



2023 Annual Meeting of Shareholders  
Meeting Minutes  
(Translation)

The way of convening the shareholders' meeting : Physically shareholders' meeting

Date: 9:30 am June 28th 2023

Location: New Taipei City Labor Activity Center Performing Arts Hall

(No. 9, Wugong 6th Rd., Wugu Dist., New Taipei City)

# INTERNATIONAL GAMES SYSTEM CO., LTD.

## 2023 Annual General Meeting Minutes

Time: 9:30 a.m. on Wednesday, 28<sup>th</sup> June, 2023

Location: New Taipei City Labor Activity Center Performing Arts Hall

(No. 9, Wugong 6th Rd., Wugu Dist., New Taipei City)

The way of convening the shareholders' meeting: Physically shareholders' meeting

Attendants: Shareholders in attendance and attendance by proxy represent 107,297,769 shares, accounting for 76.15% of the Company's 140,900,780 shares in total. Directors in attendance include Chairman Ko-Chu Lee, Director Paul Chiang, Director A. C. Chen, Director Ching-An Yang, Director Peter Hsu, Director Tsan-Hua Wang, Independent Director W. K. Tai, Independent Director Michael Chu, and Independent Director Chun-Cheng Shi which is more than 1/3 of the 9 directors in total.

In attendance without voting rights: CPA Tze-Li Gung from Deloitte & Touche, and Attorney-at-law Shih-Chang Lee from Tsai Lee & Chen Patent Attorneys & Attorney-at-law

Chairman: Ko-Chu Lee

Minutes taker: Ssu-Yu Sung

**A. Call to order:** As of 9:30 AM, the number of shares represented by shareholders in attendance and attendance by proxy account for more than half of all shares, and the chairman called the meeting to order in accordance with the law.

**B. Chairman's address:** Omitted.

### **C. Reports items**

#### 1. 2022 business report

Explanatory Notes :

The president presents the 2022 Business Report. (Please refer to Attachment 2)

#### 2. Audit Committee's review report of the 2022 financial report

Explanatory Notes :

The Company's 2022 financial statements and consolidated financial statements were certified by the accountant and reviewed by Audit Committee, who have prepared an independent auditor's report and Audit Committee's review report. The Chairman of Audit Committee are asked to read out the review report. (Please refer to Attachment 3)

#### 3. 2022 distributable compensation for employees and directors

Explanatory Notes :

The Company's 2022 distributable compensation for employees and directors was discussed and passed by the Board of Directors. A total of NT\$82,291,309 will be distributed to directors in cash, and NT\$1,645,806,000 will be distributed to employees in cash.

4. Report on amendments to the Ethical Corporate Management Best Practice Principles

Explanatory Notes :

The Audit Committee has been set up in accordance with Article 14-4 of the Securities and Exchange Act. Related regulations pertaining to supervisors have therefore been deleted from the provisions. Please refer to Attachment 4 of the Procedures Manual for the comparison table of amendments.

5. Report on amendments to the Codes of Ethical Conduct for director and supervisor

Explanatory Notes :

The Audit Committee has been set up in accordance with Article 14-4 of the Securities and Exchange Act. Related regulations pertaining to supervisors have therefore been deleted from the provisions. Text of objection or reservation from independent directors has been added in accordance with procedures and regulations applicable to reference examples and exemptions for formulating code of ethics by a TWSE/TPEX listed company. Please refer to Attachment 5 of the Procedures Manual for the comparison table of amendments.

6. Report on amendments to the Codes of Ethical Conduct for First Echelon Executives

Explanatory Notes :

The Audit Committee has been set up in accordance with Article 14-4 of the Securities and Exchange Act. Related regulations pertaining to supervisors have therefore been deleted from the provisions, while disclosure channels have been added. Please refer to Attachment 6 of the Procedures Manual for the comparison table of amendments.

**D. Acknowledgments**

1. The Company's 2022 Business Report and Financial Statements (Proposed by the Board of Directors)

Explanatory Notes :

- I. The Company's 2022 financial statements and consolidated financial statements were passed by the Board of Directors on March 17, 2023 and audited by CPA Tze-Li Gung and CPA Tung-Feng Lee from Deloitte Taiwan. The accountants issued an unqualified audit report (Please refer to Attachment 7) that was submitted to Audit Committee for review.
- II. Please refer to Attachment 2, 7, and 8 for the 2022 Business Report, Independent Auditor's Report, and the financial statements above.

Resolution : The percentage of votes in favor of the proposal accounted for 92.94% of all votes in attendance. The proposal was passed as proposed.

Item	Votes in attendance	Votes in favor	Votes against	Abstention
Number of votes	107,297,769	99,731,841	145,378	7,420,550
Ratio (%)	100	92.94	0.14	6.92
Votes cast electronically		67,785,085	145,378	7,394,222

2. The Company's 2022 earnings distribution (Proposed by the Board of Directors)

Explanatory Notes :

- I. Pursuant to Article 25 of the Articles of Incorporation, the 2022 dividend distribution proposal is shown in the table below.
- II. The proposed distribution of NT\$4,931,527,300 in distributable earnings was submitted for resolution in the shareholders' meeting, and the Board of Directors was authorized to set the Ex-dividend record date and handle related affairs.
- III. Cash dividends will be distributed down to NT\$1 (any amount under NT\$1 will be rounded off), and the fractional amount will be listed as other income.
- IV. If the number of outstanding shares is affected by share buybacks, transfer of treasury stock to employees, conversion of employee stock warrants into shares, or issuance or recover of restricted stock awards, and the dividend payout ratio needs to be revised, the shareholders' meeting will be requested to authorize the Board of Directors to handle the revision at its discretion.

INTERNATIONAL GAMES SYSTEM CO.,LTD.  
2022 Earnings Distribution Chart

Unit: NTD

Item	Amount		Note
	Subtotal	Total	
Beginning of Unappropriated Retained Earnings		2,381,217,875	
Plus: Net Income of the year	5,478,229,247		
Plus: Remeasurement of Defined Benefit Obligation	12,592,130		
Total amount of after-tax net income for the period and other items adjusted to the current year's undistributed earnings other than after-tax net income for the period		5,490,821,377	
Less: Legal Capital Reserve (10%)		(549,082,138)	
Earnings Available For Distribution (Cumulative)		7,322,957,114	
Distributable items:			
Dividends To Shareholders			
--Cash(NT\$35per share)	(4,931,527,300)	(4,931,527,300)	
End of Unappropriated Retained Earnings		2,391,429,814	

Chairman: Ko-Chu Lee

President: Paul Chiang

CFO: Pao-Yueh Chou

Resolution : The percentage of votes in favor of the proposal accounted for 93.34% of all votes in attendance. The proposal was passed as proposed.

Item	Votes in attendance	Votes in favor	Votes against	Abstention
Number of votes	107,297,769	100,155,004	60,389	7,082,376
Ratio (%)	100	93.34	0.06	6.60
Votes cast electronically		68,208,248	60,389	7,056,048

## E. Discussion Items

1. Discussion on amendments to the Articles of Incorporation (Proposed by the Board of Directors)

### Explanatory Notes :

Provisions have been added to stipulate that the Company may distribute net earnings or appropriate funds for losses at the end of every half fiscal year per laws and regulations, in an attempt to enhance shareholders' investment efficiency. Please refer to Attachment 9 for a comparison of articles before and after amendment and Appendix 1 for full text before amendment.

Resolution : The percentage of votes in favor of the proposal accounted for 62.05% of all votes in attendance. The proposal was passed as proposed.

Item	Votes in attendance	Votes in favor	Votes against	Abstention
Number of votes	107,297,769	66,586,195	32,946,463	7,765,111
Ratio (%)	100	62.05	30.71	7.24
Votes cast electronically		34,639,439	32,946,463	7,738,783

2. Discussion on amendments to Financial Derivatives Transaction Procedure (Proposed by the Board of Directors)

### Explanatory Notes :

The Audit Committee has been set up in accordance with Article 14-4 of the Securities and Exchange Act. Related regulations pertaining to supervisors have therefore been deleted from the provisions, while items that should be promulgated have been amended per laws and regulations. Please refer to Attachment 10 for the comparison table of amendments and Attachment 11 for the complete text before amendment.

Resolution : The percentage of votes in favor of the proposal accounted for 93.33% of all votes in attendance. The proposal was passed as proposed.

Item	Votes in attendance	Votes in favor	Votes against	Abstention
Number of votes	107,297,769	100,149,406	88,750	7,059,613
Ratio (%)	100	93.33	0.09	6.58
Votes cast electronically		68,202,650	88,750	7,033,285

3. Discussion on amendments to Regulations of Endorsement / Guarantees (Proposed by the Board of Directors)

### Explanatory Notes :

The Audit Committee has been set up in accordance with Article 14-4 of the Securities and Exchange Act. Related regulations pertaining to supervisors have therefore been deleted from the provisions, while procedures for review, the operation of subsidiaries and the processing of breaches have been added per laws and regulations. Please refer to Attachment 12 for the comparison table of amendments and Attachment 13 for the complete text before amendment.

Resolution : The percentage of votes in favor of the proposal accounted for 93.36% of all votes in attendance. The proposal was passed as proposed.

Item	Votes in attendance	Votes in favor	Votes against	Abstention
Number of votes	107,297,769	100,175,767	61,309	7,060,693
Ratio (%)	100	93.36	0.06	6.58
Votes cast electronically		68,229,011	61,309	7,034,365

4. Discussion on amendments to Procedure for Lending Funds to Other Parties (Proposed by the Board of Directors)

Explanatory Notes :

The Audit Committee has been set up in accordance with Article 14-4 of the Securities and Exchange Act. Related regulations pertaining to supervisors have therefore been deleted from the provisions, while procedures for review, the operation of subsidiaries and the processing of breaches have been added per laws and regulations. Please refer to Attachment 14 for the comparison table of amendments and Attachment 15 for the complete text before amendment.

Resolution : The percentage of votes in favor of the proposal accounted for 93.35% of all votes in attendance. The proposal was passed as proposed.

Item	Votes in attendance	Votes in favor	Votes against	Abstention
Number of votes	107,297,769	100,172,921	62,015	7,062,833
Ratio (%)	100	93.35	0.06	6.59
Votes cast electronically		68,226,165	62,015	7,036,505

5. Discussion on amendments to Rules and Procedures of Shareholders 'Meeting (Proposed by the Board of Directors)

Explanatory Notes :

In accordance with the Company Law, public companies are allowed to hold shareholders' meetings by means of visual communication network, the relevant regulations and supporting measures of holding shareholders' meetings have been amended per laws and regulations. Please refer to Attachment 16 and Appendix 2 for the complete text before amendment.

Resolution : The percentage of votes in favor of the proposal accounted for 93.20% of all votes in attendance. The proposal was passed as proposed.

Item	Votes in attendance	Votes in favor	Votes against	Abstention
Number of votes	107,297,769	100,006,489	226,637	7,064,643
Ratio (%)	100	93.20	0.21	6.59
Votes cast electronically		68,059,733	226,637	7,038,315

**F. Extemporaneous Motions:** None.

**G. Adjournment:** The chairman announced that the meeting was adjourned at 10:10 AM on June 28<sup>th</sup>, 2023 (Wednesday).

## **Letter to Shareholders**

Thank you for taking the time to attend our 2023 annual general meeting.

Looking back at 2022, IGS's consolidated revenue was approximately NT\$11.9 billion, and consolidated net income after tax was approximately NT\$5.48 billion. Thanks to the team's efforts, revenue from online games, including Star31, Good Luck 777, and Mankwuan DaHen continued to grow, increasing NT\$0.1 billion or 2% compared with 2021. With regard to the licensing of online games, the revenue increased NT\$0.7 billion or 20% compared with 2021 after continuously expanding new markets overseas, optimizing the contents of games and enhancing our product competitiveness. Due to the impact of the COVID-19 outbreak, the demand from China decreased. As a result, revenue from arcade games decreased NT\$0.15 billion or 17% compared with 2021.

Revenue of online games has increased after optimizing the contents of Star31, Good Luck 777, and Mankwuan DaHen, strengthening their brand image, increasing player consumption through data analysis. Licensed online games mainly include Knights of Valour IP, fishing series, and board games. We develop games that players like based on the needs of agents and the market, continue to optimize contents of games, which has increased our income from licensing. Main arcade games sold in China and the US include racing games (such as Asphalt 9: Legends Arcade DX, HYPERCROSS, Speed Rider, SPEEDRIVER, and VR racing series), children card games (such as Ultraman Transform Battle, Hero of Robots and Armor Hero), and other games (such as Ocean King, Zombie Hunter, Royal Archer, and MONSTER EYE). Due to the impact of the COVID-19 outbreak in China, market demand decreased, resulting in lower turnover of arcade game machines.

The Company has focused on the development and promotion of games for years, and successfully developed a wide variety of product lines and outstanding products. Looking towards the future, we will continue to make appropriate adjustments to internal operating mechanisms, focus on operations in niche markets and the promotion of products on different platforms, and continue to expand our market share to achieve better performance, in order to respond to the expectations and concerns of shareholders.

Finally, I encourage management and employees to make persistent efforts and achieve even better performance.

I would like to express my deepest gratitude to all shareholders and wish everyone health and successful investment.

**Chairman Ko-Chu Lee**



## Business Report

## 1. 2022 Business Report

## 1.1 Results of the 2022 operational plan

The Company's consolidated operating revenue in 2022 was NT\$11,947,999 thousand, net income after tax was NT\$5,481,575 thousand, and after-tax EPS was NT\$38.88.

## 1.2 Budget execution in 2022

The Company did not issue financial forecasts in 2022, as a result information on budget execution is not available.

## 1.3 Financial income and expenditure and profitability analysis

## 1. Financial income and expenditure

Unit: NT\$ thousands

Item	2022	2021	Increase Amount	Percent Change (%)
	Amount	Amount		
NET REVENUE	11,947,999	11,285,788	662,211	5.87
OPERATING COSTS	474,538	458,970	15,568	3.39
GROSS PROFIT	11,473,461	10,826,818	646,643	5.97
OPERATING EXPENSES	5,468,075	5,013,133	454,942	9.08
PROFIT FROM OPERATIONS	6,005,386	5,813,685	191,701	3.30
NON-OPERATING INCOME AND EXPENSES	514,266	(110,674)	624,940	564.67
PROFIT BEFORE INCOME TAX	6,519,652	5,703,011	816,641	14.32
INCOME TAX EXPENSE	1,038,077	968,496	69,581	7.18
NET PROFIT FOR THE YEAR	5,481,575	4,734,515	747,060	15.78
EARNINGS PER SHARE	38.88	33.60	5.28	15.71

## 2. Profitability analysis

Item		2022	2021
Return on total assets (%)		41.50	44.48
Return on stockholders' equity (%)		55.83	60.57
The ratios of paid-in capital (%)	Profit from operations	426.21	825.22
	Profit before income tax	462.71	809.51
Net margin (%)		45.88	41.95
Earnings per share(NT\$)		38.88	33.60

#### 1.4 Research and development

To formulate effective R&D strategies in coordination with market demand based on the spirit of being customer-oriented, and increase the added value of gaming products and services.

- I. Online games: At present, online games have become the most valuable field in the Internet industry. The Company will continue to develop new games and manage current games to achieve sustainability. Mobile games are the Company's main products in the current stage. Thanks to our stronger R&D and operational capabilities compared with our competitors, we are able to more quickly develop original, unique products with excellent graphics and sound effects, and this gives us the ability to expand the overall market scale.
- II. Arcade games and peripheral products: The Company upholds the spirit of being customer-oriented and independently developing products. In coordination with the system of agents around the world and under the premise of meeting market demand and regulatory compliance, our R&D, marketing, manufacturing, sales, and customer service departments work closely together to not only develop new gaming software and hardware, but also increase the added value of games through the integration of internal resources, promotion and marketing resources of agents. As technological advancements continue to be made, we will use innovation and creativity to incorporate new technologies into new elements of entertainment, so as to achieve sustainable development.

