

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): August 8, 2019

DIODES INCORPORATED
(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

002-25577
(Commission
File Number)

95-2039518
(IRS Employer
Identification No.)

4949 Hedgcoxe Road, Suite 200, Plano, TX
(Address of Principal Executive Offices)

75024
(Zip Code)

Registrant's Telephone Number, Including Area Code: (972) 987-3900

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, Par Value \$0.66 2/3	DIOD	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

On August 8, 2019, Diodes Incorporated (the “Company”) and Lite-On Semiconductor Corporation (“LSC”), a Taiwan-based supplier of “green” power-related discrete and analog semiconductor devices, announced they had entered into a Share Swap Agreement that provides for the acquisition of LSC by the Company (the “Agreement”). LSC is publicly listed on the Taiwan Stock Exchange, stock code 5305. A copy of the Agreement is attached as Exhibit 2.1 to the Report.

At the effective date of the transaction, each share of LSC stock will be converted into the right to receive TWD 42.50 in cash, or \$1.37 USD as of June 30, 2019, without interest. The aggregate consideration will be approximately \$428 million. The price per share reflects a premium of 35% over LSC’s 30-day volume-weighted average price. The boards of directors of both companies have approved the transaction, which is still subject to approval by LSC shareholders as well as other customary closing conditions and regulatory approvals. The transaction is expected to close during the second quarter of 2020.

The Company plans to fund the purchase price of the acquisition primarily with proceeds from a new financing agreement being arranged.

The foregoing description of the Agreement and the transactions contemplated thereby does not purport to be complete and is qualified in its entirety by reference to the Agreement, a copy of which is filed as Exhibit 2.1 hereto and is hereby incorporated into this report by reference. The Agreement has been included to provide investors with information regarding its terms. It is not intended to provide any other factual information about the Company. In particular, the assertions embodied in the representations and warranties contained in the Agreement are subject to qualifications and limitations agreed to by the respective parties in connection with negotiating the terms of the Agreement, including information contained in any confidential disclosure schedules provided by the Company and LSC in connection with the signing of the Agreement. Moreover, certain representations and warranties in the Agreement were used for the purpose of allocating risk between the Company and LSC rather than establishing matters as facts. Accordingly, you should not rely on the representations and warranties in the Agreement as characterizations of the actual state of facts about the Company.

Item 7.01 Regulation FD Disclosure.

On August 8, 2019, the Company issued a press release announcing the Company and LSC have entered into the Agreement. A copy of the press release is attached as Exhibit 99.1. The Company held a conference call to discuss the acquisition of LSC on August 8, 2019 at 4:00 p.m. Central Time (5:00 p.m. Eastern Time). For further information concerning the conference call, see the press release attached as Exhibit 99.1 to this Report. A recording of the conference call will be posted on the Company’s website at www.diodes.com shortly after the call. A copy of the script for the call and presentation slides, are attached as Exhibit 99.2 and 99.3, respectively, to this Report. The information furnished in this Item 7.01, including exhibits 99.1, 99.2 and 99.3, will not be treated as “filed” for the purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that section. This information will not be deemed incorporated by reference into any filing under the Securities Act, or into another filing under the Exchange Act, unless that filing expressly refers to specific information in this Report.

Cautionary Information Regarding Forward-Looking Statements

Except for the historical and factual information contained in the press release and script attached as Exhibits 99.1, 99.2 and 99.3, any statements set forth herein that are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements include, but are not limited to, the following: the expected benefits of the acquisition, including the acquisition being immediately accretive; the efficiencies, cost savings, revenues, and enhanced product offerings, market position, and design and manufacturing capabilities of Diodes after the acquisition; and other statements identified by words such as “estimates,” “expects,” “projects,” “plans,” “will,” and similar expressions.

Potential risks and uncertainties include, but are not limited to, such factors as: the possibility that the transaction may not be consummated, including as a result of any of the conditions precedent; the risk of superior acquisition proposal from other parties; the risk of Diodes being unable to obtain sufficient financing from lenders to complete the acquisition; the risk of global market downturn conditions and volatilities impacting the completion of the acquisition or the funding; the risk that such expectations may not be met; the risk that the expected benefits of the acquisition may not be realized or that integration of the acquired business may not be as rapid as we anticipate; the risk that LSC’s business will not be integrated successfully into Diodes’; the risk that the expected benefits of the acquisition may not be realized, including the realization of the accretive effect of the acquisition; the risk that LSC’s standards, procedures, and controls will not be brought into conformance within Diodes’ operation; difficulties coordinating Diodes’ and LSC’s new product and process development, hiring additional management and other critical personnel, and increasing the scope, geographic diversity, and complexity of Diodes’ operations; difficulties in consolidating facilities and transferring processes and know-how; difficulties in reducing the cost of LSC’s business; the diversion of our management’s attention from the management of our business; Diodes may not be able to maintain its current growth strategy or continue to maintain its current performance, costs, and loadings in its manufacturing facilities; risks of domestic and foreign operations, including excessive operation costs, labor shortages, higher tax rates, and Diodes’ joint venture prospects; the risk that we may not be able to increase our automotive, industrial, or other revenue and market share; the risks of cyclical downturns in the semiconductor industry and of changes in end-market demand or product mix that may affect gross margin or render inventory obsolete; the risk that our future outlook or guidance may be incorrect; unfavorable currency exchange rates; the risks of global economic weakness or instability in global financial markets; the

risks of trade restrictions, tariffs, or embargoes; the risk of breaches of our information technology systems; and other information, including the “Risk Factors” detailed from time to time in Diodes’ filings with the United States Securities and Exchange Commission. You should not place undue reliance on these forward-looking statements, which speak only as of the date of the press release. The Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
2.1	Share Swap Agreement between Diodes Incorporated and Lite-On Semiconductor Corporation
99.1	Press release dated August 8, 2019
99.2	Script for Conference Call
99.3	Presentation slides

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: August 8, 2019

DIODES INCORPORATED

By /s/ Brett R. Whitmire
Brett R. Whitmire
Chief Financial Officer

SHARE SWAP AGREEMENT
between
DIODES INCORPORATED
and
LITE-ON SEMICONDUCTOR CORP.

Dated as of August 8, 2019

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SHARE SWAP AGREEMENT

THIS SHARE SWAP AGREEMENT (this "Agreement"), dated as of August 8, 2019 (the "Effective Date"), is being entered into by and between:

- A. Diodes Incorporated, a company incorporated and in existence under the laws of the State of Delaware, USA and having its principal place of business at 4949 Hedgcoxe Rd., Suite 200, Plano, Texas, USA ("Buyer"); and
- B. Lite-On Semiconductor Corp., a company incorporated and in existence under the laws of Taiwan with uniform commercial number of 23528103 and having its registered address at 4F. No. 392, Ruiguang Rd., Neihu Dist., Taipei, Taiwan (the "Company").

Buyer and the Company are hereinafter collectively referred to as the "Parties" and each separately as a "Party".

RECITALS

WHEREAS, Buyer intends to implement a 100% share swap pursuant to Article 29 of the Taiwan Mergers and Acquisitions Act (the "M&A Act") with the Company, whereby Buyer will designate a wholly-owned Subsidiary to acquire 100% of the issued and outstanding capital shares of the Company (the "Shares") for such consideration as further described herein and on the terms and subject to the conditions set forth herein (the "Share Swap"), the Shares will be delisted from the TSE upon the Share Swap Record Date and, following the Share Swap Record Date, the public reporting status of the Company will be withdrawn;

WHEREAS, the Board of Directors of Buyer has approved the execution, delivery and performance by Buyer of this Agreement and the consummation of the transactions contemplated herein;

WHEREAS, each of the Special Committee of the Company and the Board of Directors of the Company (the "Company Board") has determined that the transactions contemplated herein are fair to the Company and its shareholders (the "Company Board Determination"), and the Company Board has approved the execution, delivery and performance by the Company of this Agreement and the consummation of the transactions contemplated hereby, including the Share Swap, subject to the approval of the shareholders of the Company (the "Company Shareholders"); and

WHEREAS, as soon as possible after the Effective Date, an extraordinary shareholders meeting (the "Company Shareholders Meeting") will be convened by the Company to request the approval of the Share Swap from the Company Shareholders.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

**ARTICLE I
DEFINITIONS**

Section 1.1 Certain Definitions

. For purposes of this Agreement:

“Acquisition Proposal” means any proposal, offer or inquiry (whether or not in writing) from any Person or group relating to any (i) acquisition, transfer, lease or license of assets of the Company Group equal to 20% or more of the Company’s consolidated assets, (ii) issuance or acquisition of 20% or more of the outstanding equity securities of the Company (or the issuance or acquisition of other securities convertible into or exchangeable for equity securities of the Company representing 20% or more of the outstanding equity securities of the Company), (iii) tender offer or exchange offer that if consummated would result in any person, entity or group beneficially owning 20% or more of the outstanding equity securities of the Company, (iv) merger, consolidation, amalgamation, share swap, share exchange, business combination, recapitalization, or similar transaction involving the Company or (v) joint venture, liquidation, dissolution or similar transaction that involves 20% or more of the consolidated assets, revenues or earnings of the Company.

“Affiliate” means, with respect to any Person, any other Person that, at the time of determination, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, such first Person.

“Assets” means all of the assets and properties of the Company Group.

“Building Permits” mean all permits, licenses, easements, variances, exemptions, consents, certificates, authorizations, registrations, Orders and other approvals from Governmental Entities necessary for, or issued to, build, construct, maintain, demolish, remodel, refurbish and/or occupy any structures, buildings, infrastructure or utilities (or appurtenances thereto) relating to any Real Property.

“Business Day” means any day other than a Saturday, a Sunday or a day on which banks in Plano, Texas, USA or Taipei, Taiwan are authorized by Law or executed Order to be closed.

“Company Disclosure Letter” means a letter of even date hereof from the Company to Buyer, together with the schedules thereto, disclosing certain facts and circumstances in relation to the Company, subject to which the representations and warranties of the Company in Article IV of this Agreement are given.

“Company Employee Plan” means any plan, program, policy, practice, Contract or other arrangement providing for any bonus, compensation, severance, separation, termination pay, deferred compensation, management, employment, contractor or consulting services, incentive compensation, relocation, performance awards, stock or stock related awards, vacation, repatriation, expatriation, loans, visas, work permits, retention pay, change of control, disability, death benefit, retirement benefits, pension benefits, welfare benefits, hospitalization or insurance plan, fringe benefits or other employee benefits or remuneration of any kind, whether written, unwritten or otherwise, funded or unfunded, including, but not limited to, each employee benefit plan which is or has been maintained, contributed to, or required to be contributed to, by the Company Group for the benefit of any current or former employee of the Company Group, or with respect to which the Company Group has or may have any liability or obligation.

“Company Equity Plans” means any employee, consultant, representative or director stock option, stock purchase or equity compensation plan, arrangement or agreement of the Company Group.

“Company Group” means the Company and its Subsidiaries set forth in Section 4.2(a) of the Company Disclosure Letter.

“Company Intellectual Property Rights” means any and all Intellectual Property Rights that are owned, used, held for use or practiced by the Company Group.

“Company Products” means all products, technologies and services developed (including products, technologies and services under development), made, provided, distributed or sold by the Company Group.

“Company Public Reports” means reports and other documents required to be filed with the FSC, stated in the Company’s annual report or publicly disclosed at the Market Observation Post System by the Company since January 1, 2017.

“Confidentiality Agreement” means the Confidentiality Agreement entered into by and amongst Buyer, the Company and Lite-On Technology Corp. as of July 4, 2019.

“Contract” means any instrument, contract, purchase order, agreement or other similar legally binding commitment or undertaking of any nature, whether written or oral.

“control” (including the terms “controlled,” “controlled by” and “under common control with”) means the possession, directly or indirectly or as trustee or executor, of the power to direct or cause the direction of the management policies of a Person, whether through the ownership of stock, as trustee or executor, by contract or credit arrangement or otherwise.

“Copyrights” means copyrights and mask work rights (whether or not registered) and registrations and applications therefor, worldwide.

“Environmental Law” means any applicable Law, and any Order or binding agreement with any Governmental Entity: (i) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety, or the environment (including ambient air, soil, surface water or groundwater or subsurface strata); or (ii) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Substances.

“Environmental Permit” is any Permit required to be obtained from any Governmental Entity with respect to a Hazardous Substances Activity which is or was conducted by the Company Group.

“FSC” means the Financial Supervisory Commission of Taiwan.

“GAAP” means, with respect to any Person, generally accepted accounting principles in the jurisdiction in which such Person is domiciled in effect from time to time.

“Governmental Entity” means any court, administrative agency or commission or other governmental authority or instrumentality of any country or political territory with competent jurisdiction over the party and matter in question.

“Hazardous Substances” means (i) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral or gas, in each case, whether naturally occurring or manmade, that is hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under Environmental Laws; and (ii) any petroleum or petroleum-derived products, radon, radioactive materials or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation and polychlorinated biphenyls.

“Hazardous Substances Activities” means the transportation, transfer, recycling, storage, use, treatment, manufacture, removal, remediation, release, exposure of others to, sale or distribution of any Hazardous Substances or any product or waste containing a Hazardous Substance, or product manufactured with ozone depleting substances, including, without limitation, any required labeling, payment of waste fees or charges (including so-called e-waste fees) and compliance with any product take-back or product content requirements.

“IFRS” means the International Financial Reporting Standards as endorsed by the FSC.

“Intellectual Property Rights” means intellectual property rights arising from or in respect of the following, whether protected, created or arising under the Laws of any jurisdiction (where applicable): Copyrights, Trade Secrets, Patents and Trademarks and analogous rights, including moral and economic rights of authors and inventors (however denominated) and including the right to enforce and recover damages for the infringement or misappropriation of any of the foregoing.

“IT Systems” means the computer, information technology and data processing systems, facilities and services used by the Company Group in the operation of their businesses.

“Law” or “Laws” mean any laws, statutes, rules, regulations, ordinances, orders and codes issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under any Governmental Entity.

“Legal Proceeding” means any action, claim, suit, litigation, proceeding (public or private), criminal prosecution, arbitration, appeal, mediation, conciliation, consent decree, audit or investigation by or before any Governmental Entity.

“Liability” means any liability, obligation or commitment of any kind, whether absolute, accrued, fixed or floating, matured or unmatured, determined or determinable or otherwise and whether or not required to be recorded or reflected on a balance sheet prepared in accordance with GAAP of Taiwan or Taiwan IFRS, as applicable, and “Liabilities” shall be construed accordingly.

“Lien” means any charge, mortgage, lien (statutory or otherwise), power of sale, hypothecation, usufruct, retention of title, right of preemption, encroachment, pledge, hypothecation, security interest, attachment, levy, encumbrance or other similar restriction of any kind on ownership or use, or any agreement or Contract to create any of the foregoing.

“Material Adverse Effect” means any Change that, individually or when taken together with all other such Changes that exist at the date of determination of the occurrence of a Material Adverse Effect,

(i) has or results in a material adverse effect on the business, Assets, Liabilities, financial condition or results of operations of the Company Group taken as a whole; provided, however, that no Changes resulting from, relating to or arising out of the following (by

themselves or when aggregated with any other Changes) shall be taken into account when determining whether a Material Adverse Effect has occurred:

- (A) any change in general economic, financial, business or political conditions or industry-wide (including but not limited to those affecting the securities markets or changes in interest rates or exchange rates);
- (B) changes in applicable Law, GAAP or IFRS applicable to the Company Group, as the case may be;
- (C) any acts of terrorism, major armed hostilities or war;
- (D) any major natural disasters;
- (E) any action required to be taken in connection with this Agreement or the failure to take any action that is expressly prohibited by this Agreement;
- (F) with respect to the Company Group only, the buy-back of any Dissenting Shares; or
- (G) any change directly attributable to the public announcement of the Share Swap or this Agreement,

in the case of each of (A), (C) or (D) above, to the extent that such conditions do not have a materially disproportionate impact on the Company Group, taken as a whole, relative to other companies of similar nature and comparable size; or

(ii) prevents or materially impedes, interferes with, hinders or delays the performance by the Company of its obligations under this Agreement or the consummation of its obligations under this Agreement, the Share Swap, or the other transactions contemplated hereby.

“Order” means any writ, judgment, decree, award, ruling, injunction, directive or similar order of any Governmental Entity, and any award or order of any arbitrator to the extent enforceable by a Governmental Entity, in each case whether preliminary or final.

“Ordinary Course of Business” means the ordinary course of business, consistent with past custom and practice, including with regard to nature, frequency, and magnitude.

“Organizational Documents” means (i) the certificate of incorporation, articles of association and the bylaws of a corporation, (ii) any charter or similar document adopted or filed in connection with the creation, formation or organization of a Person and (iii) any amendment to or restatement of any of the foregoing, as applicable.

“Patents” means any patents and patent applications, together with all reissues, divisionals, continuations, continuations-in-part, revisions, renewals, extensions, and reexaminations thereof, and any identified invention disclosures.

“Permit” means any licenses, permits, approvals, registrations, authorizations, franchises, certifications, variances, exemptions, consents, orders and qualification filings with, of or from a Governmental Entity.

“Permitted Liens” means, with respect to any Real Property, (i) Liens for Taxes and other similar governmental charges and assessments which are not yet due, (ii) Liens of landlords

and liens of carriers, warehousemen, mechanics and materialmen and other like Liens arising in the Ordinary Course of Business consistent with past practice for sums not yet due, or other liens securing the performance of bids, trade contracts, lease or statutory obligations (including workers' compensation, unemployment insurance or other social security legislation) and (iii) security given in the Ordinary Course of Business to any public utility, Governmental Entity or other statutory or public authority having jurisdiction over the Company.

“Person” means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including any Governmental Entity.

“Personal Information” means, in addition to all information defined or described as “personal information,” “personally identifiable information,” “PII,” or similar term in any privacy policy or other public-facing statement of the Company Group, all information regarding or capable of being associated with an individual consumer or device, including: (i) information that identifies, could be used to identify or is otherwise identifiable with an individual or a device, including name, physical address, telephone number, email address, financial account number, government-issued identifier (including social security number and driver's license number), medical, health or insurance information, gender, date of birth, educational or employment information, religious or political views or affiliations, marital or other status, photograph, face geometry or biometric information, and any other data used or intended to be used to identify, contact or precisely locate an individual; (ii) any data regarding an individual's activities online or on a mobile device or other application (e.g., searches conducted, web pages or content visited or viewed) associated with an identifiable individual; and (iii) internet protocol addresses or other persistent identifiers. Personal Information may relate to any individual, including users of internet and device applications who view or interact with the Company, or a current, prospective or former customer, employee or vendor of any Person. Personal Information includes information in any form, including paper, electronic and other forms.

