

Stock Code: 4912

***LemTech***

**Lemtech Holdings Co., Limited**

**2020 Annual General Shareholders'  
Meeting Handbook**

**Date: 9:00 a.m., Monday, June 15, 2020**

**Venue: 3F, No. 189, Sec.1, Xianmin Blvd., Banqiao Dist., New Taipei  
City (Grand Forward Hotel)**

(This English version is a translation based on the original Chinese version. Where any discrepancy arises between the two versions, the Chinese version shall prevail.)

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# **Lemtech Holdings Co., Limited**

## **Procedure for the 2020 Annual Shareholders' Meeting**

- I. Meeting Called to Order**
- II. Chairperson Remarks**
- III. Reporting Matters**
- IV. Proposals Matters**
- V. Discussion Matters**
- VI. Extemporaneous motions**
- VII. Adjournment**

## II. Meeting Agenda

Date: 9:00 a.m., Monday, June 15, 2020

Venue: 3F, No. 189, Sec.1, Xianmin Blvd., Banqiao Dist., New Taipei City (Grand Forward Hotel)

Meeting Procedures:

- I. Meeting Called to Order (Report on the total number of shares held by those in attendance)
- II. Chairperson Remarks
- III. Reporting Matters
  - Report I. Operation conditions of the company in 2019
  - Report II. Audit Report of final statements of 2019 by the Audit Committee
  - Report III. Distribution of employees' and directors' remuneration in 2019
  - Report IV. Distribution of cash dividends in 2019
  - Report V. Execution process of repurchasing company shares
  - Report VI. Amendments to the Code of Ethical Conduct for Directors and Managers
- IV. Proposals Matters
  - Item I. Adoption of the 2019 Business Report and Financial Statements
  - Item II. Adoption of distribution of earnings plan of 2019
- V. Discussion Matters
  - Item I. Amendments to the Memorandum and Articles of Association of the Company
  - Item II. Amendment to the company's Rules of Procedure for Shareholders' Meetings
  - Item III. Removing restrictions on competing with the company by directors
- VI. Extemporaneous motions
- VII. Adjournment

## (I) Reporting Matters

Report I: Operation conditions of the company in 2019

Description: For the content of the company's 2019 Business Report, please refer to Attachment 1 of this handbook.

Report II: Audit Report of final statements of 2019 by the Audit Committee

Description: In accordance of Article 228 of the Company Act, the company's Board of Directors has prepared the Business Report, consolidated financial statements, and proposal of annual profit distribution. The Audit Committee has reviewed the aforementioned books and statements submitted by the Board of Directors and has found no deviations. Therefore, pursuant to Article 14-4 of the Securities and Exchanges Act and Article 219 of the Company Act, the Audit Committee hereby presents the Audit Report. Please refer to Attachment 2 of this handbook.

Report III: Distribution of employees' and directors' remuneration in 2019

Description: 1. Pursuant to the company's Memorandum and Articles of Association, it is proposed to appropriate 1% for employees' compensation as well as for directors' compensation, in the amount of NT\$2,648,306, respectively.

2. The motion has been approved by the Remuneration Committee and the Board of Directors and is submitted to the shareholders' meeting.

Report IV: Distribution of cash dividends in 2019

Description: 1. According to the provisions of Articles 94-1, 94-2 and 95 of the company's Memorandum and Articles of Association, when the profit is distributed in the form of cash, the company authorizes the Board of Directors to distribute the said profit after a resolution is made, and then report to the shareholders' meeting.

2. Upon the resolution at the 15th meeting of the 4th Board of Directors of the company, a cash dividend of NT\$118,680,173 was distributed to shareholders, and NT\$2.5 was distributed per share. The distribution of cash dividends is rounded to the nearest dollar, and all amount less than a dollar is discarded. The total of the discarded cash dividends will be calculated as other revenues.

3. If the subsequent issuance of new shares due to the conversion of stock options, repurchasing of the company's shares, transfer and retirement of treasury stocks, or other factors that affect the number of shares in

circulation take place, leading to a change of shareholders' distribution rate, the Chairman is authorized to adjust it.

Report V: Execution process of repurchasing company shares

Description: The company's execution process of repurchasing company shares is as follows:

Number of repurchase	No. 2
Date of Boards of Directors resolution	March 25, 2020
Purpose of repurchasing	To maintain the company's credibility and shareholders' equity
Repurchasing period	March 26, 2020 - April 30, 2020
Price range of shares to be repurchased	NT\$50 - NT\$90
Total of shares to be repurchased	1,000,000 common shares
Type and amount of shares repurchased	505,000 common shares
Amount of shares repurchased	NT\$38,523,601
Number of retired and transferred shares	505,000 shares have been cancelled on May 13, 2020
Cumulative number of shares of the company	0 shares
Proportion of cumulative number of shares held to total number of shares issued (%)	0 %
Reasons for incomplete execution after the end of the repurchasing period	In order to take into account the market mechanism, and the fact that the company does not intend to impact the stock price, the company repurchases the shares depending on the stock price changes and trading volume; therefore, the repurchasing has not been completed.

Report VI: Amendments to the Code of Ethical Conduct for Directors and Managers

Description: The comparison table of the "Code of Ethical Conduct for Directors and Managers" before and after the amendments is compiled in reference to the "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEX Listed Companies," with necessary revisions made. Please refer to Attachment 3 of this handbook.

## (II) Proposals Matters

Item I: (Proposed by the Board of Directors)

Subject: Adoption of the 2019 Business Report and Financial Statements

Description: 1. The 2019 Business report, consolidated financial statements (including balance sheet, income statement, statement of changes in equity, and statement of cash flows) have been resolved by the Board of Directors. These consolidated financial statements, as audited by the CPAs of Deloitte Taiwan, Chih, Jui-Chuan and Lee, Li-Huang, along with the 2019 Business Report, have been reviewed and approved by the Audit Committee. Please see Attachment 4 of this handbook.

2. Please proceed to adopt this proposal.

Resolution:

Item II: (Proposed by the Board of Directors)

Subject: Adoption of distribution of earnings plan of 2019

Description: 1. The company's 2019 Annual Profit Distribution Table have been approved by the Audit Committee, and resolved by the Board of Directors.

2. The net profit before tax for the year is NT\$336,858,571. In addition, pursuant to the definition stipulated by International Accounting Standards (IAS) 12, the income tax is NT\$74,518,657 and the net profit after tax is NT\$259,447,617.

3. According to the company's 2019 Annual Profit Distribution Table, except for distributing cash dividends, there is an item of deducting special reserve. Please refer to Attachment 5 of this handbook.

4. Please proceed to adopt this proposal.

Resolution:

### **(III) Discussion Matters**

Item I: (Proposed by the Board of Directors)

Subject: Amendments to the Memorandum and Articles of Association of the Company

Description: According to the Official Letter No. 10800235681 issued by Taiwan Stock Exchange Corporation on December 25, 2019, "Checklist for the Protection of the Rights and Interests of Shareholders in the Country of Registration of Foreign Issuers" is amended. It is proposed to amend the comparison table of the company's Memorandum and Articles of Association. Please refer to Attachment 6 of this handbook.

Resolution:

Item II: (Proposed by the Board of Directors)

Subject: Amendment to the company's Rules of Procedure for Shareholders' Meetings

Description: According to the amendment in the Official Letter No. 10800242211 issued by Taiwan Stock Exchange Corporation on January 2, 2020, it is proposed to amend the comparison table of the company's Rules of Procedure for Shareholders' Meetings. Please refer to Attachment 7 of this handbook.

Resolution:

Item III: (Proposed by the Board of Directors)

Subject: Removing restrictions on competing with the company by directors

Description: 1. Article 209 of the Company Act stipulates that a director who does anything for himself/herself or on behalf of another person that is within the scope of the company's business shall explain to the shareholders the essential contents of such an act and secure their approval at the shareholders' meeting.

Due to business demands, the company intends to request the shareholders' meeting to approve the removal of restrictions on competing with the company by directors.

For the content of the proposed removal of restrictions on competing with the company by directors, please refer to Attachment 8 of this handbook.

Resolution:



**(IV) Extemporany motions**

**(V) Adjournment**

## **Attachment 1. 2019 Business Report**

Dear shareholders,

Since 2018, the changes brought about by the China-US trade war have not only accelerated the establishment of supply chain systems in regions other than China, but also accelerated the strengthening of the exclusivity for Chinese and American clients against their suppliers. In terms of operation strategy, in addition to thinking about decentralized operation bases, the senior management of the company also needs to strengthen the responses toward the business changes facing the new ecology of clients. To increase future operational flexibility, cross-border and cross-regional investments are imperative, and therefore, it is necessary to increase the managers who are capable of managing a cross-border and culturally diverse workforce. This will be one of the company's most important strategic goals in short-term development. Looking ahead into 2020, although the COVID-19 pandemic increases the uncertainty of business operation, the company's operations are still aimed at growth. In response to the impact of the pandemic, seeing that it is vital to change the business models of global enterprises, the company will strengthen the upgrading of the group's information security application level, including going onto the cloud for the hardware equipment. In 2020, even though there is the COVID-19 pandemic that interferes with the company's operation and development, the company will still grow steadily, adjust the company's operating strategies and direction in a timely manner, with the ultimate goal of enhancing shareholders' equity, as well as fulfilling the company's corporate social responsibilities in order to be a corporate citizen that keeps up with the times.

Compared with the previous year, the revenue and development in 2019 decreased, with the revenue of 3C products, including mobile phones and other products, has declined significantly. Due to the failure to reach the economic scale, the gross profit and net operating income have not performed as well as those in 2018. Please refer to the table below for details.

After the settlement done by the accountants, the company's revenue in 2019 is NT\$5.04 billion, a decrease of NT\$1 billion and a 17% decline compared with that of NT\$6.04 billion in 2018. The fall of revenue mostly comes from 3C products. New mobile phones did not perform as expected as the reaction of end users of mobile phones was lukewarm. The entire industry, including the clients of Lemtech, was affected by the China-US trade war, which saw the significant decrease of overall revenue of 3C products. Other categories of products, such as automotive products, servers, 5G-related products are still growing in revenue. In terms of expenses, the company will actively adjust business and management expenses. The capital expenditure investment for mid- and long-term development will continue according to the plan, and the investment in research and development expenses will be

concentrated on the core projects of new products and technologies.

## I. 2019 Business Report

### (I) Implementation results of the business plan

Unit: Thousand NTD

Item \ Year	2019	2018	Amount of increase (decrease)	Change by percentage (%)
Net operating revenue	5,042,657	6,043,090	(1,000,433)	(16.55)
Operating costs	4,011,648	4,757,020	(745,372)	(15.67)
Gross profit	1,031,009	1,286,070	(255,061)	(19.83)
Operating expenses	637,126	680,111	(42,985)	(6.32)
Net operating income	393,883	605,959	(212,076)	(35.00)
Non-operating income and expenses	(57,025)	(63,795)	6,770	(10.61)
Net income before tax	336,858	542,164	(205,306)	(37.87)
Less: Income tax expenses	74,519	136,761	(62,242)	(45.51)
Net income for this period	262,339	405,403	(143,064)	(35.29)

Analysis on the change of amount of increase/ decrease:

- (1) Decrease in operating revenue: Mainly caused by 3C electronic products suffering from China-US trade war and poor product sales.
- (2) Decrease in operating costs: As operating revenue decreases, costs also decrease.
- (3) Decrease in gross profit: Mainly caused by the decrease in operating revenue.
- (4) Decrease in operating expenses: Due to adjustment of sales expenses and control and management expenses in this period.
- (5) Decrease in net operating income: mainly due to decrease in operating revenue.
- (6) Decrease in non-operating expenses: Due to less exchange loss, the change in non-operating expenses in this period is smaller than those in the previous period.
- (7) Decrease in net income before tax: The decrease of net income before tax of the current period was mainly due to the decrease in net operating income.
- (8) Decrease in income tax expenses: Mainly due to the decrease in net operating income, causing the decrease in income tax expenses.
- (9) Decrease in net income for this period: Mainly due to the decrease in operating revenue.

(II) Budget execution status: Not applicable due to the fact that the company only sets internal budget targets, and did not disclose any financial forecasts in 2019.

(III) Analysis of financial revenues and expenditures and profitability: The company

focuses on enhancing the portfolio of products which generate higher gross profit, integrating client resources, strengthening cooperation with well-known enterprises. The company's financial operations have been consistent and stable, and revenue and expenditures are in good condition.

Unit: %

Item		Year		
		2019	2018	Increase (decrease)
Financial structure	Ratio of liabilities to assets	68.35	65.28	3.07
	Ratio of long-term capital to fixed assets	160.43	199.09	(38.66)
Debt service ability	Current ratio	132.80	139.23	(6.43)
	Quick ratio	105.17	102.48	2.69
Profitability	Asset return ratio	5.37	8.77	(3.40)
	Shareholders' equity return ratio	13.65	23.21	(9.56)
	Basic earnings per share (NTD)	5.47	9.67	(4.20)

(IV) Research and development status: The Company continues to work on the improvement, promotion, and integration of existing mechanisms, with the vision to providing more personalized services with breadth and depth.

## II. 2020 Business Plan

### (I) Management guidelines

Since the beginning of the China-US trade war in 2018, issues such as tariffs on products, information security, and technological competition have all surfaced. In order to meet the requirements of clients, in addition to moving part of the production line out of China, Lemtech has also thought about decentralized production bases in our regional planning. Since the establishment of our factory in Taiwan, except when it once went through temporary shutdown due to more than half of the production capacity has been moved to the Philippines, both the cluster effect of the clients and the continuity of technology development are put into consideration.

In terms of business strategy, with the increase of the group's product lines and operating bases, we aim to plan different production bases to establish the technical capabilities of their respective core products, and the necessity to establish closer relationships with third-party factories is more vital than ever. We expect that these strategies will make production bases in different regions more flexible to meet the needs of clients or local orders, and will be able to strengthen

the backup mechanism.

The automotive products produced by Lemtech will gradually see success in Czech Republic and Thailand. We are still deeply engaged in the production of automotive products in Czech Republic. In Thailand, we are not only adding the production of auto parts, but also actively fighting for the increase in the proportion of revenue from electronic products. The goals of strengthening the integration of upstream and downstream, increasing the proportion of automated production, dedicating to projects in enhancing the added value of products, and actively exploring high-end technologies and developing new customers are still the company's key policies. To enhance the overall profitability of the group, the company will devote itself to the development of the market of products with high gross profit and invest more resources in the group's integration and information capabilities.

For our mid-term product development goals, the focus is still on 5G and server-related products. The company has actively invested in the development of innovative sports industry and critical components in the telecommunications industry.

#### (II) Major production and marketing policy

1. Continue to develop new technologies and enhance industrial competitiveness.
2. Accelerate the company's expansion in new product areas with the commissioning of new equipment.
3. Continuously strive to enhance the cost structure, improve internal management processes, increase production efficiency, reduce production costs, and boost market competitiveness.

#### III. Future Development Strategies of the Company

- (I) The company will position itself as an all-round multi-field stamping component supplier, as the development will be centered on the research and development of mold technology, while the products will be diversified in different fields.
- (II) Integrate the supply chain, span to other fields from the stamping production, and try some related upstream and downstream production to provide the clients with more integrated services.
- (III) Increase the application of robots in production, and gradually change the current production method of automated production lines to reduce the dependence on labor, improve production efficiency, and ensure product quality.
- (IV) Focus on and master the global technology, market progress and development

trends, and increase investment in cloud technology applications.

- (V) Actively expand client reach and market share.
- (VI) Introduce strategic partners and initiate plans of mergers and acquisitions in a timely manner to accelerate the increase of competitiveness and step into new product areas.
- (VII) Continue to strengthen corporate governance to pursue the sustainable development of the company.
- (VIII) Implement stable financial plans to reduce the risk of fluctuation in external exchange rates.

#### IV. Impact on the Company due to Competition, Governmental Regulations, and Overall Operation Environment

##### (I) Impact of external competition

1. With the increasingly fierce competition among newcomers in the industry, the pressure on the prices of products is increasing day by day. Under the pressure of fierce market competition, in addition to providing the products that have competitive advantages in prices, the company must still maintain the product quality.
2. In order to respond to the gradually rising wage costs every year, the company must increase operating costs, develop automated equipment, and actively intervene in the clients' product development processes so that we may take these process factors into account during the stage of product design.
3. Actively develop the company's own advantages, recognize the company's market positioning, avoid excessive and unnecessary competition, and maintain differences with competitors.
4. Re-examine and find the best business scale for a single factory, and study new business models and organizational forms to maximize the company's operating efficiency.

##### (II) Impact of governmental regulations

1. The company appoints qualified manufacturers to dispose of the waste generated after production. The company upholds its social responsibility and meets the relevant global environmental quality requirements.
2. Regarding the amendments to the new laws and regulations, the company makes the best preparations and plans for shareholders' equity in advance to minimize the risk of uncertainty.

##### (III) Impact of overall operation environment

1. From the point of view of market-related analysis reports, the global economic situation is still not ideal, and therefore, there is still the risk of uncertainty in operation. The company needs to be more careful to control the budget and

reduce inventory, improve the better financial structure, and maintain close contact with the clients and suppliers. The company shall also maintain a sensitive market sense so as to reduce the risk of operation.

2. In view of the uncertainty of the future budget, the company will strengthen the provision of the correct financial information for the decision-making units to make the soundest judgment, such as the balance point of profit and loss and capacity utilization rate, etc.

Finally, thank you again for your enthusiastic participation. We wish you all good health and good luck in the future.

Lemtech Holdings Co., Limited

Chairman: Hsu, Chi-Feng

President: Hsu, Chi-Feng

Accounting Supervisor: Lu, Chin-Yu

## **Attachment 2. 2019 Audit Report by Audit Committee**

### Lemtech Holdings Co., Limited Audit Report by Audit Committee

The 2019 Business Report, consolidated financial statements, and proposal of annual profit distribution are prepared by the company's Board of Directors. The CPAs of Deloitte Taiwan, Lee, Li-Huang and Chih, Jui-Chuan, have audited the aforementioned consolidated financial statements and issued the audit report.

The Audit Committee has reviewed the above books and statements submitted by the Board of Directors and has found no deviations. Therefore, pursuant to Article 14-4 of the Securities and Exchanges Act and Article 219 of the Company Act of the Republic of China, the Audit Committee hereby presents the audit report.

