

Stock Code: 4989

LCY Technology Corp.

2024 Annual Shareholders' Meeting Meeting Handbook (Translation)

Time: June 18, 2024, 9:30 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.

Table of Contents

I. Meeting Procedure	1
II. Meeting Agenda	2
III. Report Items	3
1. 2023 Business Report	3
2. 2023 Audit Committee’s Review Report	3
3. The “Corporate Governance Best Practice Principles” Amendment Report	3
4. “Ethical Corporate Management Best Practice Principles” Amendment Report	4
5. “Procedures for Ethical Management and Guidelines for Conduct” Amendment Report	4
IV. Ratifications	5
1. 2023 Business Report and Financial Statements	5
2. 2023 Deficit Compensation	5
V. Discussions	6
1. Proposal for Lifting the Non-competition Restriction on the Company’s Directors	6
2. Amendment to the “Rules of Procedure for Shareholders’ Meetings”	6
VI. Extempore Motions	7
Attachments	
1. 2023 Business Report	8
2. Independent Auditors’ Report and 2023 Consolidated and Parent Company Only Financial Statements	13
3. 2023 Audit Committee’s Review Report	33
4. Communication between the Audit Committee and the Head of Internal Audit	34
5. Comparison Table for Amendments to the Corporate Governance Best Practice Principles.	35
6. Comparison Table of Amended to the Ethical Corporate Management	39
7. Comparison Table of Amended to the Procedures for Ethical Management and Guidelines for Conduct	41
8. 2023 Deficit Compensation Statement	43
9. Positions Held by Directors in Other Companies	44
10. Rules of Procedure for Shareholders’ Meetings	45
Appendices	
1. Articles of Incorporation.	48
2. Rules of Procedure for Shareholders’ Meetings (Before Revision)	58
3. Shareholding of All Directors and Explanation on Minimum Shareholding	72
4. Explanation of Shareholders’ Proposals	74

I. Meeting Procedure

LCY TECHNOLOGY CORP.

Procedures for the 2024 Annual Shareholders’ Meeting

1. Call the Meeting to Order
2. Chairman’s Remarks
3. Report Items
4. Ratifications
5. Discussions
6. Extempore Motions
7. Meeting Adjournment

II. Meeting Agenda

LCY TECHNOLOGY CORP.

2024 Annual Shareholders' Meeting Agenda

Form of Shareholders' Meeting: Physical Shareholders' Meeting

Time: 9:30 a.m., June 18, 2024 (Tuesday)

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)

1. Call the Meeting to Order
2. Chairman's Remarks
3. Report Items
 - (1) 2023 Business Report
 - (2) 2023 Audit Committee's Review Report
 - (3) The "Corporate Governance Best Practice Principles" Amendment Report
 - (4) "Ethical Corporate Management Best Practice Principles" Amendment Report
 - (5) "Procedures for Ethical Management and Guidelines for Conduct" Amendment Report
4. Ratifications
 - (1) 2023 Business Report and Financial Statements
 - (2) 2023 Deficit Compensation
5. Discussions
 - (1) Proposal for Lifting the Non-competition Restriction on the Company's Directors
 - (2) Amendment to the "Rules of Procedure for Shareholders' Meetings"
6. Extempore Motions
7. Adjournment

III. Report Items

1. The 2023 Business Report, for your review.

Explanation:

- (1) 2023 Business Report, please refer to Attachment 1 (pages 8-12).
- (2) 2023 Financial Statements, please refer to Attachment 2 (pages 13-32).

2. The 2023 Audit Committee's Review Report, for your review.

Explanation:

- (1) The Company's Final Statement was adopted by the resolution of the Audit Committee and the Board of Directors on March 14, 2024. Audit Committee's Review Report, please refer to Attachment 3 (page 33).
- (2) Communication between the Audit Committee and the Head of Internal Audit, please refer to Attachment 4 (page 34).

3. The "Corporate Governance Best Practice Principles" Amendment Report, for your review.

Explanation:

- (1) With reference to the announcements from the Taiwan Stock Exchange (TWSE) on November 25, 2022 and December 23, 2022, regarding the revision of the "Corporate Governance Best Practice Principles," we propose to amend the Company's "Corporate Governance Best Practice Principles" in accordance with the revised content.
- (2) Comparison Table for Amendments to the Corporate Governance Best Practice Principles, please refer to Attachment 5 (pages 35-38).

4. The “Ethical Corporate Management Best Practice Principles” Amendment Report, for your review.

Explanation:

- (1) In line with the Company’s practical operations and to enhance corporate governance, the Ethical Corporate Management Best Practice Principles have been amended.
- (2) Comparison Table of Amended to the Ethical Corporate Management, please refer to Attachment 6 (page 39-40).

5. The “Procedures for Ethical Management and Guidelines for Conduct” Amendment Report, for your review.

Explanation:

- (1) In coordination with the Company’s practical operations and to enhance corporate governance, the Procedures for Ethical Management and Guidelines for Conduct have been amended.
- (2) Comparison Table of Amended to the Procedures for Ethical Management and Guidelines for Conduct, please refer to Attachment 7 (page 41-42).

IV. Ratifications

Proposal 1

Proposed by the Board of Directors

Subject: 2023 Business Report and Financial Statements

Explanation:

1. The Company's consolidated and individual financial statements for the year 2023 have been prepared and audited by CPAs Kuo, Wen-Chi and Liu, Chien-Liang of Deloitte & Touche, who have issued an unqualified opinion. The financial statements, along with the business report, have been reviewed by the Audit Committee, which has issued its audit report.
2. Please refer to Attachment 1 to 3 (pages 8-33).
3. Please ratify.

Resolution:

Proposal 2

Proposed by the Board of Directors

Subject: 2023 Deficit Compensation

Explanation:

1. The Company's net loss after tax for the year 2023 was NT\$ 133,764,934, plus the unappropriated retained earnings from previous years of NT\$ 423,315,497, resulting in a total distributable surplus for the current year of NT\$ 289,550,563. The 2023 Deficit Compensation Statement was prepared, please refer to Attachment 8 (page 37).
2. Please ratify.

Resolution:

V. Discussions

Proposal 1

Proposed by the Board of Directors

Subject: Proposal for Lifting the Non-competition Restriction on the Company’s Directors

Explanation:

1. Pursuant to Article 209 of the Company Act, a director who does an act for himself or on behalf of another person that is within the scope of the Company’s business, shall explain to the shareholders’ meeting the important facts concerning such an act and secure its approval. If any of the directors of the Company engages in the operation of another company with the same or similar business scope as the Company, they should seek the approval of the shareholders’ meeting in accordance with the aforementioned regulations to be exempted from the non-competition restriction for directors of the Company.
2. Without prejudice to the interests of the Company, the Company intends to request the annual shareholders’ meeting to resolve to lift the non-competition restrictions on Director Sung, Ting-Pang and Independent Director Peng, Yu-Min until the end of their current term of office in accordance with the regulations. Names and positions of directors concurrently serving other companies, please refer to Attachment 9 (page 44).
3. It is hereby submitted for discussion.

Resolution:

Proposal 2

Proposed by the Board of Directors

Subject: Amendment to the “Rules of Procedure for Shareholders’ Meetings”

Explanation:

1. In accordance with the Order No. Financial-Supervisory-Securities-Issuance-1120380899 issued on March 6, 2023, amending and promulgating the “Regulations Governing the Administration of Shareholder Services of Public Companies,” it is proposed to revise the Company’s “Rules Governing the Conduct of Shareholders Meetings” based on its contents.
2. Rules of Procedure for Shareholders’ Meetings, Attachment 10 (page 45-46).
3. It is hereby submitted for discussion.