“Registered Intellectual Property” means Patents, registered Copyrights and pending applications thereof, and Trademarks.

“Regulatory Approvals” means (i) approval by the Investment Commission of the Ministry of Economic Affairs of Taiwan for the Share Swap, (ii) consent from the Central Bank of China for the foreign exchange transactions necessary to convert foreign currency into New Taiwan Dollars for payment of the Payment Fund, (iii) consent from the TSE for the delisting of the Company and (iv) consent from the FSC to cancel the Company's status as a public company.

“Subsidiary” means, with respect to any Person, any other Person of which stock or other equity interests having ordinary voting power to elect more than fifty percent (50%) of the board of directors or other governing body are owned, directly or indirectly, by (i) such first Person, (ii) such first Person and one or more of its Subsidiaries or (iii) one or more Subsidiaries of such first Person. For the avoidance of doubt, Subsidiaries of the Company do not include On-Bright Electronics Incorporated and its Subsidiaries.

“Taiwan” means the Republic of China.

“Tax” or, collectively, “Taxes” means (i) any and all taxes, assessments and other similar charges, withholdings, duties, impositions, installments and Liabilities imposed by or payable to any Governmental Entity, including taxes based upon or measured by gross receipts,

income, profits, sales, use and occupation, capital and value added, goods and services, ad valorem, transfer (including real estate transfer), franchise, withholding, payroll, recapture, employment, excise and property taxes as well as public imposts, fees and social security charges (including health, unemployment, workers' compensation and pension insurance), together with all interest, penalties and additions imposed with respect to such amounts, (ii) any Liability for the payment of any amounts of the type described in clause (i) above as a result of being or having been a member of an affiliated, consolidated, combined, unitary, fiscal unity or similar group for any period, and (iii) any Liability for the payment of any amounts of the type described in clauses (i) or (ii) above as a result of any express or implied obligation to indemnify any other Person or as a result of any obligation under any agreement or arrangement with any other Person with respect to such amounts and including any Liability for taxes of a predecessor or transferor or otherwise by operation of Law.

“Tax Relief” means any allowance, credit, deduction, exemption or set-off in respect of any Tax or relevant to the computation of any income, profits or gains for the purposes of any Tax, or any repayment of or saving of Tax (including any repayment supplement or interest in respect of Tax), and any reference to the use or set off of Tax Relief shall be construed accordingly and shall include use or set off in part and any reference to the loss of a Tax Relief shall include the absence, non-existence or cancellation of any such Tax Relief, or to such Tax Relief being available only in a reduced amount.

“Tax Returns” means returns, estimates, amendments, information statements, elections, forms, and any attachments, appendices or addenda thereto relating to any and all Taxes.

“to the knowledge of the Company” means the knowledge of the directors and/or C-level executives of the Company and matters that any of such Persons should have known after reasonable inquiry.

“Trade Secrets” means confidential know-how, inventions, discoveries, concepts, ideas, methods, processes, designs, formulae, technical data, source code, drawings, specifications (including logic specifications), data bases, data sheets, customer lists, customer data and other confidential information that constitute trade secrets under applicable Law, in each case excluding any rights in respect of any of the foregoing that comprise Copyrights.

“Trademarks” means trademarks and registrations and applications therefor.

“TSE” means Taiwan Stock Exchange Corp.

“USA” means the United States of America.

In addition to the terms defined above, the terms listed below are defined in the sections set forth opposite such defined term.

Agreement Preamble
Antitrust Laws Section 4.6
Appraisal Section 3.6
Arbitrable Dispute Section 9.10(a)
Books and Records Section 4.25
Buyer Preamble
CAA Section 9.10(b)
Closing Section 2.2

Company Preamble	
Company Act	Section 3.6
Company Balance Sheet	Section 4.8
Company Board	Recitals
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Section 1.2 Interpretation

. When a reference is made in this Agreement to a Section, Article or Exhibit, such reference shall be to a Section, Article or Exhibit of this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement or in any Exhibit are for convenience of reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Any capitalized terms used in any Exhibit but not otherwise defined therein shall have the meaning set forth in this Agreement. All Exhibits annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth herein unless otherwise indicated. The words “include,” “includes” and “including” and words of similar import when used in this Agreement will mean “include, without limitation,” “includes,

(b) The Company's articles of incorporation in effect as of the Effective Date shall be the articles of incorporation of the Company on the Share Swap Record Date, unless subsequently further amended.

(c) Unless otherwise amended pursuant to this Agreement, details of the share capital the Company on the Share Swap Record Date are as set forth in Exhibit A. Following the incorporation of TaiCo by Buyer, the Parties shall amend Exhibit A to include details of the share capital of TaiCo.

Section 2.5 Directors and Supervisors

. The directors and supervisors of Buyer immediately prior to the Share Swap shall remain unchanged as a result of the Closing. Upon Closing, the directors and supervisors of the Company shall be discharged and replaced by such Persons as Buyer may designate, in its sole discretion.

**ARTICLE III
CONSIDERATION; PAYMENT**

Section 3.1 Consideration

(a) Subject and pursuant to the terms of this Agreement, each Share issued and outstanding immediately prior to the Share Swap Record Date (other than Shares to be cancelled in accordance with Section 3.1(b) and/or Section 3.6) shall, upon the Share Swap Record Date, be transferred to and in the name of Buyer and, against such transfer to Buyer thereafter, represent the right to receive NT\$42.5 in cash, without interest, and subject to deduction for any required securities transaction Tax under applicable Law and, if applicable, customary processing fees and costs (the "Consideration"). No further adjustment to the Consideration may be made except for those adjustments under circumstances as contemplated by Section 3.7 hereto.

(b) Each Share held in the treasury of the Company immediately prior to the Share Swap Record Date (including any Dissenting Shares repurchased by the Company from Dissenting Shareholders), if any, shall be canceled and retired, and shall cease to exist, and no consideration shall be delivered in exchange therefor.

Section 3.2 Share Swap Entity of Buyer

(a) Buyer shall designate a wholly-owned Subsidiary to be incorporated under the Company Act ("TaiCo") to be the acquiring entity to consummate the Share Swap hereunder. Buyer shall complete the incorporation of TaiCo and shall notify the Company in writing of the completion of such incorporation and the designation prior to the Company Shareholders Meeting.

(b) Upon such designation, all of the rights and obligations of Buyer hereunder shall be automatically assigned and novated to TaiCo; *provided*, that Buyer shall jointly and severally be liable with TaiCo for the performance by TaiCo of this Agreement.

(c) To the extent required by applicable Law, the Parties shall cooperate with each other to take such appropriate corporate actions to facilitate the designation of TaiCo to be party to the Share Swap as contemplated herein. Other than the designation of TaiCo contemplate herein, the Parties currently do not contemplate other changes to the parties to the Share Swap.

Section 3.3 Payment

- (a) At least two (2) Business Days prior to the Share Swap Record Date, Buyer shall deliver or cause to be delivered to the Company's stock agent, or, at Buyer's sole discretion, to another stock agent designated by Buyer (the "Stock Agent"), in trust for the benefit of the holders of Shares, cash in an amount sufficient to pay the aggregate Consideration (the "Payment Fund"). The Stock Agent shall make payments of the aggregate Consideration out of the Payment Fund in accordance with this Agreement. The Payment Fund shall not be used for any purpose other than to fund payments due hereunder. Except as provided in Section 3.4, Buyer shall pay all charges and expenses, including those of the Stock Agent, incurred in connection with the payment of the Consideration.
- (b) Buyer shall direct the Stock Agent to pay the Consideration as soon as reasonably practicable on or after the Share Swap Record Date (but in no event later than five (5) Business Days after the Share Swap Record Date) to each holder of record of Shares represented by book-entry that, immediately prior to the Share Swap Record Date, represented outstanding Shares that were converted into the right to receive the Consideration, and the Stock Agent shall apply with the Taiwan Depository & Clearing Corporation to transfer the Shares to the name of Buyer. The relevant portion of the Consideration shall be paid to the Person whose name is registered as the holder of the Shares.
- (c) Any portion of the Payment Fund (and any interest or other income earned thereon) that remains undistributed to the holders of Shares (other than Dissenting Shares) twelve (12) months after the Share Swap Record Date shall be delivered to Buyer upon demand, and any holders of Shares (other than Dissenting Shares) who have not received the Consideration for any Share held by them immediately prior to the Share Swap Record Date shall thereafter look only to Buyer, as general creditor, for payment of the Consideration with respect to such Shares, without interest. In the event that such Payment Fund is insufficient to make the payments contemplated by this Agreement, Buyer shall, and shall cause TaiCo to, promptly deposit additional funds with the Stock Agent in an amount which is equal to the deficiency in the amount required to make such payment. The Payment Fund will not be used for any purpose not expressly provided for in this Agreement.

Section 3.4 Withholding Rights

Buyer shall be entitled to deduct and withhold from the consideration otherwise payable to any holder of the Shares pursuant to this Agreement such amounts as may be required to be deducted and withheld pursuant to applicable Law in respect of securities transaction Taxes. To the extent that amounts are so withheld and paid over to the appropriate taxing authority by Buyer (through the Stock Agent), such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made. The Stock Agent shall make available, upon request by any seller of Shares, all receipts of payment of the foregoing amounts withheld and treated as having been paid to such seller.

Section 3.5 Fractional Shares

Since the Consideration to be paid in the Share Swap will be in cash, the Parties agree that this Agreement does not provide the procedure for dealing with fractional shares to be issued to the Company Shareholders.

Section 3.6 Dissenting Shares

Notwithstanding anything in this Agreement to the contrary, Shares issued and outstanding immediately prior to the Share Swap Record Date that are held by any holder who has exercised such holder's appraisal rights pursuant to the Taiwan Company Act (the "Company Act") and the M&A Act (currently, a holder must,

- (b) To the extent that any adjustment to the Consideration agreed between Buyer and the Company pursuant to Section 3.7(a) does not exceed ten percent (10%) of the Consideration, any such adjustment, if agreed by the Company and Buyer after the date of the Company Shareholder Approval, may be approved by the respective Board of Directors of the Company and Buyer without again requiring the approval by their respective shareholders meetings.

**ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE COMPANY**

Except as set forth in the disclosure letter dated as of the Effective Date and delivered by the Company to Buyer prior to the execution and delivery of this Agreement (the "Company Disclosure Letter"), which expressly identifies the Section (or, if applicable, subsection) to which such exception relates, the Company represents and warrants to Buyer as follows:

Section 4.1 Organization, Standing and Power

- (a) The Company (i) is a corporation duly organized and validly existing under the Laws of Taiwan and (ii) has all requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business as now being conducted. The Company is not engaged in business, and has no branch offices, outside of Taiwan.
- (b) The Company has delivered to Buyer correct and complete copies of the Organizational Documents of the Company, in each case, as amended and in effect on the date hereof, including all amendments thereto.

Section 4.2 Subsidiaries

- (a) Section 4.2(a) of the Company Disclosure Letter sets forth an ownership structure chart of the Company and its Subsidiaries as of the Effective Date.
- (b) Section 4.2(b) of the Company Disclosure Letter sets forth, for each of the Company's Subsidiaries, a complete and accurate list of (i) the jurisdiction of organization, (ii) number of ownership interests of each class of equity interests outstanding, (iii) number and percentage of outstanding ownership interests of each class owned (directly or indirectly) by the Company and its Subsidiaries and (iv) all outstanding options, warrants and other rights of conversion into equity interests.
- (c) Each of the Company's Subsidiaries (i) is a company duly organized and validly existing under the Laws of the jurisdiction of its incorporation, (ii) has all requisite corporate or similar power and authority to own, lease and operate its properties and assets and to carry on its business as now being conducted and (iii) if such Subsidiary is outside of Taiwan, is duly qualified or licensed to do business in each jurisdiction where the nature of its business or the ownership, leasing or operation of its properties makes such qualification or licensing necessary. All of the outstanding share capital of the Company's Subsidiaries are validly issued, fully paid and non-assessable and all such shares are owned beneficially and of record by the Company and/or its Subsidiaries free and clear of all Liens.
- (d) The Company has delivered to Buyer correct and complete copies of the Organizational Documents of each of the Company's Subsidiaries, in each case, as

amended and in effect on the date hereof, including all amendments thereto. To the knowledge of the Company, none of the Company's Subsidiaries is in material default under or in material violation of its Organizational Documents.

Section 4.3 Capital Stock

- (a) The authorized share capital of the Company as of the Effective Date is NT\$5,000,000,000. As of the Effective Date, there are (i) 312,456,688 Shares issued and outstanding and (ii) no shares of preferred stock of the Company issued or outstanding.
- (b) As of the Effective Date, (i) there are not any outstanding or authorized (A) securities convertible into or exchangeable for shares of capital stock or voting securities of the Company or (B) options, calls, warrants, pre-emptive rights, anti-dilution rights or other rights, rights agreements, shareholder rights plans, agreements, arrangements or commitments of any kind relating to the issued or unissued capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of the Company, (ii) there are no outstanding obligations of the Company to repurchase, redeem or otherwise acquire any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of the Company, (iii) the Company has not issued, sold or granted phantom stock or other contractual rights the value of which is determined in whole or in part by the value of any capital stock of the Company and there are no outstanding stock appreciation rights issued by the Company with respect to the capital stock of the Company, (iv) there are no voting trusts or other agreements or understandings to which the Company or any of its officers and directors is a party with respect to the voting of capital stock of the Company and (v) there are no outstanding bonds, debentures, notes or other indebtedness of the Company having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matter on which the shareholders or other equity holders of the Company may vote.
- (c) There are no outstanding options or warrants to purchase Shares.
- (d) The Company holds no treasury shares as of the Effective Date.
- (e) Except as set forth in Section 4.3(e) of the Company Disclosure Letter, the Company has not agreed nor is obligated to, directly or indirectly, make any future investments in or capital contribution or advance to any Person.
- (f) Except for this Agreement, there are no outstanding Contracts or other rights of any kind of any Person to purchase or otherwise receive or be issued any equity interest of the Company.

Section 4.4 Authority

The Company has all necessary corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and, subject, in the case of the Share Swap, delisting of the Shares and withdrawal of the public reporting status of the Company, to the adoption and approval of this Agreement and the Share Swap by the affirmative vote of the holders representing two-thirds (2/3) of the outstanding Shares entitled to vote on such matter at the Company Shareholders Meeting in accordance with applicable Law (the "Company Shareholder Approval"), to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part

complied in all material respects with the requirements of applicable Law and (ii) did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading.

- (b) Each of the financial statements (including the related notes) of the Company included in the Company Public Reports (collectively, the “Company Financial Statements”) (i) complied at the time it was filed as to form in all material respects with the applicable accounting requirements and rules and regulations of the FSC with respect thereto in effect at the time of such filing, (ii) was prepared in accordance with GAAP of Taiwan or Taiwan IFRS applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and (iii) fairly presented in all material respects the consolidated financial position of the Company as of the respective dates thereof and the consolidated results of operations and cash flows for the respective periods then ended (subject, in the case of unaudited statements, to normal year-end adjustments, none of which either individually or in the aggregate will be material in any amount).
- (c) The Company Group has appropriate internal controls that are reasonably designed to ensure compliance with applicable Law.

Section 4.8 No Undisclosed Liabilities

. Except as reflected in the Company’s audited consolidated balance sheet as at June 30, 2019 (the “Company Balance Sheet”), the Company Group does not have any material Liabilities other than (i) Liabilities incurred since the date of the Company Balance Sheet in the Ordinary Course of Business and (ii) Liabilities under this Agreement or incurred in connection with the transactions contemplated hereby.

Section 4.9 Absence of Certain Changes

. Except as set forth in Section 4.9 of the Company Disclosure Letter, since June 30, 2019 and until the Effective Date, the Company Group has conducted its business and operations in the Ordinary Course of Business and there has not been (i) any Material Adverse Effect or (ii) any action or event that would have required the consent of Buyer pursuant to Section 6.1 had such action or event occurred after the Effective Date.

Section 4.10 Compliance with Laws; Permits

- (a) The Company Group is in compliance with, and is not in default under or violation of (and have not received any notice of material non-compliance, default or violation with respect to), any Law applicable to the Company Group or by which any Company Group member’s property is bound including, without limitation, the U.S. Foreign Corrupt Practice Act of 1977, as amended, or other similar applicable anti-corruption or anti-bribery Laws, except for such non-compliance, defaults and violations that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.
- (b) The Company Group is in all material respects in compliance with, and are not in default under or violation of (and have not received any notice of material non-compliance, default or violation with respect to), all export control Laws applicable to the Company Group. The Company Group has not and is not conducting business with Persons in or within Cuba, Iran, North Korea, Sudan or Syria.
- (c) The Company Group hold all Permits that are material to the operation of the business of the Company Group as currently conducted, including Environmental

another currency) during any 12-month period or (B) creates any obligation under any interest rate, currency or commodity derivatives or hedging transaction;

(ii) that is a Lease Agreement material to the operation of the Company Group;

(iii) relating to a joint venture, joint development, partnership, consortium or similar Contract with any third Person that is material to the business of the Company Group;

(iv) with Significant Customers;

(v) with Significant Suppliers;

(vi) with any related Person not otherwise disclosed in the Company Financial Statements or in the Company

Public Reports;

(vii) that is a settlement, conciliation or similar agreement (A) that materially restricts any Company Group member from undertaking its business as currently conducted or (B) that would require a Company Group member to pay consideration of more than NT\$30,000,000 after the Effective Date;

(viii) that purports to grant a license to any Intellectual Property Rights held by any upstream Affiliate of the Company Group (including a license that would come into effect as a result of or in connection with the consummation of the Share Swap);

(ix) with (A) any of the five (5) highest paid employees or officers of the Company Group (based on total remuneration for fiscal year 2018); (B) any current employee, officer, director or supervisor of the Company Group who is entitled, in connection with the transactions contemplated by this Agreement (either alone or in connection with additional or subsequent events), to a bonus, retention bonus, severance or termination pay or other benefits in the event of change in control; or (C) any former employee, officer, director or supervisor of the Company Group under which a Company Group member has continuing obligations to such Person equal to or greater than NT\$3,000,000;

(x) (A) relating to the acquisition, issuance, voting, registration, sale or transfer of any securities or (B) providing any Person with any preemptive right, right of participation, right of maintenance, right of first refusal or similar right with respect to any securities of the Company, in each case other than Contracts evidencing currently outstanding stock options granted under the Company Equity Plan;

(xi) providing for any guaranty to any Person other than a Subsidiary in an amount in excess of NT\$3,000,000;

(xii) that may require a Company Group member to guarantee, reimburse, pledge, defend, hold harmless or indemnify any other Person with respect to Liabilities arising out of Environmental Laws;

(xiii) that constitutes an irrevocable power of attorney or similar Contract; or

(xiv) the breach, absence or termination of which would reasonably be expected to have a Material Adverse Effect.

