

Stock Code: 4989



**2023 Annual Shareholders' Meeting
Meeting Handbook
(Translation)**

Time: June 28, 2023, 9:00 a.m.

Place: Conference Room 802, 8F., No. 11, Zhongshan S. Rd.,
Zhongzheng Dist., Taipei City
Conference Room 802, International Conference Center,
Chang Yung-Fa Foundation

Notice to Readers

The Meeting Handbook has been translated into English from the original Chinese version. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese version shall prevail.

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A. Meeting Procedure

LCY TECHNOLOGY CORP.

Meeting Procedure for 2023 Annual Shareholders' Meeting

- I. Call the Meeting to Order
- II. Chairman's Remarks
- III. Announcements
- IV. Proposed Resolutions
- V. Discussions
- VI. Elections
- VII. Other Proposals
- VIII. Extempore Motions
- IX. Adjournment

B. Meeting Agenda

LCY TECHNOLOGY CORP.

Meeting Agenda for 2023 Annual Shareholders' Meeting

Convening Method: Physical Shareholders' Meeting

Time: At 9:00 a.m. on June 28, 2023

**Location: Conference Room 802, 8F., No. 11, Zhongshan S. Rd., Zhongzheng Dist., Taipei City, Taiwan (R.O.C.)
(Room 802 of International Conference Center of Chang Yung-fa Foundation)**

- I. Call the Meeting to Order
- II. Chairman's Remarks
- III. Announcements
 - (I) 2022 Business Report
 - (II) 2022 Audit Committee's Review Report
 - (III) 2022 Employee and Director Compensation Report
 - (IV) 2022 Earnings Distribution Report
 - (V) Report on Amendment to Some Provisions of Rules of Procedure for Board of Directors
- IV. Proposed Resolutions
 - (I) 2022 Business Report and Financial Statements
 - (II) 2022 Earnings Distribution Proposal
- V. Discussions
 - Proposal for Lifting the Non-competition Restriction on the Company's Directors
- VI. Elections
 - Proposal for Election of the Tenth Term 7 Directors (Including 3 Independent Directors)
- VII. Other Proposals
 - Proposal for Lifting the Non-competition Restriction on the New Directors and their representatives
- VIII. Extempore Motions
- IX. Adjournment

C. Announcements

I. 2022 Business Report for your review.

Explanation:

- (I) 2022 Business Report, please refer to Attachment I. (Page 10 to Page 13).
- (II) 2022 Financial Statements, please refer to Attachment II. (Page 14 to Page 33).

II. 2022 Audit Committee's Review Report for your review.

Explanation:

- (I) The Company's Final Statement was adopted by the resolution of the Audit Committee and the Board of Directors on March 24, 2023. Audit Committee's Review Report, please refer to Attachment III (Page 34).
- (II) Communication between the Audit Committee and the Head of Internal Audit, please refer to Attachment IV (Page 35).

III. 2022 Employee and Director Compensation Report, for your review.

Explanation:

- (I) According to Article 30-1 of the Articles of Incorporation of the Company, before the distribution of earnings, the Company shall set aside no less than 0.5% of its annual profits as compensation to employees of the Company and set aside no more than 2% of its annual profits as compensation to directors. The annual profits refer to annual income before tax and before bonuses are set aside for employees and directors. Independent directors shall not participate in the distribution of director's compensation. The proportion and amount of compensation set aside for employees and directors are as follows:

Unit: NT\$

Item	%	Amount
Employee Compensation	0.5%	1,347,527
Director Compensation	0.5%	1,347,527
Total		2,695,054

- (II) The company will distribute the compensation for employees and directors for 2022 in cash.
- (III) The proposal was approved by the resolution of the 21st meeting of the 9th Board of Directors on March 24, 2023.

IV. 2022 Earnings Distribution Report for your review.

Explanation:

- (I) According to Article 31 of the Articles of Incorporation, earnings distribution or loss compensation shall be made after the end of each quarter. If it is made in cash, it shall be resolved by the Board of Directors and reported to the Shareholders' Meeting.
- (II) The Company decided not to distribute the earnings from the first to the third quarter of 2022 as resolved by the Board of Directors.
- (III) Proposal for the ratification of the 2022 Profit Distribution Plan for the resolution in this shareholders' meeting.

V. Report on Amendment to Some Provisions of Rules of Procedure for Board of Directors for your review.

Explanation:

- (I) The Company proposed to amend its Rules of Procedure for Board of Directors according to the Regulations Governing Procedure for Board of Directors Meetings of Public Companies amended by the Order Financial-Supervisory-Securities-Issuance-1110383263 on August 5, 2022 of the Financial Supervisory Commission.
- (II) Comparison Table of Amendment on Rules of Procedures for the Board of Directors, please refer to Attachment V (Page 36 to Page 38).

D. Proposed Resolutions

Proposal 1

Proposed by the Board of Directors

Summary: 2022 Business Report and Financial Statements

Explanation:

- I. The Company has compiled the 2022 Parent Company Only Financial Statements and Consolidated Financial Statements, which were audited and certified by CPA Lin, Wen-Chin and CPA Liu, Chien-Liang of Deloitte & Touche, and an audit report with unqualified opinion was issued and submitted to the Audit Committee with the Business Report for review and issuance of a review report on file.
- II. Please refer to Attachment I to III (Pages 10 to 34).
- III. Proposed for ratification.

Resolution:

Proposal 2

Proposed by the Board of Directors

Summary: 2022 Earnings Distribution Proposal

Explanation:

- I. The Company's net profit after tax for the year 2022 is NT\$202,994,289 (same as below). After setting aside the legal reserve of 10%, i.e., NT\$20,299,429, in accordance with the Company Act, and adding the undistributed earnings of previous years, i.e., NT\$309,508,887, the total earnings available for distribution this year is NT\$492,203,747. It is proposed to set aside dividends of NT\$68,888,250 and cash dividends of NT\$0.5 per share to shareholders. 2022 Earnings Distribution Statement, please refer to Attachment VI (Page 35).
- II. The dividend is rounded off to the nearest New Taiwan Dollar, with the decimal places removed, based on the distribution ratio. The total rounded-off amount is accounted as other income in the Company's financial statements.
- III. After this proposal is passed by the resolution of the shareholders' meeting, the Chairman is authorized to set another dividend base date and handle matters related to cash dividend distribution with full authority.
- IV. Proposed for ratification.

Resolution:

E. Discussions

Proposal 1

Proposed by the Board of Directors

Summary: Proposal for Lifting the Non-competition Restriction on the Company's Directors

Explanation:

- I. Pursuant to Article 209 of the Company Act, "a director who engages in any behavior for himself/herself or on behalf of another person that is within the scope of the company's business shall explain such behavior to the meeting of shareholders and obtain its approval". If the directors of the Company participate in the operations of other companies with the same or similar business scope of the Company, they shall submit to the approval of the shareholders' meeting in accordance with the foregoing provisions.
- II. Director Chen Ming-Shu, the Company's representative of juristic person director was appointed as the seventh representative of juristic person director of Formosa Copper Technology Corporation by the Company, and the representative of juristic person director of ShineMore Technology Materials Co., Ltd. By LCY CHEMICAL CORP. On the premise of not damaging its interests, it is proposed to lift the non-competition restriction on the Company's directors until the end of their terms.
- III. Please discuss.

Resolution:

F. Elections

Proposal 1

Proposed by the Board of Directors

Summary: Proposal for Election of the Tenth Term 7 Directors (Including 3 Independent Directors)

Explanation:

- I. The ninth term directors of the Company will end on June 23, 2023 and be re-elected at the 2023 Annual Shareholders' Meeting. The new directors will take office upon election for a term of three years (since the date of reelection at the Annual Shareholders' Meeting). The term of office of the former directors will end on the date when the new directors elected at the 2023 Annual Shareholders' Meeting take office.
- II. According to Article 19 of the Articles of Incorporation, the Company has 5 to 9 directors. Seven directors (including 3 independent directors) will be elected this time. A candidate nomination system will be adopted, and shareholders shall elect directors and independent directors from the list of candidates.
- III. The list of director candidates was approved by the Company's Board of Directors on March 24, 2023. Please refer to Attachment VII (Pages 40 to 41) for the list of candidates and relevant information.
- IV. Please elect.

Election results:

G. Other Proposals

Proposal 1

Proposed by the Board of Directors

Summary: Proposal for Lifting the Non-competition Restriction on the New Directors and their representatives

Explanation:

- I. Pursuant to Article 209 of the Company Act, "a director who engages in any behavior for himself/herself or on behalf of another person that is within the scope of the company's business shall explain such behavior to the meeting of shareholders and obtain its approval".
- II. Considering the needs of business practice, without prejudice to the interests of the Company, it is proposed to lift the non-competition restrictions on the Company's new directors and their representatives.
- III. The lift of the non-competition restriction on the tenth term of director candidates was resolved by the Board of Directors on March 24, 2023. Please refer to Attachment VIII (Pages 42) for the names of the companies in which the director candidates concurrently hold a position and their titles.
- IV. Please discuss.

Resolution:

H. Extempore Motions

I. Adjournment

LCY TECHNOLOGY CORP.

2022 Business Report

I. Business and Profit & Loss Profile

The Company is mainly engaged in the production of electrolytic copper foil. Copper foil is an indispensable material in the copper clad laminates and printed circuit board industry, and it is difficult to replace it with other materials.

Based on previous experience, the growth rate of global circuit board output is about 2% to 6% on average. Thanks to the dual effect of 5G communication technology and the global economic boom, the circuit board industry has made great achievements for two consecutive years in 2020 and 2021. However, the global economy and demand always have its cycle. From the beginning of 2022 when there was a doubt that the economy would slow down, to the end of the year when it significantly declined, the year 2022 has witnessed the demand's turning from boom to bust under the influence of international conflicts, high inflation, high inventory and other persistent negative factors.

Unit: Ton

Electrolytic copper foil	2021	2022	Increase/Decrease	Increase/Decrease Percentage (%)
Output	11,310	10,453	-857	-7.58
Sales	10,804	10,379	-425	-3.93

The Company's consolidated revenue in 2022 was NT\$4,047,957,000, the consolidated gross profit was NT\$285,541,000, the consolidated net profit after tax was NT\$202,994,000, and the consolidated basic earnings per share after tax was NT\$1.47.

II. Research and Development

With the rapid development of automotive electronics, 5G and other terminal products, the requirements for high-frequency interference and high-speed transmission are increasingly stringent. Therefore, thinner and smoother copper foil are also required for raw materials. The Company has developed PK-HTE-RTF series products, which can be used for high-speed multi-layer thin circuit boards as well as high-frequency signal transmission boards (such as automotive collision avoidance radar, GPS safety systems, and servers) and high-level soft board markets.

The Company invested NT\$13,237,000 in research and development in 2022. Except for further exploring the copper foil required by copper-clad laminates and printed circuit board, we also invested in: (1) ultralow-roughness inverse copper foil, (2) copper foil for paper substrate, (3) improving bonding force between the copper foil and high-frequency carrier, (4) improving process capacity to reduce costs and environmental impact, such as reducing waste sludge output per unit of production.

To increase its revenue and profit, the company has been focusing on the development of high value-added products and increasing the revenue proportion of niche products. We are also committed to reducing the production of process waste, highlighting our focus on ESG (environmental, social, and corporate governance).