Resolution:

VI. Extempore Motions

VII. Meeting Adjournment

Attachment 1

LCY TECHNOLOGY CORP.

2023 Business Report

1. Business and Profit & Loss Overview

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 boards 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 a shift from robust to declining demand under the influence of international conflicts, high inflation, high inventory and other persistent negative factors.

Unit: Tons

Electrolytic Copper Foil	2022	2023	Increase/Decrease	Increase/Decrease Percentage (%)
Production Volume	10,453	9,771	-682	-6.52
Sales Volume	10,379	9,969	-410	-3.95

The Company's consolidated operating revenue for the year 2023 was NT\$ 3,557,969 thousand, with a consolidated gross operating loss of NT\$ 40,782 thousand. The consolidated net loss after tax was NT\$ 133,765 thousand, and the consolidated basic loss per share after tax was NT\$ 0.97.

2. Research and Development

With the rapid development of automotive electronics, 5G and other terminal product applications, the requirements for high-frequency interference and high-speed transmission will become increasingly stringent in 2023. Therefore, thinner and lower roughness reverse-treated copper foils are also required for raw materials. Currently, a series of reverse foil products have been developed, among which PK-HTE-2RT can be used for high-speed multi-layer fine circuit boards and has passed customer verification. It can also be used for high-frequency signal transmission boards (such as automotive anti-collision radar, GPS safety systems and servers) and high-end soft board markets.

In addition to the existing copper foil base and printed circuit board markets that require electrodeposited copper foils, the Company is also developing and investing in: (1) extremely low-roughness reverse-treated copper foils (PK-HTE-2RT), (2) 8 μm PK-HTE-LP3 ultra-thin copper foils, and (3) extremely low-roughness reverse-treated copper foils for high-frequency applications and development.

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).

3. Execution of Revenue and Expenditure and Profitability

(1) Operating Revenue and Expense

Unit: NT\$ thousands

Item	2022	2023	Increase/ Decrease	Increase/Decrease Percentage (%)
Sales revenue	4,047,957	3,557,969	(489,988)	(12.10)
Sales cost	3,762,416	3,598,751	(163,665)	(4.35)
Gross sales profit	285,541	(40,782)	(326,323)	(114.28)
Operating Expenses	151,951	140,729	(11,222)	(7.39)
Operating Income	133,590	(181,511)	(315,101)	(235.87)
Non-operating revenue (expense) Net amount	133,220	15,020	(118,200)	(88.73)
Profit before tax	266,810	(166,491)	(433,301)	(162.40)
Income after Tax	202,994	(133,765)	(336,759)	(165.90)

(2) Profitability

Item	2022	2023
Return on Assets (%)	6.53	(4.47)
Return on shareholder's equity (%)	8.45	(5.83)
Ratio of operating profit to paid-in capital (%)	9.69	(13.17)
Net income before tax to paid-in capital (%)	19.36	(12.08)
Net profit margin (%)	5.01	(3.75)
Earnings per share before tax (NT\$)	1.94	(1.21)
After-Tax Earnings Per Share (NT\$)	1.47	(0.97)

4. Outline of the 2024 Business Plan

Looking ahead to the international political and economic situation in 2024, the global economy will experience the slowest economic growth in over 30 years. This is mainly due to slowing growth in developing countries, sluggish global trade, and the tightest financial conditions in decades. Although the risk of a global economic recession has decreased compared to a year ago, mainly thanks to the strong performance of the US economy, the escalating geopolitical tensions, such as the Russia-Ukraine war, the Israel-Palestine conflict, and the Red Sea crisis, will make the global geopolitical environment more complex and may bring new short-term risks to the global economy.

Furthermore, the green technology subsidy competition could escalate into a global trade war. Major economies such as the United States and Europe are implementing incentive measures to encourage companies to invest in clean energy technologies to achieve net-zero greenhouse gas emissions, while fiercely competing with China, the global leader in green technology production. Therefore, major international forecasting institutions believe that the global economic growth rate in 2024 will be slightly lower than in 2023, although global commodity trade is expected to recover, which should help stabilize Taiwan's foreign trade performance.

Additionally, with the great leap in the development of artificial intelligence (AI), the current mainstream of AI in cloud computing has sparked a wave of server business opportunities. The Company has formulated flexible strategies to respond to the global economic soft landing and the fermentation in the AI field. At the same time, we are cooperating with advanced Japanese companies to leverage synergies, developing special copper foils and high-end market specifications to increase product added value and sustainable stable operations. Our production process aims to save energy and reduce carbon emissions to meet international ESG trends and carbon neutrality requirements.

We work closely with customers to jointly develop high-frequency and high-speed materials and product certifications, perfecting our product lines to meet the needs of end-product applications and market demands.

Furthermore, the Company is strengthening operational resilience by integrating internal and external resource sharing, enhancing research and development, and improving manufacturing processes to achieve lean production. This will increase production efficiency and enable the manufacture of more high-quality products. The Company's annual operating target in 2024 is to produce 11,321 tons and sell 11,308 tons of electrolytic copper foil.

5. Future Outlook

The Company adheres to the business philosophy of “integrity-based, quality-focused, customer satisfaction, profit creation, and employee care.” It continues to develop new products, accurately grasping the needs of new-generation products, and inheriting its cost control policies as well as continuously increasing the production and sales ratio of niche products to expand its market reach. The Company aims to provide customers with diverse and customized products, striving to become a benchmark enterprise for diverse copper foil products and achieve a win-win goal.

With the advantage of long-term good cooperative relationships with customers and collaborative development, the Company's product specifications range from 8 μ m to 4oz, and it has developed special copper foils for printed circuit boards. The Company is gradually developing products for end-use applications and obtaining certifications. It continues to maintain good relationships with customers and further develop potential markets.

In terms of our continuous ESG promotion, the Company launched the “Carbon Footprint” program in 2022. Through third-party verification, it obtained the ISO 14607 Carbon Footprint Verification Statement and the UL 2809 certification for 100% recycled copper content. The Company has previously obtained ISO 14001:2015 Environmental Management System Certification, ISO 50001 2018 Energy Management System Certification, and ISO 9001 2015 Quality Management System Certification. It has implemented lead-free and arsenic-free processes throughout its operations, complying with international environmental regulations such as RoHS, POHS, and REACH. The Company has also obtained ISO 45001 2018 Occupational Health and Safety Management System Certification and CNS 45001 2018 Taiwan Occupational Health and Safety Management System Certification. It continues to promote company-wide environmental risk management, upholding its commitment and responsibility to safety, environment, and health as its basic requirements. In 2022, the Company issued its first ESG report in the industry and is currently using green energy certificates in 2023.

In terms of corporate governance, the Company adheres to integrity as the highest guiding principle for its operations. It has established the “Ethical Corporate Management Best Practice Principles,” “Codes of Ethical Conduct,” and “Ethical Conduct Guidelines” to govern our operations. A whistleblowing system has also been established to prevent any unethical, improper benefit, or improper donation activities that could jeopardize the interests of the Company and its shareholders; Regarding the board structure, the Corporate Governance Best Practice Principles clearly stipulate the diversity policy and relevant capabilities for board members. The board comprises seven members (including three independent directors) with extensive experience in operational judgment, accounting and financial analysis, risk management, industry analysis, international market perspectives, leadership, and decision-making abilities. They provide suggestions on long-term and short-term goals and operational development strategies, allowing them to fully utilize their professional functions.

