

## **Handbook for 2020 Annual General Meeting of Shareholders (Translation)**

Time: June 20, 2020 9:00AM

Location: No.1, Gongye E. 2nd Rd., East Dist., Hsinchu City 300, Taiwan (R.O.C.)



# Table of Contents

- I.Meeting Agenda..... 2
  - 1.Meeting Agenda for 2020 Annual General Meeeting of Shareholders ..... 2
  - 2.Matters for Report..... 4
  - 3.Matters for Ratification..... 4
  - 4.Matters for Discussion ..... 6
  - 5.Election ..... 10
  - 6.Other proposals ..... 12
  - 7.Extempore Motions..... 12
  - 8.Adjournment ..... 12
- II. Attachment ..... 13
  - 1.2019 Annual Business Report..... 13
  - 2.Audit Committee Review Report ..... 16
  - 3.Independent Auditors’ Report and Consolidated/Standalone Financial Statements ..... 17
  - 4.2019 Deficit Compensation Table ..... 38
  - 5.Amendment to the “Articles of Incorporation” Comparison Table ..... 39
  - 6.Rules and Processes of Restricted Stocks for 2020 1st Issuance ..... 43
  - 7. The list of releasing the prohibition on Directors from participation in competitive business ..... 48
- III.Appendix..... 50
  - 1.Rules of Procedure for Shareholders’ Meeting..... 50
  - 2.Rules for Election of Directors ..... 57
  - 3.Articles of Incorporation for FocalTech (before amended) ..... 59
  - 4.Director’s Stockholding Status ..... 68

## **Meeting Agenda**

### **Meeting Agenda for 2020 Annual General Meeting of Shareholders**

Time : 9:00AM June 20, 2020

Location : No.1, Gongye E. 2nd Rd., East Dist., Hsinchu City 300, Taiwan

(R.O.C.)

1. Attendance: Shareholders and equity representatives
2. Chairman: Chairman Genda Hu
3. Announce the start of the meeting(report the number of shares attended)
4. Chairman's speech
5. Matters for Report
  1. 2019 business report
  2. Audit committee review report
6. Matters for Ratification
  1. Adoption of 2019 annual business report and financial statements
  2. Adoption of the proposal for 2019 deficit compensation
7. Matters for Discussion
  1. Amendment to the “Articles of Incorporation”
  2. Issuance of restricted stocks
  3. Proposal for cash distribution from Additional Paid-in Capital
  4. To conduct capital reduction
8. Elections
  1. The 7th election of Directors (including independent directors).
9. Other Proposals:
  1. To release the prohibition on Directors from participation in competitive business.
10. Extempore Motions

## 11. Adjournment

## **Matters for Report**

Report item (1)

Subject: 2019 Annual Business Report

Descriptions: 2019 Annual Business Report is attached on page 13, Attachment

1

Report item (2)

Subject: Audit Committee Review Report

Descriptions: Audit Committee Review Report is attached on page16,

Attachment 2

## **Matters for Ratification**

Ratification item (1):

[Proposed by the Board]

Subject: Adoption of the 2019 Business Report and Financial Statements

Descriptions:

- (1) FocalTech 2019 business report and financial statements had been approved by the Board and the financial statements were audited by independent auditors Xiu Ming Xu and Zhi Ming Shao of Deloitte accounting firm.
- (2) Independent auditor report, 2019 business report and financial statements are attached on page13, Attachment 1 and attached on page17, Attachment 3.

Resolution:

Ratification item (2):

[Proposed by the Board]

Subject: Adoption of the proposal for 2019 deficit compensation

Descriptions:

- (1) The 2019 annual net loss after tax was NTD175,249,188. After eliminating the changes in ownership of equity for subsidiaries and adjusting the

remeasurement of the welfare plan, the total deficit compensation is NTD183,307,170, so no dividend is proposed to allocate. In addition, it is proposed to compensate the deficit with the additional paid-in capital. After the compensation, there is no accumulated net loss.

(2) 2019 deficit compensation table is attached on page38, as attachment 4.

Resolution:

## **Matters for Discussion**

Discussion item (1):

[Proposed by the Board]

Subject: Discussion for the Amendment to the “Articles of Incorporation”

Descriptions:

- (1) In accordance with the company's operating requirements, it is proposed to amend parts of “Articles of Incorporation”.
- (2) Amendment Descriptions:
  1. Delete Article 26-2: The distribution of surpluses or deficit compensation should be made after the end of each quarter originally, and it would be changed to be processed annually.
  2. Amend Article 27: The cash distribution of dividends is originally authorized to the resolution of the board of directors, and is proposed to be changed to the resolution of the shareholders' meeting.
  3. Add Article 15-1: Material resolutions of the company or mergers must be approved by the shareholder meeting with more than half of the shareholders attendance and agreed by more than two-thirds of the attending shareholders.
- (3) Amended paragraph comparison table is attached on page39, as attachment 5.

Resolution:

Discussion item (2):

[Proposed by the Board]

Subject: Discussion for the issuance of restricted stocks

Descriptions:

- (1) In order to attract and retain the talents needed by the company, to encourage employees and enhance the centripetal force of the employees, and to create the interests of the company and shareholders, the company plans to issue restricted stocks in accordance with the relevant provisions of Article 267 of Company Act and the "Guidelines for the Issuer to Raise and Issue Securities".
- (2) Total issuance amount: NTD60,000,000 at par value NTD 10 per share.  
Total shares of issuance: 6,000,000 common shares.

(3) Issue Condition:

1. Issue price: NTD 10 per share
2. Type: common stock of the company.
3. Vesting conditions: From the date of being granted if employees are still on duty, have fulfilled the service code, and have not violated the company's labor contract, work rules or the company's employee management measures, etc., the following % of the granted shares could be vested in specific periods.

Serving 2 years after being granted: 50% of granted shares.

Serving 3 years after being granted: 25% of granted shares.

Serving 4 years after being granted: 25% of granted shares.

4. Measures to be taken when employees fail to meet the vesting conditions or in the event of inheritance: following the processes prescribed by the issuing rules.

(4) Eligible employees and shares to grant:

1. full-time employees of the company and the full-time employees of domestic and foreign subsidiaries that directly or indirectly held more than 50% of the voting shares by the company are eligible.
2. The actual numbers of new shares that can be granted to employees are based on the consideration of overall contribution, special merit or other factors, and the company's operational needs and business development strategy, proposed by chairman and approved by the board of directors. Shares granted to executives are required to be approved by the salary and compensation committee and the board of directors before the issuance.

(5) Reasons for the issuance of restricted stocks: In order to attract and retain the talents needed by the company, to encourage employees and enhance the centripetal force of the employees, and to create the interests of the company and shareholders.

(6) Estimated expense amount, dilution of EPS and other matters that affect shareholders' equity:

1. Estimated expense amount: Based on the average closing price of the company's common stocks in April 2020, NTD31.49, the estimated expensed amount is about NT128,940 thousand in total. Based on the established vesting period and vested conditions, the expensed amount allocated annually after issuance from the first year to the fifth year will be NT21,266 thousand, NT51,039 thousand, NT37,608 thousand, NT 14,327 thousand and NT4,700 thousand.



2. Dilution of EPS: Based on the outstanding shares of 299,969,916 shares in April 2020, the annual dilution of EPS from the first year to the fifth year after issuance will be NTD0.07, NTD0.17, NTD0.13,NTD0.05,and NTD0.02. The financial impact and dilution is minor.

- (7) If there are other undefined matters related to this issuance or amendments due to changes in the laws and regulations of the competent authority or other objective environmental factors in the future, the general meeting authorizes the board of directors to modify the issuing rules and processes in accordance with relevant regulations.
- (8) The issuing rules and processes of restricted stocks are attached on page43, as attachment 6.

Resolution:

Discussion item (3):

[Proposed by the Board]

Subject: Discussion for Cash Distribution from Additional Paid-in Capital

Descriptions:

- (1) In accordance with Article 241 of Company Act, the additional paid-in capital of NTD150,000,000, which comes from the premium over the par value when issuing, is proposed to distribute based on the register book of shareholders on the distribution base date, approximately NTD0.5 per share.
- (2) The cash allotted to each shareholder will be paid up to the unit of NTD (abandoned less than 1 NTD), and the total amount of the round down will be recognized as Company's other income
- (3) After the shareholders' meeting approval, it is proposed to authorize the chairman to set the base date, payment date, and follow-up related matters.
- (4) It is proposed that the shareholders' meeting could authorize the chairman's full power to adjust the payment rate per share due to repurchase or repossession of company shares, cancellation of share capital or other factors that would affect the outstanding shares.

Resolution:

Discussion item (4):

[Proposed by the Board]

Subject: To conduct capital reduction

Descriptions:

- (1) Reason of the capital reduction: In order to improve the return of shareholders' equity, it is proposed to reduce the share capital and return cash to shareholders.
- (2) Capital reduction ratio and amount:
  1. As of March 31, 2020, the paid-in capital of the company was NTD 2,999,069,160 (including the employee share options that were executed but not yet registered), and it was planned to reduce the capital by NTD 899,720,740 (to eliminate 89,972,074 shares). After the capital reduction, the paid-in capital is NTD 2,099,348,420, and the capital reduction ratio is 30% (NTD 3 per share is refunded). The reduced share capital is returned in cash according to the proportion of shareholders.
  2. Each shareholder is calculated based on the shares in the register book of shareholders on the "Basic Date for Capital Reduction and Renewal", and 700 shares will be issued to exchange every thousand shares, and NTD 3,000 will be returned for every thousand shares.
  3. Fractional shares of less than one share after the capital reduction will be paid in cash at the last market closing price, which are calculated to dollar. (Less than one dollar will be round down.) The chairman of the Board is authorized to contact specific person to buy all the fractional shares at the last market closing price.
- (3) The new shares are intended to be issued without physical certificates but the shareholders rights and obligations will be the same with the shareholders who own physical certificates of the shares. After being agreed by the General Shareholders' Meeting and being approved by the authority, the board of the company will be authorized to set the dates of capital reduction and new share issuing and to conduct any other related matters.
- (4) It is proposed to request the shareholders' general meeting to authorize the board of directors to handle all other matters related to this proposal.

Resolution:

## Elections:

Election item (1):

[Proposed by the Board]

Subject: The 7th election of Directors (including independent directors).

Descriptions:

- (1) The term of office of the 6th director is from June 14, 2017 to June 13, 2020, and the 7th director election will be held on the 2020 shareholder's meeting.
- (2) In accordance with Article 16 and 16-1 of the Articles of Incorporation, 9 directors (including 4 independent directors) shall be elected from the nomination of candidates. The term of service shall be three years, from June 20, 2020 to June 19, 2023
- (3) The list of candidates for directors (including independent directors) was approved by the board of directors as following:

### The list of candidates for directors (including independent directors)

Serial Number	Name	Main Education and Experience	Shares Owned	Remarks
1	Genda Hu	Ph.D. in Electrical Engineering, Princeton University Chairman / CEO / General Manager of FocalTech Systems Co., Ltd. IEEE Fellow American IBM, PMC-Sierra, Cypress Vice President of R & D and Marketing Department of TSMC Head of ERSO in ITRI	2,105,841	Director
2	James Liao	MBA of NTU Director / CFO of FocalTech Systems Co., Ltd. Chairman / CEO of FocalTech Smart Sensors Co., Ltd. Financial Manager of MediaTek	900,974	Director
3	GWAA LLC Representative : Chenming Hu	Ph.D. in Electrical Engineering, University of California, Berkeley Director of Inphi Inc. (IPHI) Chairman of Celestry Design Technologies Inc CTO of TSMC	5,940,047	Director
4	GWAA LLC Representative : Han-Ping Shieh	Ph.D., Department of Electrical and Computer Engineering, Carnegie Mellon University, USA	5,940,047	Director

Serial Number	Name	Main Education and Experience	Shares Owned	Remarks
		Representative Director of FocalTech Systems Co., Ltd. IEEE / OSA / SID fellow Vice President of National Jiaotong University Vice-President of Taiwan United University System		
5	Sense Media Company Ltd. Representative : George Chang	MBA Master from USC CFO of Egis Yuanta Investment Senior Vice President Director of Taiwan Citi Global Securities	50,000	Director
6	Chintay Shih	Ph.D. in Electrical Engineering, Princeton University Independent Director of FocalTech Systems Co., Ltd. Chairman of the III Dean of the Industrial Technology Research Institute Dean, School of Science and Technology Management, National Tsinghua University	0	Independent Director
7	Chan-Jane Lin	PhD in Accounting, University of Maryland Independent Director of FocalTech Systems Co., Ltd. Professor, Department of Accounting, Taiwan University Acting Dean and Deputy Dean, School of Management, Taiwan University Independent Director of Fubon Financial Holding Co., Ltd.	0	Independent Director
8	Chang Xu	PhD in Industrial Engineering, Purdue University, USA Supervisor of Mirle Co., Ltd. Independent Director of Weihai Industrial Co., Ltd.	0	Independent Director
9	Xuhui Xu	Master of Business Administration, Tulane University Business School Chairman of Taiwan Air Cargo Contracting Co., Ltd.	0	Independent Director

(4) Rules for Election of Directors are on page57, as appendix 2.