III. Execution of Revenue and Expenditure and Profitability

(I) Revenue and Expense

Unit: NT\$ 1,000

Item	2021	2022	Increase/ Decrease	Increase/Decrease Percentage (%)
Sales revenue	4,483,138	4,047,957	(435,181)	(9.71)
Sales cost	3,619,162	3,762,416	143,254	3.96
Gross sales profit	863,976	285,541	(578,435)	(66.95)
Operating expenses	147,565	151,951	4,386	2.97
Operating profit	716,411	133,590	(582,821)	(81.35)
Non-operating revenue (expense)	(9,785)	133,220	143,005	(1,461.47)
Net value				
Net profit before tax	706,626	266,810	(439,816)	(62.24)
Net profit after tax	564,208	202,994	(361,214)	(64.02)

(II) Profitability

Item	2021	2022
Return on total assets (%)	19.96	6.53
Return on shareholders' equity (%)	25.25	8.45
Ratio of operating profit to paid-in capital (%)	51.99	9.69
Net income pre-tax to paid-in capital (%)	51.28	19.36
Net profit margin (%)	12.58	5.01
Earnings per share before tax (NT\$)	4.73	1.94
Earnings per share after tax (NT\$)	3.77	1.47

IV. Summary of 2023 Business Plan

Looking ahead to 2023, the world economic outlook still faces a downside risk. For example, the slowdown of the global economy will continue in 2023, even leading to a mild recession. In particular, the risk of economic recession in the United States is still high due to the lag effect of monetary tightening policies such as aggressive interest rate hike by the Federal Reserve, increasing pressure of downward end-market demand and insufficient consumption momentum. The risk of regional conflicts, falling external demand and tighter monetary policy will affect economic growth to some extent. In response to challenges and sustainable and stable operation, the Company continues to save energy and reduce carbon emissions to meet the international ESG trend and carbon-neutral demand. It jointly develops certifications for high-frequency and high-speed materials and products and improves product lines to meet terminal applications and 5G and 6G market demands with customers. In addition, to strengthen operational resilience, the Company shares internal and external resources, strengthens technology research and development, and improves processes and production to increase productivity and produce more high-quality products. The Company's annual operating target in 2023 is to produce 11,413 tons and sell 11,409 tons of electrolytic copper foil.

V. Future Outlook

Adhering to the business philosophy of "integrity-based, quality first, customer satisfaction, earnings creation and employee care", the Company continues to develop new products, follow the product needs of the new generation, and inherits the previous cost control policy and continuously increases the production and sales proportion of niche products, so as to expand the market sense and provide customers with diversified and customized products. We are aiming to become a benchmark enterprise for a variety of copper foil products to achieve a win-win goal. Since establishment, we are aware that the capacity scale is not a competitive advantage, nor a determinant of market price. Therefore, we expect to be a benchmark enterprise providing diverse copper foil products.

Based on the long-term good relationships with customers and the advantages of collaborative development, the Company's product specifications vary from 8 μ m to 4oz. In addition, it has developed foils for special boards, gradually developed the products and obtained certifications required for terminal applications, and continues to maintain good relationship with customers and further explore the potential market.

In terms of promoting ESG, the Company implemented the "Carbon Footprint" plan in 2022, and obtained the ISO14067 Carbon Footprint Verification Statement and UL2809 certification of 100% recovered copper content through the verification of third-party justice unit. The Company has obtained ISO14001 2015 Environmental Management System Certification, ISO50001 2018 Energy Management System Certification and ISO 9001 2015 Quality Management System Certification. It achieved a lead-free and arsenic-free full process, which complies with RoHS, POHS, REACH and other international environmental standards. It has obtained the international ISO45001 2018 Occupational Safety and Health Management System certification and CNS 45001 2018 Taiwan Occupational Safety and Health Management System certification. It is the basic requirement of the Company to continue the all-staff environmental risk management and adhere to the commitment and responsibility of safety, environment and health. The Company issued an ESG report in 2022, the first one to issue such a report in Taiwan.

In terms of corporate governance, ethical corporate management is the highest guiding principle of the Company. It has established regulations such as the "Ethical Corporate Management Best Practice Principles", the "Ethical Operating Procedures and Conduct Guide" and the "Operation Procedures and Guidelines for Ethical Corporate Management", and a whistle-blowing system to prevent damage to the interests of the Company and its shareholders from dishonest practices, and improper profits and donations. In terms of the structure of the Board of Directors, the Corporate Governance Best Practice Principles specify the diversity policy and relevant capabilities of directors. The ninth Board of Directors has 7 members (including 3 independent directors), who have many years of experience in operational judgment, accounting and financial analysis, risk control, industry analysis, international market view, leadership and decision-making, and can advise on short-term and long-term objectives and operational development to fully perform its professional functions.

Looking into the future, inflation is still peaking, the prices of raw material are still high, there is no significant increase in end demand, plus geopolitical and trade barriers and other uncertainties, the Company is facing challenges in the short term. However, the Company will establish a risk mitigation plan, adhere to the step-by-step practical management, strive to maintain the existing advantages, strengthen the quality of products and services and continue to develop differentiated copper foil products, so as to increase the proportion of the revenue of niche products and strive to achieve the goal of sustainable operation.

Chairman:
Chen Ming-Shu

General Manager:
Chen Ming-Shu

Chief Accounting Officer:
Li, Ling-Chih

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
LCY Technology Corp.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matters of the consolidated financial statements for the year ended December 31, 2022 are stated as follows:

Timing of Revenue Recognition

The Group recognizes revenue when goods arrived at the agreed destination pursuant to the shipping terms of the sale, which increased the risk that the sale of goods may not be recognized in the correct period at or near the end of the reporting period; therefore, we considered the timing of revenue recognition a key audit matter. Refer to Note 4 to the consolidated financial statements for the accounting policies on revenue recognition.

Our audit procedures performed related to the timing of revenue recognition included the following:

1. We evaluated the design of the internal controls with respect to the recognition of revenue from sales under the terms that the transfer of control over the goods to customers is based on the time when goods arrived at the agreed destination; we tested the operating effectiveness of the controls.
2. We performed cut-off tests and confirmed that sales are recognized in the correct period; we traced the recorded sales to third-party notification and related supporting documentation.

Others

We have also audited the parent company only financial statements of LCY Technology Crop. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Wen-Chin Lin and Chien-Liang Liu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 24, 2023

Notice to Readers

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

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

LCY TECHNOLOGY CORP. AND SUBSIDIARY

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

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 721,055	23	\$ 717,178	23
Notes receivable - related parties (Notes 19 and 26)	-	-	8,688	-
Trade receivable (Notes 8 and 19)	858,445	28	1,061,517	34
Trade receivable - related parties (Notes 19 and 26)	2,339	-	-	-
Other receivables (Notes 8 and 25)	146,980	5	69,197	2
Other receivables - related parties (Note 26)	260	-	64	-
Current tax assets (Note 21)	-	-	23,999	1
Inventories (Note 9)	653,794	21	611,000	19
Prepayments (Note 14)	10,534	1	6,042	-
Other current assets (Note 14)	37,703	1	39,391	1
Total current assets	<u>2,431,110</u>	<u>79</u>	<u>2,537,076</u>	<u>80</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Note 7)	57,070	2	109,038	4
Investments accounted for using the equity method (Note 11)	2,006	-	2,000	-
Property, plant and equipment (Notes 12 and 26)	456,457	15	387,152	12
Right-of-use assets (Note 13)	127,724	4	131,882	4
Other intangible assets	4,909	-	6,339	-
Deferred tax assets (Note 22)	7,652	-	4,589	-
Refundable deposits (Note 27)	3,227	-	3,227	-
Long-term prepayments	874	-	4,300	-
Total non-current assets	<u>659,919</u>	<u>21</u>	<u>648,527</u>	<u>20</u>
TOTAL	<u>\$ 3,091,029</u>	<u>100</u>	<u>\$ 3,185,603</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables (Note 15)	\$ 305,275	10	\$ 286,901	9
Trade payables - related parties (Note 26)	39,892	1	36,146	1
Other payables (Note 16)	142,508	5	143,848	5
Other payables - related parties (Note 26)	21,041	1	8,758	-
Current tax liabilities (Note 21)	66,476	2	140,831	5
Lease liabilities (Notes 13 and 26)	9,829	-	7,690	-
Other current liabilities (Notes 16 and 19)	7,352	-	7,229	-
Total current liabilities	<u>592,373</u>	<u>19</u>	<u>631,403</u>	<u>20</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 21)	135	-	169	-
Lease liabilities (Notes 13 and 26)	121,528	4	126,887	4
Total non-current liabilities	<u>121,663</u>	<u>4</u>	<u>127,056</u>	<u>4</u>
Total liabilities	<u>714,036</u>	<u>23</u>	<u>758,459</u>	<u>24</u>
EQUITY (Note 18)				
Share capital	1,377,765	45	1,377,765	43
Capital surplus	318,594	10	313,107	10
Retained earnings				
Legal reserve	158,865	5	102,444	3
Unappropriated earnings	512,504	17	572,596	18
Total retained earnings	671,369	22	675,040	21
Other equity	9,265	-	61,232	2
Total equity	<u>2,376,993</u>	<u>77</u>	<u>2,427,144</u>	<u>76</u>
TOTAL	<u>\$ 3,091,029</u>	<u>100</u>	<u>\$ 3,185,603</u>	<u>100</u>

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

LCY TECHNOLOGY CORP. AND SUBSIDIARY

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

	2022		2021	
	Amount	%	Amount	%
SALES (Note 26)	\$ 4,047,957	100	\$ 4,483,138	100
COST OF GOODS SOLD (Notes 9, 20 and 26)	<u>3,762,416</u>	<u>93</u>	<u>3,619,162</u>	<u>81</u>
GROSS PROFIT	<u>285,541</u>	<u>7</u>	<u>863,976</u>	<u>19</u>
OPERATING EXPENSES (Notes 20 and 26)				
Selling and marketing expenses	68,855	1	59,538	1
General and administrative expenses	69,859	2	74,354	2
Research and development expenses	<u>13,237</u>	<u>-</u>	<u>13,673</u>	<u>-</u>
Total operating expenses	<u>151,951</u>	<u>3</u>	<u>147,565</u>	<u>3</u>
PROFIT FROM OPERATIONS	<u>133,590</u>	<u>4</u>	<u>716,411</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES (Notes 20 and 26)				
Interest income	4,443	-	1,164	-
Other income	19,297	-	6,676	-
Other gains and losses	111,951	3	(15,083)	-
Finance costs	(2,477)	-	(2,542)	-
Share of profit or loss of associates (Note 11)	<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>133,220</u>	<u>3</u>	<u>(9,785)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	266,810	7	706,626	16
INCOME TAX EXPENSE (Note 21)	<u>63,816</u>	<u>2</u>	<u>142,418</u>	<u>3</u>
NET PROFIT	<u>202,994</u>	<u>5</u>	<u>564,208</u>	<u>13</u>

(Continued)

LCY TECHNOLOGY CORP. AND SUBSIDIARY**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income	\$ (51,968)	(1)	\$ 60,431	1
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other comprehensive income (loss)	<u>(51,967)</u>	<u>(1)</u>	<u>60,431</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 151,027</u>	<u>4</u>	<u>\$ 624,639</u>	<u>14</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 1.47</u>		<u>\$ 3.77</u>	
Diluted	<u>\$ 1.47</u>		<u>\$ 3.77</u>	

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

(Concluded)