(b) Copies of all written Material Contracts have been made available to Buyer prior to the date hereof.

(c) To the knowledge of the Company, (i) each Material Contract currently in effect is valid and enforceable against the applicable Company Group member in accordance with its terms and (ii) no event has occurred, and no circumstance or condition exists, that (with or without notice of lapse of time) will, or would reasonably be expected to, (A) constitute a violation or breach of such Material Contract, (B) give any Person the right to accelerate the maturity or performance of such Material Contract or (C) give any Person the right to cancel, terminate or modify the terms of such Material Contract.

Section 4.15 Tax Matters

. Except as set forth in Section 4.15 of the Company Disclosure Letter:

(a) Each Company Group member has properly prepared and timely filed (or had properly prepared and timely filed on its behalf) all material Tax Returns required by applicable Law to be filed by or with respect to such Company Group member, and has timely paid in full (or had timely paid in full on its behalf) all material Taxes due and payable (whether or not shown on any Tax Return). All such Tax Returns are true, correct and complete in all material respects. Each Company Group member has timely deducted or withheld and paid over in full to the appropriate Governmental Entity (or had timely deducted or withheld and paid over in full on its behalf) all material Taxes required to be deducted or withheld and paid over (whether or not shown on any Tax Return). None of the Company Group members (i) is a party to or bound by, nor will become bound by, any closing agreement, offer in compromise, gain recognition agreement or any other agreement with any Governmental Entity, or any Tax indemnity, Tax sharing or Tax allocation agreement or arrangement with any Person, or (ii) has actual or, to the knowledge of the Company, contingent liabilities for Taxes, other than (A) Taxes accrued as a liability on the Company Balance Sheet or (B) to the knowledge of the Company, non-delinquent Taxes incurred in the Ordinary Course of Business since December 31, 2018, as adjusted for changes in Tax rates and ordinary course fluctuations in operating results. To the knowledge of the Company, no event or circumstance has occurred that will or could give rise to (1) a Tax Liability of the Company Group in addition to Tax that has already been paid, provided for or disclosed in the Company Financial Statements or (2) a diminution or loss of a Tax Relief contained in the Company Financial Statements or, to the extent that a Tax Relief is not contained in the Company Financial Statements, the diminution or loss of a Tax Relief in respect of or by reference to any moment occurring or period ending on or before the Share Swap Record Date, including in respect of any period commencing before and ending after the Share Swap Record Date the part of such period up to and including the Share Swap Record Date.

(b) There are and have been no (i) proposed, threatened or actual assessments, audits, examinations or disputes as to material Taxes or Tax Returns relating to or affecting the Company Group or (ii) waivers or extensions of the statute of limitations with respect to Taxes of or with respect to the Company Group, other than routine Tax assessments conducted by applicable Tax authorities. No issues have been raised in any Tax audits, Tax examinations or Tax disputes pertaining to or including any of the Company Group members that can reasonably be expected to be raised in similar examinations following the Closing. To the knowledge of the Company, there is no basis for the assertion by a Governmental

Entity of a material Tax deficiency against or with respect to any Company Group member. None of the Company Group members is liable for Taxes of any other Person as a transferee or successor, by Contract, by operation of Law or otherwise. None of the material Tax Returns required by applicable Law is disputed and, to the knowledge of the Company, there is no indication that any such dispute will arise in the future.

- (c) None of the Company Group members has engaged in the conduct of a trade or business nor had a permanent establishment or permanent representative (as defined in any tax treaty, if a tax treaty is applicable) or other taxable presence in a jurisdiction with respect to which the required Tax Returns have not been filed. No Governmental Entity has claimed that a Company Group member is subject to Tax in a jurisdiction in which the required Tax Returns have not been filed. Each of the Company Group members has been properly registered for Tax purposes in its country of residence.
- (d) There are (and immediately following the Share Swap Record Date there will be) no Liens on the assets of the Company Group relating to or attributable to Taxes other than Liens for Taxes not yet due and payable.
- (e) None of the Company Group members will be required to include in any Taxable period (or portion thereof) beginning after the Share Swap Record Date any material amount of Taxable income attributable to income that was economically realized, but not recognized for Tax purposes, prior to the Share Swap Record Date.
- (f) The Company has made available to Buyer: (i) accurate and complete copies of all Tax Returns of each of the Company Group members relating to Taxable periods ended on or after December 31, 2017; and (ii) any audit report issued by a Governmental Entity within the past three (3) years relating to any Taxes due from or with respect to any Company Group member.

Section 4.16 Employee Benefit Plans; Employment and Labor Matters

- (a) Section 4.16(a) of the Company Disclosure Letter sets forth a complete and accurate list of each Company Employee Plan. With respect to each Company Employee Plan, the Company has made available to Buyer prior to the date hereof a current, accurate and complete copy thereof and, to the extent applicable, all material correspondence with any Governmental Entity relating to any pending Legal Proceeding in respect of a Company Employee Plan.
- (b) With respect to the Company Employee Plans:
 - (i) each Company Employee Plan has been established and administered in accordance with its terms and in material compliance with applicable Law, and all contributions required to be made under the terms of any Company Employee Plan have been timely made, except for failures to make any contribution that are not material; and
 - (ii) except as set forth in Section 4.16(b)(ii) of the Company Disclosure Letter, there is no pending Legal Proceeding (including any investigation, audit or other administrative proceeding) by any Governmental Entity or by any plan participant or beneficiary pending, or, to the knowledge of the Company, threatened, relating to the Company Employee Plans.

- (c) To the knowledge of the Company, except as specifically provided herein, the consummation of the Share Swap and the other transactions contemplated hereby will not, either alone or together with any other event, (i) entitle any current or former employee, director or independent contractor of any of the Company Group members to severance pay or (ii) accelerate the time of payment or vesting or trigger any payment or funding (whether through a grantor trust or otherwise) of compensation or benefits under, increase the amount allocable or payable under or trigger any other material obligation pursuant to any Company Employee Plan.
- (d) None of the Company Group members is a party to, nor is bound by, any collective bargaining agreement with any labor union or labor organization, or any other agreement regarding the rates of pay or working conditions of any employees. There is no ongoing strike, picketing, work stoppage or lockout, organizational activity, or, to the knowledge of the Company, threat thereof, by or with respect to any employees of any of the Company Group members, whether engaged in collective action or not. Except as set forth in Section 4.16(d) of the Company Disclosure Letter, to the knowledge of the Company, the Company Group has complied in all material respects with all applicable Law relating to wages, hours, immigration, discrimination in employment and collective bargaining and comparable labor Laws.

Section 4.17 Intellectual Property.

- (a) Except as set forth in Section 4.17(a) of the Company Disclosure Letter, all of the Company Registered Intellectual Property are wholly-owned by the Company Group.
- (b) The Company Group owns or is licensed or otherwise authorized to use all material Intellectual Property Rights used in the conduct of its business as presently conducted. Immediately following the Closing, the Company Group will have ownership of or licenses to sufficient material Intellectual Property Rights to conduct the business of the Company Group in the manner conducted as of Closing, and the Closing will not result in material payment of any additional economic consideration to any other licensor.
- (c) Except as set forth in Section 4.17(c) of the Company Disclosure Letter, there is no pending Legal Proceeding before any Governmental Entity nor, to the knowledge of the Company, has any Legal Proceeding been threatened by any Person, alleging that any activities or conduct of the business of the Company infringes or will infringe, violate or misappropriate the Intellectual Property Rights of any Person or that challenges the validity, scope or priority of any Company Registered Intellectual Property.
- (d) The Company Group has taken commercially reasonable steps to protect its rights in Trade Secrets in accordance with protection procedures customarily used in the Company's industry to protect rights of like importance. Except as set forth in Section 4.17(d) of the Company Disclosure Letter, none of the Company Group members has received written notice of any violation of or non-compliance with proprietary information and invention assignment agreements entered into between a Company Group member and its current or former employees or consultants.
- (e) Section 4.17(e) of the Company Disclosure Letter contains a complete and accurate list of all Registered Intellectual Property owned by or filed in the name of any

of the Company Group members (collectively the “Company Registered Intellectual Property”) that remain valid, and has not expired or been cancelled or abandoned.

- (f) Except as set forth in Section 4.17(f) of the Company Disclosure Letter, none of the Company Group members is subject to any outstanding Order that (i) restricts in any material manner the use, transfer or licensing of any material Company Intellectual Property Rights or the Company Products or (ii) adjudges any of the material Company Intellectual Property Rights, including any material Company Registered Intellectual Property to be unenforceable or invalid.
- (g) Except as set forth in Section 4.17(g) of the Company Disclosure Letter, none of the Company Group members is in material violation of any contracts pursuant to which a third party has licensed to a Company Group member or a Company Group member has granted to any Person any license to any Company Intellectual Property Rights (collectively, “Company IP Licenses”) that is material to the business of the Company Group, nor, to the knowledge of the Company, is any other party to any Company IP License in breach thereof.
- (h) Whether by operation of law or otherwise, the consummation of the transactions contemplated hereby will not result or cause (i) the breach by any of the Company Group members of any Company IP License, (ii) the termination, impairment or restriction of any right or license granted to a Company Group member under any Company IP License or (iii) a Company Group member to grant, or expand the scope of a prior grant, to a third party of any rights to any of the Company Intellectual Property Rights.
- (i) To the knowledge of the Company, there are no issues that may materially and adversely impact the Company Group’s ability to design, manufacture, have made, market, sell or otherwise distribute the Company Products as currently contemplated by the Company Group.

Section 4.18 IT Systems

. To the knowledge of the Company, the IT Systems are adequate and sufficient (including with respect to working condition and capacity) for the operations of the Company Group. The Company Group (i) has taken reasonable measures to preserve and maintain the performance, security and integrity of the IT Systems (and all software, information or data stored on any IT Systems). During the twelve (12) months period prior to the Effective Date, (A) there has been no failure with respect to any IT Systems that has had a material and adverse effect on the operations of the Company Group taken as a whole and (B) there has been no unauthorized access to or use of any IT Systems (or any software, information or data stored on any IT Systems) that has had a material and adverse effect on the operations of the Company Group taken as a whole.

Section 4.19 Personal Information

. To the knowledge of the Company, each of the Company Group members has complied in all material respects with all applicable Law, regulatory and self-regulatory guidelines, and published interpretations by Governmental Entities of such Laws and guidelines relating to (i) the privacy of users of any website of the Company Group and (ii) the collection, use, storage, retention, disclosure and disposal of any Personal Information by or on behalf of the Company Group. No Legal Proceedings have been brought or, to the knowledge of the Company, threatened against any of the Company Group members alleging a violation of any Person’s privacy, personal or confidentiality rights.

- (a) Section 4.20(a) of the Company Disclosure Letter sets forth a complete and accurate list of all real property in which any of the Company Group members has an ownership interest (the “Owned Real Property”). (A) Except as set forth in Section 4.20(a)(A) of the Company Disclosure Letter, the applicable Company Group member has good and marketable title to each parcel of Owned Real Property free and clear of all Liens other than Permitted Liens and (B) the Company has made available to Buyer copies of each title deed for each such parcel, in each case in the Company Group’s possession relating to the Owned Real Property, to the extent such documents are material to the Owned Real Property.
- (b) Section 4.20(b) of the Company Disclosure Letter sets forth a list of all Contracts for the leasing, subleasing, use (including uses covered by real property leases and subleases) or occupancy (to the extent such leasing, subleasing, use or occupancy is material to the business and operations of the Company Group) of all real property currently leased, subleased, used or occupied by any of the Company Group members (the “Leased Real Property” and, together with the Owned Real Property and the Occupied Real Property, the “Real Property”), including all amendments, terminations and modifications thereof (the “Lease Agreements”). For purposes of this Section 4.20, the term “Real Property” includes the land and the improvements and all rights of the Company Group relating to the land and the improvements, including any right, title and interest of the Company Group in and to all of the easements, rights, privileges and appurtenances belonging or in any way appertaining to the land and the improvements. The applicable Company Group member is in sole possession of the premises and/or Real Property leased to it pursuant to all Lease Agreements, and there are no parties in possession of the Real Property except such Company Group member. None of the Company Group members (i) has received any written notice that a security deposit or material portion thereof deposited with respect to any Lease Agreement has been applied in respect to a breach or default under any Lease Agreement that has not been re-deposited in full, (ii) has further assigned, subleased, transferred, conveyed, mortgaged, deeded in trust or encumbered any interest in the Lease Agreements or (iii) has received any written notice of breach or default of any Lease Agreement.
- (c) The use and operation by the Company Group of the Real Property complies in all material respects with all applicable Law.
- (d) There are no covenants, rights-of-way, easements or similar restrictions affecting all or any portion of the Real Property that materially impair the ability to use any such Real Property in the operation of the businesses of the Company Group as presently conducted.
- (e) None of the Company Group members has received any written notice of the intention of any Governmental Entity or any public or quasi-public body to condemn all or any material part of the Leased Real Property, and there are no pending, or, to the knowledge of the Company, threatened condemnation or eminent domain Legal Proceedings by any public or quasi-public body with respect to the Owned Real Property.
- (f) To the knowledge of the Company, no facts exist which would prevent any of the Company Group members from using and operating the Real Property immediately after the Share Swap Record Date in the manner in which the Real Property is currently operated.

- (a) Except as set forth in Section 4.21(a) of the Company Disclosure Letter, each of the Company Group members is, and has been at all times, in compliance in all material respects with all applicable Environmental Laws.
- (b) (i) Each of the Company Group members has obtained all material Environmental Permits required by any Environmental Law, and is, and at all times has been, in material compliance with, all such permits, and all such permits are in full force and effect; (ii) all material Environmental Permits and/or amendments thereto required by any Environmental Law to be obtained prior to the Closing have been obtained or will be obtained by the applicable Company Group member prior to the Closing; (iii) all material Environmental Permits held by each Company Group member are set forth in Section 4.21(b) of the Company Disclosure Letter; and (iv) to the knowledge of the Company, no circumstances exist which could cause any material Environmental Permit to be revoked, modified or rendered non-renewable upon payment of the applicable permit fee.
- (c) Except as set forth in Section 4.21(c) of the Company Disclosure Letter, no Legal Proceeding (including any revocation proceeding or amendment procedure) is pending, or to the knowledge of the Company, threatened, concerning or relating to any Environmental Permit or any Hazardous Substances Activities of any of the Company Group members relating to their respective businesses, or any Real Property.

Section 4.22 Insurance

. Section 4.22 of the Company Disclosure Letter sets forth a complete and accurate list of all insurance policies held by or applicable to the Company Group members including, in respect of each such policy, the policy name, policy number and carrier term, type and amount of coverage and annual premium, and the names of the insurers. To the knowledge of the Company, no event has occurred, including the failure by a Company Group member to give any notice or information or a Company Group member giving any inaccurate or erroneous notice or information, which limits or impairs the rights of the Company under any such insurance policies.

Section 4.23 Significant Customers

. Section 4.23 of the Company Disclosure Letter sets forth an accurate and complete list of the ten (10) largest customers of the Company Group for the year ended December 31, 2018, based on amounts paid or payable for such period (each, a "Significant Customer"). As of the Effective Date, none of Company Group members has received any written notice from any Significant Customer that such customer intends to terminate or materially modify existing Contracts with such Company Group member.

Section 4.24 Significant Suppliers

. Section 4.24 of the Company Disclosure Letter sets forth an accurate and complete list of the ten (10) largest suppliers of goods and/or services to the Company Group for the year ended December 31, 2018, based on amounts paid or payable for such period (each, a "Significant Supplier"). As of the Effective Date, none of the Company Group members has received any written notice from any Significant Supplier that such customer intends to terminate or materially modify existing Contracts with such Company Group member.

Section 4.25 Books and Records

. The minute books of each the Company, all of which have been made available to Buyer, contain true, correct and complete records in all material respects of all meetings held by, and corporate action taken by, the shareholders and

the Company Board (and its committees). The Company (or its Representatives or agents) have made and kept (and the Company has made available or provided to Buyer to the extent reasonably requested by Buyer in writing) business records, financial books and records, personnel records, ledgers, sales accounting records, tax records and related work papers and other books and records of the Company (the "Books and Records"). The Books and Records have been maintained in accordance with sound business practices in all material respects. The minute books and other Books and Records of the Company are in the possession of the Company.

Section 4.26 No Broker

. No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Company.

**ARTICLE V
REPRESENTATIONS AND WARRANTIES OF BUYER**

Buyer represents and warrants to the Company as follows:

Section 5.1 Organization, Standing and Power

. Buyer (i) is a corporation duly organized, validly existing and, if applicable, in good standing under the Laws of the jurisdiction of its incorporation, (ii) has all requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business as now being conducted and (iii) as applicable, is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the nature of its business or the ownership, leasing or operation of its properties makes such qualification or licensing necessary, except for any such failures that individually or in the aggregate would not materially prevent Buyer from consummating the transactions contemplated hereby.

Section 5.2 Authority

. Buyer has all necessary corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder, and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement by Buyer and the consummation by Buyer of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Buyer and no other corporate proceedings on the part of Buyer are necessary to approve this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by Buyer and, assuming the due authorization, execution and delivery by the Company, constitutes a legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms (except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar Laws affecting the enforcement of creditors' rights generally or by general principles of equity).

Section 5.3 No Conflict

. The execution, delivery and performance of this Agreement by Buyer, and the consummation by Buyer of the transactions contemplated hereby, do not and will not (i) conflict with or violate the Organizational Documents of Buyer, (ii) assuming that all consents, approvals and authorizations contemplated in Section 5.4 have been obtained and all filings described in such clauses have been made, conflict with or violate any Law or any Order of any Governmental Entity, in each case that is applicable to Buyer or by which any of its properties are bound, (iii) (A) result in any material breach of or constitute a material default (or an event that with notice or lapse of time or both would become a material default), (B) impair Buyer's rights or alter the rights or obligations of any

third party under, (C) give to any third party any rights of termination, amendment, payment, acceleration or cancellation of or (D) result in the creation of a Lien on any of the properties or assets (including intangible assets) of Buyer pursuant to, any permit, franchise or Contract to which Buyer is a party or by which Buyer or any of its properties is bound or affected or (iv) give rise to or result in any person having, or having the right to exercise, any preemptive rights, rights of first refusal, rights to acquire or similar rights with respect to any capital stock of Buyer or any of its assets or properties, except in the case of the preceding clauses (iii) and (iv) as would not materially prevent Buyer from consummating the transactions contemplated hereby.