Election results:

## **Other Proposals**

Other item (1):

[Proposed by the Board]

Subject: To release the prohibition on Directors from participation in competitive business

Descriptions:

- (1) In accordance with Article 209 of Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- (2) It is proposed to release the prohibition on Directors to act as the Directors or managers in other company with similar or same business scope as the company, due to business needs, without compromising the interests of the company.
- (3) The list to be released is attached on page48, as attachment 7.

Resolution:

## **Extempore Motions**

### **Adjournment**

## **Attachment**

### Attachment 1

## **2019 Annual Business Report**

2019 is a year of global turmoil. The competition of hegemony on the political landscape, the rise of trade disputes, the battle for key technologies, and the impact of the COVID-19 epidemic that began at the end of the year have forced everyone to adapt the new business environment. Especially the smartphone supply chain which involves the next-generation communication technology is even more affected. Fortunately, the turbulence of the current situation didn't let FocalTech lose its sense of direction. With the successful development of new technologies, introduction of new models to customers and the availability of new production capacity, FocalTech can correctly get along with the new rhythm. FocalTech's shipments have bottomed out since the second half of 2019, and operations have revived.

Due to longer mobile phone replacement cycle, the global smartphone market shipments began to decline slightly after peaking in 2017. According to statistics from research institute Canalys, the global smartphone shipments in 2019 were 1.367 billion units, which is a 2% decline against 2018. However, it is worth noting that the full in-cell panel, penetration rate hiked from about 15% in 2017, and nearly reached 40% in 2019. Therefore, the demand for FocalTech's main product "Integrated Driver Controller (IDC, also known as TDDI)", which is specifically designed for embedded panels, continues to heat up, and the growth trend is expected to continue until at least 2021. .

In the first half of 2019, FocalTech IDC continued to be negatively impacted by the shortage of wafer foundry capacity from 2018, and shipments were limited. However, since the end of the second quarter of the year, with the new supplier capacity started to contribute, FocalTech's IDC shipments gradually increased, and the market share also climbed. Finally, the annual IDC shipments exceeded 100 million, an increase of nearly 14.4% against 2018.

In addition, FocalTech actively expanded the application of products in the existing traditional discrete solutions, such as touch controller IC and driver IC, and lay out in the high value-added market, and reduced non-operating losses, which made FocalTech's 2019 revenue 9.16 billion, a 8% slight decrease compared to 2018, but improved the gross margin to 21.76%. This was the best result after the merger of FocalTech and Orise. The after-tax loss reduced to 206 million, which showed a significantly improve.

In addition to the revitalization of operations, as a global leader in human-machine interface for mobile devices, FocalTech continued to increase

investment in research and development to ensure technological leadership. The annual research and development expenses in 2019 reached 1.552 billion, an increase of nearly 5% against 2018, and it counted to 16.94% of the annual revenue. FocalTech had applied for 78 new patent certifications in 2019, which is nearly 50% higher than in 2018, and had obtained nearly 40 patent certifications, constantly taking action to realize the value of innovation and R & D.

In terms of product and technology layout, FocalTech continued to dig deep into the IDC market. By taking the lead to adopt the 55-nanometer process, it successfully drove MUX 1: 6 and Dual gate technologies for FHD and HD resolutions into mass production, respectively, to achieve a super narrow bezel smartphones. In addition, in response to the advent of the 5G era, the display screens of mobile devices would focus more on new requirements such as high transmission efficiency, low latency, and high refresh rates of panels. FocalTech provided 90 and 120 Hz high frame rate products to fulfill the high-end LCD display market.

In terms of AMOLED panels, FocalTech continued to make good progress in 2019. The discrete touch control IC for AMOLED panel had successfully entered the stage of mass production and shipment, and grasped a meaningful position in mainland China market. In addition, the display driver IC used in AMOLED panels had been designed in with panel customers, introduced into the wearable brand market, and actively strived for smart phone brand customers.

Finally, FocalTech 's capacitive fingerprint identification products had entered the stage of stable shipment, and there were also breakthroughs in the field of optical fingerprints. Due to the rise of 5G, mobile phone power consumption increased, which would force the battery capacity to increase and compress the size of the fingerprint module. Optical fingerprint recognition tended to move from the lens-type to the ultra-thin type, which had become a new trend. FocalTech had also achieved good research and development results in this field, and looks forward to bringing new growth momentum to the future operation.

Looking forward to 2020, it is foreseeable that the global turmoil will intensify, especially the raging COVID-19 epidemic in the world, which will inevitably have a certain impact on the mobile device market, but we believe FocalTech 's market share in the IDC market will keep rebound and increase. The advent of AMOLED and fingerprint identification related products will allow FocalTech to continue to move ahead the operations against headwind. More importantly, FocalTech will continue to adhere to the core values of the leader in human-machine interface solutions, and store up powers in technology and intellectual property rights through technological innovation to provide customers, supply chain, and the industry with the best solutions. FocalTech will continue to create higher

shareholder value to appreciate the long-term support and love of shareholders.

Chairman and General Manager: Genda Hu  
Accounting supervisor: James Liao



Attachment 2

## **FocalTech Audit Committee Review Report**

The board of directors has prepared the company's 2019 annual business report, financial statements, and the 2019 deficit compensation proposal. Deloitte CPA firm was engaged to audit the financial statements and issued an audit report.

The above-mentioned 2019 annual business report, financial statements and the 2019 deficit compensation proposal have been reviewed by the Audit Committee and no discrepancy and irregularity was found. We hereby report as above in accordance with the Securities Exchange Act and Company Act. Please kindly verify and approve.

To 2020 Annual General Shareholders' Meeting

Chairman of the Audit Committee: Chan-Jane Lin  
May 8, 2020

## Attachment 3

# Independent Auditors' Report and Consolidated/Unconsolidated Financial Statements

敦泰電子股份有限公司 公鑒：

### 查核意見

敦泰電子股份有限公司民國 108 年及 107 年 12 月 31 日之個體資產負債表，暨民國 108 年及 107 年 1 月 1 日至 12 月 31 日之個體綜合損益表、個體權益變動表、個體現金流量表以及個體財務報表附註（包括重大會計政策彙總），業經本會計師查核竣事。

依本會計師之意見，上開個體財務報表在所有重大方面係依照證券發行人財務報告編製準則編製，足以允當表達敦泰電子股份有限公司民國 108 年及 107 年 12 月 31 日之個體財務狀況，暨民國 108 年及 107 年 1 月 1 日至 12 月 31 日之個體財務績效及個體現金流量。

### 查核意見之基礎

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

### 關鍵查核事項

關鍵查核事項係指依本會計師之專業判斷，對敦泰電子股份有限公司民國 108 年度個體財務報表之查核最為重要之事項。該等事項已於查核個體財務報表整體及形成查核意見之過程中予以因應，本會計師並不對該等事項單獨表示意見。

茲對敦泰電子股份有限公司民國 108 年度個體財務報表之關鍵查核事項敘明如下：

### 商譽之減損評估

#### 關鍵查核事項說明

敦泰電子股份有限公司民國 108 年 12 月 31 日商譽 1,237,268 仟元，占資

產總額 14%，對整體財務報表係屬重大。敦泰電子股份有限公司之商譽係反向併購敦泰電子股份有限公司（原名旭曜科技股份有限公司）所產生。管理階層於評估商譽是否減損時，係以觸控和驅動整合晶片為獨立之現金產生單位，依未來營運現金流量並使用適當之折現率衡量可回收金額，用可回收金額與帳列之商譽金額比較，評估商譽有無減損情事。

管理階層於決定未來營運現金流量時涉及管理階層之主觀判斷，且可能受未來市場或經濟景氣影響，包括上述現金產生單位之銷售成長率、利潤率及折現率等，因此將商譽之減損評估列為 108 年度之關鍵查核事項。

與商譽之減損評估相關會計政策、會計估計及假設之不確定性估計與攸關揭露資訊，請參閱附註四、五及十二。

本會計師對於上述關鍵查核事項所執行之主要查核程序如下：

1. 取得及複核管理階層編製之觸控和驅動整合晶片之資產減損評估資料；
2. 了解管理階層估計觸控和驅動整合晶片之未來營運展望市場成長率、市場佔有率、銷售成長率及利潤率之過程及依據，並取得外部相關產業未來趨勢分析，評估管理階層預測市場成長率及其他假設合理性。

#### **管理階層與治理單位對個體財務報表之責任**

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

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

敦泰電子股份有限公司之治理單位（含審計委員會）負有監督財務報導流程之責任。

### 會計師查核個體財務報表之責任

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

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

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

5. 評估個體財務報表（包括相關附註）之整體表達、結構及內容，以及個體財務報表是否允當表達相關交易及事件。
6. 對於敦泰電子股份有限公司內組成個體之財務資訊取得足夠及適切之查核證據，以對個體財務報表表示意見。本會計師負責查核案件之指導、監督及執行，並負責形成敦泰電子股份有限公司查核意見。

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

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

本會計師從與治理單位溝通之事項中，決定對敦泰電子股份有限公司民國 108 年度個體財務報表查核之關鍵查核事項。本會計師於查核報告中敘明該等事項，除非法令不允許公開揭露特定事項，或在極罕見情況下，本會計師決定不於查核報告中溝通特定事項，因可合理預期此溝通所產生之負面影響大於所增進之公眾利益。

勤業眾信聯合會計師事務所

會計師許 秀 明



會計師邵 志 明



證券暨期貨管理委員會核准文號  
台財證六字第 0920123784 號

證券暨期貨管理委員會核准文號  
台財證六字第 0930128050 號

中 華 民 國 1 0 9 年 3 月 2 7 日

敦泰電子股份有限公司

個體資產負債表

民國 108 年及 107 年 1 月 1 日至 12 月 31 日

單位：新台幣仟元

代碼	資 產	108年12月31日			107年12月31日		
		金	額	%	金	額	%
	流動資產						
1100	現金及約當現金(附註四及六)	\$	841,430	9	\$	614,709	8
1170	應收帳款淨額(附註四、八及二七)		540,554	6		616,655	7
130X	存貨(附註四、五及九)		617,115	7		535,965	6
1479	其他流動資產(附註二十)		241,020	3		21,842	-
11XX	流動資產總計		<u>2,240,119</u>	<u>25</u>		<u>1,789,171</u>	<u>21</u>
	非流動資產						
1510	透過損益按公允價值衡量之金融資產—非流動(附註四及七)		27,849	-		22,129	-
1550	採用權益法之投資(附註四及十)		5,121,499	58		5,427,022	63
1600	不動產、廠房及設備(附註四及十一)		19,408	-		30,753	-
1805	商譽(附註四、五及十二)		1,237,268	14		1,237,268	14
1821	其他無形資產(附註四及十三)		75,107	1		91,361	1
1840	遞延所得稅資產(附註四及二十)		101,745	1		112,897	1
1990	其他非流動資產		112,550	1		13,125	-
15XX	非流動資產總計		<u>6,695,426</u>	<u>75</u>		<u>6,934,555</u>	<u>79</u>
1XXX	資 產 總 計	\$	<u>8,935,545</u>	<u>100</u>	\$	<u>8,723,726</u>	<u>100</u>
代碼	負 債 及 權 益						
	流動負債						
2170	應付帳款(附註十四及二七)	\$	700,543	8	\$	306,212	4
2209	其他應付款(附註十五)		190,912	2		185,647	2
2399	其他流動負債(附註十八及二七)		161,003	2		14,060	-
21XX	流動負債總計		<u>1,052,458</u>	<u>12</u>		<u>505,919</u>	<u>6</u>
	非流動負債						
2570	遞延所得稅負債(附註四及二十)		33,537	-		30,998	-
2640	淨確定福利負債—非流動(附註四及十六)		24,078	-		26,096	-
2645	存入保證金		117,594	2		106,040	2
2670	其他非流動負債		10,400	-		10,400	-
25XX	非流動負債總計		<u>185,609</u>	<u>2</u>		<u>173,534</u>	<u>2</u>
2XXX	負債總計		<u>1,238,067</u>	<u>14</u>		<u>679,453</u>	<u>8</u>
	權益(附註四、十七及二二)						
	股本						
3110	普通股		2,996,759	34		2,987,432	34
	資本公積						
3210	發行溢價		5,037,671	56		6,422,355	74
3220	庫藏股		48,662	1		40,868	-
3235	認列對子公司所有權權益變動數		-	-		20,448	-
3271	員工認股權		25,510	-		47,476	1
3280	員工認股權—逾期失效		33,534	-		20,334	-
3200	資本公積總計		<u>5,145,377</u>	<u>57</u>		<u>6,551,481</u>	<u>75</u>
	累積虧損						
3310	法定盈餘公積		-	-		186,154	2
3350	待彌補虧損	(	183,307)	(2)	(	1,434,755)	(16)
3300	累積虧損總計	(	183,307)	(2)	(	1,248,601)	(14)
	其他權益						
3410	國外營運機構財務報表換算之兌換差額		4,057	-		149,454	2
3420	透過其他綜合損益按公允價值衡量之金融資產未實現損益		1,750	-	(	2,290)	-
3400	其他權益總計		<u>5,807</u>	-		<u>147,164</u>	<u>2</u>
3500	庫藏股票	(	267,158)	(3)	(	393,203)	(5)
3XXX	權益總計		<u>7,697,478</u>	<u>86</u>		<u>8,044,273</u>	<u>92</u>
3X2X	負 債 及 權 益 總 計	\$	<u>8,935,545</u>	<u>100</u>	\$	<u>8,723,726</u>	<u>100</u>