LCY TECHNOLOGY CORP. AND SUBSIDIARY

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

	<u>Share Capital</u>			<u>Retained Earnings</u>			<u>Other Equity</u>		<u>Total Equity</u>
	<u>Number of Shares (In Thousands)</u>	<u>Ordinary Share</u>	<u>Capital Surplus</u>	<u>Legal Reserve</u>	<u>Special Reserve</u>	<u>Unappropriated Earnings</u>	<u>Exchange Differences on Translation of Financial Statements of Foreign Operations</u>	<u>Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income</u>	
BALANCE AT JANUARY 1, 2021	153,085	\$ 1,530,850	\$ 307,478	\$ 99,012	\$ 4,348	\$ 99,323	\$ 135	\$ 666	\$ 2,041,812
Appropriation of 2020 earnings									
Legal reserve	-	-	-	3,432	-	(3,432)	-	-	-
Special reserve	-	-	-	-	(4,348)	4,348	-	-	-
Cash dividends	-	-	-	-	-	(91,851)	-	-	(91,851)
Capital reduction by cash	(15,309)	(153,085)	-	-	-	-	-	-	(153,085)
Share-based payment	-	-	5,629	-	-	-	-	-	5,629
Net profit in 2021	-	-	-	-	-	564,208	-	-	564,208
Other comprehensive income in 2021	-	-	-	-	-	-	-	60,431	60,431
Total comprehensive income in 2021	-	-	-	-	-	564,208	-	60,431	624,639
BALANCE AT DECEMBER 31, 2021	137,776	1,377,765	313,107	102,444	-	572,596	135	61,097	2,427,144
Appropriation of 2021 earnings									
Legal reserve	-	-	-	56,421	-	(56,421)	-	-	-
Cash dividends	-	-	-	-	-	(206,665)	-	-	(206,665)
Share-based payment	-	-	5,487	-	-	-	-	-	5,487
Net profit in 2022	-	-	-	-	-	202,994	-	-	202,994
Other comprehensive income (loss) in 2022	-	-	-	-	-	-	1	(51,968)	(51,967)
Total comprehensive income (loss) in 2022	-	-	-	-	-	202,994	1	(51,968)	151,027
BALANCE AT DECEMBER 31, 2022	137,776	\$ 1,377,765	\$ 318,594	\$ 158,865	\$ -	\$ 512,504	\$ 136	\$ 9,129	\$ 2,376,993

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

LCY TECHNOLOGY CORP. AND SUBSIDIARY

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 266,810	\$ 706,626
Adjustments for:		
Depreciation expense	84,292	93,811
Amortization expense	1,430	1,397
Amortization of prepayments	3,426	3,743
Expected credit loss reversed on trade receivables	(1)	-
Share-based payment	5,487	5,629
Finance costs	2,477	2,542
Interest income	(4,443)	(1,164)
Dividend income	(2,873)	-
Share of profit of associates	(6)	-
(Gain) loss on disposal of property, plant and equipment	(250)	192
Write-down of inventories	10,990	77
Net loss (gain) on unrealized foreign currency exchange	8,504	(2,724)
Gain on lease modifications	-	(3)
Changes in operating assets and liabilities		
Notes receivable - related parties	8,688	(6,105)
Trade receivables	196,719	(281,581)
Trade receivables - related parties	(2,339)	-
Other receivables	(78,887)	(48,638)
Other receivables - related parties	(196)	(35)
Inventories	(53,784)	(230,251)
Prepayments	(4,492)	(110)
Other current assets	1,688	(790)
Trade payables	20,534	125,971
Trade payables - related parties	4,512	14,202
Other payables	(31,539)	40,178
Other payables - related parties	12,283	(2,227)
Other current liabilities	123	216
Cash generated from operations	449,153	420,956
Interest paid	(2,497)	(2,563)
Income tax paid	(117,269)	(6,841)
Net cash generated from operating activities	<u>329,387</u>	<u>411,552</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at amortized cost	-	60,000
Payments for property, plant and equipment	(113,162)	(21,085)
Proceeds from disposal of property, plant and equipment	250	467
Decrease in refundable deposits	-	357
Payments for intangible assets	-	(197)
Interest received	4,443	1,164
Other dividends received	2,873	-
Net cash generated from (used in) investing activities	<u>(105,596)</u>	<u>40,706</u>

(Continued)

LCY TECHNOLOGY CORP. AND SUBSIDIARY

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

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	\$ (9,278)	\$ (9,352)
Dividends paid	(206,665)	(91,851)
Capital reduction by cash	<u>-</u>	<u>(153,085)</u>
Net cash used in financing activities	<u>(215,943)</u>	<u>(254,288)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(3,971)</u>	<u>641</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,877	198,611
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>717,178</u>	<u>518,567</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 721,055</u>	<u>\$ 717,178</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders LCY
Technology Corp.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matters of the Corporation's financial statements for the year ended December 31, 2022 are stated as follows:

Timing of Revenue Recognition

The Corporation recognizes revenue when goods arrived at the agreed destination pursuant to the shipping terms of the sale, which increased the risk that the sale of goods may not be recognized in the correct period at or near the end of the reporting period; therefore, we considered the timing of revenue recognition a key audit matter. Refer to Note 4 to the financial statements for the accounting policies on revenue recognition.

Our audit procedures performed related to the timing of revenue recognition included the following:

1. We evaluated the design of the internal controls with respect to the recognition of revenue from sales under the terms that the transfer of control over the goods to customers is based on the time when goods arrived at the agreed destination; we tested the operating effectiveness of the controls.
2. We performed cut-off tests and confirmed that sales are recognized in the correct period; we traced the recorded sales to third-party notification and related supporting documentation.

Responsibilities of Management and those charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Wen-Chin Lin and Chien-Liang Liu.

Deloitte & Touche
Taipei, Taiwan Republic
of China

March 24, 2023

Notice to Readers

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

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

LCY TECHNOLOGY CORP.**BALANCE SHEETS DECEMBER 31, 2022 AND 2021**
(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 721,042	23	\$ 717,166	23
Notes receivable - related parties (Notes 18 and 25)	-	-	8,688	-
Trade receivable (Notes 8 and 18)	858,445	28	1,061,517	34
Trade receivable - related parties (Notes 18 and 25)	2,339	-	-	-
Other receivables (Notes 8 and 24)	146,980	5	69,197	2
Other receivables - related parties (Note 25)	260	-	64	-
Current tax assets (Note 20)	-	-	23,999	1
Inventories (Note 9)	653,794	21	611,000	19
Prepayments (Note 13)	10,534	1	6,042	-
Other current assets (Note 13)	37,703	1	39,391	1
Total current assets	<u>2,431,097</u>	<u>79</u>	<u>2,537,064</u>	<u>80</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Note 7)	57,070	2	109,038	4
Investments accounted for using the equity method (Note 10)	2,019	-	2,012	-
Property, plant and equipment (Notes 11 and 25)	456,457	15	387,152	12
Right-of-use assets (Note 12)	127,724	4	131,882	4
Other intangible assets	4,909	-	6,339	-
Deferred tax assets (Note 20)	7,652	-	4,589	-
Refundable deposits (Note 25)	3,227	-	3,227	-
Long-term prepayments	874	-	4,300	-
Total non-current assets	<u>659,932</u>	<u>21</u>	<u>648,539</u>	<u>20</u>
TOTAL	<u>\$ 3,091,029</u>	<u>100</u>	<u>\$ 3,185,603</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables (Note 14)	\$ 305,275	10	\$ 286,901	9
Trade payables - related parties (Note 25)	39,892	1	36,146	1
Other payables (Note 15)	142,508	5	143,848	5
Other payables - related parties (Note 25)	21,041	1	8,758	-
Current tax liabilities (Note 20)	66,476	2	140,831	5
Lease liabilities (Notes 12 and 25)	9,829	-	7,690	-
Other current liabilities (Notes 15 and 18)	7,352	-	7,229	-
Total current liabilities	<u>592,373</u>	<u>19</u>	<u>631,403</u>	<u>20</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 20)	135	-	169	-
Lease liabilities (Notes 12 and 25)	121,528	4	126,887	4
Total non-current liabilities	<u>121,663</u>	<u>4</u>	<u>127,056</u>	<u>4</u>
Total liabilities	<u>714,036</u>	<u>23</u>	<u>758,459</u>	<u>24</u>
EQUITY (Note 17)				
Share capital	1,377,765	45	1,377,765	43
Capital surplus	318,594	10	313,107	10
Retained earnings				
Legal reserve	158,865	5	102,444	3
Unappropriated earnings	512,504	17	572,596	18
Total retained earnings	671,369	22	675,040	21
Other equity	9,265	-	61,232	2
Total equity	<u>2,376,993</u>	<u>77</u>	<u>2,427,144</u>	<u>76</u>
TOTAL	<u>\$ 3,091,029</u>	<u>100</u>	<u>\$ 3,185,603</u>	<u>100</u>

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

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

	2022		2021	
	Amount	%	Amount	%
SALES (Note 25)	\$ 4,047,957	100	\$ 4,483,138	100
COST OF GOODS SOLD (Notes 9, 19 and 25)	3,762,416	93	3,619,162	81
GROSS PROFIT	285,541	7	863,976	19
OPERATING EXPENSES (Notes 19 and 25)				
Selling and marketing expenses	68,855	1	59,538	1
General and administrative expenses	69,859	2	74,354	2
Research and development expenses	13,237	-	13,673	-
Total operating expenses	151,951	3	147,565	3
PROFIT FROM OPERATIONS	133,590	4	716,411	16
NON-OPERATING INCOME AND EXPENSES (Notes 19 and 25)				
Interest income	4,443	-	1,164	-
Other income	19,297	-	6,676	-
Other gains and losses	111,951	3	(15,083)	-
Finance costs	(2,477)	-	(2,542)	-
Share of profit or loss of associates (Note 10)	6	-	-	-
Total non-operating income and expenses	133,220	3	(9,785)	-
PROFIT BEFORE INCOME TAX	266,810	7	706,626	16
INCOME TAX EXPENSE (Note 20)	63,816	2	142,418	3
NET PROFIT	202,994	5	564,208	13

(Continued)

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

	<u>2022</u>		<u>2021</u>	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income	\$ (51,968)	(1)	\$ 60,431	1
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	<u>1</u>	-	<u>-</u>	-
Total other comprehensive income (loss)	<u>(51,967)</u>	<u>(1)</u>	<u>60,431</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 151,027</u>	<u>4</u>	<u>\$ 624,639</u>	<u>14</u>
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 1.47</u>		<u>\$ 3.77</u>	
Diluted	<u>\$ 1.47</u>		<u>\$ 3.77</u>	

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

(Concluded)

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

	<u>Share Capital</u>			<u>Retained Earnings</u>			<u>Other Equity</u>		<u>Total Equity</u>
	<u>Number of Shares (In Thousands)</u>	<u>Ordinary Share</u>	<u>Capital Surplus</u>	<u>Legal Reserve</u>	<u>Special Reserve</u>	<u>Unappropriated Earnings</u>	<u>Exchange Differences on Translation of Financial Statements of Foreign Operations</u>	<u>Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income</u>	
BALANCE AT JANUARY 1, 2021	153,085	\$ 1,530,850	\$ 307,478	\$ 99,012	\$ 4,348	\$ 99,323	\$ 135	\$ 666	\$ 2,041,812
Appropriation of 2020 earnings									
Legal reserve	-	-	-	3,432	-	(3,432)	-	-	-
Special reserve	-	-	-	-	(4,348)	4,348	-	-	-
Cash dividends	-	-	-	-	-	(91,851)	-	-	(91,851)
Capital reduction by cash	(15,309)	(153,085)	-	-	-	-	-	-	(153,085)
Share-based payment	-	-	5,629	-	-	-	-	-	5,629
Net profit in 2021	-	-	-	-	-	564,208	-	-	564,208
Other comprehensive income in 2021	-	-	-	-	-	-	-	60,431	60,431
Total comprehensive income in 2021	-	-	-	-	-	564,208	-	60,431	624,639
BALANCE AT DECEMBER 31, 2021	137,776	1,377,765	313,107	102,444	-	572,596	135	61,097	2,427,144
Appropriation of 2021 earnings									
Legal reserve	-	-	-	56,421	-	(56,421)	-	-	-
Cash dividends	-	-	-	-	-	(206,665)	-	-	(206,665)
Share-based payment	-	-	5,487	-	-	-	-	-	5,487
Net profit in 2022	-	-	-	-	-	202,994	-	-	202,994
Other comprehensive income (loss) in 2022	-	-	-	-	-	-	1	(51,968)	(51,967)
Total comprehensive income (loss) in 2022	-	-	-	-	-	202,994	1	(51,968)	151,027
BALANCE AT DECEMBER 31, 2022	137,776	\$ 1,377,765	\$ 318,594	\$ 158,865	\$ -	\$ 512,504	\$ 136	\$ 9,129	\$ 2,376,993

