

# **LCY Technology Corp. Articles of Incorporation**

## **Chapter 1 General Principles**

- Article 1 The Company is established pursuant to the provisions of the Company Act. The Company is named LCY TECHNOLOGY CORP in English.
- Article 2 The Company conducts the following businesses:  
I. CC01080 Electronic parts and components manufacturing.  
II. C801010 Basic chemical industry.  
III. C801030 High-precision chemical material manufacturing.  
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 external guarantees or invest when necessary for business. The endorsement or guarantee shall be conducted according to the Company's Procedure for Making Endorsements and Guarantees.  
In addition, the investment made by the Company in other companies as limited liability shareholder thereof is not subject to the limitation that such investment shall not exceed forty percent of the paid-in capital as set forth in Article 13 of the Company Act.
- Article 4 The Company is headquartered in Taipei City and may establish domestic or foreign branches as resolved by the Board of Directors, if necessary.
- Article 5 The Company conducts announcements pursuant to the provisions under Article 28 of the Company Act.

## **Chapter 2 Shares**

- Article 6 The Company's total capital is NT\$2 billion divided into 200 million shares. The par value is NT\$10 per share. The Board of Directors is authorized to issue the unissued shares in installments.  
In the registered total capital in the preceding paragraph, NT\$240 million, i.e., 24 million shares, are set aside for employee stock warrants, new restricted employee shares, preferred shares with warrants and corporate bonds with warrants. The Board is authorized to issue the remainder in several batches.
- Article 6-1 In cases where the Company issues new shares and reserves ten to fifteen per cent of such new shares for subscription by employees pursuant to Paragraph 1, Article 267 of the Company Act, the subscribers may include full-time employees within the formal organization of the Company and the parent or subsidiary domestic or foreign companies. Such employees shall also have reported to duty prior to the approval of the issuance of new shares by the Board of Directors and have not violated the labor contract, Work Rules and Employee Code of Conduct.  
In cases where the Company issues restricted stock for employees pursuant to Paragraph 9, Article 267 of the Company Act, the subjects for the issuance may include full-time employees within the formal organization of the Company and the parent or subsidiary domestic or foreign companies. Such employees shall also be in their positions one year before the subscription baseline date and have not violated the labor contract, Work Rules and Employee Code of

Conduct.

In cases where the Company buys back its shares and transfers the shares to its employees pursuant to Article 28-2 of the Securities and Exchange Act, the subjects for the transfer may include full-time employees within the formal organization of the Company and the parent or subsidiary domestic or foreign companies. Such employees shall also have served for one year before the record date of subscription, or have made special contributions to the Company as approved by the Board of Directors, and have not violated the labor contract, Work Rules and Employee Code of Conduct.

In cases where the Company issues employee subscription right pursuant to Article 28-3 of the Securities and Exchange Act, the subjects for the subscription right may include full-time employees within the formal organization of the Company and the parent or subsidiary domestic or foreign companies. Such employees shall also be in their positions before the subscription baseline date and have not violated the labor contract, Work Rules and Employee Code of Conduct.

Article 6-2 In cases where the Company issues employee stock warrants at a price lower than the market price, the matter shall be described in the reasons for convening a shareholders' meeting and be approved by at least two-thirds of the votes of shareholders present at a shareholders' meeting who hold a majority of all issued and outstanding shares of the Company before implementation.

In cases where the Company transfers its shares to its employees at a price lower than the average buy back price of treasury shares, the matter shall be described in the reasons for convening a shareholders' meeting and be approved by at least two-thirds of the votes of shareholders present at a shareholders' meeting who hold a majority of all issued and outstanding shares of the Company before implementation.

Article 7 The Company may choose to not provide share certificates in print form but shall register the issued shares with a centralized securities depository enterprise, and the same applies to other securities.

The Company's shares are registered shares and are issued pursuant to the Company Act and other relevant laws and regulations.

Article 8 The transfer of shares shall be conducted pursuant to the Company Act and other relevant laws and regulations.

Article 9 The Company handles the shareholder services pursuant to the Regulations Governing the Administration of Shareholder Services of Public Companies promulgated by the competent authority.

### **Chapter 3 Shareholders' meeting**

Article 10 Shareholders' meetings include regular meetings and special meetings. Regular meetings shall be convened by the Board of Directors once annually within six months after the end of each fiscal year according to the law. Special meetings will be held according to the law whenever necessary.

The shareholders' meeting of the Company can be held by means of visual communication network or other methods promulgated by the Ministry of Economic Affairs.

Article 11 The Company's shareholders' meetings shall be convened by written or electronic notice stating the date, place, and purpose dispatched to each shareholder at least 30 days, in the case

of regular meetings, and 15 days, in the case of special meetings, prior to the date set for such meeting. However, for shareholders holding less than 1,000 shares, the notification may be announced instead.