### 2. Summary of the 2023 operational plan

#### 2.1 Business strategy and important production and marketing strategies

Focus on international markets with development potential, improve marketing, operations, and services to maximize revenue and profits. The Company's online games are based in Taiwan as we continue to look into the scale, characteristics, and needs of other markets. Casual mobile games are currently our main products, and our goal is to maintain our market leadership as we use different product lines to continue increasing our market share. We will also actively expand into the next target market with potential. For arcade games, we are currently focusing on markets in Greater China (Taiwan, China) and the US. We are also looking into the scale, characteristics, and needs of other markets, in hopes of finding and entering the next target market with potential. As for production and marketing strategies, we will continue to use our system of regional agents around the world, and carefully select local agents that have the necessary expertise and a good track record. We will not only maintain close partnerships with our current agents, but also carefully evaluate entering new sales regions and finding new agents, in order to expand our business scale.

#### 2.2 Expected sales volume and its basis

The Company's sources of operating revenue include sales of arcade games, gaming software, and license fees. Since the Company did not issue any financial forecasts, there are no statistics of sales volume.

### 3. Future Development Strategy

#### 3.1 Short-term Business Strategy

- I. Continue to develop technologies and increase investment in R&D.
- II. Proposing the corporate sustainable development, and improving corporate image to attract top talents.
- III. Obtain R&D, sales, marketing, and business management talent.

### 3.2 Long-term Business Strategy

- I. Increase market share.
- II. Power up the R&D team.
- III. Improve customer satisfaction.
- IV. Improve decision making quality.
- V. Develop markets across countries.

### 4. Impact of external competition, regulatory environment, and the macro environment

In response to changes in external competition, the regulatory and the macro environment, besides increasing new product development of R&D and establishing platforms, the Company has dedicated legal personnel and operations management departments to provide professional legal advice and business strategy planning for managers. We also considered the overall situation of competition in the industry, in hopes of effectively planning and managing risks.

Chairperson: Ko-Chu Lee

President: Paul Chiang

CFO: Pao-Yueh Chou

## **INTERNATIONAL GAMES SYSTEM CO., LTD.**

### **Audit Committee's Review Report**

The Board of Directors has prepared and submitted the Company's 2022 Business Report, proposal for earnings distribution, and Financial Statements. The Financial Statements have been audited by CPA Tze-Li Gung and CPA Tung-Feng Lee from Deloitte Taiwan, and have issued an audit report accordingly. We, as the Audit Committee of the Company, have reviewed the Business Report, earnings distribution proposal, and Financial Statements and do not find any discrepancies. According to the Securities and Exchange Act, the Company Act and related laws and regulations, We hereby submit this report.

To the Company's 2023 Annual General Shareholders' Meeting

Chairman of the Audit Committee: Michael Chu

March 17th, 2023

## INTERNATIONAL GAMES SYSTEM CO., LTD.

## Comparison Table of Ethical Corporate Management Best Practice Principles

Content				Note
No	Before the Revision	No	After the Revision	
2	When engaging in commercial activities, directors, <u>supervisors</u> , managers, employees, and mandataries of the companies or persons having substantial control over such companies ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits. (omitted)	2	When engaging in commercial activities, directors, managers, employees, and mandataries of the companies or persons having substantial control over such companies ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits. (omitted)	Deleted the supervisor system in accordance with the law
6	In order to implement the business philosophy and policies specified in the preceding article, the company has formulated the relevant "Code of Conduct and Ethics" to guide the behavior of the company's directors, <u>supervisors</u> , managers and employees and to ensure compliance with ethical standards.	6	In order to implement the business philosophy and policies specified in the preceding article, the company has formulated the relevant "Code of Conduct and Ethics" to guide the behavior of the company's directors, managers and employees and to ensure compliance with ethical standards.	Deleted the supervisor system in accordance with the law
10	When conducting business, The company and their directors, <u>supervisors</u> , managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.	10	When conducting business, The company and their directors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.	Deleted the supervisor system in accordance with the law
11	When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, The company and their directors, <u>supervisors</u> , managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.	11	When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, The company and their directors, managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.	Deleted the supervisor system in accordance with the law
12	When making or offering donations and sponsorship, The company and their directors, <u>supervisors</u> , managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.	12	When making or offering donations and sponsorship, The company and their directors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.	Deleted the supervisor system in accordance with the law
13	The company and their directors, <u>supervisors</u> , managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.	13	The company and their directors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.	Deleted the supervisor system in accordance with the law

Content				Note
No	Before the Revision	No	After the Revision	
14	The company and their directors, <u>supervisors</u> , managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.	14	The company and their directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.	Deleted the supervisor system in accordance with the law
16	In the course of research and development, procurement, manufacture, provision, or sale of products and services, The company and their directors, <u>supervisors</u> , managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.	16	In the course of research and development, procurement, manufacture, provision, or sale of products and services, The company and their directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.	Deleted the supervisor system in accordance with the law
17	The directors, <u>supervisors</u> , managers, employees, mandataries, and substantial controllers of The company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies. (omitted)	17	The directors, managers, employees, mandataries, and substantial controllers of The company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies. (omitted)	Deleted the supervisor system in accordance with the law
18	The company and their directors, <u>supervisors</u> , managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.	18	The company and their directors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.	Deleted the supervisor system in accordance with the law

Content				Note
No	Before the Revision	No	After the Revision	
19	<p>The company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, <u>supervisors</u>, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the company. When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, <u>supervisors</u>, managers, and other stakeholders attending or present at board meetings of The company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings. The company ' directors, <u>supervisors</u>, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.</p>	19	<p>The company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the company.</p> <p>When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, managers, and other stakeholders attending or present at board meetings of The company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.</p> <p>The company ‘ directors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.</p>	Deleted the supervisor system in accordance with the law
21	<p>The relevant “ Code of Conduct and Ethics “ of the company establish to guide directors, <u>supervisors</u>, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters: (1-8 omitted)</p>	21	<p>The relevant “ Code of Conduct and Ethics “ of the company establish to guide directors, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters: (1-8 omitted)</p>	Deleted the supervisor system in accordance with the law

Content				Note
No	Before the Revision	No	After the Revision	
23	<p>The company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:</p> <ol style="list-style-type: none"> <li>1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the company to submit reports.</li> <li>2. Dedicated personnel or unit appointed to handle the whistle-blowing system. Any tip involving a director or senior management shall be reported to the independent directors <u>or supervisors</u>. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</li> </ol> <p>(3-7 omitted)</p> <p>When material misconduct or likelihood of material impairment to the company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors <u>or supervisors</u> in written form.</p>	23	<p>The company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:</p> <ol style="list-style-type: none"> <li>1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the company to submit reports.</li> <li>2. Dedicated personnel or unit appointed to handle the whistle-blowing system. Any tip involving a director or senior management shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</li> </ol> <p>(3-7 omitted)</p> <p>When material misconduct or likelihood of material impairment to the company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in written form.</p>	Deleted the supervisor system in accordance with the law
25	<p>The company shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. They shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on their company websites, <u>annual reports, and prospectuses</u>, and shall disclose their ethical corporate management best practice principles on the Market Observation Post System.</p>	25	<p>The company shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. They shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on their company websites <u>and</u> annual reports, and shall disclose their ethical corporate management best practice principles on the Market Observation Post System.</p>	Modification of the disclosure channel.
26	<p>The company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, <u>supervisors</u>, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.</p>	26	<p>The company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.</p>	Deleted the supervisor system in accordance with the law



Content				Note
No	Before the Revision	No	After the Revision	
27	<p>The ethical corporate management best practice principles of The company shall be implemented after the board of directors grants the approval, and shall be sent to the supervisors and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.</p> <p>When the company submits its ethical corporate management best practice principles to the board of directors for discussion pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.</p> <p><u>For the company that has established an audit committee, the provisions regarding supervisors in these Principles shall apply mutatis mutandis to the audit committee.</u></p>	27	<p>The ethical corporate management best practice principles of The company shall be implemented after the board of directors grants the approval, and shall be reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.</p> <p>When the company submits its ethical corporate management best practice principles to the board of directors for discussion pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.</p>	Deleted the supervisor system in accordance with the law
28	These Principles were adopted on May 6, 2021.	28	<p>These Principles were adopted on May 6, 2021.</p> <p><u>The first amendment was made on March 17, 2023.</u></p>	The revision dates are included

INTERNATIONAL GAMES SYSTEM CO., LTD.  
Comparison Table of Codes of Ethical Conduct for director and supervisor

Content				Note
No	Before the Revision	No	After the Revision	
Title	Codes of Ethical Conduct for director <u>and supervisor</u>	Title	Codes of Ethical Conduct for director	Deleted the supervisor system in accordance with the law
1	This Code of Ethics has been formulated to encourage honest and ethical behavior on the part of directors <u>and supervisors</u> , and to promote sound corporate governance.	1	This Code of Ethics has been formulated to encourage honest and ethical behavior on the part of directors and to promote sound corporate governance.	Deleted the supervisor system in accordance with the law
2	Directors and supervisors should abide by the following basic principles when performing their duties: 1. Protect shareholders' equity. 2. Enhance functions of the Board of Directors. 3. <u>Maximize supervisors' functions.</u> 4. Respect stakeholders' interests. 5. Increase information transparency.	2	Directors and supervisors should abide by the following basic principles when performing their duties: 1. Protect shareholders' equity. 2. Enhance functions of the Board of Directors.  3. Respect stakeholders' interests. 4. Increase information transparency.	Deleted the supervisor system in accordance with the law
3	Directors <u>and supervisors</u> should aim for pursuing the Company's overall interests when performing their duties. They should not damage the Company's interests for the sake of benefiting specific individuals or groups. They should also treat every stockholder fairly when performing their duties.	3	Directors should aim for pursuing the Company's overall interests when performing their duties. They should not damage the Company's interests for the sake of benefiting specific individuals or groups. They should also treat every stockholder fairly when performing their duties.	Deleted the supervisor system in accordance with the law
4	Directors <u>and supervisors</u> should live up to good and honest administrators' duty of care when performing their duties. They should value honesty and the principle of fairness. They should be highly self-disciplined and abide by the law, the Company's rules, and resolutions passed by shareholders' meetings.	4	Directors should live up to good and honest administrators' duty of care when performing their duties. They should value honesty and the principle of fairness. They should be highly self-disciplined and abide by the law, the Company's rules, and resolutions passed by shareholders' meetings.	Deleted the supervisor system in accordance with the law
5	Directors <u>and supervisors</u> should faithfully perform their duties for all shareholders' interests. In the event of conflict between personal interests and the Company's interests, the Company's interests shall take precedence over personal interests. Directors <u>and supervisors</u> should also refrain from taking advantage of their job duties to help the following individuals or entities gain unjust enrichment: 1. Themselves, spouses, parents, children, or relatives within the <u>third</u> degree of relationship. (omitted)	5	Directors should faithfully perform their duties for all shareholders' interests. In the event of conflict between personal interests and the Company's interests, the Company's interests shall take precedence over personal interests. Directors should also refrain from taking advantage of their job duties to help the following individuals or entities gain unjust enrichment: 1. Themselves, spouses, parents, children, or relatives within the <u>second</u> degree of relationship. (omitted)	Deleted the supervisor system and degree of relationship in accordance with the law

Content				Note
No	Before the Revision	No	After the Revision	
6	When performing the duties, directors <u>and supervisors</u> may become aware of opportunities relating to the Company's business operations, including procurement, supply, cooperation, strategic alliance, M&A and other business opportunities, or opportunities for making a profit. In this case, they should prioritize the Company to receive such information in order to safeguard the Company's interests. They should not take advantage of such information to profit themselves or any third parties.	6	When performing the duties, directors may become aware of opportunities relating to the Company's business operations, including procurement, supply, cooperation, strategic alliance, M&A and other business opportunities, or opportunities for making a profit. In this case, they should prioritize the Company to receive such information in order to safeguard the Company's interests. They should not take advantage of such information to profit themselves or any third parties.	Deleted the supervisor system in accordance with the law
8	Directors <u>and supervisors</u> are bound by their non-disclosure obligation with regard to confidential company information, unless otherwise authorized or disclosure is required by law. They should not take advantage of such confidential information to profit themselves or any third parties.	8	Directors are bound by their non-disclosure obligation with regard to confidential company information, unless otherwise authorized or disclosure is required by law. They should not take advantage of such confidential information to profit themselves or any third parties.	Deleted the supervisor system in accordance with the law
9	Directors <u>and supervisors</u> should ensure shareholders' equity, and respect stakeholders' interests, such as banks the Company deals with, creditors, employees, consumers, suppliers, subsidiary companies and communities.	9	Directors should ensure shareholders' equity, and respect stakeholders' interests, such as banks the Company deals with, creditors, employees, consumers, suppliers, subsidiary companies and communities.	Deleted the supervisor system in accordance with the law
11	Natural persons designated by corporate shareholders directors <u>or supervisors</u> to perform their duties should abide by this Code of Ethics. Rules and regulations stipulated in this Code of Ethics are applicable to directors represented by corporate shareholders <u>or corporate shareholders represented by supervisors</u> .	11	Natural persons designated by corporate shareholders directors to perform their duties should abide by this Code of Ethics. Rules and regulations stipulated in this Code of Ethics are applicable to directors represented by corporate shareholders.	Deleted the supervisor system in accordance with the law

Content				Note
No	Before the Revision	No	After the Revision	
12	<p>In order to be exempt from application of Article 5, directors <u>and supervisors</u> should fully disclose to the Board of Directors the stakes between the juristic behavior and the individuals or entities stipulated in Article 5, as well as the reason that no damage is done to the Company's interests, and that they are consistent with operating norms. Approval by the Board of Directors is also required for such exemption. However, if the juristic behavior belongs to those between directors and the Company as governed by Article 223 of the Company Act, <u>supervisors</u> should act as the Company's representatives.</p> <p>In order to be exempt from application of Article 6, directors <u>and supervisors</u> should expound to the Board of Directors the specific details of such opportunities, as well as the reason that there is no conflict with the Company's interests, or that there is no impact on the Company's interests. Approval by the Board of Directors is also required for such exemption.</p> <p>After the Board of Directors approves application of either of the two aforementioned types of exemption, the Company should immediately disclose on the Market Observation Post System information such as the job title and name of the individual granted exemption, the date of exemption approval by the Board of Directors, the application duration of exemption, the reasons for exemption, and the guidelines applicable to exemption.</p>	12	<p>In order to be exempt from application of Article 5, directors should fully disclose to the Board of Directors the stakes between the juristic behavior and the individuals or entities stipulated in Article 5, as well as the reason that no damage is done to the Company's interests, and that they are consistent with operating norms. Approval by the Board of Directors is also required for such exemption. However, if the juristic behavior belongs to those between directors and the Company as governed by Article 223 of the Company Act, <u>convener of the Audit Committee</u> should act as the Company's representatives.</p> <p>In order to be exempt from application of Article 6, directors should expound to the Board of Directors the specific details of such opportunities, as well as the reason that there is no conflict with the Company's interests, or that there is no impact on the Company's interests. Approval by the Board of Directors is also required for such exemption.</p> <p>After the Board of Directors approves application of either of the two aforementioned types of exemption, the Company should immediately disclose on the Market Observation Post System information such as the job title and name of the individual granted exemption, the date of exemption approval by the Board of Directors, <u>independent director's dissent or reservation</u>, the application duration of exemption, the reasons for exemption, and the guidelines applicable to exemption.</p>	<p>The system of supervisors has been abolished in accordance with law. Text of objection or reservation from independent directors has been added in accordance with procedures and regulations applicable to reference examples and exemptions for formulating code of ethics by a TWSE/TP Ex listed company.</p>
13	<p>This Code of Ethics should be disclosed in the <u>annual report, the prospectus</u>, and on the Market Observation Post System. The same rule also applies when making amendments.</p>	13	<p>This Code of Ethics should be disclosed on the <u>company website</u> and on the Market Observation Post System. The same rule also applies when making amendments.</p>	<p>Disclosure channels have been added in accordance with reference examples for formulating code of ethics by a TWSE/TP Ex listed company.</p>
14	<p>This Code of Ethics shall be enforced after approval by the Board of Directors. <u>It shall be provided to each supervisor and submitted to the Shareholders' Meeting.</u> The same rule also applies when making amendments.</p>	14	<p>This Code of Ethics shall be enforced after approval by the Board of Directors. The same rule also applies when making amendments.</p>	<p>Deleted the supervisor system in accordance with the law</p>
15	<p>This Code of Ethics was formulated on December 15, 2009.</p>	15	<p>This Code of Ethics was formulated on December 15, 2009. <u>The first amendment was made on March 17, 2023.</u></p>	<p>The revision dates are included</p>