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

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 266,810	\$ 706,626
Adjustments for:		
Depreciation expense	84,292	93,811
Amortization expense	1,430	1,397
Amortization of prepayments	3,426	3,743
Expected credit loss reversed on trade receivables	(1)	-
Share-based payment	5,487	5,629
Finance costs	2,477	2,542
Interest income	(4,443)	(1,164)
Dividend income	(2,873)	-
Share of profit of associates	(6)	-
(Gain) loss on disposal of property, plant and equipment	(250)	192
Write-down (reversal of write-down) of inventories	10,990	77
Net loss (gain) on unrealized foreign currency exchange	8,504	(2,724)
Gain on lease modifications	-	(3)
Changes in operating assets and liabilities		
Notes receivable - related parties	8,688	(6,105)
Trade receivables	196,719	(281,581)
Trade receivables - related parties	(2,339)	-
Other receivables	(78,887)	(48,638)
Other receivables - related parties	(196)	(35)
Inventories	(53,784)	(230,251)
Prepayments	(4,492)	(110)
Other current assets	1,688	(790)
Trade payables	20,534	125,971
Trade payables - related parties	4,512	14,202
Other payables	(31,539)	40,178
Other payables - related parties	12,283	(2,227)
Other current liabilities	123	216
Cash generated from operations	449,153	420,956
Interest paid	(2,497)	(2,563)
Income tax paid	(117,269)	(6,841)
Net cash generated from operating activities	<u>329,387</u>	<u>411,552</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Payments to acquire financial assets at amortized cost	-	-
Proceeds from sale of financial assets at amortized cost	-	60,000
Payments for property, plant and equipment	(113,162)	(21,085)
Proceeds from disposal of property, plant and equipment	250	467
Decrease in refundable deposits	-	357
Payments for intangible assets	-	(197)

(Continued)

LCY TECHNOLOGY CORP.**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

	2022	2021
Interest received	\$ 4,443	\$ 1,164
Other dividends received	<u>2,873</u>	<u>-</u>
Net cash generated from (used in) investing activities	<u>(105,596)</u>	<u>40,706</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(9,278)	(9,352)
Dividends paid	(206,665)	(91,851)
Capital reduction by cash	<u>-</u>	<u>(153,085)</u>
Net cash used in financing activities	<u>(215,943)</u>	<u>(254,288)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(3,972)</u>	<u>641</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,876	198,611
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>717,166</u>	<u>518,555</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 721,042</u>	<u>\$ 717,166</u>

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

(Concluded)

Audit Committee's Review Report

The Board of Directors prepared the Business Report, Parent Company Only Financial Statements and Consolidated Financial Statements and the Profit Distribution Proposal, etc. of the Company for the year 2022. Wherein, the Parent Company Only Financial Statements and Consolidated Financial Statements, which were audited and certified by CPA Lin, Wen-Chin and CPA Liu, Chien-Liang of Deloitte & Touche, and an audit report was issued. The above-mentioned business report, parent company only financial statements and consolidated financial statements and the profit distribution proposal have been reviewed by the Audit Committee and no discrepancy is found. The report is in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.
Hereby presented for review.

To:
2023 Annual Shareholders' Meeting of LCY TECHNOLOGY
CORP.

Convener of the Audit Committee: Liu, San-Chi

March 24, 2023

Communication between the Audit Committee and the Head of Internal Audit

- **Regular Communication**

- (1) Submit monthly audit reports to all independent directors as required by law.
- (2) Convene the Audit Committee meeting every quarter to report audit activities to the independent directors and track improvement.
- (3) Report the results of the previous year's evaluation of the company's internal control system to the independent directors at the audit committee meeting of the first quarter.
- (4) Report the audit plan of the previous year to the independent directors at the last Audit Committee meeting of the year.

- **Irregular Communication**

- (1) Handle the assignments of audit committee members and report by E-mail or at the latest Audit Committee meeting after sorting the information and completing the recommendations.

- **Please refer to the website of the company for details:**

https://www.lcyt.com.tw/download/governance/cg_8.pdf?20230313

LCY TECHNOLOGY CORP.
**Comparison of Amended Provisions of Rules of Procedure for Board
of Directors**

Article No.	Provision before Amendment	Provision after Amendment	Explanation
Article 3	<p>The Company's Board of Directors shall at least meet quarterly.</p> <p>The reasons for calling a Board of Directors Meeting shall be notified to each director at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice.</p> <p>The notice set forth in the preceding paragraph may be affected by means of electronic transmission, after obtaining prior consent from the recipients thereof.</p> <p>All matters set out in the subparagraphs of Paragraph 1 of Article 7 of the Rules shall be specified in the notice of the reasons for calling a board of directors meeting and shall not be raised by an extempore motion.</p>	<p>The Company's Board of Directors shall at least meet quarterly.</p> <p>The reasons for calling a Board of Directors Meeting shall be notified to each director at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice.</p> <p>The notice set forth in the preceding paragraph may be affected by means of electronic transmission, after obtaining prior consent from the recipients thereof.</p> <p>All matters set out in the subparagraphs of Paragraph 1 of Article 7 of the Rules shall be specified in the notice of the reasons for calling a board of directors meeting; none of them may be raised by an extempore motion except in the case of an emergency or legitimate reason.</p>	<p>The content was deleted according to Article 3 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies amended by the Order Financial-Supervisory-Securities-Issuance-1110383263 on August 5, 2022 of the Financial Supervisory Commission</p>
Article 7	<p>The following items shall be proposed to the Company's Board of Directors for discussion:</p> <p>I Business Plan and Annual Budget.</p> <p>II Annual financial report signed or sealed by Chairman, manager and accounting supervisor.</p> <p>III Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, and an assessment of the effectiveness of the internal control system.</p> <p>IV Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.</p> <p>V The offering, issuance, or private placement of any equity-type securities.</p>	<p>The following items shall be proposed to the Company's Board of Directors for discussion:</p> <p>I Business Plan and Annual Budget.</p> <p>II Annual financial report signed or sealed by Chairman, manager and accounting supervisor.</p> <p>III Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, and an assessment of the effectiveness of the internal control system.</p> <p>IV Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.</p> <p>V The offering, issuance, or private placement of any equity-type securities.</p>	<p>“The election or discharge of directors should be submitted to the Board of Directors Meeting for discussion” is added according to Article 7 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies amended by the Order Financial-Supervisory-Securities-Issuance-1110383263 on August 5, 2022 of the Financial Supervisory Commission.</p>

<p>VI Performance appraisal and remuneration criteria for managers.</p> <p>VII Structure and system of directors' remuneration.</p> <p>VIII Matters involving the interests of the directors.</p> <p>IX Transactions in major assets and derivatives, loans to others, and endorsement guarantee transactions.</p> <p>X Appointment, removal or remuneration of certified public accountants.</p> <p>XI <u>Election or discharge of Chairman</u>, and the appointment or removal of a financial, accounting, or internal audit officer.</p> <p>XII A donation to a related party or a major donation to a non-related party. However, a public-interest donation of disaster relief for a major natural disaster may be submitted to the following Board of Directors meeting for retroactive recognition.</p> <p>XIII When the Company acquires or disposes of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more.</p> <p>XIV Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or by-law to be approved by resolution at a shareholders' meeting or Board of Directors meeting, or any such significant matter as may be prescribed by the competent authority.</p> <p>The term "related party" mentioned in this regulation refers to a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>The term "major donation to a non-related party" refers to any individual donation, or cumulative donations within a one-year period to a single recipient, at an amount of NT\$100 million or more, or at an amount equal to or greater than one percent of net</p>	<p>VI Performance appraisal and remuneration criteria for managers.</p> <p>VII Structure and system of directors' remuneration.</p> <p>VIII Matters involving the interests of the directors.</p> <p>IX Transactions in major assets and derivatives, loans to others, and endorsement guarantee transactions.</p> <p>X Appointment, removal or remuneration of certified public accountants.</p> <p>XI The appointment or discharge of a financial, accounting, internal audit, or corporate governance officer.</p> <p>XII A donation to a related party or a major donation to a non-related party. However, a public-interest donation of disaster relief for a major natural disaster may be submitted to the following Board of Directors meeting for retroactive recognition.</p> <p>XIII When the Company acquires or disposes of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more.</p> <p>XIV Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or by-law to be approved by resolution at a shareholders' meeting or Board of Directors meeting, or any such significant matter as may be prescribed by the competent authority.</p> <p>The term "related party" mentioned in this regulation refers to a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>The term "major donation to a non-related party" refers to any individual donation, or cumulative donations within a one-year period to a single recipient, at an amount of NT\$100 million or more, or at an amount equal to or greater than one percent of net operating revenue or five percent of paid-in capital as stated in the financial report audited and attested by</p>	
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	<p>operating revenue or five percent of paid-in capital as stated in the financial report audited and attested by independent certified public accountants for the most recent year.</p> <p>The term "within a one-year period" in the preceding paragraph means a period of one year calculated retroactively from the date on which the current Board of Directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.</p> <p>In the case of a meeting concerning any matter required to be submitted for a resolution by the Board of Directors meeting under Paragraph 1, each independent director shall attend in person. If an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy.</p>	<p>independent certified public accountants for the most recent year.</p> <p>The term "within a one-year period" in the preceding paragraph means a period of one year calculated retroactively from the date on which the current Board of Directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.</p> <p>In the case of a meeting concerning any matter required to be submitted for a resolution by the Board of Directors meeting under Paragraph 1, each independent director shall attend in person. If an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy.</p>	
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LCY TECHNOLOGY CORP.
2022 Earnings Distribution Statement

Unit: NT\$

Item	Amount
Beginning balance of retained earnings	309,508,887
Add: Net income after tax of this year	202,994,289
Less: Set aside 10% legal earnings reserve	(20,299,429)
Earnings available for distribution	492,203,747
Distribution item:	
Cash dividend on common stock - NT\$0.50 per share	68,888,250
Unappropriated retained earnings at the end of the period	423,315,497

Note 1: The interim earnings distribution for the first three quarters of 2022 is NT\$0.

Note 2: The Company has 137,776,500 registered and issued shares, 0 Treasury shares and 137,776,500 outstanding shares.

Chairman: Chen Ming-Shu General Manager: Chen Ming-Shu Chief Accounting Officer: Li, Ling-Chih

LCY TECHNOLOGY CORP.