後附之附註係本個體財務報告之一部分。

董事長：



經理人：



會計主管：



敦泰電子股份有限公司

個體綜合損益表

民國 108 年及 107 年 1 月 1 日至 12 月 31 日

單位：新台幣仟元，惟每股  
(虧損)盈餘為元

代碼		108年度		107年度	
		金額	%	金額	%
4000	營業收入 (附註四、十八及二七)	\$ 2,901,766	100	\$ 4,298,242	100
5000	營業成本 (附註四、九、十九及二七)	( 1,944,861)	(67)	( 3,618,702)	(85)
5900	營業毛利	<u>956,905</u>	<u>33</u>	<u>679,540</u>	<u>15</u>
	營業費用 (附註一九、二二、二四及二七)				
6100	推銷費用	( 102,450)	( 4)	( 98,149)	( 2)
6200	管理費用	( 157,957)	( 5)	( 180,123)	( 4)
6300	研究發展費用	( 625,866)	(22)	( 596,823)	(14)
6000	營業費用合計	( 886,273)	(31)	( 875,095)	(20)
6900	營業淨利 (損)	<u>70,632</u>	<u>2</u>	( 195,555)	( 5)
	營業外收入及支出				
7050	財務成本 (附註十九)	( 1,152)	-	( 783)	-
7060	採用權益法認列之子公司損失份額 (附註四)	( 229,956)	( 8)	( 313,129)	( 7)
7100	利息收入 (附註四)	14,045	1	5,632	-
7235	透過損益按公允價值衡量之金融資 產利益 (附註四)	372	-	756	-
7679	商譽減損損失 (附註四、五及十二)	-	-	( 2,000,000)	(47)
7590	其他利益及損失—淨額 (附註二七)	8,345	-	2,284	-
7630	外幣兌換 (損失) 利益 (附註四)	( 22,880)	( 1)	27,022	1
7000	營業外收入及支出合計	( 231,226)	( 8)	( 2,278,218)	(53)
7900	稅前淨損	( 160,594)	( 6)	( 2,473,773)	(58)
7951	所得稅 (費用) 利益 (附註四及二十)	( 14,655)	-	22,131	1
8200	本年度淨損	( 175,249)	( 6)	( 2,451,642)	(57)

(接次頁)

(承前頁)

代碼		108年度		107年度	
		金	額 %	金	額 %
	其他綜合損益				
	不重分類至損益之項目				
8311	確定福利計畫之再衡量數(附註四及十六)	\$ 1,677	-	\$ 3,275	-
8349	與不重分類之項目相關之所得稅(附註四及二十)	(235)	-	(733)	-
8310	不重分類至損益之項目	1,442	-	2,542	-
	後續可能重分類至損益之項目				
8380	採用權益法認列之子公司之其他綜合損益之份額(附註四)	(141,357)	(5)	102,801	2
8300	本年度其他綜合損益合計	(139,915)	(5)	105,343	2
8500	本年度綜合損益總額	(\$ 315,164)	(11)	(\$ 2,346,299)	(55)
	每股虧損(附註二一)				
9750	基本	(\$ 0.63)		(\$ 8.66)	

後附之附註係本個體財務報告之一部分。

董事長：



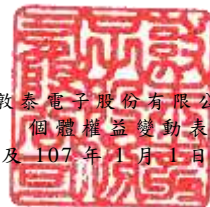
經理人：



會計主管：







敦泰電子股份有限公司  
 個體權益變動表  
 民國 108 年及 107 年 1 月 1 日至 12 月 31 日

單位：新台幣仟元

代 碼		股 本		保 留 盈 餘 ( 累 積 虧 損 )		其 他 權 益			庫 藏 股 票	權 益 總 額
		普 通 股	資 本 公 積	法 定 盈 餘 公 積	未 分 配 盈 餘 ( 待 彌 補 虧 損 )	國 外 營 運 機 構 財 務 報 表 換 算 之 兒 換 差 額	備 供 出 售 金 融 資 產 之 未 實 現 損 失	透 過 其 他 綜 合 損 益 按 公 允 價 值 衡 量 之 金 融 資 產 未 實 現 損 益		
A1	107 年 1 月 1 日 餘 額	\$ 2,983,700	\$ 6,654,876	\$ 186,154	\$ 1,058,985	\$ 47,154	(\$ 2,791)	\$ -	(\$ 191,998)	\$ 10,736,080
A3	追 溯 適 用 及 追 溯 重 編 之 影 響 數	-	-	-	( 44,640)	-	2,791	( 2,791)	-	( 44,640)
A5	107 年 1 月 1 日 重 編 後 餘 額	2,983,700	6,654,876	186,154	1,014,345	47,154	-	( 2,791)	( 191,998)	10,691,440
C5	資 本 公 積 配 發 現 金 股 利	-	( 150,000)	-	-	-	-	-	-	( 150,000)
D1	107 年 度 淨 損	-	-	-	( 2,451,642)	-	-	-	-	( 2,451,642)
D3	107 年 度 稅 後 其 他 綜 合 損 益	-	-	-	2,542	102,300	-	501	-	105,343
D5	107 年 度 綜 合 損 益 總 額	-	-	-	( 2,449,100)	102,300	-	501	-	( 2,346,299)
L1	庫 藏 股 買 回 ( 附 註 十 七 )	-	-	-	-	-	-	-	( 384,906)	( 384,906)
F3	庫 藏 股 轉 讓 ( 附 註 十 七 及 二 二 )	-	-	-	-	-	-	-	183,701	183,701
M7	對 子 公 司 所 有 權 權 益 增 加 ( 附 註 二 三 )	-	19,179	-	-	-	-	-	-	19,179
N1	員 工 認 股 權 酬 勞 成 本 ( 附 註 十 七 及 二 二 )	-	26,474	-	-	-	-	-	-	26,474
N1	執 行 認 股 權 計 畫 下 發 行 之 普 通 股 ( 附 註 十 七 及 二 二 )	3,732	952	-	-	-	-	-	-	4,684
Z1	107 年 12 月 31 日 餘 額	2,987,432	6,551,481	186,154	( 1,434,755)	149,454	-	( 2,290)	( 393,203)	8,044,273
B13	法 定 盈 餘 公 積 彌 補 虧 損	-	-	( 186,154)	186,154	-	-	-	-	-
C11	資 本 公 積 彌 補 虧 損	-	( 1,248,601)	-	1,248,601	-	-	-	-	-
C15	資 本 公 積 配 發 現 金 股 利	-	( 150,000)	-	-	-	-	-	-	( 150,000)
D1	108 年 度 淨 損	-	-	-	( 175,249)	-	-	-	-	( 175,249)
D3	108 年 度 稅 後 其 他 綜 合 損 益	-	-	-	1,442	( 145,397)	-	4,040	-	( 139,915)
D5	108 年 度 綜 合 損 益 總 額	-	-	-	( 173,807)	( 145,397)	-	4,040	-	( 315,164)
F3	庫 藏 股 轉 讓 ( 附 註 十 七 及 二 二 )	-	-	-	-	-	-	-	126,045	126,045
M7	對 子 公 司 所 有 權 權 益 減 少 ( 附 註 二 三 )	-	( 20,448)	-	( 9,500)	-	-	-	-	( 29,948)
N1	員 工 認 股 權 酬 勞 成 本 ( 附 註 十 七 及 二 二 )	-	9,787	-	-	-	-	-	-	9,787
N1	執 行 認 股 權 計 畫 下 發 行 之 普 通 股 ( 附 註 十 七 及 二 二 )	9,327	3,158	-	-	-	-	-	-	12,485
Z1	108 年 12 月 31 日 餘 額	\$ 2,996,759	\$ 5,145,377	\$ -	(\$ 183,307)	\$ 4,057	\$ -	\$ 1,750	(\$ 267,158)	\$ 7,697,478

後 附 之 附 註 係 本 個 體 財 務 報 告 之 一 部 分 。

董 事 長：  


經 理 人：  


會 計 主 管：  


敦泰電子股份有限公司

個體現金流量表

民國 108 年及 107 年 1 月 1 日至 12 月 31 日

單位：新台幣仟元

代 碼		108年度	107年度
	營業活動之現金流量		
A10000	本年度稅前淨損	(\$ 160,594)	(\$ 2,473,773)
	收益費損項目：		
A20100	折舊費用	14,286	15,089
A20200	攤銷費用	16,254	21,649
A20300	預期信用減損損失迴轉利益	-	( 6,084)
A20400	透過損益按公允價值衡量金融 資產之淨利益	( 372)	( 756)
A20900	財務成本	1,152	783
A21200	利息收入	( 14,045)	( 5,632)
A21900	認股權酬勞成本	4,934	13,075
A22300	採用權益法認列之子公司損失 份額	229,956	313,129
A23700	存貨跌價及呆滯（迴轉利益） 損失	( 70,676)	360,000
A23800	商譽減損損失	-	2,000,000
A30000	營業資產及負債之淨變動數		
A31115	強制透過損益按公允價值衡量 之金融資產	( 5,348)	( 21,373)
A31150	應收帳款	76,101	349,140
A31200	存 貨	( 10,474)	( 38,989)
A31240	其他流動資產	( 218,289)	117,939
A32150	應付帳款	394,331	( 414,655)
A32180	其他應付款	5,265	( 53,999)
A32230	其他流動負債	146,943	8,384
A32240	淨確定福利負債	( 341)	( 249)
A33000	營運產生之現金	409,083	183,678
A33300	支付之利息	( 1,152)	( 783)
A33500	支付之所得稅	( 1,199)	( 472)
AAAA	營業活動之淨現金流入	<u>406,732</u>	<u>182,423</u>

( 接 次 頁 )

(承前頁)

代 碼		108年度	107年度
	投資活動之現金流量		
B01800	取得採用權益法之投資	(\$ 90,885)	(\$ 79,920)
B02700	購置不動產、廠房及設備	( 2,941)	( 18,098)
B06500	其他金融資產減少	-	24,500
B06800	其他非流動資產增加	( 99,425)	( 1,720)
B07500	收取之利息	13,156	5,462
BBBB	投資活動之淨現金流出	( 180,095)	( 69,776)
	籌資活動之現金流量		
C03100	存入保證金增加	11,554	1,809
C04500	發放現金股利	( 150,000)	( 150,000)
C04800	員工執行認股權	12,485	4,684
C04900	庫藏股票買回	-	( 384,906)
C05100	庫藏股轉讓	126,045	183,701
CCCC	籌資活動之淨現金流入(出)	84	( 344,712)
EEEE	現金及約當現金淨增加(減少)	226,721	( 232,065)
E00100	年初現金及約當現金餘額	614,709	846,774
E00200	年底現金及約當現金餘額	\$ 841,430	\$ 614,709

後附之附註係本個體財務報告之一部分。

董事長：

經理人：

會計主管：

## 會計師查核報告

敦泰電子股份有限公司 公鑒：

### 查核意見

敦泰電子股份有限公司及其子公司（敦泰集團）民國 108 年及 107 年 12 月 31 日之合併資產負債表，暨民國 108 年及 107 年 1 月 1 日至 12 月 31 日之合併綜合損益表、合併權益變動表、合併現金流量表，以及合併財務報表附註（包括重大會計政策彙總），業經本會計師查核竣事。

依本會計師之意見，上開合併財務報表在所有重大方面係依照證券發行人財務報告編製準則及經金融監督管理委員會認可並發布生效之國際財務報導準則、國際會計準則、解釋及解釋公告編製，足以允當表達敦泰集團民國 108 年及 107 年 12 月 31 日之合併財務狀況，暨民國 108 年及 107 年 1 月 1 日至 12 月 31 日之合併財務績效及合併現金流量。

### 查核意見之基礎

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

### 關鍵查核事項

關鍵查核事項係指依本會計師之專業判斷，對敦泰集團民國 108 年度合併財務報表之查核最為重要之事項。該等事項已於查核合併財務報表整體及形成查核意見之過程中予以因應，本會計師並不對該等事項單獨表示意見。