## INTERNATIONAL GAMES SYSTEM CO., LTD.

## Comparison Table of Codes of Ethical Conduct for First Echelon Executives

Content				Note
No	Before the Revision	No	After the Revision	
7	Engagement in Fair Trade: The Company strives for success in market competition with its excellent operations, and outstanding products and services. It does not seek performance using illicit or immoral means. First echelon executives should treat the Company's suppliers, customers, competitors and employees fairly. They are prohibited from making false statement about material items through the manipulation, concealment or abuse of information obtained from their job duties. They are prohibited from obtaining unjust enrichment through any other unfair trading methods.	7	Engagement in Fair Trade: The Company strives for success in market competition with its excellent operations, and outstanding products and services. It does not seek performance using illicit or immoral means. First echelon executives should treat the Company's suppliers, customers, competitors and employees fairly. They are prohibited from making false statement about material items through the manipulation, concealment or abuse of information obtained from their job duties. They are prohibited from obtaining unjust enrichment through any other unfair trading methods.	Text has been amended in accordance with reference examples for formulating code of ethics by a TWSE/TPE x listed company.
10	Encouragement of Reporting Any Unlawful Acts or Acts in Violation of the Code of Ethics: The Company should enhance the promotion of morality internally, and encourage employees to report to <u>supervisors</u> , auditing supervisors or other proper personnel when they suspect or discover that an act is in violation of laws and regulations or the Code of Ethics. The Company should make every effort to conceal the whistleblower's identity and protect his/her safety, so that he/she is free from retaliation and threats.	10	Encouragement of Reporting Any Unlawful Acts or Acts in Violation of the Code of Ethics: The Company should enhance the promotion of morality internally, and encourage employees to report to <u>independent directors</u> , <u>internal</u> auditing supervisors or other proper personnel when they suspect or discover that an act is in violation of laws and regulations or the Code of Ethics. The Company should make every effort to conceal the whistleblower's identity and protect his/her safety, so that he/she is free from retaliation and threats.	Revise in accordance with the law
14	This Code of Ethics should be disclosed in the <u>annual report</u> , the <u>prospectus</u> , and on the Market Observation Post System. The same rule also applies when making amendments.	14	This Code of Ethics should be disclosed on the <u>company website</u> and on the Market Observation Post System. The same rule also applies when making amendments.	Disclosure channels have been added in accordance with reference examples for formulating code of ethics by a TWSE/TPE x listed company.
15	This Code of Ethics shall be enforced after approval by the Board of Directors. <u>It shall be provided to each supervisor and submitted to the Shareholders' Meeting.</u> The same rule also applies when making amendments.	15	This Code of Ethics shall be enforced after approval by the Board of Directors. The same rule also applies when making amendments.	Deleted the supervisor system in accordance with the law
16	This Code of Ethics was formulated on December 15, 2009.	16	This Code of Ethics was formulated on December 15, 2009. <u>The first amendment was made on March 17, 2023.</u>	The revision dates are included

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
International Games System Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated financial statements of International Games System Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter of the Group's consolidated financial statements for the year ended December 31, 2022 is stated as follows:

#### Occurrence of Licensing Revenue

The Group licenses its games to agents and receives licensing revenue. Since the amount of licensing revenue is material and the Group requires internal system information and various external reports for revenue recognition, we considered the occurrence of licensing revenue for the year ended December 31, 2022 as a key audit matter. Refer to Notes 4 and 22 to the consolidated financial statements.

The main audit procedures we performed with respect to the above-mentioned key audit matter are as follows:

1. We obtained an understanding of and tested the design and the effectiveness of the controls over the occurrence of licensing revenue.
2. We selected samples from the details of licensing revenue and inspected the relevant documents such as the original data and contracts and we checked these against the amounts received in the subsequent year and confirmed the validity of the occurrence of licensing revenue.

#### **Other Matter**

We have also audited the parent company only financial statements of International Games System Co., Ltd. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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



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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Tza-Li Gung and Tung-Feng Lee.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 17, 2023

#### Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
International Games System Co., Ltd.

### **Opinion**

We have audited the accompanying financial statements of International Games System Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's financial statements for the year ended December 31, 2022 is stated as follows:

#### Occurrence of Licensing Revenue

The Company licenses its games to agents and receives licensing revenue. Since the amount of licensing revenue is material and the Company requires internal system information and various external reports for revenue recognition, we considered occurrence of licensing revenue for the year ended December 31, 2022 as a key audit matter. Refer to Notes 4 and 22 to the financial statements.

The main audit procedures we performed with respect to the above-mentioned key audit matter are as follows:

1. We obtained an understanding of and tested the design and the effectiveness of the controls over the occurrence of licensing revenue.
2. We selected samples from the details of licensing revenue and inspected the relevant documents, such as the original data and contracts, and we checked these against the amounts received in the subsequent year and confirmed the validity of the occurrence of licensing revenue.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Tza-Li Gung and Tung-Feng Lee.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 17, 2023

Notice to Readers

*The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.*

## Attachment 8

## INTERNATIONAL GAMES SYSTEM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 8,525,288	60	\$ 3,473,975	28
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	107,789	1	107,048	1
Financial assets at amortized cost - current (Notes 4 and 9)	1,987,079	14	4,654,069	38
Notes receivable	8,121	-	1,933	-
Accounts receivable, net (Notes 4, 10 and 22)	1,642,076	11	1,704,710	14
Inventories, net (Notes 4 and 11)	110,738	1	138,375	1
Prepayments (Note 12)	93,441	1	86,435	1
Other current assets (Note 17)	40,324	-	31,461	-
Total current assets	12,514,856	88	10,198,006	83
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	448,191	3	716,841	6
Financial assets at amortized cost - non-current (Notes 4 and 9)	-	-	44,373	1
Property, plant and equipment (Notes 4, 14 and 29)	1,081,511	8	1,110,908	9
Right-of-use assets (Notes 4 and 15)	3,266	-	5,241	-
Other intangible assets (Notes 4 and 16)	56,728	-	21,769	-
Deferred tax assets (Notes 4 and 24)	66,551	1	123,749	1
Other non-current assets (Note 17)	9,380	-	13,490	-
Total non-current assets	1,665,627	12	2,036,371	17
TOTAL	\$ 14,180,483	100	\$ 12,234,377	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Notes 4 and 22)	\$ 235,276	2	\$ 173,401	1
Notes payable (Note 18)	13,724	-	9,776	-
Accounts payable (Note 18)	39,656	-	57,082	-
Other payables (Note 19)	2,718,172	19	2,383,386	20
Current tax liabilities (Notes 4 and 24)	328,940	2	444,156	4
Lease liabilities - current (Notes 4 and 15)	2,457	-	2,826	-
Other current liabilities	86,255	1	72,801	1
Total current liabilities	3,424,480	24	3,143,428	26
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 24)	-	-	37	-
Lease liabilities - non-current (Notes 4 and 15)	758	-	2,317	-
Net defined benefit liabilities (Notes 4 and 20)	90,255	1	116,023	1
Guarantee deposits	1,658	-	-	-
Total non-current liabilities	92,671	1	118,377	1
Total liabilities	3,517,151	25	3,261,805	27
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 21)				
Ordinary shares	1,409,008	10	704,504	6
Capital surplus	317,283	2	317,283	3
Retained earnings				
Legal reserve	786,255	6	786,255	6
Unappropriated earnings	7,872,040	55	6,608,242	54
Total retained earnings	8,658,295	61	7,394,497	60
Other equity	275,320	2	542,811	4
Total equity attributable to owners of the Company	10,659,906	75	8,959,095	73
NON-CONTROLLING INTERESTS	3,426	-	13,477	-
Total equity	10,663,332	75	8,972,572	73
TOTAL	\$ 14,180,483	100	\$ 12,234,377	100

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

# INTERNATIONAL GAMES SYSTEM CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 22)	\$ 11,947,999	100	\$ 11,285,788	100
OPERATING COSTS (Notes 4, 11 and 23)	<u>474,538</u>	<u>4</u>	<u>458,970</u>	<u>4</u>
GROSS PROFIT	<u>11,473,461</u>	<u>96</u>	<u>10,826,818</u>	<u>96</u>
OPERATING EXPENSES (Notes 10 and 23)				
Selling and marketing expenses	2,513,505	21	2,378,820	21
General and administrative expenses	377,535	3	363,629	3
Research and development expenses	2,597,603	22	2,279,565	20
Expected credit gain	<u>(20,568)</u>	<u>-</u>	<u>(8,881)</u>	<u>-</u>
Total operating expenses	<u>5,468,075</u>	<u>46</u>	<u>5,013,133</u>	<u>44</u>
PROFIT FROM OPERATIONS	<u>6,005,386</u>	<u>50</u>	<u>5,813,685</u>	<u>52</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 23)				
Interest income	102,433	1	36,519	-
Other income	32,272	1	18,781	-
Other gains and losses	(1,229)	-	186	-
Net gain/(loss) on foreign currency exchange	380,879	3	(166,032)	(1)
Finance costs	<u>(89)</u>	<u>-</u>	<u>(128)</u>	<u>-</u>
Total non-operating income and expenses	<u>514,266</u>	<u>5</u>	<u>(110,674)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	6,519,652	55	5,703,011	51
INCOME TAX EXPENSE (Notes 4 and 24)	<u>1,038,077</u>	<u>9</u>	<u>968,496</u>	<u>9</u>
NET PROFIT FOR THE YEAR	<u>5,481,575</u>	<u>46</u>	<u>4,734,515</u>	<u>42</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	15,740	-	6,371	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(268,650)	(2)	533,175	5
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 24)	<u>(3,148)</u>	<u>-</u>	<u>(1,274)</u>	<u>-</u>
	<u>(256,058)</u>	<u>(2)</u>	<u>538,272</u>	<u>5</u>

(Continued)

# INTERNATIONAL GAMES SYSTEM CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ 1,329	-	\$ (2,189)	-
Other comprehensive (loss)/income for the year, net of income tax	(254,729)	(2)	536,083	5
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 5,226,846</u>	<u>44</u>	<u>\$ 5,270,598</u>	<u>47</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 5,478,229	46	\$ 4,734,706	42
Non-controlling interests	<u>3,346</u>	<u>-</u>	<u>(191)</u>	<u>-</u>
	<u>\$ 5,481,575</u>	<u>46</u>	<u>\$ 4,734,515</u>	<u>42</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 5,223,330	44	\$ 5,270,893	47
Non-controlling interests	<u>3,516</u>	<u>-</u>	<u>(295)</u>	<u>-</u>
	<u>\$ 5,226,846</u>	<u>44</u>	<u>\$ 5,270,598</u>	<u>47</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 38.88</u>		<u>\$ 33.60</u>	
Diluted	<u>\$ 37.75</u>		<u>\$ 33.12</u>	

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

(Concluded)



**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

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

# INTERNATIONAL GAMES SYSTEM CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 6,519,652	\$ 5,703,011
Adjustments for:		
Depreciation expense	64,723	63,958
Amortization expense	29,914	37,751
Expected credit gain	(20,568)	(8,881)
Net loss (gain) on financial assets at fair value through profit or loss	1,229	(197)
Finance costs	89	128
Interest income	(102,433)	(36,519)
Dividend income	(2,458)	(485)
Loss on disposal of property, plant and equipment	5	2
Loss on disposal and write-downs (reversal) of inventories	2,475	(7,981)
Loss on inventory scrap	10,521	-
Net (gain) loss on foreign currency exchange	(19,532)	7,468
Changes in operating assets and liabilities		
Notes receivable	(6,188)	21,936
Accounts receivable	95,395	(474,153)
Inventories	3,991	(53,393)
Prepayments	(7,658)	(6,122)
Other current assets	(6,194)	4,145
Contract liabilities	61,875	7,793
Notes payable	3,948	(14,500)
Accounts payable	(17,426)	43,139
Other payables	334,758	748,534
Other current liabilities	13,454	14,829
Net defined benefit liabilities	(10,028)	(3,916)
Cash generated from operations	6,949,544	6,046,547
Interest paid	(89)	(128)
Income tax paid	(1,098,628)	(932,706)
Net cash generated from operating activities	<u>5,850,827</u>	<u>5,113,713</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	-	(613,879)
Proceeds from sale of financial assets at fair value through profit or loss	2,716,133	5,990
Payments for property, plant and equipment	(21,747)	(16,006)
Decrease in refundable deposits	4,231	13,173
Payments for intangible assets	(64,873)	(8,865)
Interest received	99,771	32,530
Dividends received	<u>2,458</u>	<u>485</u>
Net cash generated from (used in) investing activities	<u>2,735,973</u>	<u>(586,572)</u>

(Continued)

# INTERNATIONAL GAMES SYSTEM CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits received	\$ 1,658	\$ -
Repayment of the principal portion of lease liabilities	(2,865)	(3,192)
Cash dividends paid	(3,522,519)	(2,958,916)
Decrease in non-controlling interests	<u>(13,567)</u>	<u>-</u>
Net cash used in financing activities	<u>(3,537,293)</u>	<u>(2,962,108)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>1,806</u>	<u>2,348</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,051,313	1,567,381
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3,473,975</u>	<u>1,906,594</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 8,525,288</u>	<u>\$ 3,473,975</u>

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

(Concluded)

# INTERNATIONAL GAMES SYSTEM CO., LTD.

## BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 8,126,063	58	\$ 3,105,974	25
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	107,789	1	107,048	1
Financial assets at amortized cost - current (Notes 4 and 9)	1,843,013	13	4,624,903	38
Notes receivable	8,121	-	1,933	-
Accounts receivable, net (Notes 4, 10 and 22)	1,418,693	10	1,450,875	12
Accounts receivable - related parties (Notes 4, 10, 22 and 28)	344,308	3	313,340	3
Other receivable - related parties (Notes 4 and 28)	187,962	1	164,661	1
Inventories, net (Notes 4 and 11)	110,738	1	138,375	1
Prepayments (Note 12)	92,061	1	86,435	1
Other current assets (Note 17)	30,330	-	21,363	-
Total current assets	12,269,078	88	10,014,907	82
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	448,191	3	716,841	6
Financial assets at amortized cost - non-current (Notes 4 and 9)	-	-	44,373	1
Investments accounted for using the equity method (Notes 4 and 13)	163,528	1	111,554	1
Property, plant and equipment (Notes 4, 14 and 29)	1,081,463	8	1,110,854	9
Right-of-use assets (Notes 4 and 15)	3,266	-	5,241	-
Other intangible assets (Notes 4 and 16)	56,728	-	21,769	-
Deferred tax assets (Notes 4 and 24)	66,551	-	123,749	1
Other non-current assets (Note 17)	9,159	-	9,145	-
Total non-current assets	1,828,886	12	2,143,526	18
<b>TOTAL</b>	<b>\$ 14,097,964</b>	<b>100</b>	<b>\$ 12,158,433</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Contract liabilities - current (Notes 4 and 22)	\$ 223,077	2	\$ 172,895	1
Notes payable (Note 18)	13,724	-	9,776	-
Accounts payable (Notes 18 and 28)	39,808	-	57,146	-
Other payables (Note 19)	2,717,322	19	2,382,753	20
Current tax liabilities (Notes 4 and 24)	313,639	2	433,282	4
Lease liabilities - current (Notes 4 and 15)	2,457	-	2,826	-
Other current liabilities	35,360	-	22,283	-
Total current liabilities	3,345,387	23	3,080,961	25
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Notes 4 and 24)	-	-	37	-
Lease liabilities - non-current (Notes 4 and 15)	758	-	2,317	-
Net defined benefit liabilities (Notes 4 and 20)	90,255	1	116,023	1
Guarantee deposits	1,658	-	-	-
Total non-current liabilities	92,671	1	118,377	1
Total liabilities	3,438,058	24	3,199,338	26
<b>EQUITY(Notes 4 and 21)</b>				
Ordinary shares	1,409,008	10	704,504	6
Capital surplus	317,283	2	317,283	3
Retained earnings				
Legal reserve	786,255	6	786,255	7
Unappropriated earnings	7,872,040	56	6,608,242	54
Total retained earnings	8,658,295	62	7,394,497	61
Other equity	275,320	2	542,811	4
Total equity	10,659,906	76	8,959,095	74
<b>TOTAL</b>	<b>\$ 14,097,964</b>	<b>100</b>	<b>\$ 12,158,433</b>	<b>100</b>

The accompanying notes are an integral part of the financial statements.