Candidates of Directors

Nominated by: Board of Directors Meeting

Category of Candidates	Name	Relevant Information	
Director	Representative of LCY CHEMICAL CORP Chen Ming-Shu	Number of shares held: 85,339,392 shares Personal shares: 82,895 shares	Nationality: R.O.C.
		Education degree:	
		1. Bachelor's Degree, Department of International Trade, Soochow University	
		Experience:	
		1. Deputy General Manager and Assistant Manager of Business Department of LCY TECHNOLOGY CORP.	
		2. Manager of Operation and Enterprise Planning Office of LCY CHEMICAL CORP	
		3. Manager of Export Sales Department of LCY CHEMICAL CORP	
		Current position: General Manager of LCY TECHNOLOGY CORP.	
Director	Representative of LCY CHEMICAL CORP Sung, Ting-Pang	Number of shares held: 85,339,392 shares Personal shares: 7,182 shares	Nationality: R.O.C.
		Education degree:	
		1. Master, Operation and Management Department, National Chengchi University	
		2. Bachelor, Department of Chemistry, Tamkang University	
		Experience:	
		1. Deputy General Manager of High-performance Plastics Business Division of LCY CHEMICAL CORP.	
		2. Deputy General Manager of LCY TECHNOLOGY CORP.	
		Current position: Senior Deputy General Manager of High-performance Plastics Business Division of LCY CHEMICAL CORP.	
Director	Representative of LCY INDUSTRIAL CORP. Pan, Li-Lin	Number of shares held: 1,095,538 shares	Nationality: R.O.C.
		Education degree:	
		1. Doctor Class of Finance Management Institute of National Sun Yat-sen University	
		2. Master, Department of Finance, National Taipei University	
		Experience:	
		1. Head of the Enterprise Management Department, Finance Division, LCY CHEMICAL CORP.	
		2. Senior Fund Manager of International Opportunities Fund	
		3. Senior Manager of Investment Department, Finance Center of Yongfengyu Paper Company	
		Current position: General Manager of LCY CHEMICAL CORP.	
Director	Wei, Cheng-Cheng	Number of shares held: 0 share	Nationality: R.O.C.
		Education degree: Enterprise Management Department of Fu Jen Catholic University	

Category of Candidates	Name	Relevant Information	
		Experience: 1. Director, Spokesperson, Head of Finance and Accounting of LCY CHEMICAL CORP. Current position: Senior Deputy General Manager of Finance Center of LCY CHEMICAL CORP.	
Independent Director	Liu, San-Chi	Number of shares held: 0 share	Nationality: R.O.C.
		Education degree: Bachelor, Accounting Department, Soochow University	
		Experience: 1. Chairman, Kaohsiung Rapid Transit Corporation 2. National Policy Advisors to the President of Taiwan 3. Controller, Directorate General of Budget, Accounting and Statistics, Executive Yuan 4. Head of Department of Accounting, Ministry of Education Taiwan Current position: Chairman, Hwa Hsia University of Technology	
		Number of shares held: 0 share	Nationality: R.O.C.
		Education degree: Bachelor, Department of Accounting and Statistics, National Cheng Kung University	
Independent Director	Tu, Wei-Hua	Experience: 1. General Manager/CEO of TSRC Corporation 2. Representative of Juristic Person Chairman of EZSWAP NETWORKS TECHNOLOGY CO., LTD. Current position: Representative of Juristic Person Chairman of TSOU SEEN CHEMICAL INDUSTRIES CORPORATION.	
		Number of shares held: 0 share	Nationality: R.O.C.
		Education degree: Bachelor, Department of Accounting and Statistics, National Cheng Kung University	
		Experience: 1. Vice President of Industrial Technology Research Institute Current position: General Strategy Advisor of Jin Join Rone Technology Corporation Ltd.	
Independent Director	Peng, Yu-Min	Number of shares held: 0 share	Nationality: R.O.C.
		Education degree: PhD in Materials Engineering, University of Manchester, UK	
		Experience: 1. Vice President of Industrial Technology Research Institute Current position: General Strategy Advisor of Jin Join Rone Technology Corporation Ltd.	
		Education degree: Bachelor, Department of Accounting and Statistics, National Cheng Kung University	

LCY TECHNOLOGY CORP.
Positions Held by Directors in Other Companies

Name of Director	Position Held in Other Companies
Chen Ming-Shu	<ol style="list-style-type: none"> 1. Representative of juristic person director of FORMOSA COPPER TECHNOLOGY CORPORATION 2. Representative of juristic person director of ShineMore Technology Materials Co., Ltd.
Sung, Ting-Pang	<ol style="list-style-type: none"> 1. Senior Deputy General Manager of High-performance Plastics Business Division of LCY CHEMICAL CORP. 2. Representative of juristic person director of LCY GRIT CORP 3. Representative of juristic person chairman of KAOHSIUNG COGEN CO., LTD. 4. Director of Zhenjiang LCY Warehousing & Storage Co., Ltd. 5. Director of LCY Performance Materials Corp. 6. Director of Huizhou LCY Elastomers Corp. 7. Director of LCY Education Foundation 8. Director of Package Plus Co., Ltd. 9. Executive Director of J-Star Holding Co., Ltd.
Wei, Cheng-Cheng	<ol style="list-style-type: none"> 1. Representative of Huili Investment Co., Ltd. 2. Director of Quark Biosciences, Inc. 3. Director of LCY GRIT CORP. 4. Supervisor of Chuan LiFa Power Generation Co., Ltd. 5. Director of LCY CHEMICAL CORP. 6. Representative of LCY INDUSTRIAL CORP. 7. Supervisor of YM Co., Ltd. 8. Supervisor of PLUS RENEWABLE CORP. 9. Director of KKY Co., Ltd. 10. Supervisor of Chuan Licheng Power Generation Co., Ltd. 11. Supervisor of Hanfa Industrial Co., Ltd. 12. Supervisor of Licheng Enterprise Co., Ltd. 13. Supervisor of Quan Liyang Co., Ltd.
Tu, Wei-Hua	Representative of Juristic Person Chairman of TSOU SEEN CHEMICAL INDUSTRIES CORPORATION.
Peng, Yu-Min	<p>Director of Pan Wen Yuan Foundation</p> <p>Director of ESG World Citizens & Digital Governance Foundation</p> <p>General Strategy Advisor of Jin Join Rone Technology Corporation Ltd.</p>

[Appendices]

1. Articles of Incorporation
2. Rules of Procedure for Board of Directors Meetings (Before Amendment)
3. Rules of Procedure for Shareholders' Meetings
4. Rules for Director Elections
5. Shareholding of All Directors and Explanation on Minimum Shareholding
6. Explanation of Shareholders' Proposals

LCY TECHNOLOGY CORP.

Articles of Incorporation

Chapter 1

- Article 1 The Company shall be incorporated under the Company Act of the Republic of China, and its name is “李長榮科技股份有限公司” and its English name is LCY TECHNOLOGY CORP.
- Article 2 The business to be operated by the Company is as follows:
- I. CC01080 Electronic Parts and Components Manufacturing.
 - II. C801010 Basic Chemical Industry.
 - III. C801030 Precision Chemical Materials Manufacturing Industry.
 - IV. F401010 International Trade.
 - V. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3 The Company may provide guarantees and reinvest as necessary for its business. Endorsement and guarantee shall be made according to the Procedures for Endorsement & Guarantee.
- When the company reinvests as a limited liability shareholder of another company, the total amount of investments is not subject to the limit of 40% of its paid-in capital as imposed by Article 13 of the Company Act.
- Article 4 The Company shall have its head office in Taipei City, and may, pursuant to a resolution adopted at the Board of Directors meeting, establish branch offices domestically and internationally when deemed necessary.
- Article 5 Public announcements of the Company shall be made pursuant to Article 28 of the Company Act.

Chapter 2 Capital Stock

- Article 6 The total capital stock of the Company shall be in the amount of NT\$2 billion, divided into 200 million shares, at NT\$10 each, and the unissued shares will be authorized to be issued by the Board of Directors in installments.
- Among the total registered capital of the preceding paragraph, NT\$240 million shall be retained for 24 million shares of stock warrants, new shares restricting employee rights, preferred shares with warrants, and corporate bonds with warrants for the exercise of warrants, and shall be issued in installments according to the resolution of the Board of Directors meeting.
- Article 6-1 If the Company issues new shares according to Paragraph 1 of Article 267 of the Company Act, there shall be ten to fifteen percent of such new shares reserved for subscription by employees of the company. The subscriber shall include the full-time employees of the Company and companies controlled by or affiliated to the Company in and outside of Taiwan, and shall be on board before the resolution of the Board of Directors meeting to issue new shares, and shall not violate the conditions of the labor contract, work rules and employee code of conduct.
- According to Paragraph 9 of Article 267 of the Company Act, when the Company issues new shares restricting employee rights, the objects shall include the full-time employees of the Company and companies controlled by or affiliated to the Company

in and outside of Taiwan, and shall be on board one year before the subscription base date, and shall not violate the conditions of the labor contract, work rules and employee code of conduct.

If the Company buys back shares for transferring shares to its employees according to Article 28-2 of the Securities and Exchange Act, the transferring objects shall include the full-time employees of the Company and companies controlled by or affiliated to the Company in and outside of Taiwan, and shall be on board one year before the subscription base date or have made special contributions to the Company and approved by the Board of Directors meeting, and shall not violate the conditions of the labor contract, work rules and employee code of conduct.

If the Company issues employee stock warrants according to Article 28-3 of the Securities and Exchange Act, the objects shall include the full-time employees of the Company and companies controlled by or affiliated to the Company in and outside of Taiwan, and shall be on board before the subscription base date, and shall not violate the conditions of the labor contract, work rules and employee code of conduct.

Article 6-2 If the Company issues employee stock warrants at a price lower than the market price, it shall be explained when convening the shareholders' meeting and approved by shareholders representing more than half of the total number of shares issued and more than two-thirds of the voting rights of the shareholders present at the meeting.

If the Company transfers the shares at a price lower than the average buyback price of the shares, it shall be explained when convening the shareholders' meeting and approved by shareholders representing more than half of the total number of shares issued and more than two-thirds of the voting rights of the shareholders present at the meeting.

Article 7 The Company may issue shares and other securities without physical certificates, and such shares/securities shall be registered with a central securities depository.

The Company's shares are registered shares and are issued in accordance with the provisions of the Company Act and other relevant laws.

Article 8 The transfer of shares shall be handled in accordance with the provisions of the Company Act and relevant laws.

Article 9 The shares of the Company are handled in accordance with the Criteria Governing Handling of Stock Affairs by Public Stock Companies promulgated by the competent authorities.

Chapter 3 Shareholders' Meeting

Article 10 The shareholders' meetings are of two types: annual meetings and interim meetings. Annual meetings shall be convened by the Board of Directors according to relevant laws once a year within six months after the end of each fiscal year. Extraordinary meetings may be duly convened according to relevant laws whenever the Company deems it necessary. The shareholders' meeting of the Company may be conducted by video conference or other means announced by the Ministry of Economic Affairs.

Article 11 The Company shall notify the shareholders of the date, location and proposals to the shareholders in writing or electronic versions 30 days before the date of a regular shareholders meeting or 15 days before the date of a special shareholders meeting.

However, for shareholders holding less than 1,000 shares, a public announcement can be made.

- Article 12 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 absent, one of the directors shall be appointed to act as chair. Where the chairman does not make such a designation, the directors shall select one person from among themselves to serve as the chair. If a shareholders' meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
- Article 13 When the Company convenes a regular shareholders' meeting, a shareholder holding one percent or more of the total number of issued shares may submit a written proposal for discussion to the Company at an annual shareholders' meeting. The number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. Relevant procedures shall be handled in accordance the Company Act and relevant regulations.
- Article 14 If a shareholder is unable to attend the shareholders' meeting for some reason, he/she 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 by signature or seal. In addition to the provisions of Article 177 of the Company Act and Article 25-1 of the Securities and Exchange Act, the appointment of the Company's stock shareholders to attend the shareholders' meeting shall be handled in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" and other relevant decrees issued by the competent authorities.
- Article 15 At the shareholders' meeting of the Company, each share shall have one vote, except for special shares without voting rights. However, in any circumstances prescribed in Article 179 of the Company Act, there shall be no voting rights.
- Article 16 When the Company holds a shareholders' meeting, the shareholders may exercise their voting rights electronically. Those who exercise their voting rights electronically shall be deemed to have attended the meeting in person, and relevant matters shall be handled according to relevant laws. Except as otherwise provided in the Company Act, the adoption of a proposal in a shareholders' meeting shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders, and the attending shareholders require the representation of a majority of all shares issued by the Company.
- Article 17 Matters decided by the shareholders' meeting shall be recorded in the meeting minutes. The preparation, distribution and preservation of the aforesaid meeting minutes shall be handled in accordance with the relevant provisions of Article 183 of the Company Act.
- Article 18 If the Company has a plan to withdraw the shares after the public offering, it shall be submitted to the shareholders' meeting for a resolution, and this provision shall remain unchanged when the shares are traded in the emerging stock market or during the subsequent listing period.