RESPECTFULLY SUBMITTED TO

Lemtech Holdings Co., Limited

Convener of the Audit Committee: Yang, Rui-Long

March 25, 2020



### Attachment 3. Comparison Table of the "Code of Ethical Conduct for Directors and Managers" before and after the Amendments

Clauses after the amendment	Original clauses	Remarks
<p>Article 1 Purpose and basis for adoption</p> <p>For the purpose of guiding the directors and managerial officers of the company (including general managers or their equivalents, assistant general managers or their equivalents, deputy assistant general managers or their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of a company) to act in line with ethical standards, and to help the stakeholders better understand the ethical standards of the company.</p>	<p>Article 1 Purpose and basis for adoption</p> <p>For the purpose of making the directors, managerial officers of the company (including general managers, assistant general managers, all department managers, and other persons authorized to manage affairs and sign documents on behalf of a company) to act in line with ethical standards, and to help the stakeholders better understand the ethical standards of the company.</p>	<p>Amended according to Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEX Listed Companies.</p>
<p>Article 2 Content of the code</p> <p>I. Prevention of conflicts of interest:</p> <p>(I) Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of the company, as for example when a director or managerial officer of the company is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of their position in the company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the second degree of kinship.</p>	<p>Article 2 Content of the code</p> <p>I. Prevention of conflicts of interest:</p> <p>(I) The rules of conduct of the directors and managers of the company must be based on the overall interests of the company, and must not intervene in or interfere with the interests of the company out of personal interests. The aforementioned persons shall not take advantage of their position in the company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the third degree of kinship. In addition, without the consent of the Board of</p>	<p>1. The text is amended by referring to Article 26-3, Paragraph 3 of the Securities and Exchange Act and Article 17, Paragraph 1, Sub-paragraph 3 of Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities</p>

Clauses after the amendment	Original clauses	Remarks
<p>(II) The company shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate means for directors or managerial officers to voluntarily explain whether there is any potential conflict between them and the company. For example, the company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which a director, supervisor, or managerial officer works.</p> <p>II. Minimizing incentives to pursue personal gain: The company shall prevent its directors or managerial officers from engaging in any of the following activities: (I) Seeking an opportunity to pursue personal gain by using company property or information or taking</p>	<p>Directors, the company shall not lend money or provide guarantees and engage in major asset transactions with the affiliated companies by which the aforementioned persons are employed.</p> <p>(II) When directors and managers are unable to handle official duties in an objective and efficient manner, or when individuals realize that certain important transactions and relationships may cause conflicts of personal interest, they shall take the initiative to explain their potential conflicts of interest against the company at executive meetings or Board of Directors meetings, and the record of handling the said conflicts of interest shall be kept.</p> <p>(III) The company's transactions with affiliates, specific companies, and companies of the same business group shall be handled in accordance with the company's "Procedures for Transaction with Affiliates, Specific Companies, and Companies of the Same Business Group."</p> <p>II. Minimizing incentives to pursue personal gain: Directors and managerial officers shall prevent themselves from engaging in any of the following activities: (I) Seeking an opportunity to pursue personal gain by using company property or information or taking</p>	<p>Listings regarding the criteria for determining independence among directors.</p> <p>2. The text is amended in accordance with the implementation of the Personal Data Protection Act, and for strengthening the integrity of the code of ethical conduct and protecting the rights of persons who violate the code of ethical conduct.</p>

Clauses after the amendment	Original clauses	Remarks
<p>advantage of their positions.            (II) Obtaining personal gain by using company property or information or taking advantage of their positions.            (III) Competing with the company.            When the company has an opportunity for profit, it is the responsibility of the directors and managerial officers to maximize the reasonable and proper benefits that can be obtained by the company.</p> <p>III. Confidentiality:            (I) The directors and managerial officers of the company shall be bound by the obligation to maintain the confidentiality of any information regarding company internal information and secrets involving company operation due to their attendance of executive meetings or Board of Directors meetings.            (II) The directors and managerial officers of the company shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, except when authorized or required by law to disclose such information.            (III) Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to</p>	<p>advantage of their positions, or gaining unlawful personal interests.</p> <p>(II) Competing with the company outside of the company as a result of knowing the company's internal information or operation secrets due to their participating in the Board of Directors meetings or executive meetings and making decisions on business execution.</p> <p>III. Confidentiality:            (I) The directors, managerial officers of the company shall be bound by the obligation to maintain the confidentiality of any information regarding company internal information and secrets involving company operation due to their attendance of executive meetings or Board of Directors meetings.            (II) The directors, managerial officers of the company shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, except when authorized or required by law to disclose such information.            (III) Confidential information also includes any undisclosed information that, if exploited by a competitor or disclosed,</p>	

Clauses after the amendment	Original clauses	Remarks
<p>the company or the suppliers and customers.</p> <p>IV. Fair trade: Directors and managerial officers shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.</p> <p>V. Safeguarding and proper use of company assets: All directors and managerial officers have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact the company's profitability.</p> <p>VI. Legal compliance: Except for complying with company internal regulations, the directors and managerial officers shall strengthen the compliance with the Securities and Exchange Act and other applicable laws, regulations, and bylaws.</p> <p>VII. Encouraging reporting on illegal or unethical</p>	<p>could result in damage to the company or the suppliers and customers.</p> <p>IV. Fair trade: Directors and managerial officers shall treat all customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned from their positions, or through misrepresentation of important matters, or through other unfair trading practices.</p> <p>V. Safeguarding and proper use of company assets: All directors and managerial officers shall safeguard company assets as much as they can and to ensure that they can be effectively and lawfully used for official business purposes; any theft, avoidance in care, or waste of the assets will all directly impact the company's profitability.</p> <p>VI. Legal compliance: Except for complying with company internal regulations, the directors and managerial officers shall comply with the Securities and Exchange Act and other applicable laws, regulations, and bylaws as their principles of business execution.</p> <p>VII. Encouraging reporting on illegal or unethical</p>	

Clauses after the amendment	Original clauses	Remarks
<p>activities:</p> <p>(I) The company shall strengthen the promotion of ethical concepts internally. If employees suspect in good faith or identify violations of the company rules, this code, and government laws and regulations, they can list the discovered facts anonymously and send them to the human resources department through the channels for employees to make complaints. The reported content will be handled by the head of the human resources department.</p> <p>(II) The employees of the may also report to a managerial officer, internal auditing manager, or other appropriate individuals.</p> <p>(III) For all whistle-blowing actions from the employees, the company shall use its best efforts to ensure confidentiality of the incident reported, guard the safety of informants, and protect them from reprisals.</p> <p>VIII. Disciplinary measures:</p> <p>(I) When a director or managerial officer violates the code of ethical conduct, the incident shall be reported to and handle by the Board of Directors to decide on the subsequent disciplinary measures, and shall without delay disclose on MOPS the date of the violation by the violator of the code of ethical conduct, reasons for the violation, the</p>	<p>activities:</p> <p>(I) The company will strengthen the advocacy of ethical concepts internally. If employees suspect in good faith or identify violations of the company rules, this code, and government laws and regulations, they can list the discovered facts anonymously and send them to the human resources department through the channels for employees to make complaints. The reported content will be handled by the head of the human resources department.</p> <p>(II) The employees of the may also report to a supervisor, managerial officer, internal auditing manager, or other appropriate individuals.</p> <p>(III) For all whistle-blowing actions from the employees, the company shall use its best efforts to ensure confidentiality of the incident reported, guard the safety of informants, and protect them from reprisals.</p> <p>VIII. Disciplinary measures:</p> <p>(I) When a director, a managerial officer violates the code of ethical conduct, the incident shall be reported to and handle by the Board of Directors to decide on the subsequent disciplinary measures, and shall, depending on the importance, disclose on MOPS the date of the violation by the violator, reasons for the violation, the</p>	

Clauses after the amendment	Original clauses	Remarks
<p>provisions of the code violated, and the disciplinary actions taken, etc.</p> <p>(II) If the company's interests are affected by unintentional or accidental actions, supporting documents must be provided to explain to the Board of Directors. If the actions are proved to be unintentional or accidental, the company will clarify the explanation at the MOPS website depending on its materiality.</p>	<p>provisions of the code violated, and the disciplinary actions taken, etc.</p> <p>(II) If the company's interests are affected by unintentional or accidental actions, supporting documents must be provided to explain to the Board of Directors. If the actions are proved to be unintentional or accidental, the company will clarify the explanation at the MOPS website depending on its materiality.</p>	
<p>Article 3 Procedures for exemption</p> <p>The code of ethical conduct adopted by the company must require that any exemption for directors or managerial officers from compliance with the code be adopted by a resolution of the Board of Directors, and that information on the date on which the Board of Directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of the company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.</p>	<p>Article 3 Procedures for exemption</p> <p>The code of ethical conduct adopted by the company must require that any exemption for directors and managerial officers from compliance with the code be adopted by a resolution of the Board of Directors, and that information on the name and title of the persons being approved for exemption, the date on which the Board of Directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed in real-time on the MOPS so that the shareholders can obtain such information.</p>	<p>The text is amended in accordance with the implementation of the Personal Data Protection Act as well as Article 14-3 of Securities and Exchange Act</p>

## **Attachment 4. 2019 Auditors' Report and Financial Statements**

### **Independent Auditors' Report**

Lemtech Holdings Co., Limited public notice:

#### **Audit opinion**

We have audited the accompanying consolidated financial statements of Lemtech Holdings Co., Limited and its subsidiaries (the company), which comprise the consolidated balance sheet as of December 31, 2019 and 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the company as of December 31, 2019, and of its consolidated financial performance and its consolidated cash flows for the periods from January 1 to December 31, 2019 and 2018 in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC and SIC endorsed by the FSC.

#### **Basis for Auditor's Opinions**

We have performed the audit of 2019 in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, FSC Letter Jin-Guan-Zheng-Shen-Zi No. 1090360805, dated Feb. 25, 2020 and the auditing standards generally accepted in the Republic of China; the audit of 2018 has been performed in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities required under said standards will be detailed in the paragraph about the external auditor's responsibility on auditing consolidated financial statements. 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 obligations under the Norm. We are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.

#### **Key Audit Matters**

Key Audit Matters refer to matters that, in our professional judgement, were of most significance in our audit of the 2019 Consolidated Financial Statements of the company. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming out opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters for the consolidated financial statements of Lemtech Holdings Co., Limited and its subsidiaries (the company) for 2019 are stated as follows:

Key Audit Matters: the authenticity of sales revenue of specific customers

The revenue of the company is mainly derived from computer, communication, consumer electronics and automotive parts. Since the materiality and the Statements on Auditing Standards has defaulted revenue recognition as a significant risk. Therefore, the

assessment of the authenticity of sales transactions with major customers meeting the certain conditions was listed as a key audit matter. For details of the revenue recognition policy, please refer to Notes 4 and 26 of the consolidated financial report.

We understand the industry and economic environment of the company. In addition to testing the relevant internal controls, we select samples of major customers meeting certain conditions from sales of 2019, and verify the shipping orders, invoices and receipts to confirm the authenticity of the revenue.

### **Responsibility of the management and the governing body for the Consolidated Financial Statements**

It is the management's responsibility to fairly present the consolidated financial statements in conformity with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IFRS, IAS, IFRIC and SIC endorsed by the FSC, and to sustain internal controls respecting preparation of the consolidated financial statements so as to avoid material misstatements due to fraud or errors therein.

In preparing the consolidated financial statements, the responsibility of management includes assessing the company's ability to continue as a going concern, disclosing going concern related matters, as well as adopting going concern basis of accounting unless the management intends to liquidate the company or terminate the business, or has no realistic alternative but to do so.

The governing bodies of the company (including the audit committee) have the responsibility to oversee the procedures for financial reporting.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatement may arise from frauds or errors. If it could be reasonably anticipated that the misstated individual amounts or aggregated sums could have influence on the economic decisions made by the users of the consolidated financial statements, they will be deemed as material.

We have utilized our professional judgment and maintained professional skepticism when exercising auditing work according to the auditing standards generally accepted in the Republic of China. We also execute the following tasks:

1. Identify and assess the risks of material misstatement within the consolidated financial statements, whether due to fraud or error; design and execute counter-measures in response to those risks; and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Understand internal controls relevant to the audit in order to design appropriate audit procedures under the circumstances. However, the purpose is not to express an opinion on the effectiveness of the company's internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by management.
4. Based on the audit evidence obtained, to conclude on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists for events or conditions that may cast significant doubts 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 auditor's report to the related disclosures in the consolidated financial statements; or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may cause the company to no longer continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including relevant notes), 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 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 governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and to communicate with them on all relationships and other matters that may possibly be deemed to impair our independence (including relevant preventive measures).

From the matters communicated with the governing body, we determined the key audit matters for the company's 2019 consolidated financial statements. 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.

Deloitte & Touche  
Taipei, Taiwan (Republic of China)  
Mar. 25, 2020

#### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and its cash flows in accordance with the 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 accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

## (English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

## Lemtech Holdings Co., Limited and its subsidiaries

## Consolidated Balance Sheet

Dec. 31, 2019 and 2018

Unit: NTD thousands

Code	Total assets	Dec. 31, 2019		Dec. 31, 2018	
		Sum	%	Sum	%
<b>CURRENT ASSETS</b>					
1100	Cash and cash equivalents (Notes 6 and 35)	\$ 942,332	15	\$ 550,292	10
1136	Financial assets at amortized cost - current (Notes 8, 9, 35 and 37)	79,436	1	3,842	-
1150	Notes receivable (Notes 10 and 35)	4,684	-	5,379	-
1170	Accounts receivable (Notes 10, 35 and 36)	2,076,706	33	2,220,152	41
1197	Finance lease receivable (Note 11)	5,540	-	-	-
1200	Other receivables (Notes 10 and 35)	17,122	-	17,828	-
1220	Current income tax assets (Note 28)	13	-	31	-
130X	Inventory (Note 12)	736,718	12	900,520	17
1410	Prepayments (Note 20)	85,068	2	103,923	2
1470	Other current assets (Note 20)	2,047	-	3,147	-
11XX	Total Current Assets	3,949,666	63	3,805,114	70
<b>NON-CURRENT ASSETS</b>					
1550	Investment using equity method (Note 14)	32,923	1	33,502	1
1600	Property, plant, and equipment (Notes 15, 31, 33, and 37)	1,808,305	29	1,230,891	23
1755	Right-of-use assets (Note 16)	233,101	4	-	-
1805	Goodwill (Note 17)	82,387	1	-	-
1821	Other intangible assets (Note 18)	42,204	1	22,634	-
1840	Deferred income tax assets (Note 28)	15,372	-	20,847	-
194D	Finance lease receivable - non-current (Note 11)	13,789	-	-	-
1915	Prepayments for equipment (Note 20)	41,228	1	194,248	4
1920	Refundable Deposits (Note 20)	7,032	-	2,977	-
1985	Long-term prepaid rent (Note 20)	-	-	88,214	2
15XX	Total Non-current Assets	2,276,341	37	1,593,313	30
1XXX	Total Assets	\$ 6,226,007	100	\$ 5,398,427	100
<b>Liabilities and Equity</b>					
<b>CURRENT LIABILITIES</b>					
2100	Short-term loans (Notes 21, 33, and 35)	\$ 965,312	16	\$ 1,009,466	19
2130	Contract liabilities - current (Note 26)	79,408	1	66,510	1
2150	Notes payable (Notes 23 and 35)	183,304	3	300,787	5
2170	Accounts Payable (Note 23, 35, and 36)	1,466,225	24	1,134,173	21
2219	Other Payable (Note 24 and 35)	190,962	3	200,410	4
2230	Current tax liabilities (Note 28)	26,001	-	13,318	-
2280	Lease liabilities-current (Notes 16 and 33)	47,803	1	-	-
2399	Other current liabilities (Note 24)	15,145	-	7,403	-
21XX	Total Current Liabilities	2,974,160	48	2,732,067	50
<b>NON-CURRENT LIABILITIES</b>					
2500	Financial liabilities at fair value through profit or loss - Non-current (Notes 7, 22 and 35)	3,392	-	910	-
2530	Corporate bonds payable (Note 22)	580,601	9	576,478	11
2540	Long-term debt (Notes 21, 35 and 37)	350,000	6	-	-
2570	Deferred income tax liabilities (Note 28)	220,133	3	208,160	4
2580	Lease liabilities-non-current (Notes 16 and 33)	120,340	2	-	-
2645	Guarantee deposit received	6,888	-	6,708	-
25XX	Total non-current liabilities	1,281,354	20	792,256	15
2XXX	Total Liabilities	4,255,514	68	3,524,323	65
<b>Equity attributable to shareholders of the parent (Note 25)</b>					
<b>Equity</b>					
3110	Ordinary stock	474,720	8	395,411	7
3200	Capital reserve	802,102	13	784,347	15
<b>Retained earnings</b>					
3320	Special reserve	13,500	-	13,500	-
3350	Unappropriated retained earnings	731,348	12	662,990	13
3300	Total Retained Earnings	744,848	12	676,490	13
3410	Exchange differences on translation of foreign financial statements	( 68,349)	( 1)	1,375	-
31XX	Equity attributable to shareholders of the parent	1,953,321	32	1,857,623	35
36XX	Uncontrolled equity	17,172	-	16,481	-
3XXX	Total equity	1,970,493	32	1,874,104	35
<b>Total Liabilities and Equity</b>					
		\$ 6,226,007	100	\$ 5,398,427	100

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

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Lemtech Holdings Co., Limited and its subsidiaries

Consolidated Statement of Comprehensive Income

Jan. 1 to Dec. 31, 2019 and Jan. 1 to Dec. 31, 2018

Unit: NTD thousands

Except for earnings per share which are in NTD

Code		2019		2018	
		Sum	%	Sum	%
	Operating revenue (Notes 26 and 36)				
4110	Sales	\$ 5,079,318	101	\$ 6,072,407	100
4190	Sales returns and allowances	( 36,661)	( 1)	( 29,317)	-
4000	Total operating revenue	5,042,657	100	6,043,090	100
5000	Operating cost (Notes 12 and 36)	( 4,011,648)	( 79)	( 4,757,020)	( 79)
5900	Gross business profit	1,031,009	21	1,286,070	21
	Operating expenses (Note 27)				
6100	Selling expenses	( 168,703)	( 3)	( 199,533)	( 3)
6200	Administrative expenses	( 336,982)	( 7)	( 316,674)	( 5)
6300	Research and development expenses	( 125,768)	( 3)	( 151,893)	( 3)
6450	Expected credit impairment loss	( 5,673)	-	( 12,011)	-
6000	Total operating expenses	( 637,126)	( 13)	( 680,111)	( 11)
6900	Net operating profit	393,883	8	605,959	10
	Non-operating income and expenses (Note 27)				
7010	Other income	15,032	-	26,299	1
7020	Other gains and losses	( 13,459)	-	( 59,085)	( 1)
7050	Finance costs	( 58,919)	( 1)	( 45,642)	( 1)
7060	Share of gain (loss) of affiliates and joint ventures accounted for under equity method	321	-	14,633	-
7000	Total non-operating income and expenses	( 57,025)	( 1)	( 63,795)	( 1)

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Code		2019		2018	
		Sum	%	Sum	%
7900	Earnings Before Tax (EBT)	\$ 336,858	7	\$ 542,164	9
7950	Income tax fees (Note 28)	( 74,519)	( 2)	( 136,761)	( 2)
8200	Net profit for this period	262,339	5	405,403	7
	Other comprehensive income (loss)				
8360	Items that may be reclassified subsequently to gain or loss:				
8361	Exchange differences on translation of foreign financial statements	( 69,514)	( 1)	( 9,189)	-
8300	Other comprehensive income (net, after tax)	( 69,514)	( 1)	( 9,189)	-
8500	Total comprehensive income (loss) during this period	\$ 192,825	4	\$ 396,214	7
	Net income attributable to				
8610	Shareholders of the parent	\$ 259,447	5	\$ 382,474	6
8620	Uncontrolled equity	2,892	-	22,929	1
8600		\$ 262,339	5	\$ 405,403	7
	Total comprehensive income (loss) attributable to				
8710	Shareholders of the parent	\$ 189,723	4	\$ 376,028	6
8720	Uncontrolled equity	3,102	-	20,186	1
8700		\$ 192,825	4	\$ 396,214	7
	Earnings Per Share (Note 29)				
	From continuing business				
9710	Basic	\$ 5.47		\$ 8.06	
9810	Diluted	\$ 5.35		\$ 7.91	

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

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
Lemtech Holdings Co., Limited and its subsidiaries  
Consolidated Statement of Changes in Equity  
Jan. 1 to Dec. 31, 2019 and Jan. 1 to Dec. 31, 2018