Section 5.4 Consents

. The execution, delivery and performance of this Agreement by Buyer, and the consummation by Buyer of the transactions contemplated hereby, do not and will not require any consent, approval, Order, license, authorization or permit of, action by, filing, registration or declaration with or notification to, any Governmental Entity, except for (i) the Regulatory Approvals, (ii) such filings as required under applicable securities and corporation Laws, (iii) the filings required under the applicable requirements of Antitrust Laws, (iv) such filings as are necessary to comply with the applicable requirements of the NASDAQ Global Select Market and (v) any such consent, approval, authorization, permit, action, filing or notification the failure of which to make or obtain would not materially prevent Buyer from consummating the transactions contemplated hereby.

Section 5.5 Financial Ability of Buyer and TaiCo

. Buyer shall, and shall ensure that TaiCo, have adequate financial ability to fully perform its obligations under this Agreement and to consummate the Share Swap.

Section 5.6 Ownership of TaiCo

. TaiCo will be a wholly-owned Subsidiary of Diodes Incorporated as of the Share Swap Record Date.

Section 5.7 No Broker

. No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Buyer.

**ARTICLE VI
COVENANTS**

Section 6.1 Conduct of Business of the Company Pending the Share Swap

(a)

The Company covenants and agrees that, during the period from the Effective Date until the earlier of (i) the Share Swap Record Date or (ii) the termination of this Agreement in accordance with its terms (such period, the "Pre-Closing Period"), except (A) as expressly contemplated by this Agreement, (B) as required by applicable Law or (C) with the prior written consent of Buyer (which consent will not be unreasonably withheld or delayed), the Company shall conduct its business in the Ordinary Course of Business and in compliance with all applicable Law in all material respects, and shall use its reasonable best efforts, to the extent consistent therewith, to (1) preserve intact its current business organization, (2) maintain its Assets and properties in good repair and condition, (3) maintain its relations with customers, suppliers and other Persons with which it has material business relations, (4) pay its Liabilities and Taxes when due, (5) keep in full force all insurance policies and (6) make capital expenditures substantially on the timetable and in the amounts

approved by the Company Board prior to the date hereof (together with any other additional capital expenditures approved by the Company Board after the date hereof).

(b)

Without limiting the generality of Section 6.1(a), during the Pre-Closing Period, except (A) as specifically permitted elsewhere by this Agreement or (B) if Buyer provides its prior consent in writing, the Company shall not, and shall not permit any of its Subsidiaries to:

(i) amend the Organizational Documents of any member of the Company Group;

(ii) adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization, except for the Share Swap contemplated by this Agreement;

(iii) issue, deliver or sell any security of any member of the Company Group or grant any equity-based compensation award, other than the issuance of Shares by the Company to its employees upon the valid exercise of outstanding equity awards;

(iv) except for the dividends and other distributions that have been declared by the any member of the Company Group prior to the Effective Date, declare, set aside or pay any dividend or other distribution, payable in cash, stock, property or any combination thereof, with respect to any of its capital stock (except for any dividend or distribution by a Subsidiary of the Company to the Company or to other Subsidiaries);

(v) split, subdivide or reclassify its capital stock, or enter into any Contract with respect to the voting of any of the Company's capital stock or other securities or the capital stock or other securities of a Subsidiary of the Company;

(vi) make any capital expenditure, or any commitment with respect thereto, other than in the Ordinary Course of Business;

(vii) (A) acquire (whether by merger, consolidation or acquisition of stock or assets or otherwise) any corporation, partnership or other business organization or division thereof or any material equity interest therein or (B) sell or license any material property or any assets, other than (1) sales or dispositions of inventory and other assets in the Ordinary Course of Business or (2) pursuant to Contracts in effect on the date hereof;

(viii) enter into any material joint venture or partnership;

(ix) (A) make any loans or advances to any other Person (other than to a Subsidiary of the Company or to employees of any Company Group member in the Ordinary Course of Business), (B) incur any indebtedness for borrowed money other than in the Ordinary Course of Business or issue any debt securities or (C) assume, guarantee, endorse or otherwise become liable or responsible for the obligations of another Person (other than the Company or any of its Subsidiaries);

(x) except to the extent required by applicable Law or otherwise specifically required by this Agreement, (A) increase the compensation or benefits of any current or former director, supervisor, officer or consultant of any member of the Company Group, (B) other than in the Ordinary Course of Business, increase the compensation or benefits of any current or former employee (other than an officer) of any member of the

Company Group, (C) amend, terminate or adopt any Company Employee Plan, (D) accelerate the vesting of, or the lapsing of restrictions with respect to, any stock options or other stock-based compensation, (E) fail to make any required contributions under any Company Employee Plan, (F) hire or terminate the employment of any C-level executive of any member of the Company Group or (G) pay any compensation or remuneration to any Person for his or her service as a director or supervisor of any member of the Company Group for any period commencing on or after January 1, 2019, other than in the Ordinary Course of Business and in such amounts substantially consistent with past levels of payment;

(xi) other than in the Ordinary Course of Business, enter into, amend in any material respect or terminate (other than a termination in accordance with its terms) any Material Contract;

(xii) effectuate a layoff as defined in the Taiwan Act for Worker Protection of Mass Redundancy;

(xiii) create any Subsidiary other than WBG PowerSystems (Cayman) Co., Ltd. and Lyra Semiconductor Incorporated (□□□□□□□□□□); or

(xiv) enter into any Contract obligating it to take any of the actions described in Section 6.1(b)(i) through Section 6.1(b)(xiii).

Section 6.2 Acquisition Proposals

(a) Upon the Effective Date, the Company shall, and shall cause its Representatives (as defined below) to immediately cease and cause to be terminated any and all existing discussions or negotiations with any Person (other than Buyer) conducted heretofore with respect to any Acquisition Proposal or any proposal, inquiry or offer that would reasonably be expected to lead to an Acquisition Proposal.

(b) At all times during the Pre-Closing Period, the Company shall not and shall cause its directors, officers, employees, investment bankers, financial advisors, attorneys, accountants or other advisors, agents and representatives (collectively, "Representatives") not to, directly or indirectly, (i) solicit, initiate, or knowingly encourage or knowingly facilitate the submission of any inquiries or any proposal or offer constituting, related to or that would reasonably be expected to lead to an Acquisition Proposal, (ii) furnish or otherwise provide access to any non-public information regarding any of the Company Group members to any Person (other than Buyer and Buyer's or the Company's Representatives acting in their capacity as such) in connection with or in response to an Acquisition Proposal or any proposal, inquiry or offer that would reasonably be expected to lead to an Acquisition Proposal, (iii) engage in discussions or negotiations with any Person (other than Buyer) with respect to any Acquisition Proposal or any proposal, inquiry or offer that would reasonably be expected to lead to an Acquisition Proposal (other than to state that they currently are not permitted to have discussions) or (iv) enter into any letter of intent or any Contract providing for, relating to or in connection with any Acquisition Proposal or any proposal, inquiry or offer that would reasonably be expected to lead to an Acquisition Proposal.

(c) During the Pre-Closing Period, the Company shall (i) promptly advise Buyer in writing of the receipt of any Acquisition Proposal or any inquiry, request for information, proposal or offer that could reasonably be expected to lead to an Acquisition Proposal (including the identity of the Person making or submitting such Acquisition Proposal

or inquiry, proposal or offer, and the material terms and conditions thereof) that is made or submitted by any Person during the Pre-Closing Period, and (ii) keep Buyer informed, on a reasonably current basis, of the status of, and any financial or other changes in, any such Acquisition Proposal, inquiry, proposal or offer.

- (d) During the Pre-Closing Period, neither the Company Board nor any committee thereof shall withdraw or modify in a manner adverse to Buyer, the Company Board Determination or the approval of this Agreement, the Share Swap or any of the other transactions contemplated hereby.

Section 6.3 Access to Information

. At all times during the Pre-Closing Period, upon reasonable prior notice, the Company shall (and shall use reasonable best efforts to cause its Representatives to), to the extent permitted by applicable Law, afford to Buyer and its respective Representatives reasonable access without undue interruption during normal business hours, consistent with applicable Law, to the Company's officers, employees, properties, offices, other facilities and Books and Records, and shall furnish Buyer and its Representatives with such financial, operating and other data and information as such Persons shall reasonably request in connection with the Share Swap.

Section 6.4 Confidentiality

. The Confidentiality Agreement is incorporated herein by reference. The Confidentiality Agreement shall govern the confidentiality and non-disclosure obligations of the Parties with respect to Proprietary Information (as defined in the Confidentiality Agreement) exchanged in connection with the negotiation, preparation or execution of this Agreement or the negotiation and consummation of the transactions contemplated hereby.

Section 6.5 Company Shareholders Meeting; Governance Matters

- (a) As promptly as practicable after the Effective Date, the Company shall, (i) if not held prior to the Effective Date, hold a meeting of the Company Board for the purpose of convening a Company Shareholders Meeting and (ii) prepare a notice for calling the Company Shareholders Meeting (together with any other materials delivered to the Company's shareholders in connection with the Company Shareholders Meeting, the "Notification") to each of the shareholders of the Company for the purposes of seeking to obtain (A) the Company Shareholder Approval, (B) approval of the cessation of the trading of the Shares on the TSE and (C) approval of the withdrawal of the public reporting status of the Company. Prior to mailing, the Company shall provide to Buyer the draft of the Notification (or any amendment or supplement thereto) and allow Buyer reasonable opportunity and time to comment on such draft, and shall give due consideration to all reasonable additions, deletions or changes suggested thereto by Buyer.
- (b) The Company shall use commercially reasonable efforts to procure that the number of Shares represented by shareholders present at the Company Shareholders Meeting in person or by proxies (including by electronic voting) will meet the applicable quorum requirements for resolution on the approval for the Share Swap.

Section 6.6 Further Actions

- (a) Each Party shall use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, and to assist and cooperate with the other Party in doing, all things reasonably necessary, proper or advisable under applicable

Law to cause the conditions set forth in Article VII to be satisfied as soon as reasonably possible. Each Party shall refrain from carrying out any action or omitting anything that could, directly or indirectly, cause delay, hinder, impede or prejudice satisfaction of the conditions set forth in Article VII.

- (b) In the event that any administrative or judicial action or proceeding is instituted (or threatened to be instituted) by a Governmental Entity or any other Person challenging (any part of) the Share Swap prior to Closing, each Party shall cooperate in all respects with the other Party and use its commercially reasonable efforts to defend, contest and resist any such action or proceeding and to have vacated, lifted, reversed or overturned any Order, whether temporary, preliminary or permanent, that is in effect and that reasonably prohibits, prevents or restricts the consummation of the Share Swap.
- (c) No Party shall fail to take or cause to be taken any action that would reasonably be expected to prevent, impede or materially delay the consummation of the transactions contemplated hereby.

Section 6.7 Regulatory Approval and Antitrust Law Filings

- (a) In furtherance of, and without limiting, Section 6.6(a), each Party shall use its reasonable best efforts to promptly execute and file, or join in the execution and filing of, any application, notification or other document that may be necessary in order to obtain the authorization, approval or consent of any Governmental Entity that may be reasonably required to consummate the transactions contemplated by this Agreement (including making all necessary filings under any applicable Antitrust Laws and as are necessary to obtain requisite regulatory approvals for the transactions contemplated hereby) as promptly as practicable after the execution of this Agreement and, (i) in the case of the required filings under applicable Antitrust Laws, promptly after the Effective Date, and (ii) in the case of the filings to obtain the Regulatory Approvals, promptly following the date of the Company Shareholder Approval. Each Party shall use its reasonable best efforts to obtain all such authorizations, approvals and consents as promptly as practicable.
- (b) To the extent permitted by applicable Law, each of Buyer and the Company shall (i) provide the other Party and/or its legal counsel with drafts of all written filings and other communications intended to be submitted to any Governmental Entity in respect of any filings required under applicable Antitrust Laws or to obtain the Regulatory Approvals, (ii) give the other Party and/or its legal counsel a reasonable opportunity to comment on such filings and communications, (iii) not submit such filings or communications without the prior written consent of the other Party, such consent not to be unreasonably withheld or delayed, and (iv) upon request by the other Party, provide the other Party and/or its legal counsel with final copies of all such filings and material written communications.
- (c) To the extent permitted by applicable Law, each Party shall promptly inform the other Party of any material communication between such first Party and any Governmental Entity regarding the transactions contemplated by this Agreement (and, if in writing, furnish the other Party with a copy of such communication). If either Party shall receive any formal or informal request for supplemental information or documentary material from any Governmental Entity with respect to the transactions contemplated by this Agreement, then the Party shall make, or cause to be made, as soon as reasonably practicable, a response in compliance with such request, after consultation with the other Party (to the extent permitted by applicable Law). The Parties hereto shall (i) consult and cooperate with

one another, and consider in good faith the views of one another, in connection with any analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of either Party hereto in connection with proceedings under or relating to applicable Antitrust Laws and (ii) provide advance notice of and permit authorized representatives of the other party to be present at each meeting or conference with any Governmental Entity (to the extent permitted by applicable Law and such Governmental Entity).

- (d) Notwithstanding anything to the contrary in this Section 6.7, materials provided to the other Party or its counsel may be redacted to remove references concerning privileged communications and competitively sensitive information. Notwithstanding anything to the contrary herein, the Parties understand and agree that reasonable best efforts of any Party shall not be deemed to include (i) entering into any settlement, undertaking, consent decree, stipulation or agreement with any Governmental Entity in connection with the transactions contemplated hereby or (ii) diverting or otherwise holding separate (including by establishing a trust of otherwise), or taking any other action (or otherwise agreeing to do any of the foregoing) with respect to any of its or any of its respective Affiliates' businesses, assets or properties.
- (e) The Party required by Law to file in connection with applicable Antitrust Laws and the Regulatory Approvals (the "Filing Party") shall bear all filing fees in relation to such filings (except that all filing fees in relation to the delisting and cancellation of the Company's status as a public company shall be borne by the Company). All costs, penalties and fines resulting from not (timely or correctly) filing, shall be borne by the Filing Party.

Section 6.8 Public Announcements

. Prior to the Company making any press release or public announcement in respect of this Agreement or the transactions contemplated by this Agreement or otherwise communicate with any news media, the Company shall provide to Buyer the draft of such press release or public announcement and allow Buyer reasonable opportunity and time to comment on such draft, and shall give due consideration to reasonable additions, deletions or changes suggested thereto by Buyer. Prior to Buyer making any press release or public announcement in respect of this Agreement or the transactions contemplated by this Agreement or otherwise communicate with any news media, Buyer shall provide to the Company the draft of such press release or public announcement in advance. The Parties shall cooperate as to the timing and contents of any press release, public announcement or communication.

Section 6.9 Notification of Certain Matters

- (a) During the Pre-Closing Period, each Party shall promptly notify the other Party in writing upon becoming aware that any representation or warranty made by it in this Agreement has become untrue or inaccurate in any material respect, or of any failure by it to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it pursuant to this Agreement. No notification given to the other Party pursuant to this Section 6.9 shall limit or otherwise affect any of the representations, warranties or covenants of such Party contained in this Agreement or any of the remedies available to the other Party hereunder.
- (b) During the Pre-Closing Period, each Party shall promptly notify the other Party of any Legal Proceeding that shall be instituted or threatened against such Party to

restrain, prohibit or otherwise challenge the legality of, or seek damages in connection with, this Agreement or the Share Swap. The Company shall give Buyer the opportunity to participate, at Buyer's expense, in the defense or settlement of any shareholder litigation against the Company and/or its officers or directors relating to the Share Swap, and no such settlement shall be agreed with Buyer's prior written consent (which consent shall not be unreasonably withheld or delayed).

Section 6.10 Banking Chops

. At the Closing on the Share Swap Record Date, the Company shall cause to be delivered to one or more authorized Representative(s) of Buyer all chops associated with all bank accounts of the Company Group members.

**ARTICLE VII
CONDITIONS TO CLOSING**

Section 7.1 Conditions to Each Party's Obligations to Effect the Share Swap

. The respective obligations of each Party to effect the Share Swap are subject to the satisfaction at or prior to the Share Swap Record Date of each of the following conditions, any and all of which may be waived, in whole or in part, by Buyer and the Company, to the extent permitted by applicable Law:

- (a) Antitrust Laws. The applicable waiting period (and any extension thereof) under applicable Antitrust Laws in respect of the transactions contemplated hereby shall have expired or been terminated or the approvals required pursuant to any Antitrust Laws shall have been obtained.
- (b) Shareholder Approval. The Company Shareholder Approval shall have been obtained.
- (c) Regulatory Approvals. The Regulatory Approvals, for the consummation of the Share Swap and the transactions contemplated hereby, shall have been obtained.
- (d) No Injunctions. No restraining order, preliminary or permanent injunction or other Order issued by a Governmental Entity or other legal constraint or prohibition preventing the consummation of the transactions contemplated hereby will have taken effect after the Effective Date and still be in effect.
- (e) No Illegality. No applicable Law shall have been enacted, entered, enforced, issued or put in effect that prohibits or makes illegal the consummation of the Share Swap.
- (f) Termination. This Agreement shall not have been terminated in accordance with its terms.

Section 7.2 Conditions to Buyer's Obligations to Effect the Share Swap

. The obligations of Buyer to effect the Share Swap are subject to the satisfaction at or prior to the Share Swap Record Date of each of the following conditions, any and all of which may be waived, in whole or in part, by Buyer in its sole discretion, to the extent permitted by applicable Law:

- (a) Representations and Warranties True. The representations and warranties of the Company set forth in Article IV shall be true and correct in all material

respects (except for each such representations and warranties that contains an express materiality qualification, which shall be true and correct in all respects) as of the Effective Date and as of the Share Swap Record Date, or in the case of representations and warranties that are made as of a specified date, such representations and warranties shall be true and correct in all material respects (except for each such representations and warranties that contains an express materiality qualification, which shall be true and correct in all respects) as of such specified date.

(b) Performance of Covenants. The Company shall have performed or complied in all material respects all the covenants and agreements that are required to be performed by the Company under this Agreement at or prior to the Share Swap Record Date.

(c) No Material Adverse Effect. No Change shall have occurred or exist that, individually or in the aggregate with any other Change, has had or would reasonably be expected to have a Material Adverse Effect.

