

Stock code : 2465

LEADTEK

麗臺科技股份有限公司
Leadtek Research Inc.

2023

**Annual General Meeting
Handbook**

Date: June 9, 2023

Venue: B2, No. 726, Zhongzheng Rd.,
Zhonghe Dist., New Taipei City
(Block 2, Far Eastern New Century Park)



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Leadtek Research Inc.

Procedure of 2023 Annual General Meeting

- I. Calling the Meeting to Order
- II. Chairman Remarks
- III. Management Presentation
- IV. Ratification
- V. Discussion and Election
- VI. Any Other Business (AOB)
- VII. Adjournment

Leadtek Research Inc.

Procedure of 2023 Annual General Meeting

Time: 09:00, Friday, June 9, 2023

Venue: B2, No. 726, Zhongzheng Rd., Zhonghe Dist., New Taipei
City (Block 2, Far Eastern New Century Park)

Format: Physical AGM

- I. Calling the Meeting to Order (report on the shares held by shareholders present)
- II. Chairman Remarks
- III. Management Presentation
 - (I) 2022 Business Report
 - (II) 2022 Audit Report of Audit Committee
 - (III) Improvement Plan for Overdue Lending
 - (IV) Private Placement
- IV. Ratification
 - (I) Financial statements and business report for 2022
 - (II) Proposal for making up Losses in 2022
- V. Discussion and Election
 - (I) Private Placement
 - (II) Re-election of directors
 - (III) Proposal of abolishing the non-compete restrictions for new directors and their representatives
- VI. Any Other Business (AOB)
- VII. Adjournment

I. Management Presentation

(I) 2022 Business Report

1. Operational highlights

The consolidated revenue for 2022 was NT\$5.311 billion in total, NT\$8.823 billion or 40% less than in 2021. In 2022, due to the influence of the Russo-Ukrainian (Russia-Ukraine) War and COVID-19, the sales of NVIDIA's professional graphics cards and supercomputers were lower than expected, and the sharp revenue decline of China as a result of the epidemic lockdown in Shanghai in Q1, the overall gross profit was NT\$607 million, the gross margin fell to 11%, and the annual net operating loss was NT\$152 million. Due to the interest expenses and loss on foreign currencies, the non-operating expenses were NT\$49,161 thousand. After deducting the income tax expenses, the net loss after tax attributed to the parent in 2022 was NT\$196 billion or NT\$3.32 per share.

Looking back at the previous year, COVID-19 was still prevalent around the globe. European countries and the USA generally adopted the "co-existence with COVID" policy, and the condition was gradually stabilized. However, as the situation was increasingly severe in Taiwan and China, business and construction activities gradually slowed. The virtual currency was also affected as witnessed by the sharp price decline in bitcoin. The closure of bitcoin exchanges led to a decrease in the demand for graphics cards and caused a significant impact on the relevant industries, dramatically decreasing the revenues and increasing the inventories of the Company. The US-China trade war has been extended to the export ban of high-tech products to China, bringing a huge impact on the sales of NVIDIA's supercomputers and a sharp decline to the Company's 2022 revenues and profits compared to that of 2021.

The stable trend of working from anywhere increased the demand for information security, the demand for the virtual desktop terminal Zero Client continued, and the promotion of virtual GPU application was underway, with the gradual maturity expected in 10 years. In 2022 the sales of GPU software exceeded NT\$100 million for the first time. Additionally, the application of artificial intelligence (AI) continued to grow. Our AI products have been accepted by the market, boosting the growth of the new AI business with success in educational and industrial applications. In the China market, the continuous progress in self-driving car development also boosted the sales of development kits.

Due to the demand for the blood oxygen saturation test as a result of COVID-19, our pulse oximeter products have extensively entered the international market, ranking among the top three bestsellers in Japan, and the retailing channels in Taiwan were gradually well established. We also launched new own-brand products, including the forehead thermometer, ear thermometer, and massager. Apart from earning recognition from the Taiwan Excellence Award, our Amor Healthcare management platform was also accepted by medical centers for use in post-discharge health management to prevent the re-hospitalization of patients in critical condition of arrhythmia, acute myocardial infarction, myocardial ischemia caused by coronary artery occlusion, and others, and provide them with better treatment quality. Currently, we are expanding to the international market to take care of more patients.

2. 2023 business plan, development strategy, and the influence of external competitions, legal environment, and macroeconomic environment

Over 100 billion users have registered for ChatGPT within just three months. A new era of AI

applications has begun. The professional GPU application is expected to grow rapidly in 2023. In addition to hardware sales, we will strengthen the sales of vGPU and Omniverse and the promotion of system integration and system. In response to the advancement of NVIDIA's metaverse business, we will become the agent of the NVIDIA Omniverse software platform in the Asia Pacific and the China market. Additionally, as our new-generation workstations have passed NVIDIA's certification, in the future, we will integrate application software to promote solutions for metaverse development and application platforms. In AI solutions, apart from being the agent of NVIDIA's deep learning institution (DLI) training, we also launched the AI test turkey solution that has been adopted by leading manufacturers. Hence, we plan to expand to the global market to boost revenues and increase services in AI solutions progressively.

In healthcare products, on top of selling the pulse oximeter, autonomic nervous system analyzer, patch electrocardiograph / phono recorder, and health kiosk, we also launched the COVID bed care and post-discharge monitoring system. This system collects physiological signals, such as electrocardiographs, heart sounds, and respiratory sounds, with the H3 Patch for big data analysis using AI. The new-generation 8D52 pulse oximeter provides sleep quality analysis and a total solution for sleep apnea. We further promoted them to the global market. In healthcare solutions, we innovated one tester for testing carotenoids and physiological data. The service was charged by subscription and offered through direct sales channels and physical stores. This will be a new operational model for Leadtek's healthcare solutions.

Overall, we will actively expand software sales

and subscriptions. The AI technology service will be charged by subscription, and healthcare solutions will be offered through long-term rental and subscription to progressively increase their operational proportion. By doing so, we aim to become a provider of system solutions in three years.

Leadtek Research Inc.

Lu Kun-Shan, Chairman

Lu Kun-Shan, CEO

Huang Huei-Chin, Chief Accounting Officer

(II) 2022 Audit Report of Audit Committee

Leadtek Research Inc.
Audit Report of Audit Committee

This is to certify that

After completing the audit of the Company's individual financial statements and consolidated financial statements for 2022 submitted by the Board of Directors and audited by independent auditors Chein Ssu-Chuan and Daisy Kuo of KPMG, the business report, and the loss compensation proposal, this Committee found no noncompliance and thus issued this audit report in accordance with Article 14-4 of the *Securities and Exchange Act* and Article 219 of the *Company Act*.

To

The 2023 Annual General Meeting of Leadtek Research Inc.

Ho Yao-Hung, Convener of the Audit Committee

Date: March 15, 2023

(III) Improvement Plan for Overdue Lending

1. Between April and June 2017, we lent to subsidiary Leadhope International Inc. Co., Ltd. (Leadhope International) a sum of NT\$35,000,000. Leadhope International lent the whole amount to Buleside Inc. of South Korea to market the online game *Kingdom Under Fire 2* in Taiwan, Hong Kong, and Macau during its launch.
2. During 2017-2018 and 2019-2022, Buleside Inc. of South Korea repaid NT\$7,960,486 and NT\$444,018 respectively. By the end of 2022, we have already lent NT\$26,595,496 in total to Leadhope International.
3. This improvement plan for overdue lending was passed by the Board on March 15, 2023. It is hoped that the total amount of lending will be recovered by the end of 2022 in accordance with Letter Jin-Guan-Zheng-Shen-Zi No. 1110367863 issued by the competent authorities on December 29, 2022. The capital lending and length of the extension will be implemented in accordance with the improvement plan. The progress will be reported to the Board for control and publish the status of improvement.
4. The Company will carry out the Plan exactly.

(IV) Private Placement

According to the resolution made at the AGM on June 8, 2022, a private placement of 40,000,000 shares in total was approved at NT\$10 each share. The Board was authorized to carry out the private placement two times within one year after the date of resolution made by the AGM.

A global economic recession prevailed in 2022. Influenced by COVID-19 and the Russo-Ukrainian (Russia-Ukraine) War, neither the revenue nor the profit of the Company was as good as expected. As the stock price plunges, and rapid economic recovery is uncertain in the future, investors take investments with a grain of salt. With

respect to the Board's resolution, if the target of the private placement is unreachd by June 7, 2023, the credit limit of the current private placement proposal will be canceled.

II. Ratification

(Proposal 1 made by the Board)

Financial statements and business report for 2022.

Explanation:

1. The individual financial statements and consolidated financial statements for 2022 (including the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flow) have been audited and certified by KMPG Taiwan. These statements, alongside the business report, have also been audited by the Audit Committee without any non-compliance.
2. The 2022 Business Report, CPA Audit Report, and the above financial statements (please refer to Annexes 1 and 2 in pp. 3-6 and pp. 18-33 of this Handbook).

Resolution:

(Proposal 2 made by the Board)

Proposal for making up losses in 2022

Explanation: The proposal for making up losses in 2022 is as follows:

Leadtek Research Inc.
Loss Make-up Table
2022

Unit: NTD

Item	Amount	
	Subtotal	Total
Beginning unappropriated earnings		97,907,282
Add: Remeasurement of defined benefit plans	2,044,000	
Less: Net loss after tax in 2022	(195,812,875)	
Losses for make-up		(95,861,593)
Item of losses for make-up		
Legal reserve	22,786,876	
Ending losses for make-up		(73,074,717)

Chairman

CEO:

CAO:

Resolution:

III. Discussion and Election

(Proposal 1 made by the Board)

Private placement

Explanation:

- (I) In response to future development needs, the Company plans to raise funds through the private placement of 40,000,000 shares in total at NT\$10 each share. The AGM is asked to authorize the Board to carry out the private placement two times within one year after the date of resolution made by the AGM.
- (II) The notice on private placement in accordance with Article 43-6, paragraph 6, of the *Securities and Exchange Act* is as follows:
 1. The basis and rationale for the setting of the price
 - (1) The referenced price for this private placement project is calculated based on: the simple arithmetic mean of the closing price of common stocks on any one of the first, third, and fifth business days before the price setting date deducting the ex-right and ex-dividend stock

dividend price and then adding back the stock price after right resumption; or the simple arithmetic mean of the closing price of common stocks of 30 days before the price setting date deducting the ex-right and ex-dividend stock dividend price and then adding back the stock price after the right resumption, whichever price is higher.