茲對敦泰集團民國 108 年度合併財務報表之關鍵查核事項敘明如下：

### 商譽之減損評估

#### 關鍵查核事項說明

敦泰集團民國 108 年 12 月 31 日商譽 1,237,268 仟元，占合併資產總額 11%，對整體合併財務報表係屬重大。敦泰集團之商譽係反向併購敦泰電子股份有限公司（原名旭曜科技股份有限公司）所產生。管理階層於評估商譽是否減損時，係以敦泰集團之觸控和驅動整合晶片為獨立之現金產生單位，依未來營運現金流量並使用適當之折現率衡量可回收金額，用可回收金額與帳列商譽金額比較，評估商譽有無減損情事。

管理階層於決定未來營運現金流量時涉及管理階層之主觀判斷，且可能受未來市場或經濟景氣影響，包括上述現金產生單位之銷售成長率、利潤率及折現率等，因此將商譽之減損評估列為 108 年度之關鍵查核事項。

商譽減損評估之相關會計政策、會計估計及假設之不確定性估計與攸關揭露資訊，請參閱附註四、五及十四。

本會計師對於上述關鍵查核事項所執行之主要查核程序如下：

1. 取得及複核管理階層編製之觸控和驅動整合晶片之資產減損評估資料；
2. 了解管理階層估計觸控和驅動整合晶片之未來營運展望市場成長率、市場佔有率、銷售成長率及利潤率之過程及依據，並取得外部相關產業未來趨勢分析，評估管理階層預測市場成長率及其他假設之合理性。

#### 其他事項

敦泰電子股份有限公司業已編製民國 108 及 107 年度之個體財務報表，並經本會計師出具無保留意見之查核報告在案，備供參考。

#### 管理階層與治理單位對合併財務報表之責任

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

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

敦泰集團之治理單位（含審計委員會）負有監督財務報導流程之責任。

### 會計師查核合併財務報表之責任

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

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

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

併財務報表是否允當表達相關交易及事件。

6. 對於集團內組成個體之財務資訊取得足夠及適切之查核證據，以對合併財務報表表示意見。本會計師負責集團查核案件之指導、監督及執行，並負責形成集團查核意見。

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

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

本會計師從與治理單位溝通之事項中，決定對敦泰集團民國 108 年度合併財務報表查核之關鍵查核事項。本會計師於查核報告中敘明該等事項，除非法令不允許公開揭露特定事項，或在極罕見情況下，本會計師決定不於查核報告中溝通特定事項，因可合理預期此溝通所產生之負面影響大於所增進之公眾利益。

勤業眾信聯合會計師事務所

會計師許 秀 明



證券暨期貨管理委員會  
台財證六字第 0920123784 號

會計師邵 志 明



證券暨期貨管理委員會  
台財證六字第 0930128050 號

中 華 民 國 1 0 9 年 3 月 2 7 日

## 敦泰電子股份有限公司及子公司

## 合併資產負債表

民國 108 年及 107 年 12 月 31 日

單位：新台幣仟元

代 碼	資 產	108年12月31日		107年12月31日	
		金 額	%	金 額	%
	<b>流動資產</b>				
1100	現金及約當現金(附註四及六)	\$ 3,461,503	30	\$ 2,355,926	21
1120	透過其他綜合損益按公允價值衡量之金融資產—流動(附註四及八)	120,475	1	130,716	1
1170	應收帳款淨額(附註四及十)	1,420,459	12	983,496	9
130X	存貨(附註四及十一)	1,570,753	14	2,120,600	19
1476	其他金融資產(附註四及九)	1,596,292	14	2,283,900	20
1479	其他流動資產(附註二二)	361,925	3	158,385	1
11XX	流動資產總計	<u>8,531,407</u>	<u>74</u>	<u>8,033,023</u>	<u>71</u>
	<b>非流動資產</b>				
1510	透過損益按公允價值衡量之金融資產—非流動(附註四及七)	56,354	-	112,063	1
1517	透過其他綜合損益按公允價值衡量之金融資產—非流動(附註四及八)	60,898	1	183,253	2
1600	不動產、廠房及設備(附註四及十三)	1,361,478	11	1,394,372	13
1805	商譽(附註四、五及十四)	1,237,268	11	1,237,268	11
1821	其他無形資產(附註四及十五)	99,189	1	148,998	1
1840	遞延所得稅資產(附註四及二二)	120,782	1	134,858	1
1990	其他非流動資產(附註三十)	135,593	1	56,286	-
15XX	非流動資產總計	<u>3,071,562</u>	<u>26</u>	<u>3,267,098</u>	<u>29</u>
1XXX	資 產 總 計	<u>\$ 11,602,969</u>	<u>100</u>	<u>\$ 11,300,121</u>	<u>100</u>
	<b>負債及權益</b>				
	<b>流動負債</b>				
2170	應付帳款(附註十六)	\$ 1,986,219	17	\$ 1,625,756	15
2209	其他應付款(附註十七)	954,449	8	794,104	7
2230	本期所得稅負債(附註四及二二)	363,172	3	394,493	3
2399	其他流動負債(附註二十)	108,584	1	64,875	1
21XX	流動負債總計	<u>3,412,424</u>	<u>29</u>	<u>2,879,228</u>	<u>26</u>
	<b>非流動負債</b>				
2570	遞延所得稅負債(附註四及二二)	33,537	-	30,998	-
2640	淨確定福利負債—非流動(附註四及十八)	24,078	-	26,096	-
2645	存入保證金	394,360	4	275,784	3
2670	其他非流動負債—其他	10,400	-	10,400	-
25XX	非流動負債總計	<u>462,375</u>	<u>4</u>	<u>343,278</u>	<u>3</u>
2XXX	負債總計	<u>3,874,799</u>	<u>33</u>	<u>3,222,506</u>	<u>29</u>
	<b>歸屬於本公司業主之權益(附註四、十九及二四)</b>				
	<b>股本</b>				
3110	普通股	2,996,759	26	2,987,432	26
	<b>資本公積</b>				
3210	發行溢價	5,037,671	44	6,422,355	58
3220	庫藏股	48,662	1	40,868	-
3235	認列對子公司所有權權益變動數	-	-	20,448	-
3271	員工認股權	25,510	-	47,476	-
3280	員工認股權—逾期失效	33,534	-	20,334	-
3200	資本公積總計	<u>5,145,377</u>	<u>45</u>	<u>6,551,481</u>	<u>58</u>
	<b>累積虧損</b>				
3310	法定盈餘公積	-	-	186,154	2
3350	待彌補虧損	(183,307)	(2)	(1,434,755)	(13)
3300	累積虧損總計	<u>(183,307)</u>	<u>(2)</u>	<u>(1,248,601)</u>	<u>(11)</u>
	<b>其他權益</b>				
3410	國外營運機構財務報表換算之兌換差額	4,057	-	149,454	1
3420	透過其他綜合損益按公允價值衡量之金融資產未實現損益	1,750	-	(2,290)	-
3400	其他權益總計	<u>5,807</u>	<u>-</u>	<u>147,164</u>	<u>1</u>
3500	庫藏股票	(267,158)	(2)	(393,203)	(3)
31XX	本公司業主權益總計	<u>7,697,478</u>	<u>67</u>	<u>8,044,273</u>	<u>71</u>
36XX	非控制權益	<u>30,692</u>	<u>-</u>	<u>33,342</u>	<u>-</u>
3XXX	權益總計	<u>7,728,170</u>	<u>67</u>	<u>8,077,615</u>	<u>71</u>
3X2X	負債及權益總計	<u>\$ 11,602,969</u>	<u>100</u>	<u>\$ 11,300,121</u>	<u>100</u>

後附之附註係本合併財務報告之一部分。

董事長：



經理人：



會計主管：





敦泰電子股份有限公司及子公司

合併綜合損益表

民國 108 年及 107 年 1 月 1 日至 12 月 31 日

單位：新台幣仟元，惟  
每股盈餘為元

代碼	108年度		107年度	
	金額	%	金額	%
4000	\$ 9,160,261	100	\$ 9,919,368	100
5000	( 7,167,061)	( 79)	( 8,357,068)	( 84)
5900	1,993,200	21	1,562,300	16
	營業費用 (附註二三、二四及二九)			
6100	( 469,272)	( 5)	( 429,499)	( 4)
6200	( 312,638)	( 3)	( 326,676)	( 4)
6300	( 1,551,946)	( 17)	( 1,481,181)	( 15)
6000	( 2,333,856)	( 25)	( 2,237,356)	( 23)
6900	( 340,656)	( 4)	( 675,056)	( 7)
	營業外收入及支出			
7050	( 1,152)	-	( 786)	-
7100	111,144	1	96,737	1
7235	1,077	-	( 1,415)	-
7679	-	-	( 2,000,000)	( 20)
7590	71,949	1	59,449	1
7630	( 22,723)	-	17,422	-
7000	160,295	2	( 1,828,593)	( 18)

(接次頁)

(承前頁)

代碼		108年度		107年度	
		金額	%	金額	%
7900	稅前淨損	(\$ 180,361)	( 2)	(\$ 2,503,649)	( 25)
7951	所得稅(費用)利益(附註四及二二)	( 25,319)	-	15,531	-
8200	本年度淨損	( 205,680)	( 2)	( 2,488,118)	( 25)
	其他綜合損益				
	不重分類至損益之項目				
8311	確定福利計畫之再 衡量數(附註四及 十八)	1,677	-	3,275	-
8349	與不重分類之項目 相關之所得稅(附 註四及二二)	( 235)	-	( 733)	-
8310	不重分類至損益之 項目	1,442	-	2,542	-
	後續可能重分類至損益 之項目				
8361	國外營運機構財務 報表換算之兌換 差額(附註四)	( 147,153)	( 2)	104,532	1
8367	透過其他綜合損益 按公允價值衡量 之債務工具投資 未實現評價利益 (附註四)	4,040	-	501	-
8360	後續可能重分類至 損益之項目	( 143,113)	( 2)	105,033	1
8300	本年度其他綜合損 益合計	( 141,671)	( 2)	107,575	1
8500	本年度綜合損益總額	(\$ 347,351)	( 4)	(\$ 2,380,543)	( 24)

(接次頁)

(承前頁)

代碼	108年度		107年度		
	金額	%	金額	%	
淨損歸屬於：					
8610	本公司業主	(\$ 175,249)	( 2)	(\$ 2,451,642)	( 25)
8620	非控制權益	( 30,431)	-	( 36,476)	-
8600		<u>(\$ 205,680)</u>	<u>( 2)</u>	<u>(\$ 2,488,118)</u>	<u>( 25)</u>
綜合損益總額歸屬於：					
8710	本公司業主	(\$ 315,164)	( 3)	(\$ 2,346,299)	( 24)
8720	非控制權益	( 32,187)	( 1)	( 34,244)	-
8700		<u>(\$ 347,351)</u>	<u>( 4)</u>	<u>(\$ 2,380,543)</u>	<u>( 24)</u>
每股虧損 (附註二三)					
9750	基本	<u>(\$ 0.63)</u>		<u>(\$ 8.66)</u>	