Looking ahead, the external regulatory and overall business environment is becoming increasingly stringent, with intense external competition, high inflationary pressures, difficult declines in raw material prices, and no significant improvement in end-user demand. Additionally, geopolitical factors and trade barriers create uncertainties, posing short-term challenges. However, the Company will adhere to steady and step-by-step operations, striving to maintain its existing advantages, enhance product and service quality, and continuously develop differentiated copper foil products. It aims to increase the revenue share of niche products and achieve sustainable operations.

Chairman:
Paul Chen

General Manager:
Liu, Chia-He

Accounting Supervisor:
Lee, Ling-Chih



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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, 2023 and 2022, 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 material accounting policy information (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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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, 2023. 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, 2023 are stated as follows:

Timing of Revenue Recognition

The Group recognizes revenue when goods arrive at the agreed destination pursuant to the shipping terms of the sale, which increases 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 arrive 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.

Other Matter

We have also audited the parent company only financial statements of LCY Technology Crop. as of and for the years ended December 31, 2023 and 2022 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, 2023 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-Chi Kuo and Chien-Liang Liu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2024

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 558,512	20	\$ 721,055	23
Trade receivable (Notes 8 and 20)	818,184	29	858,445	28
Trade receivable - related parties (Notes 20 and 27)	-	-	2,339	-
Other receivables (Notes 8 and 26)	122,084	4	146,980	5
Other receivables - related parties (Note 27)	25	-	260	-
Current tax assets (Note 22)	1,351	-	-	-
Inventories (Note 9)	587,404	21	653,794	21
Prepayments (Note 14)	3,102	-	10,534	1
Other current assets (Note 14)	42,822	2	37,703	1
Total current assets	2,133,484	76	2,431,110	79
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Note 7)	81,716	3	57,070	2
Investments accounted for using the equity method (Note 11)	2,022	-	2,006	-
Property, plant and equipment (Notes 12 and 27)	410,525	15	456,457	15
Right-of-use assets (Note 13)	117,954	4	127,724	4
Intangible assets	4,277	-	4,909	-
Deferred tax assets (Note 22)	39,762	2	7,652	-
Refundable deposits (Note 27)	3,687	-	3,227	-
Long-term prepayments	241	-	874	-
Total non-current assets	660,184	24	659,919	21
TOTAL	\$ 2,793,668	100	\$ 3,091,029	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	\$ 37,500	1	\$ -	-
Trade payables (Note 16)	288,855	10	305,275	10
Trade payables - related parties (Note 27)	41,237	2	39,892	1
Other payables (Note 17)	80,355	3	142,508	5
Other payables - related parties (Note 27)	13,607	1	21,041	1
Current tax liabilities (Note 22)	-	-	66,476	2
Lease liabilities (Notes 13 and 27)	9,961	-	9,829	-
Other current liabilities (Notes 17 and 20)	5,584	-	7,352	-
Total current liabilities	477,099	17	592,373	19
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 22)	101	-	135	-
Lease liabilities (Notes 13 and 27)	112,405	4	121,528	4
Total non-current liabilities	112,506	4	121,663	4
Total liabilities	589,605	21	714,036	23
EQUITY (Note 19)				
Share capital	1,377,765	49	1,377,765	45
Capital surplus	323,671	12	318,594	10
Retained earnings				
Legal reserve	179,164	7	158,865	5
Unappropriated earnings	289,552	10	512,504	17
Total retained earnings	468,716	17	671,369	22
Other equity	33,911	1	9,265	-
Total equity	2,204,063	79	2,376,993	77
TOTAL	\$ 2,793,668	100	\$ 3,091,029	100

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, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
SALES (Note 27)	\$ 3,557,969	100	\$ 4,047,957	100
COST OF GOODS SOLD (Notes 9, 21 and 27)	<u>3,598,751</u>	<u>101</u>	<u>3,762,416</u>	<u>93</u>
GROSS PROFIT (LOSS)	<u>(40,782)</u>	<u>(1)</u>	<u>285,541</u>	<u>7</u>
OPERATING EXPENSES (Notes 21 and 27)				
Selling and marketing expenses	68,406	2	68,855	1
General and administrative expenses	61,051	2	69,859	2
Research and development expenses	<u>11,272</u>	<u>-</u>	<u>13,237</u>	<u>-</u>
Total operating expenses	<u>140,729</u>	<u>4</u>	<u>151,951</u>	<u>3</u>
PROFIT (LOSS) FROM OPERATIONS	<u>(181,511)</u>	<u>(5)</u>	<u>133,590</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES (Notes 21 and 27)				
Interest income	13,476	-	4,443	-
Other income	13,012	-	19,297	-
Other gains and losses	(8,741)	-	111,951	3
Finance costs	(2,748)	-	(2,477)	-
Share of profit or loss of associates (Note 11)	<u>21</u>	<u>-</u>	<u>6</u>	<u>-</u>
Total non-operating income and expenses	<u>15,020</u>	<u>-</u>	<u>133,220</u>	<u>3</u>
PROFIT (LOSS) BEFORE INCOME TAX	(166,491)	(5)	266,810	7
INCOME TAX (BENEFIT) EXPENSE (Note 22)	<u>(32,726)</u>	<u>(1)</u>	<u>63,816</u>	<u>2</u>
NET PROFIT (LOSS)	<u>(133,765)</u>	<u>(4)</u>	<u>202,994</u>	<u>5</u>

(Continued)

LCY TECHNOLOGY CORP. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	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	\$ 24,646	1	\$ (51,968)	(1)
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	-	-	1	-
Total other comprehensive income (loss)	24,646	1	(51,967)	(1)
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ (109,119)</u>	<u>(3)</u>	<u>\$ 151,027</u>	<u>4</u>
EARNINGS (LOSS) PER SHARE (Note 23)				
Basic	<u>\$ (0.97)</u>		<u>\$ 1.47</u>	
Diluted	<u>\$ (0.97)</u>		<u>\$ 1.47</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, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	Share Capital			Retained Earnings		Other Equity		Total Equity
	Number of Shares (In Thousands)	Ordinary Share	Capital Surplus	Legal Reserve	Unappropriated Earnings	Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2022	137,776	\$ 1,377,765	\$ 313,107	\$ 102,444	\$ 572,596	\$ 135	\$ 61,097	\$ 2,427,144
Appropriation of 2021 earnings	-	-	-	56,421	(56,421)	-	-	-
Legal reserve	-	-	-	-	(206,665)	-	-	(206,665)
Cash dividends	-	-	5,487	-	-	-	-	5,487
Share-based payment	-	-	-	-	202,994	-	-	202,994
Net profit in 2022	-	-	-	-	-	-	-	-
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
Appropriation of 2022 earnings	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	20,299	(20,299)	-	-	-
Cash dividends	-	-	-	-	(68,888)	-	-	(68,888)
Share-based payment	-	-	5,077	-	-	-	-	5,077
Net loss in 2023	-	-	-	-	(133,765)	-	-	(133,765)
Other comprehensive income in 2023	-	-	-	-	-	-	24,646	24,646
Total comprehensive income (loss) in 2023	-	-	-	-	(133,765)	-	24,646	(109,119)
BALANCE AT DECEMBER 31, 2023	137,776	\$ 1,377,765	\$ 323,671	\$ 179,164	\$ 289,552	\$ 136	\$ 33,775	\$ 2,204,063