# INTERNATIONAL GAMES SYSTEM CO., LTD.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 28)	\$ 11,906,335	100	\$ 11,242,688	100
OPERATING COSTS (Notes 4, 11 and 23)	<u>473,299</u>	<u>4</u>	<u>458,970</u>	<u>4</u>
GROSS PROFIT	<u>11,433,036</u>	<u>96</u>	<u>10,783,718</u>	<u>96</u>
OPERATING EXPENSES (Notes 10, 23 and 28)				
Selling and marketing expenses	2,517,220	21	2,382,010	21
General and administrative expenses	375,337	3	361,729	3
Research and development expenses	2,597,603	22	2,279,565	21
Expected credit (gain) loss	<u>(20,543)</u>	<u>-</u>	<u>1,457</u>	<u>-</u>
Total operating expenses	<u>5,469,617</u>	<u>46</u>	<u>5,024,761</u>	<u>45</u>
PROFIT FROM OPERATIONS	<u>5,963,419</u>	<u>50</u>	<u>5,758,957</u>	<u>51</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 13, 23 and 28)				
Interest income	98,508	1	36,175	-
Other income	16,215	-	18,745	-
Other gains and losses	(1,229)	-	188	-
Net gain (loss) on foreign currency exchange	347,838	3	(176,762)	(1)
Finance costs	(89)	-	(128)	-
Share of profit of subsidiaries accounted for using the equity method	<u>76,271</u>	<u>1</u>	<u>56,238</u>	<u>1</u>
Total non-operating income and expenses	<u>537,514</u>	<u>5</u>	<u>(65,544)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	6,500,933	55	5,693,413	51
INCOME TAX EXPENSE (Notes 4 and 24)	<u>1,022,704</u>	<u>9</u>	<u>958,707</u>	<u>9</u>
NET PROFIT FOR THE YEAR	<u>5,478,229</u>	<u>46</u>	<u>4,734,706</u>	<u>42</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	15,740	-	6,371	-

(Continued)

# INTERNATIONAL GAMES SYSTEM CO., LTD.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ (268,650)	(2)	\$ 533,175	5
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 24)	<u>(3,148)</u>	<u>-</u>	<u>(1,274)</u>	<u>-</u>
	(256,058)	(2)	538,272	5
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>1,159</u>	<u>-</u>	<u>(2,085)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(254,899)</u>	<u>(2)</u>	<u>536,187</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 5,223,330</u>	<u>44</u>	<u>\$ 5,270,893</u>	<u>47</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 38.88</u>		<u>\$ 33.60</u>	
Diluted	<u>\$ 37.75</u>		<u>\$ 33.12</u>	

The accompanying notes are an integral part of the financial statements.

(Concluded)

**INTERNATIONAL GAMES SYSTEM CO., LTD.**

STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)

	Share Capital		Retained Earnings				Other Equity		Total	Total Equity
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2021	70,450	\$ 704,504	\$ 317,283	\$ 786,255	\$ 1,349	\$ 4,826,006	\$ 12,070	\$ (349)	\$ 11,721	\$ 6,647,118
Appropriation of 2020 earnings	-	-	-	-	-	1,349	-	-	-	-
Special reserve	-	-	-	-	(1,349)	(2,958,916)	-	-	-	(2,958,916)
Cash dividends distributed by the Company	-	-	-	-	(1,349)	(2,957,567)	-	-	-	(2,958,916)
Net profit for the year ended December 31, 2021	-	-	-	-	-	4,734,706	-	-	-	4,734,706
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	5,097	(2,085)	533,175	531,090	536,187
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	4,739,803	(2,085)	533,175	531,090	5,270,893
BALANCE AT DECEMBER 31, 2021	70,450	704,504	317,283	786,255	-	6,608,242	9,985	532,826	542,811	8,959,095
Appropriation of 2021 earnings	-	-	-	-	-	(3,522,519)	-	-	-	(3,522,519)
Cash dividends distributed by the Company	70,450	704,504	-	-	-	(704,504)	-	-	-	-
Share dividends distributed by the Company	70,450	704,504	-	-	-	(4,227,023)	-	-	-	(3,522,519)
Net profit for the year ended December 31, 2022	-	-	-	-	-	5,478,229	-	-	-	5,478,229
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	12,592	1,159	(268,650)	(267,491)	(254,899)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	5,490,821	1,159	(268,650)	(267,491)	5,223,330
BALANCE AT DECEMBER 31, 2022	140,900	\$ 1,409,008	\$ 317,283	\$ 786,255	\$ -	\$ 7,872,040	\$ 11,144	\$ 264,176	\$ 275,320	\$ 10,659,906

The accompanying notes are an integral part of the financial statements.

# INTERNATIONAL GAMES SYSTEM CO., LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 6,500,933	\$ 5,693,413
Adjustments for:		
Depreciation expense	64,723	63,958
Amortization expense	29,914	37,751
Expected credit (gain) loss	(20,543)	1,457
Net loss (gain) on financial assets at fair value through profit or loss	1,229	(197)
Finance costs	89	128
Interest income	(98,508)	(36,175)
Dividend income	(2,458)	(485)
Share of profit of subsidiaries accounted for using the equity method	(76,271)	(56,238)
Loss on disposal of property, plant and equipment	-	2
Loss on disposal and write-downs (reversal) of inventories	2,475	(7,981)
Loss on inventory scrap	10,521	-
Net loss (gain) on foreign currency exchange	(18,248)	5,752
Changes in operating assets and liabilities		
Notes receivable	(6,188)	21,936
Accounts receivable	64,441	(432,531)
Accounts receivable - related parties	16,840	(65,859)
Other receivable - related parties	(23,301)	(37,182)
Inventories	3,991	(53,393)
Prepayments	(6,278)	(6,111)
Other current assets	(6,298)	26,608
Contract liabilities	50,182	7,532
Notes payable	3,948	(14,500)
Accounts payable	(17,338)	43,203
Other payables	334,640	748,499
Other current liabilities	13,077	(267)
Net defined benefit liabilities	(10,028)	(3,916)
Cash generated from operations	6,811,544	5,935,404
Interest paid	(89)	(128)
Income tax paid	(1,087,682)	(949,105)
Net cash generated from operating activities	<u>5,723,773</u>	<u>4,986,171</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	-	(587,613)
Proceeds from sale of financial assets at fair value through profit or loss	2,831,033	5,990
Acquisition of associates	(25,923)	-
Payments for property, plant and equipment	(21,747)	(16,006)
Decrease in refundable deposits	-	141
Payments for intangible assets	(64,873)	(8,865)
		(Continued)



# INTERNATIONAL GAMES SYSTEM CO., LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Interest received	\$ 95,846	\$ 32,186
Dividends received	<u>5,706</u>	<u>2,423</u>
Net cash generated from (used in) investing activities	<u>2,820,042</u>	<u>(571,744)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits received	1,658	-
Repayment of the principal portion of lease liabilities	(2,865)	(3,192)
Cash dividends paid	<u>(3,522,519)</u>	<u>(2,958,916)</u>
Net cash used in financing activities	<u>(3,523,726)</u>	<u>(2,962,108)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,020,089	1,452,319
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3,105,974</u>	<u>1,653,655</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 8,126,063</u>	<u>\$ 3,105,974</u>

The accompanying notes are an integral part of the financial statements.

(Concluded)

INTERNATIONAL GAMES SYSTEM CO.LTD.  
Comparison Table of Amendments to the Company's Articles of Incorporation

Content				Note
No	Before the Revision	No	After the Revision	
25	<p>If the Company's final report shows a net profit after tax (includes adjustment to the amount of undistributed earnings), the Company shall first offset cumulative losses, and then allocate 10% of the remaining amount as legal reserve. However, this is not required if the amount of legal reserve has reached the Company's paid-in capital. A special reserve shall then be allocated or reversed in accordance with the law or regulations of the competent authority. The Board of Directors shall propose a dividend distribution for any remaining amount along with undistributed earnings at the beginning of the period, and submit the proposal to the shareholders' meeting for resolution on distribution of shareholders dividends. (omitted)</p>	25	<p><u>The surplus earning distribution or loss off-setting proposal may be proposed at the close of each half fiscal year. A company distributing surplus earning in accordance with the provision of the preceding paragraph shall estimate and reserve the compensation for employees and directors, taxes and dues to be paid, the losses to be covered and the legal reserve to be set aside. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply.</u></p> <p><u>The Board of Directors shall set aside or reverse the special reserve as required by law or the authority. The Board of Directors shall prepare a proposal for the appropriation of the remaining earnings, including any unappropriated earnings at the beginning of the period.</u></p> <p><u>The company distributing surplus earning in the form of new shares to be issued by the company shall be submitted to the shareholders' meeting for resolution; if such surplus earning is distributed in the form of cash, it shall be approved by a meeting of the board of directors.</u></p> <p>If the Company's final report shows a net profit after tax (includes adjustment to the amount of undistributed earnings), the Company shall first offset cumulative losses, and then allocate 10% of the remaining amount as legal reserve. However, this is not required if the amount of legal reserve has reached the Company's paid-in capital. A special reserve shall then be allocated or reversed in accordance with the law or regulations of the competent authority. The Board of Directors shall propose a dividend distribution for any remaining amount along with undistributed earnings at the beginning of the period, and submit the proposal to the shareholders' meeting for resolution on distribution of shareholders dividends.</p> <p><u>Authorize the surplus earning, legal reserve, and capital reserve in the preceding Paragraph may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.</u> (omitted)</p>	Provisions have been added to stipulate that the Company may distribute net earnings or appropriate funds for losses at the end of every half fiscal year per laws and regulations, in an attempt to enhance shareholders' investment efficiency.

Content				Note
No	Before the Revision	No	After the Revision	
27	These Articles of Incorporation were adopted on November 4, 1989; ... The 33th amendment was made on June 27, 2022.	27	These Articles of Incorporation were adopted on November 4, 1989; The 33th amendment was made on June 27, 2022. The 34th amendment was made on June 28, 2023.	Added date of revision of Articles of Incorporation

INTERNATIONAL GAMES SYSTEM CO., LTD.  
Comparison Table of Financial Derivatives Transaction Procedure

Content				Note
No	Before the Revision	No	After the Revision	
4	<p><b>Regulatory Reporting</b></p> <p>The Company shall, on a monthly basis, report and publicly disclose the financial derivative transactions conducted by it and its subsidiaries up to the end of the previous month in accordance with relevant regulations and before the tenth of each month.</p>	4	<p><b>Regulatory Reporting</b></p> <p>1. The Company shall, on a monthly basis, report and publicly disclose the financial derivative transactions conducted by it and its subsidiaries up to the end of the previous month in accordance with relevant regulations and before the tenth of each month.</p> <p>2. When losses from derivatives trading reaching the limits <u>on aggregate losses or losses on individual contracts set out article 2, paragraph 5 in the procedures, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event.</u></p>	Amendments in accordance with the law.
7	<p><b>Internal Audit</b></p> <p>The company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, <u>all supervisors and Independent director shall be notified in writing. If the company establishes an audit committee, internal auditors should notify the audit committee in writing if they find a major violation.</u></p>	7	<p><b>Internal Audit</b></p> <p>The company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, internal auditors should notify the audit committee in writing if they find a major violation.</p>	The provision for Audit Committee is revised according to the prevailing system.
8	<p><b>Implementation and amendment</b></p> <p>These Procedures shall be approved by the <u>Board of Directors</u>, and the Shareholders' Meeting. Any amendment hereof is subject to the same procedures.</p>	8	<p><b>Implementation and amendment</b></p> <p>These Procedures shall be approved by the Audit Committee, then submitted to the board of directors for a resolution, and the Shareholders' Meeting. Any amendment hereof is subject to the same procedures. <u>The board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. If approval of one-half or more of all audit committee members is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</u></p>	Amendment according to the current system.
9	<p>These Procedures were adopted on April 29, 2003. The first amendment was made on June 8, 2012. The second amendment was made on June 27, 2014. The third amendment was made on June 26, 2019. The fourth amendment was made on July 28, 2021.</p>	9	<p>These Procedures were adopted on April 29, 2003. The first amendment was made on June 8, 2012. The second amendment was made on June 27, 2014. The third amendment was made on June 26, 2019. The fourth amendment was made on July 28, 2021. <u>The fifth amendment was made on June 28, 2023.</u></p>	The revision dates are included

(Translation)

**INTERNATIONAL GAMES SYSTEM CO., LTD.**  
**Financial Derivatives Transaction Procedure (Before the Revision)**

**Article 1** Legal basis

In order to strengthen the risk management of derivative commodity transactions, the company has specially formulated this processing procedure in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".

**Article 2** Transaction Principle and Goal

1. Transaction scope

A. "Derivative products" mentioned in the Procedure refers to forward contracts,, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.

B. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

C. Bond trading shall be regulated by the Procedure.

2. Operation and hedging strategy

The company is engaged in derivatives transactions for the purpose of avoiding operational risks, and no speculative transactions are allowed. The operating currency is limited to foreign currency receipts and payments due to the company's import and export business, and those that are required for business hedging. Transacted products should comprise primarily of those that ensure the operating profit of the company's business and avoid risks arising from fluctuations in exchange rates, interest rates or asset prices.

3. Responsibilities

A. The financial unit :

a. Responsible for extracting foreign exchange market information as well as judging trends and risks.

b. Familiar with financial products, rules and regulations, and operating skills. Accepts the instructions of the chief financial officer and authorized positions to engage in transactions, and avoids the risk of market price changes in accordance with the company's policies.

c. Calculates cash flow in detail, and engages in adequate fund scheduling in accordance with the use of bank credit lines.

d. Responsible for the settlement of derivatives transactions, and regularly reviews cash flow status to ensure that the transaction contract can be settled on time.

B. The accounting unit :

a. According to relevant regulations, accurately and reasonably express the relevant hedging transactions and profits and losses, etc., in the financial statements.

b. Regularly performs reconciliation with the bank.

#### 4. Transaction authority

##### A. Forward exchange transaction authorization :

The financial unit shall base the transaction on the net position of the company's foreign currency assets and expected cash flow, and the maturity date of the transaction shall match the current demand of the company's working capital turnover; The maturity extension of forward foreign exchange is required for the control of foreign currency cash flow and does not affect the company's risk. Therefore, it is not subject to the following quota restrictions. The transaction contents shall be subsequently reported at the most recent board of directors' meeting.

Nuclear power holder	Permission per transaction	Net cumulative position trading authority
Financial Officer	Below US\$1 million. (inclusive)	Below US\$2 million. (inclusive)
President	Below US\$1.5 million. (inclusive)	Below US\$3 million. (inclusive)
Chairman of the board	Below US\$2 million. (inclusive)	Below US\$4 million. (inclusive)

##### B. Other foreign exchange derivatives :

The financial unit shall issue an evaluation report for each transaction, stating the name and type of the transaction, the amount of purchase/sale, the period, the purpose of the undertaking, and the transaction counterparty; the approval of the President is also required before the transaction may be made.

