

  
Parade Technologies, Ltd.  
2020 ANNUAL GENERAL MEETING of MEMBERS  
MEETING MINUTES  
(Translation)

Time: June 15, 2020, 9:00 a.m., Taipei Local Time

Place: 9F., No.71, Zhouzi St., Neihu Dist., Taipei City 114, Taiwan

Present: Members in person or by proxy (including voted via electronic transmission), representing 69,322,832 shares entitled to vote for or against each of the resolutions as set out below, accounted for 86.97% of the total 79,707,637 issued shares

Chairman: Jen-Lin Shen, Independent Director

Directors: Jen-Lin Shen, Independent Director

Attendees: Hsiao-Tzu Chou, CPA, PricewaterhouseCoopers, Taiwan  
Doris Lu, Attorney, Chen & Lin Attorneys-at-Law

Recorder: Yo-Ming Chang

The necessary quorum of members was present in person or by proxy and the Chairman declared the meeting duly constituted and the Company may proceed to business.

### **Commencement (Omitted)**

### **Chairman Remarks**

Due to the outbreak of the COVID-19, chairman of the Board of Directors could not attend this meeting, Chairman of the Board of Directors fully authorized Jen-Lin Shen, the chair of Audit Committee, as the Chairman of 2020 annual general meeting of members. Omitted

### **Report Items**

1. To report the 2019 business (See Attachment I)

Summary of Shareholders' Statements:

Shareholders (No. 2991) made statements about the sales proportion of products as of the end of May 2020 and change status compared with last year, the revenue contribution of sever-class PCIe Gen 4 (16Gbps) high-speed products, the overall

market share of the revenue contribution of HDR (High-Dynamic-Range) display solutions, and the table of production volume and value.

The person designated by the Chairman responded to the above statements.

2. To report the 2019 review report by the Audit Committee (See Attachment II)

Summary of Shareholders' Statements:

Shareholders (No. 2991) made statements about losses on inventories and allowances, and shareholding change by Directors and Management.

The person designated by the Chairman responded to the above statements.

3. To report the allocation of 2019 employees' cash bonuses and the Directors' remuneration.

Explanatory Notes:

Considering the "Amended and Restated Memorandum and Articles" and the Company's 2019 annual profits before tax, the Compensation Committee has recommended to the Board of Directors the approval of distribution and payment of NT\$162,768,839 in cash as the employees' bonuses and NT\$54,661,549 in cash as Directors' remuneration, respectively, equivalent to US\$5,265,896 and US\$1,768,410, by adopting foreign exchange rate of US\$1=NT\$30.91.

## **Proposals**

1. To ratify the 2019 Business Report (Proposed by the Board of Directors)

Explanatory Notes:

(1) The 2019 business report is attached hereto as Attachment I.

(2) Please ratify the above-mentioned the 2019 Business Report.

Summary of Shareholders' Statements:

Shareholders (No. 2991) made statements about the profit situation of Parade (US) subsidiary, the Company's products with the highest gross margin and the fastest growth, and the audit firms of Parade subsidiaries and branches.

The person designated by the Chairman responded to the above statements.

Resolution: 61,070,183 votes voted in favor for the proposal (including voted via electronic transmission), 10 votes voted against the proposal (including voted via electronic transmission), 0 votes voted invalid the proposal, and 8,105,136 votes voted abstained/no voted the proposal (including voted via electronic transmission). 61,070,183 votes voted in favor for the proposal (including voted via electronic

transmission), representing 88.28% of the total votes (69,175,329) held by the members present in the meeting (including voted via electronic transmission) and constituting simple majority of the members as, being entitled to do so, vote in person or by proxy at the meeting. This proposal as proposed by the board of directors was duly passed as ordinary resolution of the Company.

2. To adopt the Company's 2019 audited consolidated financial reports (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The Company's 2019 consolidated financial statements, including Consolidated Balance Sheets, Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, and Consolidated Statements of Cash Flows, have been approved by the Board of Directors, audited by independent auditors, Ms. Chou Hsiao-Tzu and Ms. Liang Hua-Ling, of PricewaterhouseCoopers Taiwan and reviewed by the Audit Committee, evidenced by the review report issued by the Audit Committee.
- (2) The 2019 independent accountants' audit report and above-mentioned consolidated financial statements are attached hereto as Attachment III.
- (3) Please ratify the above-mentioned 2019 audited consolidated financial statements.

Resolution: 61,070,183 votes voted in favor for the proposal (including voted via electronic transmission), 10 votes voted against the proposal (including voted via electronic transmission), 0 votes voted invalid the proposal, and 8,105,136 votes voted abstained/no voted the proposal (including voted via electronic transmission). 61,070,183 votes voted in favor for the proposal (including voted via electronic transmission), representing 88.28% of the total votes (69,175,329) held by the members present in the meeting (including voted via electronic transmission) and constituting simple majority of the members as, being entitled to do so, vote in person or by proxy at the meeting. This proposal as proposed by the board of directors was duly passed as ordinary resolution of the Company.

3. To approve the 2019 profit distribution plan (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The Company's 2019 profits distribution table has been approved by the Board of Directors. The table has been reviewed and evidenced by the report issued by the Audit Committee.
- (2) The proposed profits distribution table/plan is to distribute 2019 Retained Earnings Available for Distribution, inclusive of distribution of the profits to the shareholders at the total amount of NT\$1,216,886,608, with cash dividends of

NT\$15.23 per share, equivalent to US\$0.4927, by adopting foreign exchange rate of US\$1=NT\$30.91.

- (3) In the event the Company subsequently repurchase and retire the treasury stocks or issue new shares and thus change the number of total issued and outstanding shares of the Company, it is proposed to authorize the Board to adjust the ultimate cash dividend per share based on the total amount of profits resolved to be distributed in the 2020 Annual General Meeting of Members and the number of total issued and outstanding shares on the record date for distribution and proceed relevant matters.
- (4) It is proposed to authorize the Board of the Directors to determine the record date of the cash dividends after this profit proposal is approved by this 2020 Annual General Meeting of Members.
- (5) The 2019 Profit Distribution Table is attached hereto as Attachment IV.
- (6) Please approve the above-mentioned 2019 Profit Distribution Proposal.

Resolution: 60,906,183 votes voted in favor for the proposal (including voted via electronic transmission), 164,010 votes voted against the proposal (including voted via electronic transmission), 0 votes voted invalid the proposal, and 8,105,136 votes voted abstained/no voted the proposal (including voted via electronic transmission). 60,906,183 votes voted in favor for the proposal (including voted via electronic transmission), representing 88.04% of the total votes (69,175,329) held by the members present in the meeting (including voted via electronic transmission) and constituting simple majority of the members as, being entitled to do so, vote in person or by proxy at the meeting. This proposal as proposed by the board of directors was duly passed as ordinary resolution of the Company.

## **Discussions**

1. To approve 2020 Employee Restricted Stock Awards Plan (Proposed by the Board of Directors)

### Explanatory Notes:

- (1) The Company has established this 2020 Employee Restricted Stock Awards Plan to attract and retain professional personnel needed by the Company, to motivate employees and enhance their centripetal force so as to jointly create the Company's and shareholders' interests. Within one year from the date of the shareholders resolution, the Company may, depending on its actual need, register with the competent authority single tranche or multiple tranche of the restricted shares for the employees. For the number of shares effectively registered, the Company may issue the shares all at once or by tranches. The

Chairman is authorized to determine the actual issuance date.

(2) The material terms of 2020 Employee Restricted Stock Awards Plan (the "2020 RSA Plan") are as below:

I. Expected total number of the Restricted Stock Awards ("RSA") issuance:  
800,000 ordinary shares, with par value NT\$ 10 per share.

II. The terms and conditions of issuance

i. Issue price: Each RSA will be issued without consideration.

ii. Vesting conditions:

The RSAs granted hereunder will be vested at the equal rate of 25% per year over four (4) years from the RSA vesting commencement date. Each 25% will be vested on the anniversary of the RSA vesting commencement date provided that such grantee employee continuously serves the Company or the subsidiary wholly owned by the Company to each corresponding anniversary.

The chairman shall propose and submit the respective RSA vesting commencement date to the board of directors of the Company for the approval. The RSA vesting commencement date is not required to be the date when the RSA is granted, the date when the board of directors approves such grant, or the date when the grantee employee was on board.

iii. Restrictions before RSA is vested:

①. The grantee employee shall not sell, transfer, make gift of, create other rights or encumbrances on the RSAs, or otherwise dispose of the RSAs in any other manner.

②. All the proposal rights, motion rights, speech rights, voting rights and any other shareholder rights shall be exercised by the trustee or the custodian (as applicable).

③. The restrictions (including but not limited to transfer restrictions and vesting conditions) applicable to any and all unvested RSAs (and any share derived from such RSAs for whatever reason, including share dividend, retained earning capitalization, recapitalization, reserve capitalization and any cash distributed based on such RSAs for whatever reason, including cash dividend and distribution of capital reserve in the form of cash) shall equally apply to any share derived, directly or indirectly, from and cash distributed based on such unvested RSAs for whatever reason, including share dividend, retained earning capitalization, recapitalization, reserve capitalization, cash dividend and distribution of capital reserve in the form of cash, and any interests (collectively, the

“Restricted Share and Cash Distribution”). For the avoidance of doubt, for the purpose of this Plan, the unvested RSAs shall include all the corresponding Restricted Share and Cash Distribution, which are subject to the same restrictions and thus unvested.