Article 12 Shareholders' meetings shall be convened by the Board of Directors and chaired by the Chairman. In cases where the Chairman is absent, the Chairman shall appoint a director to act on his behalf. In cases where the Chairman has not appointed an agent, directors shall elect one person to act as the chairperson. The meeting shall be convened and chaired by a person entitled to convene the meeting other than the Board. If two or more persons are entitled to call the meeting, those persons shall elect one person to act as the chairperson.

Article 13 When the Company convenes a regular shareholders' meeting, a shareholder holding 1% or more of all issued and outstanding shares may bring forth a proposal for the shareholders' meeting in writing to the Company. Only one proposal is allowed. More proposals will not be listed in the agenda. The relevant implementation shall be pursuant to the Company Act and relevant regulations.

Article 14 When shareholders cannot attend the shareholders' meeting, they may appoint agents to attend the meeting on their behalf, and a proxy issued by the Company and affixed with a signature or seal along with the scope of authorization shall be presented.

The Company's guidelines on shareholders appointing agents for attendance are handled pursuant to the provisions of Article 177 of the Company Act and Article 25-1 of the Securities and Exchange Act, Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies and other laws and regulations.

Article 15 Other than preferred shares without voting rights, one vote shall be entitled for each share held in the Company's shareholders' meeting unless specified in Article 179 of the Company Act where there is no voting right entitled.

Article 16 When the Company convenes a shareholders' meeting, shareholders may exercise their voting right electronically. Shareholders who exercise their voting right electronically shall be deemed as attending in person. Relevant matters shall be governed by laws and regulations. Unless otherwise required by the Company Act, shareholders' resolutions shall be adopted by at least a majority of the votes of shareholders present at a shareholders' meeting who hold a majority of all issued and outstanding shares of the Company.

Article 17 Resolutions of shareholders' meetings shall be recorded in meeting minutes. The preparation, distribution and storage of the meeting minutes in the preceding paragraph shall be handled pursuant to Article 183 of the Company Act.

Article 18 After public listing, if the Company plans to cancel its status as a public company, the proposal shall be submitted to the shareholders' meeting for resolution. The article shall not be changed during emerging and subsequent listing and OTC-trading.

#### **Chapter 4 Directors and Functional Committees**

Article 19 The Company shall have five to nine directors to be elected by the shareholders' meeting from candidates with legal capacity. Each director shall hold office for a term of three years, and may continue to serve if re-elected.

The Company shall elect all directors by a candidate nomination system. Regulations on the nomination system are pursuant to Article 192-1 of the Company Act.

In cases where the Company shall have independent directors pursuant to Article 14-2 and

Article 183 of the Securities and Exchange Act, the number of independent directors may not be less than three and may not be less than one-fifth of the number of directors.

Independent directors' professional qualification, shareholding, restrictions on concurrent positions, nomination and election and other matters of compliance shall be governed by the relevant regulations of the securities competent authority.

After public listing, all directors' total shareholding ratio shall be governed by the relevant regulations of the securities competent authority.

Article 19-1 The Company may set up Functional Committees under the Board of Directors. The establishment and duties of the committees shall be governed by the regulations of the competent authority.

I. The Company has set up the Audit Committee pursuant to the provisions of the Securities and Exchange Act. The Committee is constituted by all independent directors. The Audit Committee's duties and other matters of compliance shall be governed by the Company Act, the Securities and Exchange Act, other relevant laws and regulations and the Company's regulations.

Article 20 The Board of Directors is constituted by directors, and the Chairman is elected from the directors by a majority of the directors at a board meeting at which over two-thirds of the directors are present. The Chairman represents the Company in its external dealings.

Article 21 If the Chairman is on leave or for any reason cannot discharge his duties, his/her acting proxy shall be elected in accordance with Article 208 of the Company Act.

Article 22 When the shortage of directors reaches one-third, the Board of Directors shall convene an special shareholders meeting within sixty days to by-elect directors who will serve until the end of the original directors' term.

If the number of independent directors does not meet the requirements due to discharge, a by-election shall be conducted in the most recent shareholders' meeting. When all independent directors are discharged, the Board of Directors shall convene an special shareholders meeting within sixty days to by-elect independent directors who will serve until the end of the original term.

Article 23 Directors shall attend board meetings in person. If directors cannot attend in person, they shall appoint other directors to attend on their behalf. A proxy shall be presented with the scope of authorization for the reasons for convening. Each agent may only represent one director.

Article 24 Unless otherwise required by the Company Act, board meeting resolutions shall be adopted by at least a majority of the votes of attending directors who account for more than half of all directors. (When the Company has independent directors pursuant to the Securities and Exchange Act, at least one independent director shall attend in person.) When board meetings are conducted via teleconference, directors who attend via teleconference shall be deemed as attending in person.