- (2) The AGM is asked to authorize the Board to determine the actual private placement price and actual price setting date after the discussion with the prospective investors and the market condition in the future. However, the actual private placement price shall not be lower than 80% of the referenced price.
- (3) The private placement price will be determined with reference to the Company's operational performance, future prospects, and the most recent stock price, and in consideration of the limitations of transfer within three years from the date of delivery of securities for private placement. This will be fair.
- (4) As the current private placement proposal is adopted in response to the market changes and in consideration of the Company's steady operations and financial structure safety, issuance below par value will be necessary. If the price of each share is below par value, the loss on the difference between the actual issuance price and par value will be the predicted owner's equity. This loss will be made up by law. Additionally, after the effect of private placement emerges, the Company's finance will be improved to facilitate steady long-term development and bring positive benefits to equity.

Hence, there will be no negative influence on equipment.

2. Selection of prospective investors

The prospective investors of the private placement shall meet the requirements as stipulated in Article 43-6 of the *Security and Exchange Act* and Letter (91) Tai-Cai-Zheng-Yi-Zi No. 0910003455 issued by the Financial Supervisory Commission on June 13, 2002.

(1) Insiders or related parties of the Company as prospective investors:

① Methods and purpose of selection: Directors and officers familiar with the Company's operations and directors and officers of subsidiaries will be selected to increase the shareholding of directors and strengthen the Company's management rights through the current private placement proposal.

② The list of insiders or related parties as prospective investors of private placement for 2023 and their relationship with the Company:

Name of Prospective Investor	Relationship with the Company
Lu Kun-Shan	Chairman and president of the Company
Huang Chin-Ming	Director of the Company
Hu Chiu-Chiang	Director of the Company
Liu Ke-Chi	Director of the Company
Ho Yao-Hung	Independent Director of the Company
Shen An-Shih	Independent Director of the Company
Liu Cheng	Independent Director of the Company
Chou Shih-Wei	Vice President of the Company

Chuang Chen-Ming	Vice President of the Company
Yu Chin-Chang	Vice President of the Company
Hsiung Mu-Wen	Vice President of the Company
Yang Chin-Tien	Vice President of the Company
Chang Shen	Vice President and Chief Financial Officer of the Company
Yu Chao-Jung	Vice President of the Company
Yang Chih-Kuen	Assistant Vice President of the Company
Chen Shu-Wei	Assistant Vice President of the Company
Wang Chia-Hung	Assistant Vice President of the Company
Huang Huei-Ching	Chief Accounting Officer of the Company
Huang Chi-Cheng	Director of subsidiary Leadhope International
Wang Feng	President of subsidiary Leadtek (Shanghai) Research Inc.
Wang Chiang-Hua	Vice President of subsidiary Leadtek (Shanghai) Research Inc.

(2) Strategic investors as prospective investors:

- ① Methods and purpose of selection: Individuals or companies facilitating the Company's technological advancement, product development, cost reduction, market expansion, or customer relationship improvement will be selected to improve the Company's operational performance or profitability with their experience, know-how, knowledge, or channels.
- ② Necessity: Strengthening the financial structure and expanding the scale of operations are

necessary for the Company to seek long-term development.

- ③ Estimated benefits: Private placement is expected to improve the Company's financial structure, operational performance, and competitiveness.

3. Reasons for private placement

- (1) Reasons for not choosing public offering: Private placement is more quickly and more convenient to attract investors. Private placement based on the Company's actual operational needs as determined by the Board through authorization can effectively increase the mobility and flexibility of fund-raising for the Company.
- (2) Limit for private placement: Unregistered securities of not more than 40,000,000 shares to be offered several times within one year after the date of AGM resolution.

(3) Uses of funds and estimated benefits:

Estimated number of offerings	Estimated number of shares offered	Uses of funds raised from private placement	Estimated benefits
First time	Not more than 20,000,000 shares	Repay bank loans and enrich operating funds	Improve the Company's financial structure, operational performance, and competitiveness
Second time	Not more than 40,000,000 shares including the shares offered the first time.		

4. In accordance with the *Directions for Public Companies Conducting Private Placements of Securities*: “If there has been, is, or will be any significant change in managerial control during the period from 1 year preceding the day on which the board of directors resolves on the private placement of securities to 1 year from the delivery date of those privately placed securities, the company shall engage a securities underwriter to provide an assessment opinion on the necessity and reasonableness for conducting the private placement.” (Article 4, paragraph 3) The necessity and fairness opinion has been requested from Taishin Securities Co., Ltd. Please refer to Annex 3.

(III) The rights and obligations of the current private placement proposal are on principle the same as that of the common stocks issued by the Company. However, within three years after the date of share delivery, except for the eligible transferees as stipulated in Article 43-8 of the *Securities and Exchange Act*, other restricted transferees shall apply to the competent authorities for the market trading of securities acquired from the current private placement proposal in accordance with the applicable laws

and regulations three years after the date of share delivery under the current private placement proposal.

- (IV) In addition to the percentage of pricing, the major contents of the current private placement proposal plan also included the number of shares actually issued, the issuing price, the issuing requirements, plan items, and estimated benefits; other matters not included in the plan; request to AGM for authorizing the Board to plan and implement adjustments without violating the principles and scope of this proposal in response to the legal change or instruction for correction from the competent authorities or the need for proposal revision; and request to AGM for authorizing the chairman to sign all contracts and documents relating to the private placement and proceed with all matters required by the private placement.

Resolution

(Proposal 2 made by the Board)

Re-election of directors

Explanation:

- (I) The term of office of the current directors will expire on June 9, 2023. Hence, an election of the 13th board is planned at this AGM.
- (II) In accordance with Article 14 of the Articles of Incorporation, there will be seven seats of directors (including four seats of independent directors). The candidate nomination system shall be adopted. Shareholders shall select directors from the list of directorial candidates. The list was passed at the Board meeting on March 15, 2023. Please refer to Annex 4 List of Directorial Candidates in p. 44-45 of the Handbook.
- (III) All new directors may enjoy a term of office for three years, commencing on June 9, 2023

until June 8, 2026. The term of office of the current directors will end at this AGM.

Election results:

(Proposal 3 made by the Board)

Proposal of abolishing the non-compete restrictions for new directors and their representatives.

Explanation:

- (I) In accordance with Article 209 of the *Company Act*: “A director who does anything for himself or on behalf of another person that is within the scope of the company’s business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”
- (II) If new directors of the Company have invested in other companies having a scope of services *identical* or similar to that of the Company, with the premise of not harming the Company’s interest, the AGM is asked to lift the non-compete restrictions on these directors.
- (III) Please refer to Annex 5 Details of Non-Compete Restrictions for Directors in p. 46 of the Handbook.

Resolution:

IV. Any Other Business (AOB)

Adjournment



安侯建業聯合會計師事務所
KPMG

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Annex 1

Independent Auditors' Report

To the Board of Directors of Leadtek Research Inc.:

Opinion

We have audited the financial statements of Leadtek Research Inc. (“the Company”), which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

1. Valuation of inventories

Please refer to notes 4(g) of the notes to financial statements for the accounting policy on measuring inventory, notes 5 for assumptions used and uncertainties considered in determining the net realizable value and the evaluation of inventory. Information of estimation of the valuation of inventory are disclosed in Note 6(e) of the financial statements.

Description of key audit matter:

Inventories are measured at the lower of cost or net realizable value at the reporting date. The rapid technological innovations may lead to obsolete inventories and unmarketable items; Consequently, the carrying value of inventories may be lower than the net realized value. These factors expose the Company to significant level of uncertainty particularly in the area of estimating net realizable value, which is subject to management's judgments. Therefore, the valuation of inventories has been identified as one of the key audit matters. Consequently, inventory valuation is one of our key audit matters.



How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain audit procedures including, among others, evaluate the adherence to the Company's provisions policy of inventory write downs or obsolete inventories and if such policy is in compliance with the accounting policies. The possible impact of the COVID-19 outbreak were also considered. In order to verify the reasonableness of the net realizable value of inventories estimated by the Company, our key audit procedures included inspecting the Company's inventory aging reports, analyzing the change of inventory aging, as well as verifying the inventory aging reports and the calculation of lower of cost or net realizable value.

2. Investment accounted for using equity method and recognition of subsidiary's shares of profit or loss

Please refers to note 4(i) for accounting policy related to investment accounted for using equity method. Please refers to notes 5 for assumptions used and uncertainties considered in determining the net realizable value and the evaluation of inventory. Please refers to note 6(f) for details of investment accounted for using equity method.

(a) Inventory Valuation of Subsidiaries

Description of key audit matter:

The Company's subsidiary, Leadtek Shanghai, is mainly engaged in the trading of communication equipment, computers, communication cables, as well as telecommunications and their peripheral equipment. It also holds a significant amount of assets in stock. Inventories are measured at the lower of cost or net realizable value. The rapid technological innovations may lead to obsolete inventories and unmarketable items; Consequently, the carrying value of inventories may be lower than the net realized value. These factors expose the Company to significant level of uncertainty particularly in the area of estimating net realizable value, which is subject to management's judgments. Therefore, the valuation of inventories has been identified as one of the key audit matters. Consequently, inventory valuation is one of our key audit matters.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.



Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this 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 a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period 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 audit resulting in this independent auditors' report are Szu-Chan Chien and Kuan-Ying Kuo.

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2023

Notes to Readers

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

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
LEADTEK RESEARCH INC.

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (notes (6)(t) and (7))	3,525,657	100	4,848,102	100
5000	Operating costs (notes (6)(e), (6)(m), (7) and (12))	<u>3,235,041</u>	<u>92</u>	<u>4,299,503</u>	<u>89</u>
		290,616	8	548,599	11
5910	Less: Unrealized profit (loss) from sales	<u>7,977</u>	-	<u>10,603</u>	-
5900	Gross profit (loss) from operations	<u>282,639</u>	<u>8</u>	<u>537,996</u>	<u>11</u>
6000	Operating expenses (notes (6)(c), (6)(h), (6)(n), (6)(p), (7) and (12)):				
6100	Selling expenses	169,533	5	156,028	3
6200	Administrative expenses	72,511	2	74,399	2
6300	Research and development expenses	167,276	5	153,266	3
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	<u>(832)</u>	-	<u>712</u>	-
		<u>408,488</u>	<u>12</u>	<u>384,405</u>	<u>8</u>
6900	Net operating income (loss)	<u>(125,849)</u>	<u>(4)</u>	<u>153,591</u>	<u>3</u>
7000	Non-operating income and expenses:				
7010	Other income and expense (notes (6)(o) and (7))	6,938	-	3,884	-
7100	Interest income	1,343	-	907	-
7230	Foreign exchange losses	(8,773)	-	(9,273)	-
7235	Gains on financial assets (liabilities) at fair value through profit or loss	(620)	-	78	-
7271	Reversal of impairment loss recognised in profit or loss, financial assets (note (6)(d))	-	-	444	-
7050	Finance costs	(20,823)	-	(11,999)	-
7775	Share of loss of associates and joint ventures accounted for using equity method (note (6)(f))	<u>(43,134)</u>	<u>(1)</u>	<u>297,624</u>	<u>6</u>
		<u>(65,069)</u>	<u>(1)</u>	<u>281,665</u>	<u>6</u>
7900	Profit (loss) from continuing operations before tax	(190,918)	(5)	435,256	9
7950	Less: Tax expense (income) (note (6)(q))	<u>4,895</u>	-	<u>-</u>	-
	Profit (loss)	<u>(195,813)</u>	<u>(5)</u>	<u>435,256</u>	<u>9</u>
8300	Other comprehensive income :				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans (note (6)(p))	2,555	-	770	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(1,513)	-	1,530	-
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(q))	<u>511</u>	-	<u>154</u>	-
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>531</u>	-	<u>2,146</u>	-
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	6,781	-	(1,463)	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	28	-	(4)	-
8399	Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss (note (6)(q))	<u>1,357</u>	-	<u>(293)</u>	-
	Components of other comprehensive income that will be reclassified to profit or loss	<u>5,452</u>	-	<u>(1,174)</u>	-
8300	Other comprehensive income	<u>5,983</u>	-	<u>972</u>	-
8500	Total comprehensive income	<u>\$ (189,830)</u>	<u>(5)</u>	<u>\$ 436,228</u>	<u>9</u>
	Earnings per share (note (6)(s))				
9750	Basic earnings per share	<u>\$ (3.32)</u>		<u>\$ 7.38</u>	
9850	Diluted earnings per share	<u>\$ (3.32)</u>		<u>\$ 7.37</u>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
LEADTEK RESEARCH INC.

Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Ordinary shares	Capital surplus	Retained earnings		Exchange differences on translation of foreign financial statements	Other equity interest	Total equity
			Legal reserve	Unappropriated retained earnings (accumulated deficit)		Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	
Balance on January 1, 2021	\$ 535,873	473	-	(208,004)	3,343	(14,363)	317,322
Profit	-	-	-	435,256	-	-	435,256
Other comprehensive income	-	-	-	616	(1,174)	1,530	972
Total comprehensive income	-	-	-	435,872	(1,174)	1,530	436,228
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	2	-	-	-	-	2
Balance on December 31, 2021	535,873	475	-	227,868	2,169	(12,833)	753,552
Profit (loss)	-	-	-	(195,813)	-	-	(195,813)
Other comprehensive income	-	-	-	2,044	5,452	(1,513)	5,983
Total comprehensive income	-	-	-	(193,769)	5,452	(1,513)	(189,830)
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	22,787	(22,787)	-	-	-
Cash dividends of ordinary share	-	-	-	(53,587)	-	-	(53,587)
Stock dividends of ordinary share	53,587	-	-	(53,587)	-	-	-
Balance at December 31, 2022	\$ 589,460	475	22,787	(95,862)	7,621	(14,346)	510,135

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
LEADTEK RESEARCH INC.

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit (loss) before tax	\$ (190,918)	435,256
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	31,527	28,401
Amortization expense	7,170	4,240
Expected credit loss (gain)	(832)	712
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	620	(78)
Interest expense	20,823	11,999
Interest income	(1,343)	(907)
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method	43,134	(297,624)
Reversal of impairment loss on financial assets	-	(444)
Unrealized profit (loss) from sales	7,977	10,603
Total adjustments to reconcile profit (loss)	109,076	(243,098)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fairvalue	(1)	(2,907)
Decrease (increase) in notes and accounts receivable	10,508	(8,764)
Decrease (increase) in accounts receivable	241,702	(257,740)
Decrease (increase) in inventories	(330,456)	65,864
Decrease (increase) in prepayments	(8,184)	273,887
Decrease (increase) in other current assets	(92)	273
Decrease (increase) in other financial assets	(4,755)	689
Decrease (increase) in deferred debits	115	141
Total changes in operating assets	(91,163)	71,443
Changes in operating liabilities:		
Increase (decrease) in contract liabilities	6,798	(340,140)
Increase (decrease) in accounts payable	(51,073)	62,663
Increase (decrease) in provisions	(4,926)	110
Increase (decrease) in other payable and other current liabilities	(19,545)	61,204
Total changes in operating liabilities	(68,746)	(216,163)
Total changes in operating assets and liabilities	(159,909)	(144,720)
Total adjustments	(50,833)	(387,818)
Cash inflows (outflows) generated from operations	(241,751)	47,438
Interest received	544	104
Interest paid	(18,653)	(12,066)
Income taxes refund (paid)	28	125
Net cash flows from (used in) operating activities	(259,832)	35,601
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(3,695)
Acquisition of financial assets at fair value through profit or loss	(30,100)	-
Acquisition of property, plant and equipment	(14,703)	(12,631)
Increase (decrease) in refundable deposits	844	3,646
Increase in other receivables due from related parties	-	444
Acquisition of intangible assets	(7,418)	(5,637)
Increase (decrease) in prepayments for business facilities	(1,768)	389
Increase (decrease) in restricted assets	(25,004)	5,528
Net cash flows from (used in) investing activities	(78,149)	(11,956)
Cash flows from (used in) financing activities:		
Increase in short-term loans	320,780	77,248
Proceeds from long-term loans	30,000	125,000
Repayments of long-term debt	(80,752)	(107,880)
Increase (decrease) in guarantee deposits received	(111)	450
Payment of lease liabilities	(15,478)	(14,225)
Cash dividends paid	(53,587)	-
Net cash flows from (used in) financing activities	200,852	80,593
Net increase (decrease) in cash and cash equivalents	(137,129)	104,238
Cash and cash equivalents at beginning of period	213,533	109,295
Cash and cash equivalents at end of period	\$ 76,404	213,533

See accompanying notes to parent company only financial statements.



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Annex 2

Independent Auditors' Report

To the Board of Directors of LEADTEK Research Inc.:

Opinion

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

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

Basis for Opinion

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

1. Valuation of inventories

Please refer to notes 4(h) of the notes to consolidated financial statements for the accounting policy on measuring inventory, notes 5 for assumptions used and uncertainties considered in determining the net realizable value and the evaluation of inventory. Information of estimation of the valuation of inventory are disclosed in Note 6(e) of the consolidated financial statements.



Description of key audit matter:

Inventories are measured at the lower of cost or net realizable value at the reporting date. The rapid technological innovations may lead to obsolete inventories and unmarketable items; Consequently, the carrying value of inventories may be lower than the net realized value. These factors expose the Group to significant level of uncertainty particularly in the area of estimating net realizable value, which is subject to management's judgments. Therefore, the valuation of inventories has been identified as one of the key audit matters. Consequently, inventory valuation is one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain audit procedures including, among others, evaluate the adherence to the Group's provisions policy of inventory write downs or obsolete inventories and if such policy is in compliance with the accounting policies. The possible impact of the COVID-19 outbreak were also considered. In order to verify the reasonableness of the net realizable value of inventories estimated by the Group, our key audit procedures included inspecting the Group's inventory aging reports, analyzing the change of inventory aging, as well as verifying the inventory aging reports and the calculation of lower of cost or net realizable value.

Other Matter

LEADTEK Research Inc. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unqualified 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed 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 the 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 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 the 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 a statement 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 of the current period 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 audit resulting in this independent auditors' report are Szu-Chuan Chien and Kuan-Ying Kuo.

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2023

Notes to Readers

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

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

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

LEADTEK RESEARCH INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2022		December 31, 2021		Liabilities and Equity		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note (6)(a))	\$ 236,872	12	476,876	24	2100	Current borrowings (notes (6)(l), (7) and (8))	\$ 725,635	36	400,349	20
1110	Current financial assets at fair value through profit or loss (note (6)(b))	4,346	-	4,965	-	2170	Notes and accounts payable	179,226	9	229,028	11
1150	Notes receivable, net (note (6)(c))	-	-	10,508	1	2200	Other payables (note (7))	307,805	15	370,722	18
1170	Accounts receivable, net (note (6)(c))	368,625	18	402,575	20	2130	Current contract liabilities (notes (6)(u) and (7))	58,295	3	35,917	2
1200	Other receivables (notes (6)(d) and (7))	1,011	-	9	-	2250	Current provisions (note (6)(n))	9,556	-	14,482	1
130X	Inventories (notes (6)(e) and (8))	880,467	43	651,339	32	2280	Current lease liabilities (note (6)(o))	19,411	1	18,645	1
1421	Prepayments to suppliers	37,440	2	127,555	6	2399	Other current liabilities	2,510	-	2,572	-
1476	Other current financial assets (note (8))	78,000	4	52,996	3	2320	Long-term liabilities, current portion (notes (6)(m), (7) and (8))	<u>72,722</u>	<u>4</u>	<u>73,121</u>	<u>4</u>
1479	Other current assets	<u>22,744</u>	<u>1</u>	<u>14,615</u>	<u>1</u>			<u>1,375,160</u>	<u>68</u>	<u>1,144,836</u>	<u>57</u>
		<u>1,629,505</u>	<u>80</u>	<u>1,741,438</u>	<u>87</u>	Non-Current liabilities:					
Non-current assets:						2540	Non-current portion of non-current borrowings (notes (6)(m), (7) and (8))	52,083	3	102,436	5
1550	Investments accounted for using equity method, net (note (6)(f))	3,997	-	3,828	-	2527	Non-current contract liabilities (note (6)(u))	54,336	3	-	-
1510	Non-current financial assets at fair value through profit or loss (note (6)(b))	30,100	1	-	-	2645	Guarantee deposits received	2,668	-	2,890	-
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(b))	5,844	-	7,357	-	2570	Deferred tax liabilities (note (6)(r))	1,953	-	399	-
1600	Property, plant and equipment (notes (6)(h) and (8))	192,806	10	193,692	10	2580	Non-current lease liabilities (note (6)(o))	<u>32,934</u>	<u>1</u>	<u>9,271</u>	<u>1</u>
1755	Right-of-use assets (note (6)(i))	49,958	3	26,741	1			<u>143,974</u>	<u>7</u>	<u>114,996</u>	<u>6</u>
1780	Intangible assets (note (6)(j))	5,844	-	5,596	-		Total liabilities	<u>1,519,134</u>	<u>75</u>	<u>1,259,832</u>	<u>63</u>
1975	Net defined benefit asset, non-current (note (6)(q))	14,379	1	11,939	1	Equity :					
1840	Deferred tax assets (note (6)(r))	76,156	4	5,196	-	Share capital:					
1990	Other non-current assets (notes (6)(k) and (7))	<u>19,657</u>	<u>1</u>	<u>16,457</u>	<u>1</u>	3100	Ordinary Share (note (6)(s))	589,460	29	535,873	27
		<u>398,741</u>	<u>20</u>	<u>270,806</u>	<u>13</u>	3200	Capital surplus (note (6)(s))	475	-	475	-
						3310	Legal reserve	22,787	1	-	-
						3350	Unappropriated retained earnings (accumulated deficit) (note (6)(s))	(95,862)	(5)	227,868	11
						3400	Other equity interest	<u>(6,725)</u>	<u>-</u>	<u>(10,664)</u>	<u>(1)</u>
							Total equity attributable to owners of parent:	<u>510,135</u>	<u>25</u>	<u>753,552</u>	<u>37</u>
						36XX	Non-controlling interests	<u>(1,023)</u>	<u>-</u>	<u>(1,140)</u>	<u>-</u>
							Total equity	<u>509,112</u>	<u>25</u>	<u>752,412</u>	<u>37</u>
						Significant contingent liabilities and unrecognized commitments (note (9))					
Total assets		<u>\$ 2,028,246</u>	<u>100</u>	<u>2,012,244</u>	<u>100</u>	Total liabilities and equity		<u>\$ 2,028,246</u>	<u>100</u>	<u>2,012,244</u>	<u>100</u>