④. In the case that the grantee employee is an ROC citizen, such employee shall, immediately after the Company issues the RSAs to such employee, trust such RSAs to the trustee designated by the Company in accordance with the Company’s instruction and, unless otherwise provided hereunder, shall be continuously trusted till the full satisfaction of the vesting conditions. Any and all the Restricted Share and Cash Distribution derived from the unvested RSAs shall also be put in the trust. In the case that the grantee employee is non-ROC citizen, such employee shall put the RSA with a custodian bank for custody.

⑤. In the event the employee’s employment is terminated or inheritance occurs, etc., all the rights attached to the unvested RSAs will be forfeited on the date when the termination of employment or inheritance takes effect, and the Company may redeem such unvested RSAs at no consideration, and then shall cancel such RSAs.

⑥. Other conditions of the plan please refer to Attachment V.

III. Qualifications and conditions for employees and the numbers of shares distributable or subscribable: The eligible employees are limited to the employees of the Company or of the subsidiary wholly owned by the Company who serve as the full-time employees before the RSA are granted. The Chairman shall propose and submit the list of grantee employees and the number of RSAs to be granted to the board of directors of the Company for the approval, in the case of granting the RSA to an employee who serves as directors and/or officers, to the compensation committee of the Company for review and recommendation and then to the board of directors of the Company for final approval. The actual employees and the number of RSA to be granted will be decided according to relevant laws and regulations and within the limitation of amount thereof, considering seniority, job level, work performance, overall contribution, special achievement, and other factors necessary for management, etc., and considering the Company’s operational needs and development strategy.

IV. The reasons why it is necessary to issue the new RSAs: To attract and retain professional personnel needed by the Company, to motivate employees and enhance their centripetal force so as to jointly create the Company’s and shareholders’ interests.

V. The expected amount of expenses and the dilution effect on the

Company's earnings per share and any other impact on shareholder's equity: (1) NT\$553,600,000 over four years. (2) The dilution effect on the Company's earnings per share is approximately NT\$0.304. The total numbers to be issued under this plan is approximately 1.00% of the Company's total issued and outstanding shares (79,961,062 shares as of March 31, 2020).

(3) After being approved by the shareholders' resolution, if any amendment is necessary due to any change of laws or regulations, any demand by the competent authority or any requirement of the circumstance, it is proposed to authorize the Chairman or the person designated by the Chairman to make necessary amendment and submit to the board of directors for approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors before the issuance of RSA hereunder.

(4) Please discuss and approve the above proposal.

Resolution: 47,358,419 votes voted in favor for the proposal (including voted via electronic transmission), 13,083,374 votes voted against the proposal (including voted via electronic transmission), 0 votes voted invalid the proposal, and 8,733,536 votes voted abstained/no voted the proposal (including voted via electronic transmission). 47,358,419 votes voted in favor for the proposal (including voted via electronic transmission), representing 68.46% of the total votes (69,175,329) held by the members present in the meeting (including voted via electronic transmission). This proposal as proposed by the board of directors was duly passed as supermajority resolution of the Company.

2. To approve the amendment of the Company's Amended and Restated Articles of Association (Proposed by the Board of Directors)

Explanatory Notes:

(1) In response to the change in the "Checklist for the Protection of Right of Shareholders in Foreign Issue" and the Company's operation needs, certain amendments to the Company's Amended and Restated Articles of Association are recommended.

(2) The comparison table of the amended to the amended and restated articles is attached hereto as Attachment VI.

(3) Please approve the above-mentioned proposal.

Resolution: 44,427,594 votes voted in favor for the proposal (including voted via electronic transmission), 16,382,199 votes voted against the proposal (including voted via electronic transmission), 0 votes voted invalid the proposal, and 8,365,536 votes voted abstained/no voted the proposal (including voted via electronic transmission). 44,427,594 votes voted in favor for the proposal (including voted via

electronic transmission), representing 64.22% of the total votes (69,175,329) held by the members present in the meeting (including voted via electronic transmission) and represented 73.05% of 60,809,793 votes, being the total number of votes cast by the members as, being entitled to do so, vote in person or by proxy (including via electronic transmission) at the meeting. This proposal as proposed by the board of directors was duly passed as special resolution of the Company.

## Questions and Motions

There is no *ad hoc* motion after consultation with all present shareholders. The Chairman declares that the meeting is adjourned.



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Shen, Jen Lin  
Chairman



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Yo-Ming Chang  
Recorder



**Parade Technologies, Ltd.  
2019 Business Report**

Dear Shareholders,

Parade continually achieved the new records of both revenue and net income in 2019. The revenue and net income were US\$382.05 million or NT\$11.81 billion and US\$78.74 million or NT\$2.43 billion, respectively. During the year 2019, we focused on the core competencies of high-speed and advanced display technologies and new product development and deployment to strengthen our leaderships and gain market shares. Consequently, our high-speed interface devices, eDP-Tcon, and high-speed source drivers achieved revenue growths and market share increases. In addition, the success of deployment of state-of-art products improved the overall gross margin noticeably. As we are writing this letter, COVID-19 has been outbreaking globally. It is an unprecedented time. We have been executing the policy to keep employee safe first through the practice of work-at-home in the most of our offices. Our business is sound and healthy. We have been working very hard to serve our customers aggressively since outbreak. Our technology and product developments remain on track. We are confident that our technology strength and employee dedication would help us to continue growing and gaining market shares in coming years.

Parade kept the growth momentum in high-speed interface market in 2019. We heavily invested in high-speed technologies and product development. We accumulated a large high-speed product portfolio. Our high-speed solutions gained a large scale of adoption in the applications such as notebook, tablets, high-end TV, AR and VR, and high-speed dock and dongle. The success of design wins also pushed our high-speed devices into industry and automotive areas. Superspeed USB Type-C (10Gbps) has been became popular. Our USB Type-C high-speed technologies and products can be found in many Tie 1 systems and scored a significant market share. The emerged industry standard USB4 (40Gbps) in 2019 along with

new standards of DP2.0 and HDMI2.1 requires much advanced high-speed design technologies and creates significant opportunities for us owing to our high-speed technology expertise. We are positioning well for such an advance of standards and technologies. In addition, our development of sever-class PCIe Gen 4 (16Gbps) high-speed products scored many Tie 1 design wins after rigid system qualification and are ready to make a revenue contribution. We are advancing PCIe Gen 4 to PCIe Gen 5 (32Gbps) technology and products development. We expect PCIe Gen 4 and Gen5 will become an important product line for Parade.

Parade strengthened its leading position and extensive knowledge in embedded DisplayPort area to gain market shares. While offering advanced and competitive eDP-Tcon solution for general market, we developed the customized eDP-Tcon products for the advanced display of the leading global brands. We also have been working with industry panel leaders to advance display technologies and products to the new highs. Our world 1<sup>st</sup> PSR TED (Tcon-Embedded-Driver) products have been enabled the narrow-bezel and low-power panels for notebooks and tablets. As a result, TED products gained many design wins and contributed to the growth of our revenue. We are further challenging ourselves by working with panel industry to develop world 1<sup>st</sup> PSR tTED (touch-TCON-Embedded-Driver) devices. tTED technology and product push the integration of functions and features into new high which further demonstrates Parade's leadership.

Parade's SIPI LCD driver scored a large scale design wins and gained a significant market shares in 2019. Our strategy on bundle-sale of our high-speed SIPI drivers and leading eDP-Tcon demonstrated great values and advantages. Customers are happy with our high quality and speedy go-to-market solutions. Furthermore, the advanced SIPI high-speed performance became so important to enable gaming display which demands high display refresh-rate from 120Hz, 144Hz, 240Hz to 360Hz. SIPI high-speed technology with our HDR (High-Dynamic-Range) display technology are leading gaming display solutions.

Our TureTouch products continue serving customers in many applications, Smartwatches, and AMOLED panels. The touch IPs have been integrated into current and new category display products, for example tTED devices.

Parade's consolidated net income in 2019 was US\$78.74 million (NT\$2.43 billion), an increase of 21.03% from US\$65.06 million (NT\$1.97 billion) in year 2018. Earnings per diluted share in 2019 were US\$0.99 (NT\$30.69), an increase of 22.22% from US\$0.81 (NT\$24.66) in 2018. Gross profit margin was 42.71% as compared to 41.47% in 2018, while operating profit margin was 20.30% up from 18.79% of the prior year.

We keep focusing on our employees and intellectual property. We are committed to recruiting and investing in the highest quality research & development (R&D) staff, As of December 31, 2019, Parade has a total of 487 employees, up 29 from 2018. Out of 487 employees, 305 were engaged in research, development and related engineering. We hold 243 granted patents and 36 patent applications pending at the end of year 2019.

Looking forward, we are exciting about our leadership, strategy, technologies and product portfolio to provide the advanced solutions to markets. We continue expanding our market to industrial, and automotive areas to achieve new growth. Although there is severe uncertainty in 2020 global economy triggered by the COVID-19 pandemic, with our leading positions and broad adoptions by global tier-1 customers, Parade will continue to grow sales across our product portfolio in 2020. We believe Parade is well positioned to generate favorable results for our shareholders.