#### 5. Transaction Contract Dollar Amount And Loss Control

##### A. Total amount of derivatives contracts :

The total amount of derivatives contracts the company can undertake shall not exceed the company's recognized foreign currency deposits, financial assets, liabilities, and the estimated demand for foreign currency positions in the next six months at the time of the transaction.

##### B. The maximum loss limit :

- a. The maximum amount of total contract loss shall not exceed US\$1 million.
- b. The maximum amount of individual contract losses shall be the lower of US\$200,000 or 10% of the transaction contract amount, whichever is less.

#### 6. Performance Evaluation

The performance evaluation of derivatives shall be conducted based on the profit and loss of the derivatives position plus the total profit and loss of the hedged position.

### Article 3 Operating Procedures

1. The financial unit should follow the procedures in accordance with the Procedure 2-4.
2. After receiving the trading slip, the financial personnel shall confirm the content. If any mistake is found, the financial personnel shall check with trader promptly.
3. After the confirmation from the financial personnel, FX trader shall process the transaction.
4. The Accounting unit shall record the transaction and related account entries.
5. The financial unit shall report to the most recent board of directors afterwards the content of derivative commodity transactions undertaken by the company.
6. A registration book is established by financial unit for derivative transactions. For each derivative transaction, the type, transaction amount, date of the Board of

Directors' approval, and items to be carefully assessed shall be recorded in detail therein.

#### **Article 4 Regulatory Reporting**

The Company shall, on a monthly basis, report and publicly disclose the financial derivative transactions conducted by it and its subsidiaries up to the end of the previous month in accordance with relevant regulations and before the tenth of each month.

#### **Article 5 Accounting Procedure**

The company is engaged in financial derivatives transactions, its accounting treatment shall be handled in accordance with the " Regulations Governing the Preparation of Financial Reports by Securities Issuers ".

#### **Article 6 Internal Control**

##### **1. Risk Management**

- A. Credit Risk Control : Credit risk is controlled by restricting the counterparties that the company may deal with to those who either have banking relationships with the company and are able to provide sufficient information.
- B. Market/Price Risk Control : Comprises primarily of financial products that are commonly traded internationally, while the use of specially designed products is reduced.
- C. Liquidity Risk Control : Select banks with large transaction volume and strong quotation capabilities as a priority.
- D. Operating Risk Control : It is necessary to strictly abide by the authorized quota and operating procedures to avoid operational risks.
- E. Legal Risk Control : The documents signed with the transaction counterparty shall comprise generally accepted contract in the market, and any unique contract must be reviewed by legal affairs or attorneys.
- F. Cash Flow : When undertaking a transaction, it is necessary to consider whether it will affect the company's cash flow.

##### **2. Internal Control**

- A. Personnel engaged in derivatives trading may not concurrently perform other operations such as deal confirmation and settlement.
- B. Transaction personnel shall deliver the transaction voucher or contract to the log-in personnel for record-making.
- C. The log-in personnel should regularly reconcile with the correspondent bank or confirm by letter.
- D. The log-in personnel checks at all times whether the total transaction amount has exceeded the net position of foreign currency assets, liabilities and commitments.
- E. At the end of each month, the accounting department evaluates profit and loss based on the closing exchange rate of the day and prepares a report, which is submitted to the President for approval.

##### **3. Periodic evaluation method**

The positions held by the company due to derivatives transactions should be evaluated at least once a week. Hedging transactions undertaken due to business needs should be evaluated at least twice a month. Evaluation reports should be submitted to the President for verification. When an abnormality in the evaluation

report (e.g. the holding position has exceeded the loss limit), immediately report to the board of directors and take corresponding measures.

**Article 7 Internal Audit**

The company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors and Independent director shall be notified in writing. If the company establishes an audit committee, internal auditors should notify the audit committee in writing if they find a major violation.

**Article 8 Implementation and amendment**

These Procedures shall be approved by the Board of Directors, and the Shareholders' Meeting. Any amendment hereof is subject to the same procedures.

**Article 9** These Procedures were adopted on April 29, 2003.

The first amendment was made on June 8, 2012.

The second amendment was made on June 27, 2014.

The third amendment was made on June 26, 2019.

The fourth amendment was made on July 28, 2021.



INTERNATIONAL GAMES SYSTEM CO., LTD.  
Comparison Table of Regulations of Endorsement / Guarantees

Content				Note
No	Before the Revision	No	After the Revision	
3	<p>Scope of Application (1-2 omitted)</p> <p>3. With respect to the Company's subsidiaries' external endorsements/guarantees, the Company's regulations should be followed and observed.</p>	3	<p>Scope of Application (1-2 omitted)</p> <p>3. With respect to the Company's subsidiaries' external endorsements/guarantees, the Company's regulations should be followed and observed. <u>When a subsidiary of the Company plans to endorse or provide guarantee to others, the Company should instruct such a subsidiary to formulate its Procedures for Endorsements and Guarantees, and abide by those procedures for related operation.</u></p>	Subsidiary-related regulations have been amended pursuant to regulation .
5	<p>Limit on the Amount of Endorsements/Guarantees (1-2 omitted)</p> <p>The amount of endorsements/guarantees for a company that the Company has business dealings with is limited to no more than 30% of the Company's net worth. (In the event of the situation depicted in 1 of Article 4)</p>	5	<p>Limit on the Amount of Endorsements/Guarantees (1-2 omitted)</p> <p>3. The amount of endorsements/guarantees for a company that the Company has business dealings with is limited to no more than 30% of the Company's net worth. (In the event of the situation depicted in 1 of Article 4) <u>The amount of an individual endorsement/guarantee is limited to no more than the amount of business dealings between both parties. The so-called amount of business dealings refers to the amount of goods purchased or sold (whichever is higher) between both parties. This amount shall not exceed the limit stipulated in this article.</u></p>	Limitation for individual has been added pursuant to regulation .

Content				Note
No	Before the Revision	No	After the Revision	
9	Other Items of Note		Other Items of Note	Procedures for these Regulations have been amended and the system of supervisors has been abolished pursuant to regulatory requirements.
	1. When the Company conducts an endorsement/guarantee case, it should be based on approved official documents from an affiliate with details properly filled out. A memorandum book must be prepared, specifying items such as items under warranty, the name of the entity endorsed, risk assessment results, the amount of endorsements/guarantees, a detailed account of collaterals secured, and the conditions and dates for relieving warranty responsibilities. Such items should be transferred to the custody of the finance department.		1. When the Company conducts an endorsement/guarantee case, it should be based on approved official documents from an affiliate with details properly populated. A memorandum book must be prepared, specifying items such as items under warranty, the name of the entity endorsed and <u>its relation to the Company, the necessity and justification for endorsement/guarantee, credit investigation on the endorsee and</u> risk assessment results, the amount of endorsements/guarantees, <u>impacts on the Company's operational risks, financial situation and shareholders' equity, assessment on whether</u> collaterals should be secured <u>as well as related value appraisal, the date of approval from the Board of Directors,</u> and the conditions and dates for relieving warranty responsibilities. Such items should be transferred to the custody of the finance department.	
	(2 omitted)		(2 omitted)	
	3. In the event of unforeseen changes that lead to an endorsee being unable to meet requirements of these Regulations, or the endorsement amount exceeding the limit, related improvement plans should be formulated and submitted to <u>each supervisor and independent director. In the event that the Company has established an Audit Committee, such related improvement plans should be submitted to the</u> Audit committee, and improvement should be made in accordance with the planned time frame.	9	3. In the event of unforeseen changes that lead to an endorsee being unable to meet requirements of these Regulations, or the endorsement amount exceeding the limit, related improvement plans should be formulated and submitted to the Audit committee, and improvement should be made in accordance with the planned time frame.	
	(4-5 omitted)		(4-5 omitted)	
			6. When conducting matters relating to <u>endorsements/guarantees, the Company's managers and administrators should abide by regulations set forth in these Procedures. In the event of regulatory violation or breaches of these Procedures that result in damages to the Company, punishment shall be assessed in accordance with the Company's Employee Reward and Discipline Regulations.</u>	
			7. <u>The Company's internal auditors should audit the Procedures for Endorsements and Guarantees and its implementation status at least once per quarter, in addition to filing a written report. In the event of a material breach, they should immediately inform the Audit Committee with written notices.</u>	

Content				Note
No	Before the Revision	No	After the Revision	
10	<p>Implementation &amp; Amendment</p> <p>After approval by the Board of Directors, these Regulations shall be <u>provided to each supervisor and submitted to the shareholders' meeting for approval</u>. The same rule also applies when making amendments. In the event of objection from any director with documented records or written statements, the Company should provide the objection data from the director(s) <u>to each supervisor</u>. Furthermore, when amendments to these Regulations are presented to the Board of Directors <u>for discussion, each independent director's opinion should be taken into account adequately. In the event that an independent director has any objection or reservation, it should be clearly stated in the Board of Directors meeting minutes.</u></p> <p><u>In the event that the Company has set up an Audit Committee, amendments to these Regulations should be approved by more than half of the members of the Audit Committee before being submitted to the Board of Directors for approval. In the event that amendments have not been approved by more than half of the members of the Audit Committee, approval from more than two thirds of Board members is required for enforcement. The Audit Committee's resolution should also be clearly stated in the Board of Directors meeting minutes.</u></p>	10	<p>Implementation &amp; Amendment</p> <p>After approval by <u>Audit Committee and</u> the Board of Directors, these Regulations shall be submitted to the shareholders' meeting for approval. The same rule also applies when making amendments. In the event of objection from any director with documented records or written statements, the Company should provide the objection data from the director(s) <u>to Audit Committee and and submit to the shareholders' meeting for discussion.</u></p> <p><u>Amendments to these Regulations should be approved by more than half of the members of the Audit Committee before being submitted to the Board of Directors for approval. In the event that amendments have not been approved by more than half of the members of the Audit Committee, approval from more than two thirds of Board members is required for enforcement. The Audit Committee's resolution should also be clearly stated in the Board of Directors meeting minutes.</u></p>	The system of supervisors has been abolished pursuant to regulatory requirements.
11	<p>These Regulations were formulated on April 29, 2003.</p> <p>The first amendment was made on May 26, 2006.</p> <p>The second amendment was made on June 12, 2009.</p> <p>The third amendment was made on June 9, 2010.</p> <p>The fourth amendment was made on June 18, 2013.</p> <p>The fifth amendment was made on June 26, 2019.</p>	11	<p>These Regulations were formulated on April 29, 2003.</p> <p>The first amendment was made on May 26, 2006.</p> <p>The second amendment was made on June 12, 2009.</p> <p>The third amendment was made on June 9, 2010.</p> <p>The fourth amendment was made on June 18, 2013.</p> <p>The fifth amendment was made on June 26, 2019.</p> <p><u>The sixth amendment was made on June 28, 2023.</u></p>	The revision dates are included

(Translation)

**INTERNATIONAL GAMES SYSTEM CO., LTD.**  
**Regulations of Endorsement / Guarantees (Before the Revision)**

**Article 1** Formulation Objectives

These Regulations are formulated to safeguard the Company's shareholders' equity, align with the FSC's requirements for operation of TWSE/TPEX-listed companies, ensure the financial management quality of endorsement and guarantee cases, and lower operational risks.

**Article 2** Regulatory Basis

These Regulations are formulated in accordance with Article 36-1 of the Securities and Exchange Act and Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

**Article 3** Scope of Application

1. In response to affiliates' requests, the Company may issue guaranteed bills with respect to financing guarantee, customs duties guarantee, or other guarantee requirements, or endorse bills issued by its affiliates.
  - A. Financing endorsements/guarantees include:
    - a. Bill discount financing.
    - b. Endorsement or guarantee made to meet the financing needs of another company.
    - c. Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.
  - B. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.
  - C. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.
2. Any creation by a public company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with these Regulations.
3. With respect to the Company's subsidiaries' external endorsements/guarantees, the Company's regulations should be followed and observed.

**Article 4** Recipients of Endorsements/Guarantees

The Company may provide endorsements/guarantees to the following companies:

1. Companies that have business dealings with the Company;
2. Companies that possess more than 50% of the Company's voting shares directly or indirectly;
3. Companies where the Company possesses more than 50% of their voting shares directly or indirectly;

Companies where the Company directly or indirectly possesses more than 90% of their

voting shares may endorse one another, and the amount shall not exceed 10% of the Company's net worth. However, when companies where the Company directly or indirectly possesses 100% of their voting shares endorse one another, the aforementioned constraint does not apply.

When the Company and other businesses or co-applicants need to endorse one another out of the need to contract construction projects in accordance with their agreements, or when all the investing shareholders need to endorse the invested company based on their shareholding ratios due to joint investment relations, the constraints stipulated in the previous two paragraphs do not apply and endorsement is allowed.

#### **Article 5** Limit on the Amount of Endorsements/Guarantees

The amount of endorsements/guarantees for other companies in the name of the Company, and the amount of endorsement/guarantee for a single business is as follows:

1. The total amount of endorsements/guarantees for others shall not exceed 50% of the Company's net worth.
2. The amount of endorsements/guarantees for the parent company or any one of its subsidiaries is limited to no more than 50% of its net worth. (In the event of situations depicted in 2 and 3 of Article 4)
3. The amount of endorsements/guarantees for a company that the Company has business dealings with is limited to no more than 30% of the Company's net worth. (In the event of the situation depicted in 1 of Article 4)
4. The total amount of combined endorsements/guarantees by the Company and all of its subsidiaries is limited to no more than 50% of the Company's net worth.
5. The amount of combined endorsements/guarantees by the Company and all of its subsidiaries for any particular company is limited to no more than 30% of the Company's net worth.
6. The so-called net worth mentioned in these Regulations refers to equity interests attributable to the parent company in the balance sheets, as stipulated in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Article 6** Decision-making over Transaction Conditions & Authorization Levels

1. When processing endorsements/guarantees, the Company's responsible department should evaluate risks and submit an official document for approval, indicating the recipient, type, reasons and amount of endorsements/guarantees.
2. Approval from the Board of Directors shall be obtained before the Company processes any endorsements/guarantees. However, when companies where the Company directly or indirectly possesses 100% of their voting shares endorse one another, the aforementioned constraint does not apply. Furthermore, for the need of timeliness, endorsement/guarantee cases that fall into the scope depicted in 1 and 2 of the previous Article may be left to the discretion of the chairman with authorization from the Board of Directors. Decisions made thereby shall be submitted to the Board of Directors for retroactive approval and to the shareholders' meeting for reference; With respect to 3 of the previous Article, a Board meeting shall be convened to decide on endorsements/guarantees for a company that the Company has business dealings with. Such a meeting shall discuss whether or not

to demand the potential recipient to provide collaterals in full for the sake of risk control.

3. In the event a subsidiary that the Company intends to endorse has a net worth less than one half of its paid-in capital, approval from the Board of Directors is necessary, or it may be left to the discretion of the Chairperson within the scope of authorization from the Board of Directors before he reports it to the Board afterwards. The financial situation and business operations of the subsidiary shall be tracked and reported to the Board of Directors on a quarterly basis, in order to facilitate control of the endorsement/guarantee benefits.
4. In the event that a subsidiary's stocks have no par value or that the par value of each of its shares is not NTD10, the tally of equity plus capital reserve minus public offering premium shall serve as the paid-in capital pursuant to Subparagraph 3, Paragraph1 of this Article.

#### **Article 7 Custody of Corporate Seal & Procedures**

1. When the Company conducts matters relating to endorsements/guarantees, it should use the official corporate seal registered with the Ministry of Economic Affairs as the dedicated seal for endorsements/guarantees, in addition to providing a bill seal for guaranteed bills.
2. When the Company conducts matters relating to endorsements/guarantees, the related seal custodian should designate an individual for safekeeping of the seal after obtaining approval from the Board of Directors. The same rule also applies in the event of a change. Such a change shall be clearly indicated in the Board of Director meeting minutes.