Unit: NTD thousands

Code		Equity attributable to owners				Exchange differences on translation of foreign financial statements	Total	Uncontrolled equity	Total equity
		SHARE CAPITAL	Capital reserve	Special reserve	Retained earnings Unappropriated retained earnings				
A1	Balance as of Jan. 1, 2018	\$ 395,411	\$ 678,811	\$ 28,925	\$ 363,944	\$ 7,821	\$ 1,474,912	\$ 144,700	\$ 1,619,612
	Appropriation and distribution of 2017 earnings								
B3	Special reserve	-	-	( 15,425 )	15,425	-	-	-	-
B5	Cash dividend attributable to shareholders	-	-	-	( 98,853 )	-	( 98,853 )	-	( 98,853 )
	Other changes in capital surplus								
M5	Actually acquired part of the equity of the subsidiary	-	79,798	-	-	-	79,798	( 79,798 )	-
C5	Issuance of convertible corporate bonds with recognized equity component	-	25,738	-	-	-	25,738	-	25,738
D1	2018 Net profit	-	-	-	382,474	-	382,474	22,929	405,403
D3	2018 Other Comprehensive Income (Loss) after tax	-	-	-	-	( 6,446 )	( 6,446 )	( 2,743 )	( 9,189 )
D5	Total comprehensive income (loss) in 2018	-	-	-	382,474	( 6,446 )	376,028	20,186	396,214
O1	Changes in non-controlling interests	-	-	-	-	-	-	( 68,607 )	( 68,607 )
Z1	Balance as of Dec. 31, 2018	395,411	784,347	13,500	662,990	1,375	1,857,623	16,481	1,874,104
	Appropriations and distribution of 2018 retained earnings								
B5	Cash dividend attributable to shareholders	-	-	-	( 98,853 )	-	( 98,853 )	-	( 98,853 )
B9	Stock dividend attributable to shareholders	79,082	-	-	( 79,082 )	-	-	-	-
	Other changes in capital surplus								
M5	Actually disposal / acquisition of part of the equity of the subsidiary	-	13,154	-	( 13,154 )	-	-	-	-
D1	2019 Net Profit	-	-	-	259,447	-	259,447	2,892	262,339
D3	2019 Other Comprehensive Income (Loss) after tax	-	-	-	-	( 69,724 )	( 69,724 )	210	( 69,514 )
D5	Total comprehensive income (loss) in 2019	-	-	-	259,447	( 69,724 )	189,723	3,102	192,825
I1	Corporate bonds converted into common shares	227	4,601	-	-	-	4,828	-	4,828
O1	Changes in non-controlling interests	-	-	-	-	-	-	( 2,411 )	( 2,411 )
Z1	Balance as of Dec. 31, 2019	\$ 474,720	\$ 802,102	\$ 13,500	\$ 731,348	( \$ 68,349 )	\$ 1,953,321	\$ 17,172	\$ 1,970,493

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

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
Lemtech Holdings Co., Limited and its subsidiaries  
Consolidated Statement of Cash Flows  
Jan. 1 to Dec. 31, 2019 and Jan. 1 to Dec. 31, 2018

Unit: NTD thousands

Code		2019	2018
	Cash flows from operating activities		
A10000	Net income before tax of the current year	\$ 336,858	\$ 542,164
A20010	Income and expenses having no effect on cash flows		
A20100	Depreciation expense	246,395	166,693
A20200	Amortization	10,802	5,632
A20300	Expected credit impairment loss	5,673	12,011
A20900	Finance costs	58,919	45,642
A21200	Interest income	( 7,902)	( 10,268)
A22300	Share of gain (loss) of affiliates and joint ventures accounted for under equity method	( 321)	( 14,633)
A22500	Gain (loss) on disposal of Property, Plant and Equipment	( 592)	527
A23200	Gains from disposal of investments accounted for using equity method	( 2,163)	-
A20400	Net Losses from Financial Assets and Liabilities Measured at Fair Value through Profit or Loss	2,489	1,990
A23800	Allowance for inventories	46,758	11,583
A24100	Foreign currency net (gains) losses	( 20,094)	35,482
A29900	Amortization of prepaid lease payments	-	2,295
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	695	19,697
A31150	Accounts receivable	162,992	( 420,329)
A31180	Other receivables	1,600	( 9,867)
A31200	Inventories	132,636	( 293,103)
A31230	Prepayments	( 30,935)	( 4,352)
A31240	Other current assets	3,083	( 3,147)
A32125	Contract liabilities	12,898	20,866
A32130	Notes payable	( 117,483)	216,089
A32150	Accounts payable	300,761	137,721
A32180	Other payables	( 47,798)	45,134
A32230	Other current liabilities	7,709	( 2,758)
A33000	Cash from operating activities	1,102,980	505,069
A33300	Interest paid	( 43,376)	( 39,601)
A33500	Income tax paid	( 40,039)	( 40,917)
AAAA	Net cash flows from operating activities	1,019,565	424,551

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Code		2019	2018
	Cash flows from investing activities		
B07500	Interest received	\$ 7,165	\$ 10,449
B00040	Acquisition of financial assets at amortized cost	( 75,594)	-
B00050	Disposal of financial assets at amortized cost	-	151,886
B01800	Acquisition of affiliates	( 10,000)	( 8,987)
B02200	Acquisition of net cash outflow from subsidiaries	( 120,534)	-
B02700	Purchase of property, plant, and equipment	( 597,659)	( 376,435)
B02800	Disposal of Property, Plant and Equipment	34,929	1,946
B04500	Purchase of intangible asset	( 5,358)	( 5,976)
B04600	Proceeds from disposal of intangible assets	1,626	-
B06100	Decreases in finance lease receivables	5,130	-
B03700	Refundable deposits paid	( 3,395)	-
B03800	Refundable deposits refunded	-	3,742
BBBB	Net cash flows used in investing activities	( 763,690)	( 223,375)
	Cash flows from financing activities		
C00200	Decrease in short-term borrowings	( 44,154)	( 526,156)
C01200	Proceeds from issuing bonds	-	597,375
C01600	Increase in long-term borrowings	350,000	-
C01700	Repayment of long-term loan	-	( 141,566)
C04020	Cash payments for the principal portion of the lease liability	( 50,458)	-
C03000	Guarantee deposits received	180	-
C03100	Guarantee deposits refunded	-	( 512)
C04500	Dividend paid to shareholders	( 98,853)	( 98,853)
C05800	Changes in non-controlling interests	-	( 78,656)
CCCC	Net Cash Inflows (Outflows) from Financing Activities	156,715	( 248,368)
DDDD	Effect of exchange rate changes on cash and cash equivalents	( 20,550)	( 12,425)
EEEE	Increases (decreases) in cash and cash equivalents	392,040	( 59,617)
E00100	Cash and cash equivalents at beginning of year	550,292	609,909
E00200	Cash and cash equivalents at end of year	\$ 942,332	\$ 550,292

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

## Attachment 5. 2019 Annual Profit Distribution Table

### Lemtech Holdings Co., Limited Annual Profit Distribution Table 2019

Unit: NTD	
Items	Amount
Opening undistributed earnings (2019.01.01)	485,055,612
Less: Adjusted retained earnings for investments accounted for using the equity method	(13,154,617)
Add: Net profit after tax (2019)	259,447,617
Earnings to be distributed	731,348,612
Less: Special reserve	(54,849,089)
Less: Distribution of cash dividends (@ 2.5)	(118,680,173)
Closing undistributed earnings	557,819,350

Chairman:  
Hsu, Chi-Feng

Manager:  
Hsu, Chi-Feng

Accounting Supervisor:  
Lu, Chin-Yu



## Attachment 6. Comparison Table of the "Memorandum and Articles of Association" before and after the Amendments

Article	Amended Content	Original Content	Explanations
2	<p>(1) In these Articles the following terms shall have the meanings set opposite unless the context otherwise requires:  <u>Share Exchange</u> means that the Company transfers all its issued shares to another company in exchange for shares, cash or other assets of the other company as the consideration for shareholders of the Company;</p>	<p>(1) In these Articles the following terms shall have the meanings set opposite unless the context otherwise requires:                      (New addition)</p>	Amending the Articles of Association adding new definitions based on the revised Checking List of Protecting Rights of Foreign Issuer's Shareholders in the Country of Registration
8	<p>During the Relevant Period, if at anytime the Board resolves to issue new Shares :</p> <p>(a) Upon each issuance of new Shares, the Board may reserve not more than fifteen percent (15%) of the new Shares for subscription by the employees of the Company, as determined by the Board in its reasonable discretion;</p> <p>(b) The Company, unless otherwise resolved by Ordinary Resolution, shall after reserving the portion of Shares for subscription by its employees and for public offering in the R.O.C. pursuant to these Articles, first offer such remaining new Shares, by a public announcement according to the Applicable Listing Rules and a written notice to each existing Member for their</p>	<p>During the Relevant Period, if at anytime the Board resolves to issue new Shares :</p> <p>(a) Upon each issuance of new Shares, the Board may reserve not more than fifteen percent (15%) of the new Shares for subscription by the employees of the Company, as determined by the Board in its reasonable discretion;</p> <p>(b) The Company, unless otherwise resolved by Ordinary Resolution, shall after reserving the portion of Shares for subscription by its employees and for public offering in the R.O.C. pursuant to these Articles, first offer such remaining new Shares, by a public announcement according to the Applicable Listing Rules and a written notice to each existing Member for their</p>	Amendment based on the Checking List of Protecting Rights of Foreign Issuer's Shareholders in the Country of Registration, and Paragraph 3 of Article 266 applying mutatis mutandis to Article 142 of the Taiwan Company Act.

Article	Amended Content	Original Content	Explanations
	<p>subscription in proportion to the number of Shares held by it;</p> <p>(c) The Company shall state in such written notice that <u>if a subscriber delays payment for shares as provided in the preceding paragraph, the Company shall fix a period of not shorter than one month and call upon such subscriber to pay up, declaring that in case of default of payment within the stipulated period his right shall be forfeited. After the Company has made the aforesaid call, the subscriber who fails to pay accordingly shall forfeit his right and the shares subscribed to by him shall be otherwise sold. The Company may still be claimed against such defaulting subscriber for compensation for loss or damage, if any.</u></p> <p>(d) Where any fractional Share held by a Member is insufficient to subscribe for one new Share, the fractional Shares being held by several Members may be combined for joint subscription of one or more integral new Shares or for subscription of new Shares in the name of a single Member;</p> <p>(e) New Shares left unsubscribed by existing Members may be offered for public issuance or the Board may be authorised to offer such Shares for</p>	<p>subscription in proportion to the number of Shares held by it;</p> <p>(c) The Company shall state in such written notice that <u>if any Member fails to confirm his subscription in writing or by way of paying off the subscribed Shares within the assigned deadline, his right shall be forfeited;</u></p> <p>(d) Where any fractional Share held by a Member is insufficient to subscribe for one new Share, the fractional Shares being held by several Members may be combined for joint subscription of one or more integral new Shares or for subscription of new Shares in the name of a single Member;</p> <p>(e) New Shares left unsubscribed by existing Members may be offered for public issuance or the Board may be authorised to offer such Shares for</p>	

Article	Amended Content	Original Content	Explanations
	<p>subscription by specific Persons through negotiation; and</p> <p>(f) The right to subscribe for new Shares, except those reserved for subscription by employees, may be separated from the rights in original Shares and transferable independently.</p>	<p>subscription by specific Persons through negotiation; and</p> <p>(f) The right to subscribe for new Shares, except those reserved for subscription by employees, may be separated from the rights in original Shares and transferable independently.</p>	
9	<p>The employees' and Members' right to subscribe for new Shares prescribed under the preceding Article shall not apply in the event that new Shares are issued for the following purpose:</p> <p>(a) in connection with a Merger/Consolidation, the Spin-off of the Company, or pursuant to any reorganization of the Company;</p> <p>(b) in connection with meeting the Company's obligation under Share subscription warrants and/or options granted to the employees;</p> <p>(c) in connection with meeting the Company's obligation under corporate bonds which are convertible bonds or vested with rights to acquire Shares;</p> <p>(d) in connection with meeting the Company's obligation under Share subscription warrant or Preferred Shares vested with rights to acquire Shares;</p> <p>(e) in connection with any <u>Share Exchange</u> entered into by the Company, or</p> <p>(f) in connection with any other limitation,</p>	<p>The employees' and Members' right to subscribe for new Shares prescribed under the preceding Article shall not apply in the event that new Shares are issued for the following purpose:</p> <p>(a) in connection with a Merger/Consolidation, the Spin-off of the Company, or pursuant to any reorganization of the Company;</p> <p>(b) in connection with meeting the Company's obligation under Share subscription warrants and/or options granted to the employees;</p> <p>(c) in connection with meeting the Company's obligation under corporate bonds which are convertible bonds or vested with rights to acquire Shares;</p> <p>(d) in connection with meeting the Company's obligation under Share subscription warrant or Preferred Shares vested with rights to acquire Shares;</p> <p>(e) in connection with any <u>share swap</u> arrangement entered into by the Company, or</p> <p>(f) in connection with any other limitation,</p>	<p>Amendment based on the Checking List of Protecting Rights of Foreign Issuer's Shareholders in the Country of Registration, and Article 8 of the Taiwan Business Mergers and Acquisitions Act.</p>

Article	Amended Content	Original Content	Explanations
	prohibition, restriction or exemption under the Applicable Listing Rules or <u>R. O. C. Laws.</u>	prohibition, restriction or exemption under the Applicable Listing Rules.	
39	<p>The Company may by a Special Resolution:</p> <p>(a) enter into, amend, or terminate any contract for lease, management by others, or regular joint operation with others of its business in whole;</p> <p>(b) transfer the whole or any material part of its business or assets;</p> <p>(c) acquire another's whole business or assets, which will have a material effect on the business operation of the Company;</p> <p>(d) distribute part or all of its dividends or bonus by way of issuance of new Shares;</p> <p>(e) effect any <u>winding-up of the Company,</u> <u>merger/consolidation or Spin-off;</u></p> <p>(f) carry out a Private Placement;</p> <p>(g) grant a waiver to the Directors' non-competition obligation;</p> <p>(h) change its name;</p> <p>(i) alter or amend the Memorandum of Association or these Articles;</p> <p>(j) reduce its share capital and any fund of the capital redemption reserve in any manner authorised by the Law and the Applicable Listing Rules;</p> <p>(k) appoint an inspector to examine the affairs of the Company under the Law;</p>	<p>The Company may by a Special Resolution:</p> <p>(a) enter into, amend, or terminate any contract for lease, management by others, or regular joint operation with others of its business in whole;</p> <p>(b) transfer the whole or any material part of its business or assets;</p> <p>(c) acquire another's whole business or assets, which will have a material effect on the business operation of the Company;</p> <p>(d) distribute part or all of its dividends or bonus by way of issuance of new Shares;</p> <p>(e) effect any <u>Spin-off or winding-up of the Company;</u></p> <p>(f) carry out a Private Placement;</p> <p>(g) grant a waiver to the Directors' non-competition obligation;</p> <p>(h) change its name;</p> <p>(i) alter or amend the Memorandum of Association or these Articles;</p> <p>(j) reduce its share capital and any fund of the capital redemption reserve in any manner authorised by the Law and the Applicable Listing Rules; <u>and</u></p> <p>(k) appoint an inspector to examine the affairs of the Company under the Law.</p>	Amendment based on the Checking List of Protecting Rights of Foreign Issuer's Shareholders in the Country of Registration, and Article 29 of the Taiwan Business Mergers and Acquisitions Act.

Article	Amended Content	Original Content	Explanations
	<p><u>and</u> <u>(1) Share Exchange.</u></p>		
40	<p>(1) In the event any of the resolutions with respect to the paragraph (a), (b) or (c) of the preceding Article is adopted by general meeting, any Member who has notified the Company in writing of his objection to such proposal prior to such meeting and subsequently raised his objection at the meeting may request the Company to purchase all of his Shares at the then prevailing fair price; provided, however, that no Member shall have the abovementioned appraisal right if the general meeting resolves on the dissolution of the Company after the completion of transfer of business or assets under the paragraph (b) of the preceding Article. The abovementioned appraisal right shall be exercised in writing, stating therein the kinds and number of shares, within twenty (20) days after the adoption of resolutions with respect to the paragraph (a), (b) or (c) of the preceding Article.</p> <p>(2) In the event any part of the Company's business is involved in any <u>consolidation or merger with another company (including Consolidation and Merger), acquisition or Share Exchange</u>, the Member, who has forfeited his right to vote on such</p>	<p>(1) In the event any of the resolutions with respect to the paragraph (a), (b) or (c) of the preceding Article is adopted by general meeting, any Member who has notified the Company in writing of his objection to such proposal prior to such meeting and subsequently raised his objection at the meeting may request the Company to purchase all of his Shares at the then prevailing fair price; provided, however, that no Member shall have the abovementioned appraisal right if the general meeting resolves on the dissolution of the Company after the completion of transfer of business or assets under the paragraph (b) of the preceding Article. The abovementioned appraisal right shall be exercised in writing, stating therein the kinds and number of shares, within twenty (20) days after the adoption of resolutions with respect to the paragraph (a), (b) or (c) of the preceding Article.</p> <p>(2) In the event any part of the Company's business is involved in any Spin-Off or Merger/Consolidation, the Member, who has forfeited his right to vote on such matter and expressed his dissent therefor, in writing or verbally with a record before or during the</p>	<p>Amendment based on the Checking List of Protecting Rights of Foreign Issuer's Shareholders in the Country of Registration, and Article 12 of the Taiwan Business Mergers and Acquisitions Act.</p>

Article	Amended Content	Original Content	Explanations
	<p>matter and expressed his dissent therefor, in writing or verbally with a record before or during the meeting, in accordance with the Law and these Articles, may request the Company to buy back all of his Shares at the then prevailing fair price in accordance with the Law. <u>The Member filing a foresaid request shall make it in writing within a twenty (20) days period commencing from the resolution date, specify the price for buying back. In case an agreement on the price of buy-back Shares is reached between the Member and the Company, the Company shall pay for the shares within ninety (90) days from the date on which the resolution was adopted. In case no agreement is reached, the Company shall pay the fair price it has recognized to the Members that have not reached agreement with the Company within ninety (90) days from the date on which the resolution was adopted. If the Company did not pay, the Company shall be considered to be agreeable to the price requested by the Member. Where a Member requests the Company to buy all its Shares in accordance with the provisions of this paragraph, in case no agreement is reached within sixty (60) days since</u></p>	<p>meeting, in accordance with the Law and these Articles, may request the Company to buy back all of his Shares at the then prevailing fair price in accordance with the Law.</p>	

Article	Amended Content	Original Content	Explanations
	<p><u>the resolution was made, the Company shall apply to the court and may choose Taiwan Taipei District Court as the court of first instance for a ruling on the fair price against all these dissenting Members as the opposing party within thirty(30) days after that duration.</u></p> <p>(3) In case an agreement on the price of shares is reached between the shareholder and the company, the company shall pay for the shares within ninety days from the date on which the resolution was adopted. Without prejudice to the Law, in the event the Company fails to reach such agreement with the Member within a sixty (60) day period commencing from the resolution date, the Member may, within thirty (30) days after such sixty day (60) period, file a petition to Taiwan Taipei District Court for a ruling on the appraisal price.</p>	<p>(3) In case an agreement on the price of shares is reached between the shareholder and the company, the company shall pay for the shares within ninety days from the date on which the resolution was adopted. Without prejudice to the Law, in the event the Company fails to reach such agreement with the Member within a sixty (60) day period commencing from the resolution date, the Member may, within thirty (30) days after such sixty day (60) period, file a petition to Taiwan Taipei District Court for a ruling on the appraisal price.</p>	
70-1	<p><u>(1) Before any resolution of merger/consolidation and acquisition by the Board was made, the Company shall convene a meeting of Audit Committee to review the fairness and reasonableness of the plan and transaction of the merger/consolidation or acquisition, and shall report the reviewed results to the Board and the general</u></p>	(New addition)	Amendment based on the Checking List of Protecting Rights of Foreign Issuer's Shareholders in the Country of Registration, and Article 6, 7, Paragraph 3 of Article 22, Paragraph 7 of