We appreciate the solid support from all of our shareholders!

Jack Zhao  
Chairman and CEO  
April 29, 2020

## Audit Committee's Report

The Board of Directors has prepared the Company's 2019 Business Report, consolidated Financial Statements and proposal for allocation of profits. The CPA firm of PricewaterhouseCoopers was retained to audit Parade's consolidated Financial Statements and has issued an audit report relating to the consolidated Financial Statements. The Business Report, consolidated Financial Statements and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Parade Technologies, Ltd. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Parade Technologies, Limited.

Chairman of the Audit Committee: Norman Shen



April 29, 2020

## REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Parade Technologies, Ltd.

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Parade Technologies, Ltd. and subsidiaries (the “Group”) as at December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## ***Key audit matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements of the current period are stated as follows:

### **Goodwill impairment**

#### Description

Refer to Note 4(13) (Non-financial asset impairment), Note 5(2) (Critical accounting estimates and assumptions) and Note 6(6) (Goodwill) to the consolidated financial statements where the impairment of non-financial assets and goodwill has been discussed.

To achieve the Group's roadmap for display and touch integration solutions and to improve the operational efficiency of the industry supply chain, the Group acquired Cypress Semiconductor Corp.'s TrueTouch® Mobile touchscreen business in 2015. The balance of goodwill arising from acquisitions as at December 31, 2019 was NT\$1,470,575 thousand.

The Group uses 5-year cash flow forecasts to determine the recovery amount of goodwill; however, the measurement results in a large extent depend on management's assumptions, including the discount rate and the estimated growth rate used, which are subject to management's judgements with considerable uncertainty. Therefore, the goodwill impairment assessment is a key audit matter this year.

#### How our audit addressed the matter

Our procedures in relation to the key audit matter included:

1. Evaluated the rationality of the evaluation model using the nature of the Group.
2. We confirmed that the future cash flow used in the evaluation model is consistent with the next 5-year budget provided by the Group.
3. We assessed the appropriateness of key assumptions used, such as growth rate and discount rate.

## **Inventory impairment losses**

### Description

Refer to Note 4(10) (Inventories), Note 5(2) (Critical accounting estimates and assumptions) and Note 6(3) (Inventories) to the consolidated financial statements where the accounting policy, accounting estimates and assumptions of inventories and allowance for reduction of inventories to market values have been discussed.

Losses on inventories and allowances as at December 31, 2019 was NT\$1,184,957 thousand and NT\$241,173 thousand, respectively.

The rapid changes in the technology of the industries in which the Group is involved and the net realizable value used in the evaluation of obsolete inventories often involve subjective judgements and therefore highly uncertain estimates. Inventories are measured at the lower of cost and net realizable value. The impact of inventories and its allowance for diminution in value has a significant impact on the financial statements. Therefore, the loss on inventories and allowances assessment is a key audit matter this year.

### How our audit addressed the matter

Our procedures in relation to the key audit matter included:

1. The valuation of inventory impairment losses adopted the understanding of the nature of the industry, and it is confirmed that the accounting policy is consistent with the previous period.
2. Verified the appropriateness of the system logic for evaluating the inventory aging report to confirm that the report information is consistent with the Company's policies.
3. Reviewed the historical information of inventories, supplemented by inspecting the amount of provision after the reference period, and then assessed the reasonableness of the loss provision.

### ***Responsibilities of management and those charged with governance for the consolidated financial statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group’s financial reporting process.

### ***Auditor’s responsibilities for the audit of the consolidated financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with ROC GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chou, Hsiao-Tzu

Liang, Hua-Ling

For and on behalf of PricewaterhouseCoopers, Taiwan

March 11, 2020

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the consolidated financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2019 AND 2018  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS	Notes	December 31, 2019		December 31, 2018		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 8,106,000	59	\$ 6,011,928	50
1170	Accounts receivable, net	6(2)	1,197,533	8	1,411,407	12
130X	Inventories, net	6(3)	943,784	7	1,099,789	9
1410	Prepayments		250,140	2	206,920	1
1470	Other current assets		301,249	2	333,327	3
11XX	<b>Total current assets</b>		<u>10,798,706</u>	<u>78</u>	<u>9,063,371</u>	<u>75</u>
<b>Non-current assets</b>						
1600	Property, plant and equipment, net	6(4)	277,838	2	326,052	3
1755	Right-of-use assets	6(5)	181,543	2	-	-
1780	Intangible assets	6(6)	2,374,609	17	2,560,397	21
1840	Deferred income tax assets	6(18)	113,956	1	59,772	1
1900	Other non-current assets		25,956	-	24,853	-
15XX	<b>Total non-current assets</b>		<u>2,973,902</u>	<u>22</u>	<u>2,971,074</u>	<u>25</u>
1XXX	<b>TOTAL ASSETS</b>		<u>\$ 13,772,608</u>	<u>100</u>	<u>\$ 12,034,445</u>	<u>100</u>

(Continued)

**PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2019 AND 2018**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

LIABILITIES AND EQUITY		Notes	December 31, 2019		December 31, 2018	
			Amount	%	Amount	%
<b>Current liabilities</b>						
2170	Accounts payable		\$ 786,191	6	\$ 971,566	8
2200	Other payables	6(7)	738,687	5	625,103	5
2230	Current income tax liabilities	6(18)	616,281	4	491,583	4
2280	Lease liabilities - current	6(5)	65,937	1	-	-
2300	Other current liabilities		190,109	1	224,699	2
21XX	<b>Total current liabilities</b>		<u>2,397,205</u>	<u>17</u>	<u>2,312,951</u>	<u>19</u>
<b>Non-current liability</b>						
2580	Lease liabilities - non-current	6(5)	115,606	1	-	-
25XX	<b>Non-current liabilities</b>		<u>115,606</u>	<u>1</u>	<u>-</u>	<u>-</u>
2XXX	<b>Total liabilities</b>		<u>2,512,811</u>	<u>18</u>	<u>2,312,951</u>	<u>19</u>
<b>Equity attributable to owners of the Company</b>						
<b>Share capital</b>						
		6(10)				
3110	Ordinary shares		799,205	6	790,147	7
<b>Capital reserves</b>						
		6(11)				
3200	Capital reserves		3,159,096	23	2,817,047	23
<b>Retained earnings</b>						
		6(12)				
3310	Legal reserve		807,466	6	807,466	7
3320	Special reserve		8,324	-	246,657	2
3350	Unappropriated earnings		7,518,192	55	5,825,247	49
<b>Other equity</b>						
3400	Other equity		( 930,761)	( 7)	( 561,620)	( 5)
3500	Treasury shares	6(10)	( 101,725)	( 1)	( 203,450)	( 2)
31XX	<b>Equity attributable to owners of the Company</b>		<u>11,259,797</u>	<u>82</u>	<u>9,721,494</u>	<u>81</u>
3XXX	<b>Total equity</b>		<u>11,259,797</u>	<u>82</u>	<u>9,721,494</u>	<u>81</u>
<b>Significant events after the balance sheet date</b>						
		11				
3X2X	<b>TOTAL LIABILITIES AND EQUITY</b>		<u>\$ 13,772,608</u>	<u>100</u>	<u>\$ 12,034,445</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

**PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

	Notes	2019		2018	
		Amount	%	Amount	%
4000 <b>Revenue</b>	6(14)	\$ 11,810,592	100	\$ 10,363,888	100
5000 <b>Cost of goods sold</b>	6(3)(16)(17)	( 6,766,981)	( 57)	( 6,065,144)	( 58)
5900 <b>Gross profit</b>		<u>5,043,611</u>	<u>43</u>	<u>4,298,744</u>	<u>42</u>
<b>Operating expenses</b>	6(16)(17) and 7				
6100 Sales and marketing expenses		( 574,796)	( 5)	( 481,584)	( 5)
6200 General and administrative expenses		( 412,845)	( 3)	( 337,207)	( 3)
6300 Research and development expenses		( 1,657,519)	( 14)	( 1,528,150)	( 15)
6450 Expected credit loss	12(3)	( 367)	-	-	-
6000 <b>Total operating expenses</b>		<u>( 2,645,527)</u>	<u>( 22)</u>	<u>( 2,346,941)</u>	<u>( 23)</u>
6900 <b>Operating income</b>		<u>2,398,084</u>	<u>21</u>	<u>1,951,803</u>	<u>19</u>
<b>Non-operating income and expenses</b>					
7010 Other income	6(15)	108,174	1	16,227	-
7020 Other gains and losses		9,776	-	( 666)	-
7000 <b>Total non-operating income and expenses</b>		<u>117,950</u>	<u>1</u>	<u>15,561</u>	<u>-</u>
7900 <b>Income before income tax</b>		<u>2,516,034</u>	<u>22</u>	<u>1,967,364</u>	<u>19</u>
7950 Income tax (expense) benefit	6(18)	( 82,275)	( 1)	1,998	-
8000 <b>Net income for the year from continuing operations</b>		<u>2,433,759</u>	<u>21</u>	<u>1,969,362</u>	<u>19</u>
<b>Other comprehensive income (loss)</b>					
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>					
8361 Other comprehensive (loss) income, before tax, exchange differences on translation		( 298,672)	( 3)	280,377	3
8310 <b>Components of other comprehensive (loss) income that will not be reclassified to profit or loss</b>		<u>( 298,672)</u>	<u>( 3)</u>	<u>280,377</u>	<u>3</u>
8500 <b>Total comprehensive income for the year</b>		<u>\$ 2,135,087</u>	<u>18</u>	<u>\$ 2,249,739</u>	<u>22</u>
<b>Net income, attributable to:</b>					
8610 Owners of the Company		<u>\$ 2,433,759</u>	<u>21</u>	<u>\$ 1,969,362</u>	<u>19</u>
<b>Comprehensive income attributable to:</b>					
8710 Owners of the Company		<u>\$ 2,135,087</u>	<u>18</u>	<u>\$ 2,249,739</u>	<u>22</u>
<b>Earnings per share</b>					
9750 <b>Basic earnings per share</b>	6(13)	<u>\$</u>	<u>31.54</u>	<u>\$</u>	<u>25.67</u>
9850 <b>Diluted earnings per share</b>	6(13)	<u>\$</u>	<u>30.69</u>	<u>\$</u>	<u>24.66</u>

The accompanying notes are an integral part of these consolidated financial statements.

PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Equity attributable to owners of the parent												
	Notes	Capital Reserves				Retained Earnings			Other Equity			Total	
		Ordinary shares	Paid-in capital in excess of ordinary shares	Capital reserve from employee stock options	Capital reserve from restricted stocks	Capital reserve - others	Legal reserve	Special reserve	Unappropriated earnings	Currency translation differences of foreign operations	Unearned compensation		Treasury shares
<b>Year 2018</b>													
Balance at January 1, 2018		\$ 783,766	\$ 1,393,147	\$ 127,163	\$ 1,005,928	\$ 36,423	\$ 614,295	\$ 8,324	\$ 5,251,928	(\$ 246,656 )	(\$ 595,906 )	\$ -	\$ 8,378,412
Net income for 2018		-	-	-	-	-	-	-	1,969,362	-	-	-	1,969,362
Other comprehensive loss for 2018		-	-	-	-	-	-	-	-	280,377	-	-	280,377
Total comprehensive income		-	-	-	-	-	-	-	1,969,362	280,377	-	-	2,249,739
Share-based compensation cost	6(9)	-	-	-	-	-	-	-	-	-	246,603	-	246,603
Exercise of employee stock options	6(9)(10)	1,354	16,524	( 3,149 )	-	-	-	-	-	-	-	-	14,729
Issuance of restricted stocks	6(9)	5,828	-	-	269,889	-	-	-	-	-	( 275,717 )	-	-
Vesting of restricted stocks		-	527,591	-	( 527,591 )	-	-	-	-	-	-	-	-
Cancellation of share-based compensation and related cash dividend recovered	6(9)(10)	( 801 )	-	-	( 28,878 )	-	-	-	1,060	-	29,679	-	1,060
Purchase of treasury shares	6(9)	-	-	-	-	-	-	-	-	-	-	( 284,138 )	( 284,138 )
Treasury shares reissued to employees	6(9)	-	-	-	-	-	-	-	-	-	-	80,688	80,688
Earnings appropriation	6(12)	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	-	193,171	-	( 193,171 )	-	-	-	-	-
Special reserve		-	-	-	-	-	238,333	( 238,333 )	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	( 965,599 )	-	-	-	-	( 965,599 )
Balance at December 31, 2018		\$ 790,147	\$ 1,937,262	\$ 124,014	\$ 719,348	\$ 36,423	\$ 807,466	\$ 246,657	\$ 5,825,247	\$ 33,721	(\$ 595,341 )	(\$ 203,450 )	\$ 9,721,494
<b>Year 2019</b>													
Balance at January 1, 2019		\$ 790,147	\$ 1,937,262	\$ 124,014	\$ 719,348	\$ 36,423	\$ 807,466	\$ 246,657	\$ 5,825,247	\$ 33,721	(\$ 595,341 )	(\$ 203,450 )	\$ 9,721,494
Net income for 2019		-	-	-	-	-	-	-	2,433,759	-	-	-	2,433,759
Other comprehensive loss for 2019		-	-	-	-	-	-	-	-	( 298,672 )	-	-	( 298,672 )
Total comprehensive income (loss)		-	-	-	-	-	-	-	2,433,759	( 298,672 )	-	-	2,135,087
Share-based compensation cost	6(9)	-	-	-	-	-	-	-	-	-	301,582	-	301,582
Exercise of employee stock options	6(9)(10)	1,793	24,541	( 10,855 )	-	-	-	-	-	-	-	-	15,479
Issuance of restricted stocks	6(9)	8,026	-	-	408,787	-	-	-	-	-	( 416,813 )	-	-
Vesting of restricted stocks		-	257,891	-	( 257,891 )	-	-	-	-	-	-	-	-
Cancellation of share-based compensation and related cash dividend recovered	6(9)(10)	( 761 )	-	-	( 44,001 )	-	-	-	1,604	-	44,762	-	1,604
Tax deduction exceeds cumulative share-based payment expenses		-	-	-	-	( 36,423 )	-	-	-	-	-	-	( 36,423 )
Treasury shares reissued to employees	6(9)	-	-	-	-	-	-	-	-	-	-	101,725	101,725
Earnings appropriation	6(12)	-	-	-	-	-	-	-	-	-	-	-	-
Special reserve		-	-	-	-	-	( 238,333 )	238,333	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	( 980,751 )	-	-	-	-	( 980,751 )
Balance at December 31, 2019		\$ 799,205	\$ 2,219,694	\$ 113,159	\$ 826,243	\$ -	\$ 807,466	\$ 8,324	\$ 7,518,192	(\$ 264,951 )	(\$ 665,810 )	(\$ 101,725 )	\$ 11,259,797

The accompanying notes are an integral part of these consolidated financial statements.

PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2019	2018
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Income before income tax for the year		\$ 2,516,034	\$ 1,967,364
Adjustments			
Adjustments to reconcile profit or loss			
Depreciation (including the right-of-use assets)	6(4)(5)(16)	185,646	98,392
Amortization	6(6)(16)	302,058	249,138
Loss on disposal of equipment	6(4)	128	-
Share-based compensation cost	6(9)(17)	301,582	246,603
Interest income	6(15)	( 105,793 )	( 8,277 )
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		179,875	194,400
Inventories		129,513	( 46,871 )
Prepayments		( 48,205 )	( 86,098 )
Other current assets		24,018	( 99,780 )
Changes in operating liabilities			
Accounts payable		( 161,971 )	179,368
Other payables		128,642	( 8,755 )
Other current liabilities		( 29,177 )	( 29,672 )
Cash inflow generated from operations		3,422,350	2,655,812
Interest received		105,674	8,356
Income tax paid		( 35,845 )	( 182,618 )
Net cash flows from operating activities		3,492,179	2,481,550
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of equipment	6(4)	( 76,972 )	( 157,413 )
Acquisition of intangible assets	6(6)	( 174,119 )	( 87,010 )
(Increase) decrease in refundable deposits		( 1,702 )	276
Net cash flows used in investing activities		( 252,793 )	( 244,147 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Proceeds from exercise of employee stock options		15,479	14,729
Repayment of the principal portion of lease liabilities	6(5)	( 67,877 )	-
Purchase of treasury shares	6(9)	-	( 284,138 )
Treasury shares reissued to employees	6(9)	101,725	80,688
Cash dividends paid	6(11)	( 980,751 )	( 965,599 )
Cash dividend recovered from cancellation of share-based compensation		1,604	1,060
Net cash flows used in financing activities		( 929,820 )	( 1,153,260 )
Effect of exchange rate changes on cash and cash equivalents		( 215,494 )	164,558
Net increase in cash and cash equivalents		2,094,072	1,248,701
Cash and cash equivalents at beginning of year		6,011,928	4,763,227
Cash and cash equivalents at end of year		\$ 8,106,000	\$ 6,011,928

The accompanying notes are an integral part of these consolidated financial statements.