#### **Article 8 Announcements That Should Be Made & Standards of Declaration**

1. The Company should announce and declare its balance of endorsements/guarantees in the previous month as well as that of its subsidiaries by the 10th day of each month.
2. When the Company's amount of endorsements/guarantees reaches any one of the following standards, it should make a public declaration within two days from the day of occurrence:
  - A. The balance of the Company's and its subsidiaries' endorsements/guarantees has exceeded 50% of the net worth indicated in the Company's most recent financial statements.
  - B. The amount of the Company's and its subsidiaries' endorsements/guarantees for one specific company has exceeded 20% of the net worth indicated in the Company's most recent financial statements.
  - C. The balance of the Company's and its subsidiaries' endorsements/guarantees for one specific company has exceeded NTD10 million, and the tally of the amount of endorsements/guarantees, book value of the investment accounted for using equity method and the balance of fund loans has exceeded 30% of the net worth indicated in the Company's most recent financial statements.
  - D. The amount of the Company's newly added endorsements/guarantees or that of its subsidiaries has exceeded NTD30 million and 5% of the net worth indicated in the Company's most recent financial statements.

3. In the event that a subsidiary of the Company is not a publicly listed company in Taiwan, and that such a subsidiary is required by Paragraph 2 of this Article to make a public declaration, it should leave the declaration to the Company.
4. The so-called "day of occurrence" mentioned in these Regulations refers to days such as the day of contract signing, the day of payment, the day in which a resolution is passed by the Board of Directors, or other days deemed adequate to ascertain the endorsee and amount, whichever comes first.

#### **Article 9 Other Items of Note**

1. When the Company conducts an endorsement/guarantee case, it should be based on approved official documents from an affiliate with details properly filled out. A memorandum book must be prepared, specifying items such as items under warranty, the name of the entity endorsed, risk assessment results, the amount of endorsements/guarantees, a detailed account of collaterals secured, and the conditions and dates for relieving warranty responsibilities. Such items should be transferred to the custody of the finance department.
2. When the Company conducts an endorsement/guarantee case and there is a need to exceed the maximum amount allowed in these Regulations out of business operation needs plus such a need is consistent with conditions set forth in these Regulations, the case should be presented to the Board of Directors for approval, with the signatures of more than half of Board members vouching for potential damage to the Company for exceeding the limit. The Procedures for Endorsements and Guarantees should also be amended and presented to the shareholders' meeting for retroactive approval. In the event of objection at the shareholders' meeting, a plan should be formulated to eliminate the excessive part in a specific period of time.
3. In the event of unforeseen changes that lead to an endorsee being unable to meet requirements of these Regulations, or the endorsement amount exceeding the limit, related improvement plans should be formulated and submitted to each supervisor and independent director. In the event that the Company has established an Audit Committee, such related improvement plans should be submitted to the Audit committee, and improvement should be made in accordance with the planned time frame.
4. The Company should evaluate or recognize potential losses from endorsements/guarantees, and properly disclose endorsement/guarantee information in its financial reports. Related data should also be provided to certified public accountants for conducting necessary audits.
5. In the event the Company provides guarantee for an overseas company, the letter of guarantee issued by the Company should carry the signature of the individual authorized by the Board of Directors.

#### **Article 10 Implementation & Amendment**

After approval by the Board of Directors, these Regulations shall be provided to each supervisor and submitted to the shareholders' meeting for approval. The same rule also applies when making amendments. In the event of objection from any director with documented records or written statements, the Company should provide the objection data from the director(s) to each supervisor. Furthermore, when amendments to these

Regulations are presented to the Board of Directors for discussion, each independent director's opinion should be taken into account adequately. In the event that an independent director has any objection or reservation, it should be clearly stated in the Board of Directors meeting minutes.

In the event that the Company has set up an Audit Committee, amendments to these Regulations should be approved by more than half of the members of the Audit Committee before being submitted to the Board of Directors for approval. In the event that amendments have not been approved by more than half of the members of the Audit Committee, approval from more than two thirds of Board members is required for enforcement. The Audit Committee's resolution should also be clearly stated in the Board of Directors meeting minutes.

**Article 11** These Regulations were formulated on April 29, 2003

The first amendment was made on May 26, 2006.

The second amendment was made on June 12, 2009.

The third amendment was made on June 9, 2010.

The fourth amendment was made on June 18, 2013.

The fifth amendment was made on June 26, 2019.



INTERNATIONAL GAMES SYSTEM CO., LTD.  
Comparison Table of Procedure for Lending Funds to Other Parties

Content				Note
No	Before the Revision	No	After the Revision	
4	<p>Review Procedures: (1-3 omitted)</p> <p>4. In the event of unforeseen changes that lead to a loan recipient being unable to meet requirements of these Procedures, or the loan balance exceeding the quota, <u>related improvement plans should be formulated and submitted to each supervisor and independent director. In the event that the Company has established an Audit Committee, such related improvement plans should be submitted to the Audit committee, and improvement should be made in accordance with the planned time frame.</u></p>	4	<p>Review Procedures: (1-3 omitted)</p> <p>4. In the event of unforeseen changes that lead to a loan recipient being unable to meet requirements of these Procedures, or the loan balance exceeding the quota, related improvement plans should be submitted to the Audit committee, and improvement should be made in accordance with the planned time frame.</p>	The system of supervisors has been abolished pursuant to regulatory requirement s.
6	<p>Subsequent Control Measures for Granted Fund Loans &amp; Processing Procedures for Overdue Debts:</p> <p>1. The finance department should compile a "Fund Loan Schedule" every month for approval up the corporate hierarchy; it should also evaluate the fund loan situation and book adequate allowance for bad debts per generally recognized accounting principles. It should properly disclose related information in the financial report. Related data should also be provided to certified public accountants for conducting necessary audits.</p> <p>2. The internal audit department should audit these Procedures and the implementation status at least once per quarter, in addition to filing a written report. In the event of a material breach, it should immediately inform <u>supervisors and independent directors with written notices. In the event that the Company has set up an Audit Committee, it should also be informed</u> with a written notice.</p> <p>(3 omitted)</p>	6	<p>Subsequent Control Measures for Granted Fund Loans &amp; Processing Procedures for Overdue Debts:</p> <p>1. The finance department should compile a "Fund Loan Schedule" every month for approval up the corporate hierarchy, <u>when processing a fund loan case, parties involved should prepare a memorandum book, which should include information such as the loan recipient, the amount, the date of approval by the Board of Directors, the day of fund appropriation, items worthy of careful assessment and stipulation for future review, necessity of and justification for fund loans to others, credit check and risk evaluation on the loan recipient, the impact on the Company's operational risks, financial position and shareholders' equity, assessment as to whether or not collaterals are necessary, and appraisal of collaterals;</u> it should also evaluate the fund loan situation and book adequate allowance for bad debts per generally recognized accounting principles. It should properly disclose related information in the financial report. Related data should also be provided to certified public accountants for conducting necessary audits.</p> <p>2. The internal audit department should audit these Procedures and the implementation status at least once per quarter, in addition to filing a written report. In the event of a material breach, it should immediately inform Audit Committee with a written notice.</p> <p>(3 omitted)</p>	Review procedures have been amended and the system of supervisors has been abolished pursuant to regulatory requirements.

Content				Note
No	Before the Revision	No	After the Revision	
9	Operation of fund loans to others from a domestic subsidiary of the Company shall follow the example of the Company's regulations. With regard to an overseas subsidiary, laws of the country where the subsidiary operates shall be observed.	9	Operation of fund loans to others from a domestic subsidiary of the Company shall follow the example of the Company's regulations. With regard to an overseas subsidiary, laws of the country where the subsidiary operates shall be observed. <u>When a subsidiary of the Company plans to loan funds to others, the Company should instruct such a subsidiary to formulate its Procedures for Lending Funds to Other Parties, and abide by those Procedures for related operation.</u>	Subsidiary-related regulations has been added pursuant to regulation.
10	The Company's subsidiaries should submit detailed ledgers of refund loans in the previous month to the Company by the fifth day of each month for compilation.	10	The Company's subsidiaries should submit detailed ledgers of refund loans in the previous month to the Company by the fifth day of each month for compilation. <u>When conducting matters relating to endorsements/guarantees, the Company's managers and administrators should abide by regulations set forth in these Procedures. In the event of regulatory violation or breaches of these Procedures that result in damages to the Company, punishment shall be assessed in accordance with the Company's Employee Reward and Discipline Regulations.</u>	Procedures for handling violations have been added pursuant to regulation.
12	Implementation & Amendment After approval by the Board of Directors, these Procedures <u>shall be provided to each supervisor</u> and submitted to the shareholders' meeting for approval. The same rule also applies when making amendments. In the event of objection from any director with documented records or written statements, the Company should provide the objection data from the director(s) to <u>each supervisor. Furthermore, when amendments to these Procedures are presented to the Board of Directors for discussion, each independent director's opinion should be taken into account adequately. In the event that an independent director has any objection or reservation, it should be clearly stated in the Board of Directors meeting minutes.</u> <u>In the event that the Company has set up an Audit Committee, amendments to these Procedures should be approved by more than half of the members of the Audit Committee before being submitted to the Board of Directors for approval. In the event that amendments have not been approved by more than half of the members of the Audit Committee, approval from more than two thirds of Board members is required for enforcement. The Audit Committee's resolution should also be clearly stated in the Board of Directors meeting minutes.</u>	12	Implementation & Amendment After approval by <u>Audit Committee and</u> the Board of Directors, these Procedures and submitted to the shareholders' meeting for approval. The same rule also applies when making amendments. In the event of objection from any director with documented records or written statements, the Company should provide the objection data from the director(s) to <u>Audit Committee and and submit to the shareholders' meeting for discussion.</u> <u>Amendments to these Procedures should be approved by more than half of the members of the Audit Committee before being submitted to the Board of Directors for approval. In the event that amendments have not been approved by more than half of the members of the Audit Committee, approval from more than two thirds of Board members is required for enforcement. The Audit Committee's resolution should also be clearly stated in the Board of Directors meeting minutes.</u>	The system of supervisors has been abolished pursuant to regulatory requirement s.

Content				Note
No	Before the Revision	No	After the Revision	
13	The Procedure were formulated on April 29, 2003 The first amendment was made on May 26, 2006. The second amendment was made on June 12, 2009. The third amendment was made on June 9, 2010. The fourth amendment was made on June 18, 2013. The fifth amendment was made on June 26, 2019.	13	The Procedure were formulated on April 29, 2003 The first amendment was made on May 26, 2006. The second amendment was made on June 12, 2009. The third amendment was made on June 9, 2010. The fourth amendment was made on June 18, 2013. The fifth amendment was made on June 26, 2019. <u>The sixth amendment was made on June 28, 2023.</u>	The revision dates are included

(Translation)

**INTERNATIONAL GAMES SYSTEM CO., LTD.**  
**Procedure for Lending Funds to Other Parties (Before the Revision)**

**Article 1** Loan Recipients

With the exception of the following situations, the Company's funds shall not be loaned to shareholders or any other individuals. With respect to legal persons or organizations qualified for loans (abbreviated as borrowers hereafter), their borrowed funds shall be subject to these Procedures.

1. Companies or firms that are engaged in business dealings with each other.
2. Companies or firms that require short-term financing from each other. The amount of financing shall not exceed 40 percent of the net worth of the loan recipient company.

"Short-term" refers to the period of one year or one operating cycle (whichever is longer).

The amount of financing mentioned in Subparagraph 2, Paragraph 1 refers to the cumulative balance of the Company's short-term financing.

When overseas companies where the Company directly or indirectly possesses 100% of the voting shares are engaged in the loaning of funds with each other, they are not subject to constraints stipulated in Subparagraph 2, Paragraph 1. However, the total amount of a loan and the quota for each loan recipient should still be stipulated before the start of loan procedures. Furthermore, the duration of a loan should also be clearly designated.

**Article 2** Reasons and Necessity for Fund Loans to Others:

The Company may engage in fund loans with other companies or firms for the need of business dealings. Apart from that, fund loans necessitated by short-term financing should be limited to the following situations:

1. When the Company's business operations necessitate short-term financing with other companies or firms, on the condition that such financing aligns with the Company's interests;
2. When the Company has a stake of more than 90% in a company or has direct control over its operations, and its business operation necessitates short-term financing;

**Article 3** Total Amount of Fund Loans & Quota for Each Recipient:

1. The Company's total amount of fund loans shall not exceed 40% of the Company's net worth.
2. For companies or firms in need of short-term financing, the amount of specific fund loans between two companies or firms shall not exceed 30% of the Company's net worth.
3. For a company or firm with business dealings with the Company, the specific amount of fund loans shall not exceed the amount of business dealings between both parties. The so-called amount of business dealings refers to the amount of

goods purchased or sold (whichever is higher) between two parties. This amount shall not be exceeded.

4. Fund loans between the Company and overseas companies where the Company directly or indirectly possesses 100% of the voting shares are exempt from constraints stipulated in the previous three Subparagraphs.
5. Limits on the amount of fund loans to others from the Company's subsidiaries shall follow the example of the Company's loan standards. However, in the event that fund loans are necessary and that such loans have been approved by the Company's Board of Directors, the amount of fund loans from each subsidiary to others shall not exceed 40% of that subsidiary's net worth.
6. Net worth mentioned in these Procedures for Lending Funds to Other Parties refers to equity interests attributable to the parent company in the balance sheets, as stipulated in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Article 4 Review Procedures:**

1. When the Company conducts a fund loan, the borrower should present necessary financial documents, and the following three principles should be observed: the purpose is legitimate; there is an actual need for a fund loan; and there is no concern for the borrower's repayment. Such a fund loan shall be submitted to the General Manager for approval, before being presented to the Board of Directors' meeting for final approval.
2. After the amount of a fund loan has been authorized, the borrower should fill out and submit necessary application forms and data before applying for appropriation with the finance department. Drawdown is prohibited before the responsible person of the company grants his/her approval. In the event of objection from the Board of Directors, a deadline should be set immediately for fund recovery.
3. For fund loans between the Company and its parent company, between the Company and its subsidiary company, or between two subsidiary companies, an assessment result should be submitted to the Board of Directors for approval. The Chairman of the Board may also be authorized to appropriate the specific amount of fund loans approved by the Board of Directors in installments to the same borrower within a period of no more than one year, or the borrower may draw down the approved loan on a circular basis. The so-called specific amount shall not exceed 10% of the net worth indicated in the lending company's most recent financial statements.
4. In the event of unforeseen changes that lead to a loan recipient being unable to meet requirements of these Procedures, or the loan balance exceeding the quota, related improvement plans should be formulated and submitted to each supervisor and independent director. In the event that the Company has established an Audit Committee, such related improvement plans should be submitted to the Audit committee, and improvement should be made in accordance with the planned time frame.

#### **Article 5 Acquisition of Collaterals:**

When a borrower submits a request to draw down a loan in accordance with the afore-mentioned regulations, the finance department should demand the borrower to

provide proper guaranteed bills or collaterals as warranty for the fund loan. With respect to the aforementioned debt warranty, if the debtor can provide a credible individual or company as guarantee and an alternative to collaterals, the Board of Directors may take into account the finance department's credit investigation report. In the event that a borrower provides a company as guarantee, it is also required to produce proof that the particular company's articles of incorporation include provisions allowing it to act as a guarantor. In the event that a situation arises as in Article 2, Paragraph 2, warranty may be waived.