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	\$ (166,491)	\$ 266,810
Adjustments for:		
Depreciation expense	88,899	84,292
Amortization expense	1,291	1,430
Amortization of prepayments	3,426	3,426
Expected credit loss reversed on trade receivables	(2)	(1)
Share-based payment	5,077	5,487
Finance costs	2,748	2,477
Interest income	(13,476)	(4,443)
Dividend income	-	(2,873)
Share of profit of associates	(21)	(6)
Loss (gain) on disposal of property, plant and equipment	1,027	(250)
Write-down of inventories	8,134	10,990
Net loss on unrealized foreign currency exchange	22,434	8,504
Changes in operating assets and liabilities		
Notes receivable - related parties	-	8,688
Trade receivables	19,253	196,719
Trade receivables - related parties	2,339	(2,339)
Other receivables	24,546	(78,887)
Other receivables - related parties	235	(196)
Inventories	58,256	(53,784)
Prepayments	4,639	(4,492)
Other current assets	(5,119)	1,688
Trade payables	(14,122)	20,534
Trade payables - related parties	1,975	4,512
Other payables	(24,487)	(31,539)
Other payables - related parties	(7,434)	12,283
Other current liabilities	(1,768)	123
Cash generated from operations	11,359	449,153
Interest paid	(2,756)	(2,497)
Income tax paid	(67,245)	(117,269)
Net cash (used in) generated from operating activities	<u>(58,642)</u>	<u>329,387</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(71,918)	(113,162)
Proceeds from disposal of property, plant and equipment	-	250
Increase in refundable deposits	(460)	-
Interest received	13,476	4,443
Other dividends received	5	2,873
Net cash used in investing activities	<u>(58,897)</u>	<u>(105,596)</u>

(Continued)

LCY TECHNOLOGY CORP. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ 37,500	\$ -
Repayment of the principal portion of lease liabilities	(9,614)	(9,278)
Dividends paid	<u>(68,888)</u>	<u>(206,665)</u>
Net cash used in financing activities	<u>(41,002)</u>	<u>(215,943)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(4,002)</u>	<u>(3,971)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(162,543)	3,877
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>721,055</u>	<u>717,178</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 558,512</u>	<u>\$ 721,055</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 parent company only financial statements of LCY Technology Corp. (the "Corporation"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Corporation as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of 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 Parent Company Only 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 parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only 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 parent company only financial statements for the year ended December 31, 2023 are stated as follows:

Timing of Revenue Recognition

The Corporation recognizes revenue when goods arrive at the agreed destination pursuant to the shipping terms of the sale, which increases 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 parent company only 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 arrive 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 Parent Company Only Financial Statements

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

In preparing the parent company only 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 Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only 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 Corporation'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 parent company only 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 parent company only financial statements, including the disclosures, and whether the parent company only 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 parent company only 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 parent company only financial statements for the year ended December 31, 2023 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-Chi Kuo and Chien-Liang Liu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2024

Notice to Readers

The accompanying parent company only 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 parent company only financial statements are those generally applied in the ROC.

For the convenience of readers, the independent auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.

LCY TECHNOLOGY CORP.

PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 558,499	20	\$ 721,042	23
Trade receivable (Notes 8 and 19)	818,184	29	858,445	28
Trade receivable - related parties (Notes 19 and 26)	-	-	2,339	-
Other receivables (Notes 8 and 25)	122,084	4	146,980	5
Other receivables - related parties (Note 26)	25	-	260	-
Current tax assets (Note 21)	1,351	-	-	-
Inventories (Note 9)	587,404	21	653,794	21
Prepayments (Note 13)	3,102	-	10,534	1
Other current assets (Note 13)	42,822	2	37,703	1
Total current assets	<u>2,133,471</u>	<u>76</u>	<u>2,431,097</u>	<u>79</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Note 7)	81,716	3	57,070	2
Investments accounted for using the equity method (Note 10)	2,035	-	2,019	-
Property, plant and equipment (Notes 11 and 26)	410,525	15	456,457	15
Right-of-use assets (Note 12)	117,954	4	127,724	4
Intangible assets	4,277	-	4,909	-
Deferred tax assets (Note 21)	39,762	2	7,652	-
Refundable deposits (Note 26)	3,687	-	3,227	-
Long-term prepayments	241	-	874	-
Total non-current assets	<u>660,197</u>	<u>24</u>	<u>659,932</u>	<u>21</u>
TOTAL	<u>\$ 2,793,668</u>	<u>100</u>	<u>\$ 3,091,029</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 14)	\$ 37,500	1	\$ -	-
Trade payables (Note 15)	288,855	10	305,275	10
Trade payables - related parties (Note 26)	41,237	2	39,892	1
Other payables (Note 16)	80,355	3	142,508	5
Other payables - related parties (Note 26)	13,607	1	21,041	1
Current tax liabilities (Note 21)	-	-	66,476	2
Lease liabilities (Notes 12 and 26)	9,961	-	9,829	-
Other current liabilities (Notes 16 and 19)	5,584	-	7,352	-
Total current liabilities	<u>477,099</u>	<u>17</u>	<u>592,373</u>	<u>19</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 21)	101	-	135	-
Lease liabilities (Notes 12 and 26)	112,405	4	121,528	4
Total non-current liabilities	<u>112,506</u>	<u>4</u>	<u>121,663</u>	<u>4</u>
Total liabilities	<u>589,605</u>	<u>21</u>	<u>714,036</u>	<u>23</u>
EQUITY (Note 18)				
Share capital	1,377,765	49	1,377,765	45
Capital surplus	323,671	12	318,594	10
Retained earnings				
Legal reserve	179,164	7	158,865	5
Unappropriated earnings	289,552	10	512,504	17
Total retained earnings	468,716	17	671,369	22
Other equity	33,911	1	9,265	-
Total equity	<u>2,204,063</u>	<u>79</u>	<u>2,376,993</u>	<u>77</u>
TOTAL	<u>\$ 2,793,668</u>	<u>100</u>	<u>\$ 3,091,029</u>	<u>100</u>

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

LCY TECHNOLOGY CORP.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2023		2022	
	Amount	%	Amount	%
SALES (Note 26)	\$ 3,557,969	100	\$ 4,047,957	100
COST OF GOODS SOLD (Notes 9, 20 and 26)	<u>3,598,751</u>	<u>101</u>	<u>3,762,416</u>	<u>93</u>
GROSS PROFIT (LOSS)	<u>(40,782)</u>	<u>(1)</u>	<u>285,541</u>	<u>7</u>
OPERATING EXPENSES (Notes 20 and 26)				
Selling and marketing expenses	68,406	2	68,855	1
General and administrative expenses	61,051	2	69,859	2
Research and development expenses	<u>11,272</u>	<u>-</u>	<u>13,237</u>	<u>-</u>
Total operating expenses	<u>140,729</u>	<u>4</u>	<u>151,951</u>	<u>3</u>
PROFIT (LOSS) FROM OPERATIONS	<u>(181,511)</u>	<u>(5)</u>	<u>133,590</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES (Notes 20 and 26)				
Interest income	13,476	-	4,443	-
Other income	13,012	-	19,297	-
Other gains and losses	(8,741)	-	111,951	3
Finance costs	(2,748)	-	(2,477)	-
Share of profit or loss of associates (Note 10)	<u>21</u>	<u>-</u>	<u>6</u>	<u>-</u>
Total non-operating income and expenses	<u>15,020</u>	<u>-</u>	<u>133,220</u>	<u>3</u>
PROFIT (LOSS) BEFORE INCOME TAX	(166,491)	(5)	266,810	7
INCOME TAX (BENEFIT) EXPENSE (Note 21)	<u>(32,726)</u>	<u>(1)</u>	<u>63,816</u>	<u>2</u>
NET PROFIT (LOSS)	<u>(133,765)</u>	<u>(4)</u>	<u>202,994</u>	<u>5</u>

(Continued)

LCY TECHNOLOGY CORP.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2023		2022	
	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	\$ 24,646	1	\$ (51,968)	(1)
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>
Total other comprehensive income (loss)	<u>24,646</u>	<u>1</u>	<u>(51,967)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ (109,119)</u>	<u>(3)</u>	<u>\$ 151,027</u>	<u>4</u>
EARNINGS (LOSS) PER SHARE (Note 22)				
Basic	<u>\$ (0.97)</u>		<u>\$ 1.47</u>	
Diluted	<u>\$ (0.97)</u>		<u>\$ 1.47</u>	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

LCY TECHNOLOGY CORP.

