</u></p>	<p>配合證櫃監字第10800565492 修正</p>

<p><u>施、履行情形及前揭量化數據與推動成效，並於公開資訊觀測站揭露誠信經營守則之內容。</u></p>		
<p><u>第二十六條</u> 誠信經營政策與措施之檢討修正</p> <p>本公司應隨時注意國內外誠信經營相關規範之發展，並鼓勵董事、監察人、經理人及受僱人提出建議，據以檢討改進公司訂定之誠信經營<u>守則政策及推動之措施</u>，以提昇公司誠信經營之落實成效。</p>	<p>第二十一條 誠信經營守則之檢討修正</p> <p>本公司應隨時注意國內外誠信經營相關規範之發展，並鼓勵董事、監察人、經理人及受僱人提出建議，據以檢討改進公司訂定之誠信經營守則，以提昇公司誠信經營之成效。</p>	<p>配合證櫃監字第10800565492修正</p>
<p><u>第二十七條</u> 實施</p> <p>本公司之誠信經營守則經董事會通過後實施，並送各監察人及提報股東會，修正時亦同。本守則訂定於中華民國一〇四年三月二十六日。<u>第一次修正於中華民國一〇八年八月八日。</u></p> <p><u>本公司依前項規定將誠信經營守則提報董事會討論時，應充分考量各獨立董事之意見，並將其反對或保留之意見，於董事會議事錄載明；如獨立董事不能親自出席董事會表達反對或保留意見者，除有正當理由外，應事先出具書面意見，並載明於董事會議事錄。</u></p> <p><u>本公司設置審計委員會者，本守則對於監察人之規定，於審計委員會準用之。</u></p>	<p>第二十二條 實施</p> <p>本公司之誠信經營守則經董事會通過後實施，並送各監察人及提報股東會，修正時亦同。</p> <p>本守則訂定於中華民國一〇四年三月二十六日。</p>	<p>配合證櫃監字第10800565492修正</p>

- 1.董事會決議日期:109/02/27
- 2.公司債名稱:系微股份有限公司一〇九年度第一次國內私募無擔保可轉換公司債
- 3.發行總額:於新台幣陸仟萬元(含)內之額度，於股東常會決議之日起一年內一次辦理。
- 4.每張面額:新台幣壹拾萬元。
- 5.發行價格:面額發行。
- 6.發行期間:預計發行期間 5 年。
- 7.發行利率:票面年利率 0%。
- 8.擔保品之種類、名稱、金額及約定事項:無。
- 9.募得價款之用途及運用計畫:  
充實營運資金，於資訊產業日新月異的變遷時代下，為因應長期策略發展，預計將拓展研發實力，本著軟體開發不斷研究創新的精神，預計將與策略性投資人共同合作，開發電腦資訊業界新世代之產品與技術。
- 10.公司債受託人:不適用。
- 11.發行保證人:不適用。
- 12.代理還本付息機構:本公司。
- 13.能轉換股份者，其轉換價格及轉換辦法:詳後發行辦法(暫定)。
- 14.賣回條件:詳後發行辦法(暫定)。
- 15.買回條件:詳後發行辦法(暫定)。
- 16.附有轉換、交換或認股者，其換股基準日:詳後發行辦法(暫定)。
- 17.附有轉換、交換或認股者，對股權可能稀釋情形:詳其他應敘明事項。
- 18.其他應敘明事項:

(1) 私募價格訂定之依據及合理性：

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

實際發行價格及定價日擬請股東常會授權董事會視日後洽策略性投資人情形決定之。

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

本次私募可轉債總額上限為陸仟萬元，若依 109 年 02 月 26 日收盤價試算新台幣 60.40 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 66.44~54.36 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 903,070~1,103,752 股，約佔轉換後發行總股數之 2.32%~2.82%，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一〇八年財務報告數據計算為 609,474 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 2020 First Issue of Domestic Unsecured Convertible Bonds of Insyde Software Corp. (“Company”) by private placement (the “Bonds”).

**2. Issue Date**

2020 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, Supervisors and Functional committee**

Article 16 : The Company shall have seven to eleven 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 date of occurrence. 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 : The Board of Directors shall set up functional committees. The Committee members' qualifications, duties and related matters shall be defined by the Board of Directors in accordance with the related laws and regulations.

Before the company legally orders the audit committee to replace the supervisor, the board of directors

may decide to set up an audit committee or supervisor. However, during the period of setting up the audit committee, the provisions of the supervisors of the Articles of Association cease to apply. The audit committee is subject to the Securities Exchange Act. Article 4 of 4 and related laws and regulations provide for the exercise of powers.

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 ; 1<sup>st</sup> amendment on November 20, 1998; 2<sup>nd</sup> amendment on July 20, 1999 ; 3<sup>rd</sup> amendment on December 10, 1999; 4<sup>th</sup> amendment on June 29, 2000; 5<sup>th</sup> amendment on June 10, 2001; 6<sup>th</sup> amendment on June 18, 2001; 7<sup>th</sup> amendment on June 28, 2002; 8<sup>th</sup> amendment on June 20, 2003; 9<sup>th</sup> amendment on June 17, 2005; 10<sup>th</sup> amendment on June 14, 2006; 11<sup>th</sup> amendment on June 25, 2008; 12<sup>th</sup> amendment on June 26, 2009; 13<sup>th</sup> amendment on June 15, 2010; 14<sup>th</sup> amendment on July 21, 2012; 15<sup>th</sup> amendment on June 17, 2013; 16<sup>th</sup> amendment on June 14, 2016, 17<sup>th</sup> amendment on June 12, 2019

Insyde Software Corp.