(d) No Legal Proceedings. There shall not be any pending Legal Proceeding brought by any Governmental Entity: (i) challenging or seeking to restrain or prohibit the consummation of the Share Swap; or (ii) seeking to (A) prohibit or limit the ownership or operation by the Company or any of its Subsidiaries of any or all of the business or assets of the Company, or any of their respective Affiliates or (B) compel the Company or any of its Subsidiaries to dispose of, license or hold separate all or any portion of the business or assets of the Company or any of its Subsidiaries, in the case of subclauses (A) and (B), as a result of the consummation of the Share Swap.

(e) Certificate. The Company shall have delivered to Buyer a certificate signed by an authorized officer of the Company, dated as of the Share Swap Record Date, stating that the conditions specified in Section 7.2(a), Section 7.2(b), Section 7.2(c) and Section 7.2(d) have been satisfied.

(f) Third Party Consents. All third party consents listed in Exhibit B for the consummation of the Share Swap and the transactions contemplated hereby by the Company shall have been obtained by the Company.

Section 7.3 Conditions to the Company's Obligations to Effect the Share Swap

. The obligations of the Company to effect the Share Swap are also subject to the satisfaction at or prior to the Share Swap Record Date of the following conditions, any and all of which may be waived, in whole or in part, by the Company in its sole discretion, to the extent permitted by applicable Law:

(a) Representations and Warranties True. The representations and warranties of Buyer set forth in Article V shall be true and correct in all material respects (except for each such representations and warranties that contains an express materiality qualification, which shall be true and correct in all respects) as of the Effective Date and as of the Share Swap Record Date, or in the case of representations and warranties that are made as of a specified date, such representations and warranties shall be true and correct in all material respects (except for each such representations and warranties that contains an express materiality qualification, which shall be true and correct in all respects) as of such specified date.

- (b) Performance of Covenants. Buyer shall have performed in all material respects all the covenants and agreements that are required to be performed by it under this Agreement at or prior to the Share Swap Record Date.
- (c) Certificate. Buyer shall have delivered to the Company a certificate signed by an authorized officer of Buyer, dated as of the Share Swap Record Date, stating that the conditions specified in Section 7.3(a) and Section 7.3(b) have been satisfied.

Section 7.4 Satisfaction and Waiver of Conditions to Closing

. Each of the Company and Buyer, as the case may be, shall inform the other Party in writing within three (3) Business Days of becoming aware of (i) the satisfaction of any applicable condition to closing in this Article VII (each, a “Condition to Closing”) or (ii) any circumstance that has resulted, or will result, in a failure to satisfy any Condition to Closing, and shall provide due evidence of such satisfaction or failure to satisfy.

**ARTICLE VIII
TERMINATION, AMENDMENT AND WAIVER**

Section 8.1 Termination

. This Agreement may be terminated and the Share Swap may be abandoned at any time prior to the Share Swap Record Date, notwithstanding approval thereof by the shareholders of the Company, only as follows:

- (a) by mutual written consent of Buyer and the Company;
- (b) by either Buyer or the Company, if any court of competent jurisdiction or other Governmental Entity shall have issued an Order, or taken any other action restraining, enjoining or otherwise prohibiting any of the transactions contemplated by this Agreement, and such Order or other action shall have become final and non-appealable;
- (c) by Buyer, if Buyer has informed the Company in accordance with Section 7.4 that (i) a Condition to Closing for it to consummate the Share Swap has not or will not be satisfied and, (ii) if such non-satisfaction is due to a breach by the Company of any of its representations, warranties, covenants or agreements set forth in this Agreement, such breach is incapable of being cured by the Company or, if curable, such breach is not cured within twenty (20) Business Days after written notice to the Company (or, if less, the number of calendar days remaining until the Outside Date) describing such breach in reasonable detail; *provided*, that Buyer shall not have the right to terminate this Agreement pursuant to this Section 8.1(c) if Buyer is then in material breach of any of its covenants or agreements set forth in this Agreement;
- (d) by the Company, if the Company has informed Buyer in accordance with Section 7.4 that (i) a Condition to Closing for it to consummate the Share Swap has not or will not be satisfied, and (ii) if such non-satisfaction is due to a breach by Buyer of any of its representations, warranties, covenants or agreements set forth in this Agreement, such breach either is incapable of being cured by Buyer or, if curable, such breach is not cured within twenty (20) Business Days after written notice to Buyer (or, if less, the number of calendar days remaining until the Outside Date) describing such breach in reasonable detail; *provided*, that the Company shall not have the right to terminate this Agreement pursuant to this Section 8.1(d) if it is then in material breach of any of its covenants or agreements set forth in this Agreement; or

(e) by Buyer or the Company, if the Closing shall not have occurred by May 31, 2020 (the “Outside Date”); *provided*, that the right to terminate this Agreement under this Section 8.1(e) shall not be available to a Party if such Party’s action or failure to act has been a principal cause of or principally resulted in the failure of the Closing to occur on or before such date and such action or failure to act constitutes material breach of this Agreement.

The Party desiring to terminate this Agreement pursuant to this Section 8.1 shall give notice of such termination and the provisions of this Section 8.1 being relied on to terminate this Agreement to the other Parties.

Section 8.2 Effect of Termination

. In the event of termination of this Agreement pursuant to Section 8.1, this Agreement shall forthwith become void and have no effect, without any liability or obligation on the part of Buyer, the Company or their respective directors, officers, Affiliates or shareholders, except that the provisions of Section 6.4 (Confidentiality), Section 6.8 (Publicity), this Section 8.2 (Effect of Termination), and Article IX (General Provisions), of this Agreement shall survive the termination hereof. Notwithstanding the foregoing, nothing contained herein shall relieve any Party of liability for an intentional breach of its covenants or agreements set forth in this Agreement prior to such termination or for fraud.

**ARTICLE IX
GENERAL PROVISIONS**

Section 9.1 Entire Agreement

. This Agreement, the Exhibits and other documents referred to herein contain the complete agreement between the Parties and supersede any prior understandings, agreements or representations by or between the Parties, written or oral, which may have related to the subject matter hereof in any way.

Section 9.2 Severability

. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable Law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

Section 9.3 Notices

. All notices or other communications required or permitted hereunder shall reference this Agreement, shall be in writing in the English language, shall be delivered personally, by overnight courier, by electronic mail or by certified, registered or express air mail, postage prepaid, and shall be deemed given (i) when so delivered personally, (ii) when so received by courier, (iii) if given by electronic mail, when receipt of the message is confirmed to the sender by the systems of the Party to which notice is intended to be given, or (iv) if mailed, five (5) Business Days after the date of mailing, as follows:

(a) if to Buyer, to:

Diodes Incorporated
4949 Hedgcoxe Rd. Suite 200
Plano, Texas 95024
USA
Attn: K.S. Lu
Email: ks_lu@diodes.com

(b) if to the Company, to:

Lite-On Semiconductor Corp.
4F, 392 Ruiguang Rd.
Neihu Dist.
Taipei 11492, Taiwan
Attn: David Lee
Email: david.lee@liteonsemi.com

Section 9.4 Amendment or Supplement

. This Agreement may be amended, modified or supplemented by the Parties by action taken or authorized by written agreement of the Parties (by action taken by their respective boards of directors, if required) at any time prior to the Share Swap Record Date, whether before or after the Company Shareholder Approval has been obtained; *provided, however*, that after the Company Shareholder Approval has been obtained, no amendment shall become effective that pursuant to applicable Law requires further approval or adoption by the Company Shareholders without such further approval or adoption. This Agreement may not be amended, modified or supplemented in any manner, whether by course of conduct or otherwise, except by an instrument in writing specifically designated as an amendment hereto, signed on behalf of each of the Parties in interest at the time of the amendment.

Section 9.5 Extension of Time; Waiver

. At any time prior to the Share Swap Record Date, the Parties may (by action taken or authorized by their respective boards of directors, if required), to the extent permitted by applicable Law, (i) extend the time for the performance of any of the obligations or acts of the Company (in the case of an extension by Buyer) or Buyer (in the case of an extension by the Company), as applicable, (ii) waive any inaccuracies in the representations and warranties of the Company (in the case of a waiver by Buyer) or Buyer (in the case of a waiver by the Company), set forth in this Agreement or any document delivered pursuant hereto or (iii) subject to applicable Law, waive compliance with any of the agreements or conditions of the Company (in the case of a waiver by Buyer) or Buyer (in the case of a waiver by the Company) contained herein; *provided, however*, that after the Company Shareholder Approval has been obtained, no waiver may become effective that pursuant to applicable Law requires further approval or adoption by the Company Shareholders without such further approval or adoption. Any agreement on the part of a Party to any such waiver shall be valid only if set forth in a written instrument executed and delivered by a duly authorized officer on behalf of such Party, as applicable. No failure or delay of any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power.

Section 9.6 No Rollover

. None of Diodes Incorporated or any of its Subsidiaries has entered or will enter into any agreement with any director or major shareholder (as defined in the Taiwan Securities and Exchange Act) of the Company that provides for a shareholder rollover or similar arrangement in connection with the Share Swap.

Section 9.7 Successors and Assigns

. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. This Agreement, and all of Buyer's rights, interests and obligations hereunder may be assigned or delegated by Buyer to TaiCo in accordance with

Section 3.2; provided, that no such assignment or delegation shall relieve Buyer of its obligations hereunder. Except as set forth in the immediately preceding sentence, this Agreement may not be assigned, nor the rights or obligations of any Party transferred or delegated to any other Person without the prior written consent of the other Party.

Section 9.8 Rights Cumulative

. Each and all of the various rights, powers and remedies of a Party will be considered to be cumulative with and in addition to any other rights, powers and remedies which such Party may have at law or in equity in the event of the breach of any of the terms of this Agreement. The exercise or partial exercise of any right, power or remedy will neither constitute the exclusive election thereof nor the waiver of any other right, power or remedy available to such Party.

Section 9.9 Governing Law

. All issues and questions concerning the construction, validity, interpretation and enforceability of this Agreement and the Exhibits hereto shall be governed by, and construed in accordance with, the laws of Taiwan, without giving effect to any choice of law or conflict of law rules or provisions that would cause the application of the laws of any jurisdiction other than the Taiwan.

Section 9.10 Dispute Resolution

- (a) Each of the Parties irrevocably agrees that any dispute, legal action or proceeding arising out of or relating to this Agreement (an "Arbitrable Dispute") brought by any Party or its successors or assigns shall be brought and determined to be settled by binding arbitration. Notwithstanding the preceding sentence, nothing in this Section 9.10 shall prevent a Party from seeking specific performance from a court of competent jurisdiction pending settlement of any Arbitrable Dispute.
- (b) Except as otherwise specifically stated herein, any Arbitrable Dispute shall be resolved by arbitration in Taipei, Taiwan in accordance with the Taiwan Arbitration Act. The arbitration shall be conducted in English and by the Chinese Arbitration Association, Taipei (the "CAA") in accordance with the Arbitration Rules of the CAA. Any judgment upon the award rendered by the arbitrator shall be entered in any court having jurisdiction over the subject matter thereof, including, without limitation, the Taipei District Court. The final decision of the arbitrators, as entered by a court of competent jurisdiction, will be furnished by the arbitrators to the Parties in writing and will constitute a final, conclusive and non-appealable determination of the issue in question, binding upon the Parties, and an Order with respect thereto may be entered in any court of competent jurisdiction, including, without limitation, the Taipei District Court.
- (c) Any such arbitration will be conducted before a panel of three (3) arbitrators, each of whom will be compensated for his or her services at a rate to be determined by the CAA. Each of the claimant and the respondent shall appoint one (1) arbitrator, and the claimant and the respondent shall jointly appoint the third arbitrator as the chief arbitrator. If the Parties are unable to agree on the arbitrators within thirty (30) days following submission of the dispute to CAA by one of the Parties, CAA will have the authority to select the arbitrators from a list of arbitrators who satisfy the criteria set forth in Section 9.10(d).
- (d) No arbitrator shall have any past or present family, business or other relationship with Buyer, the Company, or any Affiliate, Subsidiary, director or officer thereof, unless following full disclosure of all such relationships, Buyer and the Company agree in

writing to waive such requirement with respect to an individual in connection with any Arbitrable Dispute.

- (e) The claimant shall advance the arbitration fees required by the CAA upon demanding for arbitration; *provided, however*, that: (i) the prevailing Party in any arbitration will be entitled to an award of attorneys' fees and costs; and (ii) all fees and costs of arbitration will be paid by the losing Party, unless other provided in the arbitral award. The arbitrator will be authorized to determine the identity of the prevailing Party and the losing Party.
- (f) Except as specifically otherwise provided herein, arbitration will be the sole and exclusive remedy of the Parties for any Arbitrable Dispute.

Section 9.11 Expenses

. Except as may otherwise be agreed to hereunder or in other writing by the Parties, all fees and expenses incurred in connection with this Agreement, the Share Swap and the other transactions contemplated hereby shall be borne and timely paid by the Party incurring such fees or expenses, whether or not the Share Swap is consummated.

Section 9.12 Currency

. All references to "NT\$" in this Agreement refer to New Taiwan Dollars.

Section 9.13 Counterparts

. This Agreement may be executed in multiple counterparts, any one of which need not contain the signature of more than one Party, but all such counterparts taken together shall constitute one and the same instrument.

Section 9.14 Delivery by Electronic Transmission

. This Agreement and any signed agreement entered into in connection herewith or contemplated hereby, and any amendments hereto or thereto, to the extent signed and delivered by means of a facsimile machine or by .pdf, .tif, .gif, .jpeg or similar attachment to electronic mail, shall be treated in all manner and respects as an original contract and shall be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person. At the request of a Party to any such contract, the other Party shall re-execute original forms thereof and deliver them to the requesting Party. No Party to any such contract shall raise the use of a facsimile machine or by .pdf, .tif, .gif, .jpeg or similar attachment to electronic mail to deliver a signature or the fact that any signature or contract was transmitted or communicated through the use of facsimile machine or by .pdf, .tif, .gif, .jpeg or similar attachment to electronic mail as a defense to the formation of a contract and such Party forever waives any such defense.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first written above by.

DIODES INCORPORATED

By: /s/ K.S. Lu
Name: K.S. Lu
Title: President and Chief Executive Officer

LITE-ON SEMICONDUCTOR CORP.

By: /s/ Paul Lo
Name: Paul Lo
Title: Independent Director and Authorized Representative

[Signature Page to Share Swap Agreement]

EXHIBIT A

Share Capital on Share Swap Record Date

Party	Authorized Capital	Paid-In Capital
Company	NT\$5,000,000,000	NT\$3,124,566,880
TaiCo	NT\$[●]	NT\$[●]

EXHIBIT B

Third Party Consents of the Company

□□□□	□□□□	□□□	□□□□
□□105□6□22□	□□□□ □□□□□□	□□□□□□□□ □□□□□□□□□□□□□□ □□□□□□□□□□□□□□ □□□□□□ □□□□□□□□□□□□□□	□□□□□□□□



Company Disclosure Letter to the Share Swap Agreement

Reference is made to the Share Swap Agreement (the “Agreement”) dated as of August 8, 2019 by and between Diodes Incorporated, a company incorporated and in existence under the laws of the State of Delaware, USA and having its principal place of business at 4949 Hedgcoxe Rd., Suite 200, Plano, Texas, USA (“Buyer”) and Lite-On Semiconductor Corp., a company incorporated and in existence under the laws of Taiwan with uniform commercial number of 23528103 and having its registered address at 4F, No. 392, Ruiguang Rd., Neihu Dist., Taipei, Taiwan (the “Company”). Capitalized terms used herein but not otherwise defined shall have the respective meanings assigned to such terms in the Agreement.

The Company Disclosure Letter is being delivered by the Company pursuant to the Agreement and qualifies the representations and warranties of the Company by reference to specific provisions in Article IV of the Agreement. Each exception set forth in the Company Disclosure Letter is identified by reference to, or has been grouped under a heading referring to, a specific individual section or subsection of the Agreement; *provided, however*, that the inclusion of any item referenced in one section or subsection of the Company Disclosure Letter shall be deemed to refer to any other section or subsection of the Company Disclosure Letter, whether or not an explicit cross-reference appears, if the applicability of such item to the other section or subsection is reasonably apparent on its face without reference to underlying documents therein. The inclusion of any information in the Company Disclosure Letter shall not be deemed to be an admission or evidence of the materiality of such item, nor shall it establish a standard of materiality for any purpose whatsoever. Matters reflected in the Company Disclosure Letter are not necessarily limited to matters required by the Agreement to be disclosed in the Company Disclosure Letter. Neither the specification of any dollar amount in the representations and warranties contained in the Agreement nor the inclusion of any specific item in the Company Disclosure Letter is intended to imply that such amounts, higher or lower amounts, the items so included, or other items, are or are not material, and no Party shall use the fact of the setting of such amounts or the fact of the inclusion of any such item in the Company Disclosure Letter in any dispute or controversy between the Parties as to whether any obligation, item or matter is or is not material, or may constitute an event or condition which could be considered to have a Material Adverse Effect.