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	Share Capital			Retained Earnings		Other Equity			Total Equity
	Number of Shares (In Thousands)	Ordinary Share	Capital Surplus	Legal Reserve	Unappropriated Earnings	Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value	Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2022	137,776	\$ 1,377,765	\$ 313,107	\$ 102,444	\$ 572,596	\$ 135	\$ 61,097	\$ 2,427,144	
Appropriation of 2021 earnings	-	-	-	56,421	(56,421)	-	-	-	
Legal reserve	-	-	-	-	(206,665)	-	-	(206,665)	
Cash dividends	-	-	-	-	-	-	-	-	
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	
Appropriation of 2022 earnings	-	-	-	-	-	-	-	-	
Legal reserve	-	-	-	20,299	(20,299)	-	-	-	
Cash dividends	-	-	-	-	(68,888)	-	-	(68,888)	
Share-based payment	-	-	5,077	-	-	-	-	5,077	
Net loss in 2023	-	-	-	-	(133,765)	-	-	(133,765)	
Other comprehensive income in 2023	-	-	-	-	-	-	24,646	24,646	
Total comprehensive income (loss) in 2023	-	-	-	-	(133,765)	-	24,646	(109,119)	
BALANCE AT DECEMBER 31, 2023	137,776	\$ 1,377,765	\$ 323,671	\$ 179,164	\$ 289,552	\$ 136	\$ 33,775	\$ 2,204,063	

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

LCY TECHNOLOGY CORP.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	\$ (166,491)	\$ 266,810
Adjustments for:		
Depreciation expense	88,899	84,292
Amortization expense	1,291	1,430
Amortization of prepayments	3,426	3,426
Expected credit loss reversed on trade receivables	(2)	(1)
Share-based payment	5,077	5,487
Finance costs	2,748	2,477
Interest income	(13,476)	(4,443)
Dividend income	-	(2,873)
Share of profit of associates	(21)	(6)
Loss (gain) on disposal of property, plant and equipment	1,027	(250)
Write-down of inventories	8,134	10,990
Net loss on unrealized foreign currency exchange	22,434	8,504
Changes in operating assets and liabilities		
Notes receivable - related parties	-	8,688
Trade receivables	19,253	196,719
Trade receivables - related parties	2,339	(2,339)
Other receivables	24,546	(78,887)
Other receivables - related parties	235	(196)
Inventories	58,256	(53,784)
Prepayments	4,639	(4,492)
Other current assets	(5,119)	1,688
Trade payables	(14,122)	20,534
Trade payables - related parties	1,975	4,512
Other payables	(24,487)	(31,539)
Other payables - related parties	(7,434)	12,283
Other current liabilities	(1,768)	123
Cash generated from operations	11,359	449,153
Interest paid	(2,756)	(2,497)
Income tax paid	(67,245)	(117,269)
Net cash (used in) generated from operating activities	<u>(58,642)</u>	<u>329,387</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(71,918)	(113,162)
Proceeds from disposal of property, plant and equipment	-	250
Increase in refundable deposits	(460)	-
Interest received	13,476	4,443
Other dividends received	5	2,873
Net cash used in investing activities	<u>(58,897)</u>	<u>(105,596)</u>

(Continued)

LCY TECHNOLOGY CORP.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ 37,500	\$ -
Repayment of the principal portion of lease liabilities	(9,614)	(9,278)
Dividends paid	<u>(68,888)</u>	<u>(206,665)</u>
Net cash used in financing activities	<u>(41,002)</u>	<u>(215,943)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(4,002)</u>	<u>(3,972)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(162,543)	3,876
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>721,042</u>	<u>717,166</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 558,499</u>	<u>\$ 721,042</u>

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

(Concluded)

Attachment 3

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Business Report, Individual Financial Statements and Consolidated Financial Statements, and Deficit Compensation Proposal. The Individual Financial Statements and Consolidated Financial Statements have been audited by Deloitte & Touche CPAs Kuo, Wen-Chi and Liu, Chien-Liang, who have issued audit reports. The aforementioned business report, individual financial statements, consolidated financial statements, and loss offsetting proposals have been reviewed by this Audit Committee and found to be in compliance with no irregularities. This report is hereby submitted in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Please review.

To
2024 Annual Shareholders' Meeting of LCY Technology Corp.

Audit Committee Convener: Liu, San-Chi

March 14, 2024

Attachment 4

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**

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

Attachment 5

LCY TECHNOLOGY CORP.
**Comparison Table for Amendments to the
 Corporate Governance Best Practice Principles**

Article	Provision after Amendment	Provision before Amendment	Explanation
Article 3-1	<p>The Company shall, in accordance with its scale, business operations, and management needs, allocate appropriate and qualified personnel as its corporate governance officers and designate one officer as the chief corporate governance officer to handle corporate governance-related matters, including (1) handling matters related to board meetings and shareholders’ meetings in accordance with laws, (2) preparing minutes of board meetings and shareholders’ meetings, (3) assisting with the inauguration and continuing education of directors, (4) providing directors with the information needed to perform their duties, (5) assisting directors in complying with laws and regulations, and <u>(6) reporting to the board of directors on the results of the review of whether the qualifications of independent directors meet the relevant legal requirements during their nomination, election, and tenure.</u> (7) Handle matters related to changes in directors and (8) other matters stipulated</p>	<p>The Company shall, in accordance with its scale, business operations, and management needs, allocate appropriate and qualified personnel as its corporate governance officers and designate one officer as the chief corporate governance officer to handle corporate governance-related matters, including (1) handling matters related to board meetings and shareholders’ meetings in accordance with laws, (2) preparing minutes of board meetings and shareholders’ meetings, (3) assisting with the inauguration and continuing education of directors, (4) providing directors with the information needed to perform their duties, (5) assisting directors in complying with laws and regulations, and (6) other matters stipulated in the Company’s articles of incorporation or contracts.</p>	<p>In response to practical needs and in accordance with the revised “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” dated December 23, 2022, this provision has been amended accordingly.</p>

Article	Provision after Amendment	Provision before Amendment	Explanation
	<p>in the Company’s articles of incorporation or contracts.</p> <p>The following is omitted.</p>	<p>The following is omitted.</p>	
<p>Section 3</p>	<p>Corporate governance relationships between the Company and <u>related parties</u></p>	<p>Corporate governance relationships between the Company and <u>affiliated enterprises</u></p>	<p>The content of this section includes the management of transactions with related parties, hence the amendment of the title of this section.</p>
<p>Article 12</p>	<p>The first two items are omitted.</p> <p><u>If the Company’s management or major shareholders participate in a merger, the members of the Audit Committee who review the merger shall meet the requirements set forth in Article 3 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of Public Companies, and shall not be related parties to the counterparty of the merger transaction or have any interests that may affect their independence. The design and implementation of relevant procedures, as well as whether the information is adequately disclosed in accordance with relevant laws and regulations, shall be subject to a legal opinion issued by a lawyer who meets the requirements set forth in Article 3 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of Public Companies and is not a related party to the counterparty of the merger transaction or has any</u></p>	<p>The first two items are omitted.</p>	<p>In accordance with the revision intent of Article 12 of the “Corporate Governance Best Practice Principles” promulgated on November 25, 2022, the provisions of this Article are amended accordingly.</p>