Article	Amended Content	Original Content	Explanations
	<p><u>meeting. However, if it is not required under the Law to convene a general meeting for the resolution of merger/consolidation and acquisition, the reviewed results are not required to be reported to the general meeting.</u></p> <p><u>(2) When a meeting of Audit Committee reviews matters, it shall seek opinions from the independent expert on the justification of the Share Exchange ratio or distribution of cash or other assets to the Members.</u></p> <p><u>(3) The reviewed results of the Audit Committee and opinions from the independent expert shall be delivered to the Members together with the notice of the general meeting. However, if a general meetings' resolution of the merger/consolidation and acquisition is not required under the Law, reports for matters of the merger/consolidation and acquisition shall be announced at the next closest general meeting.</u></p> <p><u>(4) If the Company announces the same content as in those documents of notice delivered to the Members according to the provisions of the preceding paragraph on a website designated by the R.O.C. competent authorities of securities and those documents are prepared at the venue of the general</u></p>		<p>Article 31, and Paragraph 2 of Article 38 of the Taiwan Business Mergers and Acquisitions Act.</p>



Article	Amended Content	Original Content	Explanations
	<p><u>meeting by the Company for Members' reference, those documents shall be deemed as having been sent to the Members.</u></p>		
84	<p>(1) A Director who in any way has a personal interest in the matter under discussion at a meeting of the Directors shall declare the essential contents of his personal interest to the Board meeting. <u>In the merger/consolidation and acquisition involving the Company, a Director who has a personal interest in the transaction of merger/consolidation and acquisition shall explain to the Board and the general meeting the essential contents of such personal interest and the cause of his approval or dissent to the resolution of merger/consolidation or acquisition.</u></p> <p>(2) Where the spouse, a blood relative within the second degree of kinship of a Director, or any holding/subordinate company of a Director has interests in the matters under discussion at a meeting of the Directors of the preceding paragraph, such Director shall be deemed to have a personal interest in the matter.</p> <p>(3) A Director cannot exercise his own vote or by proxy on behalf of another Director in respect of any matter or proposed matter or</p>	<p>(1) A Director who in any way has a personal interest in the matter under discussion at a meeting of the Directors shall declare the essential contents of his personal interest to the Board meeting.</p> <p>(2) Where the spouse, a blood relative within the second degree of kinship of a Director, or any holding/subordinate company of a Director has interests in the matters under discussion at a meeting of the Directors of the preceding paragraph, such Director shall be deemed to have a personal interest in the matter.</p> <p>(3) A Director cannot exercise his own vote or by proxy on behalf of another Director in respect of any matter or proposed matter or</p>	<p>Amendment based on the Checking List of Protecting Rights of Foreign Issuer's Shareholders in the Country of Registration, and Paragraph 3 of Article 5 of the Taiwan Business Mergers and Acquisitions Act.</p>

Article	Amended Content	Original Content	Explanations
	<p>arrangement if he may be interested therein and may cause damage to the Company's interests. The voting right of such Director who cannot vote or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors present at the Board meeting but shall still be counted in the quorum for such meeting.</p>	<p>arrangement if he may be interested therein and may cause damage to the Company's interests. The voting right of such Director who cannot vote or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors present at the Board meeting but shall still be counted in the quorum for such meeting.</p>	

## Attachment 7. Comparison Table of the "Rules of Procedure for Shareholders' Meetings" before and after the Amendments

After the Amendment	Before Amendment	Explanation
<p>Article 3 (Convening shareholders' meetings and shareholders' meeting notices)</p> <p>Paragraphs 1, 2 and 3 are omitted.</p> <p>Election/dismissal of directors, changes in the Memorandum and Articles of Association, capital reduction, application of halting public offering, permission for the directors to compete with the company, capitalization of retained earnings, capitalization of capital reserves, dissolution/merging/splitting of the company, or all items pertaining to Article 185, Paragraph 1 of the Company Act, shall be listed as reasons to convene the meeting, with their essential contents specified, and shall not be raised as extempore motions. The main contents of these proposals may be uploaded to the website of competent authorities of securities or a website designated by the company, with its URL specified on the meeting notice.</p> <p>When the reason for convening a shareholders' meeting has been specified as the re-election of all directors and the date of appointment of the new Board of Directors is also specified, shareholders attending the meeting shall not alter the appointment date of newly elected members of the Board</p>	<p>Article 3 (Convening shareholders' meetings and shareholders' meeting notices)</p> <p>Paragraphs 1, 2 and 3 are omitted.</p> <p>Election/dismissal of directors, changes in the article of association, dissolution/merging/splitting of the company, or items pertaining to Article 185, Paragraph 1 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed as reasons to convene the meeting, with their essential contents specified, and shall not be raised as extempore motions.</p>	<ol style="list-style-type: none"> <li>1. The text is amended pursuant to Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings.</li> <li>2. Amended pursuant to Articles 172 and 172-1 of the Company Act.</li> <li>3. Paragraph 5 is added following the content of Ministry of Economic Affairs Official Letter No. 10702417500 issued on August 6, 2018.</li> </ol>

After the Amendment	Before Amendment	Explanation
<p>by proposing extempore motions or by any other means after the election process taking place at the said shareholders' meeting is completed.</p> <p>Shareholders holding 1% or more of the total number of outstanding shares of the Company may submit a proposal to the Company for discussion at an annual general meeting, and the proposals are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. However, if the proposal from the shareholders is one to urge the company to promote public interest or fulfill its corporate social responsibilities, the Board of Directors may still include the said proposal. When any of the circumstances provided in Paragraph 4 of Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.</p> <p>Prior to the book closure date before an annual shareholders' meeting is held, the company shall publicly announce that it will receive shareholder proposals, the methods of accepting proposals, such as in writing or via electronic means, and the location and time period for their submission; the period for acceptance of shareholder proposals may not be less than 10 days.</p> <p>Shareholder-submitted proposals are limited to 300</p>	<p>Shareholders holding 1% or more of the total number of outstanding shares of the Company may submit a written proposal to the Company for discussion at an annual general meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. When any of the circumstances provided in Paragraph 4 of Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.</p> <p>Prior to the book closure date before an annual shareholders' meeting is held, the company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for acceptance of shareholder proposals may not be less than 10 days.</p> <p>Shareholder-submitted proposals are limited to 300</p>	

After the Amendment	Before Amendment	Explanation
<p>words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the annual general meeting and take part in discussion of the proposal.</p> <p>The company shall, prior to the delivery of the shareholders' meeting notice, inform all the shareholders submitting proposals of the proposal screening results, and shall list in the shareholders' meeting notice the proposals conforming to the requirements set out in the Rules. At the shareholders' meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.</p>	<p>words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the annual general meeting and take part in discussion of the proposal.</p> <p>The Company shall, prior to the delivery of the shareholders' meeting notice, inform all the shareholders submitting proposals of the proposal screening results, and shall list in the shareholders' meeting notice the proposals conforming to the requirements set out in the Rules. At the shareholders' meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.</p>	
<p>Article 10 (Discussion of proposals)</p> <p>If a shareholders' meeting is convened by the Board of Director, the agenda shall be determined by the Board of Directors. The relevant proposals (including motions and amendment to original proposals) shall be decided by voting on a case-by-case basis. The meeting shall be convened according to the scheduled agenda. The agenda shall not be altered without a resolution adopted at the shareholders' meeting.</p> <p>The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to</p>	<p>Article 10 (Discussion of proposals)</p> <p>If a shareholders' meeting is convened by the Board of Director, the agenda shall be determined by the Board of Directors. The meeting shall be convened according to the scheduled agenda. The agenda shall not be altered without a resolution adopted at the shareholders' meeting.</p> <p>The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to</p>	<p>In line with the rule that all listed companies on TWSE and TPEX must fully adopt electronic voting since 2018, and to implement the spirit of case-by-case voting, the provisions have thus been amended.</p>

After the Amendment	Before Amendment	Explanation
<p>convene that is not the Board of Directors.</p> <p>The chairperson may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extempore motions), except by a resolution of the shareholders meeting. If the chairperson declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chairperson in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.</p> <p>The chairperson shall give the opportunity to fully explain and discuss the proposals, as well as the amendments or motions proposed by the shareholders. When the chairperson is of the opinion that a proposal has been sufficiently discussed to a degree of putting to a vote, the chairperson may announce the discussion closed and bring the proposal to vote. The chairperson shall also allocate sufficient time for voting.</p>	<p>convene that is not the Board of Directors.</p> <p>The chairperson may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extempore motions), except by a resolution of the shareholders meeting. If the chairperson declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chairperson in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.</p> <p>The chairperson shall give the opportunity to fully explain and discuss the proposals, as well as the amendments or motions proposed by the shareholders. When the chairperson is of the opinion that a proposal has been sufficiently discussed to a degree of putting to a vote, the chairperson may announce the discussion closed and bring the proposal to vote.</p>	
<p>Article 15</p> <p>Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed</p>	<p>Article 15</p> <p>Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed</p>	<p>Amended thanks to the suggestions from Asian Corporate Governance Association (ACGA) in order to implement the</p>

After the Amendment	Before Amendment	Explanation
<p>to each shareholder within 20 days after the termination of the meeting. The production and distribution of the meeting minutes may be effected by electronic means.</p> <p>The distribution of the meeting minutes as described in the preceding paragraph can be done through a public announcement on the Market Observation Post System.</p> <p>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chairperson's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including voting rights calculated). When there are elections of directors and supervisors, the voting rights won by all candidates must be disclosed. The meeting minutes shall be retained for the duration of the existence of the company.</p>	<p>to each shareholder within 20 days after the termination of the meeting. The production and distribution of the meeting minutes may be effected by electronic means.</p> <p>The distribution of the meeting minutes as described in the preceding paragraph can be done through a public announcement on the Market Observation Post System.</p> <p>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chairperson's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the entire duration of the existence of the company.</p>	<p>case-by-case voting spirit.</p>

## Attachment 8. Contents of Removing Restrictions on Competing with the Company by Directors

Title	Name	Name of the company serving concurrently and position
Chairman	Hsu, Chi-Feng	Director of Lemtech Precision Material (Czech) s.r.o. Director of Lemtech Cooling System Limited Director of Lemtech Energy Solutions Corporation Director of Lemtech Philippine Thermal System Inc.
Vice Chairman	Chan Kim Seng Maurice	Director of Lemtech Precision Material (Czech) s.r.o. Director of Lemtech Cooling System Limited Director of Lemtech Philippine Thermal System Inc.
Director	Ye, Hang	Director of Lemtech Cooling System Limited Director of Lemtech Philippine Thermal System Inc.



## Appendix 1. Memorandum and Articles of Association

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THE COMPANIES LAW (AS AMENDED)  
COMPANY LIMITED BY SHARES  
NINTH AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION  
OF  
LEMTECH HOLDINGS CO., LIMITED

(as adopted by a Special Resolution passed on 17 June, 2019)

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1. The name of the company is Lemtech Holdings Co., Limited.
2. (1) The Registered Office of the Company shall be at the offices of McGrath Tonner Corporate Services Limited, Genesis Building, 5th Floor, Genesis Close, PO Box 446, Cayman Islands, KY1-1106 or at such other place within the Cayman Islands as the Board may from time to time decide.  
(2) The Company may set up branch offices as deemed necessary for its business operations.  
(3) The establishment, dissolution and change of status of branches as referred to in the preceding paragraph shall be decided by the Board from time to time.
3. Subject to the following provisions of this Memorandum of Association, the objects for which the Company is established are unrestricted.
4. Subject to the following provisions of this Memorandum of Association, the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided by Section 27(2) of the Companies Law of the Cayman Islands (as amended from time to time).
5. Nothing in this Memorandum of Association shall permit the Company to carry on a business for which a licence is required under the laws of the Cayman Islands unless duly licenced.
6. The Company shall not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this clause shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.

7. The liability of each member is limited to the amount from time to time unpaid on such member's shares.
8. The share capital of the Company is NT\$1,000,000,000 divided into 100,000,000 ordinary shares of a nominal or par value of NT\$10 each.
9. The Company may invest in other enterprises as deemed necessary for its business operations, and may, upon the approval of the Board, act as a shareholder with limited liability of another company, and its total amount of investments in other enterprises may exceed 40% of the amount of its own paid-up capital without being subject to the requirement set out in Paragraph 2, Article 13 of Company Act of the R.O.C..

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THE COMPANIES LAW (AS AMENDED)  
COMPANY LIMITED BY SHARES  
NINTH AMENDED AND RESTATED ARTICLES OF ASSOCIATION  
OF  
LEMTECH HOLDINGS CO., LIMITED

(as adopted by a Special Resolution passed on 17 June, 2019)

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**INTERPRETATION**

1. The Regulations contained or incorporated in Table A of the First Schedule of the Companies Law (as amended) of the Cayman Islands (as amended from time to time) shall not apply to this Company.
2. (1) In these Articles the following terms shall have the meanings set opposite unless the context otherwise requires:-

Applicable Listing Rules	the relevant laws, regulations, rules and code as amended, from time to time, applicable as a result of the original and continued trading or listing of any Shares on any Taiwan stock exchange or securities market, including, without limitation the relevant provisions of Securities and Exchange Act of the R.O.C., Company Act of the R.O.C., the Acts Governing Relations Between Peoples of the Taiwan Area and the Mainland Area of the R.O.C., or any similar statute and the rules and regulations of the R.O.C. authorities thereunder, and the rules and regulations promulgated by the Financial Supervisory Commission, the Taipei Exchange or the Taiwan Stock Exchange;
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Articles	these Articles of Association of the Company, as amended or substituted from time to time by Special Resolution;
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Audit Committee	has the meaning set forth in Article 69;
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Remuneration	has the meaning set forth in Article 65-1;
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Committee	
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Board	the board of Directors of the Company comprising all the Directors;
Business Day	means a day (other than a Saturday or Sunday) on which banks are generally open in Taiwan for normal business;
Capital Reserve	means (1) the Share Premium Account, (2) income from endowments received by the Company and (3) other items required to be treated as Capital Reserve pursuant to the Applicable Listing Rules;
Chairman	has the meaning given thereto in Article 63;
Class or Classes	any class or classes of Shares as may from time to time be issued by the Company;
Commission	Financial Supervisory Commission of the R.O.C. or any other authority for the time being administering the Securities and Exchange Act of the R.O.C.;
Company	Lemtech Holdings Co., Limited;
Consolidation	the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies in the consolidated company within the meaning of the Law and the Applicable Listing Rules;
Director	a director of the Company for the time being who collectively form the Board, and "Directors" means 2 or more of them;
Electronic	has the meaning given to it in the Electronic Transactions Law (as amended) of the Cayman Islands and any amendment thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefore;

Electronic Communication	means transmission to any number, address or internet website or other electronic delivery methods as otherwise decided and approved by not less than two-thirds (2/3) of the vote of the Board;
Emerging Market	the emerging market board of the Taipei Exchange in the R.O.C.;
Financial Statements	has the meaning set out in Article 98;
Taipei Exchange or TPEX	the Taipei Exchange in the R.O.C.;
Independent Director	those Directors appointed as "Independent Directors" pursuant to the requirements of the Applicable Listing Rules;
Juristic Person	a firm, corporation, union, association, government agency or other organization which is recognised by the Law and the Applicable Listing Rules as a legal entity;
Law	the Companies Law (as amended) of the Cayman Islands and any amendment or other statutory modification thereof and every other act, order, regulation or other instrument having statutory effect (as amended from time to time) for the time being in force in the Cayman Islands applying to or affecting the Company, the Memorandum of Association and/or these Articles, and where in these Articles any provision of the Law is referred to, the reference is to that provision as modified by any law for the time being in force;
Member or Shareholder	a Person who is duly registered as the holder of any Share or Shares in the Register and includes each subscriber to the Memorandum of Association pending entry in the Register of such subscriber and "Members" or "Shareholders" means 2 or more of

	them;
Memorandum of Association	the memorandum of association of the Company, as amended or substituted from time to time;
Merger	the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such company as the surviving company within the meaning of the Law;
Month	a calendar month;
NT\$	New Taiwan Dollars;
Ordinary Resolution	a resolution passed by a simple majority of the Members present at a general meeting who represent more than one-half of the total outstanding Shares of the Company;
Person	any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires;
Preferred Shares	has the meaning given thereto in Article 4;
Private Placement	an offer by the Company of its securities to specific persons pursuant to the Applicable Listing Rules;
Register	the register of Members of the Company to be maintained at such place within or outside the Cayman Islands;
Registered Office	the registered office of the Company for the time being as required under the Law;
Relevant Period	the period commencing from the date on which any of the securities of the Company registered in the Emerging Market or first become listed on the TPEX, TWSE or any Taiwan stock exchange or securities

market to and including the date immediately before the day on which none of such securities are so listed (and so that if at any time listing of any such securities is suspended for any reason whatsoever and for any length of time, they shall nevertheless be treated, for the purpose of this definition, as listed);

R.O.C. or Taiwan	the Republic of China, its territories, its possessions and all areas subject to its jurisdiction;
R.O.C. Courts	the Taiwan Taipei District Court or any other competent courts in the R.O.C.;
R. O. C. Laws	the laws and regulations of the R.O.C., including without limitation to the Applicable Listing Rules;
Seal	the common seal of the Company;
Secretary	any Person for the time being appointed by the Directors to perform any of the duties of the secretary of the Company and including any assistant, deputy, acting or temporary secretary;
Share	a share in the capital of the Company. All references to "Shares" herein shall be deemed to be Shares of any or all Classes as the context may require. For the avoidance of doubt in these Articles the expression "Share" shall include a fraction of a Share;
Share Premium Account	the share premium account established in accordance with these Articles and the Law;
Shareholders' Service Agent	the agent licensed by the R.O.C. authorities and having its offices in the R.O.C. to provide shareholder services, in accordance with the Applicable Listing Rules, to the Company;
signed	includes representation of a signature affixed by mechanical means or an electronic symbol or process;

Special Reserve	has the meaning set out in Article 91;
Special Resolution	<p>a special resolution of the Company passed in accordance with the Law, being a resolution passed by a majority of not less than two-thirds of Members as, being entitled to do so, vote in person or by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, and such general meeting attended by the Members representing more than one-half of the outstanding shares of the Company.</p> <p>A Special Resolution shall be effective for any purpose for which an Ordinary Resolution is expressed to be required under any provision of these Articles;</p>
Spin-off	an act wherein a transferor company transfers all of its independently operated business or any single independently operated business to an existing or a newly incorporated company as consideration for that existing transferee company or newly incorporated transferee company to issue new shares to the transferor company or to shareholders of the transferor company;
Subordinate Company	companies (i) of which a majority of the total outstanding voting shares or the total amount of the capital stock is held by the Company; (ii) in which the Company has a direct or indirect control over the management of the personnel, financial or business operation of that company; (iii) of which a majority of directors in such company are contemporarily acting as directors in the Company; or (iv) of which a majority of the total outstanding voting shares or the total amount of the capital stock of such companies and the Company are held by the same Members; and



TWSE

the Taiwan Stock Exchange Corporation.

- (2) Unless the context otherwise requires, expressions defined in the Law and used herein shall have the meanings so defined.
- (3) In these Articles unless the context otherwise requires:
  - (a) words importing the singular number shall include the plural number and vice-versa;
  - (b) words importing the masculine gender shall include the feminine gender and neuter genders;
  - (c) a notice provided for herein shall be in writing unless otherwise specified and all reference herein to "in writing" and "written" shall include printing, lithography, photography and other modes of representing or reproducing words in permanent visible form; and
  - (d) "may" shall be construed as permissive and "shall" shall be construed as imperative.
- (4) Headings used herein are intended for convenience only and shall not affect the construction of these Articles.