Company Disclosure Letter Sections

Section 4.2(a) – Company Group Chart Section 4.2(b) – Subsidiaries

Section 4.3(e) – Future Investments

Section 4.5 – No Conflict

Section 4.9 – Absence of Certain Changes

Section 4.10(c) – Material Violation of Permits Section 4.11 – Legal Proceedings

Section 4.13 – Restriction on Business Activities Section 4.14(a) – Material Contracts

Section 4.15 – Tax Matters

Section 4.16(a) – Company Employee Plans

Section 4.16(b)(ii) – Legal Proceedings Relating to Company Employee Plans Section 4.16(d) – Compliance with Labor Laws

Section 4.17(a) – Intellectual Property Not Wholly-Owned by the Company Group Section 4.17(c) – Legal Proceedings Relating to Intellectual Property

Section 4.17(d) – Violations of Employee Confidentiality Obligations Section 4.17(e) – Company Registered Intellectual Property

Section 4.17(f) – Orders Relating to Company Intellectual Property Rights Section 4.17(g) – Material Violations of Company IP Licenses

Section 4.20(a) – Owned Real Property

Section 4.20(a)(A) – Marketable Title to Owned Real Property

Section 4.20(b) – Leased Real Property

Section 4.21(a) – Environmental Law Compliance

Section 4.21(b) – Environmental Permits

Section 4.21(c) – Legal Proceedings Relating to Environmental Law

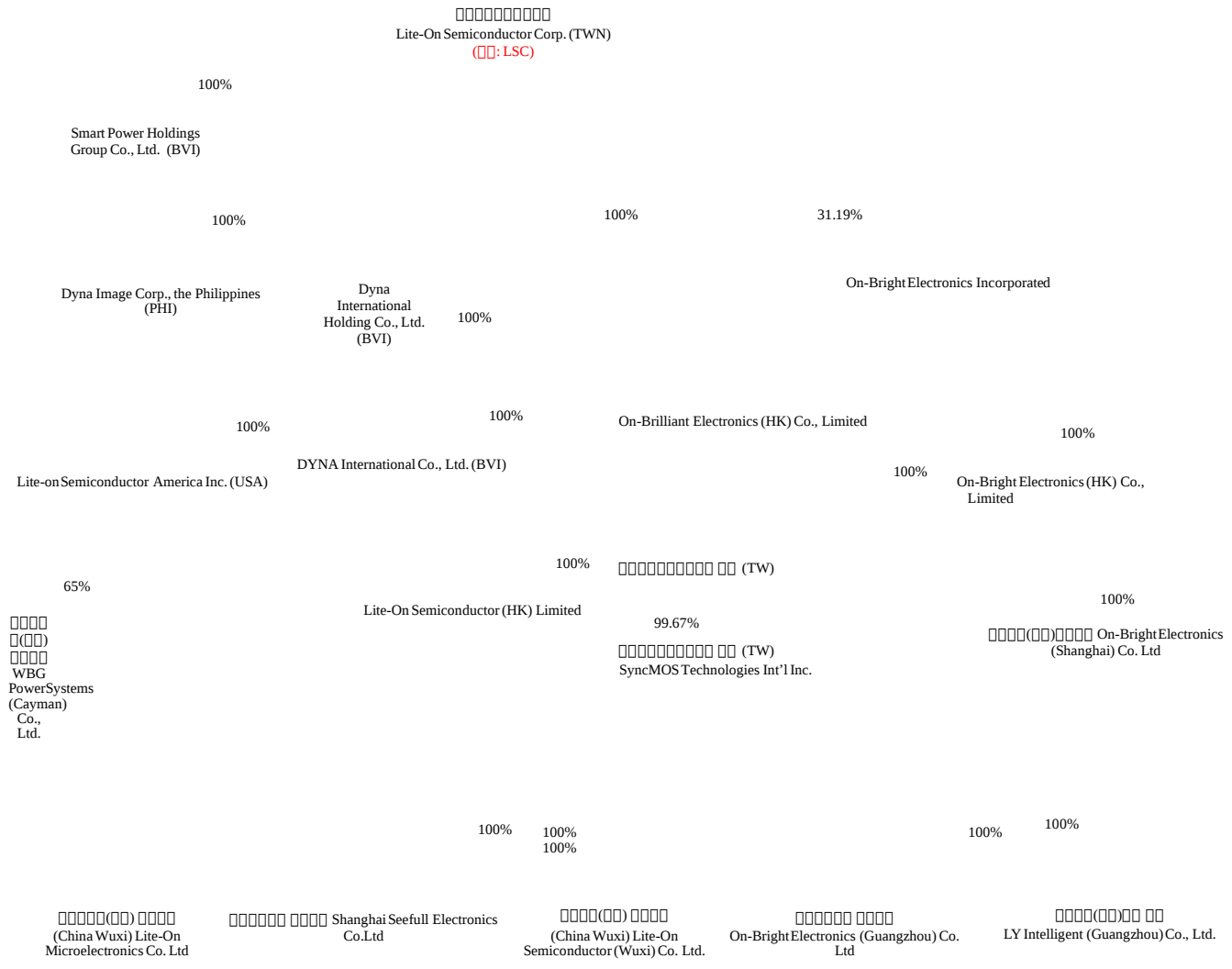
Section 4.22 – Insurance

Section 4.23 – Significant Customers

Section 4.24 – Significant Suppliers



4.2(a) – Company Group Chart



□□□□□□□□(□□)□□□□□□□□

1. Lite-On Semiconductor America Inc.(2017.09□□□□□□□□20□□□□LSC100%

□□)

1

Section 4.2(b) – Subsidiaries

MARKETABLE SECURITIES HELD:

Held Company	Marketable Securities Type and Name	Shares	Percentage of Ownership (%)	Carrying Value As of 2019/6/30
Lite-ON Semiconductor Corp.	Ordinary Shares 聯發科技股份有限公司 (Taiwan R.O.C.)	2,994,785	4%	NTD293,788,409
Lite-ON Semiconductor Corp.	Ordinary Shares 聯發科技股份有限公司 (Taiwan R.O.C.)	3,380,000	8.32%	45,160,400
Lite-ON Semiconductor Corp.	Ordinary Shares 聯發科技股份有限公司 (Taiwan R.O.C.)	7,969,500	4.05%	74,609,018
Lite-ON Semiconductor Corp.	Ordinary Shares Global Strategic investment Inc (Samoa) (Samoa)	260,967	0.74%	2,381,702
Lite-ON Semiconductor Corp.	Ordinary Shares 聯發科技股份有限公司 (Taiwan R.O.C.)	161,280	0.38%	842,788
Lite-ON Semiconductor Corp.	Ordinary Shares GLOBAL STRATEGIC	147,000	0.75%	-

	INVESTMENT INC. (Cayman)				
Lite-ON Semiconductor Corp.	Preferred Stock SINGLE CHIP SYSTEMS CORP. (U.S.A)	341,635	1.26%		-
Lite-ON Semiconductor Corp.	Ordinary Shares 聯發科技股份有限公司 (Taiwan R.O.C.)	811,920	2.71%		-
Lite-ON Semiconductor Corp.	Preferred Stock Newport Imagine Corporation (U.S.A)	211,864	1.46%		-

NAME OF INVESTEEES OVER WHICH THE PARENT COMPANY EXERCISES SIGNIFICANT INFLUENCE:

(Amounts in Thousands of New Taiwan Dollars or Thousands of Foreign Currencies)

Investor Company	Investee Company	Original Investment Amount	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount As of 2019/6/30
Lite-ON Semiconductor Corp.	On-Bright Electronics Incorporated (Cayman)	286,160	17,464	31.19%	1,193,605
Lite-ON Semiconductor Corp.	Dyna International Holding Co. Ltd (B.V.I)	3,413,337	107,698	100%	5,838,704
Lite-ON Semiconductor Corp.	DIODES INC. (U.S.A)	77,237	7,766	15.3%	4,642,290
Lite-ON	Smart Power	78,366	50	100%	-

Semiconductor Corp.	Holding Group Co. Ltd. (B.V.I)					
Lite-ON Semiconductor Corp.	聯發科技股份有限公司 (Philippines)	519,527	79,595	100%		-
Lite-ON Semiconductor Corp.	聯發科技股份有限公司 (Taiwan R.O.C)	41,298	5,015	12.23%		-
Lite-ON Semiconductor Corp.	聯發科技股份有限公司 (Taiwan R.O.C)	102,049	8,497	27.43%		-
Dyna International Holding Co. Ltd	Dyna International Co. Ltd (B.V.I)	USD111,363	111,363	100%	USD189,137	
Dyna International Co. Ltd	Lite-On Semiconductor (HK) Limited (Hong Kong)	USD113,448	110,000	100%	USD188,784	

INFORMATION ON INVESTMENT IN MAINLAND CHINA:

(Amounts in Thousands of New Taiwan Dollars or Thousands of Foreign Currencies)

Investor Company	Investee Company	Total Amount of Paid-in Capital	Percentage of Ownership (%)
Lite-On Semiconductor (HK)	聯發科技股份有限公司	USD26,000	100%

Limited	(China)		
Lite-On Semiconductor (HK) Limited	聯發科技(中國)有限公司 (China)	USD43,000	100%
Lite-On Semiconductor (HK) Limited	聯發科技(中國)有限公司 (China)	USD40,000	100%

Note : 聯發科技(中國)有限公司

Note : The investment information list was followed the classification of financial report.

Section 4.3(e) – Future Investments

項目	種類	通貨	金額	説明
WBG PowerSystems (Cayman) Co., Ltd. (Cayman Islands) 共同出資 株式会社)	Joint venture	USD	1,950,000	Cayman Islands 共同出資 3,000,000 USD 3,000,000 65%
(Lyra Semiconductor Incorporated)	共同出資	NTD	204,000,000	LOI 共同出資 50% (共同)

Section 4.5 – No Conflict

Nil

9

Section 4.9 – Absence of Certain Changes

2019 7 () 50% 20,400,000 10

Section 4.11 – Legal Proceedings

(1) Any memoranda of counsel with respect to pending or threatened litigation during last 3 years.

ITEM	Description	Amount
#1	<p>I 2018.10.16 Dr. Johannes Heidenhain GmbH (H) Diodes Defect, 19,359 EUR</p> <p>I Allianz Global Corporate & Specialty SE (Allianz) EBV Elektronik GmbH & Co. KG</p> <p>I STMicro electronics Pte Ltd. (ST) 2018.10.3 ST 8D report</p> <p>I 2015.8.3 8D report ST, die crack; root cause: the pin mark in the middle of the die</p> <p>I 2015.11.6 ST 8D report H confirmed: die was broken, root cause: a particle at wafer mounting between the blue tape and the wafer</p>	<p>0</p>
#2	<p>I 2014.10.7 LE GARUN-LA PAYSANNE GROUPAMA LOIRE BRETAGNE</p> <p>I EURO1,442,000</p> <p>I FSP GROUP France</p> <p>I DIODE, BRIDGE, 6A, 600V, GLASS, GBU606</p> <p>I FSP</p>	<p>2018.5.3 AON</p> <p>2018.11.1 AON</p> <p>GBU606</p>

(2) A schedule of all proceedings by the Company presently pending, or which the Company intends to initiate against any person or company.

Section 4.14(a) – Material Contracts

(i) **Loan agreements**

Maturity Date	Bank Name	Value Date	Int.Rate	Curr.	Principal	□□
2019/07/04	IBFC	2019/05/07	1.22%	NTD	100,000,000	□□□□□□□□ □□□
2019/07/12	CHANG HWA	2019/06/13	1.18%	NTD	300,000,000	□□□□□
2019/07/12	CHANG HWA	2019/06/28	1.18%	NTD	100,000,000	
2019/07/17	CITIBANK	2019/05/15	3.10%	USD	1,000,000	special credit support arrangement
2019/07/26	FAR EASTERN	2019/05/27	1.18%	NTD	400,000,000	□□/□□□□□□ □□□□
2019/08/07	CITIBANK	2019/06/05	3.10%	USD	2,000,000	special credit support arrangement
2019/08/08	CITIBANK	2019/06/06	3.10%	USD	3,000,000	
2019/08/16	E.Sun	2019/06/17	3.06%	USD	2,000,000	□□□□□□□□ □□
2019/08/26	CITIBANK	2019/06/24	3.10%	USD	3,000,000	special credit support arrangement
2019/08/29	CITIBANK	2019/06/27	3.10%	USD	1,000,000	
2019/09/27	FUBON	2019/04/03	1.18%	NTD	100,000,000	□□□□□□□□
2019/10/23	FUBON	2019/04/26	1.18%	NTD	250,000,000	
2019/10/30	FUBON	2019/05/03	1.18%	NTD	400,000,000	
2019/11/20	MEGA	2019/05/24	1.10%	NTD	100,000,000	□□□□□□□□
2019/11/27	MEGA	2019/05/31	1.10%	NTD	50,000,000	
2019/12/01	MEGA	2019/06/04	1.10%	NTD	50,000,000	

2019/12/10	MEGA	2019/06/13	1.10%	NTD	100,000,000	
2020/02/11	FUBON	2016/08/11	1.80%	NTD	625,000,000	□□□□□□
2020/02/14	TACB	2019/02/14	1.20%	NTD	100,000,000	□□□□□□□□ □□□
2021/08/11	FUBON	2016/08/11	1.80%	NTD	675,000,000	□□□□□□
2021/08/11	FUBON	2016/08/22	1.80%	NTD	1,200,000,000	□□□□□□

(ii) lease agreement material to the operation of the Company

□□□/Lessee	□□□/Lessor	Location	Purpose
Lite-On Semiconductor Corp.	□□□□□□□□ □□	□□□□4□	□□□□□□□
Lite-On Semiconductor Corp.	□□□□□□□□ □□	□□□□□□ Show room□□□□	□□□□□□
Lite-On Semiconductor Corp.	□□□□□□□□	□□□□□□□□□□	□□□
Lite-On Semiconductor Corp.	□□□	□□□□1□26□1-3 □	□□□□
Lite-On Semiconductor Corp.	□□□	□□□□1□140□1-3□	□□□□
Lite-On Semiconductor Corp Hsinchu Branch	□□□□□□□□ □	□□□□□□□□□□ 81	□□□□□□

Lite-On Semiconductor Corp Hsinchu Branch	□□□□□□□□ □	□□□□□□□□ 81-1	□□□□□□
Lite-On Semiconductor Corp Hsinchu Branch	□□□□□□□□ □	□□□□□□□□ 80	□□□□□□□□
Lite-On Semiconductor Corp Hsinchu Branch	□□□□□□	□□□□□□□75□ A3F-2	□□□□□□
Lite-On Semiconductor Corp Hsinchu Branch	□□□□□□	□□□□□□□75□ C4F-1	□□□□□□
Lite-On Semiconductor Corp Hsinchu Branch	□□□	□□□□□□□□□□ 16□□□□□□2□ 18□1□11□4□	□□□□□□
Shangai Seefull Electronic Co., Ltd.	□□□□□□□□	□□□□□□□□□□ □□□□□90□□□	□□□□□
Shangai Seefull Electronic Co., Ltd.	□□□□□□□□ □□□□□	□□□□□□□□□□ □□□□□□1308□ □	Powersemi□□□□ □□□
Shangai Seefull Electronic Co., Ltd.	□□□□□□(□ □)□□□□	□□□□□□255□2 □203□205□	Powersemi□□□□ □□□
Shangai Seefull Electronic Co., Ltd.	□□□	□□□□□□□□□□ 139□16□401□	□□□□

Shangai Seefull Electronic Co., Ltd.	□□□□□□□□	□□□□□□□□3 □□1002	□□□□
Shangai Seefull Electronic Co., Ltd.	□□□	□□□□□□□□□ □□□□□ □□□□ □□□□□□3□□ 9D	□□□□
Lite-On Semiconductor (WUXI) Co., Ltd.	□□□□□□□□	□□□□□□□□□ 45□	□□□□□□□□
Lite-On Semiconductor (WUXI) Co., Ltd.	□□□	□□□□□□□□2 □□□□□2-3-602□	□□□□
Lite-On Semiconductor (WUXI) Co., Ltd.	□□□	□□□□□□□□2 □□□□□2-7-501□	□□□□
Lite-On Semiconductor (WUXI) Co., Ltd.	□□	□□□□□□□□2 □□□□□2-2-502□	□□□□
Lite-On Semiconductor (WUXI) Co., Ltd.	□□□	□□□□□□□□2 □□□□□2-3-601□	□□□□
lite-on microelectronics (WUXI) Co., Ltd	□□□□□□□□	□□□□□□□□□ □□J7J8□□	□□□□□□□□
lite-on microelectronics (WUXI) Co., Ltd	□□□	□□□□2-6-202□	□□□□

lite-on microelectronics (WUXI) Co., Ltd	□□□	□□□□47-1502	□□□□
lite-on microelectronics (WUXI) Co., Ltd	□□□□□□□□ □□□□□	□□□□□□□□ □□□□□□□□IC □□13-301	□□□□
lite-on microelectronics (WUXI) Co., Ltd	□□□□□□□□ □□□□□	□□□□□□□□ □□□□□□□□IC □□10-602	□□□□
lite-on microelectronics (WUXI) Co., Ltd	□□□	□□□□45-2401	□□□□
Dyna Image Corp. Philippines	Philippine Economic Zone Authority	Lot 1&2 Blk. 24 Phase 4 PEZA Ecozone Rosario Cavite 4106	□□□□□□

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WBG PowerSystems (Cayman) Co., Ltd.