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

LEADTEK RESEARCH INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	2022		2021	
	Amount	%	Amount	%
4100 Operating revenue (notes (6)(u) and (7))	\$ 5,311,418	100	8,823,056	100
5000 Operating costs (notes (6)(e), (6)(n), (6)(q) and (12))	<u>4,704,607</u>	<u>89</u>	<u>7,253,418</u>	<u>82</u>
5900 Gross profit (loss) from operations	<u>606,811</u>	<u>11</u>	<u>1,569,638</u>	<u>18</u>
6000 Operating expenses (notes (6)(c), (6)(q) and (12)):				
6100 Selling expenses	452,085	8	649,953	8
6200 Administrative expenses	111,575	2	159,893	2
6300 Research and development expenses	188,631	4	205,619	2
6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	<u>6,782</u>	<u>-</u>	<u>703</u>	<u>-</u>
	<u>759,073</u>	<u>14</u>	<u>1,016,168</u>	<u>12</u>
6900 Net operating income (loss)	<u>(152,262)</u>	<u>(3)</u>	<u>553,470</u>	<u>6</u>
7000 Non-operating income and expenses:				
7020 Other gains and losses (note (6)(w))	28,066	-	8,567	-
7100 Interest income	2,105	-	2,343	-
7271 Reversal of impairment loss recognised in profit or loss, financial assets (note (6)(d))	-	-	444	-
7279 Reversal of impairment loss recognised in profit or loss, others (note (6)(k))	-	-	514	-
7050 Finance costs	(25,442)	-	(14,855)	-
7230 Foreign exchange losses	(53,383)	(1)	(5,132)	-
7235 Gains on financial assets (liabilities) at fair value through profit or loss	(620)	-	78	-
7060 Share of profit (loss) of associates and joint ventures accounted for using equity method (note (6)(f))	<u>113</u>	<u>-</u>	<u>133</u>	<u>-</u>
	<u>(49,161)</u>	<u>(1)</u>	<u>(7,908)</u>	<u>-</u>
7900 Profit (loss) from continuing operations before tax	<u>(201,423)</u>	<u>(4)</u>	<u>545,562</u>	<u>6</u>
7950 Less: Tax expense (income) (note (6)(r))	<u>(5,717)</u>	<u>-</u>	<u>110,933</u>	<u>1</u>
Profit (loss)	<u>(195,706)</u>	<u>(4)</u>	<u>434,629</u>	<u>5</u>
8300 Other comprehensive income :				
8310 Components of other comprehensive income that will not be reclassified to profit or loss				
8311 Gains (losses) on remeasurements of defined benefit plans (note (6)(q))	2,555	-	770	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(1,513)	-	1,530	-
8349 Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(r))	<u>511</u>	<u>-</u>	<u>154</u>	<u>-</u>
Components of other comprehensive income that will not be reclassified to profit or loss	<u>531</u>	<u>-</u>	<u>2,146</u>	<u>-</u>
8360 Components of other comprehensive income that will be reclassified to profit or loss				
8361 Exchange differences on translation	6,763	-	(1,440)	-
8370 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss (note (6)(f))	56	-	(28)	-
8399 Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss (note (6)(r))	<u>1,357</u>	<u>-</u>	<u>(293)</u>	<u>-</u>
Components of other comprehensive income that will be reclassified to profit or loss	<u>5,462</u>	<u>-</u>	<u>(1,175)</u>	<u>-</u>
8300 Other comprehensive income	<u>5,993</u>	<u>-</u>	<u>971</u>	<u>-</u>
Total comprehensive income	<u>\$ (189,713)</u>	<u>(4)</u>	<u>435,600</u>	<u>5</u>
Profit (loss), attributable to:				
8610 Profit (loss), attributable to owners of parent	\$ (195,813)	(4)	435,256	5
8620 Profit (loss), attributable to non-controlling interests	<u>107</u>	<u>-</u>	<u>(627)</u>	<u>-</u>
	<u>\$ (195,706)</u>	<u>(4)</u>	<u>434,629</u>	<u>5</u>
Comprehensive income attributable to:				
8710 Comprehensive income, attributable to owners of parent	\$ (189,830)	(4)	436,228	5
8720 Comprehensive income, attributable to non-controlling interests	<u>117</u>	<u>-</u>	<u>(628)</u>	<u>-</u>
	<u>\$ (189,713)</u>	<u>(4)</u>	<u>435,600</u>	<u>5</u>
Earnings per share (note (6)(t))				
9750 Basic earnings per share	<u>\$ (3.32)</u>		<u>7.38</u>	
9850 Diluted earnings per share	<u>\$ (3.32)</u>		<u>7.37</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
LEADTEK RESEARCH INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent								
							Other equity interest		
	Retained earnings			Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income		Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve		Unappropriated retained earnings (accumulated deficit)				
Balance on January 1, 2021	\$ 535,873	473	-	(208,004)	3,343	(14,363)	317,322	(510)	316,812
Profit	-	-	-	435,256	-	-	435,256	(627)	434,629
Other comprehensive income	-	-	-	616	(1,174)	1,530	972	(1)	971
Total comprehensive income	-	-	-	435,872	(1,174)	1,530	436,228	(628)	435,600
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	2	-	-	-	-	2	-	2
Changes in non-controlling interests	-	-	-	-	-	-	-	(2)	(2)
Balance on December 31, 2021	535,873	475	-	227,868	2,169	(12,833)	753,552	(1,140)	752,412
Profit (loss)	-	-	-	(195,813)	-	-	(195,813)	107	(195,706)
Other comprehensive income	-	-	-	2,044	5,452	(1,513)	5,983	10	5,993
Total comprehensive income	-	-	-	(193,769)	5,452	(1,513)	(189,830)	117	(189,713)
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	22,787	(22,787)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(53,587)	-	-	(53,587)	-	(53,587)
Stock dividends of ordinary share	53,587	-	-	(53,587)	-	-	-	-	-
Balance at December 31, 2022	\$ 589,460	475	22,787	(95,862)	7,621	(14,346)	510,135	(1,023)	509,112

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
LEADTEK RESEARCH INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit (loss) before tax	\$ (201,423)	545,562
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	42,627	38,396
Amortization expense	7,170	4,240
Expected credit loss (gain)	6,782	703
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	620	(78)
Interest expense	25,442	14,855
Interest income	(2,105)	(2,343)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(113)	(133)
Loss (gain) on disposal of property, plant and equipment	(236)	19
Reversal of impairment loss on financial assets	-	(444)
Profit from lease modification	(230)	-
Total adjustments to reconcile profit (loss)	<u>79,957</u>	<u>55,215</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	(1)	(2,907)
Decrease (increase) in notes and accounts receivable	10,508	(8,764)
Decrease (increase) in accounts receivable	27,162	(157,663)
Decrease (increase) in other receivables	(1,002)	836
Decrease (increase) in inventories	(229,114)	(184,937)
Decrease (increase) in prepayments	90,115	164,201
Decrease (increase) in other current assets	(8,116)	1,138
Decrease (increase) in other operating assets	115	141
Total changes in operating assets	<u>(110,333)</u>	<u>(187,955)</u>
Changes in operating liabilities:		
Increase (decrease) in contract liabilities	76,714	(421,821)
Increase (decrease) in notes and accounts payable	(49,802)	62,717
Increase (decrease) in other payable and other current liabilities	(50,793)	167,157
Increase (decrease) in provisions	(4,926)	110
Total changes in operating liabilities	<u>(28,807)</u>	<u>(191,837)</u>
Total changes in operating assets and liabilities	<u>(139,140)</u>	<u>(379,792)</u>
Total adjustments	<u>(59,183)</u>	<u>(324,577)</u>
Cash inflows (outflows) generated from operations	(260,606)	220,985
Interest received	2,105	2,351
Interest paid	(22,948)	(14,800)
Income taxes refund (paid)	(80,251)	(86,684)
Net cash flows from (used in) operating activities	<u>(361,700)</u>	<u>121,852</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(3,695)
Acquisition of financial assets at fair value through profit or loss	(30,100)	-
Acquisition of property, plant and equipment	(15,553)	(13,612)
Proceeds from disposal of property, plant and equipment	352	3
Increase (decrease) in refundable deposits	(2,500)	7,146
Acquisition of intangible assets	(7,418)	(5,637)
Increase (decrease) in prepayments for business facilities	(1,768)	389
Increase (decrease) in restricted assets	(25,004)	5,528
Net cash flows from (used in) investing activities	<u>(81,991)</u>	<u>(9,878)</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	324,682	76,278
Proceeds from long-term loans	30,000	125,000
Repayments of long-term debt	(80,752)	(107,880)
Increase (decrease) in guarantee deposits received	(222)	335
Payment of lease liabilities	(23,778)	(23,590)
Cash dividends paid	(53,587)	-
Net cash flows from (used in) financing activities	<u>196,343</u>	<u>70,143</u>
Effect of exchange rate changes on cash and cash equivalents	<u>7,344</u>	<u>(1,772)</u>
Net increase (decrease) in cash and cash equivalents	<u>(240,004)</u>	<u>180,345</u>
Cash and cash equivalents at beginning of period	<u>476,876</u>	<u>296,531</u>
Cash and cash equivalents at end of period	<u>\$ 236,872</u>	<u>476,876</u>

See accompanying notes to consolidated financial statements.

Leadtek Research Inc.

Necessity and Fairness Opinion for Private Placement

Client: Leadtek Research Inc.

Recipient: Leadtek Research Inc.

Designated use of opinion: For Leadtek Research Inc. to engage with private placement in 2023.

Report type: Necessity and Fairness Opinion for Private Placement

Appraiser: Taishin Securities Co., Ltd.

Represented by: Kuo Chia-Hung

(The contents contained in this Opinion are for the reference of making the resolution of private placement at the 2023 Board Meeting and AGM of Leadtek Research Inc. only. They are not intended for other uses. With respect to the financial data provided by Leadtek Research Inc. and the information published on the Market Observation Post System (MOPS), this Opinion is expressed for the future influence on the Company of the changes in the current private placement proposal plan and other matters that may change the contents of this Opinion. This Company hereby declares that no representations or warranties for any legal liabilities shall be made for this Opinion.)