## Attachment IV

Parade Technologies., Ltd.					
盈餘分配表 (Proposal of Profit Distribution)					
民國一百零八年十二月三十一日 (December 31, 2019)					
項目 (Description)		NT\$		US\$	
		小計 (Subtotal)	合計 (Total)	小計 (Subtotal)	合計 (Total)
民國一百零八年度稅後淨利	<b>FY 2019 Net Income</b>	<b>2,433,759,333</b>	<b>2,433,759,333</b>	<b>78,737,406</b>	<b>78,737,406</b>
減:	subtract:				
提列10%法定盈餘公積	10% legal reserve	-		-	
提列特別盈餘公積	Special reserve	256,627,032		8,302,395	
民國一百零八年度可供分配盈餘	<b>Retained Earnings in 2019 Available for Distribution</b>		<b>2,177,132,301</b>		<b>70,435,011</b>
加:	Plus:				
以前年度未分配盈餘	Unappropriated Retained Earnings of Previous Years	<b>5,080,693,428</b>		<b>164,381,049</b>	
至民國一百零八年底可分配盈餘	<b>Retained Earnings Available for Distribution as of 12/31/2019</b>		<b>7,257,825,729</b>		<b>234,816,060</b>
分配項目:	<b>Distribution Items:</b>				
普通股股東紅利-現金(每股 15.23元)	- Cash dividends to ordinary shareholders (NT\$15.23 per share)	1,216,886,608		39,368,703	
普通股股東紅利-股票(每股 0元)	- Stock dividends to ordinary shareholders (NT\$0 per share)	-		-	
分配項目合計	Subtotal	1,216,886,608		39,368,703	
期末未分配盈餘	<b>Unappropriated Retained Earnings</b>		<b>6,040,939,121</b>		<b>195,447,357</b>
Exchange rate: US\$1.00=NT\$30.91				Exchange rate: US\$1.00=NT\$30.91	

Chairman: Ji Zhao



CEO: Ji Zhao



CFO: Judy Wang





**Parade Technologies, Ltd.**  
**2020 Employee Restricted Stock Awards Plan**  
**(English Version is for reference only)**

I. Purpose

To attract and retain professional personnel needed by the Company, to motivate employees and enhance their centripetal force so as to jointly create the Company's and shareholders' interests, the Company hereby establishes this Employee Restricted Stock Awards Plan (this "Plan").

II. Issuance Period

Within one year from the date of the shareholders resolution, the Company may, depending on its actual need, register with the competent authority single tranche or multiple tranche of the restricted shares for the employees. For the number of shares effectively registered, within one year starting from the date when the effective notice issued by the competent authority is received, the Company may issue the shares all at once or by tranches. The chairman is authorized to determine the actual issuance date.

III. The eligibility of employees

1. The eligible employees are limited to the employees of the Company or of the subsidiary wholly owned by the Company who serve as the full-time employees before the restricted stocks awards for the employee (the "RSA") are granted. For the purpose of this plan, grant means granting without consideration.
2. The chairman shall propose and submit the list of grantee employees and the number of RSAs to be granted to the board of directors of the Company for the approval, in the case of granting the RSA to an employee who serves as directors and/or officers, to the compensation committee of the Company for review and recommendation and then to the board of directors of the Company for final approval. The actual employees and the number of RSA to be granted will be decided according to relevant laws and regulations and within the limitation of amount thereof, considering seniority, job level, work performance, overall contribution, special achievement, and other factors necessary for management, etc., and considering the Company's operational needs and development strategy.
3. When the Company issues employee stock options under Article 56-1, paragraph 1 of "Regulations Governing the Offering and Issuance Securities by Securities Issuers" (the "Regulations"), which applies

mutatis mutandis to the Company in accordance with Article 60 of Regulations Governing the Offering and Issuance of Securities by Foreign Issuers, the cumulative number of shares subscribable by a single employee of the employee stock option, in combination with the cumulative number of RSAs obtained by such employee, may not exceed 0.3 percent of the Company's total issued shares. And the above in combination with the cumulative number of shares subscribable by such employee of employee stock options issued by the Company under Article 56, paragraph 1 of the Regulations, may not exceed 1 percent of the Company's total issued shares.

IV. Total number of RSAs

The total number of restricted shares to be issued under this Plan is 800,000 ordinary shares, at the par value of NT\$10.

V. Terms and conditions of the issuance

1. Issue price

Each RSA will be issued without consideration.

2. Vesting conditions

The RAs granted hereunder will be vested at the equal rate of 25% per year over four (4) years from the RSA vesting commencement date. Each 25% will be vested on the anniversary of the RSA vesting commencement date provided that such grantee employee continuously serves the Company or the subsidiary wholly owned by the Company to each corresponding anniversary.

The chairman shall propose and submit the respective RSA vesting commencement date to the board of directors of the Company for the approval. The RSA vesting commencement date is not required to be the date when the RSA is granted, the date when the board of directors approves such grant, or the date when the grantee employee was on board.

3. The class of shares to be issued:

The Company's ordinary share. Except for restrictions provided under Section 4 hereof, other rights and obligations of the RSAs shall be the same as the issued and outstanding ordinary shares of the Company.

4. Restrictions before the vesting conditions are fully satisfied
  - (1) The grantee employee shall not sell, transfer, make gift of, create other rights or encumbrances on the RSAs, or otherwise dispose of the RSAs in any other manner.
  - (2) All the proposal rights, motion rights, speech rights, voting rights and any other shareholder rights shall be exercised by the trustee or the custodian (as applicable).
  - (3) The restrictions (including but not limited to transfer restrictions and vesting conditions) applicable to any and all unvested RSAs (and any share derived from such RSAs for whatever reason, including share dividend, retained earning capitalization, recapitalization, reserve capitalization and any cash distributed based on such RSAs for whatever reason, including cash dividend and distribution of capital reserve in the form of cash) shall equally apply to any share derived, directly or indirectly, from and cash distributed based on such unvested RSAs for whatever reason , including share dividend, retained earning capitalization, recapitalization, reserve capitalization, cash dividend and distribution of capital reserve in the form of cash, and any interests (collectively, the “**Restricted Share and Cash Distribution**”). For the avoidance of doubt, for the purpose of this Plan, the unvested RSAs shall include all the corresponding Restricted Share and Cash Distribution, which are subject to the same restrictions and thus unvested.
  - (4) The other rights and obligations of the RSAs shall be the same as the issued and outstanding ordinary shares of the Company.
5. Effect in the event of any non-satisfaction of vesting conditions, early termination of the employment, or inheritance, etc.
  - (1) Unless otherwise provided under clause (2) hereunder, if the vesting conditions are not fully satisfied, as to the RSAs that would have been vested were the conditions fully satisfied, the Company may redeem such RSAs at no consideration, and then shall cancel such RSAs.
  - (2) In the event the employee’s employment is terminated or inheritance occurs, etc., all the rights attached to the unvested RSAs will be forfeited on the date when the termination of employment or inheritance takes effect, and the Company may redeem such unvested RSAs at no consideration, and then shall cancel such RSAs.

- (a) Retirement or job-leaving (including voluntary resignation, lay off or fire for any reason)

All the rights attached to the unvested RSAs will be forfeited on the date when the retirement or termination of employment (including voluntary resignation, laid off or fire for any reason) takes effect, and the Company may redeem all such RSAs at no consideration, and then shall cancel such RSAs.

- (b) Death

All the rights attached to the unvested RSAs will be forfeited upon the date when the employee deceases, and the Company may redeem all such RSAs at no consideration, and then shall cancel such RSAs.

- (c) Occupational accidents

- (i) If the grantee employee cannot continue his/her employment with the Company as a result of occupational accidents, all the RSAs that have been granted will be vested on the date when the termination of employment takes effect, unless otherwise provided by laws or regulations.
- (ii) If the grantee employee passes away as a result of occupational accidents, all the RSAs that have been granted will be vested to his/her inheritor(s), unless otherwise provided by laws or regulations.

- (d) Job transfer

If any grantee employee applies for transfer to the Company's affiliated enterprises or other companies, clause (a) hereunder will apply to the unvested RSAs. However, if any grantee employee is transferred to the Company's affiliated enterprises or other companies due to the Company's operational needs, the RSAs that have been granted to him/her will not be affected by the job transfer.

- (e) Leave of absence without pay

If any grantee employee takes leave of absence without pay under the approval of the Company, the rights attached to the unvested RSAs will resume on the date of his/her reinstatement. However, the time period set forth in the vesting conditions of paragraph 2 shall defer for a period corresponding to the time period of the leave of absence.

(f) Termination of employment due to other causes

In the event of termination or adjustment of employment not set forth above, the chairman or the board of directors may, to the extent permitted by applicable laws and regulation, determine to change or revoke the granted rights.

VI. Procedure of Granting

The chairman is authorized to determine the record date for granting and the record date for share issue for each tranche of issuance.

VII. Acceleration of vesting

If the shareholders' meeting of the Company resolves to have the Company dissolved, merged into other company or become one hundred percent subsidiary of other company by means of share exchange (or other merger and acquisition methods), whether the vesting conditions are fully satisfied or not, one hundred percent of the RSAs granted to the employee shall become vested from the date when the resolution has been made by the shareholders' meeting.

VIII. Confidentiality and effect of breaching

1. After the employee has been granted the restricted shares, the employee shall comply with the confidentiality clause and shall not inquire about or disclose the relevant information to other people (including but not limited to the number of the RSAs granted to such employees and the relevant rights); in the event of any breach thereof, and the Company may redeem all or portion such RSAs at no consideration, and then shall cancel such RSAs.
2. After the RSAs are granted to the employee, if the employee materially breaches the labor contract, employment agreement, work rules or employee handbook, or other the Company's or the subsidiary's rules announced after this Plan has been effective, etc., and the Company may redeem all or portion such RSAs at no consideration and then shall cancel such RSAs.

IX. Miscellaneous

1. In the case that the grantee employee is an ROC citizen, such employee shall, immediately after the Company issues the RSAs to such employee, trust such RSAs to the trustee designated by the Company in accordance with the Company's instruction and, unless otherwise provided hereunder, shall be continuously trusted till the full satisfaction of the vesting conditions. Any and all the Restricted

Share and Cash Distribution derived from the unvested RSAs shall also be put in the trust. In the case that the grantee employee is non-ROC citizen, such employee shall put the RSA with a custodian bank for custody.