**Article 6** Subsequent Control Measures for Granted Fund Loans & Processing Procedures for Overdue Debts:

1. The finance department should compile a "Fund Loan Schedule" every month for approval up the corporate hierarchy; it should also evaluate the fund loan situation and book adequate allowance for bad debts per generally recognized accounting principles. It should properly disclose related information in the financial report. Related data should also be provided to certified public accountants for conducting necessary audits.
2. The internal audit department should audit these Procedures and the implementation status at least once per quarter, in addition to filing a written report. In the event of a material breach, it should immediately inform supervisors and independent directors with written notices. In the event that the Company has set up an Audit Committee, it should also be informed with a written notice.
3. In the event that a debt has become overdue and that the creditor's rights still could not be retrieved after demand for repayment has been made, the process of debt collection should be set in motion immediately through legal channels to secure the Company's interests.

**Article 7** Financing Duration:

Duration for the Company's financing cases shall be decided by the Board of Directors based on each loan recipient's situation and the proposed amount. It should also be clearly stated in the "Board of Directors meeting minutes". Repayment duration should also be clearly stated in a fund loan agreement.

Duration for the Company's fund loans shall not exceed one year. In the event there is a need to go beyond one year, approval from the Board of Directors is necessary before an extension is granted.

**Article 8** Methods of Interest Charging:

Floating interest rates shall apply to fund loans. These interest rates should be flexibly adjusted in line with the Company's cost of capital. In the event of an interest rate adjustment, a request should be submitted by the finance department to the General Manager for approval. Interest that should be collected shall be settled on a monthly basis.

**Article 9** Operation of fund loans to others from a domestic subsidiary of the Company shall follow the example of the Company's regulations. With regard to an overseas subsidiary, laws of the country where the subsidiary operates shall be observed.

**Article 10** The Company's subsidiaries should submit detailed ledgers of refund loans in the previous month to the Company by the fifth day of each month for compilation.

**Article 11** Announcement & Declaration Procedures:

1. The Company should announce and declare its balance of fund loans in the previous month as well as that of its subsidiaries by the 10th day of each month.
2. When the Company's fund loan reaches any one of the following standards, it should make a public declaration within two days from the day of occurrence:
  - A. Balance of the Company's fund loans to others and that of its subsidiaries has exceeded 20% of the net worth indicated in the Company's most recent financial statements.
  - B. Balance of the Company's fund loans to one specific company and that of its subsidiaries has exceeded 10% of the net worth indicated in the Company's most recent financial statements.
  - C. The amount of the Company's newly added fund loans or that of its subsidiary has exceeded NTD10 million and 2% of the net worth indicated in the Company's most recent financial statements.
3. In the event that a subsidiary of the Company is not a publicly listed company in Taiwan, and that such a subsidiary is required by Paragraph 2 of this Article to make a public declaration, it should leave the declaration to the Company.
4. The so-called "day of occurrence" mentioned in these Procedures refers to days such as the day of contract signing, the day of payment, the day in which a resolution is passed by the Board of Directors, or other days deemed adequate to ascertain the loan recipient and amount, whichever comes first.

**Article 12** Implementation & Amendment

After approval by the Board of Directors, these Procedures shall be provided to each supervisor and submitted to the shareholders' meeting for approval. The same rule also applies when making amendments. In the event of objection from any director with documented records or written statements, the Company should provide the objection data from the director(s) to each supervisor. Furthermore, when amendments to these Procedures are presented to the Board of Directors for discussion, each independent director's opinion should be taken into account adequately. In the event that an independent director has any objection or reservation, it should be clearly stated in the Board of Directors meeting minutes.

In the event that the Company has set up an Audit Committee, amendments to these Procedures should be approved by more than half of the members of the Audit Committee before being submitted to the Board of Directors for approval. In the event that amendments have not been approved by more than half of the members of the Audit Committee, approval from more than two thirds of Board members is required for enforcement. The Audit Committee's resolution should also be clearly stated in the Board of Directors meeting minutes.

**Article 13** The Procedure were formulated on April 29, 2003

The first amendment was made on May 26, 2006.

The second amendment was made on June 12, 2009.

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INTERNATIONAL GAMES SYSTEM CO., LTD.  
Comparison Table of Rules and Procedures of Shareholders' Meeting

Content				Note
No	Before the Revision	No	After the Revision	
3	<p>Unless otherwise provided by law or regulation, the company's shareholders meetings shall be convened by the board of directors.</p> <p>The "shareholders" referred to in these rules refer to the shareholders themselves and their agents.</p> <p>The company shall prepare electronic versions of the shareholders meeting notice and the origins of and explanatory materials relating to all proposals, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting.</p> <p>The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.</p>	3	<p>Unless otherwise provided by law or regulation, the company's shareholders meetings shall be convened by the board of directors.</p> <p><u>Changes to how the company convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.</u></p> <p>The "shareholders" referred to in these rules refer to the shareholders themselves and their agents.</p> <p>The company shall prepare electronic versions of the shareholders meeting notice and the origins of and explanatory materials relating to all proposals, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting.</p> <p><u>Before 15 days before the date of the shareholders meeting, the company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the company and the professional shareholder services agent designated thereby.</u></p> <p><u>The company shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:</u></p> <p><u>1. For physical shareholders meetings, to be distributed on-site at the meeting.</u></p> <p><u>2. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.</u></p> <p><u>3. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.</u></p> <p>The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.</p>	<p>1. The change in the manner of holding shareholders' meetings shall be resolved by the Board of Directors in accordance with the law.</p> <p>2. The manner in which the physical shareholders' meeting or virtual-only shareholders' meeting provides information to the shareholders on the date of the shareholders' meeting is added in accordance with the law.</p>



Content				Note
No	Before the Revision	No	After the Revision	
4	<p>For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the company and stating the scope of the proxy's authorization. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the company before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.</p> <p>After a proxy form has been delivered to the company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</p>	4	<p>For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the company and stating the scope of the proxy's authorization. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the company before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.</p> <p>After a proxy form has been delivered to the company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</p> <p><u>If, after a proxy form is delivered to the company, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to the company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</u></p>	<p>The manner in which a proxy form is delivered to the company, a shareholder wishes to attend the shareholders meeting online is added in accordance with the law.</p>
5	<p>The venue for a shareholders meeting shall be the premises of the company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.</p>	5	<p>The venue for a shareholders meeting shall be the premises of the company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.</p> <p><u>The restrictions on the place of the meeting shall not apply when the company convenes a virtual-only shareholders meeting.</u></p>	<p>The second item is added in accordance with the law, which stipulates that when the Company holds a virtual-only shareholders' meeting, there is no restriction on the location of the meeting.</p>

Content				Note
No	Before the Revision	No	After the Revision	
6	<p>The company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.</p> <p>Shareholders <u>and their proxies (collectively, "shareholders")</u> shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification. This shareholders meeting shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.</p>	6	<p>The company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations <u>for shareholders, solicitors and proxies (collectively "shareholders")</u> will be accepted, the place to register for attendance, and other matters for attention.</p> <p><u>The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.</u></p> <p>Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification. This shareholders meeting shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.</p> <p><u>In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with the company two days before the meeting date.</u></p> <p><u>In the event of a virtual shareholders meeting, the company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</u></p>	<p>1. Addition to the definition of shareholders in accordance with the law.</p> <p>2. Specify the time and procedures for shareholders to attend the shareholders' meeting.</p> <p>3. Specify the time for shareholders to register with the Company and the requirements for the Company to upload relevant information if the shareholders' meeting is held virtually.</p>

Content				Note
No	Before the Revision	No	After the Revision	
		6-1	<p><u>To convene a virtual shareholders meeting, the company shall include the follow particulars in the shareholders meeting notice:</u></p> <p><u>1. How shareholders attend the virtual meeting and exercise their rights.</u></p> <p><u>2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:</u></p> <p><u>A. To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.</u></p> <p><u>B. Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.</u></p> <p><u>C. In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.</u></p> <p><u>D. Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.</u></p> <p><u>3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.</u></p>	<p>This article is newly added that stipulates the company shall include the follow particulars in the shareholders meeting notice when convene a virtual meetings and shall specify alternative measures to shareholders with difficulties in attending a virtual shareholders meeting.</p>

Content				Note
No	Before the Revision	No	After the Revision	
8	The company, shall make an uninterrupted audio and video recording of the shareholders meeting, and shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.	8	<p>The company, shall make an uninterrupted audio and video recording of the shareholders meeting, and shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.</p> <p><u>Where a shareholders meeting is held online, the company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.</u></p> <p><u>The information and audio and video recording in the preceding paragraph shall be properly kept by the company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.</u></p> <p><u>In case of a virtual shareholders meeting, the company is advised to audio and video record the back-end operation interface of the virtual meeting platform.</u></p>	The Company shall record the entire virtual shareholders meeting continuously and provide the relevant provisions to the person entrusted with the conference for retention.

Content				Note
No	Before the Revision	No	After the Revision	
9	<p>Attendance at shareholders meetings shall be calculated based on numbers of shares.</p> <p>The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.</p> <p>Chairman shall call the Meeting to order at the time scheduled for the Meeting, the number of shares without voting rights and number of shares in attendance shall also be announced. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.</p> <p>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.</p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</p>	9	<p>Attendance at shareholders meetings shall be calculated based on numbers of shares.</p> <p>The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, <u>and the shares checked in on the virtual meeting platform,</u> plus the number of shares whose voting rights are exercised by correspondence or electronically.</p> <p>Chairman shall call the Meeting to order at the time scheduled for the Meeting, the number of shares without voting rights and number of shares in attendance shall also be announced. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. <u>In the event of a virtual shareholders meeting, the company shall also declare the meeting adjourned at the virtual meeting platform.</u></p> <p>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. <u>In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to the company in accordance with Article 6.</u></p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</p>	<p>The number of shares present shall be counted when the shareholders' meeting is held virtually, and in the event that the Chairman announces that the meeting is adjourned or the Company resolves to convene a separate shareholders' meeting, the shareholders shall be required to attend the meeting virtually.</p>

Content				Note
No	Before the Revision	No	After the Revision	
11	<p>Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.</p> <p>A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.</p> <p>Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.</p> <p>When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.</p> <p>After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.</p>	11	<p>Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.</p> <p>A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.</p> <p>Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.</p> <p>When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.</p> <p>After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.</p> <p><u>Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.</u></p> <p><u>As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.</u></p>	<p>The method, procedure and restrictions for shareholders who participate in the shareholders' meeting via virtual conference are clearly stipulated by law.</p>

Content				Note
No	Before the Revision	No	After the Revision	
13	<p>(Omitted)</p> <p>After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.</p> <p>(Omitted)</p>	13	<p>(Omitted)</p> <p>After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person <u>or online</u>, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.</p> <p>(Omitted)</p> <p><u>When the company convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.</u></p> <p><u>In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.</u></p> <p><u>When the company convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.</u></p> <p><u>When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.</u></p>	<p>1. The Law specifies the revocation of a shareholder's right to vote after exercising his or her voting rights in writing or electronically and the revocation of his or her right to vote if he or she does not revoke his or her expression of interest.</p> <p>2. In the event that a shareholders' meeting is held by virtual conference, the voting time and one-time vote counting operation for shareholders participating by virtual shall be changed to the requirement of attending the physical shareholders' meeting in person if the meeting is hybrid shareholders meeting.</p>

Content				Note
No	Before the Revision	No	After the Revision	
15	<p>Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.</p> <p>The company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.</p> <p>The minutes must detail the date and venue of the meeting, the chairperson's name, the method of resolution, the proceeding and results of various meeting agenda items (including number of votes). Where an election of directors was held, the number of votes received by each candidate shall be disclosed. These minutes must be retained for as long as the company is in existence.</p>	15	<p>Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.</p> <p>The company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.</p> <p>The minutes must detail the date and venue of the meeting, the chairperson's name, the method of resolution, the proceeding and results of various meeting agenda items (including number of votes). Where an election of directors was held, the number of votes received by each candidate shall be disclosed. These minutes must be retained for as long as the company is in existence.</p> <p><u>Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.</u></p> <p><u>When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, the company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online.</u></p>	<p>The minutes of the meeting shall record the relevant matters and provide appropriate alternative measures for shareholders who have difficulties in participating in the shareholders' meeting by virtual in accordance with the law.</p>



Content				Note
No	Before the Revision	No	After the Revision	
16	On the day of a shareholders meeting, the company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.	16	On the day of a shareholders meeting, the company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies, <u>and the number of shares represented by shareholders attending the meeting by correspondence or electronic means,</u> and shall make an express disclosure of the same at the place of the shareholders meeting. <u>In the event a virtual shareholders meeting, the company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</u> <u>During the company's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.</u> <u>If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange Market) regulations, the company shall upload the content of such resolution to the MOPS within the prescribed time period.</u>	The number of shares attended and the number of shares attended by virtual shareholders meeting shall be uploaded and disclosed in accordance with the Law.
		19	<u>In the event of a virtual shareholders meeting, the company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.</u>	This article is newly added that stipulates disclosure of information at virtual meetings.
		20	<u>When the company convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.</u>	This article is newly added, stipulates location of the chair and secretary of virtual-only shareholders meeting.
		21	<u>In the event of a virtual shareholders meeting, the company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.</u> <u>In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20,</u>	This article is newly added, stipulates the handling of disconnection in virtual-only shareholders' meetings.

Content				Note
No	Before the Revision	No	After the Revision	
			<p>paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.</p> <p>For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.</p> <p>For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.</p> <p>During a postponed or resumed session of a shareholders meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.</p> <p>When the company convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.</p> <p>Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.</p>	

Content				Note
No	Before the Revision	No	After the Revision	
			<p><u>When postponing or resuming a meeting according to the second paragraph, the company shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.</u></p> <p><u>For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the company shall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.</u></p>	
		<u>22</u>	<p><u>When convening a virtual-only shareholders meeting, the company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.</u></p>	This article is newly added, stipulates the handling of digital gaps in virtual-only shareholders' meetings.
19	<p>These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.</p> <p>These Rules and Procedures were adopted on May 29, 2003.</p> <p>The second amendment was made on June 8, 2012.</p> <p>The third amendment was made on June 27, 2017.</p> <p>The fourth amendment was made on July 28, 2021.</p>	<u>23</u>	<p>These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.</p> <p>These Rules and Procedures were adopted on May 29, 2003.</p> <p>The second amendment was made on June 8, 2012.</p> <p>The third amendment was made on June 27, 2017.</p> <p>The fourth amendment was made on July 28, 2021.</p> <p>The fifth amendment was made on June 28, 2023.</p>	The revision dates are included

(Translation)

**Articles of Incorporation**  
**of**  
**International Games System Co., Ltd. (Before the Revision)**  
**Section I - General Provisions**

**Article 1**

The Corporation shall be incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name shall be 鈇象電子股份有限公司 in the Chinese language, and INTERNATIONAL GAMES SYSTEM CO., LTD. in the English language.

**Article 2**

The scope of business of the Corporation shall be as follows

1. CH01040 Toys Manufacturing
2. F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
3. F209060 Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
4. CC01110 Computers and Computing Peripheral Equipments Manufacturing
5. F113050 Wholesale of Computing and Business Machinery Equipment
6. F213030 Retail sale of Computing and Business Machinery Equipment
7. I301010 Software Design Services
8. F118010 Wholesale of Computer Software
9. F218010 Retail Sale of Computer Software
10. I301030 Digital Information Supply Services
11. CC01080 Electronic Parts and Components Manufacturing
12. F119010 Wholesale of Electronic Materials
13. F219010 Retail Sale of Electronic Materials
14. F601010 Intellectual Property
15. I301020 Data Processing Services
16. J305010 Audio Tape and Record Publishers
17. I401010 General Advertising Services
18. J399010 Software Publication
19. F401010 International Trade
20. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

**Article 3**

The Corporation shall have its head office in New Taipei City, Taiwan, Republic of China, and shall be free, upon the resolutions of Board of Directors to set up branch offices in Republic of China and abroad wherever and whenever the Corporation deems it necessary or advisable to carry out any or all of its activities.

**Article 4**

The Company may provide guarantees that are necessary for business in accordance with the Endorsement and Guarantee Regulations.