Article	Provision after Amendment	Provision before Amendment	Explanation
	<p><u>interests that may affect their independence.</u></p> <p>The personnel of the Company involved in handling <u>merger or public tender offer</u> matters shall pay attention to conflicts of interest and recusal matters, and sign a confidentiality agreement when executing their duties.</p>	<p>The personnel of the Company involved in handling <u>the aforementioned</u> matters shall pay attention to conflicts of interest and recusal matters, and sign a confidentiality agreement when executing their duties.</p>	
Article 19	<p>When the Company has <u>financial or business dealings or transactions with related parties and shareholders</u>, it shall follow the principles of fairness and reasonableness, and establish written regulations governing the financial and business operations between them. For contractual matters, pricing conditions and payment methods shall be clearly specified, and non-routine transactions <u>and improper transfer of benefits shall be prevented.</u></p> <p><u>The written regulations mentioned in the preceding paragraph shall include management procedures for transactions such as sales and purchases, acquisition or disposal of assets, lending of funds, and endorsements/guarantees, and major transactions shall be subject to resolutions of the Board of Directors, approval by the shareholders' meeting, or reporting.</u></p>	<p>When the Company has business dealings with affiliated enterprises, it shall follow the principles of fairness and reasonableness, and establish written regulations governing the financial and business operations between them. For transactions or contractual matters, pricing conditions and payment methods shall be clearly specified, and non-routine transactions shall be prevented.</p>	<p>In accordance with the revision intent of Article 17, Paragraph 1 of the "Corporate Governance Best Practice Principles" promulgated on December 23, 2022, the provisions of this Article are amended accordingly.</p>

Article	Provision after Amendment	Provision before Amendment	Explanation
Article 32	<p>The first three items are omitted..</p> <p>The Company should annually refer to the <u>Audit Quality Indicators (AQIs)</u> to evaluate the independence and competence of the accountants; if the accountants have not been replaced for seven consecutive years, or if they have been disciplined or there are circumstances that may impair their independence, the necessity of replacement <u>should be</u> thoroughly evaluated, and the evaluation results should be reported to the Board of Directors.</p>	<p>The first three items are omitted..</p> <p>The Company should annually evaluate the independence and suitability of the certified public accountant; if the certified public accountant has not been rotated for seven consecutive years, or if there are any disciplinary actions or circumstances that may impair their independence, the necessity of replacement shall also be assessed thoroughly, and the evaluation results shall be reported to the Board of Directors.</p>	<p>In accordance with Article 29 of the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” dated December 23, 2022, and the spirit of the “Corporate Governance 3.0 – Sustainable Development Blueprint,” this provision has been revised accordingly.</p>

Attachment 6

LCY TECHNOLOGY CORP. Comparison Table of Amended to the Ethical Corporate Management

Article	Provision after Amendment	Provision before Amendment	Explanation
Article 7	<p>(Scope of preventive measures)</p> <p>The Company should regularly analyze and evaluate the business activities with higher risks of dishonest conduct within its business scope, establish a risk assessment mechanism, and formulate preventive measures accordingly. The preventive measures should be reviewed regularly for their appropriateness and effectiveness.</p> <p>When formulating the preventive measures, the Company should refer to domestic and foreign standards or guidelines, and at least include preventive measures against the following conduct:</p>	<p>(Scope of preventive measures)</p> <p>The Company should regularly analyze and evaluate the business activities with higher risks of dishonest conduct within its business scope, establish a risk assessment mechanism, and formulate preventive measures accordingly. The preventive measures should be reviewed regularly for their appropriateness and effectiveness.</p> <p>When formulating the preventive measures, the Company should refer to domestic and foreign standards or guidelines, and at least include preventive measures against the following conduct:</p>	Text correction.

Article	Provision after Amendment	Provision before Amendment	Explanation
Article 23	<p>(Organization and Responsibility)</p> <p>The Company's personnel and substantive controllers shall exercise the due care of a good administrator to supervise the Company in preventing dishonest conduct, and review the effectiveness and continuous improvement of its implementation to ensure the implementation of the integrity management policy.</p> <p>The General Manager's Office is responsible for formulating the integrity management policy, and the <u>General Manager's Office</u> is responsible for formulating preventive measures and supervising the operation, and reporting to the Board of Directors regularly.</p>	<p>(Organization and Responsibility)</p> <p>The Company's personnel and substantive controllers shall exercise the due care of a good administrator to supervise the Company in preventing dishonest conduct, and review the effectiveness and continuous improvement of its implementation to ensure the implementation of the integrity management policy.</p> <p>The General Manager's Office is responsible for formulating the integrity management policy, and the <u>Human Resources Department</u> is responsible for formulating preventive measures and supervising the operation, and reporting to the Board of Directors regularly.</p>	<p>In line with the Company's actual operations, the wording shall be revised as appropriate.</p>

Attachment 7

LCY TECHNOLOGY CORP.
**Comparison Table of Amended to the Procedures for
 Ethical Management and Guidelines for Conduct**

Article	Provision after Amendment	Provision before Amendment	Explanation
Article 5	<p>(Dedicated office)</p> <p>The Company designates the <u>General Manager's Office</u> (hereinafter referred to as the Dedicated Office) to handle the revision, implementation, interpretation, consultation services, and registration of reported content related to these procedures. The Audit Office is responsible for supervising the implementation. The main duties of the Dedicated Office are as follows, and it should report to the Board of Directors regularly:</p>	<p>(Dedicated office)</p> <p>The Company designates the <u>Human Resources Department</u> (hereinafter referred to as the Dedicated Office) to handle the revision, implementation, interpretation, consultation services, and registration of reported content related to these procedures. The Audit Office is responsible for supervising the implementation. The main duties of the Dedicated Office are as follows, and it should report to the Board of Directors regularly:</p>	<p>In line with the Company's actual operations, the wording shall be revised as appropriate.</p>
Article 23	<p>(Internal promotion, establishing reward and punishment system, grievance system, and disciplinary actions)</p> <p>The Company's <u>Dedicated Office</u> should hold at least one education and promotion program each year, where the senior management conveys the importance of ethical management to the Company's personnel and substantive controllers.</p> <p>The Company should implement the ethical</p>	<p>(Internal promotion, establishing reward and punishment system, grievance system, and disciplinary actions)</p> <p>The Company's <u>Human Resources Department</u> should hold at least one education and promotion program each year, where the senior management conveys the importance of ethical management to the Company's personnel and substantive controllers.</p> <p>The Company should implement the ethical</p>	<p>In line with the Company's actual operations, the wording shall be revised as appropriate.</p>

Article	Provision after Amendment	Provision before Amendment	Explanation
	<p>management policy in employee performance evaluations and human resource policies, and establish clear and effective reward, punishment, and grievance systems.</p> <p>For company personnel and substantive controllers who seriously violate ethical conduct, the Company should dismiss or discharge them in accordance with relevant laws and work rules.</p> <p>For those who violate ethical conduct, the Company should disclose their names, job titles, violations, and handling details on the internal network.</p>	<p>management policy in employee performance evaluations and human resource policies, and establish clear and effective reward, punishment, and grievance systems.</p> <p>For company personnel and substantive controllers who seriously violate ethical conduct, the Company should dismiss or discharge them in accordance with relevant laws and work rules.</p> <p>For those who violate ethical conduct, the Company should disclose their names, job titles, violations, and handling details on the internal network.</p>	

Attachment 8

LCY TECHNOLOGY CORP. 2023 Deficit Compensation Statement

Unit: NT\$

Item	Amount
Beginning undistributed earnings	423,315,497
Less: Net loss after tax for the year	(133,764,934)
Earnings available for distribution	289,550,563
Ending undistributed earnings	289,550,563

Note 1: The interim earnings distribution for the first three quarters of 2023 is NT\$ 0.