2. This plan shall be approved by the board of directors and then submitted to the shareholders' meeting for approval and shall become effective after registration with the competent authority. If any amendment is necessary due to any change of laws or regulations, any demand by the competent authority or any requirement of the circumstance, the chairman is authorized to make necessary amendment and submit to the board of directors for approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors before the issuance of RSA hereunder; provided, however, that any amendment to the total number of RSAs, the substantial change in the terms and conditions of the issuance, such amendment shall be submitted to the shareholders' meeting.
3. Any other matters not set forth in this Plan shall be dealt with in accordance with the applicable laws and regulations.

**Comparison Table of Amendments to  
The Amended and Restated Articles of Association**

Proposed Amendments	Current Provisions	Reason of Amendment
AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION		
3. The objects for which the Company is established are unrestricted and the Company shall have the full power and authority to carry out any object not prohibited by the Companies Law (2020 Revision) or as the same may be revised from time to time, or any other law of the Cayman Islands.	3. The objects for which the Company is established are unrestricted and the Company shall have the full power and authority to carry out any object not prohibited by the Companies Law (2013 Revision) or as the same may be revised from time to time, or any other law of the Cayman Islands.	
AMENDED AND RESTATED ARTICLES OF ASSOCIATION		
7. Unless otherwise resolved by the Members at a general meeting by Ordinary Resolution, where the Company increases its issued share capital by issuing new Shares for cash consideration, the Company shall make a public announcement and notify each Member that he/she/it is entitled to exercise a pre-emptive right to purchase his/her/its pro rata portion of the remaining new Shares (after allocation of the public offering portion and the employee subscription portion pursuant to Article 6) issued in the capital increase for cash consideration. The Company shall state in such announcement and notices to the Members that if any Member fails to subscribe for his/her/its pro	7. Unless otherwise resolved by the Members at a general meeting by Ordinary Resolution, where the Company increases its issued share capital by issuing new Shares for cash consideration, the Company shall make a public announcement and notify each Member that he/she/it is entitled to exercise a pre-emptive right to purchase his/her/its pro rata portion of the remaining new Shares (after allocation of the public offering portion and the employee subscription portion pursuant to Article 6) issued in the capital increase for cash consideration. The Company shall state in such announcement and notices to the Members that if any Member fails to subscribe for his/her/its pro	Amendment made in response to the latest amendment of Checklist for Protecting Shareholders of Foreign Issuer, and the requirement of Taipei Exchange.

Proposed Amendments	Current Provisions	Reason of Amendment
<p>rata portion of such remaining newly-issued Shares within the prescribed period, such Member shall be deemed to forfeit his/her/its pre-emptive right to subscribe for such newly-issued Shares. In the event that the number of Shares held by a Member is insufficient for such Member to exercise the pre-emptive right to subscribe for one newly-issued Share, Shares held by several Members may be calculated together for joint subscription of newly-issued Shares or for subscription of newly-issued Shares in the name of a single Member pursuant to the Applicable Public Company Rules. <u>In the event any subscriber Member delays in making full payment of the subscription price, the Company may fix a period of not less than [one month] and call upon such subscriber Member to pay up, declaring that in case of default of payment within such stipulated period, such Member shall be deemed to forfeit his/her/its pre-emptive right to subscribe for such newly-issued Shares.</u> If the total number of the new Shares to be issued has not been fully subscribed for by the Members within the prescribed period, <u>including new Shares subscribed but not been timely paid in full within the stipulated period,</u> the Company may consolidate such Shares into the public offering tranche or offer any un-subscribed new Shares to a</p>	<p>rata portion of such remaining newly-issued Shares within the prescribed period, such Member shall be deemed to forfeit his/her/its pre-emptive right to subscribe for such newly-issued Shares. In the event that the number of Shares held by a Member is insufficient for such Member to exercise the pre-emptive right to subscribe for one newly-issued Share, Shares held by several Members may be calculated together for joint subscription of newly-issued Shares or for subscription of newly-issued Shares in the name of a single Member pursuant to the Applicable Public Company Rules. If the total number of the new Shares to be issued has not been fully subscribed for by the Members within the prescribed period, the Company may consolidate such Shares into the public offering tranche or offer any un-subscribed new Shares to a specific person or persons according to the Applicable Public Company Rules. The foregoing Members' pre-emptive right shall not apply to an Excluded Issuance.</p>	



Proposed Amendments	Current Provisions	Reason of Amendment
<p>specific person or persons according to the Applicable Public Company Rules. The foregoing Members' pre-emptive right shall not apply to an Excluded Issuance.</p>		
<p>24. (e) Subject to the Statute, the Company may from time to time by Supermajority Resolution</p> <ul style="list-style-type: none"> <li>(i) effect any capitalization of distributable dividends and/or bonuses and/or any other amount prescribed under Article 121 hereof;</li> <li>(ii) effect any merger (other than a Cayman Merger), <u>share swap</u> or spin-off of the Company;</li> <li>(iii) enter into ,amend, or terminate any contract for lease of the Company's business in whole, or for delegation of management of the Company's business to others, or for regular joint operation with others;</li> <li>(iv) transfer its business or assets, in whole or in any essential part;</li> <li>(v) acquire or assume the whole business or assets of another person, which has a material effect on the Company operation;</li> </ul>	<p>24. (e) Subject to the Statute, the Company may from time to time by Supermajority Resolution</p> <ul style="list-style-type: none"> <li>(i) effect any capitalization of distributable dividends and/or bonuses and/or any other amount prescribed under Article 121 hereof;</li> <li>(ii) effect any merger (other than a Cayman Merger) or spin-off of the Company;</li> <li>(iii) enter into ,amend, or terminate any contract for lease of the Company's business in whole, or for delegation of management of the Company's business to others, or for regular joint operation with others;</li> <li>(iv) transfer its business or assets, in whole or in any essential part;</li> <li>(v) acquire or assume the whole business or assets of another person, which has a material effect on the Company operation;</li> </ul>	<p>Amendment made in response to the latest amendment of Checklist for Protecting Shareholders of Foreign Issuer, and the requirement of Taipei Exchange.</p>

Proposed Amendments	Current Provisions	Reason of Amendment
<p>or; (vi) issue the Restricted Shares.</p>	<p>or; (vi) issue the Restricted Shares.</p>	
<p>34. The following matters shall be stated in the notice of general meetings, with a summary of the material content to be discussed, and shall not be brought up as an ad hoc motion. The Company may post such material contents on the website designated by FSC or the Company and state the website address in the notice of general meeting:</p> <ul style="list-style-type: none"> <li>(a) election or discharge of Directors,</li> <li>(b) alteration of the Articles,</li> <li>(c) (i) dissolution, merger, <u>share swap</u>, or spin-off, (ii) entering into, amending, or terminating any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others, (iii) transfer of the Company's business or assets, in whole or in any essential part, (iv) acquisition or assumption of the whole business or assets of another person, which has a material effect on the Company's operation,</li> <li>(d) ratification of an action by Director(s) who engage(s) in business for him/herself or on behalf of another person, other than</li> </ul>	<p>34. The following matters shall be stated in the notice of general meetings, with a summary of the material content to be discussed, and shall not be brought up as an ad hoc motion. The Company may post such material contents on the website designated by FSC or the Company and state the website address in the notice of general meeting:</p> <ul style="list-style-type: none"> <li>(a) election or discharge of Directors,</li> <li>(b) alteration of the Articles,</li> <li>(c) (i) dissolution, merger or spin-off, (ii) entering into, amending, or terminating any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others, (iii) transfer of the Company's business or assets, in whole or in any essential part, (iv) acquisition or assumption of the whole business or assets of another person, which has a material effect on the Company's operation,</li> <li>(d) ratification of an action by Director(s) who engage(s) in business for him/herself or on behalf of another person, other than</li> </ul>	<p>Amendment made in response to the latest amendment of Checklist for Protecting Shareholders of Foreign Issuer, and the requirement of Taipei Exchange.</p>

Proposed Amendments	Current Provisions	Reason of Amendment
<p>Subsidiary(ies), that is within the scope of the Company's business,</p> <p>(e) distribution of the whole or part of the profit of the Company in the form of new Shares, distribution of Capital Reserve or statutory reserve in the form of cash, capitalization of Capital Reserve and any other amount in accordance with Article 121;</p> <p>(f) private placement of any equity-type securities issued by the Company;</p> <p>(g) transfer of Treasury Shares to any employee of the Company and its Subsidiaries at a price below the average repurchase price paid by the Company;</p> <p>(h) reduction of capital; and</p> <p>(i) application for de-registration as a public company in ROC.</p>	<p>Subsidiary(ies), that is within the scope of the Company's business,</p> <p>(e) distribution of the whole or part of the profit of the Company in the form of new Shares, distribution of Capital Reserve or statutory reserve in the form of cash, capitalization of Capital Reserve and any other amount in accordance with Article 121;</p> <p>(f) private placement of any equity-type securities issued by the Company;</p> <p>(g) transfer of Treasury Shares to any employee of the Company and its Subsidiaries at a price below the average repurchase price paid by the Company;</p> <p>(h) reduction of capital; and</p> <p>(i) application for de-registration as a public company in ROC.</p>	
<p>40. <u>Except as otherwise provided by these Articles,</u> at the close of each fiscal year, the Board shall submit business reports, financial statements and proposals for distribution of profits or allocation of losses prepared by it for the purposes of annual general meetings of the Company which shall be held within six (6) months following the end of each fiscal year for ratification by the Members as required by the Applicable Public Company Rules.</p>	<p>40. At the close of each fiscal year, the Board shall submit business reports, financial statements and proposals for distribution of profits or allocation of losses prepared by it for the purposes of annual general meetings of the Company which shall be held within six (6) months following the end of each fiscal year for ratification by the Members as required by the Applicable Public Company Rules. After ratification by the Members at the general</p>	<p>Amendment made in response to the operation needs of the Company.</p>

