

Stock Code : 3081



LandMark Optoelectronics Corporation  
2020 Annual Shareholders' Meeting  
Handbook  
(Translation)

Meeting Time: May 20, 2020 (Wednesday) 10:00 a.m.

Venue: No.12, Nanke 2nd Rd., Xinshi Dist., Tainan City

(Southern Taiwan Science Park B104 Conference Room)

**Notice to readers**

*This English version handbook is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.*

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**LandMark Optoelectronics Corporation**  
**Procedure for the 2020 Annual Meeting of Shareholders**

1. Call the Meeting to Order
2. Opening Remarks by the Chairman
3. Report Items
4. Proposed Resolutions
5. Matters for Discussion and Election
6. Extempore Motions
7. Meeting Adjourned

**LandMark Optoelectronics Corporation**  
**Meeting Agenda of the 2020 Annual Meeting of Shareholders**

Time: 10:00 a.m., May 20, 2020 (Wednesday)

Venue: No.12, Nanke 2nd Rd., Xinshi Dist., Tainan City

(Southern Taiwan Science Park B104 Conference Room)

Attendants: All shareholders or their proxy holders

Chairman: Ching Yi Chang, Chairman of the Board of Directors

1. Call the meeting to order (Report on total shares represented by shareholders present in person or by proxy)
2. Opening remarks by the Chairman
3. Report Items:
  - (1) 2019 business report.
  - (2) 2019 Audit Committee's review report.
  - (3) Report on 2019 employees' profit sharing bonus and directors' compensation.
  - (4) Report on the amendment to the "Ethical Corporate Management Best Practice Principles".
  - (5) Report on the amendment to the "Rules of Procedure for Board of Directors Meetings".
4. Proposed Resolutions:
  - (1) Adoption of the 2019 business report and financial statements.
  - (2) Adoption of the proposal for distribution of 2019 profits.
5. Matters for Discussion and Election:
  - (1) Amendment to the company's "Rules of Procedure for Shareholders Meetings".
  - (2) Issuance of the Employee Restricted Stock Awards (RSAs).
  - (3) Election of the 10<sup>th</sup> Board of Directors (including the Independent Directors).
  - (4) Release of non-competition restrictions on new directors and their proxy.
6. Extempore Motions
7. Meeting Adjourned

## **Report Items**

**Item 1:** 2019 business report

**Details:** 2019 business report (please refer to Attachment 1 on page 10-12)

**Item 2:** 2019 Audit Committee's review report

**Details:** Audit Committee's review report (please refer to Attachment 2 on page 13)

**Item 3:** Report on 2019 employee profit sharing bonus and directors' compensation

**Details:** According to Article 20 of the Company's Articles of Incorporation, "If the Company has a profit of the year, it shall distribute 1% of the profits as the directors' compensation and at least 8% of the profits as the employee profit sharing bonus.". 2019 directors' compensation and employees' profit sharing bonus are NT\$5,995,190 (1% of net profit before tax) and NT\$47,961,509 (8% of net profit before tax), respectively. These amounts were approved at the Board of Directors meeting on February. 5, 2020 and are to be distributed in cash.

**Item 4:** Report on the amendment to the "Ethical Corporate Management Best Practice Principles"

**Details:** According to the amended "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" released by the competent authorities, the Company amended its "Ethical Corporate Management Best Practice Principles". The comparison table illustrating the original and amended text of the "Ethical Corporate Management Best Practice Principles" is attached hereto as Attachment 3 on page 14-18.

**Item 5:** Report on the amendment to the "Rules of Procedure for Board of Directors Meetings"

**Details:** In order to conform to the amendments of relevant laws and regulations, the Company amended its "Rules of Procedure for Board of Directors Meetings". The comparison table illustrating the original and amended text of the "Ethical Corporate Management Best Practice Principles" is attached hereto as Attachment 4 on page 19-21.

## **Proposed Resolutions**

**Item 1:** (proposed by the Board of Directors)

**Proposal:** As to the 2019 business report and financial statements, approval is respectfully requested.

**Explanation:**

- I. The Company's 2019 business report and financial statements have been reviewed by the Audit Committee and approved by the Board of Directors. The financial statements have been audited by KPMG Taiwan and an unqualified opinion has been issued.
- II. The 2019 business report, auditors' report and financial statements are attached hereto as Attachment 1 on page 10-12 and Attachment 5 on page 22-28.

**Resolution:**

**Item 2:** (proposed by the Board of Directors)

**Proposal:** As to the proposal for distribution of 2019 profits, approval is respectfully requested.

**Explanation:**

- I. The proposal for distribution of 2019 profits was approved by the Board of Directors on February 5, 2020. Please refer to Attachment 6 on page 29 for the earnings distribution table.
- II. With the distributable net earnings reaching NT\$961,451,625 in 2019, the Company plans to issue NT\$363,730,708 worth of cash dividends which is equivalent to NT\$4 per share to shareholders. Authorize the Board of Directors to determine the cash dividend record date after the proposal is approved by the annual shareholders' meeting.
- III. The cash dividends distributed to each shareholder shall be rounded down to the nearest NT dollar. The amounts under one NT dollar due to the rounding off are summed and recognized as the Company's other income. Before the cash dividend record date, in the event dividend per share is affected by the change in the amount of stocks outstanding, the Board of Directors is authorized to adjust according to the Company Act or relevant laws & regulations.

**Resolution:**

## **Matters for Discussion and Election**

**Item 1:** (proposed by the Board of Directors)

**Proposal:** As to the amendment to the Company's "Rules of Procedure for Shareholders Meetings", discussion is respectfully requested.

**Explanation:** In order to conform to the amendments of relevant laws & regulations, the Company amended its "Rules of Procedure for Shareholders Meetings". The comparison table illustrating the original and amended text of the "Articles of Incorporation" is attached hereto as Attachment 7 on page 30-34.

**Resolution:**

**Item 2:** (proposed by the Board of Directors)

**Proposal:** As to the issuance of the Employee Restricted Stock Awards (RSAs), discussion is respectfully requested.

**Explanation:**

- I. To reward outstanding employees, retain professional talents as needed and motivate fellow employees to attain the Company's operational goals in a joint endeavor, the Company plans to issue the Employee Restricted Stock Awards (RSAs) pursuant to relevant laws & regulations such as Article 267 of the Company Act, the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" (hereinafter referred to as "Offering and Issuance Regulations"), etc.
- II. Requirements for this issuance of the Employee Restricted Stock Awards (RSAs) are as follows:
  - (1) The reason why it is necessary to issue restricted stocks for employees: To attract and retain professional talents, provide incentive to employees and enhance employee commitment, so as to jointly create benefit to the company and its shareholders. And to ensure the conformation of the interests of employees and shareholders.
  - (2) Qualification requirements for employees and the number of shares granted or subscribed:
    - (2.1) In order to ensure the rights of shareholders, the Company prudently manages the reward plan. This plan is applicable to full-time employee of the company on the grant date, have to meet certain performance requirements and will also be limited to employees who are: (a) highly

relevant to the future strategy and development of the company, (b)critical to the company's business operation, (c)key technical talent, etc.

- (2.2)The number of granted shares shall be determined by seniority, position, performance, overall contribution, special contribution and other meaningful factors in management and is drawn up by the Chairman who will submit it to the Board of Directors for approval. However, as to employees who are also managers or Directors of the Board, their number of granted shares should be submit to the Remuneration Committee for approval first.
- (2.3)As to the individuals who own more than 10% of the company's total common shares, they are not qualified for this RSAs plan. As to the members of the Remuneration Committee and the Directors of the Board who are not the company's employee, they are not qualified for this RSAs plan.
- (2.4)The number of granted shares to each employee shall follow the "Offering and Issuance Regulations".
- (3) Expected total amount (share) of issuance: A total of 450,000 share of common stocks with a face value of NT\$ 10 per share. The total amount of the issuance is NT\$ 4,500,000.
- (4) Expected issue price: NT\$ 44.7 per share which is reported in the financial reports for the year 2019, audited and attested by a CPA.
- (5) Terms and conditions of issuance:

(5.1)Vesting Conditions:

Employee's continuous employment with the company through the vesting dates since the grant date. No violation on any terms of the company's employment agreement, employee handbook, non-compete, non-disclosure and other agreement and achievement of both personal performance criterion and the company's operation objectives set by the company during the vesting period are required to receive the vested shares. The portions of the vesting shares are: 1st anniversary of employee's continuous employment since the grant date 50% (2021). 2nd anniversary of employee's continuous employment since the grant date 50% (2022).

The employee personal performance must be at least S (inclusive). To



determine the achievement of the company's operation objectives, four indexes (Revenue, Gross Margin, Operating Margin and Operating Margin (%)) and their respective targets A and B achievement levels are set up below. The index will be deemed achieved when either target A or B is achieved. The number of indexes meeting the target and the achievement levels shall be determined based on the financial statements certified by a CPA for the most recent fiscal year prior to the end of each vesting period. The actual number of vesting shares is determined by referencing the achievement of the four indexes and will be specified in the respective agreements of the employees.

Business Indexes	Target A	Target B
Revenue(\$)	5% or above growth comparing to the previous year	Growth comparing to the average of previous three years
Gross Margin(%)	1.5% or above growth comparing to the previous year	Growth comparing to the average of previous three years
Operating Profit(\$)	5% or above growth comparing to the previous year	Growth comparing to the average of previous three years
Operating Profit Margin (%)	2% or above growth comparing to the previous year	Growth comparing to the average of previous three years

(5.2) Measures to be taken when employees fail to meet the vesting conditions or in the event of inheritance: As the vesting conditions of restricted employee shares have not been met by the intended employee, the company redeemed issuance to such employee and will cancel shares in accordance with issuance rules.

(6) Calculated expense amount:

The Company shall calculate the fair market value of the stock on the grant date (issue date) and shall recognize relevant expenses over the vesting period. The expected total amount of issuance of the RSAs is 450,000 shares. If all the vesting conditions are met, based on the average closing price of NT\$ 282 for the 30 business days before January 16, 2020 (inclusive), the yearly amortization expense for 2020, 2021, and 2022 is estimated to be NT\$ 17,797 thousand, NT\$ 53,393 thousand, and NT\$ 35,595 thousand respectively with the total amounts of NT\$ 106,785 thousand.

(7) Dilution of EPS and other factors affecting shareholder's equity:

The amount of the annual recognition expense is calculated based on the

number of issued shares, the yearly dilution of the company's EPS for 2020, 2021, and 2022 is estimated to be approximately NT\$0.20, NT\$0.59, and NT\$0.39 respectively. There is no significant impact on shareholders' equity.

(8) Restricted rights before employees meet the vesting conditions:

(8.1) All of the granted shares to the employees shall, before the vesting conditions have been met, be put in the custody of the trust institution designated by the company and not be sold, pledged, transferred, given, encumbered, or disposed otherwise.