Date: March 15, 2023

In response to the future development needs and to capture the timeliness and convenience of fund-raising, Leadtek Research Inc. proceeds with the matters in relation to private placement as stipulated in Article 43-6 of the *Securities and Exchange Act* in accordance with the *Securities and Exchange Act* and *Directions for Public Companies Conducting Private Placements of Securities*. The private placement proposal will be discussed at the Board meeting on March 15, 2023 and at the AGM on June 9, 2023. Under this private placement proposal, unregistered securities of not more than 40,000,000 shares will be offered. In accordance with Article 4, paragraph 3, of the *Directions for Public Companies Conducting Private Placements of Securities*: “If there has been, is, or will be any significant change in managerial control during the period from 1 year preceding the day on which the board of directors resolves on the private placement of securities to 1 year from the delivery date of those privately placed securities, the company shall engage a securities underwriter to provide an assessment opinion on the necessity and reasonableness for conducting the private placement.” Underwriter’s description of evaluation:

I. Company profile

Leadtek Research Inc. was established in 1986 to manufacture computer products including graphics (VGA) cards and multimedia video cards. In response to the rapid market change, based on its R&D capacity developed over the years, Leadtek switched its focus from professional graphics cards to cloud network and data center applications. It applies the Turning architecture and the brand-new RTX platform to support real-time light tracing and AI technologies and provide total cloud computing solutions. Following the trend of big data analysis and deep learning application systems, it further expands to the education and healthcare sector to introduce the electrocardiograph recorder, pulse oximeter, and baby monitor. By integrating smart healthcare products, it introduces total solutions for AI cloud health management and care, with a promising future. By the end of December 31, 2022, Leadtek has received a paid-in capital of NT\$589,460,310. Leadtek’s condensed financial information in the past five years is as follows:

Consolidated Statement of Financial Position (IFRS)

Unit: NTD thousand

Item \ Year	Financial Information in the Past Five Years				
	2018	2019	2020	2021	2022
Current assets	1,003,594	1,057,272	1,378,828	1,741,438	1,629,505
Property, plant, and equipment	200,321	196,901	192,910	193,692	192,806
Intangible assets	18,584	9,033	4,199	5,596	5,844
Other assets	37,409	99,654	92,866	71,518	200,091
Total assets	1,259,908	1,362,860	1,668,803	2,012,244	2,028,246
Current liabilities	943,090	983,243	1,252,643	1,144,836	1,375,160
Non-current liabilities	15,371	93,694	99,348	114,996	143,974
Total liabilities	958,461	1,076,937	1,351,991	1,259,832	1,519,134
Equity attributable to parent company shareholders	335,708	312,181	317,322	753,552	510,135
Share capital	535,873	535,873	535,873	535,873	589,460
Capital reserve	28,311	27,383	473	475	475
Retained earnings	(219,665)	(238,834)	(208,004)	227,868	(73,075)
Other equity items	(8,811)	(12,241)	(11,020)	(10,664)	(6,725)
Non-controlling equity	(34,261)	(26,258)	(510)	(1,140)	(1,023)
Total equity	301,447	285,923	316,812	752,412	509,112

Source: Consolidated financial statements for 2018-2022 audited and certified by CPAs in accordance with IFRS.

Consolidated Statement of Comprehensive Income (IFRS)
Unit: NTD thousand

Item \ Year	Financial Information in the Past Five Years				
	2018	2019	2020	2021	2022
Operating revenue	3,329,161	3,639,860	4,548,266	8,823,056	5,311,418
Gross profit	476,017	487,038	562,597	1,569,638	606,811
Operating profit	(13,565)	13,550	51,619	553,470	(152,262)
Non-operating revenues and expenses	(52,971)	(17,942)	3,076	(7,908)	(49,161)
Pre-tax profit	(66,536)	(4,392)	54,695	545,562	(201,423)
Net profit of the continuing operating department in the current term	(82,683)	(24,621)	24,782	434,629	(195,706)
Net income (loss) of the period	(82,683)	(24,621)	24,782	434,629	(195,706)
Other comprehensive income/loss for the current period (net, after-tax)	(4,323)	(2,941)	5,754	971	5,993
Total comprehensive incomes in the current period	(87,006)	(27,562)	30,536	435,600	(189,713)
Net income attributable to parent company shareholders	(60,175)	(19,311)	26,775	435,256	(195,813)
Net income attributable to non-controlling shareholders	(22,508)	(5,310)	(1,993)	(627)	107
Total comprehensive income attributed to owners of the parent	(63,970)	(22,753)	32,200	436,228	(189,830)
Total comprehensive income non-controlling interests	(23,036)	(4,809)	(1,664)	(628)	117
EPS	(1.12)	(0.36)	0.5	8.12	(3.32)

Source: Consolidated financial statements for 2018-2022 audited and certified by CPAs in accordance with IFRS.

II. Review of significant changes in managerial control within the one year preceding the date of Board resolution on private placement

Investigations show that there was no director change by March 15, 2023.

However, as the term of office of the current directors is from June 10, 2020 to June

9, 2023, it is expected a new directorial election will take place at the 2023 AGM. As this is a significant managerial change upon the natural Board expiration, no anomaly is detected in the preliminary judgment. In accordance with Article 4, paragraph 3, of the *Directions for Public Companies Conducting Private Placements of Securities*: “If there has been, is, or will be any significant change in managerial control during the period from 1 year preceding the day on which the board of directors resolves on the private placement of securities to 1 year from the delivery date of those privately placed securities, the company shall engage a securities underwriter to provide an assessment opinion on the necessity and reasonableness for conducting the private placement.”

III. Whether or not there will be a significant change in the managerial control after the introduction of specific investors remains inconclusive.

Leadtek plans to launch the private placement after the AGM on June 9, 2023. As no prospective investors have been determined, whether or not the specific investors introduced after the private placement will request seats on the Board remains inconclusive. Whether or not there will be a significant change in the managerial control after the introduction of specific investors is also inconclusive.

However, as the prospective investors of Leadtek’s current private placement proposal comply with requirements for prospective investors as stipulated in Article 43-6 of the *Securities and Exchange Act* and Order (91) Tai-Cai-Zheng-I-Zi No. 0910003455 dated June 13, 2002, and Leadtek has already issued 58,946,000 shares, the total number of shares for private placement will be 98,946,000 shares after the 40,000,000 shares to be offered in the current private placement proposal, i.e., the number of shares for the current private placement proposal will account for 40.43% of the total number of shares for private placement. Hence, we do not rule out the possibility of acquiring seats on the Board, which will lead to a significant change in managerial control. As a result, the client is advised to engage a securities underwriter to provide an assessment opinion on the necessity and fairness of the private placement in accordance with the *Directions for Public Companies Conducting Private Placements of Securities*.

IV. Contents of the current private placement proposal plan

In response to the future development needs and to reduce bank dependency, repay bank loans, enrich operational funds, and effectively strengthen the financial structure, we are afraid that raising funds through private placement and issuance of securities cannot raise the required funds smoothly in a short time. Additionally, to raise funds more quickly and conveniently through private placement of not more than 40,000,000 shares of unregistered securities in accordance with Article 43-6 of the *Securities and Exchange Act* in turns within one year after the date of AGM resolution at a price per share of no less than 80% as calculated in accordance with the following two bases before the Company’s pricing date:

- (I) The simple arithmetic mean of the closing price of common stocks on any one of the first, third, and fifth business days before the price setting date deducting the ex-right and ex-dividend stock dividend price and then adding back the stock price after the right resumption.
- (II) The simple arithmetic mean of the closing price of common stocks 30 days before the price setting date deducts the ex-right and ex-dividend stock dividend price and then adds back the stock price after the right resumption, whichever price is higher.

The price per share for private placement shall not be lower than 80% of the referenced price is the basis for private placement.

V. Necessity and fairness assessment of private placement

(I) Necessity for private placement

The operating revenues, net income, interest expenses, and long- and short-term bank loans in the past three years as listed in Leadtek's individual financial statements are as follows:

Unit: NTD thousand; %

Item \ Year	2020	2021	2022
Operating revenue	2,910,126	4,848,102	3,525,657
Net income (loss)	(32,522)	153,591	(125,849)
Net income (loss) before tax	31,775	435,256	(190,918)
Interest expense	15,351	11,999	20,823
Bank loan	439,994	534,362	804,390
Proportion of interest expense in net income (loss)	(47.20)%	7.81%	(16.55)%
Proportion of interest expense in net income (loss) before tax	48.31%	2.76%	(10.91)%

Source: The financial statements audited and certified by CPAs.

After its establishment in 1986, Leadtek has since been engaging with the design, manufacture, and trade of graphics cards, thin PCs, GPS navigation and CCTV-related computer and communication products based on steady operations. In addition to the current services, in recent years, Leadtek has engaged in the active transformation to the application service of the relevant sectors, such as offering deep learning certification courses for NVIDIA, big data solutions, and AI cloud computing solutions and applications. The total integration of its hardware and software services is presented in healthcare applications, such as the AI cloud management and care solutions that integrate health wearables, cloud computing, and big data analysis systems. Through diversification of operations, Leadtek has effectively lowered the system risk from changes in the economic conditions and continuously invests R&D resources in new product teams and new products. To maintain the funds required for operations, it has raised more bank loans, increasing the overall financial cost and leading to a financial constraint.

Individuals or corporations that can enhance Leadtek's profitability with their experience, know-how, knowledge, or channels of prospective investors and assist Leadtek with technological advancement, quality improvement, cost reduction, efficiency enhancement, and market expansion through vertical

integration within the industry, cross-industry integration, or co-development of products and markets are the prospective investors of the current private placement proposal. Public offering will be more difficult to achieve the above goals. Additionally, in consideration of private placement, which is comparatively faster, simpler, and more convenient, and the restriction on no free transfer within three years after obtaining shares, private placement can secure the long-term cooperation of prospective investors. Hence, private placement is selected instead of a public offering.

In conclusion, to meet Leadtek's need for long-term operational development, and in consideration of the timeliness and convenience of private placement, the current private placement proposal is necessary for Leadtek to raise funds to repay bank loans and enrich operating capital.

(II) Fairness of private placement

Leadtek will implement private placement after the AGM resolution June 9, 2023 and present the matters relating to private placement in the objectives for the AGM meeting in accordance with Article 43-6, paragraph 6, of the *Securities and Exchange Act*. After an assessment, we found that the procedure is legitimate.

As Leadtek raises loans mainly from banks to reduce its bank dependency, face the future financial austerity that may reduce the credit limit of loans and prevent exposure to the risk of liquidity insufficiency, it plans to raise long-term, steady capital through the current private placement proposal to reduce bank dependency, improve the financial structure, and cut interest expenses to enhance operational competitiveness and make more flexibility for fund use. As this can bring positive benefits to equity, the long-term effectiveness of private placement is fair.

