

DAVICOM Semiconductor, Inc.

Year 2018

Annual Shareholders' Meeting Minutes

Time: 9:00 a.m., May 28, 2018 (Monday)

Venue: Auditorium, DAVICOM Semiconductor, Inc.
(3F., No.6, Li-Hsin Rd.6, Science Park, Hsinchu, Taiwan)

The number of shares of attendance:

Attending shareholders and proxy represented 48,322,243 shares, accounting for 57.08% of the Company's total outstanding shares.

(The Company's total outstanding shares: 84,655,089 shares.)

Chairman: Mr. Ting Hao

Recorder: Ms. Chu-Mei, Lin

Others present:

Independent Director Wen-Hui Wan, Independent Director Ting-Hsin Li,
Independent Director Yung-Teng Lin, Director Nien-Tai Chen,
Director Cheng- Feng Chiu, PWC CPA Se-Kai Lin

1. Call Meeting to Order:

The aggregate shareholding of the shareholders present constituted a quorum.
The Chairman called the meeting to order.

2. Chairman's Address: Omitted.

3. Report Items

1. To report the business of 2017 and operating plan of 2018

Explanatory Notes: Please refer to the Chinese version on Page 5-6.
[詳見中文版第 5-6 頁] <http://www.davicom.com.tw/pdf/ir/irsbp4s03dl2.pdf>

2. Audit Committee's review report of 2017

Explanatory Notes: Please refer to the Chinese version on Page 7.
[詳見中文版第 7 頁] <http://www.davicom.com.tw/pdf/ir/irsbp4s03dl2.pdf>

Refer to the contents of 2018 Davicom Annual Report, the shareholder 63139 raised the questions. (Responses by the Chairman)

3. To report 2017 employees' profit sharing bonus and directors' compensation

Explanatory Notes:

(1) The pre-tax profits of 2017 is NT\$65,945,249 and according to the Company's Articles of Incorporation, the Board has adopted a proposal for distribution of 2017 profit as follows: directors' compensation is NT\$1,318,905 and the profit to employees is NT\$ 5,621,249; both shall be paid in cash.

(2) The implementation of the distribution will be conducted after being approved by the shareholders' meeting.

4. To report the proposal for issuance of 2017 Restricted Stock Awards ("RSA")

Explanatory Notes:

Based on the resolution of shareholders meeting on 2017/05/26, the Company will issue total 2,000,000 shares of restricted employee shares. The Company has reported to Financial Supervisory Commission R.O.C.(Financial-Supervisory-Securities Document No.1060029187) and this proposal has been approved since 2017/08/08. Till now, there are 1,400,000 restricted employee shares have been issued.

4. Approval and Discussion Item

Proposal 1

Proposed by the Board of Directors

Subject: **To accept 2017 Business Report and Financial Statements**

Explanatory Notes:

(1) DAVICOM's 2017 Business Report, Financial Statements, including Balance Sheets, Statement of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows, were audited by independent auditors, Ms. Hsiao, Chin-Mu and Mr. Hsiao Chun-Yuan, of PricewaterhouseCoopers Taiwan.

(2) 2017 Business Report, Independent Auditors' Report, and the aforementioned Financial Statements are attached hereto as Attachments.

<http://www.davicom.com.tw/pdf/ir/irsbp4s03dl2.pdf> [詳見中文版附件]

Resolution: The result is as follows:

Affirmative votes: 47,992,429; represented 99.32% of 48,322,243 shares cast by the shareholders present at the time of voting.

Dissenting votes: 709; represented 0.00% of 48,322,243 shares cast by the shareholders present at the time of voting.

Abstaining votes: 329,105; represented 0.68% of 48,322,243 shares cast by the shareholders present at the time of voting.

It was resolved that the above proposal be approved as proposed.

Proposal 2

Proposed by the Board of Directors

Subject: **To approve the proposal for distribution of 2017 earnings**

Explanatory Notes:

- (1) 2017 net profit after tax is NT\$ 52,327,400. To make up the actuarial loss of the pension and to allocate 10% of the statutory surplus reserve, the proposed dividend to shareholders is NT\$45,713,748. Each shareholder will be entitled to receive a cash dividend of NT\$0.54 per share.
- (2) In the event of any change in the number of outstanding shares resulting from executing employee stock options or converting treasury stock to its employees, the dividend ratio must be adjusted. It is proposed to fully authorize the Chairman of Board of Directors of DAVICOM to adjust the dividend ratio and to proceed on the relevant matters.
- (3) Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date and other relevant issues.
- (4) Please refer to the 2017 Profit Distribution Table below:

DAVICOM
PROFIT DISTRIBUTION TABLE
Year 2017

Items	Total (NTD)
Beginning unappropriated retained earnings	\$ 99,956
<i>Less:</i> retained earnings---Actuarial present value of promised retirement benefits	(1,393,988)
<i>Add:</i> net profit after tax of 2017	52,327,400
Distributable net profit	51,033,368
<i>Less:</i>	
10% legal reserve	(5,103,337)
Distributable items:	
Dividend to shareholders--- NT\$0.54 per share	(45,713,748)
Unappropriated retained earnings	\$ 216,283

Chairman: Hao Ting President: Chen Nien Tai Accounting Supervisor: Chiu Kuei Feng

Resolution: The result is as follows:

Affirmative votes: 47,992,429; represented 99.32% of 48,322,243 shares cast by the shareholders present at the time of voting.

Dissenting votes: 710; represented 0.00% of 48,322,243 shares cast by the shareholders present at the time of voting.

Abstaining votes: 329,104; represented 0.68% of 48,322,243 shares cast by the shareholders present at the time of voting.

It was resolved that the above proposal be approved as proposed.

Proposal 3

Proposed by the Board of Directors

Subject: **To approve the proposal for additional cash distribution of 2017 from its reserved surplus earnings.**

Explanatory Notes:

- (1) Based on the profit allocation proposal, the Company intends to declare cash dividends in the amount of NT\$30,475,832 at NT\$0.36 per share from its distributable reserved surplus earnings for the year 2017.
- (2) In the event of any change in the number of outstanding shares resulting from executing employee stock options or converting treasury stock to its employees, the dividend ratio must be adjusted. It is proposed to fully authorize the Chairman of Board of Directors of DAVICOM to adjust the dividend ratio and to proceed on the relevant matters.
- (3) Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date and other relevant issues.

Resolution: The result is as follows:

Affirmative votes: 47,992,436; represented 99.32% of 48,322,243 shares cast by the shareholders present at the time of voting.

Dissenting votes: 751; represented 0.00% of 48,322,243 shares cast by the shareholders present at the time of voting.

Abstaining votes: 329,056; represented 0.68% of 48,322,243 shares cast by the shareholders present at the time of voting.

It was resolved that the above proposal be approved as proposed.

Extraordinary Motions:

None.

Meeting Adjourned:

Time: 10:20 a.m.

Please refer to the Chinese Version for further information.

<http://www.davicom.com.tw/pdf/ir/irsbp4s03dl2.pdf>