(8.2) All the attending rights, proposal rights, speech rights, voting rights and any other shareholder rights of the granted shares shall be exercised by the trustee according to the custody agreement.

(8.3) During the vesting period, the rights and obligations of the granted shares such as to participate in stock and cash dividend distribution and to subscribe to seasoned equity offerings is the same as the common shares issued by the company. As to the rights and interests obtained through the channels mentioned above, except the cash dividend which is not limited by the vesting conditions and the trustee should return it to the accounts designated by the employees within 5 working days since the cash dividend is received, other rights and interests obtained shall all be put in the custody of the trustee before the vesting conditions are met.

III. If some revision or adjustment has to be made due to the competent authority's instruction, amendment to the laws and regulations or other objective circumstances, it is proposed that the General Shareholders' Meeting authorizes the Board of Directors with full power and authority to handle all the issues regarding the issuance of the Employee Restricted Stock Awards.

**Resolution:**

**Item 3:** (proposed by the Board of Directors )

**Proposal:** As to the election of the 10th Board of Directors (incl. Independent Directors), election is respectfully requested.

**Explanation:**

- I. The term of the 9<sup>th</sup> Board of Directors will expire on May 3, 2020, and the election of the new directors is proposed to be held at the general shareholders' meeting.
- II. As per Article 13 of the Articles of Incorporation of the Company, 7 directors are expected to be elected (incl. 3 Independent Directors). The new directors shall

assume office on the date they are elected, with a term of 3 years from May 20, 2020 to May 19, 2023.

- III. A nomination system is adopted in the election of Company directors, and shareholders shall elect directors from the nominees listed in the roster of director candidates. The education, experience and other relevant information of the candidates are shown in Attachment 8 on page 35-36.
- IV. The election shall be held in accordance with the "Rules for Election of Directors" which is shown in Appendix 5 on page 71-75.

**Resolution:**

**Item 4:** (proposed by the Board of Directors)

**Proposal:** As to the release of non-competition restrictions on new directors and their proxy, discussion is respectfully requested.

**Explanation:**

- I. As per 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. For Company directors with investment or management activities in other companies with the same or similar scope of business as the Company, see Attachment 9 on page 37. The release of non-competition restrictions on new directors and their proxy is proposed to be approved at the shareholders' general meeting.

**Resolution:**

**Extempore Motions**

**Meeting Adjourned**

## 2019 Business Report

### Business Report

Attachment 1

In 2019, the demand for the various products of the Company experienced growth and decline in different applications. In the first half of 2019, products for telecom relevant applications experienced a YOY decrease in shipment due to the maturity of the development of global telecommunication 4G facilities and the development of 5G infrastructure was just in the initial phase. In the second half of 2019, as more and more 5G infrastructure development began, it has brought back the demand in this sector. In contrast, there has been consistent demand for data center and silicon photonics products which benefited from the continuous equipment upgrades and augmentation of global data centers.

In 2019, the Company was recognized among the top 5% of listed companies in the Corporate Governance Evaluation System, which provided not only an encouragement but also a spur to us since business operation might adapt itself to economic cycle but corporate governance has a permanent role in enterprise management. Since 2019, the Company has begun to issue CSR report publicly disclosing its management system and performance in relation to the economy, environment and society. At the end of 2019, the Company established the “Corporate Sustainability Committee” to assist the Board of Directors in fulfilling corporate social responsibilities and sustainable development goals.

The 2019 operation and 2020 prospects are as follows:

#### **2019 Operation**

The operating revenue of the Company in 2019 was NT\$ 2.136 billion, a 9.56% decline from the previous year. Net profit was NT\$ 534 million, net profit after tax was NT\$ 450 million and EPS was NT\$ 4.97.

A. Below is a comparison of the operation between 2019 and the previous year:

		Unit: NT\$ in Thousands	
Item		2019	2018
Operating Results	Operating Revenue	2,136,270	2,362,205
	Gross Profit	1,027,307	1,275,861
	Net Profit	534,006	842,451
	Net Profit after tax	450,150	696,822
Profitability	ROA (%)	9.78%	16.40%
	ROE (%)	11.12%	17.97%
	Operating Income/Capital (%)	58.71%	92.60%
	Pretax Income/Capital (%)	59.22%	96.70%
	Net Profit Margin (%)	21.07%	29.50%
	EPS (NT\$)	4.97	7.71

## B. R&D conditions

In 2019, the R&D expenditure was NT\$ 329 million, which was a 12% increase from the previous year. In order to drive constant growth, the Company has actively researched and developed epitaxial products used in devices with a high speed over 25G, data center and relevant 5G applications. The Company also co-developed products applied in industrial, 3D sensing, etc. with the customers.

## **2020 Operational Plan Summary and Future Development Strategies**

### I. To maintain leading technology in the industry

Continuous investment in the resources and expenditure for the technology R&D have always been the Company's strategy since long time ago. In the future, the major application trend of life and technology would be with respect to cloud computing, artificial intelligence (AI), internet of things (IoT), 5<sup>th</sup> generation communications (5G) and automotive electronics, whose applications demand large quantities of laser chips. The Company will also proactively focus on the market change and technologies needed based on these emerging demands and invest R&D resources to maintain leading technology in the industry.

### II. To maintain the advantage in process integration and mass production

In terms of manufacturing management, the Company continues to optimize its processes to enhance the management of quality, yield and scheduling. We also assist clients in developing new products as well as adding various FEOL processes and multiple epitaxial growth technologies to enable clients to drastically minimize their development timeline and to take preemptive opportunities to introduce products to the market. In addition, the Company's semiconductor fabrication plant FAB 2, newly built in Southern Taiwan Science Park, was officially opened in Q4 2019. The estimated manufacturing scale and production capacity of FAB 2 is twice more than that of FAB 1. We could now expand equipment promptly based on the market and business scale to meet customer demand.

### III. To expand the number of clients

The Company has assisted clients in increasing their shipment scale and grown with them by providing high-quality and competitive products as well as just-in-time delivery. In recent years, the Company has established joint technology R&D partnership with several globally renowned clients. We will continue to increase the number of customer and expand revenue scale by building win-win, long-term and stable partnership with our clients.

## **Effects of external competition, laws & regulations, and overall business environment**

The rapid-changing situation of external economic and political circumstances, the ups and downs in industry supply & demand, and trade conflicts among other nations directly or indirectly affect the Company's business. Except to respond assiduously and carefully, the Company must also proactively seek innovation and transformation to maintain its leading position in the market. In addition, the compliance to relevant laws & regulations, the reinforcement of the control over the risk management with respect to trade secret and information security should be implemented.

In terms of the implementation of Corporate Social Responsibilities (CSR), the Company continues to promote the performance of environmental protection and workplace safety, while advocating energy conservation, water conservation, carbon emission and waste reduction as well as voluntary compliance with the Responsible Business Alliance (RBA) Code of Conduct. Moreover, it values talents and is committed to providing a positive work environment for employees through elaborate staff training and learning plans along with various types of group activities and employee care. The Company aims to enhance employee happiness and satisfaction, and establish team cohesion with fellow workers in order to build an ideal work environment and become one of the best companies to work for.

Lastly, we would like to once again express our gratitude to all shareholders on behalf of the Company's management and staff for your valuable support and encouragement. We will continue to endeavor to do our job in the hope of bringing growth and profit to all our shareholders.

Chairman: *Ching Yi Chang*    General Manager: *Roger Lo*    CFO: *Jerry Yang*

## **Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2019 Business Report, Financial Statements and proposal for allocation of earnings. The CPA firm of KPMG was retained to audit LandMark Optoelectronics Corporation's Financial Statements and has issued an audit reports with unqualified opinion relating to the Financial Statements.

The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of LandMark Optoelectronics Corporation. According to relevant Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

LandMark Optoelectronics Corporation 2020 Annual Shareholders' Meeting

Chair of the Audit Committee: *James Wang*  
February 5, 2020

Comparison Table Illustrating the Original and Amended Text of the  
“Ethical Corporate Management Best Practice Principles”

Amended version	Original version	Description
<p>Article 7: (Scope of Prevention Programs)</p> <p>The Company shall <u>establish a risk assessment mechanism against unethical conduct</u>, analyze and assess <u>on a regular basis</u> business activities within their business scope which are at a higher risk of being involved in unethical conduct, <u>and establish</u> prevention programs accordingly <u>and review their adequacy and effectiveness on a regular basis</u>.</p> <p><u>It is advisable for the Company to refer to prevailing domestic and foreign standards or guidelines in establishing the prevention programs, which</u> shall at least include preventive measures against the following: (Subparagraphs 1 to 7 are omitted)</p>	<p>Article 7: (Scope of Prevention Programs)</p> <p><del>In the course of developing the prevention programs,</del> the Company shall analyze and assess business activities within their business scope which are at a higher risk of being involved in unethical conduct <del>and reinforce relevant</del> prevention programs accordingly.</p> <p>The prevention programs adopted by the Company shall at least include preventive measures against the following:</p> <p>(Subparagraphs 1 to 7 are omitted)</p>	<p>The amendment has taken reference from Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” on risk assessments on bribery and assessment on adequacy and effectiveness on a regular basis, establishment of categories for assessing bribery risk level, with reference to prevailing domestic and foreign standards or guidelines in establishing the prevention programs.</p>
<p>Article 8: (Commitment and Carry-Out)</p> <p><u>The Company shall request their directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.</u></p> <p>The Company shall clearly specify in the rules, external documents and <u>on the company website the ethical corporate management policies</u> and the commitment by the board of directors and <u>senior</u> management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</p>	<p>Article 8: (Commitment and Carry-Out)</p> <p>The Company shall clearly specify in the rules <del>and</del> external documents and the commitment by the board of directors and management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</p>	<p>1. The amendment to paragraph 1 has taken reference from Article 8 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” on requesting directors and senior management to issue a statement of compliance with anti-bribery policy, and requirement in the terms of employment which shall include and emphasize ethical management terms.</p> <p>2. The existing contents to the Article is moved to paragraph 2; as per Article 4-1 of the Taipei Exchange “Rules</p>



Amended version	Original version	Description
<p><a href="#">The Company shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.</a></p>		<p>Governing Information Reporting by Companies with TPEX Listed Securities” that “A TPEX listed company shall establish a company website”, hence, the company website specifying the ethic management policies and commitment by the board of directors and senior management on rigorous and thorough implementation of such policies is made.</p> <p>3. The amendment to paragraph 3 has taken reference from Article 8 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” for revisions to that documented information on the business’ anti-bribery management mechanism policy, process and implementation and proper retaining shall be made.</p>
<p>Article 17: (Organization and Responsibilities) (1<sup>st</sup> paragraph is omitted) To achieve sound ethical corporate management, the Company’s Audit Office shall be in charge of the following matters, and shall report to the board of directors on a regular basis <a href="#">(at least once a year)</a>: (Item 1 is omitted) 2. <a href="#">Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope.</a> adopting accordingly programs to prevent unethical</p>	<p>Article 17: (Organization and Responsibilities) (1<sup>st</sup> paragraph is omitted) To achieve sound ethical corporate management, the Company’s Audit Office shall be in charge of the following matters, <del>and</del> shall report to the board of directors on a regular basis: (Item 1 is omitted) 2. Adopting accordingly programs to prevent unethical conduct, <del>and</del> setting out in each program the standard operating procedures and conduct guidelines with respect to the</p>	<p>1. The amendment to paragraph 2 has taken reference from Article 17 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” on frequencies of anti-bribery unit reporting to the Board of Directors at least once per year.</p> <p>2. Following revision to Article 7, paragraph 1 hereof, paragraph 2, item 2 on main affairs for ethical management</p>