後附之附註係本合併財務報告之一部分。

董事長：



經理人：



會計主管：



  
 敦泰電子股份有限公司及子公司  
 合併權益變動表  
 民國 108 年及 107 年 1 月 1 日至 12 月 31 日

單位：新台幣仟元

代 碼	歸 屬 於 本 公 司 業 主 之 權 益	其 他 權 益										
		股 本 普 通 股	資 本 公 積	累 積 法 定 盈 餘 公 積	虧 損 待 彌 補 虧 損	國 外 營 運 機 構 財 務 報 表 換 算 之 兌 換 差 額	備 供 出 售 金 融 資 產 未 實 現 損 失	透 過 其 他 綜 合 損 益 按 公 允 價 值 衡 量 之 金 融 資 產 未 實 現 損 益	庫 藏 股 票	總 計	非 控 制 權 益	權 益 總 額
A1	107 年 1 月 1 日 餘 額	\$ 2,983,700	\$ 6,654,876	\$ 186,154	\$ 1,058,985	\$ 47,154	(\$ 2,791)	\$ -	(\$ 191,998)	\$ 10,736,080	\$ 7,284	\$ 10,743,364
A3	追 溯 適 用 及 追 溯 重 編 之 影 響 數	-	-	-	( 44,640)	-	2,791	( 2,791)	-	( 44,640)	-	( 44,640)
A5	107 年 1 月 1 日 重 編 後 餘 額	2,983,700	6,654,876	186,154	1,014,345	47,154	-	( 2,791)	( 191,998)	10,691,440	7,284	10,698,724
C15	資 本 公 積 配 發 現 金 股 利	-	( 150,000)	-	-	-	-	-	-	( 150,000)	-	( 150,000)
D1	107 年 度 淨 損	-	-	-	( 2,451,642)	-	-	-	-	( 2,451,642)	( 36,476)	( 2,488,118)
D3	107 年 度 稅 後 其 他 綜 合 損 益	-	-	-	2,542	102,300	-	501	-	105,343	2,232	107,575
D5	107 年 度 綜 合 損 益 總 額	-	-	-	( 2,449,100)	102,300	-	501	-	( 2,346,299)	( 34,244)	( 2,380,543)
L1	庫 藏 股 買 回 ( 附 註 十 九 )	-	-	-	-	-	-	-	( 384,906)	( 384,906)	-	( 384,906)
F3	庫 藏 股 轉 讓 ( 附 註 十 九 及 二 四 )	-	-	-	-	-	-	-	183,701	183,701	-	183,701
M7	對 子 公 司 所 有 權 權 益 增 加 ( 附 註 二 五 )	-	19,179	-	-	-	-	-	-	19,179	( 19,179)	-
T1	員 工 認 股 權 酬 勞 成 本 ( 附 註 十 九 及 二 四 )	-	26,474	-	-	-	-	-	-	26,474	-	26,474
N1	執 行 認 股 權 計 畫 下 發 行 之 普 通 股 ( 附 註 十 九 及 二 四 )	3,732	952	-	-	-	-	-	-	4,684	-	4,684
O1	非 控 制 權 益 增 加 ( 附 註 二 五 )	-	-	-	-	-	-	-	-	-	79,481	79,481
Z1	107 年 12 月 31 日 餘 額	2,987,432	6,551,481	186,154	( 1,434,755)	149,454	-	( 2,290)	( 393,203)	8,044,273	33,342	8,077,615
B13	法 定 盈 餘 公 積 彌 補 虧 損	-	-	( 186,154)	186,154	-	-	-	-	-	-	-
C11	資 本 公 積 彌 補 虧 損	-	( 1,248,601)	-	1,248,601	-	-	-	-	-	-	-
C15	資 本 公 積 配 發 現 金 股 利	-	( 150,000)	-	-	-	-	-	-	( 150,000)	-	( 150,000)
D1	108 年 度 淨 損	-	-	-	( 175,249)	-	-	-	-	( 175,249)	( 30,431)	( 205,680)
D3	108 年 度 稅 後 其 他 綜 合 損 益	-	-	-	1,442	( 145,397)	-	4,040	-	( 139,915)	( 1,756)	( 141,671)
D5	108 年 度 綜 合 損 益 總 額	-	-	-	( 173,807)	( 145,397)	-	4,040	-	( 315,164)	( 32,187)	( 347,351)
F3	庫 藏 股 轉 讓 ( 附 註 十 九 及 二 四 )	-	-	-	-	-	-	-	126,045	126,045	-	126,045
M7	對 子 公 司 所 有 權 權 益 減 少 ( 附 註 二 五 )	-	( 20,448)	-	( 9,500)	-	-	-	-	( 29,948)	29,948	-
T1	員 工 認 股 權 酬 勞 成 本 ( 附 註 十 九 及 二 四 )	-	9,787	-	-	-	-	-	-	9,787	-	9,787
N1	執 行 認 股 權 計 畫 下 發 行 之 普 通 股 ( 附 註 十 九 及 二 四 )	9,327	3,158	-	-	-	-	-	-	12,485	-	12,485
O1	非 控 制 權 益 減 少 ( 附 註 二 五 )	-	-	-	-	-	-	-	-	-	( 411)	( 411)
Z1	108 年 12 月 31 日 餘 額	\$ 2,996,759	\$ 5,145,377	\$ -	(\$ 183,307)	\$ 4,057	\$ -	\$ 1,750	(\$ 267,158)	\$ 7,697,478	\$ 30,692	\$ 7,728,170

後附之附註係本合併財務報告之一部分。

董事長：



經理人：



會計主管：



敦泰電子股份有限公司及子公司

合併現金流量表

民國 108 年及 107 年 1 月 1 日至 12 月 31 日

單位：新台幣仟元

代 碼		108年度	107年度
	營業活動之現金流量		
A10000	本年度稅前淨損	(\$ 180,361)	(\$ 2,503,649)
	收益費損項目：		
A20100	折舊費用	81,185	64,564
A20200	攤銷費用	50,186	67,402
A20300	預期信用減損損失迴轉利益	-	( 6,084)
A20400	透過損益按公允價值衡量金融 資產之淨(利益)損失	( 1,077)	1,415
A20900	財務成本	1,152	786
A21200	利息收入	( 111,144)	( 96,737)
A21900	認股權酬勞成本	9,787	26,474
A23700	存貨跌價及呆滯(迴轉利益) 損失	( 115,912)	750,433
A23800	商譽減損損失	-	2,000,000
A24100	未實現外幣兌換損益	( 8,917)	15,856
A30000	營業資產及負債之淨變動數		
A31115	強制透過損益按公允價值衡量 之金融資產	56,476	( 81,672)
A31150	應收帳款	( 461,962)	290,765
A31200	存 貨	646,063	( 134,052)
A31240	其他流動資產	( 209,611)	65,080
A32150	應付帳款	394,137	286,289
A32180	其他應付款	181,302	41,828
A32230	其他流動負債	47,295	( 17,680)
A32240	淨確定福利負債	( 341)	( 249)
A33000	營運產生之現金	378,258	770,769
A33300	支付之利息	( 1,152)	( 786)
A33500	支付之所得稅	( 31,938)	( 30,348)
AAAA	營業活動之淨現金流入	<u>345,168</u>	<u>739,635</u>

(接次頁)

(承前頁)

代 碼		108年度	107年度
	投資活動之現金流量		
B00010	取得透過其他綜合損益按公允價值 衡量之金融資產	\$ -	(\$ 59,090)
B00020	處分透過其他綜合損益按公允價值 衡量之金融資產	132,921	36,179
B02700	購置不動產、廠房及設備	( 101,704)	( 73,996)
B04500	購置無形資產	( 825)	( 3,512)
B06500	其他金融資產減少(增加)	651,819	( 846,904)
B06800	其他非流動資產(增加)減少	( 80,012)	33,026
B07500	收取之利息	<u>114,389</u>	<u>86,828</u>
BBBB	投資活動之淨現金流入(出)	<u>716,588</u>	<u>( 827,469)</u>
	籌資活動之現金流量		
C03000	存入保證金增加	126,134	70,539
C04500	發放現金股利	( 150,000)	( 150,000)
C04800	員工執行認股權	12,485	4,684
C04900	庫藏股買回	-	( 384,906)
C05100	庫藏股轉讓	126,045	183,701
C05500	非控制權益(減少)增加	<u>( 411)</u>	<u>79,481</u>
CCCC	籌資活動之淨現金流入(出)	<u>114,253</u>	<u>( 196,501)</u>
DDDD	匯率變動對現金及約當現金之影響	<u>( 70,432)</u>	<u>44,133</u>
EEEE	現金及約當現金淨增加(減少)	1,105,577	( 240,202)
E00100	年初現金及約當現金餘額	<u>2,355,926</u>	<u>2,596,128</u>
E00200	年底現金及約當現金餘額	<u>\$ 3,461,503</u>	<u>\$ 2,355,926</u>

後附之附註係本合併財務報告之一部分。

董事長：



經理人：



會計主管：



## Attachment 4

**FocalTech 2019 Deficit Compensation Table**

Unit: NTD

Item	Amount
Undistributed Earnings at Year Beginning	0
Minus: Net Loss of 2019	(175,249,188)
Minus: changes in ownership of equity for subsidiaries	(9,499,915)
Plus: Remeasurement of defined welfare plan for this period	1,441,933
Deficit to be Compensated for this period	(183,307,170)
Compensation Items:	
Additional paid-in capital in excess of par	183,307,170
Amount after the compensation	<u>0</u>

Chairman:



CEO:



CFO:



Attachment 5

**Amendment to the “Articles of Incorporation” Comparison Table**

Article	Content		Change Cause
	Before Amended	After Amended	
15-1	Article newly added.	The resolution for paragraph 1, 2 and 3 in Article 185 of Company Act, the company merger defined in Article 18 of Business Mergers And Acquisitions Act, the general transfer defined in Article 27 of Business Mergers And Acquisitions Act, share conversion defined in Article 29 of Business Mergers And Acquisitions Act, and the division of companies defined in Article 35 of Business Mergers And Acquisitions Act shall be made and be adopted by two-thirds or more of the attending shareholders who represent a majority of the total number of its outstanding shares.	In accordance with the company's operating needs.
26-2	The Company's earning distribution or deficit compensation could be done after the end of each quarter. Before the earning is distributed in the first three quarters, the tax liability, compensation for the accumulated deficit, and the estimated employee compensation and the directors' remuneration should be reserved first. Then 10% of the rest amount should be extracted to the legal reserve. After the special surplus reserve is proposed or rescheduled according to the law, the remaining amount plus the year beginning undistributed retained earnings is available for distribution. Considering the operating	<u>Delete.</u>	In accordance with the company's operating needs.



Article	Content		Change Cause
	Before Amended	After Amended	
	conditions, the board of directors could make the proposal for earning distribution in terms of cash or shares. The earning distribution proposal in shares is valid only after the approval of shareholders meeting.		
27	<p>If the Company has earnings annually, the payments to tax liability and the compensation of the accumulated deficit should be done first. Then 10% of the rest amount should be extracted to the legal reserve. If the legal reserve has reached the amount of paid-in capital of the company, this extraction may not be required. In addition, the special reserve shall be reversed or reserved, according to the law or operating requirements. The remaining amount plus the year beginning undistributed retained earnings is available for distribution in terms of cash or shares, which is proposed by the Board of Directors. If the distribution is made in terms of shares, it is required to be approved by the shareholders' meeting. In accordance with the provisions of the Company Law, the Company authorizes the board of directors, with more than two-thirds of the directors attendance and the agreement of more than half of the attending directors, to distribute the dividends from the earnings, or dividends from legal reserve and additional paid-in</p>	<p>If the Company has earnings annually, the payments to tax liability and the compensation of the accumulated deficit should be done first. Then 10% of the rest amount should be extracted to the legal reserve. If the legal reserve has reached the amount of paid-in capital of the company, this extraction may not be required. In addition, the special reserve shall be reversed or reserved, according to the law or operating requirements. The remaining amount plus the year beginning undistributed retained earnings is available for distribution in terms of cash or shares, which is proposed by the Board of Directors, <del>and. If the distribution is made in terms of shares, it is required to be approved by the shareholders' meeting. In accordance with the provisions of the Company Law, the Company authorizes the board of directors, with more than two-thirds of the directors attendance and the agreement of more than half of the attending directors, to distribute the dividends from the earnings, or dividends</del></p>	In accordance with the company's operating needs.

Article	Content		Change Cause
	Before Amended	After Amended	
	<p>capital fully or partially specified in the first paragraph of Article 241 of the Company Law. This resolution should be reported to the shareholders' meeting after the execution.</p> <p>The company's dividend policy is based on the current and future development plans, considering the investment environment, capital needs and domestic and international competition, and taking into account the interests of shareholders, etc., the annual earning is not less than 10% of the annual dividend distribution dividends. When distributing dividends to shareholders, it can be cash or stock, in which the cash dividend is not less than 10% of the total dividend, but the cash dividend of less than NT\$0.5 per share will not be issued.</p>	<p><del>from legal reserve and additional paid-in capital fully or partially specified in the first paragraph of Article 241 of the Company Law. This resolution should be reported to the shareholders' meeting after the execution.</del></p> <p>The company's dividend policy is based on the current and future development plans, considering the investment environment, capital needs and domestic and international competition, and taking into account the interests of shareholders, etc., the annual earning is not less than 10% of the annual dividend distribution dividends. When distributing dividends to shareholders, it can be cash or stock, in which the cash dividend is not less than 10% of the total dividend, but the cash dividend of less than NT\$0.5 per share will not be issued.</p>	
31	<p>These Articles of Incorporation are agreed to and signed on December 25, 2005 and the first Amendment was approved on January 19, 2006, the second Amendment on March 28, 2006, the third Amendment on October 5, 2006, the fourth Amendment on May 10, 2007, the fifth Amendment on June 6, 2009, the sixth Amendment on June 16, 2009, the seventh Amendment on June fifteenth, 2011, the eighth Amendment on June 13, 2012, the ninth Amendment on</p>	<p>These Articles of Incorporation are agreed to and signed on December 25, 2005 and the first Amendment was approved on January 19, 2006, the second Amendment on March 28, 2006, the third Amendment on October 5, 2006, the fourth Amendment on May 10, 2007, the fifth Amendment on June 6, 2009, the sixth Amendment on June 16, 2009, the seventh Amendment on June fifteenth, 2011, the eighth Amendment on June 13,</p>	<p>The fifteenth Amendment date added.</p>

Article	Content		Change Cause
	Before Amended	After Amended	
	<p>June 18, 2013, the tenth Amendment on June 30, 2014, the eleventh Amendment on January 5, 2015, the twelfth Amendment on June 10, 2015, the thirteenth Amendment on June 22, 2016, the fourteenth Amendment on June 20, 2019.</p>	<p>2012, the ninth Amendment on June 18, 2013, the tenth Amendment on June 30, 2014, the eleventh Amendment on January 5, 2015, the twelfth Amendment on June 10, 2015, the thirteenth Amendment on June 22, 2016, the fourteenth Amendment on June 20, 2019, <u>and the fifteenth Amendment on June 20, 2020.</u></p>	

## **Rules and Processes of Restricted Stocks for 2020 1<sup>st</sup> Issuance**

1. The Purpose of Issuance:

In order to attract and retain the talents needed by the company, to encourage employees and enhance the centripetal force of the employees, and to create the interests of the company and shareholders, the company plans to issue restricted stocks in accordance with the relevant provisions of Article 267 of Company Act and the "Guidelines for the Issuer to Raise and Issue Securities".