Joint venture

USD

1,950,000
□□□□□□□□ -

Lite-on Semiconductor
(□□□□□□□□)

(HK) Limited

)

2019 5 JV

Agreement

joint venture, joint development, partnership, consortium or similar Contract with any third Person that is material to the business of the Company

1.	L&K Industries Phils.,Inc.	Sensor Board, Mono CIS	Subcontractor agreement
2.	Ningbo Gangbo Electronics Co.,	Lead Frame, Clip	

	Ltd. (□□□□□□□□ □□)		□□□□□□□□□□ □□□□□□□□□□ □□□□□□□□□□ □□□□□□□□□□
3.	Episil-Precision Inc. (□□□□□□□□ □□).	EPI, EPI Wafer	□□□□□□□□□□ □□□□□□□□□□ □□□□□□□□□□ □□□□□□□□□□
4.	Shanghai Simgui Technology Co.,Ltd	EPI	□□□□□ A.□□□□ □□ B.□□□□□□□□
5.	Lite-On Japan (H.K.) LTD.,	ROD LENS, NSG FPC LED	C.PO □□□□□□□□ □□□□□□□□□□
6.	Chang Chun (Changshu) Co., Ltd. (□□□□□□□□□□□□ □ □)	□□	□□□□ □□□□□□□□□□ □□□□□□□□□□ □□
7.	Jlin Magic Semiconductor Co.,Ltd.	Wafer	
8.	Bondtron Electronics (□□□□ □)	Lead Frame, Clip	
9.	LRC Taiwan Co., Ltd	Power Semi□□□□ □, REEL	□□□□□□□□□□ □
10.	Siltronic Singapore Pte. Ltd.	Wafer	□□□□□□□□□□ □□□□□□□□□□ □□□□□□□□□□ □□□□□□□□□□ □□□□□□ A.□□□□ □□ B.□□□□□□□□ C.PO □□□□□□□□ □□□□□□□□□□ □□□□ □□□□□□□□□□

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(vi) nil

(vii) nil

(viii) nil

(ix) (a)

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□□□	X
□□□	X
□□□	V
□□□	X
□□□	X

(b) nil

(c) nil

(x) nil

(xi) nil

(xii) nil

(xiii) nil

(xiv) nil

Section 4.16(a) – Company Employee Plans

□□□□□□□□

No	□□
1	□□□□
2	□□□□□□□□
3	□□□□
4	□□□□□□
5	□□□□□□□□
6	□□□□
7	□□□□□□
8	□□□□□□

Section 4.16(b)(ii) – Legal Proceedings Relating to Company Employee Plans

Nil

24

Section 4.16(d) – Compliance with Labor Laws

Nil

25

Section 4.17(a) –Intellectual Property Not Wholly-Owned by the Company Group

Nil

26

Section 4.17(c) – Legal Proceedings Relating to Intellectual Property

Nil

27

Section 4.17(d) – Violations of Employee Confidentiality Obligations

Nil

28

Section 4.17(e) – Company Registered Intellectual Property

□□□□□□□□(□)□□

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1	□□□□□□□□	□□	2009/4/28	2009/4/28	2019/4/28
2	□□□□□□□□□□□□ □ □□□□□□□□□□□□ □	□□	2005/3/25	2005/3/25	2025/3/25
3	□□□□□□□□□□□□	□□□□	2005/12/9	2007/11/1	2025/12/8
4	□□□□□□□□	□□□□	2009/3/20	2009/8/11	2019/3/19
5	□□□□□□□□□□□□ □□□□□□□□	□□□□	2004/3/24	2005/8/1	2024/3/23
6	□□□□□□□□□□□□ □ □□□□□□□□□□□□ □	□□	2005/8/3	2005/8/3	2025/12/8
7	□□□□□□□□□□□□ □	□□□□	2004/2/17	2006/1/1	2024/2/16
8	□□□□□□□□□□□□	□□	2004/3/8	2004/3/8	2024/3/8
9	□□□□□□□□□□□□	□□	2004/4/30	2004/4/30	2024/4/30
10	□□□□□□□□□□□□	□□□□	2012/5/4	2015/3/1	2032/5/3

11	○○○○○○○○○○○○○○○○ (○○)	○○	2012/5/17	2012/5/17	2032/5/17
12	○○○○○○○○○○○○○○○○ (○○)	○○	2012/10/19	2012/10/19	2032/10/22
13	○○○○○○○○○○○○○○○○	○○○○	2013/4/15	2015/10/21	2033/4/14
14	○○○○○○○○○○○○○○○○	○○	2013/4/24	2013/4/24	2033/4/24
15	○○○○○○○○○○○○○○○○	○○	2013/7/5	2013/7/5	2033/7/5
16	○○○○○○○○○○○○○○○○ ○○○○○○	○○○○	2014/8/20	2016/2/1	2034/8/19
17	○○○○○○○○○○○○○○○○	○○○○	2015/11/20	2017/4/1	2035/11/19
18	○○○○○○○○	○○○○	2016/3/14	2017/5/11	2036/3/13
19	○○○○○○○○	○○	2016/4/25	2016/4/25	2036/4/25

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	○○	○○○○	○○○○○○○○	○○○○○○	○○○
1	○○○○○○○○○○○○○○○○	○○○○	201520879427.3	2016-4-13	2025○
2	○○○○○○○○○○○○○○○○ ○○	○○○○	201620493788.9	2016-12-7	2025○
3	○○○○○○○○○○○○○○○○	○○○○	201621266375.3	2017-6-13	2026○
4	○○○○○○○○○○○○○○○○	○○○○	201621265972.4	2017-5-31	2026○

5	□□□□□□□□□□□□□□ □□□	□□□□	201020145213.0	2010-11-3	2019□
6	□□□□□□□□□□	□□□□	201220730177.3	2013-6-26	2021□
7	□□□□□□□□□□□□□□ □	□□□□	201220572969.2	2013-5-29	2021□
8	□□□□□□□□□□	□□□□	201210575976.2	2016-4-13	2035□
9	□□□□□□□□□□□□□□ □□	□□□□	201820155449.9	2018/9/14	2027□
10	□□□□□□□□□□□□□□ □□	□□□□	201820001499.1	2018/9/28	2027□
11	□□TO220□□□□□□□□□□ □	□□□□	201820156256.5	2018/9/28	2027□
12	□□□□□□□□□□□□□□	□□□□	201611044545.8	□□□□ □□□□	
13	□□□□□□□□□□□□□□ □□	□□□□	201810001243.5	□□□□ □□□□	

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1	□□□□□□□□	□□□□	201020151356.2	2010-11-3	2019□
2	□□□□□□□□□□□□	□□□□	201020553865.8	2011-5-18	2019□

3	□□□□□□□□□□□□ □□□□□□□□□□	□□□□	201120050564.8	2011-8-31	2020□
4	□□□□□□□□SMD□□□□ □□□□	□□□□	201120123059.1	2011-11-16	2020□
5	□□□□□□□□□□□□□□ □	□□□□	201320315382.8	2013-12-4	2022□
6	□□□□□□□□□□	□□□□	201320315652.5	2013-12-4	2022□
7	□□□□□□□□□□□□□□	□□□□	201320402491.3	2014-4-2	2022□
8	□□□□□□□□□□□□□□ □□□□□□□□□□	□□□□	201420833300.3	2015-4-29	2024□
9	□□□□□□□□□□□□□□ □□□□□□	□□□□	201520153191.5	2015-7-15	2024□
10	□□□□□□□□□□□□□□	□□□□	201720938093.1	2018-2-13	2027□
11	□□□□□□□□□□□□□□ □□□□□□□□	□□□□	201820275559.9	□□□□□□	

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1	□□□□□□□□□□□□□□ □□□□□□	□□□□	201420279753.6	2014-10-29	2024□

2	□□□□□□□□□□□□	□□□□	201620116051.5	2016-8-31	2025□	
3	□□□□□□□□□□□□ □□□-□□□□□□□□□□	□□□□	201820317731.2	2018/9/14	2027□	
4	□□□□□□□□□□□□ □□□	□□□□	201410818887.5	□□□□ □□□□		
5	□□□□□□□□	□□□□				
6	□□□□□□□	□□□□				
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11	□□□□□□	□□				□□□□□□
12	□□□□□□□□□□□□	□□				
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14	□□□□□□□□□□□□□□ □	□□				
15	□□□□□□□□□□□□□□ □□	□□	□□□□			
16	□□□□□□□□□□□□	□□□□	□□□□			

17	□□□□□□□□□□□□□□ □□□	□□□□	□□□(□□□)
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Section 4.17(f) – Orders Relating to Company Intellectual Property Rights

Nil

35

Section 4.17(g) – Material Violations of Company IP Licenses

Nil

36

Section 4.20(a) – Owned Real Property

Lite On Semiconductor Corp. and subsidiaries owned real property list.

Company	Location	Own	Address	Description
Lite-On Semiconductor Corp.	Kelung Taiwan	Land Building	<p>□□□□□□</p> <p>□□□□□□</p> <p>28-1□</p>	Manufacturing Factory
Lite-On Semiconductor Corp.	Hsinchu Taiwan	Building	<p>□□□□□□</p> <p>□□□□□□</p> <p>□□7□□□</p>	Manufacturing Factory
Lite-On Semiconductor Corp.	Hsinchu Taiwan	Building	<p>□□□□□□</p> <p>□□□□□□</p> <p>□□7□□□</p>	Investment Property
Lite-On Semiconductor Corp.	Hsinchu Taiwan	Building	<p>□□□□□□ □□</p> <p>□□□□</p> <p>□□7□</p>	Parking Lot
Lite-On Semiconductor Corp.	Nankang Taiwan	Land Building	<p>□□□□□□</p> <p>□□□19-5□9</p> <p>□</p>	Investment Property
Shanghai Seefull Electronic Co. Ltd	Shanghai China	Building	<p>□□□□□□</p> <p>□□□□□□6</p>	Manufacturing Factory

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Lite-On Semiconductor (WUXI) Co., Ltd.	Wuxi China	Building	□□□□□□ □□□45□	Manufacturing Factory
lite-on microelectronics (WUXI) Co.,Ltd	Wuxi China	Building	□□□□□□ □□□□□J7J8 □□	Manufacturing Factory
Dyna Image Corp. Philippines	Philippines	Building	Lot 1&2 Blk. 24 Phase 4 PEZA Ecozone Rosario Cavite 4106	Factory

Section 4.20(a)(A) – Marketable Title to Owned Real Property

Nil

39

Section 4.20(b) – Leased Real Property

Lite-On Semiconductor Corp. and subsidiaries leasing real property list.

Lessee	Lessor	Location	Purpose
Lite-On Semiconductor Corp.		4	
Lite-On Semiconductor Corp.		Show room	
Lite-On Semiconductor Corp.			
Lite-On Semiconductor Corp.		1-26-1-3	
Lite-On Semiconductor Corp.		1-140-1-3	
Lite-On Semiconductor Corp Hsinchu Branch		81	
Lite-On Semiconductor Corp Hsinchu Branch		81-1	
Lite-On Semiconductor Corp Hsinchu Branch		80	
Lite-On Semiconductor Corp Hsinchu Branch		75 A3F-2	

Lite-On Semiconductor Corp Hsinchu Branch	□□□□□□	□□□□□□□75□ C4F-1	□□□□□□
Lite-On Semiconductor Corp Hsinchu Branch	□□□	□□□□□□□□□□ 16□□□□□□2□ 18□1□11□4□	□□□□□□
Shangai Seefull Electronic Co., Ltd.	□□□□□□□□	□□□□□□□□□□ □□□□□90□□□	□□□□□□
Shangai Seefull Electronic Co., Ltd.	□□□□□□□□ □□□□□□	□□□□□□□□□□ □□□□□□1308□ □	Powersemi□□□□□ □□□
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Section 4.21(a) – Environmental Law Compliance

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Section 4.21(b) – Environmental Permits

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Section 4.22 – Insurance

Lite-On Semiconductor Corp. and subsidiaries Insurance summary

保險類別	保險內容	保額	年費
D&O	董事及高級管理人員責任保險 董事及高級管理人員責任保險 董事及高級管理人員責任保險 董事及高級管理人員責任保險 董事及高級管理人員責任保險	US\$40,000,000	Year 2019 US\$14,035
Commercial General Liability Insurance (CGL保險) (CGL保險) (CGL保險) (CGL保險) (CGL保險) (CGL保險) (CGL保險) (CGL保險) (CGL保險) (CGL保險)	商業一般責任保險 商業一般責任保險 商業一般責任保險 商業一般責任保險 商業一般責任保險 商業一般責任保險 商業一般責任保險 商業一般責任保險 商業一般責任保險 商業一般責任保險	US\$30M 另: US\$45M 另	Year 2019: US\$24,057
Commercial Fire Insurance(火險)	商業火險 商業火險	US\$568,395,417	Year 2019: US\$224,820

Section 4.23 – Significant Customers

Lite-On Semiconductor Corp. and subsidiaries Top 10 Customer

No.	Customer	Remark
1.	LITE-ON GROUP	Includes: 聯發科技股份有限公司, LITE-ON JAPAN (H.K.) LTD., LITE-ON OVERSEAS TRADING CO., LTD., LITE-ON SINGAPORE PTE LTD., LITE-ON JAPAN LTD., 聯發(中國)有限公司, LITE-ON JAPAN (THAILAND) CO., LTD, LITE-ON ELECTRONICS (THAILAND) CO.,LTD., LITE-ON SINGAPORE PTE LTD, LITE-ON TECHNOLOGY CORPORATION, 聯發科技股份有限公司
2.	DELTA ELECTRONICS Group	Includes: DELTA ELECTRONICS INT'L (SINGAPORE) PTE. LTD. COMPANY, DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED, 聯發科技股份有限公司, DELTA ELECTRONICS INDIA PRIVATE LIMITED
3.	STMicroelectronics Pte Ltd.	
4.	DIODES GROUP	Includes: DIODES HONG KONG LIMITED, 聯發科技股份有限公司, 聯發(中國)有限公司, 聯發(泰國)有限公司, DIODES TECHNOLOGY(CHENG DU) COMPANY LIMITED, DIODES ZETEX SEMICONDUCTORS LTD, DIODES INCORPORATED
5.	Avent (Taiwan)	
6.	ATM Electronics (聯發)	
7.	聯發(中國)	

8.	Sunrisetek co., Ltd. (☐☐☐☐)	
9.	Lumax International Corp. Ltd. (☐☐☐☐ ☐)	
10.	KENJET TECHNOLOGY CO., LTD	

Section 4.24 – Significant Suppliers

Lite-On Semiconductor Corp. and subsidiaries Top 10 Suppliers

No.	Supplier	Purchased
1.	L&K Industries Phils.,Inc.	Sensor Board, Mono CIS
2.	Ningbo Gangbo Electronics Co., Ltd. (寧波岡波電子有限公司)	Lead Frame, Clip
3.	Episil-Precision Inc. (亞細亞精密工業股份有限公司).	EPI, EPI Wafer
4.	Shanghai Simgui Technology Co.,Ltd	EPI
5.	Lite-On Japan (H.K.) LTD.,	ROD LENS, NSG FPC LED
6.	Chang Chun (Changshu) Co., Ltd. (常州春申電子有限公司)	晶片
7.	Jlin Magic Semiconductor Co.,Ltd.	Wafer
8.	Bondtron Electronics (邦德通電子有限公司)	Lead Frame, Clip
9.	LRC Taiwan Co., Ltd	Power Semi晶片, REEL
10.	Siltronic Singapore Pte. Ltd.	Wafer



Diodes Incorporated to Acquire Lite-On Semiconductor Corporation

Cash-based Share Swap Transaction Valued at Approximately \$428 Million for Lite-On Semiconductor's \$230 Million in TTM Revenue and Approximately \$91 Million of Cash Equivalents as of June 30, 2019

Plano, Texas and Taipei, Taiwan – August 8, 2019 - Diodes Incorporated (Nasdaq: DIOD), a leading global manufacturer and supplier of high-quality application specific standard products within the broad discrete, logic, analog and mixed-signal semiconductor markets, and Lite-On Semiconductor Corporation (TWSE: 5305) ("LSC"), a Taiwan-based supplier of "green" power-related discrete and analog semiconductor devices, today announced the companies have entered into an agreement that provides for the acquisition of LSC by Diodes.

Highlights of the proposed transaction include:

- Combined trailing twelve months ("TTM") reported revenue of approximately \$1.5 billion and positive EBITDA of \$333.1 million;
- Represents next significant step in executing Diodes' strategic growth plan to achieve \$2.5 billion in revenue by 2025;
- Broadens Diodes' discrete and bipolar IC product offerings in Asia with a complementary product portfolio that will benefit from Diodes' more extensive worldwide sales channel;
- Offers cost-effective wafer fab and product assembly manufacturing capacity, enabling internal sourcing flexibility;
- Favorable return on investment for LSC's 31.2% ownership stake in On-Bright Electronics (TWSE: 4947);
- Accelerates repurchase of Diodes' shares outstanding, recapturing LSC's holding of 15.3% of DIOD shares as of June 30, 2019;
- Expected to result in financial synergies, including operational, manufacturing and administrative efficiencies; and
- Expected to be immediately accretive to Diodes' GAAP earnings per share.

At the effective date of the transaction, each share of LSC stock will be converted into the right to receive TWD 42.50 in cash, or \$1.37 USD, as of June 30, 2019 without interest. The aggregate consideration will be approximately \$428 million. The price per share reflects a premium of 35% over LSC's 30-day volume-weighted average price (VWAP). The boards of both companies have approved the transaction, which is still subject to approval by LSC shareholders as well as other customary closing conditions and regulatory approvals. The transaction is expected to close in April, 2020.

Commenting on the transaction, Dr. Keh-Shew Lu, President and Chief Executive Officer of Diodes, stated, “In combination with our strong organic growth, this proposed acquisition underscores Diodes’ use of acquisitions to accelerate the attainment of our next strategic goal of \$2.5 billion in annual revenue and \$1.0 billion in annual gross profit by 2025. This transaction will expand our discrete business in Asia, complementing our existing product lines with offerings at additional price points, especially for cost-sensitive applications. LSC’s contact image sensor business also extends Diodes’ footprint, representing a new market where Diodes can participate. Additionally, LSC’s wafer fabs and assembly sites provide Diodes with incremental manufacturing capacity as well as the opportunity for increased manufacturing flexibility and cross-regional internal dual-sourcing.”

Dr. Lu continued, “Further, this acquisition accelerates our share repurchase activities, recapturing over 15.3% of Diodes outstanding shares currently held by LSC. In addition, it provides a positive return on investment for LSC’s 31.2% ownership in On-Bright Electronics. The transaction also meets our criteria for strategic acquisitions and is expected to be immediately accretive to our earnings. We look forward to further leveraging Diodes’ strong manufacturing know-how to drive increased operational and cost efficiencies, while also improving utilization of LSC’s production facilities in Taiwan and China.”

Commenting on the proposed acquisition, David Lee, LSC President said, “We are pleased to have reached this agreement as Diodes offers us a significant opportunity to leverage their extensive sales channel, manufacturing strength and broad support infrastructure. We believe this transaction represents outstanding value for our shareholders, customers and employees alike, and we look forward to becoming a part of Diodes.”

Diodes expects to fund the purchase price of the acquisition primarily with proceeds from a new financing arrangement co-led by Bank of America, PNC Bank and Wells Fargo Securities. Advisors for the transaction included Jones Day, who served as legal counsel to Diodes and Lexcel Partners, legal counsel for LSC.

Conference Call and Slide Presentation Information

Diodes will host a conference call today at 4:00 p.m. Central Time (5:00 p.m. Eastern Time). This conference call will be broadcast live over the Internet with a slide presentation and can be accessed by all interested parties on the Investor section of Diodes’ website at <http://www.diodes.com>. Please click on the Conference Call link at least fifteen minutes prior to the start of the call to register, download and install any necessary audio software.

When: Thursday, August 8, 2019

Time: 4:00 p.m. CT / 5:00 p.m. ET

Dial in: 1-855-232-8957; outside the U.S. +1-315-625-6979

Participant Code: 6687017

Live Webcast: <http://investor.diodes.com>

For those unable to participate during the live broadcast, a replay will be available shortly after the call and will be available on Diodes’ website. The replay number is 1-855-859-2056 with a pass code of 6687017. International callers should dial +1-404-537-3406 and enter the same pass code at the prompt.

Further details of the transaction and arrangement are set out in Diodes’ Current Report on Form 8-K filed with the Securities and Exchange Commission on August 8, 2019.

About Diodes Incorporated

Diodes Incorporated (Nasdaq: DIOD), a Standard and Poor's SmallCap 600 and Russell 3000 Index company, is a leading global manufacturer and supplier of high-quality, application-specific standard products within the broad discrete, logic, analog and mixed-signal semiconductor markets. We serve the consumer electronics, computing, communications, industrial, and automotive markets. Our products include diodes, rectifiers, transistors, MOSFETs, protection devices, function-specific arrays, single gate logic, amplifiers and comparators, Hall-effect and temperature sensors, power management devices, including LED drivers, AC-DC converters and controllers, DC-DC switching and linear voltage regulators, and voltage references along with special function devices, such as USB power switches, load switches, voltage supervisors, and motor controllers. Diodes also has timing, connectivity, switching, and signal integrity solutions for high-speed signals. Our corporate headquarters and Americas' sales offices are located in Plano, Texas and Milpitas, California. Design, marketing, and engineering centers are located in Plano; Milpitas; Taipei, Taoyuan City and Zhubei City, Taiwan; Oldham, England; and Neuhaus, Germany. Our wafer fabrication facilities are located in Oldham and Shanghai, China and Greenock, Scotland. We have assembly and test facilities located in Shanghai, Jinan and Chengdu, China, as well as in Hong Kong, Neuhaus and Taipei. Additional engineering, research and development, sales, warehouse, and logistics offices are located in Taipei; Hong Kong; Oldham; Shanghai; Shenzhen and Yangzhou, China; Seongnam-si, South Korea; Munich, Germany; and Tokyo, Japan, with support offices throughout the world.