Amended version	Original version	Description
conduct, <a href="#">and</a> setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business. (Items 3 to 6 is omitted)	company's operations and business.  (Items 3 to 6 is omitted)	unit including analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, with relevant words adjusted.
Article 20 (Accounting and Internal Control) (1 <sup>st</sup> paragraph is omitted) The internal audit unit of the Company shall, <a href="#">based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans, including auditees, audit scope, audit items, audit frequency, etc., and</a> examine <a href="#">accordingly</a> the compliance with the prevention programs. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary. <a href="#">The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the board of directors.</a>	Article 20 (Accounting and Internal Control) (1 <sup>st</sup> paragraph is omitted) The internal audit unit of the Company shall <a href="#">periodically</a> examine the compliance with the programs <a href="#">mentioned in the previous paragraph and create an audit report for submission to audit committee and Board of Directors</a> . The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.	1. The amendment to paragraph 2 has taken reference from Article 20 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” on internal audit of anti-bribery management system. 2. The addition of paragraph 3 has taken reference from Article 20 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” on revisions ensuring the examination result is reported personnel of anti-bribery management system, senior management and is submitted to the board of directors.
Article 23: (Whistle Blowing System) The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following: (Subparagraph 1 is omitted) 2. Dedicated personnel or unit appointed to handle the whistle-blowing system. Any tip involving a director or senior <a href="#">management</a> shall be	Article 23: (Whistle Blowing System) The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following: (Subparagraph 1 is omitted) 2. Dedicated personnel or unit appointed to handle the whistle-blowing system. Any tip involving a director or senior <a href="#">management</a> shall be	1. The amendment to paragraph 1, subparagraph 3 has taken reference from Article 23 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” on adequate follow-up actions after the organization has completed investigations on

Amended version	Original version	Description
<p>reported to the independent directors or supervisors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</p> <p>3. <u>Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.</u></p> <p>4. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.</p> <p>5. Confidentiality of the identity of whistle-blowers and the content of reported cases, <u>and an undertaking regarding anonymous reporting.</u></p> <p>6. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</p> <p>7. Whistle-blowing incentive measures. (Paragraph 2 is omitted)</p>	<p>reported to the independent directors or supervisors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</p> <p><del>3.</del> Documentation of case acceptance, investigation processes, investigation results, and relevant documents.</p> <p><del>4.</del> Confidentiality of the identity of whistle-blowers and the content of reported cases.</p> <p><del>5.</del> Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</p> <p><del>6.</del> Whistle-blowing incentive measures. (Paragraph 2 is omitted)</p>	<p>bribery affairs, and subparagraphs 3 to 6 of paragraph 1 are moved to subparagraphs 4 to 7.</p> <p>2. The amendment to paragraph 1, subparagraph 5 has taken reference from Article 23 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” on permission to anonymous reporting.</p>
<p>Article 27 (Adoption) The adoption and amendment shall be implemented after the Company’s board of directors grants the approval, and shall be reported at a shareholders’ meeting. The same procedure shall be followed when the principles have been amended. The Company’s <del>s</del> ethical corporate management best practice principles <u>shall be approved by one half or more of entire membership in the audit committee and proposed to the Board of Directors for</u></p>	<p>Article 27 (Adoption) The adoption and amendment shall be implemented after the Company’s board of directors grants the approval, and shall be reported at a shareholders’ meeting. The same procedure shall be followed when the principles have been amended. <del>Where independent directors are appointed, when</del> the Company <del>submits its</del> ethical corporate management best practice principles <del>to the board of directors for discussion pursuant to the preceding</del></p>	<p>1. The Company has established an audit committee which exercises the duties as supervisor; hence a discretionary revision to contents of the article hereof is made.</p> <p>2. Amendment date added.</p>

Amended version	Original version	Description
<p><u>resolution; any matter that has not been approved by one half or more of the entire membership of the Committee may be adopted with the approval of two thirds or more of the entire board of directors and the resolution by the audit committee shall be stated</u> in the minutes of the board of directors meeting.</p> <p>These Principles were adopted on December 23, 2014  <u>These Principles were amended on July 30, 2019</u></p>	<p><del>paragraph, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified</del> in the minutes of the board of directors meeting.</p> <p>These Principles were adopted on December 23, 2014</p>	

Comparison Table Illustrating the Original and Amended Text of the  
“Rules of Procedure for Board of Directors Meetings”

Amended version	Original version	Description
<p>Article 7</p> <p><u>Where</u> board meetings <u>are</u> convened by the chairperson, it shall be chaired by the chairperson of the board. However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the director that received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if two or more directors are so entitled to convene the meeting, they shall select from among themselves one director to serve as chair.</p> <p><u>Where a majority or more directors convene a meeting on their own pursuant to Article 203, paragraph 4 or Article 203-1, paragraph 3, the chairman of the meeting shall be elected from among themselves.</u></p> <p>When the chairperson of the board is on leave or for any reason unable to exercise the powers of chairperson, the chairperson shall appoint one of the directors to act. If no such designation is made by the chairperson, the directors shall select one person from among themselves to serve as chair.</p>	<p>Article 7</p> <p>Board meetings <del>shall be</del> convened and chaired by the chairperson of the board. However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the director that received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if two or more directors are so entitled to convene the meeting, they shall select from among themselves one director to serve as chair.</p> <p>When the chairperson of the board is on leave or for any reason unable to exercise the powers of chairperson, the chairperson shall appoint one of the directors to act. If no such designation is made by the chairperson, the directors shall select one person from among themselves to serve as chair.</p>	<ol style="list-style-type: none"> <li>1. A discretionary amendment is made to paragraph 1.</li> <li>2. Paragraph 2 of the article hereof is amended following the amendment to Company Act on Article 203, paragraph 4 that each board of directors meeting may be convened by a majority or more directors on their own, and on Article 203-1, paragraph 3 that a board of directors meeting may be convened by a majority or more of directors on their own.</li> </ol>
<p>Article 15</p> <p>If a director or a juristic person that the director represents is an interested party in relation to an agenda item, <u>the director shall state the important aspects of the interested party relationship at the respective meeting.</u> When the relationship is likely to prejudice the interest</p>	<p>Article 15</p> <p>If a director or a juristic person that the director represents is an interested party in relation to an agenda item <del>and</del> the relationship is likely to prejudice the interest of the Company, that director <del>may give his opinions and answer questions but</del> may not participate in</p>	<ol style="list-style-type: none"> <li>1. Revised following the amendments to Article 16 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.</li> <li>2. Second paragraph is added following the</li> </ol>

Amended version	Original version	Description
<p>of the Company, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.</p> <p><u>For the items the director is an interest party mentioned in the preceding paragraph, the spouse or kin within second degree of kinship or companies having controlling and subordinate relation to the director will be considered interested parties to the item.</u></p> <p>Where a director is prohibited by the preceding paragraph from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, paragraph 2 of the Company Act apply mutatis mutandis in accordance with Article 206, paragraph 4 of the same Act.</p>	<p>discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.</p> <p>Where a director is prohibited by the preceding paragraph from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, paragraph 2 of the Company Act apply mutatis mutandis in accordance with Article 206, paragraph 3 of the same Act.</p>	<p>amendment to Article 206, paragraph 3 of the Company Act.</p> <p>3. The third paragraph is revised following the amendment to Article 206, paragraph 3 moving to paragraph 4.</p>
<p>Article 16</p> <p>Discussions at a board meeting shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below:</p> <p>(Subparagraphs 1-6 are omitted)</p> <p>7. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, supervisors, experts, or other persons; <u>the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter</u></p>	<p>Article 16</p> <p>Discussions at a board meeting shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below:</p> <p>(Subparagraphs 1-6 are omitted)</p> <p>7. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, supervisors, experts, or other persons; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Article 12, paragraph 4.</p>	<p>Revised following amendments to Article 17 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.</p>



Amended version	Original version	Description
<p><a href="#">recusal, and the status of their recusal</a>; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Article 12, paragraph 4.</p> <p>8. Extraordinary motions: The name of the mover, the method of resolution and the result, a summary of the comments of any director, supervisor, expert, or other person; <a href="#">the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal</a>; and their objections or reservations and any recorded or written statements.</p>	<p>8. Extraordinary motions: The name of the mover, the method of resolution and the result, a summary of the comments of any director, supervisor, expert, or other person; and their objections or reservations and any recorded or written statements.</p>	
<p>Article 17 With the exception of matters required to be discussed at a board meeting under Article 12, paragraph 1, when the board of directors appoints a party to exercise the powers of the board in accordance with applicable laws and regulations or the Company's articles of incorporation, such delegation and the content <a href="#">are as follows</a>:</p> <p><a href="#">1. Based on management authorization chart,</a></p> <p><a href="#">2. Based on management rules, system and regulations.</a></p> <p><a href="#">3. Record date of Increase or decrease of the amount of capital stock, and recognition of record date of the cash dividend distribution.</a></p> <p><a href="#">4. Appointment of directors and supervisors to the re-investment companies</a></p>	<p>Article 17 With the exception of matters required to be discussed at a board meeting under Article 12, paragraph 1, when the board of directors appoints a party to exercise the powers of the board in accordance with applicable laws and regulations or the Company's articles of incorporation, <del>the levels of such delegation and the content of matters it covers shall be definite and specific and blanket license is allowed, in addition, any matters involving material benefits of the Company shall be resolved by the Board of Directors.</del></p>	<p>The following amendments to Article 8 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.</p>

## Independent Auditors' Report

To the Board of Directors of LandMark Optoelectronics Corporation:

### Opinion

We have audited the financial statements of LandMark Optoelectronics Corporation (“the Company”), which comprise the balance sheets as of December 31, 2019 and 2018, the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2019 and 2018, 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 at December 31, 2019 and 2018, and its financial performance and its cash flows for the years ended December 31, 2019 and 2018 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 Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in 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 Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Emphasis of Matter

As stated in Note 3(a), the Company initially adopt the IFRS 16, “Leases” on January 1, 2019 and apply the modified retrospective approach, with no restatement of comparative period amounts. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. The matter was 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 the matter.