## **Article 5**

The Company may invest in domestic and foreign companies to become limited liability corporate shareholders after gaining approval from the Board of Directors. The limit on the investment amount shall be in accordance with the Company's "Procedures for the Acquisition or Disposal of Assets." Unless otherwise stipulated by the law, the limit of 40% of paid-in capital set forth in Article 13 of the Company Act does not apply to the Company.

## **Section II - Capital Stock**

### **Article 6**

The total capital stock of the Corporation shall be in the amount of 2,000,000,000 New Taiwan Dollars, divided into 200,000,000 shares, all common stock, at ten New Taiwan Dollars each. The Board of directors is authorized to issue the unissued shares in installments as required. Three million shares are retained for the issuance of employee stock options, which may be issued in installments (including to employees of parent or subsidiary companies that meet certain conditions, which are to be prescribed by the Board of Directors).

### **Article 7**

The Corporation may issue shares without printing share certificate(s), but shares issued shall be registered with a securities depository enterprise.

### **Article 8**

Registration for transfer of shares shall be suspended 60 days immediately before the date of regular meeting of shareholders, and 30 days immediately before the date of any special meeting of shareholders, or within 5 days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Corporation.

### **Article 9**

All stock transaction conducted by shareholders of the Corporation shall follow the "Guidelines for Stock Operations for Public Companies".

## **Section III - Shareholders' meetings**

### **Article 10**

Shareholders' meetings of the Corporation are of two types, namely: (1) regular meetings and (2) special meetings. Regular meetings shall be convened at least once a year, and within 6 months after the close of each fiscal year. Special meetings shall be convened in accordance with applicable laws and regulations whenever necessary.

The Company shareholders' meeting may be held by video conference or by other means promulgated by the central competent authority. With regard to related prerequisites, operating procedures, and other matters to be complied with, the Company will follow the provisions otherwise stipulated by the competent authority.

### **Article 11**

If a shareholder is unable to attend a meeting, he/she may appoint a proxy to attend it by using the proxy form issued by the Company and specifying the scope of proxy. Shareholder attendance by proxy shall be subject to the Company Law and also to the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies issued by the competent authority.

### **Article 12**

Each share of stock shall be entitled to one vote, but there is no voting power for situations stipulated under Article 179, Item 2 of Company Act.

### **Article 13**

Except as provided in the Company Law of the Republic of China, shareholders' meetings may be held if attended by shareholders more than one half of the total issued and outstanding capital stock of the Corporation and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting.

The resolutions of the shareholders' meeting shall be recorded in the minutes, such minutes shall be signed by or sealed with the chop of the chairman and minutes taker of the meeting, and its distribution may be via an announcement.

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

### **Article 14**

The Company sets up 7-11 directors for a term of three years. The shareholders' meeting will elect and appoint competent persons to act on the positions, and all directors shall be eligible for re-election.

The total shareholding ratio of all directors of the company is in accordance with the regulations of the securities authority

The Company shall obtain liability insurance for the scope of duties of directors during their term of office, provided that they do not violate government laws and corporate governance principles.

#### **Article 14-1**

When electing directors during the Company's shareholders' meeting, each share shall be empowered with voting rights equal to the number of directors to be elected. These voting rights may be concentrated on one candidate or spread across a number of candidates (limited to the number of individuals to be elected). Candidates with the highest number of votes shall be elected as a director.

#### **Article 14-2**

The Company adopts the candidate nomination system for the election of directors, and the nomination method shall be in accordance with Articles 192-1.

#### **Article 14-3**

Among the number of director seats specified in Article 14, the number of independent directors shall not be fewer than 3 and shall not be less than one fifth of all director seats.

The election of independent directors and the election of non-independent directors shall be conducted at the same time, and the number of winners calculated separately.

With respect to professional qualifications, shareholdings, restrictions on taking part-time jobs, nomination, election/appointment and other compliance-related requirements for independent directors, the Company shall follow the relevant regulations announced by the competent authority of the securities industry.

#### **Article 14-4**

The Company establishes an Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act, the Audit Committee shall be formed by all independent directors, who shall exercise their authority and responsibilities in accordance with related laws and regulations.

### **Article 15**

The Board of Directors shall convene an extraordinary shareholders' meeting within 60 days to hold a by-election once one third of all director seats is vacant, and the term of the newly elected directors shall be limited to the remaining of the original directors' term.

## **Article 16**

The board of directors shall consist of the directors of the company, and the chairman of the board of directors shall be elected from among the directors by a majority of directors in attendance at a meeting attended by at least two-thirds of the directors. The chairman of the board of directors shall represent the Company in external matters.

## **Article 17**

Board meetings shall be convened at least quarterly. The first meeting of a newly-elected Board of Directors shall be convened by the director who received the highest number of votes during the shareholders' meeting. All other Board meetings shall be convened by the chairperson.

In case the chairman of the board of directors is on leave or absent or can not exercise his power and authority for any cause, the vice chairman shall act on his behalf. In case there is no vice chairman, or the vice chairman is also on leave or absent or unable to exercise his power and authority for any cause, the chairman of the board of directors shall designate one of the directors to act on his behalf. In the absence of such a designation, the directors shall elect from among themselves an acting chairman of the board of directors.

In calling a meeting of the board of directors, a notice shall set forth therein the subject(s) to be discussed at the meeting, a notice shall be given to each director within the period specified by the company law and the securities authority, but in the case of emergency, a meeting of the board of directors may be convened at any time.

The directors meeting notice shall be made in writing, by facsimile, or by e-mail.

## **Article 18**

Directors shall attend meetings of the board of directors in person. If a director is unavailable to attend a meeting in person, the director may appoint a proxy for the given meeting specifying the scope of the authorized powers to authorize another director to attend the meeting on the director's behalf, provided that a director may represent only one other director at a meeting.

## **Article 19**

Resolutions of the Board of Directors shall be compiled into detailed minutes, and signed or sealed by the chairperson then distributed to each director no later than 20 days after the meeting.

## **Article 20**

The Board of Directors is formed by directors, unless otherwise stipulated in the Company Act, the Board's authority and responsibilities are as follows:

1. Formulate the Articles of Incorporation.
2. Decide on management guidelines.
3. Review budgets and final reports.
4. Appoint and dismiss important employees.
5. Propose concerning appropriation of net profits or covering of losses.
6. Formulate and approve the purchase and disposal of important assets and real estate.
7. Review and approve the establishment, withdrawal, restructuring, or dissolution of subsidiaries or branches.
8. Other duties in accordance with Company Act or given by the resolution of shareholders' meeting.

## **Article 21**

Transportation allowance for all directors shall be determined by the Board of Directors. Transportation allowance shall be paid according to industry standards regardless of whether the Company is profitable or not.

## **Article 21-1**

The Board of Directors is authorized to determine the remuneration of the chairperson and directors based on the participation in the Company's operations, value of contributions, and industry standards. Remuneration shall be paid regardless of whether the Company is profitable or not.

### **Section V - Managerial Officers**

## **Article 22**

The Company may have managerial officers, whose appointment, dismissal, and compensation shall be handled in accordance with Article 29 of the Company Act.

### **Section VI - Accounting**

## **Article 23**

At the end of each fiscal year, the Board of Directors shall compile the following reports and statements, which shall be submitted to the Audit Committee for review at least 30 days before the annual general meeting, and further submitted to the annual general meeting for acknowledgment.

1. Business Report
2. Financial Statements
3. Proposal Concerning the Distribution of Earnings or Covering of Losses.

## **Article 24**

If the Company makes a profit for the year (profit means profit before tax and before distribution of compensation to employees and directors), it shall allocate 3%-20% as employee compensation and no more than 3% as compensation of directors. However, an amount shall be set aside in advance to offset cumulative losses (including adjustment to amount of undistributed earnings), if any.

Employee compensation may be distributed in stocks or cash, which compensation of directors may only be distributed in cash.

The preceding two paragraphs require the approval of the Board of Directors and shall be reported to the shareholders' meeting.

Employees of the parent company or subsidiaries who meet certain criteria may be eligible for employee compensation, treasure stocks redeemed for issuance to employees, employee subscription to new shares, and restricted stock awards.

## **Article 25**

If the Company's final report shows a net profit after tax (includes adjustment to the amount of undistributed earnings), the Company shall first offset cumulative losses, and then allocate 10% of the remaining amount as legal reserve. However, this is not required if the amount of legal reserve has reached the Company's paid-in capital. A special reserve shall then be allocated or reversed in accordance with the law or regulations of the competent authority. The Board of Directors shall propose a dividend distribution for any remaining amount along with undistributed earnings at the beginning of the period, and submit the proposal to the shareholders' meeting for resolution on distribution of shareholders dividends.

The Company's dividend policy is formulated in coordination with current and future development plans, takes into consideration the investment environment, funding requirements, domestic and international competition, as well as shareholders' interests. No less than 10% of distributable earnings each year shall be allocated as shareholders dividends. However, dividends do not need to be distributed if distributable earnings are lower than 90% of paid-in capital. Dividends may



be distributed to shareholders in cash or stock, in which cash dividends may not be lower than 20% of all dividends. However, the type and percentage of earnings distribution may be adjusted by resolution of the shareholders' meeting based on actual profits and funds that year.

When the Company allocates special reserve as required by law, if the allocation for “cumulative amount of net increase in fair value of investment properties in a preceding period(s)” and “cumulative amount of net decrease in other equity in a preceding period(s)” is insufficient, the Company shall allocate an equal amount of special reserve from undistributed earnings for the preceding period before distributing earnings. If there remains any insufficiency, the Company shall allocate it from the amount of current period’s after-tax net income, plus profit items other than current period’s after-tax net income, that are included in the current period’s undistributed earnings.

## **Article 26**

In regard to all matters not provided for in these Articles of Incorporation, the Company Act of the Republic of China shall govern.

## **Article 27**

These Articles of Incorporation were adopted on November 4, 1989.

The first amendment was made on June 2, 1990.

The second amendment was made on February 26, 1991.

The third amendment was made on March 19, 1991.

The fourth amendment was made on March 28, 1991.

The fifth amendment was made on October 24, 1991.

The sixth amendment was made on November 20, 1991.

The seventh amendment was made on April 8, 1993.

The eighth amendment was made on July 12, 1993.

The ninth amendment was made on October 14, 1994.

The 10th amendment was made on November 2, 1995.

The 11th amendment was made on November 15, 1996.

The 12th amendment was made on June 28, 1997.

The 13th amendment was made on November 4, 1999.

The 14th amendment was made on November 6, 2000.

The 15th amendment was made on May 10, 2002.

The 16th amendment was made on June 24, 2002.

The 17th amendment was made on May 29, 2003.

The 18th amendment was made on October 16, 2003.

The 19th amendment was made on May 31, 2004.

The 20th amendment was made on June 17, 2005.

The 21st amendment was made on April 26, 2006.

The 22th amendment was made on May 26, 2006.

The 23th amendment was made on May 30, 2007.

The 24th amendment was made on June 13, 2008.

The 25th amendment was made on June 12, 2009.

The 26th amendment was made on June 9, 2010.

The 27th amendment was made on June 8, 2012.

The 28th amendment was made on June 28, 2016.

The 29th amendment was made on June 27, 2017.

The 30th amendment was made on June 26, 2018.  
The 31th amendment was made on June 26, 2019.  
The 32th amendment was made on July 28, 2021.  
The 33th amendment was made on June 27, 2022.

## **INTERNATIONAL GAMES SYSTEM CO., LTD.**

### **Rules and Procedures of Shareholders' Meeting (Before the Revision)**

#### **Article 1**

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

#### **Article 2**

The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

#### **Article 3**

Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.

The "shareholders" referred to in these rules refer to the shareholders themselves and their agents. °

This Corporation shall prepare electronic versions of the shareholders meeting notice and the origins of and explanatory materials relating to all proposals, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. °

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

#### **Article 4**

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

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

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

#### **Article 5**

The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

#### **Article 6**

This Corporation shall specify in its shareholders meeting notices the time during which

shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

This shareholders meeting shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

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

#### **Article 7**

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person. °

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting.

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

#### **Article 8**

This Corporation, shall make an uninterrupted audio and video recording of the shareholders meeting, and shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

#### **Article 9**

Attendance at shareholders meetings shall be calculated based on numbers of shares.

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

Chairman shall call the Meeting to order at the time scheduled for the Meeting, the number of shares without voting rights and number of shares in attendance shall also be announced. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

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

be convened within one month.

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

#### **Article 10**

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Voting by poll shall be adopted for all agenda items (including extraordinary motions and amendments to original agenda items). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting; if the chairperson dismisses the meeting in violation of the Rules of Procedure, other Board members shall immediately assist the attending shareholders to elect another chairperson with more than half of voting rights represented by the attending shareholders, and continue the meeting.

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

The shareholders cannot designate any other person as chairman and continue the Meeting in the same or other place after the Meeting is adjourned.

#### **Article 11**

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

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

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

#### **Article 12**

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

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

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

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

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

### **Article 13**

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

When this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

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

Except otherwise specified in the Company Law or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. After the chairperson or designated person announces the total number of votes in attendance, the shareholders shall separately vote on each agenda item, and the number of votes in approval, against, and abstentions must be entered in the MOPS on the same day after the shareholders' meeting ends. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the chairman.

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

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

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

#### **Article 14**

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

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

#### **Article 15**

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

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

The minutes must detail the date and venue of the meeting, the chairperson's name, the method of resolution, the proceeding and results of various meeting agenda items (including number of votes). Where an election of directors was held, the number of votes received by each candidate shall be disclosed. These minutes must be retained for as long as the company is in existence.

#### **Article 16**

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

#### **Article 17**

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

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

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

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

#### **Article 18**

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

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

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

**Article 19**

These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

These Rules and Procedures were adopted on May 29, 2003.

The second amendment was made on June 8, 2012.

The third amendment was made on June 27, 2017.

The fourth amendment was made on July 28, 2021.



## Appendix 3

### Shareholdings of All Directors

1. The minimum shareholding ratio of individual and all directors according to the shareholder register as of April 30, 2023 is as follows:

- I. The minimum combined shareholding of all directors required by law: 8,454,047 shares [Minimum 140,900,780 shares  $\times$  7.5%  $\times$  80%]
- II. The Company had a total of 140,900,780 shares as of April 30, 2023.

Note: According to regulations, where the paid-in capital of the company is more than NT\$1 billion but NT\$2 billion or less, the total registered shares owned by all directors shall not be less than 7.5 percent of the total issued shares. The shareholdings of independent directors elected by a public company shall not be counted in the total referred to in the preceding paragraph; if a public company has elected two or more independent directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all directors other than the independent directors and shall be decreased by 20 percent.

2. Number of shares held by directors as of the record date: April 30, 2023 (Book Closure Date)

Position	Name	Date elected	Term in office	Shareholding while elected		Current shareholding as of book closure date	
				Shares	%	Shares	%
Chairman	Ko-Chu Lee	2021.07.28	3	4,534,921 (include 2,500,000 shares into trust)	6.44%	6,569,842 (include 2,500,000 shares into trust)	4.66%
Director	Paul Chiang	2021.07.28	3	5,290,274 (include 2,000,000 shares into trust)	7.51%	8,580,548 (include 2,000,000 shares into trust)	6.09%
Director	A. C. Chen	2021.07.28	3	1,900,682 (include 1,200,000 shares into trust)	2.70%	3,401,364 (include 800,000 shares into trust)	2.41%
Director	Ching-An Yang	2021.07.28	3	80,327	0.11%	160,654	0.11%
Director	Peter Hsu	2021.07.28	3	9,169	0.01%	18,338	0.01%
Director	Tsan-Hua Wang	2021.07.28	3	320,000	0.45%	403,000 (include 79,000 shares into trust)	0.29%
Independent Director	Michael Chu	2021.07.28	3	0	0	0	0
Independent Director	W. K. Tai	2021.07.28	3	0	0	0	0
Independent Director	Chun-Cheng Shi	2021.07.28	3	0	0	0	0
Total				12,135,373	17.22%	19,133,746	13.57%

3. Based on the analysis in the table above, the shareholding by the Company's directors meets the minimum shareholding required by law.