Chapter 4 Directors and Functional Committees

- Article 19 The Company shall have seven to nine directors, with 3 years of tenure, and shall be elected from legally competent persons at the shareholders' meeting; re-elected directors may serve consecutive terms.
The Company adopts the candidates' nomination system for the election of all directors, and the relevant provisions of the nomination system shall be subject to that in Article 192-1 of the Company Act.
In accordance with Article 14-2 and Article 183 of the Securities and Exchange Act, if the Company has independent directors, the number of independent directors shall not be less than three, and shall not be less than one fifth of the directors' seats.
The professional qualifications, shareholding, concurrent serving restrictions, nomination and election methods and other matters related to the independent directors shall be handled in accordance with relevant regulations of competent security authorities.
After the public issuance of the Company's shares, the total shareholding ratio of all its directors shall be in accordance with relevant regulations of competent security authorities.
- Article 19-1 The Company may set up functional committees, the setting and powers of which shall be in accordance with relevant measures formulated by competent authorities.
I. The Company has set up an Audit Committee, which is composed of all independent directors, in accordance with relevant regulations of the Securities and Exchange Act. The powers and other matters of the Audit Committee shall follow the regulations of the Company Act, the Securities and Exchange Act, other relevant laws and regulations and the Company's Articles of Incorporation.
- Article 20 Directors shall organize the Board of Directors, and a chairman of the board shall be elected by two thirds or more of the directors and by the consent of more than half of the directors present, and represent the Company externally.
- Article 21 If the Chairman asks for leave or is unable to exercise his powers for any reasons, his representative shall act on his behalf in accordance with Article 208 of the Company Act.
- Article 22 If over one-third of the seats of directors are vacant, the Board of Directors shall convene an interim meeting of shareholders to elect a new director within 60 days to elect the directors, and their term of office shall be limited to the period to make up the term of original directors.
When the number of independent directors' falls below that specified in the Articles of Incorporation, an election should be made to fill the vacancy at the next shareholders' meeting. When an independent director was discharged, the Board of Directors shall convene an interim meeting of shareholders to elect a new independent director within 60 days to elect the directors, and his term of office shall be limited to the period to make up the original term.
- Article 23 The directors shall attend the Board of Directors meetings in person. If a director is unable to attend in person due to some reason, he/she may execute a power of attorney and state therein the scope of authority with reference to the subjects to be discussed

at the meeting, by delegating other directors to attend on his/her behalf, but the proxy shall accept only one director's delegation.

Article 24 Except as otherwise stated in the Company Act, a resolution on a matter at a Board of Directors meeting requires the approval of at least one half of the directors present at the meeting that shall be attended by more than one half of all directors. (When an independent director is appointed in accordance with the Securities and Exchange Act, at least one independent director shall be present in person). If a Board of Directors meeting is conducted by means of video conferencing, directors who participate in the meeting by such means shall be deemed to have attended the meeting in person.

Article 25 Matters relating to the resolutions of a Board of Directors meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each director within 20 days after the conclusion of the meeting.

Article 26 The Board of Directors is authorized to determine the directors' remuneration according to the extent of their participation in the operation of the Company and the value of their contribution while with reference to the general industry standards. In addition, if a director of the Company holds a position in the Company, except for participating in the distribution of director's remuneration as provided for in Article 30-1 of the Articles of Association, he or she may be paid a monthly salary at the general manager's salary level.

The Company may purchase liability insurance for directors during their term of office to reduce the risk that directors may be sued by shareholders or other stakeholders as result of performing their duties according to the law.

Chapter 5 Managerial Personnel

Article 27 With the presence of more than half of the Board of Directors and the consent of more than half of the directors present, the Company may appoint a general manager, deputy general managers, assistant managers and managers, whose appointment, removal and remuneration shall be handled in accordance with Article 29 of the Company Act.

Chapter 6 Accounting

Article 28 The fiscal year of the Company starts from January 1 to December 31, and the final accounts shall be made at the end of each fiscal year.

Article 29 At the end of each fiscal year, the Board of Directors shall prepare the following statements and records and propose them to the annual shareholders' meeting for ratification in accordance with the legal procedures:

1. Business report.
2. Financial statements.
3. Surplus earning distribution or loss off-setting proposals.

The above-mentioned final statements, and resolutions on the distribution of earnings or the compensation of losses recognized by the shareholders' meeting shall be made in accordance with Article 28 and Article 230 of the Company Act and the provisions

of the competent authorities by means of public announcements on Market Observation Post.

Article 30

If the Company has surplus in its annual general accounts, it shall first pay taxes and compensate the accumulated loss (including the adjustment of the undistributed earnings amount), and then set aside 10% of the legal earnings reserve (except when the legal earnings reserve has reached the total amount of the company's paid-in capital), and then set aside special earnings reserve as prescribed by law or by competent authorities. When the Company sets aside special earnings reserves according to law, for the insufficient amount of "the cumulative amount of other net deductions from equity in the preceding period", before the distribution of earnings, an equivalent amount of special reserve shall be set aside from the undistributed earnings as at the prior period end. Where the undistributed earnings from the prior period are insufficient, the deficit shall be made from the undistributed earnings of the current period which are contributed by the profit after tax of the current period plus any other eligible items.

The Board of Directors shall propose an earnings distribution proposal for the balance, along with the unappropriated accumulative retained earnings as of the beginning of the fiscal year concerned (including the adjusted amount of unappropriated retained earnings). Quarterly earnings distribution or deficit compensation shall be made in accordance with the preceding procedures.

The Company's quarterly earnings distribution or deficit compensation shall be resolved on a Board of Directors meeting presented by two thirds or more of the directors by a majority of the directors present, and the distribution of dividends and bonuses, legal earnings reserves or capital reserves shall be all or partially made in cash and reported to the shareholders' meeting.

In case of any change or adjustment of the purpose or reason for the provision of the special earnings reserve in Item 1, the reserve shall be returned to the retained earnings according to the regulations of decrees or as required by the competent authorities.

Article 30-1

Before the distribution of earnings, the Company shall set aside no less than 0.5% of its annual profits as compensation to employees of the Company and set aside no more than 2% of its annual profits as compensation to directors. The annual profits refer to annual income before tax and before bonuses are set aside for employees and directors. Independent directors shall not participate in the distribution of director's compensation.

The compensation in the preceding paragraph shall be distributed in stock or cash by the resolution of the Board of Directors meeting, and employees entitled to the compensation includes those of the companies controlled by or subordinated to the Company and meet such conditions as the Board of Directors is authorized to fix. The preceding directors' compensation shall be distributed in cash. However, if the Company has accumulated losses, it shall reserve an amount thereof first to offset the losses, and then set aside the employee's compensation and directors' compensation in accordance with the proportion mentioned above.

The distribution of the employee's compensation and directors' compensation shall be made by the resolution of a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors for the preceding two paragraphs shall be submitted to the shareholders' meeting.

Article 31

The Company's earnings distribution or deficit compensation are made after the end of each quarter. If it is made by issuing new shares, it shall be submitted to the Shareholders' Meeting for resolution before distribution; if it is made in cash, it shall be resolved by the Board of Directors and reported to the Shareholders' Meeting, and no need to be submitted to the shareholders' meeting for recognition. The Company's dividend policy company is based on the company's profit situation, capital structure, future operating needs and other factors. During earnings distribution, no less than 10% of the distributable earnings shall be set aside for shareholders' dividends. However, if the accumulated distributable earnings are lower than the paid-in capital, no distribution will be made. Dividends to shareholders may be distributed in cash or stock, and the proportion of cash dividends to shareholders shall not be less than 10% of the total dividends to shareholders. The Company is in a changeable industrial environment. The type and proportion of such earnings distribution are based on its future capital needs and long-term operation planning. The Board of Directors will prepare a concrete distribution plan according to the current operating conditions, taking into account shareholders' rights and interests, balance of dividend policy and capital requirements planning, and submit to the shareholders' meeting for resolution and adjustment.

Chapter 7 Miscellaneous

Article 32

Any matters uncovered in this Articles of Incorporation shall be handled in accordance with the Company Act and relevant laws and regulations.

Article 33

The Articles of Incorporation are hereby first adopted on January 10, 1997.

The first amendment was made on June 18, 1998.

The second amendment was made on June 15, 1999.

The third amendment was made on June 2, 2000.

The fourth amendment was made on June 14, 2002.

The fifth amendment was made on June 27, 2007.

The sixth amendment was made on June 13, 2008.

The seventh amendment was made on June 23, 2010.

The eighth amendment was made on June 24, 2011.

The ninth amendment was made on June 21, 2012.

The tenth amendment was made on June 13, 2013.

The eleventh amendment was made on June 26, 2015.

The twelfth amendment was made on June 22, 2016.

The thirteenth amendment was made on April 25, 2017.

The fourteenth amendment was made on August 21, 2017.

The fifteenth amendment was made on June 18, 2019.

The sixteenth amendment was made on July 20, 2021.

The seventeenth amendment was made on June 23, 2022.

LCY TECHNOLOGY CORP.
**Rules of Procedure for Board of Directors Meetings (Before
Amendment)**

Formulated on August 10, 2007
Amended by the Shareholders' Meeting on June 24, 2011
Amended by the Shareholders' Meeting on June 13, 2013
Amended by the Shareholders' Meeting on April 25, 2017
Amended by the interim Shareholders' Meeting on August 21, 2017
Amended by the Board of Directors on November 9, 2017
Amended by the Board of Directors on March 27, 2020
Amended by the Board of Directors on May 12, 2021

- Article 1 To establish a sound governance system for the Board of Directors, optimize its supervision function and strengthen the management, the Company has established Rules of Procedure for Board of Directors Meetings (hereinafter referred to as the procedure) pursuant to Paragraph 8 of Article 26-3 of the Securities and Exchange Act and the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies".
- Article 2 Except otherwise specified by the laws or the Company's Articles of Incorporation, the main agenda items, operational procedures, required content of meeting minutes, public announcements, and other compliance requirements for Board of Directors meetings shall be handled in accordance with the procedure.
- Article 3 The Company's Board of Directors shall at least meet quarterly.
The reasons for calling a Board of Directors Meeting shall be notified to each director at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice.
The notice set forth in the preceding paragraph may be affected by means of electronic transmission, after obtaining prior consent from the recipients thereof.
All matters set out in the subparagraphs of Paragraph 1 of Article 7 of the Rules shall be specified in the notice of the reasons for calling a board of directors meeting; none of them may be raised by an extempore motion except in the case of an emergency or legitimate reason.
- Article 4 The Company's Board of Directors meeting shall be held at a place and time convenient to all directors and suitable for holding such a meeting.
- Article 5 The Company's Board of Directors appoints the Corporate Governance Division as the agenda working group for the Board of Directors meetings.
The agenda working group shall be responsible for drafting the agenda of the Board of Directors meeting, assisting in meeting records and related matters, and providing sufficient meeting information, which shall be sent together with the call notice.

If the directors consider that the meeting materials are not sufficient, they may request to make up the materials to the agenda working group, which shall deal with them in accordance with the standard operating procedure of the Company. If the directors consider that the materials concerning any proposal are insufficient in content, the deliberation of such proposal may be postponed by a resolution of the Board of Directors meeting.

Article 6 Agenda items for a regular Board of Directors meeting shall include at least the following:

- I. Announcements:
 - (I) Minutes of the last meeting and actions arising.
 - (II) Reporting on important financial and business matters.
 - (III) Reporting on internal audit activities.
 - (IV) Other important announcements.
- II. Discussions:
 - (I) Items discussed and continued from the last meeting.
 - (II) Items for discussion at this meeting.
- III. Extempore Motions.

Article 7 The following items shall be proposed to the Company's Board of Directors for discussion:

- I. Business Plan and Annual Budget.
- II. Annual financial report signed or sealed by Chairman, manager and accounting supervisor.
- III. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, and an assessment of the effectiveness of the internal control system.
- IV. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
- V. The offering, issuance, or private placement of any equity-type securities.
- VI. Performance appraisal and remuneration criteria for managers.
- VII. Structure and system of directors' remuneration.
- VIII. Matters involving the interests of the directors.
- IX. Transactions in major assets and derivatives, loans to others, and endorsement guarantee transactions.
- X. Appointment, removal or remuneration of certified public accountants.