#### Valuation of inventories

Please refer to Note 4(g) “Inventories”, Note 5 “Significant accounting assumptions and judgments, and major sources of estimation uncertainty,” and Note 6(C) “Inventories” of the financial statements.

#### Description of key audit matter:

The inventories of the Company are measured at the lower of cost and net realizable value. Since the technology



in the optoelectronic industry changes rapidly, the old models may quickly be replaced by new ones, resulting in a risk wherein the carrying value of inventories may exceed its net realizable value. Therefore, we determined that the assessment of the valuation of inventories was a key audit matter.

How the matter was addressed in our audit:

- Inspected the inventory aging report and analyzed the trends of inventory aging.
- Evaluated the rationality of the Company's accounting policies, such as the policy of provision for inventory valuation and obsolescence.
- Understood whether the valuation of inventory was performed in accordance with the Company's policy.
- Assessed the provision for inventory valuation and obsolescence by categorizing the inventories, including sampling and inspecting the accuracy of the inventory aging report and net realizable value of inventories.
- Performed a retrospective review to comparatively analyze the historical accuracy of judgments with reference to actual disposal to assess the rationality of the judgments and assumptions of the current period.
- Assessed whether the disclosure of provision for inventory valuation and obsolescence was appropriate.

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

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

In preparing the financial statements, management is responsible for assessing the 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 the Audit Committee) are responsible for overseeing the Company's financial reporting process.

### **Auditor's 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 auditing standards generally accepted in 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

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 auditor's 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.

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 Hui Yuan Chen and Chen Lung Hsu.

KPMG

Tainan, Taiwan (the Republic of China)  
February 5, 2020

#### **Notes to Readers**

The accompanying financial statements are intended only to present the statement of financial position, financial performance and 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 financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
**LANDMARK OPTOELECTRONICS CORPORATION**

**Balance Sheets**

**December 31, 2019 and 2018**

(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2019</u>		<u>December 31, 2018</u>				<u>December 31, 2019</u>		<u>December 31, 2018</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>			<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Assets</b>						<b>Liabilities and Equity</b>					
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(a))	\$ 1,340,648	29	2,048,546	47	2130	Current contract liabilities (note 6(n))	10,734	1	5,079	-
1150	Notes receivable, net (note 6(b))	-	-	178	-	2150	Notes payable	562	-	540	-
1170	Trade receivables, net (notes 6(b)(n))	429,662	9	495,263	11	2170	Trade payables	90,583	2	56,146	1
1310	Inventories(note 6(c))	192,527	4	250,940	6	2200	Other payables (note 6(i))	332,767	7	234,703	5
1410	Prepayments	8,757	-	5,698	-	2230	Current tax liabilities	4,889	-	116,376	3
1470	Other current assets	9,988	-	14,392	-	2280	Current lease liabilities (notes 3(a) and 6(h))	7,667	-	-	-
1476	Other financial assets—current (note 8)	<u>2,651</u>	-	<u>9,397</u>	-	2300	Other current liabilities	<u>1,056</u>	-	<u>866</u>	-
		<u>1,984,233</u>	<u>42</u>	<u>2,824,414</u>	<u>64</u>			<u>448,258</u>	<u>10</u>	<u>413,710</u>	<u>9</u>
<b>Non-current assets:</b>						<b>Non-Current liabilities:</b>					
1600	Property, plant and equipment (notes 6(d) and 9)	2,474,242	51	1,560,680	35	2580	Non-current lease liabilities (notes 3(a) and 6(h))	312,348	6	-	-
1755	Right-of-use assets (notes 3(a) and 6(e))	318,047	7	-	-	2640	Net defined benefit liability—non-current(notes 6(i))	<u>3,423</u>	-	<u>3,429</u>	-
1780	Intangible assets (note 6(f))	11,238	-	12,197	-			<u>315,771</u>	<u>6</u>	<u>3,429</u>	-
1840	Deferred tax assets (note 6(j))	22,862	-	16,863	-		<b>Total liabilities</b>	<u>764,029</u>	<u>16</u>	<u>417,139</u>	<u>9</u>
1980	Other financial assets—non-current (note 8)	12,564	-	13,034	-		<b>Equity attributable to owners of the company (notes 6(j)(k)(l)):</b>				
1900	Other non-current assets (notes 6(g) and 9)	<u>7,314</u>	-	<u>22,875</u>	<u>1</u>	3110	Capital stock	<u>909,512</u>	<u>19</u>	<u>909,802</u>	<u>20</u>
		<u>2,846,267</u>	<u>58</u>	<u>1,625,649</u>	<u>36</u>	3200	Capital surplus	<u>1,743,559</u>	<u>36</u>	<u>1,743,269</u>	<u>39</u>
							Retained earnings:				
						3310	Legal reserve	477,581	10	407,899	10
						3350	Unappropriated earnings	<u>961,452</u>	<u>20</u>	<u>1,036,037</u>	<u>23</u>
								<u>1,439,033</u>	<u>30</u>	<u>1,443,936</u>	<u>33</u>
						3491	Deferred compensation cost arising from issuance of restricted stock	<u>(25,633)</u>	<u>(1)</u>	<u>(64,083)</u>	<u>(1)</u>
							<b>Total equity</b>	<u>4,066,471</u>	<u>84</u>	<u>4,032,924</u>	<u>91</u>
<b>Total assets</b>		<u>\$ 4,830,500</u>	<u>100</u>	<u>4,450,063</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 4,830,500</u>	<u>100</u>	<u>4,450,063</u>	<u>100</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
**LANDMARK OPTOELECTRONICS CORPORATION**

**Statements of Comprehensive Income**

**For the years ended December 31, 2019 and 2018**

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

		<b>2019</b>		<b>2018</b>	
		<u><b>Amount</b></u>	<u><b>%</b></u>	<u><b>Amount</b></u>	<u><b>%</b></u>
4100	<b>Operating revenue (note 6(n))</b>	2,136,270	100	2,362,205	100
5000	<b>Operating costs (notes 6(c)(h)(i)(l)(o), 7 and 12)</b>	<u>1,108,963</u>	<u>52</u>	<u>1,086,344</u>	<u>46</u>
5900	<b>Gross profit</b>	<u>1,027,307</u>	<u>48</u>	<u>1,275,861</u>	<u>54</u>
6000	<b>Operating expenses (notes 6(b)(h)(i)(l)(o), 7 and 12):</b>				
6100	Selling and marketing expenses	65,100	3	46,908	2
6200	General and administrative expenses	98,755	5	93,283	4
6300	Research and development expenses	<u>329,446</u>	<u>15</u>	<u>293,219</u>	<u>12</u>
		<u>493,301</u>	<u>23</u>	<u>433,410</u>	<u>18</u>
6900	<b>Operating income</b>	<u>534,006</u>	<u>25</u>	<u>842,451</u>	<u>36</u>
7000	<b>Non-operating income and expenses (notes 6(h)(p)):</b>				
7100	Interest income	12,244	-	16,452	-
7020	Other gains and losses	(3,270)	-	20,919	1
7050	Finance costs	<u>(4,359)</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>4,615</u>	<u>-</u>	<u>37,371</u>	<u>1</u>
7900	<b>Profit before income tax</b>	538,621	25	879,822	37
7950	<b>Income tax expenses (notes 6(j))</b>	<u>88,471</u>	<u>4</u>	<u>183,000</u>	<u>8</u>
8200	<b>Net profit</b>	<u>450,150</u>	<u>21</u>	<u>696,822</u>	<u>29</u>
8300	<b>Other comprehensive income (notes 6(i)(j)):</b>				
8310	<b>Item that will not be reclassified subsequently to profit or loss:</b>				
8311	Remeasurements of the defined benefit plans	(265)	-	(266)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>53</u>	<u>-</u>	<u>101</u>	<u>-</u>
8300	<b>Other comprehensive income (after tax)</b>	<u>(212)</u>	<u>-</u>	<u>(165)</u>	<u>-</u>
8500	<b>Total comprehensive income</b>	<u><u>\$ 449,938</u></u>	<u><u>21</u></u>	<u><u>696,657</u></u>	<u><u>29</u></u>
	<b>Earnings per share (in dollars), after tax (note 6(m))</b>				
9750	<b>Basic earnings per share</b>	<u><u>\$ 4.97</u></u>		<u><u>7.71</u></u>	
9850	<b>Diluted earnings per share</b>	<u><u>\$ 4.94</u></u>		<u><u>7.66</u></u>	

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
**LANDMARK OPTOELECTRONICS CORPORATION**

**Statements of Changes in Equity**  
**For the years ended December 31, 2019 and 2018**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Capital stock	Capital surplus	Retained earnings		Deferred compensation cost	Total equity
			Legal reserve	Unappropriated earnings		
<b>Balance at January 1, 2018</b>	\$ 905,732	1,655,253	342,342	857,797	(39,928)	3,721,196
Net Profit	-	-	-	696,822	-	696,822
Other comprehensive income	-	-	-	(165)	-	(165)
Total comprehensive income	-	-	-	696,657	-	696,657
Appropriation of 2017 earnings in 2018:						
Legal reserve	-	-	65,557	(65,557)	-	-
Cash dividends	-	-	-	(452,860)	-	(452,860)
Expired restricted stock related liabilities transferred to capital surplus	-	103	-	-	-	103
Share-based payments transaction-restricted stock	4,080	87,903	-	-	(76,899)	15,084
Restricted stock repurchased and retired	(10)	10	-	-	-	-
Compensation cost arising from restricted stock	-	-	-	-	52,744	52,744
<b>Balance at December 31, 2018</b>	<b>909,802</b>	<b>1,743,269</b>	<b>407,899</b>	<b>1,036,037</b>	<b>(64,083)</b>	<b>4,032,924</b>
Net Profit	-	-	-	450,150	-	450,150
Other comprehensive income	-	-	-	(212)	-	(212)
Total comprehensive income	-	-	-	449,938	-	449,938
Appropriation of 2018 earnings in 2019:						
Legal reserve	-	-	69,682	(69,682)	-	-
Cash dividends	-	-	-	(454,841)	-	(454,841)
Restricted stock repurchased and retired	(290)	290	-	-	-	-
Compensation cost arising from restricted stock	-	-	-	-	38,450	38,450
<b>Balance at December 31, 2019</b>	<b>\$ 909,512</b>	<b>1,743,559</b>	<b>477,581</b>	<b>961,452</b>	<b>(25,633)</b>	<b>4,066,471</b>

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
**LANDMARK OPTOELECTRONICS CORPORATION**