## **SHARES**

3. Subject to the Law and these Articles, the Board may, in respect of all Shares for the time being unissued:
  - (1) offer, issue, allot and dispose of such Shares to such Persons, in such manner, on such terms and having such rights and being subject to such restrictions as they may from time to time determine; and
  - (2) grant options with respect to such Shares and issue warrants or similar instruments with respect thereto, in accordance with the provisions of the Law and the Applicable Listing Rules; and, for such purposes, the Board may reserve an appropriate number of Shares for the time being unissued.
- 3-1. The Directors may authorise the division of Shares into any number of Classes and the different Classes shall be authorised, established and designated (or re-designated as the case may be) and the variations in the relative rights (including, without limitation, voting, dividend and redemption rights), restrictions, preferences, privileges and payment obligations as between the different Classes (if any) shall be fixed and determined by Directors.
4. The Company, subject to these Articles including by approval of a Special Resolution adopted at a general meeting in accordance with Article 5, may issue Shares of different classes with rights which are preferential or inferior to those of ordinary

Shares issued by the Company (“**Preferred Shares**”) with the approval of a majority of the Board present at a meeting attended by two-thirds or more of the total number of the Directors.

5. Prior to the issuance of any Preferred Shares approved pursuant to the preceding Article, these Articles shall be amended to set forth the rights and obligations of the Preferred Shares, including but not limited to the following terms, and the same shall apply to any variation of rights of Preferred Shares:
  - (a) the total number of Preferred Shares that have been authorized to be issued and the numbers of the Preferred Shares already issued;
  - (b) the order, fixed amount or fixed ratio of allocation of dividends and bonus on Preferred Shares;
  - (c) the order, fixed amount or fixed ratio of allocation of surplus assets of the Company;
  - (d) the order of or restriction on the voting right(s) (including declaring no voting rights whatsoever) of Members of Preferred Shares;
  - (e) other matters concerning rights and obligations incidental to Preferred Shares; and
  - (f) the conditions and method by which the Company is authorized or compelled to redeem the Preferred Shares, or a statement that redemption rights shall not apply.
6. (1) The issue of new ordinary Shares in the Company shall be approved by a majority of the Directors present at a meeting attended by two-thirds or more of the total number of the Directors. The issue of new Shares shall at all times be subject to the sufficiency of the authorised capital of the Company. The Company shall not issue any unpaid Shares or partial paid-up Shares.
  - (2) The Company shall not convert the Shares into par value shares if the Company chooses to issue no par value shares.
7. The Company may issue Shares without printing share certificates. Any share certificate of the Company, if any, shall not be the bearer certificate.
8. During the Relevant Period, if at anytime the Board resolves to issue new Shares :
  - (a) Upon each issuance of new Shares, the Board may reserve not more than fifteen percent (15%) of the new Shares for subscription by the employees of the Company, as determined by the Board in its reasonable discretion;
  - (b) The Company, unless otherwise resolved by Ordinary Resolution, shall after reserving the portion of Shares for subscription by its employees and for public offering in the R.O.C. pursuant to these Articles, first offer such remaining new Shares, by a public announcement according to the Applicable Listing Rules and a written notice to each existing Member for their subscription in proportion to

- the number of Shares held by it;
- (c) The Company shall state in such written notice that if any Member fails to confirm his subscription in writing or by way of paying off the subscribed Shares within the assigned deadline, his right shall be forfeited;
  - (d) Where any fractional Share held by a Member is insufficient to subscribe for one new Share, the fractional Shares being held by several Members may be combined for joint subscription of one or more integral new Shares or for subscription of new Shares in the name of a single Member;
  - (e) New Shares left unsubscribed by existing Members may be offered for public issuance or the Board may be authorised to offer such Shares for subscription by specific Persons through negotiation; and
  - (f) The right to subscribe for new Shares, except those reserved for subscription by employees, may be separated from the rights in original Shares and transferable independently.
9. The employees' and Members' right to subscribe for new Shares prescribed under the preceding Article shall not apply in the event that new Shares are issued for the following purpose:
- (a) in connection with a Merger/Consolidation, the Spin-off of the Company, or pursuant to any reorganization of the Company;
  - (b) in connection with meeting the Company's obligation under Share subscription warrants and/or options granted to the employees;
  - (c) in connection with meeting the Company's obligation under corporate bonds which are convertible bonds or vested with rights to acquire Shares;
  - (d) in connection with meeting the Company's obligation under Share subscription warrant or Preferred Shares vested with rights to acquire Shares;
  - (e) in connection with any share swap arrangement entered into by the Company, or
  - (f) in connection with any other limitation, prohibition, restriction or exemption under the Applicable Listing Rules.
10. During the Relevant Period, where the Company increases its issued share capital in cash, the Company shall allocate 10% of the total amount of the new Shares to be issued for offering in the R.O.C. to the public unless the Commission, or the TPEx or the TWSE considers the aforementioned public offering unnecessary or inappropriate for the Company to conduct. Provided however, if a percentage higher than the aforementioned 10% is approved by an Ordinary Resolution to be offered, the percentage determined by such resolution shall prevail.
11. Subject to the Applicable Listing Rules, the Company may, upon adoption of a resolution by a majority of the Board present at a meeting of the Board attended by two-thirds or more of the total number of Directors, enter into a share subscription

- right agreement with its employees whereby the employees may subscribe, within a specific period of time, for a specific number of Shares of the Company. Upon execution of the said agreement, the Company shall issue to each employee a share subscription warrant. The share subscription warrant obtained by any employee of the Company shall be non-assignable, except to the heir(s) of the said employee.
12. (1) The Company may by a Special Resolution reduce its share capital in the manner authorised, and subject to any conditions prescribed, by the Law and the Applicable Listing Rules. During the Relevant Period, a capital reduction shall be effected based on the percentage of shareholding of the Members pro rata, unless otherwise provided for in the Law or the Applicable Listing Rules.
  - (2) The Company shall, upon adoption of such resolution of capital reduction, prepare a balance sheet and an inventory of property, and then give a notice to each creditor of the Company as well as a public notice of such resolution, and shall fix a time limit of not less than thirty (30) days within which the creditors may raise their objections, if any, to such resolution.
  - (3) The Company may reduce its share capital by using property, in addition to cash, to return capital contributions; the returned property and the offsetable amount for the returned property shall be decided by Ordinary Resolution, and approved by the Member(s) receiving such Property.
  - (4) During the Relevant Period, the Board shall have the value of the returned property and the offsetable amount referred to in the preceding paragraph audited and certified by a certified public accountant in Taiwan prior to the general meeting.
13. During the Relevant Period, any issuance, conversion, capitalisation or cancellation of the Shares or any other equity securities (including but not limited to warrants, options or bonds) shall comply with the Applicable Listing Rules and the Law.
  14. During the Relevant Period, the shareholder services of the Company should comply with the Regulations Governing the Administration of Shareholder Services of Public Companies of the R.O.C.

#### **MODIFICATION OF RIGHTS**

15. Whenever the share capital of the Company is divided into different classes of shares, including where Preferred Shares are issued, in addition to a Special Resolution, the special rights attached to any class shall be varied or abrogated with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of such class. To every such separate general meeting and all adjournments thereof, all the provisions of these Articles relating to general meetings of the Company and to the proceedings thereat shall mutatis mutandis

apply.

16. The rights conferred upon the holders of the Shares of any Class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that Class, be deemed to be materially adversely varied or abrogated by, *inter alia*, the creation, allotment or issue of further Shares ranking *pari passu* with or subsequent to them or the redemption or purchase of Shares of any Class by the Company.

### **REGISTERS**

17. The Board shall cause to be kept the Register and, during the Relevant Period, there shall be entered therein the particulars required under the Law and the Applicable Listing Rules, and the Register shall be made available at its Shareholders' Service Agent's office in the R.O.C.

### **DELIVERY OF SHARES**

18. (1) During the Relevant Period, the Company shall deliver, or shall cause its Shareholders' Service Agent to deliver Shares by book-entry transfer to the subscribers within thirty (30) days from the date such Shares may be issued or delivered pursuant to the Law and the Applicable Listing Rules. The Company shall make a public announcement in accordance with the Applicable Listing Rules prior to the delivery of such Shares.
- (2) For the new Shares to be issued by the Company, the Company may print a consolidated share certificate representing the total number of the new Shares to be issued at the same time of issue, in accordance with the Law, provided that the share certificate to be issued shall be placed under the custody of a centralized securities custody enterprise.

### **REPURCHASE OF SHARES**

19. (1) Upon the approval of a majority of the Board present at a Board meeting attended by two-thirds or more of Directors, the Company may repurchase its own Shares in the manner authorised by the Law and the Applicable Listing Rules. Any Shares so repurchased shall be deemed cancelled immediately.
- (2) The conditions, methods and procedures for repurchase of Shares by the Company according to the preceding Article shall comply with the Law and the Applicable Listing Rules.

## TREASURY SHARES

- 19-1. Subject to the Law, the Applicable Listing Rules and these Articles, the Company is authorized to issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or a Shareholder. For so long as the Shares are registered in the Emerging Market or listed on the Taipei Exchange or TWSE, the repurchase of the Shares by the Company shall be subject to the Applicable Listing Rules and the Cayman Islands law.
- 19-2. The Company is authorised to make payments in respect of the redemption of its shares out of the funds lawfully available (including out of capital) in accordance with the Law and the Applicable Listing Rules.
- 19-3. The redemption price of a redeemable Share, or the method of calculation thereof, shall be fixed by the Directors at or before issue of such Share. Subject to these Articles, every share certificate representing a redeemable share shall indicate that the share is redeemable.
- 19-4. Subject to the Applicable Listing Rules and Articles, and with the sanction of an Ordinary Resolution authorising the manner and terms of purchase, the Directors may on behalf of the Company purchase any share in the Company (including a redeemable share) by agreement with the Shareholder or pursuant to the terms of the issue of the share and may make payments in respect of such purchase in accordance with the Law, the Applicable Listing Rules and the Ordinary Resolution authorizing the manner and terms of purchase.
- 19-5. The redemption price or repurchase price may be paid in any manner authorised by the Law and these Articles. A delay in payment of the redemption price or repurchase price shall not affect the redemption or repurchase but, in the case of a delay of more than thirty (30) days, interest shall be paid for the period from the due date until actual payment at a rate which the Directors, after due enquiry, estimate to be representative of the rates being offered by Class A banks in the Cayman Islands for thirty day deposits in the same currency.
- 19-6. The Company shall be entered into the Register as the holder of the Treasury Shares provided that:
- (a) the Company shall not be treated as a member for any purpose and shall not exercise any right in respect of the Treasury Shares, and any purported exercise of such a right shall be void;
  - (b) a Treasury Share shall not be voted, directly or indirectly, at any meeting of the Company and shall not be counted in determining the total number of issued Shares at any given time, whether for the purposes of these Articles or the Law.

## **FRACTIONAL SHARES**

19-7. Subject to these Articles, the Directors may issue fractions of a Share and, if so issued, a fraction of a Share shall be subject to and carry the corresponding fraction of liabilities (whether with respect to nominal or par value, premium, contributions, calls or otherwise), limitations, preferences, privileges, qualifications, restrictions, rights (including, without prejudice to the generality of the foregoing, voting and participation rights) and other attributes of a whole Share. If more than one (1) fraction of a Share of the same Class is issued to or acquired by the same Shareholder such fractions shall be accumulated.

## **TRANSFER AND TRANSMISSION OF SHARES**

20. (1) Subject to the Law and the Applicable Listing Rules, Shares issued by the Company shall be freely transferable, provided that any Share subscribed by the employees of the Company may be subject to transfer restrictions for the period no longer than two years as the Board may determine in their discretion.
- (2) The Company may restrict its employees from transferring the Shares purchased by the Company and transferred to such employees for a specific period of time, but in no event shall such period exceed two (2) years.
- (3) The issuance of restricted Shares to employees by the Company shall be approved by one-half of the Members who are entitled to vote, at a general meeting attended by at least two-thirds of the total issued and outstanding Shares of the Company. In the event that the total number of shares present at such general meeting is less than the quorum specified in the preceding sentence, such issuance may be approved by Special Resolution.
- (4) In the event that the Company issues new Shares during the Relevant Period pursuant to the preceding paragraph, the number of Shares to be issued, the issuing price, the conditions of the issuance, and other related matters shall comply with the Applicable Listing Rules.
21. The Company shall not be obligated to recognize any transfer or assignment of Shares unless the name/title and residence/domicile of the transferor and transferee have been recorded in the Register.
- 21-1. The legal personal representative of a deceased sole holder of a Share shall be the only Person recognised by the Company as having any title to the Share. In the case of a Share registered in the name of two (2) or more holders, the survivors or survivor, or the legal personal representatives of the deceased, shall be the only Person recognised by the Company as having any title to the Share.

## **CLOSING REGISTER OR FIXING RECORD DATE**

22. (1) The Board may fix in advance the record date(s) for (a) determining the Members entitled to receive any dividend, distribution or issue; (b) determining the Members entitled to receive notice(s) of, to attend at and to vote at any general meeting(s) (or any adjournment thereof) in person, by proxy, in writing or by way of electronic transmission; and (c) for any other reason needing to ascertain shareholders °
- (2) During the Relevant Period, the Register shall be closed at least for a period of sixty (60) days before the date of each annual general meeting, thirty (30) days before the date of each extraordinary general meeting and five (5) days before the target date for a dividend, bonus or other interest distribution. For the purpose of calculating the abovementioned period, the respective convening date of general meeting or the applicable target date shall be included.
- (3) With respect to the foregoing target dates, the Board shall make public announcement on the website designated by the Commission and the TPEX or TWSE °

## **GENERAL MEETINGS**

23. The Company shall in each year hold a general meeting as its annual general meeting within six months after close of each financial year. The annual general meeting shall be convened by the Board.
24. All general meetings other than annual general meetings shall be called extraordinary general meetings. The Board may, whenever they think fit, convene an extraordinary general meeting of the Company.
25. During the Relevant Period, all general meetings shall be held in the R.O.C.. If a general meeting is to be convened outside Taiwan per the resolution of the Board, the Company shall within two (2) days after the Board adopts such resolution, or, in the event of an extraordinary general meeting convened pursuant to Article 26, after the relevant Shareholders obtained the approval from the competent authority, apply for the approval of the Taipei Exchange or the TWSE.
26. (1) Any Member(s) holding at least three percent (3%) of the outstanding Shares of the Company for a period of one consecutive year or a longer time may, by depositing the requisition notice specifying the proposals to be resolved and the reasons, request the Board to convene an extraordinary general meeting. If the Board does not give notice to Members to convene such meeting within fifteen



- (15) days after the date of the requisition notice, the proposing Member(s) may, after obtaining an approval from the competent authority, convene the general meeting.
- (2) Any Member(s) holding more than one-half of the outstanding Shares of the Company for a period of three consecutive months or a longer time may, convene an extraordinary general meeting. The calculation of the holding period and the number of Shares held by the abovementioned Member(s) shall be based on the holding at the time when share transfer registration is suspended.
- (3) Subject to the condition that the Board does not or is not able to convene a general meeting, the Independent Director of the Audit Committee may, for the benefit of the Company, convene a general meeting when it is deemed necessary.
27. (1) The Board or any authorized convener of the general meeting may require the Company or its Shareholders' Service Agent to provide the Register.
- (2) The Company shall engage a Shareholders' Service Agent within the R.O.C. to handle the administration of such general meeting, including but not limited to, the voting matters.

#### **NOTICE OF GENERAL MEETING**

28. (1) At least thirty (30) days notice in writing prior to the scheduled date of any annual general meetings and fifteen (15) days notice in writing prior to the scheduled date of any extraordinary general meeting shall be given to each Member. Every notice shall be exclusive of the day on which it is given and of the day on which the general meeting is to be held. Such notice shall specify the place, the day and the time of meeting and the agenda and the proposals to be resolved at the general meeting. The notice for a general meeting may be given by means of electronic communication if the Company obtains prior consent from each Member or as permitted by the Law and the Applicable Listing Rules.
- (2) The meeting notices, proxy forms, information pertaining to the proposals for adoption or discussion, or for the election or dismissal of the Director(s), and other matters shall be published thirty (30) days prior to the date of the scheduled general meeting or fifteen (15) days prior to the date of the scheduled extraordinary general meeting.
- (3) If the voting rights at the meeting will be exercised in writing, a printed copy of the materials referred to in the preceding paragraph and a printed ballot shall be delivered to the Members.
29. The following matters shall be specified in the notice of a general meeting with the

description of their major content, and shall not be proposed as ad hoc motions; the major content may be posted on the website designated by the Commission, the TPEX or the TWSE or the Company, and such website shall be indicated in the above notice:

- (a) election or discharge of Directors;
  - (b) amendments to the Memorandum of Association and/or these Articles;
  - (c) capital reduction;
  - (d) application for the approval of ceasing the Shares to be publicly offered;
  - (e) winding-up, Merger/Consolidation or Spin-off of the Company;
  - (f) entering into, amendment to, or termination of any contract for lease, management by others, or regular joint operation with others of its business in whole;
  - (g) the transfer of the whole or any material part of its business or assets; and
  - (h) taking over another's whole business or assets, which will have a material effect on the business operation of the Company;
  - (i) carrying out a Private Placement of equity securities;
  - (j) granting a waiver to the Director's non-competition obligation;
  - (k) distributing part or all of its dividends or bonus by way of issuance of new Shares; and
  - (l) capitalization of the Legal Reserves and capitalization of the Capital Reserve of the Company, the Share Premium Account of the Company and/or the income from endowments received by the Company as Capital Reserve, by issuing new Shares or cash to its existing Members in proportion to the number of Shares being held by each of them.
30. Except for matters prescribed in the preceding Article, a Member of the Company may raise a proposal for resolution as ad hoc motions at a general meeting, provided that the proposed ad hoc motion shall be limited to a matter directly related to the matters specified in the notice of such general meeting.
31. During the Relevant Period, the Company shall prepare a manual for each general meeting and the relevant materials, which will be made available to all Members, and shall be published on the website designated by the Commission, the TPEX or the TWSE twenty-one (21) days prior to the scheduled date of the relevant annual general meeting and fifteen (15) days prior to the scheduled date of the relevant extraordinary general meeting pursuant to the Applicable Listing Rules.

#### **PROCEEDINGS AT GENERAL MEETING**

32. No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Save as

otherwise provided by these Articles, the Members representing more than one-half of all total outstanding Shares present in person or by proxy and entitled to vote shall be a quorum for all purposes.