Note 2: In consideration of the Company's profit situation, no profit is proposed to be distributed from the distributable surplus for the fourth quarter of 2023.

Note 3: 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:
Liu, Chia-He

Accounting Supervisor:
Lee, Ling-Chih

Attachment 9

LCY TECHNOLOGY CORP.

Positions Held by Directors in Other Companies

Director	Position Held in Other Companies	Position Held in Other Companies
LCY Chemical Corp. Representative: Sung, Ting-Pang	Taiwan Polypropylene Co., Ltd.	Chairman
	Shi Hua Investment Co., Ltd.	Director
	Chuan Yang Geothermal Co., Ltd.	Chairman
	Trans Pacific Chemical Corp.	Chairman
	Wai Lih Company Limited.	Chairman
	Plus Renewable Corp.	Chairman
	Chuan Li Cheng Electric Power Co., Ltd.	Chairman
	Chuan Li Fa Electric Power Co., Ltd.	Chairman
	Xin Guang Yuan Electric Power Co., Ltd.	Chairman
	Plus Renewable Corp.	Chairman
Independent Director Peng, Yu-Min	Shiny Chemical Industrial Co., Ltd	Independent Director
	KMC (Kuei Meng) International Inc.	Independent Director
	Patriot Green Energy Technology Co., Ltd.	Industrial Technology Research Institute (ITRI) legal representative Chair of the Board

Attachment 10

LCY TECHNOLOGY CORP.

Rules of Procedure for Shareholders' Meetings

Article	Provision after Amendment	Provision before Amendment	Explanation
Article 3	<p>Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the board of directors.</p> <p>The Company convenes a video conference of the shareholders' meeting, which shall be conducted with the approval of a resolution adopted by a majority of the directors present at a meeting attended by more than two-thirds of the directors.</p> <p>The following is omitted.</p>	<p>Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the board of directors.</p> <p>The following is omitted.</p>	<p>According to the revised meaning of the "Regulations Governing Stock Affairs of Public Companies" amended on March 6, 2023, this provision has been revised accordingly.</p>
Article 6	<p>The Company shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders will be accepted, the place to register for attendance, and other matters for attention. If the shareholders' meeting is convened by video conference, the following information should be recorded: the methods for shareholders to participate and exercise their rights, the handling procedures if there is an obstacle to the video conference platform or video participation due to force majeure, and the date and other matters to be noted if</p>	<p>The Company shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders will be accepted, the place to register for attendance, and other matters for attention. If the shareholders' meeting is convened by video conference, the following information should be recorded: the methods for shareholders to participate and exercise their rights, the handling procedures if there is an obstacle to the video conference platform or video participation due to force majeure, and the date and other matters to be noted if</p>	<p>For the same reason</p>

Article	Provision after Amendment	Provision before Amendment	Explanation
	<p>the meeting needs to be postponed or continued. If a video shareholders' meeting is convened, appropriate alternative measures provided for shareholders who have difficulty participating by video should also be recorded. Except for the circumstances stipulated in Article 44-9, Paragraph 6 of the Regulations Governing the Administration of Shareholder Services of Public Companies, companies shall provide shareholders with the necessary equipment and assistance for remote participation, and record the period during which shareholders may apply to the Company and other relevant matters to be noted.</p>	<p>the meeting needs to be postponed or continued. If a video shareholders' meeting is convened, appropriate alternative measures provided for shareholders who have difficulty participating by video should also be recorded.</p>	
Article 26	<p>The following is omitted.</p> <p>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. Except for the circumstances stipulated in Article 44-9, Paragraph 6 of the Regulations Governing the Administration of Shareholder Services of Public Companies, companies shall provide shareholders with the necessary equipment and assistance for remote participation, and record the period during which shareholders may apply to the Company and other relevant matters to be noted.</p>	<p>The following is omitted.</p> <p>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.</p>	For the same reason

Appendices

1. Articles of Incorporation
2. Rules of Procedure for Shareholders' Meetings(Before Revision)
3. Shareholding of All Directors and Explanation on Minimum Shareholding
4. Explanation of Shareholders' Proposals

Appendices 1

LCY TECHNOLOGY CORP.

Articles of Incorporation

- 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:
1. CC01080 Electronics Components Manufacturing
 2. C801010 Basic Chemical Industrial
 3. C801030 Precision Chemical Material Manufacturing
 4. F401010 International Trade
 5. 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 Shares

Article 6 The total capital of the Company is set at NT\$ 2 billion, divided into 200 million shares. The par value of each share is NT\$ 10, and the un-issued shares are 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' Meetings

Article 10 The shareholders' meetings are of two types: annual meetings and extraordinary 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 the annual shareholders' meeting or 15 days before the date of the extraordinary 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 the annual 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 with 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.

1. 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 extraordinary shareholders' meeting 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 extraordinary shareholders' meeting 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 Officers

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 reports.
2. Financial statements.
3. Proposal for Distribution of Profits or Appropriation of Losses.

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 reserve (except when the legal reserve has reached the total amount of the Company's paid-in capital), and then set aside special reserve as prescribed by law or by competent authorities. When the Company sets aside the special reserve required by law, for the insufficient amount of the "net deduction of other equity accumulated in the previous period," before the earnings distribution, it should first set aside the undistributed earnings of the previous period The

special surplus reserve with the same amount set aside, if it is still insufficient, then add the net profit of the current period plus the net profit after tax of the current period to the amount included in the undistributed earnings of the current period.

The balance of the preceding paragraph together with the accumulated undistributed earnings at the beginning of the period (including the amount of the adjustment of the undistributed earnings), shall be formulated as an earnings distribution proposal by the board of directors. When distributing earnings or making deficit compensation quarterly, it shall be distributed under the preceding 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 case of any change or adjustment of the purpose or reason for the provision of the special 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 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's industrial environment is variable. The types and proportions of the earnings distribution, based on the Company's future capital needs and long-term business plan, may be formulated by the board of directors under the current operating conditions, taking into account shareholders' interests, balanced dividend policies, and capital demand plan, etc. The distribution plan shall be submitted to the shareholders' meeting for resolution and adjustment.

Chapter 7 Supplementary Provisions

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.

Appendices 2

LCY TECHNOLOGY CORP.

Rules of Procedure for Shareholders' Meetings (Before Revision)

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 Unless otherwise specified by laws and regulations or the Articles of Incorporation, Shareholders' Meetings of the Company shall be conducted in accordance with 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.

Changes to how the Company convenes its shareholders' meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders' meeting notice.