**Statements of Cash Flows**

**For the years ended December 31, 2019 and 2018**

**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2019</u>	<u>2018</u>
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 538,621	879,822
Adjustments:		
Adjustments to reconcile profit / loss:		
Depreciation expenses	388,188	336,995
Amortization expenses	5,279	4,228
Expected credit gain	-	(2,674)
Interest expense	4,359	-
Interest income	(12,244)	(16,452)
Compensation cost arising from restricted stocks	38,450	52,744
Unrealized foreign exchange losses	6,123	805
<b>Total adjustments to reconcile profit / loss</b>	<u>430,155</u>	<u>375,646</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease in notes receivable	178	33,200
Decrease (increase) in trade receivables	59,829	(112,232)
Decrease (increase) in inventories	58,413	(33,231)
Decrease (increase) in prepayments	(3,059)	6,352
Decrease (increase) in other current assets	4,404	(3,553)
<b>Total changes in operating assets</b>	<u>119,765</u>	<u>(109,464)</u>
<b>Changes in operating liabilities:</b>		
Increase in current contract liabilities	5,655	5,079
Increase in notes payable	22	9
Increase in trade payables	35,502	3,895
Increase (decrease) in other payables	(31,675)	21,015
Increase (decrease) in other current liabilities	190	(10,820)
Decrease in defined benefit liability—non-current	(271)	(258)
<b>Total changes in operating liabilities</b>	<u>9,423</u>	<u>18,920</u>
<b>Net changes in operating assets and liabilities</b>	<u>129,188</u>	<u>(90,544)</u>
<b>Total adjustments</b>	<u>559,343</u>	<u>285,102</u>
Cash generated from operations	1,097,964	1,164,924
Interest received	12,959	16,589
Interest paid	(4,359)	-
Income tax paid	(205,904)	(118,843)
<b>Net cash generated from operating activities</b>	<u>900,660</u>	<u>1,062,670</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of property, plant and equipment	(1,135,846)	(622,680)
Acquisition of intangible assets	(2,170)	(1,273)
Decrease in other financial assets—current and non-current	6,501	5,393
Increase in other non-current assets	(12,227)	(2,445)
<b>Net cash used in investing activities</b>	<u>(1,143,742)</u>	<u>(621,005)</u>
<b>Cash flows from (used in) financing activities:</b>		
Payment of lease liabilities	(7,565)	-
Cash dividends	(454,841)	(452,860)
Issuance (repurchase) of restricted stock	(965)	16,267
<b>Net cash used in financing activities</b>	<u>(463,371)</u>	<u>(436,593)</u>
<b>Effects of exchange rate changes on balance of cash held in foreign currencies</b>	<u>(1,445)</u>	<u>137</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(707,898)</u>	<u>5,209</u>
<b>Cash and cash equivalents at the beginning of year</b>	<u>2,048,546</u>	<u>2,043,337</u>
<b>Cash and cash equivalents at the end of year</b>	<u>\$ 1,340,648</u>	<u>2,048,546</u>

See accompanying notes to financial statements.

## LandMark Optoelectronics Corporation 2019 Earnings Distribution

Units: NTD

Item	Amount
Unappropriated retained earnings, Dec. 31, 2018	\$ 511,513,989
Less:	
Remeasurements of the defined benefit plans	(212,243)
Add: Net profit of 2019	<u>450,149,879</u>
Distributable net earnings	961,451,625
Less: 10% Legal Reserve	(45,014,987)
Distributable items(Note):	
Cash dividends to common share holders (NT\$4 per share)	<u>(363,730,708)</u>
Unappropriated retained earnings, Dec. 31, 2019	<u>\$ 552,705,930</u>

Note: The net profits of 2019 shall be distributed as a priority. The number of shares that joins the distribution is 90,932,677 which equals the number of common shares outstanding as of Dec. 31, 2019 (90,951,177) minus the number of the Employee Restricted Stock Awards (RSAs) bought back (18,500).

Chairman: *Ching Yi Chang*    General Manager: *Roger Lo*    CFO: *Jerry Yang*

Comparison Table Illustrating the Original and Amended Text of the  
“Rules of Procedure for Shareholders Meetings”

Amended version	Original version	Description
<p>Article 3 (Convening shareholders meetings and shareholders meeting notices) (Paragraphs 1 and 2 are omitted)</p> <p>Election or dismissal of directors or supervisors, amendments to the articles of incorporation, the <a href="#">reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares</a>, dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion; <a href="#">the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.</a> <a href="#">Where the re-election of directors has been stated in the reasons for convening the shareholder's meeting and the date taking office has been stated, after the re-election in the shareholders' meeting has completed, the date taking office cannot be changed via extraordinary motions or other methods in the same meeting.</a></p> <p>A shareholder holding 1</p>	<p>Article 3 (Convening shareholders meetings and shareholders meeting notices) (Paragraphs 1 and 2 are omitted)</p> <p>Election or dismissal of directors or supervisors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act, <del>Articles 26-4 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers</del> shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.</p> <p>A shareholder holding 1</p>	<p>1. Following the amendments to Article 172, paragraph 5 of the Company Act, the paragraph 3 of the article hereof is revised stating the affairs that itemizing and explanation of the main contents shall be made in reasons for convening shareholders' meeting.</p> <p>2. Following the letter Economic-Commerce-No. 10702417500 by the MoEA on August 6, 2018, paragraph 4 of the article hereof is revised stating that the date taking office shall not be changed by extraordinary motions or other methods in the same shareholders' meeting which the re-election of directors and supervisors is held.</p> <p>3. The revision to paragraph 5 follows amendment to the Article 172-1, paragraph 1 of the Company Act.</p> <p>4. The revision to paragraph 6 follows amendments to Article 172-1, paragraph 2 of the Company Act.</p>



Amended version	Original version	Description
<p>percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. Such proposals are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. <u>However, where the proposal by the shareholder involves suggestions urging the Company to enhance public interests or fulfilling social responsibilities, the directors still may accept the item for discussion.</u> In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.</p> <p>Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce that it will receive shareholder proposals, <u>acceptance of proposals in writing or electronic format</u>, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.</p> <p>(Following paragraphs are omitted)</p>	<p>percent or more of the total number of issued shares may submit to the Company a <del>written</del> proposal for discussion at a regular shareholders meeting. Such proposals; <del>however</del>, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.</p> <p>Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.</p> <p>(Following paragraphs are omitted)</p>	
<p>Article 11 (Discussion of proposals)</p> <p>If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors, <u>and the relevant proposals (including extraordinary motions and amendment to the original proposal) shall be passed by voting by poll.</u> The meeting</p>	<p>Article 11 (Discussion of proposals)</p> <p>If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.</p>	<p>1. Electronic voting and voting by polls are adopted by the shareholders' meeting, hence paragraph 1 of the article hereof is amended.</p>

Amended version	Original version	Description
<p>shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.</p> <p>(Paragraph 2 is omitted)</p> <p>The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote, <u>and an adequate period for voting shall be arranged.</u></p>	<p>(Paragraph 2 is omitted)</p> <p>The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.</p>	<p>2. Amendment to paragraph 3 of the article hereof is made by adding the statement that the convener of the shareholders' meeting shall arrange adequate voting period for shareholders.</p>
<p>Article 14</p> <p>A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act. When the Company holds a shareholders meeting, it may allow the</p>	<p>Article 14</p> <p>A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act. When the Company holds a shareholders meeting, it may allow the</p>	<p>The paragraph 1 of the article hereof is made following Article 177-1 of the Company Act and the resolution that the Company adopts electronic voting as one of the methods to exercise voting rights.</p>

Amended version	Original version	Description
shareholders to exercise voting rights by <a href="#">electronic means and may perform</a> correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. (Following paragraphs are omitted)	shareholders to exercise voting rights by correspondence <del>or electronic means</del> . When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. (Following paragraphs are omitted)	
Article 16 (Paragraph 1 is omitted) The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and <a href="#">voting</a> results ( <a href="#">including weight of stats</a> ). <a href="#">Where there are elections for directors, numbers of ballots voted to each candidate shall be disclosed.</a> The records shall be retained for the duration of the existence of the Company.	Article 16 (Paragraph 1 is omitted) The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and <del>their</del> results, and shall be retained for the duration of the existence of the Company.	The proposals in the shareholders' meetings of the Company are adopted by voting by poll, and the revision stating that the number of ballots voted to each candidate shall be disclosed is made to paragraph 2 of the article hereof pursuant to the suggestions by Asian Corporate Governance Association (ACGA).
Article 21 These Rules are implemented after adoption by the shareholders meeting on the 20th of March, 2014. These Rules are amended and implemented after adoption by the shareholders meeting on the 8th of May, 2014.	Article 21 These Rules are implemented after adoption by the shareholders meeting on the 20th of March, 2014. These Rules are amended and implemented after adoption by the shareholders meeting on the 8th of May, 2014.	Added amendment date

Amended version	Original version	Description
<p>These Rules are amended and implemented after adoption by the shareholders meeting on June 25, 2015.</p> <p><a href="#"><u>These Rules are amended and implemented after adoption by the shareholders meeting on May 20, 2020.</u></a></p>	<p>These Rules are amended and implemented after adoption by the shareholders meeting on June 25, 2015.</p>	

## List of Director (incl. Independent Director) Candidate for the 10th Board of Directors

Position	Name	Education Background & Experiences	Current Positions	Served as an independent director for more than 3 terms/ reason	Shareholdings (shares)
Director	Representative of Haw Sheng International Investment Ltd.: Ching Yi Chang	<ul style="list-style-type: none"> <li>• Master of Business Administration, National Cheng Chi University</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman of LandMark Optoelectronics Corporation</li> <li>• Vice Chairman of Taiflex Scientific Co. Ltd.</li> <li>• Chairman of the CID Group</li> </ul>	N/A	7,299,640
Director	Wei Lin	<ul style="list-style-type: none"> <li>• Electrical engineering PhD, National Cheng Kung University</li> <li>• Chunghwa Telecom Laboratories/PI of Sub-Projects</li> </ul>	<ul style="list-style-type: none"> <li>• Vice Chairman/CTO of LandMark Optoelectronics Corporation</li> </ul>	N/A	157,622
Director	Jerry Yang	<ul style="list-style-type: none"> <li>• Master of Financial Management, National Cheng Chi University</li> <li>• Obtained CPA in Taiwan</li> <li>• Chartered Financial Analyst in the US</li> <li>• CFO of CmoX Technology Co. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Director/CFO of LandMark Optoelectronics Corporation</li> <li>• Director of Advanced Power Electronics Co., Ltd.</li> <li>• Independent Director of ELITE ADVANCED LASER CORPORATION</li> </ul>	N/A	87,824
Director	Yong Hong Lu	<ul style="list-style-type: none"> <li>• PhD in Applied Chemistry, National Chiao Tung University</li> <li>• Vice President of AU Optronics Corp.</li> </ul>	<ul style="list-style-type: none"> <li>• Director of LandMark Optoelectronics Corporation</li> <li>• Director of Shuz Tung Machinery Industrial Co., Ltd.</li> </ul>	N/A	-
Independent Director	Bob Tseng	<ul style="list-style-type: none"> <li>• PhD in Chemical Engineering, University of Texas, US</li> <li>• Vice President of Songjiang FAB, Shanghai. TSMC</li> <li>• Director of FAB 1, Vanguard International Semiconductor Corp.</li> </ul>	<ul style="list-style-type: none"> <li>• Independent Director of LandMark Optoelectronics Corporation</li> </ul>	None	-
Independent Director	James Wang	<ul style="list-style-type: none"> <li>• Bachelor of Accounting, National Cheng Kung</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman of EY Cultural and Educational</li> </ul>	None	-