In addition to obtaining long-term, steady funds, compared to a public offering, shares obtained from private placement are restricted from transfer within three years. This can secure the long-term cooperation of new investors and increase the opportunities for Leadtek to enter new types of business, facilitating its medium- and long-term operational growth in the future. The minimum subscription price of the current private placement proposal is 80% of the referenced price, which complies with the law.

In conclusion, we consider that Leadtek's current private placement proposal is necessary and fair in accordance with the *Directions for Public Companies Conducting Private Placements of Securities*.

VI. Fairness and necessity of managerial change caused by the current private placement proposal

(I) Influence on sales, finance, and equity of significant managerial changes

1. Influence on sales

In this private placement proposal, Leadtek plans to attract prospective investors that can assist with its technological advancement, product development, cost reduction, market expansion, customer relationship improvement, or channel collaboration to provide customers with the best integrated service solutions so as to expand the current scale of operations and increase corporate profit. All these can bring positive benefits to Leadtek's business development.

2. Influence on finance

In this private placement proposal, Leadtek plans to issue unregistered securities of not more than 40,000,000 shares two times within one year after the date of AGM resolution. The referenced price is calculated based on: the simple arithmetic mean of the closing price of common stocks on any one of the first, third, and fifth business days before the price setting date deducting the ex-right and ex-dividend stock dividend price and then adding back the stock price after right resumption; or the simple arithmetic mean of the closing price of common stocks of 30 days before the price setting date deducting the ex-right and ex-dividend stock dividend price and then adding back the stock price after the right resumption, whichever price is higher. The price per share for private placement shall not be lower than 80% of the referenced price is the basis for private placement. The funds raised from the current private placement proposal will be used to repay bank loans and enrich operational capital so as to enhance Leadtek's corporate competitiveness. Hence, Leadtek's effective fund investment through private placement can bring positive benefits to its finance.

3. Influence on equity

The funds raised from the current private placement proposal will be used to repay bank loans and enrich operational capital. The benefits include strengthening Leadtek's status in the industry, enhancing its long-term competitiveness, improving its financial structure, and cutting its interest expenses. Additionally, the minimum subscription price of the current private placement proposal is 80% of the referenced price, which complies with the law. Hence, the influence on equity will be limited. It is foreseeable that this private placement proposal can benefit equity positively through strategic cooperation with prospective investors in technological advancement, product development, cost reduction, market expansion, customer relationship improvement or channel collaboration.

(II) Selection of prospective investors and its feasibility and necessity

The prospective investors of the current private placement proposal shall meet the requirements as stipulated in Article 43-6 of the *Security and Exchange Act* and Letter (91) Tai-Cai-Zheng-Yi-Zi No. 0910003455 issued by the Financial Supervisory Commission on June 13, 2002. Currently, the selection will focus on the direct or indirect benefits for Leadtek. However, prospective investors shall be selected in accordance with the relevant regulations after solicitation.

1. Insiders or related parties of the Company as prospective investors
 - (1) Methods and purpose of selection: Directors and officers familiar with the Company's operations and directors and officers of subsidiaries will be selected to increase the shareholding of directors and strengthen the Company's management rights through the current private placement proposal.
 - (2) The list of insiders or related parties as prospective investors of private placement for 2023 and their relationship with the Company:

Name of Prospective Investor	Relationship with the Company
Lu Kun-Shan	Chairman and president of the Company
Huang Chin-Ming	Director of the Company
Hu Chiu-Chiang	Director of the Company
Liu Ke-Chi	Director of the Company
Ho Yao-Hung	Independent Director of the Company
Shen An-Shih	Independent Director of the Company
Liu Cheng	Independent Director of the Company
Chou Shih-Wei	Vice President of the Company
Chuang Chen-Ming	Vice President of the Company
Yu Chin-Chang	Vice President of the Company
Hsiung Mu-Wen	Vice President of the Company
Yang Chin-Tien	Vice President of the Company
Chang Shen	Vice President and Chief Financial Officer of the Company
Yu Chao-Jung	Vice President of the Company
Yang Chih-Kuen	Assistant Vice President of the Company
Chen Shu-Wei	Assistant Vice President of the Company
Wang Chia-Hung	Assistant Vice President of the Company
Huang Huei-Ching	Chief Accounting Officer of the Company
Huang Chi-Cheng	Director of subsidiary Leadhope International

Name of Prospective Investor	Relationship with the Company
Wang Feng	President of subsidiary Leadtek (Shanghai) Research Inc.
Wang Chiang-Hua	Vice President of subsidiary Leadtek (Shanghai) Research Inc.

2. Strategic investors as prospective investors

- (1) Methods and purpose of selection: Individuals or companies facilitating the Company's technological advancement, product development, cost reduction, market expansion, or customer relationship improvement will be selected to improve the Company's operational performance or profitability with their experience, know-how, knowledge, or channels.
- (2) Necessity: Strengthening the financial structure and expanding the scale of operations are necessary for the Company to seek long-term development.
- (3) Estimated benefits: Private placement is expected to improve the Company's financial structure, operational performance, and competitiveness.

(III) Fairness of the estimated benefits from private placement

The funds raised from the current private placement proposal will be used to repay bank loans and enrich operational capital. Optimizing financial structure, improving operational performance, and enhancing corporate competitiveness are the estimated benefits that can bring positive benefits to equity. By attracting the capital, experience, or channels of strategic investors, apart from achieving technological advancement, product development, cost reduction, market expansion, customer relationship improvement, or channel collaboration to provide customers with the best integrated service solutions, this private placement proposal is expected to increase the profit, enhance the efficiency, and expand the scale of operations for Leadtek to increase its overall equity, bringing positive benefits to Leadtek's finance and equity. Additionally, Leadtek can use the funds raised from this private placement proposal to repay bank loans and enrich its operational capital, so that Leadtek can raise fewer bank loans to meet its operational needs. Hence, the expected benefits are fair.

Overall, Leadtek plans to raise funds through private placement to repay bank loans, enrich operational capital, strengthen corporate structure and competitiveness, and increase overall equity. In consideration of its status of operations and the timeliness and feasibility of fund-raising, Leadtek's plan for raising funds through private placement is necessary and fair. Additionally, further consideration of the estimated benefits from private placement and the effect of the choice of prospective investors on Leadtek's sales, finance, and equity shows that specific investors of the private placement can bring positive benefits to its sales, finance, and equity.

Leadtek Research Inc.

List of Directorial Candidates

Title	Name	Education	Experience	Current Position
Director	Lu Kun-Shan	Electronic Engineering, National Taiwan Ocean University	President, Leadtek Research Inc. Chairperson, Leadhope International Inc. Chairperson, Wegene Technology Inc. Chairperson, Aiborn Inc. Chairperson, Leadtek Sports, Entertainment, and Media, Inc.;	President, Leadtek Research Inc. Chairperson, Leadhope International Inc. Chairperson, Wegene Technology Inc. Chairperson, Aiborn Inc. Chairperson, Leadtek Sports, Entertainment, and Media, Inc.;
Director	Huang Chin-Ming	Electronic Engineering, National Chiao Tung University	Chairperson, Chroma ATE Inc. Director, Leadtek Research Inc. Chairperson, DynaScan Technology Corporation Chairperson, Testar Electronics Corporation Director, I-Sheng Electric Wire & Cable Co., Ltd. Director, Darwin Corporation Director, Tian Zheng International Inc. Independent Director, ICHIA Technologies Inc.	Chairperson, Chroma ATE Inc. Director, Leadtek Research Inc. Chairperson, DynaScan Technology Corporation Chairperson, Testar Electronics Corporation Director, I-Sheng Electric Wire & Cable Co., Ltd. Director, Darwin Corporation Director, Tian Zheng International Inc. Independent Director, ICHIA Technologies Inc.
Director	Hu Chiu-Chiang	PhD, Institute of Management of Technology, National Chiao Tung University	Chairperson, Weikeng Industrial Co., Ltd. Director, Promate Electronic Co. Ltd. Director, Promate Solutions Corporation Independent Director, CipherLab Co., Ltd. Independent Director, V-Tac Technology Co., Ltd. Director, Amazing Microelectronic Corporation Director, Leadtek Research Inc.	Chairperson, Weikeng Industrial Co., Ltd. Director, Promate Electronic Co. Ltd. Director, Promate Solutions Corporation Independent Director, CipherLab Co., Ltd. Independent Director, V-Tac Technology Co., Ltd. Director, Amazing Microelectronic Corporation Director, Leadtek Research Inc.
Independent Director	Ho Yao-Hung	Master, Industrial and Systems Engineering, Ohio State University, USA.	Independent Director, Leadtek Research Inc. Independent Director, Advanced International Multitech Co., Ltd. Supervisor, Taiwan ITRI New Venture Association Sr. VP, PWC Consulting Services Taiwan Co., Ltd. Partner, H&J Consulting Co., Ltd, China Partner & EVP, KPMG Advisory Services Co., Ltd Profit Improvement Executive Officer, Deloitte Advisory Services Co., Ltd.	Independent Director, Leadtek Research Inc. Independent Director, Advanced International Multitech Co., Ltd. Supervisor, Taiwan ITRI New Venture Association
Independent Director	Shen An-Shih	Master, Statistics, Iowa State University, USA.	Independent Director, Leadtek Research Inc. Chairperson's consultant, Chunghwa Telecom, Co., Ltd. CEO, International Integrated systems, Inc.	Independent Director, Leadtek Research Inc.

Title	Name	Education	Experience	Current Position
			VP, IBM Asia-Pacific, Global Research, and Business Development President, IBM Taiwan	
Independent Director	Liu Cheng	Master, Automatic Control Engineering, Feng Jia University	Independent Director, Leadtek Research Inc. Director, RealGreat Food International Company VP, Yuban & Co. President, ChingHui Information Inc. President, Vivotek Inc.	Independent Director, Leadtek Research Inc. Director, RealGreat Food International Company
Independent Director	Liu Ju Chi	Medical Doctor, Taipei Medical University	Associate Director, Shuang Ho Hospital, Ministry of Health and Welfare Associate Chair, Department of Medicine, Taipei Medical University Associate Chair, Heart Research Center, Taipei Medical University. Professor, Department of General Medicine, Taipei Medical University Chair, Department of Cardiology, Shuang Ho Hospital, Ministry of Health and Welfare	Associate Director, Shuang Ho Hospital, Ministry of Health and Welfare Associate Chair, Department of Medicine, Taipei Medical University Associate Chair, Heart Research Center, Taipei Medical University. Professor, Department of General Medicine, Taipei Medical University

Leadtek Research Inc.