Chairman : Chih Kao Wang

## **Insyde Software Corporation**

### **Rules for Procedures 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

1<sup>st</sup> amendment on June 28, 2002;

2<sup>nd</sup> amendment on June 15, 2007 ;

3<sup>rd</sup> amendment on June 25, 2008;

4<sup>th</sup> amendment on June 21, 2012;

5<sup>th</sup> amendment on June 17, 2013;

6<sup>th</sup> amendment on May 15, 2015;

# Comparison Table For the Rules of Procedures for Shareholders Meeting

Approved by board meeting on 2020 Feb.27

After the Version	Before the Version	Amendment Reason
<p>Article 3 (Convening shareholders meetings and shareholders meeting notices) Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.</p> <p>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.</p> <p>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.</p> <p>Election or dismissal of directors or supervisors, amendments to the articles of incorporation, Capital reduction, application for suspension of public issuance, directors' competition permission, surplus capital increase, capital accumulation capital increase, 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.</p> <p>A shareholder holding 1 percent or more of the total number of issued shares may submit to</p>	<p>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.</p> <p>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. 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With the consent of the addressee, the meeting notice may be given in electronic form.</p> <p>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.</p> <p>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</p>	<p>Cooperate with of the amendment No. 10900500261</p>

After the Version	Before the Version	Amendment Reason
<p>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 by written or electronic, 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.</p>	<p>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.</p>	
<p>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. Relevant motions (including extraordinary motions and proposals of amendments) should be voted on. 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.</p>	<p>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</p>	

After the Version	Before the Version	Amendment Reason
<p>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 and arrange adequate voting time.</p> <p>After the meeting is adjourned, the Shareholders shall not elect another chairperson to continue the meeting at the original or other venue.</p>	<p>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.</p> <p>After the meeting is adjourned, the Shareholders shall not elect another chairperson to continue the meeting at the original or other venue.</p>	
<p>Article 13 (Calculation of Voting Shares, Checking and Counting Ballots)</p> <p>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</p> <p>When this Corporation holds a shareholder meeting, it <u>shall</u> 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.</p> <p>...</p>	<p>Article 13 (Calculation of Voting Shares, Checking and Counting Ballots)</p> <p>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</p> <p>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.</p> <p>...</p>	
<p>Article 15</p> <p>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.</p> <p>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 the voting results (including statistical weights) are recorded, and when there are elected directors and supervisors, the number of votes for each candidate shall be disclosed, and shall be retained for the duration of the existence of the Company.</p>	<p>Article 15</p> <p>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.</p> <p>The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.</p> <p>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.</p>	
<p>Article 20</p> <p>These Rules were formulated on June 29, 2000</p> <p>1st amendment on June 28, 2002;</p> <p>2nd amendment on June 15, 2007 ;</p> <p>3rd amendment on June 25, 2008;</p> <p>4th amendment on June 21, 2012;</p> <p>5th amendment on June 17, 2013;</p> <p>6th amendment on May 15, 2015;</p> <p>7th amendment on May 28, 2020</p>	<p>Article 20</p> <p>These Rules were formulated on June 29, 2000</p> <p>1st amendment on June 28, 2002;</p> <p>2nd amendment on June 15, 2007 ;</p> <p>3rd amendment on June 25, 2008;</p> <p>4th amendment on June 21, 2012;</p> <p>5th amendment on June 17, 2013;</p> <p>6th amendment on May 15, 2015;</p>	

## Current Shareholding of Directors and Supervisors:

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

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

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

2. As of March 30<sup>th</sup>, 2020, the cut-off date of this Shareholders' Meeting, the individual Directors and Supervisors their aggregate shareholdings are listed below:

Title	Name	Current Shareholding (Shares)	Current Shareholding (%)
Chairman	Chih Kao Wang	1,896,145	4.98%
Director	Jonathan Joseph	1,038,172	2.73%
Director	Fu Chiang Sung	551,389	1.45%
Director	Wang Chien Chih	219,015	0.58%
Independent Director	Chen Chi HSun	0	0.00%
Independent Director	Yeh Shun Fa	0	0.00%
Director	Representative of PCT Limited. Huang, Mei Chin	4,920,111	12.93%
Holdings of all Directors		8,624,832	22.67%

Title	Name	Current Shareholding (Shares)	Current Shareholding (%)
Supervisors	Representative of Ming Liang Investment Co., Ltd Wang Yen Chi	1,037,558	2.73%
Supervisors	Dai May Hong	0	0.00%
Supervisors	Shao Chien-Hua	0	0.00%
Holdings of all Supervisors		1,037,558	2.73%

Holdings of all Directors and Supervisors		9,662,390	25.40%
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1. According to article 172-1 of the Company Law, shareholders with over 1% holding of total shares issued can submit only one written proposal, containing up to 300 words, to shareholders' meeting.
  - 1.1 Shareholders can put forth proposals to the shareholders' meeting during March 20-30, 2020, which had been posted on the Market Observation Post System of the Taiwan Stock Exchange, according to law.
  - 1.2 The company didn't receive any proposal from shareholders during the period.
- 2.The Remuneration to Employees, Directors and Supervisors :

As the amount of remuneration to Employees, Directors and Supervisors is different from the estimated number, the difference, reasons and measures should be disclosed as follows :

There is no difference between the above the estimated number resolution and the ratified cost for 2019.
- 3.The Impact of Stock Dividend Issuance on Business Performance, EPS, and Shareholders Return on Investment : Not applicable.