Position	Name	Education Background & Experiences	Current Positions	Served as an independent director for more than 3 terms/ reason	Shareholdings (shares)
		University <ul style="list-style-type: none"> <li>• Master of Accounting, National Chengchi University</li> <li>• Leader of EY Taiwan</li> <li>• Chairman of EY Management Consulting Inc.</li> <li>• Chairman of EY Business Advisory Services Inc.</li> <li>• Chairman of EY Transaction Advisory Services Inc.</li> <li>• CPA in Taiwan and China</li> <li>• CPA/CMA in the US</li> </ul>	Foundation <ul style="list-style-type: none"> <li>• Independent Director of PCL Technologies, Inc.</li> <li>• Independent Director of SYSAGE Technology Co., Ltd.</li> <li>• Chairman of NCKU Venture Capital Co., Ltd.</li> </ul>		
Independent Director	Yong Chang Chen	<ul style="list-style-type: none"> <li>• College of Law, National Taiwan University</li> <li>• Judge at Taiwan High Court</li> </ul>	<ul style="list-style-type: none"> <li>• Leader of All-Pro Law Firm</li> <li>• Director (Legal Representative) of Flexium Interconnect. Inc.</li> <li>• Independent Director of Center Laboratories, Inc.</li> <li>• Independent Director of Collins Co., Ltd.</li> </ul>	None	-

List of Positions Concurrently Served in Competing Companies by  
Directors (incl. Independent Directors)

Title	Name	Relevant positions held concurrently by directors
Director	Representative of Haw Sheng International Investment Ltd.: Ching Yi Chang	<ul style="list-style-type: none"> <li>● Vice Chairman of Taiflex Scientific Co. Ltd.</li> </ul>
Director	Jerry Yang	<ul style="list-style-type: none"> <li>● Director of Advanced Power Electronics Co., Ltd.</li> <li>● Independent Director of ELITE ADVANCED LASER Co.</li> </ul>
Director	Yong Hong Lu	<ul style="list-style-type: none"> <li>● Director of Shuz Tung Machinery Industrial Co., Ltd.</li> </ul>
Independent Director	James Wang	<ul style="list-style-type: none"> <li>● Independent Director of PCL Technologies, Inc.</li> <li>● Independent Director of SYSAGE Technology Co., Ltd.</li> </ul>
Independent Director	Yong Chang Chen	<ul style="list-style-type: none"> <li>● Director (Legal Representative) of Flexium Interconnect, Inc.</li> <li>● Independent Director of Collins Co., Ltd.</li> </ul>

**LandMark Optoelectronics Corporation**  
**Ethical Corporate Management Best Practice Principles (before amendment)**

**Article 1: (Purpose of adoption and scope of application)**

In order to foster a corporate culture of ethical management and good risk control mechanism for sound management in sustainability and development, these Principles are adopted with reference to “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”. These Principles are applicable to the Company’s business groups and organizations, which comprise its subsidiaries, any foundation to which the Company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by the Company.

**Article 2: (Prohibition against Unethical Conduct)**

When engaging in commercial activities, directors, supervisors, managers, employees, and mandataries of the Company or persons having substantial control over the Company ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.

**Article 3: (Types of Benefits)**

"Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

**Article 4: (Compliance)**

The Company and its directors, supervisors, managers, employees, and mandataries or persons having substantial control over the Company ("substantial controllers") shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public



Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

Article 5: (Policies)

The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and obtain approval from the board of directors, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

Article 6: (Prevention Programs)

The Company shall in their own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training.

When establishing the prevention programs, the Company shall comply with relevant laws and regulations of the territory where the companies and their business group are operating.

In the course of developing the prevention programs, the Company is advised to negotiate with staff, labor unions members, important trading counterparties, or other stakeholders.

Article 7: (Scope of Prevention Programs)

In the course of developing the prevention programs, the Company shall analyze and assess business activities within their business scope which are at a higher risk of being involved in unethical conduct and reinforce relevant prevention programs accordingly.

The prevention programs adopted by the Company shall at least include preventive measures against the following:

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competitive practices.
7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and

development, procurement, manufacture, provision, or sale of products and services.

Article 8: (Commitment and Carry-Out)

The Company shall clearly specify in the rules and external documents and the commitment by the board of directors and management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

Article 9: (Commercial Activities under Ethical Management)

The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to any commercial transactions, the Company shall take into consideration the legality of trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved. When entering into contracts with the trading counterparties, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.

Article 10: (Prohibition against Bribery and Acceptance of Bribery)

When conducting business, the Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

Article 11: (Prohibition against Offering of Illegal Political Donations)

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and its own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12: (Prohibition against Offering of Improper Donations and Sponsorship)

When making or offering donations and sponsorship, the Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 13: (Prohibition against Unreasonable Presents, Hospitality or Other Improper Benefits)

The Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

Article 14: (Prohibition against Infringement of Intellectual Property Rights)

The Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 15: (Prohibition against Unfair Competition Conducts)

The Company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 16: (Prevention on Product or Service from Damaging Stakeholders)

In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.

#### Article 17: (Organization and Responsibilities)

The directors, supervisors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the Company's Audit Office shall be in charge of the following matters, and shall report to the board of directors on a regular basis:

1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
2. Adopting accordingly programs to prevent unethical conduct, setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business.
3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

#### Article 18: (Prohibition against Unfair Competition Conducts)

The Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.

#### Article 19: (Recusal)

The Company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, supervisors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the company.

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The Company's directors, supervisors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

#### Article 20: (Accounting and Internal Control)

The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The internal audit unit of the Company shall periodically examine the compliance with the programs mentioned in the previous paragraph and create an audit report for submission to audit committee and Board of Directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

#### Article 21: (Operational Procedures and Guidelines)

The Company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, supervisors, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters:

1. Standards for determining whether improper benefits have been offered or accepted.
2. Procedures for offering legitimate political donations.
3. Procedures and the standard rates for offering charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.
7. Handling procedures for violations of these Principles.
8. Disciplinary measures on offenders.

#### Article 22: (Training and Appraisal)

The chairperson, general manager, or senior management of the Company shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.

The Company shall periodically organize training and awareness programs for directors, supervisors, managers, employees, mandataries, and substantial controllers and invite the companies' commercial transaction counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

The Company applies the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

#### Article 23: (Whistle Blowing System)

The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:

1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution,

to allow internal and external personnel of the company to submit reports.

2. Dedicated personnel or unit appointed to handle the whistle-blowing system. Any tip involving a director or senior supervisor shall be reported to the independent directors or supervisors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
4. Confidentiality of the identity of whistle-blowers and the content of reported cases.
5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
6. Whistle-blowing incentive measures.

When material misconduct or likelihood of material impairment to the Company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors or supervisors in written form.

#### Article 24: (Disciplinary and Appeal System)

The Company shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on the company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

#### Article 25: (Information Disclosure)

The Company shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. They shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on their company websites, annual reports, and prospectuses, and shall disclose their ethical corporate management best practice principles on the Market Observation Post System.

Article 26: (Review and Rectification of Ethical Management Policies and Measures)

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, supervisors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

Article 27: (Implementation)

The adoption and amendment shall be implemented after the Company's board of directors grants the approval, and shall be reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.

Where independent directors are appointed, when the Company submits its ethical corporate management best practice principles to the board of directors for discussion pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.

These Principles were adopted on December 23, 2014



**LandMark Optoelectronics Corporation**  
**Rules of Procedure for Board of Directors Meetings (before amendment)**

Article 1: To establish a strong governance system and sound supervisory capabilities for the Company's board of directors and to strengthen management capabilities, these Rules are adopted pursuant to the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

Article 2: With respect to the board of directors meetings ("board meetings") of the Company, the main agenda items, working procedures, required content of meeting minutes, public announcements, and other compliance requirements shall be handled in accordance with the provisions of these Rules.

Article 3: The board of directors shall meet at least quarterly.

A notice of the reasons for convening a board meeting shall be given to each director and supervisor before 7 days before the meeting is convened, and the convening notice may be effected by means of electronic transmission with the prior consent of the recipients. In emergency circumstances, however, a board meeting may be called on via any of the aforesaid notice. All matters set forth under Article 12, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion except in the case of an emergency or for other legitimate reason.

Article 4: The designated unit responsible for the board meetings of the Company shall be the management office.

The unit responsible for board meetings shall draft agenda items and prepare sufficient meeting materials, and shall deliver them together with the notice of the meeting.

A director who is of the opinion that the meeting materials provided are insufficient may request their supplementation by the unit responsible for board meetings. If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a resolution of the board of directors.

Article 5: When a board meeting is held, an attendance book shall be provided for signing-in by attending directors, which shall be made available for future reference.

Directors shall attend board meetings in person. A director unable to attend

in person may appoint another director to attend the meeting in his or her place in accordance with the Company's articles of incorporation. Attendance by videoconference will be deemed attendance in person, however, the attendance book shall be submitted via facsimile as proof.

A director who appoints another director to attend a board meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting.

The proxy referred to in paragraph 2 may be the appointed proxy of only one person.

Article 6: A board meeting shall be held at the premises and during the business hours of the Company, or at a place and time convenient for all directors to attend and suitable for holding board meetings.

Article 7: Board meetings shall be convened and chaired by the chairperson of the board. However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the director that received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if two or more directors are so entitled to convene the meeting, they shall select from among themselves one director to serve as chair.

When the chairperson of the board is on leave or for any reason unable to exercise the powers of chairperson, the chairperson shall appoint one of the directors to act. If no such designation is made by the chairperson, the directors shall select one person from among themselves to serve as chair.

Article 8: When a board meeting is held, the designated unit responsible for the board meetings shall furnish the attending directors with relevant materials for ready reference.

As merited by the content of a proposal to be put forward at a board meeting, personnel from a relevant department or a subsidiary may be notified to attend the meeting as non-voting participants.

When necessary, certified public accountants, attorneys, or other professionals retained by the Company may also be invited to attend the meeting as non-voting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.

The chair shall call the board meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance; however,

If one-half of all the directors are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting time, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chair shall reconvene the meeting in accordance with the procedures in Article 3, paragraph 2.

The number of "all directors," as used in the preceding paragraph and in Article 16, paragraph 2, subparagraph 2, shall be counted as the number of directors then actually in office.

Article 9: Proceedings of a board meeting shall be recorded in their entirety in audio or video, and the recording shall be retained for a minimum of 5 years. The record may be retained in electronic form.