2. Declaration and issuance period:

The declaration shall be processed once or many times within one year from the date of the resolution of the shareholders' meeting. The shares could be issued once or many times within one year from the arrival of the approval notice of from the Financial Supervision and Administration Commission (hereinafter referred to as the competent authority). The actual date of issue is determined by the chairman.

3. Qualification requirements for employees and a grant amount:

1. full-time employees of the company and the full-time employees of domestic and foreign subsidiaries that directly or indirectly held more than 50% of the voting shares by the company are eligible.

2. The actual numbers of new shares that can be granted to employees are based on the consideration of overall contribution, special merit or other factors, and the company's operational needs and business development strategy, proposed by chairman and approved by the board of directors. Shares granted to executives are required to be approved by the salary and compensation committee and the board of directors before the issuance

3. The upper limit to issue to a single employee should follow the rules defined in Regulations Governing the Offering and Issuance of Securities by Securities Issuers. Once the rules or regulations are updated, the upper limit shall follow thereafter.

4. Total issuance amount: NTD60,000,000 at par value NTD10 per share. Total shares of issuance: 6,000,000 common shares.

## 5. Issue Condition:

1. Issue price: NTD10 per share
2. Type: common stock of the company.
3. Vesting conditions: From the date of being granted if employees are still on duty, have fulfilled the service code, and have not violated the company's labor contract, work rules or the company's employee management measures, etc., the following % of the granted shares could be vested in specific periods.

Serving 2 years after being granted: 50% of granted shares.

Serving 3 years after being granted: 25% of granted shares.

Serving 4 years after being granted: 25% of granted shares.

## 6. Restrictions on shares before vesting conditions:

1. Before the vested conditions stipulated in the preceding article are fulfilled, employees shall not be allowed to sell, pledge, transfer, gift to others, set, or dispose.
2. The new shares issued before vested, the attendance, proposal, speech, voting and voting rights in the shareholders' meeting shall be the same as the ordinary shares issued by the company and shall be subject to trust. The custody contract or the company's other custody methods shall be implemented.
3. Before the shares vested, the dividends (form the earnings or the additional paid-in capital) in share or in cash could be allotted to employees in the current year, not subject to the same restrictions as the unvested shares.
4. New restrict shares issued by the company to the employees with Chinese nationality shall immediately be delivered to the trust institution designated by the company as the trust for custody of the trust. Until the conditions are met, the trust and custody shall be continuously kept. For those issued to employees with other nationalities, share shall be put in the appointed custody bank.

## 7. Treatment to shares could not meet the vesting conditions:

In the event that the acquired conditions are not met, the allocated shares will be purchased by the company at the original issue price

and cancelled.

8. Processes to employees' voluntary resignation, dismissal, stay without pay, retirement, severance, death, etc .:

1. Voluntary resignation, dismissal, and severance: When employees voluntarily quit or are terminated or lay off, those shares could not meet the provisions set forth in Article 5 would be purchased by the Company at the original issue price and cancelled.

2. Retention without pay: employees who have been allocated new restricted shares and have been approved by the company to apply for suspension of pay due to childcare, injuries, etc., and the restricted shares vesting periods shall exclude the actual suspension period.

3. Retirement: Until the retirement effective date, for those shares could not meet the vested conditions set forth in Article 5, the company will purchase them back at the original issue price and cancel them.

4. General death: Until the date of death, for those shares could not meet the vested conditions set forth in Article 5, the company will purchase them back at the original issue price and cancel them.

5. Persons with disabilities or deaths due to duty and job execution: If the deaths are due to or related to duty and job execution, all the granted shares shall be deemed to have fulfilled all vested conditions. For the deceased, the heirs shall complete the statutory necessary procedures and provide relevant supporting documents in accordance with the Civil Law Inheritance Code and the "Public Issuing Companies' Stock Handling Guidelines" and other provisions to be able to apply for the shares they should inherit.

6. Transfer staff: Due to the company's operational needs, for the employees transferred within company and its affiliates, rights and obligations of the restricted shares are not affected by the transfer.

9. Taxes: The shares allocated by employees in accordance with these Measures and the related taxation shall be handled in accordance with the tax laws of the Republic of China at that time.

10. Confidentiality and restrictions:

1. After being allocated new restricted shares in accordance with these measures, employees shall strictly follow company's confidentiality regulations, and shall not inquire about others or disclose the personal content and quantity of the granted shares. The company has the right to buy its shares at the original issue price and cancel the new shares that have not yet achieved the vesting conditions when employees violate the confidentiality rules.

2. After an employee is allocated new restricted shares in accordance with these Measures, in the event of a violation of the company's labor contract, work rules, or the company's employee management regulations, the company has the right to use the original issue price to buy back and cancel the shares.

11. Detailed Implementation Rules: The relevant procedures and detailed operation time schedule for processing the grant list, related documents and obtaining the signature of employees who are assigned for restricted shares shall be completed and defined by the responsible department. The following notifications to process these procedures will be delivered to employees separately.

12. Other important agreed matters:

1. These rules shall be approved by more than two-thirds of the directors of the board of directors with more than two-thirds of the directors present and become effective after the approval by the competent authority. The chairman of the board of directors is authorized to revise these rules first due to the regulation changes, and then the revision should be sent to the board of directors for approval retroactively.

2. New shares issued by the company that restrict the rights of employees are handled in the form of stock trust custody, and the company or a person designated by the company acts as an agent on behalf of all assigned employees. Trust affairs.

3. If there are any unresolved matters in these measures, unless otherwise provided by laws and regulations, the board of directors or its authorized persons shall be authorized to amend or

implement them in accordance with relevant laws and regulations.



## Attachment 7

**The List of releasing prohibition on Directors from participation  
in competitive business**

Identity of Candidate	Name	company	Position
Chairman	Genda Hu	FocalTech Corporation, Ltd.	CEO 、 Director 、 President 、 Secretary 、 Chairman 、 General manager
		FocalTech Systems, Inc.	CEO 、 Director 、 President 、 Secretary
		FocalTech Systems, Ltd.	CEO 、 Director 、 President 、 Secretary 、 Chairman
		FocalTech Electronics, Ltd.	Director
		FocalTech Electronics Co., Ltd.	Chairman
		FocalTech Systems (Shenzhen) Co., Ltd.	Executive Director 、 General manager 、 CEO
		FocalTech Electronics (Shenzhen) Co., Ltd.	Executive Director 、 General manager
		FocalTech Electronics (Shanghai) Co., Ltd.	Executive Director 、 General manager
		FocalTech Electronics (Shanghai) Co., Ltd. Beijing Branch	Executive Director 、 General manager
Director	James Liao	FocalTech Electronics Co., Ltd.	Director
		Hefei PineTech Electronics Co., Ltd.	Director
		FocalTech Smart Sensors Co., Ltd.	Chairman 、 CEO
		FocalTech Smart Sensors, Ltd.	Director
Director	GWAA LLC Representative : Han-Ping Shieh	Youngoptics	Independent Director
		Silicon Motion Technology Corporation	Outside director
		Key-ware	Independent Director
Director	GWAA LLC Representative : Chenming Hu	Inphi Inc. (IPHI)	Director
		Ambarella, Inc. (AMBA)	Director
		ACM Research, Inc (ACMR)	Director
Director	Sense Media Company Ltd. Representative :	Egis	CFO

	George Chang		
--	--------------	--	--

## Appendix 1

### **Rules of Procedure for Shareholders' Meeting**

Approved by Shareholders' meeting on June 13, 2012

1. In order to establish a good shareholders' governance system, improve the supervision function, and strengthen management functions of the company, these rules are established in accordance with the relevant requirements of the "Listed Guiding Practices for Corporate Governance", to follow.
2. Unless provided in the Act or the articles of incorporation, otherwise the rules of procedure of the shareholders' meeting of the company shall be governed by the provisions of these rules.
3. The shareholders' meeting of the company shall be convened by the board of directors unless specified by the Act.  
The company shall upload the shareholders meeting notice, power of attorney, the subject and the description of the approval, the discussion, the election or the dismissal of directors to MOPS 30 days before the shareholders' meeting or 15 days before the shareholders' interim meeting..  
In addition, the shareholders' meeting manual and the supplementary information of the meeting and the production of electronic files shall be transmitted to MOPS 21 days before the shareholders' meeting or 15 days before the shareholders' interim meeting.  
And 15 days before the meeting of shareholders, the shareholders' meeting manual and supplementary information for the meeting shall be prepared for the shareholders to read and display at the company and its stock agency, and shall be distributed on the spot of the shareholders meeting.  
The matters of selecting or dismissing directors, changing the articles of association, dissolving, merging, splitting, or the first paragraph of Article 185 of Company Act, or Article 26-1 and Article 43-6 of the Securities Exchange Act shall be Listed in the cause of the convocation, no provision may be made on a provisional motion.  
Shareholders who hold more than 1 percent of the total shares can submit a written meeting to the company, but with one limitation. And if proposed motion being like what's written in the fourth paragraph of Article 172-1 of Company Act, the board of directors may not list as a bill.  
The Company shall announce the acceptance of shareholders' proposals, the acceptance of premises and the acceptance period prior to the termination of the share transfer prior to the convening of the regular shareholders meeting; the acceptance period shall not be less than ten days.  
The motion proposed by the shareholders is limited to 300 words. If the number exceeds 300 words, it shall not be included in the proposal; the shareholder who

proposes shall personally or entrust another person to attend the regular meeting and participate in the discussion of the resolution.

The company shall notify the shareholders of the process of the proposals before the date of the notice convening the shareholders meeting, and shall list the proposals in this section to the meeting notice. For those proposals that are not included in the bill, the board of directors should explain the reasons for not including them in the shareholders' meeting.

4. At each shareholder meeting, shareholders must issue a power of attorney issued by the company, specifying the scope of the authorization, entrusting agents, and attending the shareholders' meeting.

A shareholder shall issue a power of attorney and limit it to one person. It shall be delivered to the company five days before the meeting of the shareholders' meeting. When the power of attorney is repeated, the first person to be delivered shall prevail. However, the delegator before revoking the statement shall not be limited to this.

After the power of attorney is delivered to the company, if the shareholder desires to attend the shareholders' meeting in person or wishes to exercise voting rights electronically or in writing, he shall notify the company in writing of cancellation of the appointment two days prior to the meeting of the shareholders; The voting rights of the person attending the exercise shall prevail.

5. (Principle of the place and time for holding shareholders meeting)

The place of the shareholders' meeting shall be in the place where the company is located or where the convenience shareholders are present and suitable for the meeting of the shareholders. The meeting shall not begin earlier than 9:00 am or later than 3:00 pm. The independent directors' opinions shall be fully considered to decide the place and time of the meeting.

6. (Preparation of documents such as signature books)

The company shall establish a scrapbook for the attendance of the shareholders themselves or the agents entrusted by the shareholders, or the attendance of the shareholders to attend the attendance cards to sign.

The company shall deliver the manuals, annual reports, attendance cards, speeches, voting papers, and other meeting materials to the shareholders attending the shareholders meeting; if there are elected directors, an election vote shall be attached.

Shareholders should attend the shareholders' meeting with their attendance cards, attendance cards or other attendance certificates; they should be the solicitors of the solicitation request letter and should bring their identity documents for verification.

When an institution is a shareholder, the representative who attends the

shareholder meeting is not limited to one person. When an institution is entrusted to attend a shareholders' meeting, only one person may be appointed to attend the meeting.

7. (Chairman of the shareholders' meeting, attendees)

If the shareholders' meeting is convened by the board of directors and the president is the chairman, the chairman appoints one person to represent the board of directors; if the chairman does not assign, the board of directors will push one person to represent each other.

If the shareholder meeting is convened by a convener other than the board of directors, the chairman is assumed by the convener. If there are more than two conveners, one person should be elected.

The company may appoint appointed lawyers, accountants or related personnel to attend the shareholders' meeting and answer relevant questions during the agenda.