33. (1) The Member(s) holding one percent (1%) or more of the total outstanding Shares of the Company may submit a proposal in writing or by way of electronic transmission for resolution at an annual general meeting; provided that only one matter shall be allowed in each proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda.
  - (2) Prior to the relevant record date, the Company shall give a public notice announcing the place and the period for the Members to submit proposals; and the period for accepting such proposals shall not be less than ten (10) days.
  - (3) The number of words of a proposal to be submitted by a Member shall be limited to not more than three hundred (300) words, and any proposal containing more than 300 words shall not be included in the agenda of the general meeting. The Member who has submitted a proposal shall attend, in person or by a proxy, such general meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.
  - (4) Unless any of the following circumstances is satisfied, the Board shall include the proposal submitted by a Member from the agenda:
    - (a) Where the subject (the issue) of the said proposal cannot be settled or resolved by a general meeting;
    - (b) Where the number of shares of the Company held by the proposing Member is less than one percent (1%) of the total outstanding Shares on the relevant record date; or
    - (c) Where the said proposal is submitted on a day beyond the deadline fixed and announced by the Company for accepting Members' proposals.
    - (d) Where the said proposal containing more than 300 words or more than one matters in a single proposal.
  - (5) The proposal proposed pursuant to the preceding paragraph (1) for urging the Company to promote public interests or fulfil the Company's social responsibilities may still be included in the agenda by the Board.
  - (6) The Company shall, prior to sending the notice of the general meeting, inform all the proposing Members of whether their proposals are accepted or not, and shall list in the notice of general meeting the accepted proposals. With regard to the proposals submitted by Members but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the Board at such general meeting.
34. The Chairman shall preside as chairman at every general meeting of the Company convened by the Board. For a general meeting convened by any Person other than

- the Board, such Person shall act as the chairman of that meeting; provided that if there are two or more Persons jointly convening such meeting, the chairman of the meeting shall be elected from those Persons.
35. If at any general meeting the Chairman is not present at the general meeting or is unwilling to act as chairman, he shall designate one of the Directors to act on his behalf. In the absence of such designation, the attending Directors may choose one of them to be the chairman of such general meeting.
36. The Chairman of the general meeting may by Ordinary Resolution adjourn a general meeting from place to place within five (5) days, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a general meeting is adjourned for more than five (5) days, notice of the time and location of the adjourned meeting shall be given as in the case of an original meeting.
37. At any general meeting, a proposal for resolution shall be decided on a poll. The number or proportion of the votes in favour of, or against, that resolution shall be recorded in the minutes of the meeting.
38. Unless otherwise expressly required by the Law, the Applicable Listing Rules or these Articles, any matter which has been presented for resolution by the Members at any general meeting shall be passed by an Ordinary Resolution.
- 38-1. In the case of an equality of votes, the chairman of the meeting shall not be entitled to a second or casting vote. Subject to these Articles and the Applicable Listing Rules, the Company shall additionally comply with the Procedural Rules of General Meetings.
39. The Company may by a Special Resolution:
- (a) enter into, amend, or terminate any contract for lease, management by others, or regular joint operation with others of its business in whole;
  - (b) transfer the whole or any material part of its business or assets;
  - (c) acquire another's whole business or assets, which will have a material effect on the business operation of the Company;
  - (d) distribute part or all of its dividends or bonus by way of issuance of new Shares;
  - (e) effect any Spin-off or winding-up of the Company;
  - (f) carry out a Private Placement;
  - (g) grant a waiver to the Directors' non-competition obligation;
  - (h) change its name;
  - (i) alter or amend the Memorandum of Association or these Articles;
  - (j) reduce its share capital and any fund of the capital redemption reserve in any manner authorised by the Law and the Applicable Listing Rules; and

- (k) appoint an inspector to examine the affairs of the Company under the Law.
40. (1) In the event any of the resolutions with respect to the paragraph (a), (b) or (c) of the preceding Article is adopted by general meeting, any Member who has notified the Company in writing of his objection to such proposal prior to such meeting and subsequently raised his objection at the meeting may request the Company to purchase all of his Shares at the then prevailing fair price; provided, however, that no Member shall have the abovementioned appraisal right if the general meeting resolves on the dissolution of the Company after the completion of transfer of business or assets under the paragraph (b) of the preceding Article. The abovementioned appraisal right shall be exercised in writing, stating therein the kinds and number of shares, within twenty (20) days after the adoption of resolutions with respect to the paragraph (a), (b) or (c) of the preceding Article.
- (2) In the event any part of the Company's business is involved in any Spin-Off or Merger/Consolidation, the Member, who has forfeited his right to vote on such matter and expressed his dissent therefor, in writing or verbally with a record before or during the meeting, in accordance with the Law and these Articles, may request the Company to buy back all of his Shares at the then prevailing fair price in accordance with the Law.
- (3) In case an agreement on the price of shares is reached between the shareholder and the company, the company shall pay for the shares within ninety days from the date on which the resolution was adopted. Without prejudice to the Law, in the event the Company fails to reach such agreement with the Member within a sixty (60) day period commencing from the resolution date, the Member may, within thirty (30) days after such sixty day (60) period, file a petition to Taiwan Taipei District Court for a ruling on the appraisal price.
41. A plan of Merger or Consolidation involving the Company shall be authorised by each constituent company by-
- (a) a Members' resolution by majority in number representing seventy-five per cent in value of the Members voting together as one class; and
- (b) if the shares to be issued to each Member in the consolidated or surviving company are to have the same rights and economic value as the shares held in the constituent company, a Special Resolution of the Members voting together as one class, and in either case a Member shall have the right to vote regardless of whether the Shares that he holds otherwise give him voting rights.
- 41-1. If the trading of shares listed on TWSE is terminated as a result of a Merger/Consolidation in which the company will dissolve, general transfer, share swap or Spin-off and the shares of the surviving company in the Merger/Consolidation, the transferee company in the general assumption or the

existing company or newly-incorporated company in the share swap or Spin-off will not be listed on TPEX or TWSE, the resolution of the general meeting shall be adopted by two-thirds or more of the votes of the shareholders who represent the total number of issued shares of the Company.

42. In case the procedure for convening a general meeting or the method of adopting resolutions is in violation of the Law, the Applicable Listing Rules or these Articles, a Member may, within thirty (30) days from the date of the resolution, submit a petition to the Taiwan Taipei District Court or the competent court in Cayman Islands, as applicable, for an appropriate remedy, including but not limited to, requesting the court to invalidate and cancel the resolution adopted therein.

### VOTES OF MEMBERS

43. Subject to any rights and restrictions for the time being attached to any Share, every Member who is present in person (or in the case of a Member being a corporation, by its duly authorised representative) and every Person representing a Member by proxy shall have one vote for each Share.
44. (1) In the case of joint Members, the joint Members shall select a representative among them to exercise their voting powers.
- (2) If a Member holds Shares for others, such Member may advocate to exercise the voting rights separately.
- (3) The eligibility criteria, scope of application, manner of exercise, operating procedures, and other matters relating to the separate exercise of voting rights pursuant to the preceding paragraph shall comply with the Applicable Listing Rules during the Relevant Period.
45. (1) No vote may be exercised with respect to any of the following Shares:
- (a) the Shares held by any Subordinate Companies, of which a majority of the total outstanding voting shares or the total amount of capital stock are held by the Company; or
- (b) the Shares held by other companies, of which a majority of the total outstanding voting shares or the total amount of the capital stock are held by the Company and its holding/Subordinate Companies; or
- (c) the share(s) of a company that are held by the issuing company itself in accordance with the laws.
- (2) Subject to the Law and these Articles, the Shares held by any Member having no voting rights shall not be counted in the total number of the outstanding Shares while adopting a resolution at a general meeting.
- (3) A Member cannot exercise his own vote or by proxy on behalf of another Member in respect of any matter or proposed matter or arrangement if he may

be interested therein and may cause damage to the Company's interests. Such Shares shall not be counted in determining the number of votes of the Members present at the said meeting.

46. To the extent permitted by the Law, votes may be exercised in writing or by way of electronic transmission. The way of electronic transmission shall be one of the voting methods at the general meeting. If the Board resolves to hold a general meeting outside Taiwan, the Company must allow the Shareholders to exercise the votes and cast the votes in writing or by way of electronic transmission.
47. If a written instrument or electronic transmission for voting is proposed to be used, the relevant methods and procedures will be specified in the notice of that meeting and complied with by such Members. A Member who exercises his votes in writing or by way of electronic transmission shall be counted towards the quorum, but shall be deemed to have waived his votes in respect of any ad hoc motions and the amendments to the contents of the original proposals at such general meeting.
- 47-1. A Shareholder shall deliver his declaration about the votes in writing or by way of electronic transmission to the Company no later than 2 days prior to the scheduled meeting date of the general meeting; whereas if two or more declarations are delivered to the Company, the first declaration shall prevail unless an explicit statement to revoke the previous declaration is made in the declaration which comes later.
48. Subject to Article 54, in case a Member who has casted his votes in writing or by way of electronic transmission intends to attend the general meeting in person, he shall, at least 2 days prior to the meeting, revoke his previous votes by serving a separate notice in the same manner as such Member casted his votes. In the absence of a timely revocation of the previous declaration of intention, the votes exercised in writing or by way of electronic transmission shall prevail.
49. For the avoidance of doubt, a Shareholder who exercises his voting power as set forth in Articles 46, 47, 48 and 54 in accordance with the R.O.C. Laws and these Articles shall be deemed to have attended and voted in person at the general meeting for the purposes of these Articles and the Law.
50. The proceedings regarding the general meeting and the voting in the general meeting not covered by these Articles shall be governed by the internal rules of the Company, as adopted and amended by an Ordinary Resolution of Members from time to time, which shall be in compliance with the Law, the Applicable Listing Rules and the Rules Governing the Conduct of Shareholders Meetings by Public Companies.

## PROXY

51. A Member may appoint a proxy to attend a general meeting on his behalf by executing a proxy form prepared by the Company stating therein the scope of power authorized to the proxy. A proxy need not be a Member.
52. A Member may only execute one proxy form and appoint one proxy for each general meeting and shall serve such written proxy to the Company no later than five (5) days prior to the meeting date. In case the Company receives two or more written proxies from one Member, the first one received by the Company shall prevail unless an explicit statement to revoke the previous written proxy is made in the subsequent proxy, provided this subsequent proxy is received no later than five (5) days prior to the meeting date.
53. Where a Member has served a proxy and intends to attend the general meeting in person or exercise the voting rights in writing or by way of electronic transmission, a proxy revocation notice shall be made to the Company at least two (2) days prior to the scheduled date of the general meeting; otherwise, the voting power exercised by the appointed proxy at the meeting shall prevail.
54. In case a Member has exercised his voting power in writing or by way of electronic transmission in accordance with Article 48, and has also authorized a proxy to attend the general meeting on his behalf, then the voting power exercised by the authorized proxy for the said Member shall prevail.
55. The instrument appointing a proxy shall be expressed to be for a particular meeting only<sup>1</sup>. Instruments of proxy shall be in the form approved by the Company and will include at least the following information: (a) instructions on how to complete such proxy, (b) the matters to be voted upon pursuant to such proxy, and (c) basic identification information relating to the relevant Member, the proxy, and proxy solicitor (if any). To the extent permitted by the Law, the form of proxy instrument shall be provided together with the notice for the relevant general meeting, either through post or by electronic transmission, as the case maybe, to all Members on the same day.
56. Except for trust enterprises duly licensed under the Applicable Listing Rules or Shareholders' Service Agencies approved by the R.O.C. competent authorities, where a Person acts as the proxy for two or more Members, the number of votes represented by him shall not exceed three percent (3%) of the total number of votes of the Company and the portion of excessive votes represented by such proxy shall not be counted.
- 56-1. For so long as the Shares are registered in the Emerging Market or listed in the



Taipei Exchange or TWSE, where a general meeting is to be held outside Taiwan, the Company shall engage a designated institute (i.e., Shareholders' Service Agent located in Taiwan) approved by the Commission and the TPEX or the TWSE to handle the administration of such general meeting (including but not limited to the voting for Shareholders of the Company).

57. The use of proxies and solicitation shall be subject to the Law, the relevant R.O.C. Laws, the relevant Applicable Listing Rules and in particular the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies of the R.O.C.

#### **CORPORATIONS ACTING BY REPRESENTATIVES AT MEETING**

58. Any corporation which is a Member of the Company may, by resolution of its board or other governing body, authorise such natural person as it thinks fit to act as its representative at any general meeting or at any meeting of a Class of Members of the Company.

#### **DIRECTORS AND BOARD**

59. (1) Unless otherwise determined by the general meeting, the number of Directors shall be a minimum of five (5) and a maximum of ten (10).
- (2) A Director can be a natural person or a Juristic Person. Where a Director is a Juristic Person, it shall designate a natural person as its authorized representative to exercise, on its behalf, the duties of a director. Any natural person designated as an authorized representative by the corporate Director may be replaced by another natural person to be authorized by the corporate Director from time to time so as to fulfil the remaining term of the office of the predecessor.
- (3) Where a Juristic Person acts as a Member, its authorized representative(s) may be nominated as a Director(s) provided such nomination is in accordance with these Articles.
- (4) Directors shall be elected by the Members in general meeting. Notwithstanding any other provision of these Articles, the principle of cumulative voting shall apply in any election of Directors pursuant to this Article. Each Member entitled to vote in such election shall have a number of votes equal to the product of (i) the number of votes conferred by such Member's shares and (ii) the number of Directors to be elected at the general meeting. Each Member may divide and distribute such Member's votes, as so calculated, among any one or more candidates for the directorships to be filled, or such Member may cast such

Member's votes for a single candidate. At such election, the candidates receiving the highest number of votes, up to the number of Directors to be elected, shall be elected.

- (5) The proceedings and the voting regarding the election of Directors not covered by these Articles shall be governed by the internal rules of the Company, as adopted and amended by an Ordinary Resolution of the Members from time to time, which shall be in compliance with the Law and the relevant Applicable Listing Rules.
  - (6) The qualification, formation, appointment, discharge, exercise of authority and other compliance of Directors shall be subject to and governed by the Applicable Listing Rules.
60. The Company shall adopt a candidate nomination mechanism for election of Directors which is in compliance with the Law and the Applicable Listing Rules. Subject to the Law and the Applicable Listing Rules, the Board shall establish detailed rules and procedures for such candidate nomination.
  61. The term for which a Director will hold office shall be three years; thereafter he may be eligible for re-election. In case no election of new Directors is effected after expiration of the term of office of the existing Directors, the term of office of such Directors shall be extended until the time new Directors are elected and assume their office.
  62. A Director may be discharged at any time by a Special Resolution adopted at a general meeting. If a Director is discharged during the term of his/her office as a director without good cause, such Director may make a claim against the Company for any and all damages sustained by him/her as a result of such discharge.
  63. The Board shall have a chairman (the “**Chairman**”) elected and appointed in term by a majority of the Directors present at the Board meeting the quorum of which shall be two-thirds of all of the Directors then in office. The Chairman shall externally represent the Company and internally preside as Chairman at every meeting of the Board and general meeting convened by the Board. To the extent the Chairman is not able to be present at a meeting of the Board, he shall designate one of the Directors to act on his behalf. In the absence of such designation, the attending Directors may choose one of them to be the chairman of the meeting of the Board.
  64. A Director shall not be required to hold any Shares in the Company.
  65. The remuneration of a Director may differ from other Directors, and shall be determined by the Board, regardless of the Company profits or losses of such year, in accordance with (i) the extent of a Director's involvement with the business operations of the Company, (ii) the contribution of a Director to the Company, (iii)

the prevailing industry standard and (iv) such other relevant factors.

- 65-1. (1) During the Relevant Period, the Board shall comply with the Applicable Listing Rules to establish a remuneration committee, which shall be composed of no less than three (3) members, of which one (1) member shall be an Independent Director (the "Remuneration Committee").
- (2) The professional qualifications of the Remuneration Committee members, the exercise of their powers, and other related matters shall comply with the Applicable Listing Rules.
- (3) Upon the establishment of the Remuneration Committee, the Board shall adopt a charter for such Remuneration Committee, which shall comply with the Applicable Listing Rules.
66. When the number of Directors falls below five (5) due to a Director ceasing to act for any reason, the Company shall hold an election for Directors at the next general meeting. When the number of Directors falls short by one-third of the total number of Directors of the same term elected pursuant to these Articles, the Company shall convene an extraordinary general meeting within sixty (60) days of the occurrence of that fact to hold an election for Directors.

#### **INDEPENDENT DIRECTORS AND THE AUDIT COMMITTEE**

67. During the Relevant Period, the number of Independent Directors of the Company shall not be less than three (3) or not less than one-fifth of the total number of Directors, whichever is higher, one (1) of whom shall be domiciled in the R.O.C. (such domicile being registered with the government authorities). When an Independent Director ceases to act, resulting in a number of Independent Directors lower than the minimum number required by these Articles, an election for an Independent Director shall be held at the next general meeting. When all Independent Directors cease to act, the Company shall convene an extraordinary general meeting to hold an election of Independent Directors within sixty (60) days from the date on which the situation arose.
68. Independent Directors shall possess professional knowledge and there shall be restrictions on their shareholding and the positions they may concurrently hold. They shall maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the Company. The professional qualifications, formation, appointment, discharge, exercise of authority, restrictions on shareholdings and concurrent positions held will be taken into account in assessing the independence of the Independent Directors, in compliance with the Applicable Listing Rules.
- 68-1. The election of Independent Directors shall be held pursuant to the Nomination

System for the Candidates of Independent Directors and the Independent Directors shall be elected out of the nominated candidates. For so long as the Shares are registered in Emerging Market or listed on the Taipei Exchange or TSE, the Company shall adopt a candidate nomination mechanism for the purpose of the appointment of Independent Directors in accordance with the Applicable Listing Rules. The rules and procedures for such candidate nomination shall be in accordance with policies approved by the Directors and by an Ordinary Resolution from time to time, which policies shall be in accordance with the Law, these Articles and the Applicable Listing Rules. Subject to these Articles and the Applicable Listing Rules, the Company shall additionally comply with the Guidelines Governing Election of Directors.

69. (1) The Company shall establish an Audit Committee.
  - (2) Where the Company has established an Audit Committee pursuant to these Articles, the Audit Committee shall comprise of all the Independent Directors. It shall not be fewer than three (3) Persons in number, one of whom shall be the convenor, and at least one of whom shall have accounting or financial expertise.
  - (3) A resolution of the Audit Committee shall be approved by a majority of all Audit Committee members.
  - (4) The qualification, formation, appointment, discharge, exercise of authority and other compliance of the Audit Committee shall be subject to and governed by the Applicable Listing Rules.
70. (1) Where the Company has established an Audit Committee pursuant to these Articles, the following matters shall be subject to the approval of the Audit Committee and be submitted to the Board for a resolution:
    - (a) the adoption or amendment of an internal control system;
    - (b) the assessment of the effectiveness of the internal control system;
    - (c) the adoption of or amendment to handling procedures for financial or operational actions of material significance, such as the acquisition or disposal of assets, derivatives trading, monetary loans to others, or endorsements or guarantees for others;
    - (d) a matter bearing on the personal interest of a Director;
    - (e) a transaction relating to material asset or derivatives trading;
    - (f) the granting or provision of a material monetary loan, endorsement, or provision of guarantee;
    - (g) the offering, issuance, or Private Placement of any equity-type securities;
    - (h) the engagement or dismissal of an attesting chartered public accountant, or the compensation given thereto;
    - (i) the appointment or discharge of a financial, accounting, or internal auditing officer; and

- (j) annual and semi-annual financial reports.
- (2) With the exception of subparagraph (j), any other matters under the preceding paragraph (1) of this Article that has not been approved by the Audit Committee may be undertaken upon the approval of two-thirds or more of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the meeting of the Board.