If any litigation arises with respect to a resolution of a board meeting before the end of the retention period of the preceding paragraph, the relevant audio or video record shall be retained until the conclusion of the litigation.

Where a board meeting is held by videoconference, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be retained for the duration of the existence of the Company.

Article 10: Agenda items for regular board meetings of the Company shall include at least the following:

1. Matters to be reported:

- (1) Minutes of the last meeting and action taken.
- (2) Important financial and business matters.
- (3) Internal audit activities.
- (4) Other important matters to be reported.

2. Matters for discussion:

- (1) Items for continued discussion from the last meeting.
- (2) Items for discussion at this meeting.

3. Extraordinary motions.

Article 11: A board meeting shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.

The chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting.

At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the

meeting, the chair shall declare a suspension of the meeting, in which case Article 8, paragraph 3 shall apply mutatis mutandis.

Article 12: The matters listed below as they relate to the Company shall be raised for discussion at a board meeting:

1. The Company's business plan.
2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports that are not required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA).
3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of the effectiveness of the internal control system.
4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.
5. The offering, issuance, or private placement of equity-type securities.
6. The appointment or discharge of a financial, accounting, or internal audit officer.
7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
8. Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority.

The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. (In the

case of a foreign issuer whose shares have no par value or a par value other than NT\$10, 2.5 percent of shareholders' equity shall be substituted for the calculation of the amount equal to 5 percent of paid-in capital required under this paragraph.)

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

At least one independent director of the Company shall attend the meeting in person. With respect to the matters which must be approved by resolutions at a board meeting as provided in the first paragraph, any and all independent directors shall attend the meeting. Where an independent director is unable to attend the meeting, that independent director shall appoint another independent director to attend the meeting as proxy. If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.

Article 13: When the chair at a board meeting is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call a vote.

When a proposal comes to a vote at a board meeting, if no attending director voices an objection following an inquiry by the chair, the proposal will be deemed approved. If there is an objection following an inquiry by the chair, the proposal shall be brought to a vote.

One voting method for proposals at a board meeting shall be selected by the chair from among those below, provided that when an attending director has an objection, the chair shall seek the opinion of the majority to make a decision:

1. A show of hands or a vote by voting machine.
2. A roll call vote.
3. A vote by ballot.
4. A vote by a method selected at the Company's discretion.

"Attending directors," as used in the preceding two paragraphs, does not include directors that may not exercise voting rights pursuant to Article 15, paragraph 1.

Article 14: Except where otherwise provided by the Securities and Exchange Act and the Company Act, the passage of a proposal at a board meeting shall require the approval of a majority of the directors in attendance at a board of directors meeting attended by a majority of all directors.

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

If a vote on a proposal requires monitoring and counting personnel, the chair shall appoint such personnel, providing that all monitoring personnel shall be directors.

Voting results shall be made known on-site immediately and recorded in writing.

Article 15: If a director or a juristic person that the director represents is an interested party in relation to an agenda item and the relationship is likely to prejudice the interest of the Company, that director may give his opinions and answer questions but may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.

Where a director is prohibited by the preceding paragraph from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, paragraph 2 of the Company Act apply mutatis mutandis in accordance with Article 206, paragraph 3 of the same Act.

Article 16: Discussions at a board meeting shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below:

1. The meeting session (or year) and the time and place of the meeting.
2. The name of the chair.
3. The directors' attendance at the meeting, including the names and the number of directors in attendance, excused, and absent.
4. The names and titles of those attending the meeting as non-voting participants.
5. The name of the minute taker.
6. The matters reported at the meeting.

7. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, supervisors, experts, or other persons; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Article 12, paragraph 4.
8. Extraordinary motions: The name of the mover, the method of resolution and the result, a summary of the comments of any director, supervisor, expert, or other person; and their objections or reservations and any recorded or written statements.
9. Other matters required to be recorded.

The occurrence of any of the following circumstances, with respect to a resolution passed at a board meeting, shall be stated in the meeting minutes and shall be publicly announced and filed on the website of the Market Observation Post System designated by the Financial Supervisory Commission, within 2 days from the date of the meeting:

1. Any objection or expression of reservations by an independent director expresses of which there is a record or written statement.
2. A resolution is adopted with the approval of two-thirds or more of all directors, without having been passed by the audit committee of the Company.

The attendance book constitutes part of the minutes for each board meeting and shall be retained for the duration of the existence of the Company.

The minutes of a board meeting shall bear the signature or seal of both the chair and the minute taker, and a copy of the minutes shall be distributed to each director and supervisor within 20 days after the meeting. The minutes shall be deemed important corporate records and appropriately preserved during the existence of the Company.

The meeting minutes of paragraph 1 may produced and distributed in electronic form.

Article 17: With the exception of matters required to be discussed at a board meeting under Article 12, paragraph 1, when the board of directors appoints a party to exercise the powers of the board in accordance with applicable laws and regulations or the Company's articles of incorporation, the levels of such delegation and the content or matters it covers shall be definite and specific and blanket license is allowed, in addition, any matters involving material benefits of the Company shall be resolved by the Board of Directors.

Article 18: These Rules of Procedure are adopted by the approval of meeting of the board of directors and shall be reported to the shareholders meeting. The board of directors may be authorized to adopt, by resolution, any future amendments to these Rules.

Article 19: These Rules of Procedure are adopted in the Board of Directors meeting held on December 19, 2013 and approved and effected in the shareholders' meeting held on February 20, 2014.

These Rules of Procedure are amended in the Board of Directors meeting held on October 31, 2017.



**LandMark Optoelectronics Corporation**  
**Rules of Procedure for Shareholders Meetings (before amendment)**

Article 1: To establish a strong governance system and sound supervisory capabilities for the Company's shareholders' meetings, and to strengthen management capabilities, these Rules are adopted pursuant to relevant regulations of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

Article 2: The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 3: (Convening shareholders meetings and shareholders meeting notices)

Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.

The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors or supervisors, amendments to the articles

of incorporation, the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4: For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail

unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

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

The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6: The Company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

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

Article 7: (Preparation of documents such as the attendance book)

The Company shall furnish the attending shareholders and their proxies (collectively, "shareholders") with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

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

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

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting.

When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 8: (The chair and non-voting participants of a shareholders meeting)

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

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

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

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

Article 9: (Documentation of a shareholders meeting by audio or video)

The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures, which shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 10: Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 11: (Discussion of proposals)

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules

of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 12: (Shareholder speech)

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

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

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

Article 13: (Calculation of voting shares and recusal system)

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

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of

the total number of issued shares.

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

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders. With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 14: A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

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

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting

rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

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

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

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

#### Article 15: (Election of directors and supervisors)

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

The ballots for the election referred to in the preceding paragraph shall be



sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 16: Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

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

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

Article 17: (Public disclosure)

On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 18: (Maintaining order at the meeting place)

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

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 19: (Recess and resumption of a shareholders meeting)

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

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 20: These Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.

Article 21: These Rules are implemented after adoption by the shareholders meeting on March 20, 2014.

These Rules are amended and implemented after adoption by the shareholders meeting on May 8, 2014.

These Rules are amended and implemented after adoption by the shareholders meeting on June 25, 2015.

## **LandMark Optoelectronics Corporation**

### **Articles of Incorporation**

#### Chapter 1 General Provisions

Article 1: The Company is duly incorporated under the English name of LandMark Optoelectronics Corporation, as a company limited by shares, under the Company Act of the Republic of China.

Article 2: The scope of business of the Company shall be as follows:

1. CC01060 Wired Communication Equipment and Apparatus Manufacturing.
2. CC01080 Electronic Parts and Components Manufacturing.
3. F401010 International Trade.

With R&D, design, manufacturing and sales of the following products:

1. LASER Epi-wafer
2. Epi-wafer for use of Photo Detector.
3. Relevant international trade dealing the aforesaid products.

Article 3: The Company shall have its head office in The Southern Taiwan Science Park (STSP), and when it is deemed necessary, the Company may, upon a resolution adopted by the board of directors, set up representative and branch offices within and outside of the territory of Republic of China.

Article 4: Public announcements of the Company shall be made pursuant to Article 28 of the Company Act

#### Chapter 2 Shares

Article 5: The total capital stock of the Company is one thousand five hundred million New Taiwan Dollars (NT\$1,500,000,000), divided into one hundred and fifty million (150,000,000) shares with a par value of ten New Taiwan Dollars (NT\$10) each share, and will be issued in installments by the board of directors.

Article 6: The Company provides only registered shares which shall be distributed after signed and sealed by the director who is the Company's representative, according to laws. The Company may be exempted from printing any share certificate, shall be registered to centralized securities depository enterprise (CSDE).

Article 7: The share transfer registration shall be altered within 60 days prior to the convention date of shareholders' meeting, or within 30 days prior to the convention date of a special shareholders' meeting, or within 5 days prior to

the target date fixed by the issuing company for distribution of dividends, bonus or other benefits.

The Company shall be responsible for shareholder services, in accordance with the Company Act, unless specified otherwise by law and securities regulations, following the “Regulations Governing the Administration of Shareholder Service of Public Companies”.

### Chapter 3 Shareholders’ Meeting

Article 8: Shareholders' meetings of the Company are classified into two kinds:

- I. Regular meetings, which shall be convened annually by the Board of Directors within 6 months after the close of each fiscal year; and
- II. Special meetings, which shall be called by the Board of Directors when necessary and in accordance with law.

Convening and public announcements of regular and special meetings of the Company shall be transacted pursuant to Article 172 of the Company Act. The convening and public announcement may be effected by means of electronic transmission with the prior consent of the recipients.

Article 9: A shareholder may issue a proxy in the form printed by the Company to expressly stipulate the scope of authorized powers to authorize representative(s) to attend a shareholders' meeting on his or her behalf. Use of proxy forms are governed by the Article 177 of the Company Act and the Rules Governing Attendance of a Public Company's Shareholders' Meeting by Proxy as enacted by the competent authority.

Article 10: Except in the circumstances set forth in the Company Act, each shareholder shall have one voting power in respect of each share in his/her/its possession.

Except the regulations of the Company Act, shareholders' meetings may be held if attended by shareholders in person or by proxy representing more than 50% of the total issued and outstanding capital stock of the Company. By the competent authority, the shareholders may be allowed to exercise voting by correspondence or electronic means.

Article 11: Resolutions adopted during the shareholders' meeting shall be recorded in the minutes of the meeting, signed or sealed by the Chairman of the shareholders' meeting and distributed to the shareholders within 20 days after the meeting. The production and distribution of proceedings could be made through public announcement if the Company is listed with shares issued.

Article 12: The shareholders' meetings of the Company shall be chaired by Chairman. If the Chairman asks for leave or doesn't execute his/her powers, this shall be done pursuant to Article 208 of the Company Act. If the meeting is convened by other personnel with the right to convene, but does not belong to the Board of Directors, that person with the right to convene will become the Chair, and if there are two persons or more personnel with the right to convene, only one person shall be elected mutually to convene.