Details of Non-Compete for Directors

Title	Name	Concurrent Position in other companies
Director	Lu Kun-Shan	President, Leadtek Research Inc. Chairperson, Leadhope International Inc. Chairperson, Wegene Technology Inc. Chairperson, Aiborn Inc. Chairperson, Leadtek Sports, Entertainment, and Media, Inc.;
Director	Huang Chin-Ming	Chairperson, Chroma ATE Inc. Director, Leadtek Research Inc. Chairperson, DynaScan Technology Corporation Chairperson, Testar Electronics Corporation Director, I-Sheng Electric Wire & Cable Co., Ltd. Director, Darwin Corporation Director, Tian Zheng International Inc. Independent Director, ICHIA Technologies Inc.
Director	Hu Chiu-Chiang	Chairperson, Weikeng Industrial Co., Ltd. Director, Promate Electronic Co. Ltd. Director, Promate Solutions Corporation Independent Director, CipherLab Co., Ltd. Independent Director, V-Tac Technology Co., Ltd. Director, Amazing Microelectronic Corporation Director, Leadtek Research Inc.
Independent Director	Ho Yao-Hung	Independent Director, Leadtek Research Inc. Independent Director, Advanced International Multitech Co., Ltd. Supervisor, Taiwan ITRI New Venture Association
Independent Director	Liu Cheng	Independent Director, Leadtek Research Inc. Director, RealGreat Food International Company
Independent Director	Liu Ju Chi	Associate Director, Shuang Ho Hospital, Ministry of Health and Welfare Associate Chair, Department of Medicine, Taipei Medical University Associate Chair, Heart Research Center, Taipei Medical University. Professor, Department of General Medicine, Taipei Medical University

Appendix 1

Leadtek Research Inc. Articles of Incorporation

Chapter I General Provisions

Article 1 The Company is incorporated in accordance with the Company Act with the name of 麗臺科技股份有限公司 in Traditional Chinese and LEADTEK RESEARCH INC. in English.

Article 2 The Company engages in the following types of business:

1. CC01110 Computer and Peripheral Equipment Manufacturing
2. CH01040 Toys Manufacturing
3. I301010 Information Software Services
4. F401010 International Trade
5. F104110 Wholesale of Cloth, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
6. F204120 Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
7. CC01060 Wired Communication Mechanical Equipment Manufacturing
8. CC01070 Wireless Communication Mechanical Equipment Manufacturing
9. CC01101 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
10. F113070 Wholesale of Telecommunication Apparatus
11. F213060 Retail Sale of Telecommunication Apparatus
12. F401021 Restrained Telecom Radio Frequency

Equipments and Materials Import

13. CF01011 Medical Devices Manufacturing
14. F108031 Wholesale of Medical Devices
15. F208031 Retail Sale of Medical Apparatus
16. CE01021 Weights and Measuring Instruments Manufacturing
17. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1 This Company may provide guarantees for others.

Article 3 This Company is headquartered in New Taipei. With the resolution of the board of directors (Board) and the approval of competent authorities, the Company may establish branches or offices at home and abroad.

Chapter II Shares

Article 4 When the Company is a shareholder of other limited companies, the restriction of not more than 40% of the Company's paid-up capital as stipulated in Article 13 of the *Company Act* shall not apply to the total amount of re-investment.

Article 5 The total capital of the Company is Four Billion New Taiwan Dollars (NT\$4,000,000,000) divided into four hundred million (400,000,000) shares with a par value of Ten New Taiwan Dollars (NT\$10). Six Hundred Million (NT\$600,000,000) divided into sixty million (60,000,000) shares with a par value of Ten New Taiwan Dollars (NT\$10) will be reserved for bond with attached warrants and exercising the

stock option of employee stock option certificates. Seasoned (second) equity offering (SEO) may be issued at a premium. The nominal capital is Four Billion New Taiwan Dollars (NT\$4,000,000,000) to be issued by/in installments by law through Board.

Article 5-1 In accordance with Article 56-1 of the *Regulations Governing the Offering and Issuance of Securities by Securities Issuers* and Article 10-1 of the *Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies*, the Company may issue employee stock options (ESO) at a price lower than the closing price of the Company's common stock on the issuance date or transfer shares to employees at a price below the average of the actual buy-back price with an approval made by shareholders representing over two-thirds of the voting shares in a meeting of shareholders attended by shareholders representing over one-half of the total issued shares.

Article 5-2 The Company may transfer the treasury stock purchased in accordance with the *Company Act* to employees of controlled or subordinate companies meeting specific requirements.

Employees qualified for receiving the employee stock options may include employees of controlled or subordinate companies meeting specific requirements.

When the Company issues new shares, employees of controlled or subordinate companies meeting specific requirements are qualified for subscription.

When the Company issues restricted stock awards (RSA), employees of controlled or subordinate companies meeting specific requirements are qualified for subscription.

Article 6 The Company may issue name-bearing shares without printing share certificates. However, the Company shall register such shares on a centralized securities depository enterprise.

When printing stocks, such stocks shall be signed or sealed by the directors representing the Company and issued by banks permitted by law to serve as registrars for issues of stocks or bonds.

Article 7 Registration for transfer of shares shall be suspended within sixty days before the date of the annual general meeting of shareholders and within thirty days before the date of the extraordinary general meeting of shareholders, or within five days before the day on which dividends, bonuses, or other benefits are scheduled to be paid by the Company.

Article 8 When issuing new shares, the Company shall prioritize 15% of the total amount of new shares for employee subscription. However, priority subscription by employees shall not apply for new shares, convertible corporate bonds, corporate bonds with warrants, employee stock options or stock options converted as shares for a merger or acquisition.

Article 9 When recruiting technical personnel in response to operational needs, with the consent of the Board, directors may yield part of the employee stock

options to specific candidates to improve corporate operations.

Chapter III Meeting of Shareholders

Article 10 Meetings of shareholders include the annual general meeting (AGM) of shareholders and extraordinary general meeting (EGM) of shareholders. The Board shall convene an AGM by law each year within six months after the end of a fiscal year. EGM may be convened by law as necessary.

The Company may hold the meeting of shareholders through videoconferencing or by other means as announced by the central competent authorities.

Article 11 Shareholders unable to attend a meeting of shareholders for any reason may assign a proxy to represent them and state the scope of authorization in a signed or sealed power of attorney.

Article 12 Each shareholder of the Company is entitled to one vote per share, except for shareholders restricted from voting or having no voting rights as stipulated in Article 179, paragraph 2, of the *Company Act*.

Article 13 Except the *Company Act* otherwise requires, resolutions of the meetings of shareholders shall be made by shareholders representing over one-half of the voting rights in a meeting of shareholders attended by shareholders representing over one-half of the total issued shares.

Chapter IV Board of Directors and Audit Committee

Article 14 The Board of the Company seats five to seven directors. Each director enjoys an office of three

years and is eligible for a second term.

The Company shall reserve a minimum of two of the above seats or one-fifth of all seats for independent directors. Independent directors and non-independent directors shall be elected at the same time, and the seats elect shall be calculated individually.

The candidate nomination system as stipulated in Article 192-1 of the *Company Act* shall apply to the election of both directors and independent directors.

Independent directors may exercise their powers and comply with the requirements as stipulated in the applicable laws and regulations.

The shares held by all directors shall be regulated in accordance with the applicable laws and regulations of the competent authorities.

The Company establishes the Audit Committee with all independent directors in accordance with Article 14-4 of the *Securities and Exchange Act* to carry out the duties of supervisors as stipulated in the *Company Act*, *Securities and Exchange Act*, and other applicable laws and regulations.

Article 14-1 The Board shall hold at least one board meeting each quarter.

When convening a board meeting, the objectives of the meeting shall be stated in the meeting notice delivered to all directors seven days in advance. When there is an emergency, however, extraordinary meetings may be held at any time.

The board meeting notice as stated in the preceding

paragraph may be made in writing, by phone, by fax, or by email.

Article 15 One chairperson shall be elected from among directors with the consent of over one-half of directors in a board meeting attended by over two-thirds of all directors to represent the Company externally. When the chairperson is on leave or unable to exercise his/her powers, the proxy shall be assigned in accordance with Article 208 of the *Company Act*.

Article 16 Unless the *Company Act* otherwise requires, a board meeting shall be convened by the chairperson, and resolutions shall be made with the consent of over one-half of directors in a board meeting attended by over one-half of all directors. Directors unable to attend a board meeting may assign other directors to represent them, provided that the one-for-one principle shall apply.

Article 16-1 The Company shall purchase the director and officer (D&O) liability insurance for the scope of services of each director during his/her office.

Article 17 The Board is authorized to pay the remuneration for directors in accordance with their involvement in and contribution to corporate operations and with reference to the pay standard in the industry, regardless of operating gains or losses. If there is net profit, rewards shall be distributed in accordance with Article 20.

Chapter V Officers

Article 18 The Company shall hire a number of officers whose appointment, dismissal, and remuneration shall be subject to the *Company Act*.

Chapter VI Accounting

Article 19 At the end of each fiscal year, the Board shall produce the following documents and submit them to the AGM for ratification in accordance with the legal procedures:

- (1) Business report
- (2) Financial statements
- (3) Proposal for earnings distribution or loss compensation.

Article 20 After deducting the annual remuneration for employees and directors, the Company shall appropriate a minimum of three percent of net income before tax as rewards for employees and a maximum of five percent as rewards for directors. When there are accumulative deficits, however, the amount for compensation shall first be reserved. The proposal for distribution of rewards for employees and directors shall be approved by resolution of over one-half of directors attending a board meeting attended by over two-thirds of all directors and reported to AGM. The Board shall make a resolution to determine the distribution of rewards for employees either in stock or in cash. The Board shall be authorized to determine the specific requirements for the employees of

controlled companies or subsidiaries to receive the employee reward. The reward for directors shall be distributed in cash only.

Article 20-1 The net profit after tax, if any, after the account is closed and other entries shall be included in the unappropriated earnings of the year and distributed in the following order:

- (1) Compensation for accumulated deficits.
- (2) Appropriation of 10% as the legal reserve (except when the accumulated amount of the legal reserve equals the amount of the paid-in capital).
- (3) Appropriation or reversion of special reserve by law.
- (4) The remaining balance, if any, shall be combined with the accumulated beginning unappropriated earnings for the Board to formulate a proposal for allocation as dividends and submit to the AGM for resolution.

The Company shall authorize the Board to decide on distributing part or all of the dividends and profit sharing in cash using the legal reserve or additional paid-in capital and report to AGM in accordance with Articles 240 and 241 of the Company Act.

The Company's operations are growing steadily, and earnings are distributed primarily in cash dividends. They can also be distributed in stock dividends. However, the proportion of stock dividend distribution shall not exceed 50% of the total amount

of dividends in the year.

Chapter VII Addendum

Article 21 Matters not provided for herein shall be subject to the *Company Act* and the applicable laws and regulations.