Proposed Amendments	Current Provisions	Reason of Amendment
<p>After ratification by the Members at the general meeting, the Board shall distribute copies or make a public announcement of the ratified financial statements and the Company's resolutions on the allocation and distribution of profits or allocation of losses, to each Member in accordance with the Applicable Public Company Rules.</p>	<p>meeting, the Board shall distribute copies or make a public announcement of the ratified financial statements and the Company's resolutions on the allocation and distribution of profits or allocation of losses, to each Member in accordance with the Applicable Public Company Rules.</p>	
<p>63. In the event any of the following resolutions is adopted at a general meeting, any Member who has notified the Company of his/her/its dissent to such a resolution <u>prior to the meeting or at the meeting either in writing or orally but being recorded in the meeting minutes</u>, is entitled to exercise his/her/its appraisal rights in accordance with these Articles:</p> <ul style="list-style-type: none"> <li>(a) the Company enters into, amends, or terminates any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others;</li> <li>(b) the Company transfers its business or assets, in whole or in any essential part; provided that the foregoing does not apply where such transfer is pursuant to the dissolution of the Company;</li> <li>(c) the Company spins off any of its department</li> </ul>	<p>63. In the event any of the following resolutions is adopted at a general meeting, any Member who has notified the Company <u>in writing</u> of his/her/its dissent to such a resolution <u>prior to the meeting and has raised again his/her/its dissent at the meeting</u>, is entitled to exercise his/her/its appraisal rights in accordance with these Articles:</p> <ul style="list-style-type: none"> <li>(a) the Company enters into, amends, or terminates any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others;</li> <li>(b) the Company transfers its business or assets, in whole or in any essential part; provided that the foregoing does not apply where such transfer is pursuant to the dissolution of the Company;</li> <li>(c) the Company spins off any of its department</li> </ul>	<p>Amendment made in response to the latest amendment of Checklist for Protecting Shareholders of Foreign Issuer, and the requirement of Taipei Exchange.</p>

Proposed Amendments	Current Provisions	Reason of Amendment
<p>or business which operates or is able to operate, independently, is involved in any merger, <u>conducts share swap, or acquires or transfers assets and liabilities by way of general assumption or transfer</u> ; and</p> <p>(d) the Company acquires or assumes the transfer of the whole business or assets of another person, which has a material effect on the Company's operations.</p>	<p>or business which operates or is able to operate, independently <u>or</u> is involved in any merger <u>with any other company</u>; and</p> <p>(d) the Company acquires or assumes the transfer of the whole business or assets of another person, which has a material effect on the Company's operations.</p>	
<p>64. Upon the occurrence of an event described in Articles 63 above, the dissenting Member shall give a written notice to request the Company to acquire or purchase his/her/its shares no later than twenty (20) days <u>from</u> the date on which the resolution was passed, <u>requesting the Company to acquire or purchase the dissenting Member's shares. Such notice shall state the class, the number and the price of shares requested to be purchased by the Company.</u></p>	<p>64. Upon the occurrence of an event described in Articles 63 above, the dissenting Member shall give a written notice to request the Company to acquire or purchase his/her/its shares no later than twenty (20) days <u>after</u> the date on which the resolution was passed <u>at the then prevailing fair market price determined by the Board in good faith, and shall state in such request the class and number of shares that such Member requests the Company to repurchase.</u></p>	<p>Amendment made in response to the latest amendment of Checklist for Protecting Shareholders of Foreign Issuer, and the requirement of Taipei Exchange.</p>
<p>65. If agreement on the price of the shares can be reached between the dissenting Member and the Company, the Company shall, subject to compliance with these Articles and the Applicable Law, repurchase and pay for the shares within ninety (90) days from the date on which the resolution was passed. <u>If no agreement on the price of the shares is reached between the</u></p>	<p>65. If agreement on the price of the shares can be reached between the dissenting Member and the Company, the Company shall, subject to compliance with these Articles and the Applicable Law, repurchase and pay for the shares within ninety (90) days from the date on which the resolution was passed. If no agreement is reached within sixty (60) days from the date on which the</p>	<p>Amendment made in response to the latest amendment of Checklist for Protecting Shareholders of Foreign Issuer, and the requirement of Taipei Exchange.</p>

Proposed Amendments	Current Provisions	Reason of Amendment
<p><u>dissenting Member and the Company, the Company shall, within ninety (90) days from the date on which the resolution was passed, pay such dissenting Member the price to which the Company considers to be the fair price; and if the Company does not pay the price to which the Company considers to be the fair price within ninety (90) days from the date on which the resolution was passed, the Company shall be deemed to have agreed to the repurchase price requested by the dissenting Member. If no agreement is reached within sixty (60) days from the date on which the resolution was passed, the Company shall, within 30 days after the last day of the above 60-day period, apply to a competent court, which, for these purposes and to the extent permitted by Applicable Laws, shall include the Taipei District Court, against all the dissenting Members with whom no agreement on the price of shares has been reached for a ruling on the price.</u></p>	<p>resolution was passed, the <u>dissenting Member may</u>, within 30 days after the last day of the above 60-day period, apply to a competent court for a ruling on the price.</p>	
<p>81. A Director or alternate Director who <u>has interests in the matters under discussion at the meeting of the Board</u> shall declare and disclose the nature of such interest to the Company as required by the Applicable Law. <u>If any matter described in Article 24(e)(ii) to (v) is under discussion, the Director shall disclose and declare to the Board</u></p>	<p>81. A Director or alternate Director who <u>is a member, director, officer or employee of any specified firm or company and is to be regarded as interested in any transaction with such firm or company</u> shall declare and disclose the nature of such interest to the Company as required by the Applicable Laws, and abstain from voting in respect of any contract</p>	<p>Amendment made in response to the latest amendment of Checklist for Protecting Shareholders of Foreign Issuer, and the requirement of Taipei Exchange.</p>

Proposed Amendments	Current Provisions	Reason of Amendment
<p><u>and the Members in the general meeting the materials terms of his/her/its interests in such transaction and the reason he/she/it votes for or against such matter.</u> Where the spouse, a blood relative within the second degree of kinship of a director, or any company which controls or is under control by a director has interests in the matters under discussion at the meeting of the Board, such director shall be deemed to have a personal interest in the matter. Notwithstanding the foregoing, no person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or transaction by reason of such Director holding office or of the fiduciary relation thereby established.</p>	<p><u>or transaction in which he is so interested as aforesaid.</u> Where the spouse, a blood relative within the second degree of kinship of a director, or any company which controls or is under control by a director has interests in the matters under discussion at the meeting of the Board, such director shall be deemed to have a personal interest in the matter. Notwithstanding the foregoing, no person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or transaction by reason of such Director holding office or of the fiduciary relation thereby established.</p>	
<p>102. Directors shall be elected pursuant to Cumulative Voting pursuant to a poll vote, where the</p>	<p>102. Directors shall be elected pursuant to Cumulative Voting pursuant to a poll vote, where the</p>	<p>Amendment made in response to the requirement of the Financial</p>

Proposed Amendments	Current Provisions	Reason of Amendment
<p>number of votes exercisable by any Member shall be the same as the product of the number of Shares held by such Member and the number of Directors to be elected (“<b>Special Ballot Votes</b>”), and the total number of Special Ballot Votes cast by any Member may be consolidated for election of one Director candidate or may be split for election amongst multiple Director candidates, as specified by the Member pursuant to the poll vote ballot. The top candidates in the number equal to the number of the Directors to be elected, to whom the votes cast represent a prevailing number of votes relative to the other candidates, shall be deemed Directors elected. For so long as the Shares are listed on the GTSM or the TSE, as applicable, (a) the Company <u>shall</u> adopt a candidate nomination mechanism for the election of the Directors which is in compliance with the Applicable Public Company Rules. The rules and procedures for such candidate nomination shall be in accordance with policies established by the Board and by an Ordinary Resolution from time to time, which policies shall be in accordance with the Statute, the Memorandum, the Articles and the Applicable Public Company Rules; (b) subject to the requirement of the competent securities authority in the ROC, such</p>	<p>number of votes exercisable by any Member shall be the same as the product of the number of Shares held by such Member and the number of Directors to be elected (“<b>Special Ballot Votes</b>”), and the total number of Special Ballot Votes cast by any Member may be consolidated for election of one Director candidate or may be split for election amongst multiple Director candidates, as specified by the Member pursuant to the poll vote ballot. The top candidates in the number equal to the number of the Directors to be elected, to whom the votes cast represent a prevailing number of votes relative to the other candidates, shall be deemed Directors elected. For so long as the Shares are listed on the GTSM or the TSE, as applicable, (a) the Company <u>may</u> adopt a candidate nomination mechanism for the election of the Directors which is in compliance with the Applicable Public Company Rules. The rules and procedures for such candidate nomination shall be in accordance with policies established by the Board and by an Ordinary Resolution from time to time, which policies shall be in accordance with the Statute, the Memorandum, the Articles and the Applicable Public Company Rules; (b) subject to the requirement of the competent securities authority in the ROC, such candidate</p>	<p>Supervisory Commission.</p>