## **POWERS AND DUTIES OF THE BOARD**

- 71. Subject to the Law, these Articles, the Applicable Listing Rules and to any resolutions passed in a general meeting, the business of the Company shall be managed by the Board in such manner as it shall think fit, which may pay all expenses in connection with business management, including but not limited to expenses incurred in setting up and registering the Company and may exercise all powers of the Company.
- 72. The Board may from time to time appoint any Person to hold such office in the Company as the Board may think necessary for the management of the Company, including but not limited to general manager and other managers, and for such term and at such remuneration as the Board may think fit. Any Person so appointed by the Board may be removed by the Board and shall have the power to perform such duties as may be delegated to them by the Board in accordance with the applicable internal rules of the Company, as adopted and amended by the Board.
- 73. The Board may appoint a Secretary (and if need be an assistant Secretary or assistant Secretaries) who shall hold office for such term, at such remuneration and upon such conditions and with such powers as the Board thinks fit. Any Secretary or assistant Secretary so appointed by the Board may be removed by the Board. The Secretary shall attend all general meetings and shall keep correct minutes of such meetings. He shall perform such other duties as are prescribed by the Law or as may be prescribed by the Board.
- 74. The Directors from time to time and at any time may establish any committees for managing any of the affairs of the Company; the Board may delegate any of their powers to committees consisting of such member or members of their body as the Board thinks fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Board.
- 74-1. (1) The Directors shall exercise the duty of loyalty, with the due care of a good administrator, in conducting the business of the Company. If any violation of this Article causes the Company to suffer damages, such Director shall be liable for any such damages incurred. If the conduct in violation of this

Article is for the benefit of the Director(s) or other(s), the earnings derived from such conduct may be deemed the earnings of the Company by an Ordinary Resolution adopted at the general meeting.

(2) If, in the course of conducting the business of the Company, the Director violates any applicable laws and regulations, which causes damages to another person, such Director and the Company shall be jointly and severally liable for any damages incurred by such person.

(3) The managers of the Company shall have the same liability for damages as the Directors when acting within the scope of his or her duties.

74-2. A Director (exclusive of any Independent Directors) who does anything for himself or on behalf of another person that is within the scope of the Company's business shall declare the essential contents of such behaviour to the general meeting of the Shareholders and be approved by Special Resolution. Failure in obtaining such approval shall cause the Director being so interested be liable to account to the Company for any profit realised by any such behaviour if the general meeting so resolves by an Ordinary Resolution within one (1) year from such behaviour.

74-3. Subject to the Applicable Listing Rules, any Director may appoint another Director to be his or her alternate and to act in such Director's place at any Board meeting. Every such alternate Director shall be entitled to attend and vote at the Board meeting as the alternate of the Director appointing him or her and where he or she is a Director to have a separate vote in addition to his or her own vote.

74-4. Subject to the Applicable Listing Rules, the appointment of the alternate Director referred in the preceding article shall be in writing under the hand of the appointing Director and shall be in any usual or common form or such other form as the Directors may approve, and must be lodged with the chairman of the meeting of the Directors at which such appointment is to be used, or first used, prior to the commencement of the Board meeting.

## **DISQUALIFICATION AND CHANGES OF DIRECTORS**

75. The office of Director shall be vacated, if such Director:

- (a) commits a felony (including but not limiting to an offence under Statute for Prevention of Organizational Crimes of the R.O.C.) and has been adjudicated guilty by a final judgment, and has not started serving the sentence, has not completed serving the sentence, or five years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
- (b) has been sentenced to imprisonment for a term of more than one year for commitment of fraud, breach of trust or misappropriation, and has not started

serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;

- (c) has been adjudicated guilty by a final judgment for committing an offence under the Anti-Corruption Act of the R.O.C. during the time of his/her public service, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
- (d) becomes bankrupt under the laws of any country or has been adjudicated of the commencement of the liquidation procedure by the court and has not been reinstated to his rights and privileges; or makes any arrangement or composition with his creditors generally;
- (e) has been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet;
- (f) loses all or part of legal capacity as defined under the Applicable Listing Rules;
- (g) has been adjudicated the commencement of assistantship and such assistantship has not been revoked yet;
- (h) dies or is found to be or becomes of unsound mind or a patient for any purpose of any statute or applicable law relating to mental health and the Directors resolved that his office is vacated;
- (i) if he ceases to be a Director by virtue of, or becomes prohibited from being a Director by reason of, an order made under any provisions of any law or enactment;
- (j) resigns his office by notice in writing to the Company;
- (k) is removed from office pursuant to these Articles; or
- (l) has been ordered to be discharged by the R.O.C. Courts on the grounds that such Director has, in the course of performing his duties, committed serious violations of the Law, Applicable Listing Rules or these Articles, or acts resulting in material damage to the Company, upon a petition by the Company or Member(s) to the R.O.C. Courts for remedies including the discharge of such Director, in accordance with the requirements of the Applicable Listing Rules or these Articles.

75-1. (1) A Director will be automatically discharged if, during his/her/its tenure, such Director transfers more than one half of the Shares held by him/her/it at the time of election; a Director will also be automatically discharged if the aggregated number of Shares transferred by such Director prior to and after the amendment of these Articles is more than one half of the Shares held by him/her/it at the time of election; unless otherwise, he/she/it is the Independent Director.

- (2) If, after he/she/it is elected, a Director transfers more than one half of the Shares held by him/her at the time of election before he/she/it assumes office, or transfers more than one half of the total number of Shares held by him/her/it during the period prior to the general meeting where share transfer registration is suspended, the election of such Director shall become invalid; unless otherwise, he/she/it is the Independent Director.
- 75-2. If a Director creates a pledge on Shares exceeding one half of the Shares held by such Director at the time of election, the votes of the Shares in excess of such amount shall not be exercised or included in the votes at the general meeting.
76. Except as approved by the TPEX or the TWSE or the Commission, the following relationships shall not exist among more than half of the Company's Directors: (1) a spousal relationship; or (2) a familial relationship within the second degree of kinship as defined under the Applicable Listing Rules. If any of the foregoing relationships exist among the elected Directors, the election with respect to the one who received the lowest number of votes among those Directors shall be deemed invalid and void; if he has held the office of a Director, he shall cease to act as a Director.
- 76-1. (1) In the event of a complete re-election of the Board prior to the expiration of the Directors' terms of office pursuant to the Applicable Listing Rules, such Directors, absent a resolution that the existing Directors will not be discharged until the expiry of their present terms of office, will be deemed to be discharged in advance.
- (2) The general meeting for the re-election of the Board referred to in the preceding paragraph shall be attended by more than one-half of the total issued and outstanding Shares of the Company.
77. In case a Director has, in the course of performing his duties, committed any act resulting in material damages to the Company or in serious violation of applicable laws and/or regulations, but not discharged by a resolution of the general meeting, the Member(s) holding three percent (3%) or more of the total number of outstanding Shares of the Company may, within thirty (30) days after that general meeting, institute a lawsuit in the court for a judgment in respect of such matter and may choose Taiwan Taipei District Court as the court of first instance.
- 77-1. (1) Member(s) who holds one percent (1%) or more of the total issued and outstanding Shares of the Company for more than six months may submit a written request to the Independent Director on the Audit Committee to institute a lawsuit on behalf of the Company against the Director(s) and may choose Taiwan Taipei District Court as the court of first instance.
- (2) If the Independent Director on the Audit Committee fails to institute a lawsuit



within thirty (30) days of receiving the request pursuant to the preceding paragraph, such Member(s) may institute a lawsuit on behalf of the Company and may choose Taiwan Taipei District Court as the court of first instance.

### **PROCEEDINGS OF BOARD**

78. During the Relevant Period, for the dispatch of business, the Directors shall convene and hold Board meetings (either within or without the Cayman Islands) at least once each quarter. In convening a meeting of the Board, a notice setting forth therein the subject(s) to be discussed at the meeting shall be given to each Director no later than seven (7) days prior to the scheduled meeting date. However, in the case of emergency, as determined by the Board, the Board meetings may be convened at any time where this has been agreed to by a majority of Directors.
79. A Director may participate in any meeting of the Board, or of any committee appointed by the Board of which such Director is a member, by means of visual communication equipment by way of which all Persons participating in such meeting can see and communicate with each other simultaneously and instantaneously, and such participation shall be deemed to constitute presence in person at the meeting.
80. A Director may appoint another Director as his proxy to attend a meeting of the Board, provided that the appointer shall deliver, with regard to each meeting, a power of attorney and state therein the scope of authority with reference to the subjects to be discussed at such meeting. However, no Director may act as proxy for two or more other Director.
81. Unless otherwise provided in these Articles, the quorum necessary for any Board meeting shall be more than one-half of the Directors. A Director represented by proxy at any meeting shall be deemed to be present for the purposes of determining whether or not a quorum is present.
82. Unless otherwise provided in these Articles, the Law or the Applicable Listing Rules, matters arising at any meeting shall be decided by a majority of the Directors present at a Board meeting.
83. During the Relevant Period, no matters may be decided by the Board by ways of written resolution.
84. (1) A Director who in any way has a personal interest in the matter under discussion at a meeting of the Directors shall declare the essential contents of his personal interest to the Board meeting.  
(2) Where the spouse, a blood relative within the second degree of kinship of a Director, or any holding/subordinate company of a Director has interests in the

matters under discussion at a meeting of the Directors of the preceding paragraph, such Director shall be deemed to have a personal interest in the matter.

- (3) A Director cannot exercise his own vote or by proxy on behalf of another Director in respect of any matter or proposed matter or arrangement if he may be interested therein and may cause damage to the Company's interests. The voting right of such Director who cannot vote or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors present at the Board meeting but shall still be counted in the quorum for such meeting.
85. Subject to these Articles, a Director other than an Independent Director may hold any other office or place of profit under the Company in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Board may determine, and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established.
86. Subject to these Articles, a Director other than an Independent Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
87. The Board shall cause all minutes to be duly entered in the books provided for the purpose of recording:
- (a) all appointments of officers made by the Directors;
  - (b) the names of the Directors present at each meeting of the Board and of any committee of the Board; and
  - (c) all resolutions and proceedings of all general meetings and of the Board and of committees of Directors.
88. Subject to these Articles, the continuing Directors may act notwithstanding any vacancy in their body but if and for so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Directors may act for summoning a general meeting of the Company, but for no other purpose.
89. The meetings and proceedings of any committee shall be governed by the provisions contained in these Articles for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any

directions imposed by the Board.

- 89-1. Subject to the Applicable Listing Rules, when the chairman of a meeting of the Directors signs the minutes of such meeting the same shall be deemed to have been duly held.
- 89-2. A committee appointed by the Directors may meet and adjourn as it thinks proper. Subject to the Applicable Listing Rules and any regulations imposed on it by the Directors, questions arising at any meeting shall be determined by a majority of votes of the committee members present.
- 89-3. The Board shall be entitled to release or disclose to any regulatory or judicial authority of the R.O.C. or Cayman Islands any information in its possession, custody or control regarding the Company or its affairs to any of its Shareholder including, without limitation, information contained in the Register of Members and transfer books of the Company.
90. The proceedings regarding Board meetings not covered by these Articles shall be governed by the internal rules of the Company, as consented by the Board and reported to a general meeting from time to time, which shall be in compliance with the Law and the Applicable Listing Rules, particularly the Regulations Governing Procedure for Board of Directors Meetings of Public Companies. The Board may be authorized to amended the proceedings regarding Board meetings.

#### **RESERVE**

91. Subject to the Law, the Company may, after paying all taxes and duties, by Ordinary Resolution, set aside certain amount of its surplus profits as a special reserve (the "**Special Reserve**") for such purposes as may be approved by the shareholders by way of Ordinary Resolution.
92. Unless otherwise provided in the Law, the Applicable Listing Rules and these Articles, the Capital Reserve shall not be used except for offsetting the losses of the Company. The Company shall not use the Capital Reserve to offset its capital losses unless the Special Reserve is insufficient to offset such losses.

#### **DIVIDENDS AND BONUSES**

93. Subject to the Law and these Articles, the Company may declare dividends or bonuses in any currency to be paid to the Members when there is any surplus profit at the end of each quarter or the financial year.
- 93-1. Subject to the Law, any rights and restrictions for the time being attached to any Shares and these Articles, the Company by Ordinary Resolution may declare

dividends and other distributions on Shares in issue and authorise payment of the same out of the funds of the Company lawfully available therefor.

- 93-2. Subject to Article 93-1, the Directors may, before recommending any dividend, set aside out of the funds legally available for distribution such sums as they think proper as a reserve or reserves which shall, in the discretion of the Directors be applicable for meeting contingencies, or for equalising dividends or for any other purpose to which those funds may be properly applied and pending such application may in the absolute discretion of the Directors, either be employed in the business of the Company or be invested in such investments as the Directors may from time to time think fit.
- 93-3. Any dividend may be paid by cheque sent through the post to the registered address of the Shareholder or Person entitled thereto, or in the case of joint holders, to the representative of such joint holders at his registered address or to such Person and such address as the Shareholder or Person entitled, or such joint holders as the case may be, may direct. Every such cheque shall be made payable to the order of the Person to whom it is sent or to the order of such other Person as the Shareholder or Person entitled, or such joint holders as the case may be, may direct.
- 93-4. Subject to any rights and restrictions for the time being attached to any Shares, all dividends shall be declared and paid according to the number of the Shares held by the Shareholders.
94. Subject to the preceding Article, the Law and the Applicable Listing Rules, the Company if has profits, shall distribute employee bonus and Director bonus according to the following percentages, and the proposal of the distribution of employee bonus and Director bonus shall be reported to the general meeting. In the event that the Company still has accumulated deficit, the profits, to the extent of such deficit, shall be set aside to make up the deficit
- (a) no less than zero point five percent (0.5%) for bonuses to employees. When the employee bonuses will be paid in the form of new shares issued by the Company, the employees entitled to such share bonuses may include employees of Subordinate Companies satisfying certain criteria. The criteria shall be promulgated and amended by the Board from time to time;
  - (b) up to two percent (2%) for bonuses of Directors; and
- 94-1. (1) Subject to the Law and the Applicable Listing Rules, the Company may distribute its surplus profits and offset losses at the end of each quarter. The business report, the financial statements and the proposal relating to profit distribution and/or loss offsetting of the preceding three quarters shall be submitted to the Board for a resolution after being audited by Independent

Directors who are members of the Audit Committee.

- (2) When distributing surplus profits pursuant to the preceding paragraph, the Company shall estimate and reserve the tax payable and offset its losses in accordance with the laws.
  - (3) Where surplus profits are distributed pursuant to the preceding paragraph (1) of this Article, the Company, subject to the Law and the Applicable Listing Rules, may by Special Resolution have the whole or a part of the surplus profit distributable as dividends or bonuses distributed in the form of new shares for such purpose; any fraction of such newly issued shares shall be paid in cash. The whole or a part of the distributable dividends or bonuses, may, upon the approval of the Board, be paid in cash.
  - (4) When the Company distributes its surplus profits or offsets its losses pursuant to the preceding three paragraphs of this Article, such profit distribution or loss offsetting shall be based on financial statements audited or reviewed by a certified public accountant.
- 94-2. In the event that there is earnings surplus per the annual accounting result, such surplus shall first be used to pay tax, offset losses of previous years, and then be set aside as Special Reserve (if required), and the remainder, aside from the amount which the Board resolved not to distribute and be reserved as retained earnings, shall be distributed to Members as cash dividend and/or stock dividend, pursuant to the distribution proposal made by the Board and to be approved by the general meeting.
- The dividend policy of the Company is in consideration of the stable development, sustainable development, funding needs, sound financial structure and protection of shareholder interests of the Company and therefore the ratio of dividends to Members shall not be less than 10% of the distributable earnings surplus, and the distribution can be made in cash or in stock where the amount of cash dividends distributed thereupon shall not be less than 50% of the total amount of dividends. In the event that the Company has no accumulated loss, the Company may consider the finance, business and operation aspects of the Company and distribute all or part of the Legal Reserve and Capital Reserve pursuant to the Law and regulations prescribed by the competent authorities.
95. (1) Where dividends or bonuses are declared in accordance with the preceding Article, the Company, subject to the Law and the Applicable Listing Rules, may by Special Resolution have the whole or a part of the surplus profit distributable as dividends or bonuses distributed in the form of new shares for such purpose; any fraction of such newly issued shares shall be paid in cash.
  - (2) Where dividends or bonuses are declared in accordance with the preceding Article, the Company may, upon the approval of a majority of the Board

present at a Board meeting attended by two-thirds or more of Directors, have the whole or a part of the surplus profit distributable as dividends or bonuses paid in cash; and in addition thereto a report of such distribution shall be submitted to the general meeting.

#### ACCOUNTS, AUDIT, AND ANNUAL RETURN AND DECLARATION

96. The books of account relating to the Company's affairs shall be kept in such manner as may be determined from time to time by the Board.
97. The books of account shall be kept at the Registered Office or at such other place or places as the Board thinks fit, and shall always be open to the inspection of each Director.
98. After the end of each financial year, the Board shall prepare and submit: (1) the business report; (2) the financial statements and accompanying documents, as required by the Law and the Applicable Listing Rules (the "**Financial Statements**"); and (3) any proposal relating to profit distribution and/or loss offsetting in accordance with these Articles for adoption by the annual general meeting. Upon adoption at the annual general meeting, the Board shall distribute to each Member copies of the Financial Statements and the resolutions relating to profit distribution and/or loss offsetting.

The Company may notify Members by way of a public announcement of the statements and resolutions mentioned in the previous paragraph.

99. The documents prepared by the Board in accordance with the preceding Article shall be made available at its Shareholders' Service Agent's office in the R.O.C. before ten (10) days of the annual general meeting, and any Members is entitled to inspect such documents during normal business hours of such service agent.
100. The Board shall keep copies of this Memorandum of Association, these Articles, the minutes of every general meeting, the Financial Statements, the Register and the counterfoil of corporate bonds issued by the Company at its Shareholders' Service Agent's office in the R,O,C.. Any Member may request at any time, by submitting evidentiary document(s) to show his interests involved and indicating the scope of requested matters, access to inspect, transcribe and to make copies of the above documents and the Company shall make its Shareholders' Service Agent to provide with the access.
101. The accounts relating to the Company's affairs shall only be audited in such manner and with such financial year end as may be determined from time to time by the Board, or required by the Law or the Applicable Listing Rules.

101-1. Subject as otherwise provided in these Articles, the Directors shall from time to

time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Shareholders not being Directors, and no Shareholder (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Directors or by Ordinary Resolution.

102. The Board in each year shall prepare, or cause to be prepared, an annual return and declaration setting forth the particulars required by the Law and deliver a copy thereof to the Registrar of Companies in the Cayman Islands.

### **CAPITALISATION OF RESERVE**

103. Subject to the Law, where the Company incurs no loss, it may, by a Special Resolution, capitalize the Legal Reserves and the Capital Reserve specified below, in whole or in part, by issuing new, fully paid shares to the Members in proportion to the number of shares held by each of them:

- (a) Share Premium Account.
- (b) income from endowments received by the Company.

Where the Legal Reserve is distributed by issuing new shares, only the portion of Legal Reserve which exceeds 25 percent of the paid-in capital may be distributed.

104. Subject to the requirements of the Law, the Board may make any arrangements it thinks fit to resolve a difficulty arising in the distribution of a Capitalised Reserve, including without limitation, Shares distributable in fractions.

- 104-1. Subject to the Applicable Listing Rules and the Law, the Company may, with the authority of Special Resolution :

- (a) resolve to capitalise an amount standing to the credit of reserves or other capital reserves (including a share premium account, capital redemption reserve, revenue, profit and loss account, Capital Reserves, Legal Reserves and Special Reserves), whether or not available for distribution;
- (b) appropriate the sum resolved to be capitalised to the Shareholders in proportion to the number of Shares held by them respectively and apply that sum on their behalf in or towards paying up in full unissued Shares or debentures of a nominal amount equal to that sum, and allot the Shares or debentures, credited as fully paid, to the Shareholders (or as they may direct) in those proportions, or partly in one way and partly in the other;
- (c) make any arrangements it thinks fit to resolve a difficulty arising in the distribution of a capitalised reserve and in particular, without limitation, where Shares or debentures become distributable in fractions the Directors

- may deal with the fractions as they think fit; and
- (d) generally do all acts and things required to give effect to any of the actions contemplated by these Articles.