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 proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of an annual shareholders' meeting or before 15 days before the date of an extraordinary shareholders' meeting. Twenty-one days prior to the annual shareholders' meeting or fifteen days prior to the extraordinary shareholders' meeting, the agenda handbook and supplementary information for the shareholders' meeting shall be prepared in electronic files and transmitted to the Market Observation Post System (MOPS). In addition, before 15 days before the date of the shareholders' meeting, the Company shall also have prepared the shareholders' meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall

also be displayed at the Company and the professional shareholder services agent designated thereby, and should be distributed at the shareholders' meeting venue.

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 Company, 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 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. When the circumstances of any subparagraph of Article 172-1, Paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

The company shall, prior to the book closure date before the convention of a regular shareholders' meeting, give a public notice announcing the entry of shareholder proposals, the entry method, the entry location, and the entry period; The period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The

shareholder making the proposal shall be present in person or by proxy at the annual shareholders' meeting and take part in 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 before five days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

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

If, after a proxy form is delivered to the Company, a shareholder wishes to attend the shareholders' meeting online, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

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.

The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders' meeting.

When the Corporation convenes a virtual-only shareholders' meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.

Article 6 The Company shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders will be accepted, the place to register for attendance, and other matters for attention. If the shareholders' meeting is convened by video conference, the following information should be recorded: the methods for shareholders to participate and exercise their rights, the handling procedures if there is an obstacle to the video conference platform or video participation due to force majeure, and the date and other matters to be noted if the meeting needs to be postponed or continued. If a video shareholders' meeting is convened, appropriate alternative measures provided for shareholders who have difficulty participating by video should also be recorded.

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.

The shareholder shall present the attendance card, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall provide an attendance book in which to record the attendance of shareholders; alternatively, attendance cards may be presented instead of requiring shareholders to register their attendance in the attendance book.

Shareholders who attend the meeting shall be given a copy of the meeting manual, annual report, attendance certificate, speech note, ballots, and other information relevant to the meeting. Shareholders shall be given election ballots when there is to be an election of directors or supervisors.

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 virtual shareholders' meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date. In the event of a virtual shareholders' meeting, the Company shall upload the meeting agenda book, annual report, and other meeting materials to the

virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

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 shareholders' meetings 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 recording shall be retained until the conclusion of the litigation.

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

All information and audio and video recordings specified in the preceding paragraph shall be properly kept by the Company for the entirety of its existence, and copies of the audio and video recordings shall be provided to and kept by the party appointed to handle the matters of the virtual meeting.

In case of a virtual shareholders' meeting, the Corporation 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 a quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chairperson shall declare the meeting adjourned. In the event of a virtual shareholders' meeting, the Company shall also declare the meeting adjourned on the virtual 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 1 month. If the shareholders' meeting is convened by video conference, shareholders wishing to attend by video conference shall re-register with the Company 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 chairperson may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 10 If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors 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), except by a resolution of the shareholders meeting. After the meeting has been adjourned, the shareholders shall not elect another chairman for the meeting at the same place or another venue. However, in the event that the Chairman adjourns the Meeting in violation of these Rules and Procedures, the shareholders may designate, by a majority of votes represented by shareholders attending the Meeting, one person as chairman to 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 chairperson and the shareholder that has the floor; the chairperson 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.

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 on 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 3% 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 Shareholders have one vote per share; except when the shares are restricted shares or are deemed non-voting shares under Article 179, Paragraph 2 of the Company Act.

When the Company holds a shareholders' meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extempore motions and

amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extempore motions and amendments to original proposals.

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

If a shareholder intends to attend the shareholders' meeting in person or by video after exercising voting rights in writing or by electronic means, the shareholder shall revoke the declaration of intent to exercise voting rights in the same manner as the exercise of voting rights two days prior to 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 chairperson or a person designated by the chairperson 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 chairperson shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

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

Article 22 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chairperson, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. 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 virtual shareholders' meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.

When the Company convenes a hybrid shareholders' meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders' meeting in person, they shall revoke their registration two days before the shareholders' meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders' meeting online. 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 extempore 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 chairperson 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 minutes shall detail the date and venue of the meeting, name of the chairperson, method of resolution, and a summary of the deliberations and their results, and shall be permanently retained during 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 the shareholders' meeting, the Company shall, in accordance with the prescribed format, clearly disclose in the meeting venue a statistical statement showing the number of shares solicited by the solicitor, the number of shares entrusted to the proxy agent, and the number of shares represented by shareholders present in writing or by electronic means. If the shareholders' meeting is held via video conference, the Company shall upload the aforementioned information to the video conference platform for shareholders' meetings at least thirty minutes before the start of the meeting, and keep it 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, the 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 technical issues with communication.

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 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 that has been postponed or resumed under the second paragraph of this Article, the number of shares represented by and the voting rights and election rights exercised by the shareholders who registered to participate in the affected Shareholders' Meeting and who successfully signed into the meeting but who do not then go on to attend the postponed or resumed session shall nevertheless 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 the Corporation 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 no postponement or resumption thereof under the second paragraph is required.

Under circumstances where a meeting should continue as described 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 to have abstained from voting on all proposals on the meeting agenda of that Shareholders' Meeting.

When postponing or resuming a meeting according to the second paragraph, the Corporation 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 the 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 place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chairperson may prevent the shareholder from so doing.

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 chairperson may direct the proctors or security personnel to escort the shareholder from the meeting.

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 were 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.

Appendices 3

Shareholding of All Directors and Explanation on Minimum Shareholding

6. Shareholdings of All Directors

LCY TECHNOLOGY CORP.

Record Date: April 20, 2024 (Book closure date)

Title	Name	Date Elected	Shareholding When Elected			Current Shareholding			Remark
			Categories	Number of Shares	% of Current Shares Issued	Categories	Number of Shares	% of Current Shares Issued	
Chairman	LCY Chemical Corp. Representative: Chen, Ming-Shu	2023. 6.28	Ordinary Shares	85,339,392	61.94	Ordinary Shares	85,339,392	61.94	—
Director	LCY Chemical Corp. Representative: Sung, Ting-Pang	2023. 6.28							
Director	Lee Chang Yung Co., Ltd. Representative: Pan, Li-Lin	2023. 6.28	Ordinary Shares	1,095,538	0.80	Ordinary Shares	1,095,538	0.80	—
Director	Wei, Cheng-Cheng	2023. 6.28	—	0	0	—	0	0	—
Independent Director	Liu, San-Chi	2023. 6.28	—	0	0	—	0	0	—
Independent Director	Tu, Wei-Hua	2023. 6.28	—	0	0	—	0	0	—
Independent Director	Peng, Yu-Min	2023. 6.28	—	0	0	—	0	0	—
Total			Ordinary Shares	86,434,930	62.74	Ordinary Shares	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

7. Minimum Number of Shares to Be Held by Directors

According to Article 26 of the Securities and Exchange Act and Article 2, Paragraph 2, Subparagraph 3 of the Regulations Governing the Stock Ownership Ratios and Audits of Directors and Supervisors of Public Companies: For a company with a paid-in capital of more than NT\$ 1 billion and less than NT\$ 2 billion, the total shareholding of all directors in registered shares shall not be less than 7.5%, and the total shareholding of all supervisors 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.

The actual number of shares held by all directors of the Company: 86,434,930 shares, having reached the legally required number.

Appendices 4

Explanation of Shareholders' Proposals

1. 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.
2. The period for accepting shareholders' proposals of the 2024 Annual Shareholders' Meeting is from April 2, 2024 to April 12, 2024, and the acceptance method was announced on March 29, 2024 on the Market Observation Post System in accordance with the regulations.
3. The Company didn't receive any shareholder proposal during the above acceptance period.