8. (Conservation of recording or video recording during the meeting of shareholders)

The company shall record or videotape the entire meeting of the shareholders meeting and keep it for at least one year. However, if a shareholder filed a lawsuit in accordance with Article 189 of Company Act, it shall be kept until the end of the lawsuit.

9. The attendance of shareholders' meetings should be calculated on the basis of shares. The number of shares attending is calculated based on the scrapbook or the paid-in card, plus the number of shares in which voting rights are exercised in writing or electronically.

At the time of the meeting, the chairman shall immediately announce the meeting. However, when no shareholder representing more than half of the total number of shares already issued is present, the chairman may announce a postponement of the meeting. The number of postponements shall be limited to the second time, and the total delay time shall not exceed one hour. After the second time of the postponement, the present shares are still insufficient to represent more than one-third of the total number of issued shares, the chairman shall announce the cancel of the meeting.

If the foregoing item is delayed for the second time and the shareholder represents more than one-third of the total number of shares already issued, it may be subject to a semi-resolution in accordance with the first item of article 175 of Company Act, and shall notify each of the semi-resolutions.

Shareholders will re-convene the shareholders meeting within a month.

Before the end of the current meeting, if the number of shares represented by the shareholders attending the meeting exceeds half of the total number of issued shares, the chairman may make a semi-resolution to be resubmitted to

the shareholder meeting according to Article 174 of Company Act.

10.(Motion Discussion)

If the shareholders' meeting is convened by the board of directors, its agenda is set by the board of directors. The meeting shall be conducted in accordance with the scheduled agenda, and may not be changed without the resolution of the shareholders' meeting.

If the shareholders' meeting is convened by a caller other than the board of directors, the same rules shall apply.

Before the end of the agenda (including the provisional motion) of the first two scheduled agendas, the chairman shall not announce the adjournment without resolution.

If the chairman violates the rules of procedure and announces the adjournment, the other members of the board of directors shall promptly assist the shareholders in attending the proceedings according to law, and appoint one person to chair the meeting with the consent of more than half of the voting rights of the shareholders, and continue the meeting.

When the chairman thinks that the amendment and the provisional motion proposed reached the level to vote, he may announce to stop the discussion and put it to the vote.

11.(Shareholders' speeches)

Before attending a shareholder's speech, a statement should be filled in with the statement of speech, the shareholder number and the name of the account, and the chairman should set the order of his speech.

Shareholders who only provide speech notes will be considered as not speaking. And if the speech is not consistent with the note of the speech, the speech shall prevail.

The shareholder's speech shall be made after all reports have been reported by the chairman. Each person shall not speak more than twice, and each time shall not exceed five minutes. However, with the permission of the chairman, it may be extended by five minutes and shall be limited to one extension.

Shareholders shall use the provisions of the preceding paragraph for the time and frequency of speeches for each of the items listed on the agenda for recognition and discussion, as well as various Ratifications in the temporary motion procedure.

Shareholders shall speak in response to various items in the agenda of the temporary motion that are not part of the motion. The time and frequency shall be subject to the provisions above.

If the shareholder makes a speech that violates the provisions of the preceding paragraph or exceeds the scope of the topic, the chairman may stop his speech. When a shareholder is making a speech, other shareholders shall not interrupt except with the consent of the chairman.

When an institutional shareholder appoints more than two representatives to attend the shareholders' meeting, the same motion may only be delivered by one person.

After attending the shareholder's speech, the chairman may answer the question in person or by a designated person.

12.(Calculation of voting shares, avoidance of interest conflict)

The voting of the shareholders' meeting shall be based on the shares.

Resolutions of the shareholders' meeting shall not be counted as the total number of shares issued to non-voting shareholders. When a shareholder has a stake in the matter of the meeting that is detrimental to the interests of the company, he shall not be included in the voting and shall not exercise his voting rights on his behalf. The number of shares not entitled to vote in the preceding paragraph shall not be counted as the number of voting rights that have been present at the shareholders.

Except for the trust business or the share agency approved by the securities regulatory authority, when a person is entrusted by more than two shareholders at the same time, the voting rights of its agent shall not exceed 3% of the total voting shares of the issued shares, and those exceeding will not count in the voting.

13.Shareholders have one voting right per share; however, those who do not have the voting power listed in the second paragraph of Article 179 of Company Act are not subject to this rule.

When the company convenes a shareholders' meeting, it may vote exercise its voting rights in writing or electronically; when it exercises voting rights in writing or electronically, its method of exercise shall be clearly stated in the shareholders' meeting convening notice. Shareholders who exercise voting rights in writing or electronically are deemed to have attended the shareholders meeting in person. However, the temporary motion of the shareholders meeting and the amendment of the original motion are deemed as abstentions.

For those who have voted in writing or electronically in the preceding paragraph, their meaning means that they should be delivered to the company two days before the meeting of shareholders. If there is any duplication of the meaning, the person who delivered the first shall prevail. However, the statement of the meaning before revocation is not limited to this.

After a shareholder has exercised voting rights in writing or electronically, if he wishes to attend the shareholder meeting he shall withdraw the meaning of the previous exercise of voting rights in the same manner as the exercise of voting rights two days prior to the meeting of the shareholders; overdue withdrawals will be made in writing or electronically. The exercise of voting rights shall prevail. If the voting rights are exercised in writing or electronically, and the proxy is entrusted to attend the shareholders' meeting, the principal's right to

vote at the time of exercise shall prevail. Voting of the resolution is subject to the consent of more than half of the voting rights of the shareholders in addition to Company Act and the articles of association of the company.

If the chairman consults all the attending shareholders and no objection to the proposal, the proposal shall be deemed as passed and approved. The effectiveness shall be the same as voting. If there is any objection, voting shall be conducted in accordance with the provisions of the preceding paragraph.

When there are amendments or alternatives to the same motion, the chairman and the original case set the voting order. If one of the cases attending has been passed, other motions will be considered veto and no one will be required to vote again.

The scrutineer for the vote on the motion and the vote counting staff shall be appointed by the chairman but the scrutineers shall be the shareholder.

The vote count shall be publicly disclosed in the shareholders' meeting room. The result of the vote shall be reported on site and recorded.

#### 14.(Election Matters)

When a election for directors is held, should be according to the relevant election rules set by the company and announce the results of the election right away.

Election tickets shall be sealed and signed by the scrutineers for safekeeping and kept for at least one year. However, if a shareholder filed a lawsuit in accordance with Article 189 of Company Act, it shall be kept until the end of the lawsuit.

#### 15.The resolutions of the shareholders' meeting shall be made into conference record, signed or sealed by the chairman, and the conference record shall be distributed to all shareholders within 20 days after the meeting. The production and distribution of the proceedings were made electronically.

The conference record can be announced by uploading to the MOPS.

The conference record should be written in accordance with the year, month, day, place, name of the chairman, resolution method, method, and the results of the meeting. It shall be kept forever during the existence of the company.

The method of the above resolution is subject to the chairman's advice to the shareholders. If the shareholders have no objection to the ratification, they should record that “the chairman has consulted all shareholders to attend without objection”; however, if the shareholders object to the ratification, the voting method and vote result by ratio and shares should be recorded.

#### 16.(External announcement)

The number of shares sought by the solicitor and the number of shares entrusted by the agent shall be clearly disclosed in the shareholders' meeting at the meeting on the day when the shareholders meeting is held.



If the resolutions of the shareholders' meeting are stipulated by laws and regulations and the major information stipulated by the Taiwan Stock Exchange Co., Ltd., the company shall transmit the content to the MOPS.

17.(Maintenance of Venue Order)

The personnel attending the shareholders meeting should wear an identification card or an armband.

The chairman has to command pickers or security personnel to help maintain order at the venue. When pickets or security guards are present to help maintain order, they should wear the “picker’s” armband or ID card.

The chairman of the venue shall be equipped with sound reinforcement equipment. When the shareholders do not speak in accordance with the equipment allocated by the company, the chairman may stop it.

If a shareholder violates the rules of procedure and fails to obey the chairman's correction, the person precluding the meeting from proceeding to prevent him from doing so may be asked by the chairman to direct a picket or security officer to leave the venue.

18.(Taking a Break and Continue Meeting)

When the meeting is held, the chairman may announce a break at a discretionary time. When an irresistible situation occurs, the chairman may rule that the meeting should be suspended temporarily and announce the time for the meeting to continue.

Before the scheduled agenda is finalized, if the venue does not continue to be used, the shareholders' meeting may decide to move to other location to continue.

The shareholders' meeting may be postponed within 5 days or continue subject to the provisions of Article 182 of Company Act.

19.This rule will be implemented after approval by the shareholders' meeting and the amendment will follow the same procedure.

## Appendix 2

### **Rules for Election of Directors**

#### Article 1

Unless otherwise provided for in the Company Act or the Articles of Incorporation of the Company, the Directors of the Company shall be elected in accordance with the Rules specified herein.

#### Article 2

Election of Directors of the Company shall be held at the shareholders' meeting.

#### Article 3

The election of the Company's Directors shall be conducted in accordance with Article 192-1 of the Company Act under the system of nomination of candidates.

#### Article 4

In the election of Directors of the Company, the single recorded cumulative voting system is implemented. Each share shall have voting rights equivalent to the number of seats to be elected, and such voting rights can be combined to vote for one person, or be divided to vote for several persons.

#### Article 5

The board of directors shall prepare the same number of electoral votes as the number of directors to be elected, add their weights, and distribute the shareholders present at the shareholders' meeting. Elector's name could be replaced by the attendance card number printed on the voting paper.

#### Article 6

The directors of the company shall calculate the voting rights of independent directors and non-independent directors separately according to the Articles of Incorporation of the Company. Those with the same weight will be drawn by lot, and those who are not present will be drawn by the chairman.

#### Article 7

Before the start of the election, the chairman shall designate a number of scrutineers and tellers to perform various related duties. The scrutineers shall have shareholder status. The ballot box is prepared by the board of directors, and it is opened for inspection by the scrutineers before the vote.

#### Article 8

If the elector is a shareholder, the elector must fill in the elector's account name and shareholder account number in the electoral column of the ballot paper. However, if the legal person shareholder is the elected person, the name of the elected person

in the electoral vote shall be filled with the name of the legal person, and the name of the legal person and its representative may also be filled in. When there are several representatives, the name of the representative should be added separately.

#### Article 9

Ballots shall be deemed void in either one of the following conditions:

- (1). Ballots not used by following rules ;
- (2). Those who put a blank ballot into the ballot box
- (3). The ballot that are blurred or unrecognizable due to alteration.
- (4). If the candidate is a shareholder of the Company, the name or shareholder's number of the candidate filled in the ballot is inconsistent with the shareholders' register;
- (5). If the candidate is not a shareholder of the Company, the name or ID number of the candidate filled in the ballot is incorrect;
- (6). If the name of the elected candidate is the same as that of other shareholders, but the shareholder account number or identity document number is not filled in for identification.

#### Article 10

The ballots should be calculated during the meeting right after the vote casting and the results of the election should be announced by the Chairman at the meeting.

#### Article 11

The elected director shall be notified by the company of the election.

#### Article 12

The Rules and any revision thereof shall become effective after approval at the shareholder's meeting.

These rules are implemented after approval by the shareholders' meeting on June 16, 2006. The first revision was at the shareholders meeting on June 06, 2008. The second amendment was held on June 13, 2012. The third amendment was held on June 22, 2016.

Appendix 3

**Articles of Incorporation for FocalTech (before amended)**

**Section I General Provisions**

Article 1 The Company shall be incorporated as a limited liability company with shares defined by the Company Act and its name shall be “FocalTech Systems Co., Ltd.”.

Article 2 The scope of business of the Company shall be as follow:  
1. CC01080 Electronic component manufacturing  
2. I301010 Information Software Services  
3. IG02010 Research and Development Service  
4. I501010 Product Design  
Research, development, design, manufacture, and sales of various integrated circuits:  
(1) Providing hardware, software, application design, testing, maintenance, and technical consulting services for various integrated circuits.  
(2) Research, development and sales of IP.  
(3) Import and export activities related to the previous business.

Article 3 The Company shall have its head-office in Hsinchu Science-based Industrial Park and, if necessary, may set up branches domestically or overseas after the approval its Board of Directors and the authority.

Article 4 Public notices of the Company shall be made in accordance with Article 28 of the Company Act.

**Section II Shares**

Article 5 The total capital amount of the Company shall be five billion New Taiwan Dollars accounting for five hundred million shares, at a par value of Ten New Taiwan Dollars (NT\$10) per share. The Board of Directors is authorized to issue the unissued shares in installments

Article 5-1 If the company intends to issue employee stock options at a share price lower than the market price (net book value per share), it shall comply with the provisions of Article 56-1 and 76 of the Code of Dealing with the Offering and Issuance of Securities of the Issuer. After being resolved by the shareholders' meeting, the shares could be issued.