Article 25 All meetings of the Board of Directors shall be recorded in the meeting minutes. The meeting minutes shall be affixed with the signature or seal of the chairperson and distributed to the directors within twenty days after the close of the meeting.

Article 26 All directors' remuneration shall be decided by the Board of Directors based on the directors' participation in the Company's operation and the value of their contribution while the standard in the industry are taken into account. In addition, if a director also serves a position in the

Company, the director may receive a monthly salary based on the manager salary standards other than the director remuneration specified in Article 30-1 of the Articles.

The Company may purchase a liability insurance for the directors during their term in order to mitigate the risks of directors being sued by shareholders or other stakeholders for carrying out their duties.

### **Chapter 5     Manager**

Article 27     With the approval by at least a majority of the votes of attending directors who account for more than half of all directors, the Company shall have one president, one vice president, several senior VPs and managers whose appointment, dismissal and remuneration shall be handled in accordance with Article 29 of the Company Act.

### **Chapter 6     Accounting**

Article 28     The Company's fiscal year begins on January 1 and ends on December 31. A final account shall be conducted at the end of each fiscal year.

Article 29     The Company shall have the Board of Directors prepare the following reports at the end of each fiscal year and submit them to the regular shareholders' meeting for ratification according to legal procedures:

1.   Business report.
2.   Financial statements.
3.   Proposal of earnings distribution or loss off-setting

The reports and earnings distribution or loss off-setting ratified by the shareholders' meeting in the preceding paragraph shall be handled pursuant to Article 28 and Article 230 of the Company Act and regulations of the competent authority and shall be transmitted to the Market Observation Post System.

Article 30     If there are earnings in the Company's annual general final accounts, they shall first be used to pay taxes and make up for the accumulated losses (including the amount of the adjustment of the undistributed earnings), and then ten percent shall be allocated as the legal reserve as required by law (not applicable when the accumulated legal reserve has reached the Company's paid-in capital). Afterwards, special surplus reserve shall be allocated as regulated by law or by the competent authority.

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings is not sufficient.

The distribution of the aforementioned balance along with the undistributed earnings at the beginning of the period (including the amount of the adjustment of the undistributed earnings) shall be proposed by the Board of Directors. The earnings distribution or loss off-setting of each quarter shall be distributed according to the aforementioned procedures.

The Company's earnings distribution or loss off-setting of each quarter shall be approved by the Board of Director to distribute all or part of the dividends and bonuses, legal reserve or capital surplus in cash to shareholders after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by at least two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the

shareholders' meeting.

In cases where the purpose of the allocation of the special reserve in the first paragraph is modified or adjusted, the surplus shall be reversed and saved according to laws or regulations of the competent authority.

Article 30-1

Prior to distributing earnings, the Company shall allocate 0.5% or more of the profits (i.e. profit before tax before deducting compensation to employees and directors) shall be allocated as compensation to employees and 2% or less of the profits shall be allocated as compensation to directors. Independent directors shall not participate in the allocation.

The employee remuneration in the preceding paragraph may be distributed in the form of shares or in the form of cash and shall be resolved by the Board of Directors. The remuneration may be given to employees of the parent or subsidiaries of the Company that meet certain requirements, which are to be prescribed by the Board of Directors. The director remuneration in the preceding paragraph may only be distributed by cash. However, when there are accumulated losses, the compensation shall be set aside before allocating employee remuneration and director remuneration.

The distribution of employee remuneration and director remuneration shall be resolved by the majority of the directors at a board meeting at which over two-thirds of the directors are present and reported to the shareholders' meeting.

Article 31

The Company may conduct distribution of earnings or loss off-setting after the end of each quarter. When the distribution is conducted in the form of new shares, the proposal shall first be submitted to the shareholders' meeting for resolution; When the distribution is conducted by cash, the Board of Directors may decide the implementation and report to the shareholders' meeting without submitting the proposal to the shareholders' meeting for ratification. The Company's dividend policy is based on the Company's profit, capital structure and future operational needs. For each earnings distribution, no less than 10% may be distributed as dividend to the shareholders. However, when the accumulated distributable earnings are lower than the paid-in capital, the earnings do not have to be distributed; The distribution of dividend to shareholders may be conducted by cash or in the form of stock. The distribution of cash dividend shall be no less than 10% of the total of shareholders' dividend, in principle. The Company is in an ever-changing industrial environment. The type and percentage of the distribution of earnings shall be based on the Company's future capital needs and long-term business planning. The Board of Directors shall draft the distribution proposal based on the current operational status while taking into account shareholders' interests, dividend balance policy and plans for capital needs and submit the proposal to the shareholders' meeting for resolution and modification.

### **Chapter 7 Supplementary Provisions**

Article 32

Matters not stipulated in the Article shall be governed by the Company Act and relevant laws and regulations.

Article 33

The Article was formulated 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.