Article 22 These Articles of Incorporation were established on October 16, 1986.

The 1st amendment was made on August 30, 1989.

The 2nd amendment was made on June 10, 1990.

The 3rd amendment was made on June 30, 1990.

The 4th amendment was made on May 23, 1991.

The 5th amendment was made on June 10, 1992.

The 6th amendment was made on December 22, 1992.

The 7th amendment was made on July 20, 1993.

The 8th amendment was made on September 2, 1993.

The 9th amendment was made on June 18, 1995.

The 10th amendment was made on October 3, 1995.

The 11th amendment was made on June 30, 1996.

The 12th amendment was made on November 16, 1996.

The 13th amendment was made on April 12, 1997.

The 14th amendment was made on June 6, 1998.

The 15th amendment was made on May 14, 1999.

The 16th amendment was made on April 21, 2000.

The 17th amendment was made on May 25, 2001.

The 18th amendment was made on May 21, 2002.

The 19th amendment was made on June 30, 2004.

The 20th amendment was made on May 18, 2005.

The 21st amendment was made on May 24, 2006.

The 22nd amendment was made on June 15, 2007.

The 23rd amendment was made on June 13, 2008.
The 24th amendment was made on June 16, 2009.
The 25th amendment was made on June 24, 2011.
The 26th amendment was made on June 26, 2014.
The 27th amendment was made on June 3, 2016.
The 28th amendment was made on June 28, 2017.
The 29th amendment was made on June 13, 2019.
The 30th amendment was made on June 10, 2020.
The 31st amendment was made on June 8, 2022.

Appendix 2

Leadtek Research Inc.

Rules of Procedure for Meetings of Shareholders

Passed by the AGM on June 10, 2020

- Article 1 Except the law and/or regulations otherwise required, meetings of shareholders of the Company shall proceed as provided for in the Rules.
- Article 2 “Shareholder” as claimed in the Rules means the shareholder and the proxy he/she delegates to represent him/her in a meeting of shareholders.
- Article 3 When attending a meeting of shareholders, the shareholder or his/her proxy shall complete the sign-in procedure with the check-in pass. The number of shares in attendance shall be calculated according to the shares indicated in the recovered sign-in cards, 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 Company may assign the attorneys-at-law, accountants, or relevant personnel it hires to attend the meeting of shareholders as guests. Staff handling administrative affairs of a meeting of shareholders shall wear identification cards or armbands.
- Article 4 The chair shall immediately call the meeting to order at the designated meeting time when shareholders representing over one-half of the total issued shares are present. If the quorum is not met, the chair may postpone the meeting for not more than two times

with a total of not more than one hour.

If the quorum is still not met after two postponements and the shareholders present in the meeting represent over a third of the total issued shares, the share may make a tentative resolution in accordance with Article 175 of the *Company Act*.

After making the tentative resolution in accordance with the above procedures, if the number of shareholders present in the meeting holding shares reaching one-half of the total issued shares, the chair may refer the tentative resolution to the meeting of shareholders for voting in accordance with Article 174 of the *Company Act*.

Article 5

If a meeting of shareholders is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the meeting of shareholders.

The provisions of the preceding paragraph shall apply *mutatis mutandis* to a meeting of shareholders 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 the completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a

resolution of the meeting of shareholders. If the chair declares the meeting adjourned in violation of the rules of procedure, other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

Except for the situation as stated above, after the meeting of shareholders is adjourned, shareholders shall not elect another meeting chair to continue the meeting at the original or another venue.

Article 6

When a meeting is in progress, the chair may announce a break based on time considerations.

The Company shall record the audio or videotape the meeting of shareholders and retain the tapes for at least one year.

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

The results of the voting shall be announced on-site at the meeting, and a record made of the vote.

If the meeting cannot be completed all at once, a resolution may be adopted in the meeting of shareholders to defer or resume the meeting within five days without further notice or announcement.

Article 7

Before speaking, a shareholder or proxy present in the meeting shall state in the comment slip the subject of comment, his/her shareholder account

number (or attendance card number), and account name. The order of comments will be set by the chair.

A shareholder present in the meeting submitting a comment without making a comment shall be deemed as no comment. If the content of the comment is inconsistent with the subject given in the comment slip, the spoken content shall prevail.

Except with the consent of the chairman and the shareholder speaking, when a shareholder is making a comment, other shareholders shall not disturb the comment. The chair shall stop the disturbance.

Article 8 An amendment to or an alternative for a proposal in the agenda or another proposal made by an extraordinary motion shall be seconded by other shareholders or proxies. The same shall apply to the agenda change and adjournment motion.

Article 9 Except with the consent of the chair, a shareholder or proxy shall not comment on the same proposal more than two times, and a comment shall not exceed five minutes.

The chair may terminate the comment of shareholders making comments against the above rule or in excess of the scope of the proposal.

When a company attends a meeting of shareholders as a proxy, it shall only send one member to the meeting.

When corporate shareholders send two or more representatives to the meeting of shareholders, only one representative shall comment on the same

proposal.

Article 10 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, call for a vote, and schedule sufficient time for voting.

After the comment of a shareholder, the chair may answer the comment in person or designate the relevant personnel to answer the comment.

Article 11 The venue for a meeting of shareholders shall be the premises of the Company or a venue easily accessible by shareholders and suitable for a meeting of shareholders. The meeting shall begin no earlier than 09:00 and no later than 15:00.

Article 12 Unless the *Company Act* or articles of incorporation otherwise require, a proposal shall be approved by over one-half of shareholders representing over one-half of the voting shares present in the meeting. Shareholders of the Company shall enjoy one vote for each share held. When the government or a company is a shareholder, it can be represented by more than one person in a meeting of shareholders. However, the voting rights of these representatives shall still be accounted for by the number of shares held.

When there are two or more representatives representing the government or a company as stated in the preceding paragraph, they shall exercise their voting right together.

When there is an amendment to or an alternative to the same proposal, the chair shall determine the

order of voting alongside the original proposal. When one of them is passed, the rest of them are deemed as vetoed without the need for further voting.

Article 13 When there is an air raid warning during the meeting, the chair shall immediately adjourn or suspend the meeting and evacuate the attendees. The meeting may be continued one hour after the air raid warning is over.

Article 14 Matters not provided for herein shall be subject to the *Company Act* and the applicable laws and regulations.

Article 15 A meeting of shareholding convened by the board of directors shall be chaired by the chairperson of the board. When the chairperson is on leave or unable to attend the meeting for any reason, he/she shall appoint a managing director as his/her proxy. If there is no managing director, one director shall be appointed as the proxy. When no proxy is appointed, managing directors or directors shall elect one of them to chair the meeting.

A meeting of shareholders convened by a person with the power to convene other than the board of directors shall chair the meeting convened. When there are more than one convener, they shall elect one of them as the chair.

Article 16 The chair may direct the proctors (or security personnel) to help maintain order at the meeting venue. Proctors maintaining order at the meeting venue shall wear an armband bearing the word

“Proctor”.

Article 17 Shareholders (or proxies) shall follow the instructions for order maintenance given by the chair, proctors (or security personnel). The chair may direct proctors (or security personnel) to eliminate persons obstructing the proceeding of the meeting.

Article 18 These Rules shall be implemented after the passage in the meeting of shareholders. The same shall apply to the amendments hereto.

Annex 3

Leadtek Research Inc.

Regulations for Directorial Election

June 10, 2020

- Article 1 Unless the *Company Act, Securities and Exchange Act*, and the Company's articles of incorporation otherwise require, the Company's directorial election shall proceed as provided for in the Rules.
- Article 2 The cumulative voting method shall be adopted for the directorial election of the Company. Each share shall have voting rights in number equal to the directors or supervisors to be elected, and may be cast for a single candidate or split among multiple candidates.
- Article 3 The board of directors shall prepare the ballots, indicate the number of attendance cards, and affix the company seal to them.
- Article 4 Before the election begins, the chair shall appoint a number of monitoring and counting personnel to carry out various relevant duties. Monitoring personnel shall also be shareholders.
- Article 5 The board of directors shall prepare the ballot box and have it opened for examination in front of attendees before the vote.
- Article 6 (deleted)
- Article 7 The number of directors shall be subject to the seats as stated in the Company's articles of incorporation. Those receiving ballots representing the highest numbers of voting rights shall be elected sequentially according to their respective numbers of votes. If two or more candidates receive the same number of votes and the number of candidates elect exceeds the of seats as stated in the Company's

articles of incorporation, they shall draw lots to determine the winner, with the chair drawing lots on behalf of those with apologies.

Article 8 Over one-half of directors shall not be under any one of the following circumstances:

1. Spouse.
2. Relatives within the second degree of kinship.

Article 9 Directors elect nonconforming to the restrictions in the preceding article. The one with votes representing lesser voting rights shall be invalidated.

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

1. The ballot was not prepared by a person with the right to convene.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot does not conform to the director candidate list.
5. Other words or marks are entered in addition to the number of voting rights allotted.

Article 11 The voting rights shall be calculated on-site immediately after the end of the poll, and the results of the calculation shall be announced by the chair on-site.

Article 12 These Rules shall be implemented after the passage in the meeting of shareholders. The same shall apply to the amendments hereto.

Appendix 4

Leadtek Research Inc. Stake of Shareholders

By the date (April 11, 2023) of the share transfer suspension, the shareholding of individual and all directors as registered in the list of shareholders is as follows:

Job title	Name	Date of elected	Term of office	Number of shares held at the time of elect		Number of shares held registered in the list of shareholders on the date of share transfer suspension	
				Number of shares	Proportion	Number of shares	Proportion
Chairman	Lu Kun-Shan	June 10, 2020	3 years	390,689	0.73%	222,257	0.37%
Director	Huang Chin-Ming	June 10, 2020	3 years	130,309	0.24%	143,339	0.24%
Director	Hu Chiu-Chiang	June 10, 2020	3 years	261,118	0.49%	287,229	0.49%
Director	Liu Ke-Chi	June 10, 2020	3 years	141,000	0.26%	155,100	0.26%
Independent Director	Ho Yao-Hung	June 10, 2020	3 years	0	0.00%	0	0.00%
Independent Director	Shen An-Shih	June 10, 2020	3 years	0	0.00%	0	0.00%
Independent Director	Liu Cheng	June 10, 2020	3 years	29,789	0.06%	17,367	0.02%
Total number of shares held by all directors				952,905	1.78%	825,292	1.40%

Note 1: The Company paid-in capital is NT\$589,460,310. A total of 58,946,031 shares have been issued.

Note 2: The minimum number of shares to be held by all directors in accordance with Article 26-6, paragraph 6, of the *Securities and Exchange Act* is as follows:

The minimum number of shares to be held by all directors:
4,715,683 shares.

Note 3: The total number of shares held by all directors does not meet the statutory requirement.



LEADTEK

麗臺科技股份有限公司

Leadtek Research Inc.