### **TENDER OFFER**

105. During the Relevant Period, within seven (7) days after the receipt of the copy of a tender offer application form and relevant documents referred to in the Applicable Listing Rules by the Company or its litigation or non-litigation agent appointed pursuant to the Applicable Listing Rules, the Board shall resolve to recommend to the Members whether to accept or object to the tender offer and make a public announcement of the following:
- (a) the types, numbers and amount of the Shares held by the Directors and the Members holding more than ten percent (10%) of the outstanding Shares in its own name or in the name of other Persons;
  - (b) the recommendations to the Members on the tender offer, which shall set forth the names of the Directors who abstain or object to the tender offer and the reason(s) therefore;
  - (c) whether there is any material change in the financial condition of the Company after the submission of the latest financial report and an explanation of the change, if any; and
  - (d) the types, numbers and amount of the Shares of the tender offeror or its affiliates held by the Directors and the Members holding more than ten percent (10%) of the outstanding Shares held in its own name or in the name of other Persons.

### **WINDING UP**

106. Subject to the Law, the Company may be wound up by a Special Resolution passed by the Members. If the assets available for distribution amongst the Members shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the number of the Shares held by them. If in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst the Members in proportion to the number of the Shares held by them at the commencement of the winding up. This Article is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.
107. Subject to the Law, if the Company shall be wound up, the liquidator may, with



the sanction of a Special Resolution and any other sanction required by the Law, divide amongst the Members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different Classes. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator shall think fit, but so that no Member shall be compelled to accept any asset whereon there is any liability.

108. The Company shall keep all statements, records of account and documents for a period of ten (10) years from the date of the completion of liquidation, and the custodian thereof shall be appointed by the liquidator or the Company by Ordinary Resolution.

## NOTICES

109. Subject to the Law and except as otherwise provided in these Articles, any notice or document may be served by the Company to any Member either personally, or by facsimile, or by sending it through the post in a prepaid letter or via a recognised courier service, fees prepaid, addressed to such Member at his address as appearing in the Register, or, to the extent permitted by the Law and the Applicable Listing Rules, by posting it on a website designated by the Commission or the TPEX or the TWSE or the Company's website, or by electronic means by transmitting it to any electronic mail number or address such Member may have positively confirmed in writing for the purpose of such service of notices. In the case of joint Members, all notices shall be given to that one of the Members whose name stands as their representative in the Register in respect of the joint holding.
110. Any Member present, either personally or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting including the purpose for which such meeting was convened.
111. Any notice or other document, if served by:
- (a) post, shall be deemed to have been served five (5) days after the time when the letter containing the same is posted or delivered to the courier;
  - (b) facsimile, shall be deemed to have been served upon production by the transmitting facsimile machine of a report confirming transmission of the facsimile in full to the facsimile number of the recipient;
  - (c) courier service, shall be deemed to have been served forty-eight (48) hours after the time when the letter containing the same is delivered to the courier

service; or

(d) electronic mail, shall be deemed to have been served immediately upon the time of the transmission by electronic mail, subject to the Law.

112. Any notice or document delivered or sent by post to or left at the registered address of any Member in accordance with the terms of these Articles shall notwithstanding that such Member be then dead or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any Share registered in the name of such Member as sole or joint Member.
113. Notice of every general meeting of the Company shall be given to all Members holding Shares with the right to receive notice as at the record date and who have supplied to the Company an address for the giving of notices to them. No other Person shall be entitled to receive notices of general meetings.

#### **OFFICES OF THE COMPANY**

114. The Registered Office of the Company shall be at such address in the Cayman Islands as the Board shall from time to time determine. The Company, in addition to its Registered Office, may establish and maintain an office in the Cayman Islands or elsewhere as the Board may from time to time determine.

#### **CORPORATE GOVERNANCE**

115. (1) During the Relevant Period, the proceedings regarding acquisition and disposal of assets of the Company (including financial derivatives trading), loan of funds and making of endorsement/guarantees shall be governed by the internal rules of the Company, which shall be in compliance with the Law and the Applicable Listing Rules. The enactment and amendment of such internal rules shall be approved by an Ordinary Resolution of Members.
- (2) During the Relevant Period, the proceedings regarding related party transactions shall be governed by the internal rules of the Company, as adopted and amended by the Board from time to time, which shall be in compliance with the Law and the Applicable Listing Rules.
116. During the Relevant Period, the internal control system will be established by the Board which shall be in compliance with the Law and the relevant Applicable Listing Rules.

## **FINANCIAL YEAR**

117. Unless the Board otherwise prescribes, the financial year of the Company shall end on December 31st in each year and shall begin on January 1st in each year.

## **SEAL**

118. The Company shall have one or more Seals, as the Board may determine. No Seal shall be used without the authority of the Board or of a committee of the Board authorised by the Board in that behalf. Subject as otherwise provided in these Articles, any instrument to which a Seal is affixed shall be signed by one Director or the Secretary or by such other person or persons as the Board may appoint, either generally or in any particular case, save that as regards any certificates for shares or debentures or other securities of the Company the Board may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature.

## **CORPORATE SOCIAL RESPONSIBILITY**

119. The Company shall comply with the laws and regulations as well as business ethics and may take actions which will promote public interests in order to fulfill its social responsibilities when conducting business.

## Appendix 2. Rules of Procedure for Shareholders' Meetings

Article 1 To establish a strong governance system and sound supervisory capabilities for the company'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/TPEX Listed Companies.

Article 2 The rules of procedures for the company's shareholders' meetings, except as otherwise provided by law, regulation, or the Memorandum and Articles of Association, shall be as provided in these Rules.

Article 3 Unless otherwise provided by law or regulation, the company's shareholders' meetings shall be convened by the Board of Directors.

Thirty days before the company convenes an annual shareholders' meeting or fifteen days before an extraordinary shareholders' meeting, the company shall prepare electronic files of the meeting notice, proxy form, explanatory materials relating to proposals for ratification, matters for deliberation, election or dismissal of directors or supervisors, and other matters on the shareholders' meeting agenda, and upload them to the Market Observation Post System (MOPS). Twenty-one days before the company is to convene an annual shareholders' meeting, or fifteen days before it convenes an extraordinary shareholders' meeting, it shall prepare an electronic file of the shareholders' meeting agenda handbook and the supplemental materials referred to in the preceding paragraph, and upload it to the MOPS. Fifteen days before the company is to convene a shareholders' meeting, it shall prepare the shareholders' meeting agenda handbook and supplemental materials and make them available for the shareholders to obtain and review at any time. In addition, the handbook shall be displayed at the company and its stock registrar and transfer agent, and distributed on-site at the meeting.

Election/dismissal of directors, changes in the Memorandum and Articles of Association, dissolution/merging/splitting of the company, or items pertaining to Article 185, Paragraph 1 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, shall be listed as reasons to convene the meeting, with their essential contents specified, and shall not be raised as extempore motions.

Shareholders holding 1% or more of the total number of outstanding shares of the Company may submit a written proposal to the Company for discussion at an annual general meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. When any of the circumstances provided in Paragraph 4 of Article 172-1 of the Company Act apply to a proposal put

forward by a shareholder, the Board of Directors may exclude it from the agenda.

Prior to the book closure date before an annual shareholders' meeting is held, the company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for acceptance of shareholder proposals may not be less than 10 days. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the annual general meeting and take part in discussion of the proposal.

The company shall, prior to the delivery of the shareholders' meeting notice, inform all the shareholders submitting proposals of the proposal screening results, and shall list in the shareholders' meeting notice the proposals conforming to the requirements set out in the Rules. At the shareholders' meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4 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 shall provide one proxy form to appoint one proxy only. The form shall be delivered to the company five days prior to the date of the shareholders' meeting. When more than one proxy forms are delivered, the one received the earliest shall prevail. However, this restriction does not apply to the withdrawal of prior proxy engagements.

Once the letter of authorization is delivered to the company, if the shareholder intends to attend the meeting in person, he/she may notify the company to withdraw the letter of authorization in writing at least two (2) days prior to the shareholders' meeting. If the withdrawal statement did not arrive in time, the voting rights of the proxy shall prevail.

Article 5 (Principles determining the time and place of a shareholders' meeting)

The venue for a shareholders' meeting shall be the premises of 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. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6 (Preparation of documents such as the attendance book)

The company shall establish a attendance book for shareholders or their proxies (hereafter referred to as shareholder) to sign in, or the shareholders present shall turn in a sign-in card.

The company shall furnish attending shareholders with the meeting handbook, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of Directors or Supervisors, pre-printed ballots shall also be furnished.

Shareholders and their proxies shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

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 has been delegated to attend the shareholders' meeting, only one person should be delegated as proxy.

Article 7 (The chairperson and non-voting participants of a shareholders' meeting)

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

It is advisable that shareholders' meetings convened by the Board of Directors be attended by a majority of the Directors.

If a shareholders' meeting is convened by a party with the power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall select a chairperson from among themselves.

The company may appoint its attorneys, certified public accountants, or related persons to attend a shareholders' meeting in a non-voting capacity.

Article 8 (Documentation of a shareholders' meeting by audio or video)

The company shall make an uninterrupted audio and video recording of the entire shareholders' meeting, and the recorded content shall be retained for at least one year. If, however, a shareholder files a lawsuit based on Article 189 of the Company Act, the recordings 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 or sign-in cards handed and the number of shares of voting rights are exercised in writing or electronically.

The chairperson shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairperson 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 chairperson 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.

If, prior to conclusion of the meeting, the attending shareholders represent more than half of the total number of issued shares, the chairperson may resubmit the tentative resolutions for a vote at the shareholders' meeting pursuant to Article 174 of the Company Act.

#### Article 10 (Discussion of proposals)

If a shareholders' meeting is convened by the Board of Director, the agenda shall be determined by the Board of Directors. The meeting shall be convened according to the scheduled agenda. The agenda shall not be altered without a resolution adopted at 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 chairperson may not arbitrarily declare the adjournment of the meeting before the end of proceedings (including extempore motions). If the chairperson declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chairperson in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chairperson shall allow ample opportunity during the meeting for explanation and discussion of the proposals and of the amendments or extempore motions put forward by the shareholders. When the chairperson

is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairperson may announce the end of the discussion and call for the vote.

#### Article 11 (Shareholder speech)

Before speaking, the attending shareholder shall complete the speaker's slip indicating the subject of speech, shareholder's account number (or the attendance card number) and account name. The sequence of speeches shall be determined by the chairperson.

A shareholder who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. If the contents of speech are inconsistent with the contents of speaker's slip, the contents of speech shall prevail.

Except with the consent of the chairperson, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed five minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chairperson 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 chairperson and the shareholder that has the floor; the chairperson shall stop any violation.

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

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

#### Article 12 (Calculation of voting shares and recusal system)

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

For the resolutions of the shareholders' meeting, the number of shares of the non-voting shareholders is not included in the total number of issued shares.

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

The shares of the unexecuted voting rights shall not be calculated in the voting number of the attending shareholders.

Except for the trust business or the stock agency approved by the securities regulatory authority, when one person is entrusted by two or more shareholders at the same time, the proxy voting rights shall not exceed three



percent of the total voting rights of the issued shares. If it does, the exceeding voting rights are not calculated.

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 the company holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. 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 shall be regarded as having personally attended the meeting. However, the shareholder shall be regarded as having forfeited voting rights for extraordinary motions or amendments to the original motion.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail. However, this restriction does not apply when a declaration is made to cancel the earlier declaration of intent.

Once the shareholder has exercised his/her voting right by correspondence or electronic mean, if he/she intends to attend the meeting in person, he/she shall withdraw the intention statement in the same way the voting right is to be exercised at least two (2) days prior to the shareholders' meeting. If the withdrawal did not arrive in time, the voting rights exercised by correspondence or electronic mean shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the company's Articles of Incorporation, the adoption of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of voting, the total number of voting rights of the present shareholders shall be announced by the chairperson or the personnel who he designates case by case.

The proposal is deemed to be passed if all present shareholders have no objections upon the consultation of the chairperson, and its validity is the same as that of voting. If there is any objection, it shall be resolved by voting as specified in the preceding paragraph.

When there is an amendment or an alternative to a proposal, the chairperson

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. If one of the proposals has been passed, the other proposals shall be deemed rejected, and no further voting shall be required.

Scrutineers and vote counting personnel for the voting on a proposal shall be appointed by the chairperson, provided that all monitoring personnel shall be shareholders of the company.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting.

#### Article 14 (Election of directors and supervisors)

The election of directors or supervisors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the company, and the voting results shall be announced on-site immediately.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the scrutineers and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit based on Article 189 of the Company Act, the recordings 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 chairperson of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The production and distribution of the meeting minutes may be effected by electronic means.

The distribution of the meeting minutes as described in the preceding paragraph may be conducted by a public announcement on the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chairperson's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the entire duration of the existence of the company.

With regard to the resolution methods in the preceding paragraph, if no objection is voiced by any of the shareholders when inquired by the chairperson, the wordings, "The proposal is approved by a unanimous consent of all attending shareholders upon inquiry from the chairperson", shall be recorded. For proposals where shareholders voice objections, the adoption of ballot casting method, number of votes, and its percentage of total shall be clearly stated.

#### Article 16 (Public disclosure)

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.

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) regulations, the company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 (Maintaining order at the meeting place)

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

The chairperson may direct the inspectors or security personnel to help maintain order at the meeting place. The pickets or security personnel shall wear armbands with the word "Picket" when maintaining order.

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 the company, the chairperson may stop the shareholder from so doing.

If the shareholder violates the rules of procedures and defies the chairperson's instruction, and obstructs the proceedings and refuses to stop, the chairperson may direct the pickets or security personnel to escort the shareholder out of the venue.

Article 18 (Recess and resumption of a shareholders' meeting)

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

If the agenda set by the shareholders' meeting cannot be finished before the end of the proceedings (including the extempore motions), the shareholders' meeting may pass a resolution to adopt a new venue.

The shareholders' meeting may, in accordance with the provisions of Article 182 of the Company Act, decide to postpone or resume the assembly within five days.

Article 19 These Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.

## **Appendix 3. Code of Ethical Conduct for Directors and Managers**

### Article 1 Purpose and basis for adoption

For the purpose of making the directors, managerial officers of the company (including general managers, assistant general managers, all department managers, and other persons authorized to manage affairs and sign documents on behalf of a company) to act in line with ethical standards, and to help the stakeholders better understand the ethical standards of the company.

### Article 2 Content of the code

#### I. Prevention of conflicts of interest:

- (I) The rules of conduct of the directors and managers of the company must be based on the overall interests of the company, and must not intervene in or interfere with the interests of the company out of personal interests. The aforementioned persons shall not take advantage of their position in the company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the third degree of kinship. In addition, without the consent of the Board of Directors, the company shall not lend money or provide guarantees and engage in major asset transactions with the affiliated companies by which the aforementioned persons are employed.
- (II) When directors and managers are unable to handle official duties in an objective and efficient manner, or when individuals realize that certain important transactions and relationships may cause conflicts of personal interest, they shall take the initiative to explain their potential conflicts of interest against the company at executive meetings or Board of Directors meetings, and the record of handling the said conflicts of interest shall be kept.
- (III) The company's transactions with affiliates, specific companies, and companies of the same business group shall be handled in accordance with the company's "Procedures for Transaction with Affiliates, Specific Companies, and Companies of the Same Business Group."

#### II. Minimizing incentives to pursue personal gain:

Directors and managerial officers shall prevent themselves from engaging in any of the following activities:

- (I) Seeking an opportunity to pursue personal gain by using company property or information or taking advantage of their positions, or gaining unlawful personal interests.

- (II) Competing with the company outside of the company as a result of knowing the company's internal information or operation secrets due to their participating in the Board of Directors meetings or executive meetings and making decisions on business execution.

III. Confidentiality:

- (I) The directors, managerial officers of the company shall be bound by the obligation to maintain the confidentiality of any information regarding company internal information and secrets involving company operation due to their attendance of executive meetings or Board of Directors meetings.
- (II) The directors, managerial officers of the company shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, except when authorized or required by law to disclose such information.
- (III) Confidential information also includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.

IV. Fair trade:

Directors and managerial officers shall treat all customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned from their positions, or through misrepresentation of important matters, or through other unfair trading practices.

V. Safeguarding and proper use of company assets:

All directors and managerial officers shall safeguard company assets as much as they can and to ensure that they can be effectively and lawfully used for official business purposes; any theft, avoidance in care, or waste of the assets will all directly impact the company's profitability.

VI. Legal compliance:

Except for complying with company internal regulations, the directors and managerial officers shall comply with the Securities and Exchange Act and other applicable laws, regulations, and bylaws as their principles of business execution.

VII. Encouraging reporting on illegal or unethical activities:

- (I) The company will strengthen the advocacy of ethical concepts internally. If employees suspect in good faith or identify violations of the company rules, this code, and government laws and regulations, they can list the discovered facts anonymously and send them to the human resources department through the channels for employees to make complaints. The

reported content will be handled by the head of the human resources department.

(II) The employees of the company may also report to a supervisor, managerial officer, internal auditing manager, or other appropriate individuals.

(III) For all whistle-blowing actions from the employees, the company shall use its best efforts to ensure confidentiality of the incident reported, guard the safety of informants, and protect them from reprisals.

#### VIII. Disciplinary measures:

(I) When a director, a managerial officer violates the code of ethical conduct, the incident shall be reported to and handle by the Board of Directors to decide on the subsequent disciplinary measures, and shall, depending on the importance, disclose on MOPS the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken, etc.

(II) If the company's interests are affected by unintentional or accidental actions, supporting documents must be provided to explain to the Board of Directors. If the actions are proved to be unintentional or accidental, the company will clarify the explanation at the MOPS website depending on its materiality.

#### Article 3 Procedures for exemption

The code of ethical conduct adopted by the company must require that any exemption for directors and managerial officers from compliance with the code be adopted by a resolution of the Board of Directors, and that information on the name and title of the persons being approved for exemption, the date on which the Board of Directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed in real-time on the MOPS so that the shareholders can obtain such information.

#### Article 4 Method of disclosure

The company shall disclose the code of ethical conduct it has adopted, and any amendments to it, in its annual reports and prospectuses and on the MOPS.

#### Article 5 Enforcement

The code of ethical conduct, and any amendments to it, shall enter into force after it has been adopted by the Board of Directors and submitted to the shareholders' meeting.

## Appendix 4. Shareholding of All Directors

### Lemtech Holdings Co., Limited

#### Shareholding of All Directors

- I. As of April 17, 2020, the date for suspension of share transfer for this annual shareholders' meeting, the company's paid-in capital is NT\$474,720,690, and the total number of outstanding shares is 47,472,069.
- II. Details of shareholding of all directors on April 17, 2020, the date for suspension of share transfer:

Title	Name	Date elected	Current number of shares held	
			Shares	Percentage of shareholding
Chairman	Hsu, Chi-Feng	2018.6.11	7,288,906	15.35%
Vice Chairman	Chan Kim Seng Maurice	2018.6.11	5,133,708	10.81%
Director	Ye, Hang	2018.6.11	4,999,921	10.53%
Director	Tan, Yong	2018.6.11	2,092,599	4.41%
Independent director	Yang, Rui-Long	2018.6.11	0	0.00%
Independent director	Yu, Chi-Min	2018.6.11	0	0.00%
Independent director	Lee, Wei-Ming	2018.6.11	0	0.00%
Total shareholding of directors			19,515,134	41.11%

Note 1: Article 26 of the Securities and Exchange Act is not applicable to the company.

Note 2: The company has set up the Audit Committee; therefore, shareholding of supervisors is not applicable.