Article 5-2 If the company intends to transfer the shares of the company to the

employees at the price lower than the average actual purchase price, it shall comply with the provisions of Article 10-1 and Article 13 of the Measures for Buying Back Stocks of the Company by the Listed and OTC company. The approval by 2/3 of the more than 50% of the attending voting shares in the latest shareholders' meeting is required.

Article 5-3 The employees in subordinate companies are eligible for the transfer of treasury shares, allotment of new shares, the issue of employee stock options and the restriction shares with particular requirements, which are authorized to the board of directors to define.

Article 6 The share certificate of the Company shall be all name registered share certificates and shall be signed by, and affixed with the seals or by signature of, at least three directors of the Company, and issued after duly authentication pursuant to the law. The Company can also issue shares by registering or wiring into account books based on related regulations, rather printing physical shares.

Article 7 The company's stock handling operations, besides the provisions of laws and securities regulations, also shall be in accordance with the "Standards for the Issuance of Stocks of Public Share Issuing Companies". When the relevant laws and regulations are changed, they shall be executed at any time after the change.

Article 8 Registration for transfer of shares shall all be suspended 60 days before the convocation of any ordinary shareholders' meeting, 30 days before the convocation of extraordinary shareholders' meeting, or 5 days before the record day for distribution of dividend, interest and bonus or any other benefit as scheduled by the Company.

### **Section III Shareholder Meeting**

Article 9 The shareholders' meeting is divided into two, ordinary meetings and temporary meetings, the regular meeting shall be convened by the board of directors within six months after the end of each fiscal year; the convening of the temporary meeting shall be conducted in accordance with the relevant laws and regulations of the Republic of China. For the shareholders' meeting convening, shall notify the shareholders and announce the date, place and convening of the meeting before 30 days for ordinary meetings and 15 days for temporary meetings. For a shareholder holding a registered stock of less than one thousand shares, the notice could be done by announcing.

- Article 9-1 Shareholders who hold 1 per cent of the total number of issued shares at the time when the company convened a regular meeting of shareholders could submit no more than one shareholder meeting proposal to the company in writing. Any proposal more than one shall not be included in the shareholders meeting. The operations are handled in accordance with Company Act and related regulations.
- Article 10 Resolutions of the shareholders' meeting may be processed in writing or electronically. Except specified by the provisions of Company Act, the resolution should be made by the agreement of more than half of the attending voting shares, which are more than half of the issued shares.
- Article 11 When the shareholders are unable to attend the shareholders' meeting, according to Article 177 of Company Act, the power of attorney shall specify the scope of authorization and entrust the agent to attend the meeting. The power of attorney shall reach the company five days before the meeting.  
The method of entrusting the shareholders to attend shall be handled in accordance with the provisions of the "Provisional Regulations on the Use of Public Companies to Attend Shareholders' Meetings" issued by the competent authority, besides to the provisions of Company Act.
- Article 12 Each share has one voting right except for the case defined in Article 179 of Company Act.
- Article 13 When the shareholder meeting is held, the Company chairman shall be the meeting chairman. In the absence of the chairman of the board of directors, the chairman shall appoint one director to act as the agent. If not, the directors shall elect one director to represent. If the meeting is not convened by the board of directors, the meeting chairman could be the convener. When there are two or more concentrators, one of them should be elected to be the meeting chairman.
- Article 14 The resolutions of the shareholders' meeting shall be made into meeting records, signed or sealed by the chairman, and the minutes shall be distributed to the shareholders within 20 days after the meeting. The distribution of the records shall be announced in the form of an announcement. The period of record of the minutes of the proceedings and proceedings, attendance at the shareholders' signature book or attendance card, and power of attorney attendance shall be

subject to the provisions of Article 183 of Company Act.

Article 15 When the company's shares are proposed not to be traded publicly, this shall be subject to the resolution of the shareholders' meeting, and this provision will not be changed during the listing period.

#### **Section IV Directors and Audit Committee**

Article 16 The company has 7 to 9 directors, and adopts the nomination system for candidates and is elected by the shareholders' meeting with the ability to act for a term of three years. If a representative of a legal person shareholder is elected as a director, the legal person may be reassigned at any time, but only to supplement the original term. The company may with the approval of relevant laws and regulations, purchase liability insurance for directors by resolution of the board of directors, so as to reduce the risk of directors being sued by shareholders or other related parties for performing their duties according to law.

Article 16-1 The number of independent directors shall not be less than three, and shall not be less than one-fifth of the number of directors. The candidate nomination system shall be used. The shareholders' meeting shall elect the list of candidates for independent directors. The professional qualifications of the independent directors referred to in the preceding paragraph, restrictions on shareholding and part-time work, nomination methods, and other compliance matters shall be handled in accordance with the relevant provisions of the competent securities authority.

Article 16-2 When the directors of the company perform the duties of the company, regardless of the operating profit and loss of the company, the compensation may be paid and the remuneration is authorized by the board of directors considering the normal level of the industry.

Article 16-3 In accordance with the provisions of Article 14-4 of the Securities and Exchange Act, the company sets up an audit committee and the audit committee is responsible for executing the company's law, securities trading law and other laws and regulations stipulating the authority of the supervisor. The audit committee shall consist of all independent directors, the number of whom shall be no less than three, one of which shall be the convener, and at least one shall have accounting or financial expertise. The resolution of the audit committee shall have the agreement of more than one-half of all

members.

- Article 17 When the missing amount of directors is up to one-third, the board of directors shall convene a shareholders meeting to elect new Board members within sixty days.
- Article 18 When the term of office of the director is expired but not till the re-election, except as otherwise provided in Company Act, he or she shall extend his or her duties until the re-election.
- Article 19 The Chairman shall be elected by more than 2/3 majority in the Board meeting with at least half members attending. The Chairman conducts all company affairs in accordance with laws, regulations, shareholders' meetings and board resolutions.
- Article 20 Except as otherwise provided in Company Act, the board of directors shall be convened in accordance with the provisions of Company Act. When the board of directors meets at the meeting, the directors should attend in person unless they are otherwise required by Company Act. When the directors are unable to attend in person, they will produce a power of attorney, list the scope of the authorization for the cause of the meeting, and appoint other directors to represent the board of directors. The director acts as an agent for other directors to attend the board of directors, but limited by the commission of one person.
- Article 20-1 The convening of the board of directors shall be notified to all directors by written, E-mail or fax seven days ago.  
The Board meeting could be called at any time in an emergency by notify in writing, by e-mail or by fax.
- Article 21 The chairman of the board represents the company. If the chairman leave or other reasons that makes him cannot exercise authority, the chairman of the board of directors shall appoint one person to act as the agent. In the absence of such designation, the deputy shall be elected by the directors.
- Article 22 Matters to be resolved by the board of directors shall be made into records and shall be signed or sealed by the chairman. Within 20 days after the meeting, the records will be distributed to all directors. The records of the board meeting shall notice the proceedings of the board of directors, the attendance of the board of directors shall be recorded. The agent's power of attorney attendance will be handled in accordance with Article 207 of Company Act.



- Article 23 The Board of Directors shall have the following functions and responsibilities:
1. Decision on business policy
  2. Validation of the budget
  3. Prepare financial statements to report shareholders' meeting.
  4. Amend the proposed articles of association.
  5. Execute resolutions of the shareholders meeting.
  6. Validation of the main contract.
  7. Propose a Ratification for surplus distribution or loss provision.
  8. Ratifications for capital increase or reduction.
  9. Employment of key staff.
  10. The organization rules and business rules formulation
  11. Other duties defined by laws and shareholder meeting resolutions

## **Section V Managers and staff**

Article 24 The company may have the position of the manager, whose appointment, dismissal and remuneration are in accordance with Article 29 of Company Act.

Article 24-1 The Company may, subject to the relevant laws and regulations, obtain resolutions from the board of directors and purchase liability insurance for the managers to reduce the risk of the managers being prosecuted by shareholders or other related parties for performing their duties according to law.

Article 25 The company may hire important staffs based on Board resolutions in accordance with the provisions of Article 24 of the Articles of Incorporation.

## **Section VI Accounting**

Article 26 The Board of Directors shall prepare after the close of each accounting fiscal year for the Company (1) Business Report, (2) Financial Statements, (3) Ratification of Distribution of Profit or Making Up of Loss, etc. and submit the same to the general shareholders meeting for acceptance.

Article 26-1 If the company makes a profit in the year, it should extract no less than 1% for the employee's remuneration, and be resolute by the board of directors whether to distribute it by stock or cash. The object must be employees who meet certain conditions, and the conditions are authorized by the board of directors to resolute. The company can

base on the profit amount, and let the board of directors resolve the director's remuneration which is less than 1.5%. The employee's compensation and the directors' compensation shall be reported to the shareholders' meeting. However, when the company still has accumulated losses, it should retain the amount of compensation in advance, and then provide employees' compensation and directors' compensation according to the proportion of the preceding paragraph.

Article 26-2 If the If the company makes a profit in the year, it should extract no The Company's earning distribution or deficit compensation could be done after the end of each quarter. Before the earning is distributed in the first three quarters, the tax liability, compensation for the accumulated deficit, and the estimated employee compensation and the directors' remuneration should be reserved first. Then 10% of the rest amount should be extracted to the legal reserve. After the special surplus reserve is proposed or rescheduled according to the law, the remaining amount plus the year beginning undistributed retained earnings is available for distribution. Considering the operating conditions, the board of directors could make the proposal for earning distribution in terms of cash or shares. The earning distribution proposal in shares is valid only after the approval of shareholders meeting.

Article 27 If the Company has earnings annually, the payments to tax liability and the compensation of the accumulated deficit should be done first. Then 10% of the rest amount should be extracted to the legal reserve. If the legal reserve has reached the amount of paid-in capital of the company, this extraction may not be required. In addition, the special reserve shall be reversed or reserved, according to the law or operating requirements. The remaining amount plus the year beginning undistributed retained earnings is available for distribution in terms of cash or shares, which is proposed by the Board of Directors. If the distribution is made in terms of shares, it is required to be approved by the shareholders' meeting.

In accordance with the provisions of Company Act, the Company authorizes the board of directors, with more than two-thirds of the

directors attendance and the agreement of more than half of the attending directors, to distribute the dividends from the earnings, or dividends from legal reserve and additional paid-in capital fully or partially specified in the first paragraph of Article 241 of Company Act. This resolution should be reported to the shareholders' meeting after the execution. The company's dividend policy is based on the current and future development plans, considering the investment environment, capital needs and domestic and international competition, and taking into account the interests of shareholders, etc., the annual earning is not less than 10% of the annual dividend distribution dividends. When distributing dividends to shareholders, it can be cash or stock, in which the cash dividend is not less than 10% of the total dividend, but the cash dividend of less than NT\$0.5 per share will not be issued.

- Article 28 The company may endorse the external endorsement and may, depending on the needs of the business, lend the funds to others. Its operating methods are determined by the board of directors according to law.
- Article 29 The total amount of the company's investment is not subject to the limit of 40 percent of the paid-in capital of Company Act in Article 13.
- Article 30 The company's organization rules and operation procedures are set by the board of directors.
- Article 30-1 For matters not regulated in this statute, shall be handled in accordance with the provisions of Company Act and other statutes.
- Article 31 This Article was established on December 15, 2005. The first amendment was made on January 19, 2006. The second amendment was made on March 28, 2006. The third amendment was made on October 5, 2006. The fourth amendment was made on May 10, 2007. The fifth amendment was made on June 6, 2008. The sixth amendment was made on June 16, 2009. The seventh amendment was made on June 15, 2011. The eighth amendment was made on June 13, 2012. The ninth amendment was made on June 18, 2013. The tenth amendment was made on June 30, 2014. The eleventh amendment was made on January 5, 2015. The twelfth amendment was made on June 10, 2015. The thirteenth amendment was made on June 22, 2016,

the fourteenth Amendment on June 20, 2019.

## Appendix 4

**FocalTech Directors' Shareholding Status**

Record Date: April 22, 2020

Position	Name	Shareholding Status	
		Number of shares	Shareholding Ratio
Chairman	Genda Hu	2,105,841	0.70%
Director	James Liao	900,974	0.30%
Director	GWAA LLC Representative Person : Han-Ping Shieh	5,940,047	1.98%
Director	CTBC Bank Trusteeship for Jifu Holding Group (shares) Investment Account Representative Person : Yen Shen	8,206,703	2.74%
Independent Director	Chintay Shih	0	0%
Independent Director	Chan-Jane Lin	0	0%
Independent Director	Lin-Shan Lee	0	0%
Independent Director	Neng-Mo Tu	0	0%
Total of All Directors		17,153,565	5.72%

Note:

1. Total shares issued: 299,969,916 common shares.
2. Minimum number of shares that all directors should hold in total is 12,000,000 shares on April 22, 2020
3. The number of shares held by individual and all directors are listed above summarized from the shareholders' register on the date of suspension of transfer, which fulfills the requirement of Article 26 of the Securities Exchange Act.