#### Chapter 4 Directors and Audit Committee

Article 13: The Company shall appoint 5 to 7 directors who shall be elected by the shareholders' meeting from among the persons with disposing capacity for a three-year term and may be re-elected after the term.

The number of aforesaid appointed directors shall have no less than two independent directors and shall not be fewer than one-fifth of all the total number of directors. Candidates nomination system is adopted by the Company for election of the directors of the Company, and the shareholders shall elect the directors from among the nominees listed in the roster of director candidates. Matters of accepting the nominations of directors and public announcements shall be handled pursuant to the Company Act, Securities and Exchange Act and other relevant laws and regulations. Independent directors and non-independent directors shall be elected at the same time to calculate the elected places separately. The professional qualification, shareholding, part-time job restrictions, nominations, means of election as well as other relevant issues should all be in accordance with the regulations of the competent authority.

Article 13-1: The Company has established an audit committee pursuant to Article 14-4 of the Securities and Exchange Act, and the audit committee shall be composed of the entire number of independent directors.

Composition, duties, meeting rules and other matters to be complied shall be handled pursuant to relevant regulations of competent securities authority.

Article 14: The board of directors is organized by the directors. The directors shall elect from among themselves a chairman of the board of directors, by a majority in a meeting attended by over two-thirds of the directors. The chairman shall externally represent the Company. The Company may establish a vice chairman for any affairs necessary, and the election method is the same as the chairman.

Article 15: The Board of Directors meeting shall be chaired by the Chairman of the Company. In case the chairman of the board of directors is on leave or absent or can not exercise his power and authority for any cause, it shall be handled pursuant to Article 208 of the Company Act.

In calling a meeting of the board of directors, a notice shall set forth therein the subject(s) to be discussed at the meeting and notified to all the directors 7 days prior to the board of directors meeting. In the case of emergency, a meeting of the board of directors may be convened at any time. The notice set forth in the preceding Paragraph may be effected by means in writing, facsimile or electronic mail.

Article 16: The directors shall attend the board of directors meeting. They may appoint a proxy to attend such meetings if they are unable to do so in person for any cause. However, he/she shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting, and a director may accept the appointment to act as the proxy referred to in the preceding Paragraph of one other director only.

Article 17: The Company may obtain directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship to protect the interests of all shareholders and reduce the Company's business risks. For the compensation for all directors and supervisors on operations of the Company, regardless of the Company's operating profit and loss, the Company may pay them compensations. The board of directors is authorized to determine the salary for the chairman, vice-chairman and directors, taking into account the extent and value of the services provided for the management of the Company and the standards of the industry domestically and overseas.

The board of directors of the Company may establish a remuneration committee or other functional committee for business needs, and their regulations of organization shall be adopted by the board of directors pursuant to relevant laws and regulations.

#### Chapter 5 Managerial Personnel

Article 18: The Company may have one or more managerial personnel, whose appointment and discharge and the remuneration shall be decided in accordance with Article 29 of the Company Act.

In addition, a remuneration committee is established pursuant to Article

14-6 of the Securities and Exchange Act to decide the remuneration of managerial personnel.

#### Chapter 6 Accounting

Article 19: At the close of each fiscal year, the board of directors shall prepare the following statements and records and shall submit to the shareholders' meeting for adoption in conformity with legal procedure:

1. The Business Report;
2. The Financial Statements; and
3. the surplus earning distribution or loss off-setting proposals.

Article 20: 1. If there is a profit at the Company's annual accounts, the Company shall set aside 1% as the remuneration to the directors, and no less than 8% as employees' remuneration. However, this Company shall cover the difference first when there is still some accumulated losses.

2. If there is a surplus in the annual final accounts, the Company, when allocating its surplus profits after having paid all taxes and dues, shall first set aside ten percent of said profits as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. In addition, the Company may set aside another sum as special reserve based on business needs and laws and regulations; for other accumulated distributable earnings with number of accumulated distributable earnings in the previous year added, the board of directors shall propose a proposal for surplus distribution and submit it to shareholders' meeting for resolution.

The Company will take into consideration the environment and growth phases, react to future funds needs and long-term financial planning, and to satisfy the needs of cash inflow by shareholders. The dividend distribution of the Company is subject to the retained earnings of the year, and the distribution rate is decided in consideration of relevant factors including the Company's overall development, financial planning, funds needs and industry circumstances, distributed in forms of cash dividend or stock dividend and submitted to the shareholders' meeting for approval. However, the total amount of dividend distributed in the year shall not be lower than 20 percent of the surplus after tax in the current year. The distribution ratio of cash dividend shall not be lower than 10 percent of the total dividend distribution.

## Chapter 7 Supplementary Provisions

Article 21: The foreign investments of the Company shall be performed following the resolutions by the board of directors, whose total amount is not restricted by the limits of forty percent of the amount of its own paid-up capital.

Article 22: The Company may perform endorsement/guarantee for others in business or investment relations with the Company.

Article 23: Any unspecified matters in these Article of Incorporation shall be handled pursuant to Company Act and relevant laws and regulations.

Article 24: These Articles of Incorporations are agreed to and signed on May 26, 1997.

1<sup>st</sup> amendment on September 25, 1997.

2<sup>nd</sup> amendment on October 15, 1997.

3<sup>rd</sup> amendment on December 1, 1998.

4<sup>th</sup> amendment on June 23, 1999.

5<sup>th</sup> amendment on March 27, 2000.

6<sup>th</sup> amendment on June 29, 2001.

7<sup>th</sup> amendment on June 28, 2002.

8<sup>th</sup> amendment on June 30, 2003.

9<sup>th</sup> amendment on June 25, 2004.

10<sup>th</sup> amendment on October 28, 2005.

11<sup>th</sup> amendment on June 15, 2007.

12<sup>th</sup> amendment on June 2<sup>nd</sup>, 2009.

13<sup>th</sup> amendment on May 26, 2010.

14<sup>th</sup> amendment on May 11, 2011.

15<sup>th</sup> amendment on April 11, 2013.

16<sup>th</sup> amendment on February 20, 2014.

17<sup>th</sup> amendment on May 8, 2014.

18<sup>th</sup> amendment on June 25, 2015.

19<sup>th</sup> amendment on June 14, 2016.

20<sup>th</sup> amendment on May 21, 2019.

LandMark Optoelectronics Corporation

Chairman: *Ching Yi Chang*



## **LandMark Optoelectronics Corporation**

### **Rules for Elections of Directors**

Article 1: To ensure a just, fair, and open election of directors and supervisors, these Procedures are adopted pursuant to Articles 21 and 41 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2: Except as otherwise provided by the Company Act and Securities and Exchange Act or by the Company's articles of incorporation, elections of directors and supervisors shall be conducted in accordance with these Procedures.

Article 3: The overall composition of the board of directors shall be taken into consideration in the selection of the Company's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The board of directors of the Company shall consider adjusting its

composition based on the results of performance evaluation.

Article 4: The qualifications for the independent directors of the Company shall comply with Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

The election of independent directors of the Company shall comply with Articles 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted in accordance with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 5: Elections of both directors and supervisors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. The Company shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and supervisors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified directors and supervisors will be elected.

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

When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, or the related provisions of the Taiwan Stock Exchange Corporation rules governing the review of listings, or subparagraph 8 of the Standards for Determining Unsuitability for GTSM Listing under Article 10, Paragraph 1 of the GreTai Securities Market Rules Governing the Review of Securities for Trading on the GTSM, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of supervisors falls below that prescribed in the

Company's articles of incorporation due to the dismissal of a supervisor for any reason, a by-election to fill the vacancy should ideally be held at the next shareholders meeting. When the supervisors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Elections of both directors and supervisors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. The Company shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and supervisors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified directors and supervisors will be elected.

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

When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, or the related provisions of the Taiwan Stock Exchange Corporation rules governing the review of listings, or subparagraph 8 of the Standards for Determining Unsuitability for GTSM Listing under Article 10, Paragraph 1 of the GreTai Securities Market Rules Governing the Review of Securities for Trading on the GTSM, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 6: The elections of directors are held in shareholders' meeting.

Article 7: The cumulative voting method shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 8: Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel.

Article 9: The number of directors will be as specified in the Company's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes; when two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance, or, where an elected director is verified as with unmatched personal data or deemed as ineligible under relevant laws and regulations, the vacancies shall be substituted by the runner-up candidates in the original election.

The elections of independent directors and non-independent directors shall be held altogether, with numbers of elected independent directors and non-independent directors counted separately. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes.

Article 10: The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 11: The ballot shall be prepared by the board of directors and allotted by the attendance card number and number of directors to be elected, in addition, number of voting rights allotted for each shareholder shall be respectively noted on the ratio of each ballot.

Article 12: If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

Article 13: A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by the board of directors.
2. A blank ballot is placed in the ballot box.
3. More than two candidates are entered in the same ballot.
4. Other words or marks are entered in addition to the candidate's account name or shareholder account number and the number of voting rights allotted.
5. The writing is unclear and indecipherable or has been altered.
6. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
7. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number is provided in the ballot to identify such individual.

Article 14: The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors or supervisors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

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

Article 15: The board of directors of the Company shall issue notifications to the persons elected as directors or supervisors.

Article 16: These Regulations, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Article 17: These Regulations are implemented after adoption by the shareholders meeting on February 20, 2014.

These Regulations are amended and implemented after adoption by the shareholders meeting on May 8, 2014.

These Regulations are amended and implemented after adoption by the shareholders meeting on June 25, 2015.

## LandMark Optoelectronics Corporation

### Shareholdings of all Directors

1. The company's capital is NT\$909,326,770 dollars and total outstanding shares of 90,932,677 shares. According to Article 26 of the Securities and Exchange Act, the minimum number of shares held by all directors of the Company shall be 7,274,614.
2. If the Company has elected two or more independent directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all directors and supervisors other than the independent directors and shall be decreased by 20 percent according to Article 2 of Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies. The Company has set up an audit committee in accordance with the Act, the provisions on the minimum percentage requirements for the shareholding of supervisors in the preceding two paragraphs shall not apply.
3. The shares of all Directors (independent directors are not included): 7,541,086 shares, representing 8.29% of the total shares outstanding, are calculated up to March 22, 2020. The shareholding of the Company's directors has met the statutory requirements.
4. Details of each directors holding shares:

Record Date: March 22, 2020

Title	Name	Current Shareholding (Shares)	Shareholding ratio (%)
Chairman	Representative of Haw Sheng International Investment Ltd.: Ching Yi Chang	7,299,640	8.03%
Director	Wei Lin	155,622	0.17%
Director	Jerry Yang	85,824	0.09%
Director	Yong Hong Lu	-	-
Independent Director	James Wang	-	-
Independent Director	Bob Tseng	-	-
Independent Director	Yong Chang Chen	-	-
Total		7,541,086	8.29%