- XI. The appointment or discharge of a financial, accounting, internal audit, or corporate governance officer.
- XII. A donation to a related party or a major donation to a non-related party. However, a public-interest donation of disaster relief for a major natural disaster may be submitted to the following Board of Directors meeting for retroactive recognition.
- XIII. When the Company acquires or disposes of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more.
- XIV. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or by-law to be approved by resolution at a shareholders' meeting or Board of Directors meeting, or any such significant matter as may be prescribed by the competent authority.

The term "related party" mentioned in this regulation refers to a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The term "major donation to a non-related party" refers to any individual donation, or cumulative donations within a one-year period to a single recipient, at an amount of NT\$100 million or more, or at an amount equal to or greater than one percent of net operating revenue or five percent of paid-in capital as stated in the financial report audited and attested by independent certified public accountants for the most recent year.

The term "within a one-year period" in the preceding paragraph means a period of one year calculated retroactively from the date on which the current Board of Directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

In the case of a meeting concerning any matter required to be submitted for a resolution by the Board of Directors meeting under Paragraph 1, each independent director shall attend in person. If an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy.

Article 8 Except for matters to be discussed at the Company's Board of Directors meetings set out in Paragraph 1 of Article 7, during the adjourn of the Board of Directors meeting, if the Board of Directors authorizes the exercise of the powers of the Board of Directors according to any order or the Articles of Incorporation of the Company, the level, content or matters of the authorization shall be handled in accordance with the authorization form approved by the Company, and the content shall be specific and clear and shall not be generalized.

Article 9 When the Company hold a Board of Directors meeting, an attendance book shall be made ready for signature by directors attending the meeting and thereafter made available for future reference.

When the Company holds a Board of Directors meeting, the directors shall be present in person, and at least one independent director shall be present in person at each meeting; directors participating in the meeting by video are deemed to be present in person.

If a director can not attend the meeting in person, he/she shall, in accordance with the Articles of Incorporation of the Company, issue a power of attorney, setting forth the scope of authorization for the reasons enumerated, and entrust another director to attend the meeting on his/her behalf.

If an independent director can not attend the meeting in person, he/she shall, in accordance with the Articles of Incorporation of the Company, issue a power of attorney, setting forth the scope of authorization for the reasons enumerated, and entrust another independent director to attend the meeting on his/her behalf.

A proxy under the preceding Paragraph 2 may accept proxy request from one person only.

Article 10 Where a Board of Directors meeting is called by the chairman of the board, the meeting shall be chaired by the chairman. However, where the first meeting of each newly elected Board of Directors is called by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected, the meeting shall be chaired by the aforementioned director; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting.

Where a meeting of the Board of Directors is called by more than a half of directors on their own initiative in accordance with Paragraph 4 of Article 203 or Paragraph 3 of Article 203-1 of the Company Act, the directors shall choose one person by and from among themselves to chair the meeting.

When the chairman of the board is on leave or for any reason is unable to exercise the powers of the chairman, it shall be chaired by a director designated by the chairman; if the chairman does not make such a designation, by a director elected by and from among themselves.

Article 11 Depending on the contents of the proposal, the Company may notify the relevant department managers who are not directors to attend the Board of Directors meetings, report the business overview and answer the questions raised by the directors.

Appendix 2

When necessary, the Company may also invite certificated public accounts, attorneys, or other professionals to attend as nonvoting participants. Provided, however, that they shall leave the meeting when deliberation or voting takes place.

Article 12 When the time of a meeting has arrived and one-half of all board directors are not present, the meeting chair may announce postponement of the meeting time, provided that only two postponements may be made. If the quorum is still not met after two such delays, the chair shall re-call the meeting following the procedures provided in Paragraph 2 of Article 3.

The term "all directors" as used in the Procedure shall be calculated as the number of directors then in office.

Article 13 The Company's Board of Directors meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, the order may be changed with the approval of a majority of directors present at the meeting.

The meeting chair may not declare the meeting adjourned without the approval of a majority of directors present at the meeting.

If the directors presenting at the meeting are not more than half of the directors present at the meeting at any time during the proceeding of a Board of Directors meeting, then upon motion by the directors sitting at the meeting, the chair shall declare the suspension of the meeting, in which case Paragraph 1 of Article 12 shall apply *mutatis mutandis*.

Article 14 When the chair at a Board of Directors meeting is of the opinion that a matter has been sufficiently discussed to a degree of putting to a vote, the chair may announce the discussion closed and bring the matter to vote.

When a proposal comes to a vote at a Board of Directors meeting, if the chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved.

The resolution of the Board of Directors may be voted in one of the following methods: (1) by show of hands or by ballot, (2) by roll call, or (3) by ballot, as decided by the chair. In case of a dissent by an attendee, the voting method shall be decided by a majority of the attending directors:

Except where all directors present at the meeting pass the resolution without objection, the ballot monitoring and vote counting methods shall be clearly stated.

"All directors present at the meeting" in this clause does not include directors prohibited from exercising voting rights pursuant to Paragraph 1 of Article 16.

Appendix 2

Article 15 Except as otherwise stated in the Securities and Exchange Act or in the Company Act, a resolution on a matter at a Board of Directors meeting requires the approval of a majority of the directors present at the meeting that shall be attended by a majority of all directors.

The independent director shall submit matters to the Board of Directors for discussion and resolution regarding Paragraph 1 of Article 7, and if an independent director expresses any objection or reservation about a matter, it shall be recorded in the Board of Directors meeting minutes. An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.

Article 16 If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the Company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

Where the spouse or a blood relative within the second degree of kinship of a director, or a company which has a controlling or subordinate relation with a director, is an interested party with respect to an agenda item of the meeting, such director shall be deemed to be an interested party with respect to that agenda item, and shall be handled as per the preceding paragraph.

The provisions of Paragraph 2 of Article 180 of the Company Act, as applied mutatis mutandis under Paragraph 2 of Article 206 of that Act, apply to resolutions of Board of Directors meetings when a director is prohibited by the preceding two paragraphs from exercising voting rights.

Article 17 Minutes shall be prepared of the discussions at Board of Directors meetings. The meeting minutes shall record the following:

- I. Session (or year), time, and place of meeting.
- II. Name of the meeting chair.
- III. Attendance of directors at the meeting, specifying the names and number of members present, excused, and absent.
- IV. Names and titles of those attending the meeting as non-voting participants.
- V. Name of the minute taker.
- VI. Matters reported on.
- VII. Discussions: The method of resolution and the result for each proposal; a summary of the comments made by directors, or other persons; the name

of any director that is an interested party as referred to in Article 16, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director under Paragraph 2 of Article 15.

VIII. Extempore motions: the name of the mover; the method of resolution and the result for each motion; a summary of the comments made by directors, experts, or other persons; the name of any director that is an interested party as referred to Article 16, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing.

IX. Other matters required to be recorded.

The attendance book forms a part of the minutes for each Board of Directors meeting and shall be well preserved during the existence of the Company.

The minutes of a board of directors meeting shall bear the signature or seal of both the meeting chair and the minutes taker; a copy of the minutes shall be distributed to each director within 20 days after the conclusion of the meeting, and included in the important files of the Company and properly stored during the duration of the Company's existence.

The meeting minutes may be produced and distributed in electronic form.

Any of the following matters in relation to a resolution passed at a meeting of the board shall be stated in the minute book and within two days of the meeting be published on Market Observation System:

- (I) Any matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing.
- (II) Any matter that has not been passed by the Company's Audit Committee but has been adopted with the approval of two-thirds or more of all directors.
- (III) The Board of Directors approves the recommendation that the remuneration is superior to that of the Remuneration Committee.

Article 18 The Company shall record on audio or video tape the entire proceedings of a Board of Directors meeting, and preserve the recordings for at least five years, in electronic form or otherwise.

If any litigation arises in connection with a resolution of a Board of Directors meeting before the end of the preservation period referred to in the preceding

Appendix 2

paragraph, the relevant audio or video recordings shall continue to be preserved until the litigation is concluded, and the provisions of the preceding paragraph shall not apply.

Where a Board of Directors meeting is held via video conferencing, the audio and visual documentation of the meeting form a part of the meeting minutes and shall be well preserved during the existence of the Company.

Article 19 This procedure was implemented on August 10, 2007 upon the consent of the Board of Directors. If there is any amendment in the future, it will be submitted to the shareholders' meeting upon the resolution of the Board of Directors.

LCY TECHNOLOGY CORP.

Rules of Procedure for Shareholders' Meetings

- Article 1 To establish a strong governance system and sound supervisory capabilities for the Company's shareholders' meetings, the company has formulated the Rules of Procedure of the Shareholders' Meeting (hereinafter referred to as the Rules) in accordance with Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for compliance.
- Article 2 The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be as provided in the Rules.
- The term "shareholder" in these Rules refers to the shareholder himself, its solicitor and its representative.
- Article 3 Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the Board of Directors.
- The change of the method for holding the shareholders' meeting of the Company shall be decided by the Board of Directors meetings and shall be made no later than before the convention notice of the shareholders' meeting is sent.
- The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including matters for rectification and discussion, and election or discharge of directors, and upload them to the Market Observation Post System (MOPS) at least 30 days before the date of an annual shareholders' meeting or at least 15 days before the date of an extraordinary shareholders' meeting. The Company shall prepare electronic version of the shareholders' meeting agenda and supplementary meeting materials and upload them to the MOPS at least 21 days before the date of an annual shareholders' meeting or at least 15 days before the date of an extraordinary shareholders' meeting. In addition, at least 15 days before the date of the shareholders' meeting, the Company shall also have prepared the shareholders' meeting agenda and supplementary meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplementary materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on site at the venue of the meeting.
- The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
- Election or dismissal of directors, amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing the Company's status as a public company, approval of competing with the Company by directors, earnings distributed in

the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter stipulated in all subparagraphs of Paragraph 1 of Article 185 of the Company Act, Articles 26-1 (for non-competing obligation, dividends and bonuses will be paid by issuing new shares or paying cash, and new shares or cash will be paid in proportion to the legal earnings reserve if there is no deficit) and 43-6 (private placement) of the Securities and Exchange Act, or Articles 56-1 (employee stock warrants) and 60-2 (new shares restricting employees' rights) of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, shall be set out in the notice of the reasons for convening the shareholders' meeting. None of the aforementioned matters may be raised by an extempore motion.

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders' meeting, after the completion of the re-election in said meeting, such inauguration date may not be altered by any extempore motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit a written proposal for discussion to the Company at an annual shareholders' meeting. The number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. Nevertheless, a shareholder proposal for urging the Company to promote public interests or fulfill its social responsibilities may still be included in the agenda after the careful evaluation of the Board of Directors. In addition, when the circumstances of any subparagraph of 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, acceptance method, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

A shareholder's proposal shall not be more than 300 words, and any proposal exceeding 300 words shall not be included in the proposal; the shareholder making the proposal shall be present in person or by proxy at the annual shareholders' meeting and take part in the discussion of the proposal.

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list the proposals that conform to the provisions of this article in the meeting notice. At the shareholders' meeting, the Board of Directors shall specify the reasons for excluding any shareholders' proposals from the meeting 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 may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company at least five days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail. However, a declaration made to cancel the previous proxy appointment is not subject to the aforementioned rule.

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

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting by video, a written notice of proxy cancellation shall be submitted to the Company at least two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5

The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9:00 a.m. and no later than 3:00 p.m. The place and time of such meeting shall take full account of the opinion of the independent directors.

When the Company holds a video meeting of shareholders, it shall not be limited by the above-mentioned meeting location.

When the Company holds a video meeting of shareholders, the chairman and the recorder shall be at the same place in the country and the chair shall announce the address of such place at the time of the meeting.

Article 6

The Company shall specify in its shareholders' meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention. To convene a video meeting of shareholders, it shall record how shareholders attend the meeting and exercise their rights, actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, the date to which the meeting is postponed or on which the meeting will resume, and other matters need attention. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a video meeting of shareholders meeting online shall be specified.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual

meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.

Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification. The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

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

In the event of a video meeting of shareholders, shareholders intending to attend the meeting online shall re-register to the Company two days before the meeting. In the event of a virtual shareholders meeting, this Corporation shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

Article 7

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

When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, he/she shall appoint one director on his/her behalf. Where the chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair, who shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

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

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

Article 8

The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures, and such recorded materials shall be retained for at least one year. If, however, a shareholder

files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Where a shareholders meeting is held online, this Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by this Corporation, and continuously audio and video record, without interruption, the proceedings of the video meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the video meeting.

In case of a video shareholders meeting, the Company is advised to audio and video record the back-end operation interface of the virtual meeting platform.

Article 9

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

When attending the meeting, the shareholders or their representative shall attend the meeting based on the sign-in cards. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a video shareholders meeting, the Company shall also declare the meeting adjourned at the video meeting platform.

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. In the event of a video shareholders meeting, shareholders intending to attend the meeting online shall re-register to this Corporation in accordance with Article 6.

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

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- Article 10 If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors and the meeting shall be carried out according to the agenda, which may not be changed without a resolution of the shareholders' meeting. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions). After the meeting has adjourned by resolution, the shareholders shall not elect another chair to continue the meeting at the same address or at any other place. If the chair 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 chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.
- Article 11 The chair shall allow ample time during the meeting for explanation and discussion of proposals and of amendments or extempore motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, and schedule sufficient time for voting.
- Article 12 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder who has the floor; the chair shall stop any violation.
- Article 13 A shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 3 minutes. However, the speech may extend by 3 minutes upon the permission of the chair. When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal. If the shareholder does not fill in the subject of the speech, violates the proceeding rules or exceeds the scope of the agenda item, the chair may terminate the speech.
- Article 14 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

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- Article 15 Where a video shareholders meeting is convened, shareholders attending the video meeting online may raise questions in writing at the video meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in Article 12 and Article 13 do not apply.
As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.
- Article 16 Voting at a shareholders' meeting shall be calculated based the number of shares.
With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.
- Article 17 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.
- Article 18 The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.
- Article 19 With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.
- Article 20 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed to be non-voting shares pursuant to Paragraph 2 of Article 179 of the Company Act.
When the Company holds a shareholders' meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person. However, with respect to the extempore motions and revisions to the original proposals of that meeting, the said shareholder will be considered to have waived his/her rights. The Company is therefore advised to avoid submission of extempore motions and revision to the original proposals.

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

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

Article 21

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 a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

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

In the event of a video shareholders meeting, this Company shall disclose real-time results of votes and election immediately after the end of the voting session on the video meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.

Article 22

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

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

In the event of a video shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.

When this Corporation convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online. When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

Article 23

The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, and the names of directors not elected and number of votes they received.

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

Article 24

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

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

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

Where a video shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the video meeting platform or participation in the meeting online due to force majeure events, and how issues are dealt with shall also be included in the minutes.

- Article 25 On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, this Corporation shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting. During this Company's video shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting, it shall be handled in the same way. If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.
- Article 26 In the event of a virtual shareholders meeting, this Corporation may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues. In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the video meeting platform or participation in the video meeting is obstructed due to force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply. For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session. For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.

When this Company convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.

When postponing or resuming a meeting according to the second paragraph, the Company shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.

When convening a virtual-only shareholders meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online.

Article 27 Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

Article 28 The chair may direct the proctors or security personnel to help maintain order at the meeting venue.

When proctors or security personnel help maintain order at the meeting venue, they shall wear an identification card or armband bearing the word "Proctor".

Article 29 At the venue 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 chair may prevent the shareholder from so doing.

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- Article 30 When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the venue.
- Article 31 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
- Article 32 If the meeting venue is no longer available for continued use and not all of the items (including extempore motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue. A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.
- Article 33 The Rules shall be implemented after having been resolved at the Board of Directors meeting, and approved by a shareholders' meeting. Subsequent amendments thereto shall be affected in the same manner.
- Article 34 The Rules was formulated on June 14, 2002.
The first amendment was made on June 13, 2008.
The second amendment was made on June 24, 2011.
The third amendment was made on June 13, 2013.
The fourth amendment was made on June 22, 2016.
The fifth amendment was made on April 25, 2017.
The sixth amendment was made on August 21, 2017.
The seventh amendment was made on June 24, 2020.
The eighth amendment was made on July 20, 2021.
The ninth amendment was made on June 23, 2022.

LCY TECHNOLOGY CORP. Rules for Director Elections

Article 1 To ensure a just, fair, and open director election, these Procedures are adopted pursuant to the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies for compliance.

Article 2 Except as otherwise provided by law and regulation or by the Company's Articles of Incorporation, elections of directors shall be conducted in accordance with the Rules.

Article 3 Any person, not necessarily being a shareholder, with capacity may be elected as a director of the Company.

The overall composition of the Board of Directors shall be taken into consideration in the selection of the Company's directors. The composition of the Board of Directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

- I. Basic requirements and values: gender, age, nationality, and culture.
- II. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties, such as the ability to make judgments about operations, accounting and financial analysis ability, business management ability, crisis management ability, knowledge of the industry, an international market perspective, leadership, and decision-making ability.

Article 4 The Company appoints independent directors in accordance with Article 14-2 of the Securities and Exchange Act. The independent directors shall not be subject to any of the provisions of Article 30 of the Company Act, nor shall be a legal person or its representative as stipulated in Article 27 of the Company Act. Establishment of independent directors shall be handled in accordance with the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".

The professional qualification conditions of independent directors of the Company shall comply with Article 2 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” and over five years of working experiences.

The independent director shall maintain his independence within the scope of business execution and shall not have any direct or indirect interest with the Company, and the independence conditions for the two years prior to his appointment and during his tenure shall comply with the provisions of Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

The independent director of the Company should not concurrently serve as an independent director of more than three other public companies.

If an independent director has already served as an independent director of the Company for three consecutive terms or more, the company shall publicly disclose, together with the review results under the preceding paragraph, the reasons why the candidate is nominated again for the independent directorship, and present the reasons to the shareholders at the time of the election at the shareholders meeting.

Article 5 The Company will appoint five to nine directors, subject to the number prescribed in the Articles of Incorporation, and an audit committee will be set up in accordance with the provisions of the Securities and Exchange Act. There shall be at least three independent directors, with at least one of them having accounting or financial expertise.

According to the regulations of the Company Act, the Company's Board of Directors and shareholders holding one percent or more of the total number of issued shares may present a slate of director candidates in writing to the company; the number of nominees may not exceed the number of directors to be elected.

Unless approved by competent authorities, more than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

Article 6 The cumulative voting method shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

The directors of the Company shall be elected in accordance with the procedure for candidate nomination system prescribed in Article 192-1 of the Company Act.

When the number of directors falls below five due to the dismissal of a director for any reason, the Company shall hold a by-election to fill the vacancy at its next shareholders' meeting. When the number of directors falls short by one third of the total number prescribed in the Company's Articles of Incorporation, the Company shall convene an extraordinary shareholders' meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of independent directors falls below that required under the provisions of Paragraph 1 of Article 14-2 of the Securities and Exchange Act, a by-election shall be held at the next shareholders' meeting to fill the vacancy. When the independent directors are dismissed en masse, an extraordinary shareholders' meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 7 The number of directors will be as specified in the Company's Articles of Incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 8 Before the election begins, the chair shall appoint counting personnel and a number of shareholders to perform relevant respective duties of vote monitoring.

Article 9 The ballot boxes shall be prepared by the Board of Directors and publicly checked by the vote monitoring personnel before voting commences.

Article 10 A ballot is invalid under any of the following circumstances:

- I. A ballot was not prepared by a party with the power to convene the meeting.
- II. A blank ballot is placed in the ballot box.
- III. The writing is unclear and indecipherable or has been altered.

IV. Where the candidate's name filled in the ballot is inconsistent with that on the list of candidates for directors.

V. Any ballot with characters other than the allocated number of voting rights.

Article 11 After the voting is completed, the vote supervisors shall monitor the counting results, and the chair or an officiator appointed by the chair shall announce the counting results on the spot, including the list of elected directors and number of votes they received.

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

Article 12 In accordance with the decrees and regulations of the competent authorities, the Company shall provide the "Guide to Regulations Governing the Directors and Supervisors", "Statement", "Directions Concerning Securities Market Regulatory Matters" and "Consent to Appointment" to the elected directors for signing and filing with the competent authorities accordingly.

Article 13 The Rules shall be implemented after having been approved by a shareholders' meeting. Subsequent amendments thereto shall be affected in the same manner.

Article 14 The rules were formulated on August 21, 2017.

The first amendment was made on June 24, 2020.

The second amendment was made on June 23, 2022.

I. Current Shareholding of All Directors

LCY TECHNOLOGY CORP.

Record date: April 30, 2023

Title	Name	Date Elected	Shareholding When Elected			Current Shareholding			Remark
			Type	Shares	Proportion in Issued Shares (%)	Type	Shares	Proportion in Issued Shares (%)	
Chairman	LCY CHEMICAL CORP. Representative: Chen Ming-Shu	2020.06.24	Common stock	99,446,547	64.96	Common stock	85,339,392	61.94	—
Director	LCY CHEMICAL CORP. Representative: Sung, Ting-Pang	2020.06.24							
Director	LCY INDUSTRIAL CORP. Representative: Pan, Li-Lin	2020.06.24	Common stock	1,217,072	0.80	Common stock	1,095,538	0.80	—
Director	Chung, Wan-Chen	2020.06.24	—	0	0	—	0	0	—
Independent Director	Liu, San-Chi	2020.06.24	—	0	0	—	0	0	—
Independent Director	Tu, Wei-Hua	2020.06.24	—	0	0	—	0	0	—
Independent Director	Chu, Nieu-Tzu	2020.06.24	—	0	0	—	0	0	—
Total			Common stock	100,663,619	65.76	Common stock	86,434,930	62.74	—

Total number of shares issued on June 24, 2020. 153,085,000 shares

Total number of shares issued on April 30, 2023. 137,776,500 shares

II. Minimum Number of Shares to Be Held by Directors

In accordance with Article 26 of the Securities and Exchange Act and Paragraph 3-2 of Article 2 of the Rules for the Implementation and Verification of the Shareholding Ratio of Directors and Supervisors of Public Offering Companies: Where the paid-in capital of the Company is between NT\$1 billion and NT \$2 billion, the total number of registered shares held by all the directors shall not be less than 7.5%, and that held by the supervisor shall not be less than 0.75%.

The shareholdings of independent directors elected by a public company shall not be included in the aforesaid total amount; if two or more independent directors are elected, the shareholding ratio held by all directors and supervisors other than the independent directors calculated in accordance with the aforementioned ratio shall be reduced to 80%.

If a public company has set up an Audit Committee in accordance with the Securities and Exchange Act, the requirement that the shareholding ratio of the supervisors must not be less than a certain percentage does not apply.

The Company's paid-in capital is NT\$1,377,765,000 and a total of 137,776,500 shares have been issued. The total number of registered shares held by all directors shall not be less than 8,266,590 shares. The Company has an Audit Committee, so their minimum number of shares to be held by supervisors does not apply.

Number of shares held by all directors: 86,434,930 shares, satisfying the statutory percentage.

Explanation of Shareholders' Proposals

- I. In accordance with Article 172-1 of the Company Act, a shareholder holding one percent or more of the total number of issued shares may submit a written proposal for discussion to the Company at an annual shareholders' meeting. The number of items so proposed, however, is limited to one only, and should be no more than 300 words.

- II. The period for accepting shareholders' proposals of the 2023 Annual General Meeting of Shareholders is from April 14, 2023 to April 24, 2023, and the acceptance method was announced on March 30, 2023 on the Market Observation Post System in accordance with the regulations.

- III. The Company didn't receive any shareholder proposal during the above acceptance period.