Proposed Amendments	Current Provisions	Reason of Amendment
<p>candidate nomination mechanism in compliance with the Applicable Public Company Rules shall also be used for the election of Independent Directors.</p>	<p>nomination mechanism in compliance with the Applicable Public Company Rules shall also be used for the election of Independent Directors.</p>	
<p>113. Unless otherwise provided in the Applicable Public Company Rules, where the Company makes profits before tax for the annual financial year, the Company shall appropriate (i) no less than 5% of such annual profits before tax as employee bonus (the “<i>Employee Bonus</i>”), which shall be distributed in accordance with the incentive programme approved pursuant to Article 9 and may be distributed to employees of the Company and/or the employees of its Subsidiaries and (ii) a maximum of 2% additional Directors’ remunerations. Notwithstanding the foregoing paragraph, if the Company has accumulated losses of the previous years, the Company shall set aside the amount of such accumulated losses prior to the allocation of the Employee Bonus and the above additional Directors’ remunerations. Subject always to the laws of Cayman Islands, the Employee Bonus may be distributed in the form of cash and/or shares, upon resolution by a majority votes at a meeting of the Board of Directors attended by two-thirds (2/3) or more</p>	<p>113. Unless otherwise provided in the Applicable Public Company Rules, where the Company makes profits before tax for the annual financial year, the Company shall appropriate (i) no less than 5% of such annual profits before tax as employee bonus (the “<i>Employee Bonus</i>”), which shall be distributed in accordance with the incentive programme approved pursuant to Article 9 and may be distributed to employees of the Company and/or the employees of its Subsidiaries and (ii) a maximum of 2% additional Directors’ remunerations. Notwithstanding the foregoing paragraph, if the Company has accumulated losses of the previous years, the Company shall set aside the amount of such accumulated losses prior to the allocation of the Employee Bonus and the above additional Directors’ remunerations. Subject always to the laws of Cayman Islands, the Employee Bonus may be distributed in the form of cash and/or shares, upon resolution by a majority votes at a meeting of the Board of Directors attended by two-thirds (2/3) or more of</p>	<p>Amendment made in response to the operation needs of the Company.</p>

Proposed Amendments	Current Provisions	Reason of Amendment
<p>of the Directors. For the avoidance of doubt, for the purpose of calculation of the above Employee Bonus and the additional Directors' remunerations, such "annual profits before tax" shall be without giving effect of the deduction and distribution of such Employee Bonus and the additional Directors' remunerations. The resolutions of Board of Directors regarding the distribution of the Employee Bonus in the preceding sentence shall be reported to the Members at the general meeting after such Board resolutions are passed. Subject to the Statute and this Article and except as otherwise provided by the rights attached to any Shares, the Company may declare dividends following the Board's recommendation in a distribution plan approved by the Board, with the sanction of Supermajority Resolution in the case of Article 24(e)(i), resolve to pay Dividends and other distributions on Shares in issue and authorise payment of the Dividends or other distributions out of the funds of the Company lawfully available therefor. The Board shall provide the distribution plan according to the following requirements: If there are profits after the final settlement of account of a year (the "Annual Profits"), the Company (i) after its losses have been offset and at the time of</p>	<p>the Directors. For the avoidance of doubt, for the purpose of calculation of the above Employee Bonus and the additional Directors' remunerations, such "annual profits before tax" shall be without giving effect of the deduction and distribution of such Employee Bonus and the additional Directors' remunerations. The resolutions of Board of Directors regarding the distribution of the Employee Bonus in the preceding sentence shall be reported to the Members at the general meeting after such Board resolutions are passed. Subject to the Statute and this Article and except as otherwise provided by the rights attached to any Shares, the Company may declare dividends following the Board's recommendation in a distribution plan approved by the Board, with the sanction of Supermajority Resolution in the case of Article 24(e)(i), resolve to pay Dividends and other distributions on Shares in issue and authorise payment of the Dividends or other distributions out of the funds of the Company lawfully available therefor. The Board shall provide the distribution plan according to the following requirements: If there are profits after the final settlement of account of a year (the "Annual Profits"), the Company (i) after its losses have been offset and at the time of allocating surplus</p>	

Proposed Amendments	Current Provisions	Reason of Amendment
<p>allocating surplus profits, may first set aside 10% of the Annual Profits as statutory reserve until the statutory reserve amounts to the authorized capital, and (ii) may appropriate a portion of the Annual Profits as special reserve required by Applicable Public Company Rules or government authorities. Thereafter, having considered the financial, business and operational factors, the Board may propose and specify no less than 10% of any remaining of Annual Profits after the above (i) to (ii) plus, at the Board's sole discretion, a certain percent of accumulated retained earnings to be distributed as dividends by cash or by applying such sum in paying up in full unissued Shares for allotment and distribution credited as fully paid-up pro rata to the Members or any combination of both, or bonuses according to the Statute and Applicable Public Company Rules, among them, cash dividend shall not less than 10% of the total Dividend declared. <u>The Company may distribute to the Members, in the form of cash, all or a portion of its Dividend and/or statutory reserve by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, and shall subsequently report such distribution to the</u></p>	<p>profits, may first set aside 10% of the Annual Profits as statutory reserve until the statutory reserve amounts to the authorized capital, and (ii) may appropriate a portion of the Annual Profits as special reserve required by Applicable Public Company Rules or government authorities. Thereafter, having considered the financial, business and operational factors, the Board may propose and specify no less than 10% of any remaining of Annual Profits after the above (i) to (ii) plus, at the Board's sole discretion, a certain percent of accumulated retained earnings to be distributed as dividends by cash or by applying such sum in paying up in full unissued Shares for allotment and distribution credited as fully paid-up pro rata to the Members or any combination of both, or bonuses according to the Statute and Applicable Public Company Rules, among them, cash dividend shall not less than 10% of the total Dividend declared.</p>	

Proposed Amendments	Current Provisions	Reason of Amendment
<u>Members at the general meeting.</u>		
<p>113-1 At the close of each of the <u>half</u> fiscal year, the Board may resolve to distribute profits or allocate losses; provided, however, that any distribution of profits by way of capitalization of distributable dividends shall be subject to the Supermajority Resolution. The foregoing proposal, together with the business report and the financial statements, which shall be audited or reviewed by the certified public accountant, shall be submitted to the Audit Committee for audit first and afterwards be submitted to the Board for approval. In the case of profits distribution under this Article 113-1, the Company shall estimate and reserve the taxes and dues to be paid, the losses to be covered and the statutory reserve to be set aside; provided, however, that if the statutory reserve has amounted to the total paid-in capitals, this requirement does not apply.</p>	<p>113-1 At the close of each of the <u>first three (3)</u> fiscal <u>quarters</u>, the Board may resolve to distribute profits or allocate losses; provided, however, that any distribution of profits by way of capitalization of distributable dividends shall be subject to the Supermajority Resolution. The foregoing proposal, together with the business report and the financial statements, which shall be audited or reviewed by the certified public accountant, shall be submitted to the Audit Committee for audit first and afterwards be submitted to the Board for approval. In the case of profits distribution under this Article 113-1, the Company shall estimate and reserve the taxes and dues to be paid, the losses to be covered and the statutory reserve to be set aside; provided, however, that if the statutory reserve has amounted to the total paid-in capitals, this requirement does not apply.</p>	<p>Amendment made in response to the operation needs of the Company.</p>
<p>124-1 <u>Before any meeting of the Board where a resolution of merger/consolidation and acquisition is put to the vote, the Audit Committee shall review the fairness and reasonableness of the plan and transaction of such merger/consolidation or acquisition, and then report the resolution of its review to the</u></p>	<p>(Newly Added)</p>	<p>Amendment made in response to the latest amendment of Checklist for Protecting Shareholders of Foreign Issuer, and the requirement of Taipei Exchange.</p>

Proposed Amendments	Current Provisions	Reason of Amendment
<p><u>Board and, if the resolution of Members is required under the Statute and/or any other Cayman laws, to the general meeting. The Audit Committee shall engage the independent expert and get the opinion from the independent expert on the fairness of the share exchange ratio and/or the amount of the cash and/or other assets to be distributed to the Members. The Audit Committee’s resolution and the independent expert’s fairness opinion shall be sent to the Members together with the notice of general meeting, or, if the resolution of the Members is not required under the Cayman laws, shall be reported to the Members in the next following general meeting. If the Company posts the Audit Committee’s resolution and the independent expert’s fairness opinion on the website designated by FSC and make the resolution and fairness opinion available to the Members at the venue of the general meeting, those documents shall be deemed as having been sent to the Members.</u></p>		