Recent news releases, annual reports and SEC filings are available at the Company's website: <http://www.diodes.com>. Written requests may be sent directly to the Company, or they may be e-mailed to: diodes-fin@diodes.com.

Forward-Looking Statements for Diodes

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: Any statements set forth herein that are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements include, but are not limited to, the following: the expected benefits of the acquisition, including the acquisition being immediately accretive; the efficiencies, cost savings, revenues, and enhanced product offerings, market position, and design and manufacturing capabilities of Diodes after the acquisition; and other statements identified by words such as "estimates," "expects," "projects," "plans," "will," and similar expressions.

Potential risks and uncertainties include, but are not limited to, such factors as: the possibility that the transaction may not be consummated, including as a result of any of the conditions precedent; the risk of superior acquisition proposal from other parties; the risk of Diodes being unable to obtain sufficient financing from lenders to complete the acquisition; the risk of global market downturn conditions and volatilities impacting the completion of the acquisition or the funding; the risk that such expectations may not be met; the risk that the expected benefits of the acquisition may not be realized or that integration of the acquired business may not be as rapid as we anticipate; the risk that Lite-On's business will not be integrated successfully into Diodes'; the risk that the expected benefits of the acquisition may not be realized, including the realization of the accretive effect of the acquisition; the risk that Lite-On's standards, procedures, and

controls will not be brought into conformance within Diodes' operation; difficulties coordinating Diodes' and Lite-On's new product and process development, hiring additional management and other critical personnel, and increasing the scope, geographic diversity, and complexity of Diodes' operations; difficulties in consolidating facilities and transferring processes and know-how; difficulties in reducing the cost of Lite-On's business; the diversion of our management's attention from the management of our business; Diodes may not be able to maintain its current growth strategy or continue to maintain its current performance, costs, and loadings in its manufacturing facilities; risks of domestic and foreign operations, including excessive operation costs, labor shortages, higher tax rates, and Diodes' joint venture prospects; the risk that we may not be able to increase our automotive, industrial, or other revenue and market share; the risks of cyclical downturns in the semiconductor industry and of changes in end-market demand or product mix that may affect gross margin or render inventory obsolete; the risk that our future outlook or guidance may be incorrect; unfavorable currency exchange rates; the risks of global economic weakness or instability in global financial markets; the risks of trade restrictions, tariffs, or embargoes; the risk of breaches of our information technology systems; and other information, including the "Risk Factors" detailed from time to time in Diodes' filings with the United States Securities and Exchange Commission.

Company Contact: **Investor Relations Contact:**

Diodes Inc. Shelton Group
Laura Mehrl Leanne Sievers
Director of Investor Relations President, Investor Relations
P: 972-987-3959 P: 949-224-3874
E: laura_mehrl@diodes.com E: lsievers@sheltongroup.com

Call Participants: Diodes: Dr. Keh-Shew Lu, Rick White, Brett Whitmire, Julie Holland and Laura Mehrl

Operator:

Good morning and welcome to Diodes Incorporated's conference call regarding its proposed acquisition of Lite-On Semiconductor Corporation. At this time, all participants are in a listen only mode. At the conclusion of today's conference call, instructions will be given for the question and answer session. If anyone needs assistance at any time during the conference call, please press the star followed by the zero on your touchtone phone.

As a reminder, this conference call is being recorded today, Thursday, August 8, 2019. I would now like to turn the call to Shelton Group, the investor relations agency for Diodes Incorporated. Brett, please go ahead.

Introduction: Brett Perry, Vice President of Shelton Group Good morning and thank you for joining our conference call today to discuss the proposed acquisition of Lite-On Semiconductor. I'm Brett Perry, Vice President of Shelton Group, Diodes' investor relations firm. With us today are Diodes' President and CEO, Dr. Keh-Shew Lu; Chief Financial Officer, Brett Whitmire; Corporate Secretary, Rick White; Vice President of Corporate Operations, Julie Holland and Director of Investor Relations, Laura Mehrl.

If you have not yet received a copy of the press release, you can access a copy on Diodes' website at www.diodes.com under the Investor Relations section. There is also a slide presentation that we will be using in conjunction with this call that may be accessed through the webcast link on Diodes' website and is also posted as a PDF in the Investor Relations section.

The slide presentation and management's statements during this conference call will include discussions of certain measures and financial information in GAAP and non-GAAP terms.

Slide 2: Safe Harbor Statement (Brett)

Before I turn the call over to Dr. Lu, I would like to remind our listeners that management's prepared remarks contain forward-looking statements, which are subject to risks and uncertainties, and management may make additional forward-looking statements in response to your questions. These forward-looking statements include, but are not limited to, statements related to the benefits of the proposed transaction between Diodes Incorporated and Lite-On Semiconductor. These forward-looking statements are based on information available to Diodes and Lite-On Semi as of **today, August 8, 2019** and current expectations, forecasts and assumptions involve a number of risks and uncertainties. Actual results may differ materially from these forward-looking statements, and therefore we refer you to a more detailed discussion of the risks and uncertainties in the Company's filings with the Securities and Exchange Commission. The Company claims the protection of the safe harbor for forward-looking statements that is contained in the Private Securities Litigation Reform Act of 1995, and assumes no obligation to update these projections in the future as market conditions may or may not change.

For those of you unable to listen to the entire call at this time, a recording will be available via webcast for 60 days at the Investor Relations section of Diodes' website at www.diodes.com. And now, it's my pleasure to turn the call over Diodes' President and CEO, Dr. Keh-Shew Lu.

Dr. Keh-Shew Lu, President and CEO of Diodes

Thank you, Brett. Welcome everyone, and thank you for joining us today.

We are very excited about today's announcement regarding the proposed acquisition of Lite-On Semiconductor by Diodes. In addition to offering substantial financial synergies and an attractive rationale for the customers, employees, and shareholders of both companies, I believe this acquisition is another significant milestone on Diodes' path toward achieving our next strategic financial goal of \$2.5 billion revenue and \$1 billion gross profit by 2025. As we will discuss today, this transaction meets all of our acquisition criteria and will also be immediately accretive to both GAAP and non-GAAP earnings per share.

As Brett mentioned, there is a slide presentation available on our website. I have asked Julie Holland, our Vice President of Corporate Operations to review this presentation with you as part of today's call before we open the call for your questions.

Julie Holland, Vice President, Corporate Operations

Thank you, Dr. Lu. It is my pleasure to be here today.

Slide 3: A Strategic Combination

Diodes' acquisition of Lite-On Semiconductor creates a company with even greater scale and a well-aligned product offering as well as the opportunity for financial and operational benefits for our long-term growth and profitability. When looking at the strengths and attributes of each company, Diodes has:

- 1) High volume discrete, analog, logic and mixed-signal products;
- 2) Cost-effective wafer fabrication and packaging capabilities;
- 3) A strong global presence;
- 4) A broad product and customer base with a well-developed global sales channel; and
- 5) A strong base business in the consumer, computing and communications markets with an emphasis on expansion in the industrial and automotive markets.

Lite-On Semiconductor has:

- 1) A broad portfolio of discrete power devices, analog power ICs and hall effect devices plus a full range of contact image sensors;
- 2) Leading market share in bridges for ACDC applications;
- 3) An installed base of wafer fab and assembly capacity that is currently under-utilized; and
- 4) A large ownership stake in Diodes stock, holding over 15% of our outstanding shares.

When combined, the consolidated company will offer:

- 1) A broader footprint of discrete and protection product;
 - 2) An expanded business base in Asia including Diodes' participation in the contact image sensor market;
-

- 3) Operating and administrative synergies;
- 4) Access to incremental manufacturing capacity for both wafer fab and assembly; and
- 5) Financial value with positive impact to revenue, EBITDA and earnings per share.

Slide 4: Lite-On Semiconductor Highlights

Let me provide an overview of Lite-On Semiconductor's business from a corporate, manufacturing and financial perspective. As an Asia-based supplier of "green" power semiconductors specializing in discrete and analog products, Lite-On Semiconductor has an extended portfolio of product lines including rectifiers, protection products, and photo diodes, as well as power ICs and hall effect devices. In addition, Lite-On offers a full range of contact image sensors that support a wide variety of computing, industrial and financial equipment applications. Lite-On's target markets include system power and switching power applications in the communications, information technology, and consumer electronics arena.

Lite-On Semiconductor is a publicly-held company that was established in 1990, is listed on the Taiwan stock exchange, and is headquartered in Taipei. The company has over 2300 employees, with its product development, operations, and business management teams based in Taiwan and sales offices in Taiwan, China and the US.

Lite-On Semiconductor has internal wafer fabrication plants in Hsinchu and Keelung, Taiwan and in Shanghai and Wuxi, China. Lite-On also has product packaging and test facilities in Keelung, Taiwan and in Shanghai and Wuxi, China. They offer wafer foundry and assembly subcon services to external

customers from these manufacturing facilities as well as supporting a significant percentage of their own production requirements.

In terms of financials, Lite-On Semiconductor reported revenue of approximately \$247 million US dollars in 2018 and \$41 million in gross profit. Their cash and short-term investments were \$91 million as of the end of 2018.

Slide 5: Transaction Rationale

Lite-On Semiconductor's business profile supports our rationale for the transaction and will benefit Diodes' business and expand our product portfolio.

The rationale for the transaction includes:

- 1) The extension of our overall discrete product offering with a range of rectifiers, protection products, and photo diodes, plus additional discrete power devices such as IGBTs and MOSFETs. Together, Diodes and Lite-On Semiconductor will be the world's largest supplier of bridge products for ACDC applications, a focus market for both companies.
 - 2) The transaction offers benefits of scale that will drive operational and manufacturing efficiencies to increase profitability. Also, we will be able to leverage Diodes' extensive sales channel, providing the Lite-On product lines expanded sales opportunities through exposure to Diodes' larger customer-base across additional market spaces. Diodes will be able to use Lite-On's wafer fab and assembly test capacity to provide head-room for our growth, while allowing increased
-

manufacturing flexibility, including more opportunities for internal dual-sourcing.

- 3) Financially, the transaction allows the recapture of the over 15% of DIOD shares outstanding currently held by Lite-On Semiconductor. This business combination will be immediately accretive to revenue, EBITDA, and earnings-per-share.
- 4) And finally, this transaction aligns with Diodes' strategy to drive future growth through select acquisitions. We have a successful track record of integrating acquisitions, including FabTech in year 2000, Anachip and APD Semiconductor in 2006, Zetex in 2008, BCD and PAM in 2013, and Pericom in 2015.

The terms of the acquisition include a purchase price of \$NT42.50 per share for a total consideration of approximately \$428 million US dollars. The acquisition is expected to close in April of 2020. The boards of both companies have approved the transaction, which is still subject to approval by Lite-On's shareholders, as well as other customary closing conditions and regulatory approvals.

Slide 6: Lite-On Manufacturing Infrastructure

Turning now to manufacturing, the Lite-On manufacturing infrastructure includes wafer fabs in Hsinchu and Keelung, Taiwan, and in Shanghai and Wuxi, China. Lite-On runs a variety of process technologies in these wafer fabs, including a TVS process with ultra-low junction capacitance, both trench and rugged planar Schottky technology, super junction MOSFET processes up to 650V, and an IGBT technology rated to 1200V and 40A. Lite-On's analog wafer technologies include competitive BCD, bipolar, and

CMOS capabilities. These wafer fabs offer a combined capacity of approximately 160K 6” equivalent wafers per month.

Lite-On Semiconductor has product packaging and test facilities in Keelung, Taiwan and Shanghai and Wuxi, China. They build SMA/B/C packages as well as surface mount, through-hole, and DFN package technologies. Lite-On has combined internal assembly test capacity for over 500MU per month.

This incremental wafer fab and assembly capacity will allow Diodes additional manufacturing flexibility, and the opportunity for internal dual-sourcing across multiple locations for supply risk reduction and operational efficiencies.

Slide 7: Pro-forma Financial Overview

This transaction provides Diodes with a larger revenue base as well as the ability to drive significant increases in earnings per share due to the recapture of Lite-On’s holdings of over 15% of Diodes shares outstanding. We expect this transaction to be immediately accretive.

When looking at pro-forma results based on a calendar year for the combined company, revenue for 2Q19 would have been approximately \$370 million and \$1.5 billion for the trailing twelve months. Gross profit for 2Q19 would expand to approximately \$128 million, with a trailing twelve month figure of nearly \$500 million. Gross profit margin would decrease for the combined company based on Lite-On Semiconductor’s current manufacturing utilization. We expect the gross margin to improve as Diodes introduces additional loadings and capabilities to these facilities.

Non-GAAP earnings per share would increase from \$0.77 to \$0.85 in 2Q19, and would increase to \$3.29 on a trailing twelve month basis. These EPS figures include the interest cost of this transaction and the recapture of Lite-On's holding of Diodes shares, and do not consider any additional benefit from operational synergies as a combined company.

Slide 8: Significant Step in Executing Strategic Plan

We believe that Lite-On Semiconductor represents a significant step forward in executing Diodes' strategic growth plan to achieve \$2.5 billion in revenue and \$1 billion in gross profit by year 2025.

As you can see from the chart on slide 8, the combined company's trailing twelve month revenue of \$1.5B represents an implied compound annual growth rate for revenue of over 11%, suggesting that this transaction puts us well on the way to achieving our revenue growth goal.

Similarly, the progress toward our gross profit goal of \$1 billion by 2025 is even more encouraging, as this transaction would allow us to reach \$500M immediately on a trailing twelve month basis, with an implied compound annual growth rate that is even faster than our revenue growth trajectory.

In addition, Lite-On's low overhead spending rates would average down our operating expense rates for R&D and SG&A, creating further favorable impact to our progress toward a goal of 20% profit from operations.

Slide 9: Diodes Strategy: Profitable Growth

To conclude, Diodes' focus continues to be on generating profitable growth through a combination of manufacturing cost leadership, high volume end market focus, strong customer relationships, aggressive new product

introductions, product portfolio expansion, innovative process and packaging technology as well as select strategic acquisitions. Lite-On Semiconductor is another key milestone in this growth strategy, and we look forward to the combined company's success.

With that, we will now open the call for questions.

Q&A Session

Upon Completion of the Q&A...

Thank you to everyone for joining us today. We look forward to providing additional updates regarding the integration of Lite-On Semiconductor and the expanded opportunities for Diodes.

Operator, we may now disconnect.

Diodes to Acquire Lite-On Semiconductor

August 8, 2019

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Safe Harbor Statement

Any statements set forth herein that are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements include, but are not limited to, the following: the expected benefits of the acquisition, including the acquisition being immediately accretive; the efficiencies, cost savings, revenues, and enhanced product offerings, market position, and design and manufacturing capabilities of Diodes after the acquisition; and other statements identified by words such as "estimates," "expects," "projects," "plans," "will," and similar expressions.

Potential risks and uncertainties include, but are not limited to, such factors as: the possibility that the transaction may not be consummated, including as a result of any of the conditions precedent; the risk of superior acquisition proposal from other parties; the risk of Diodes being unable to obtain sufficient financing from lenders to complete the acquisition; the risk of global market downturn conditions and volatilities impacting the completion of the acquisition or the funding; the risk that such expectations may not be met; the risk that the expected benefits of the acquisition may not be realized or that integration of the acquired business may not be as rapid as we anticipate; the risk that Lite-On's business will not be integrated successfully into Diodes'; the risk that the expected benefits of the acquisition may not be realized, including the realization of the accretive effect of the acquisition; the risk that Lite-On's standards, procedures, and controls will not be brought into conformance within Diodes' operation; difficulties coordinating Diodes' and Lite-On's new product and process development, hiring additional management and other critical personnel, and increasing the scope, geographic diversity, and complexity of Diodes' operations; difficulties in consolidating facilities and transferring processes and know-how; difficulties in reducing the cost of Lite-On's business; the diversion of our management's attention from the management of our business; Diodes may not be able to maintain its current growth strategy or continue to maintain its current performance, costs, and loadings in its manufacturing facilities; risks of domestic and foreign operations, including excessive operation costs, labor shortages, higher tax rates, and Diodes' joint venture prospects; the risk that we may not be able to increase our automotive, industrial, or other revenue and market share; the risks of cyclical downturns in the semiconductor industry and of changes in end-market demand or product mix that may affect gross margin or render inventory obsolete; the risk that our future outlook or guidance may be incorrect; unfavorable currency exchange rates; the risks of global economic weakness or instability in global financial markets; the risks of trade restrictions, tariffs, or embargoes; the risk of breaches of our information technology systems; and other information, including the "Risk Factors" detailed from time to time in Diodes' filings with the United States Securities and Exchange Commission.



A Strategic Combination



Lite-On Semiconductor Highlights

Business Overview

- Asia-based semiconductor supplier specializing in “green” power-related Analog and Discrete devices
- Focus on Power Discretes, including rectifiers and TVS
- Full range of contact image sensors for computing applications

Corporate Overview

- Established in 1990; publically listed (TWSE: 5305)
- Headquartered in Taipei, Taiwan
- 2300 employees across Taiwan and China

Manufacturing Overview

- In-house wafer fabs and assembly/test manufacturing in Taiwan and China
- Wafer and module foundry services for a range of proven technologies including bipolar and high voltage CMOS

Financial Overview

- 2018 Revenues of \$247 million USD (\$30 NTD = \$1 USD)
- 2018 Gross Profit of \$41 million USD
- 2018 Cash and short-term investments of \$91 million



Transaction Rationale

Aligned Product Offering

- ◆ Aligned Discrete product portfolios: Rectifiers, Protection Products, Photo Diodes
- ◆ Creates world's largest supplier of general purpose bridge products for AC-DC applications

Enhanced Scale

- ◆ Potential profitability improvement through operating and manufacturing efficiencies
- ◆ Expanded customer and market presence for acquired products through Diodes' extensive sales network and channel
- ◆ Opportunity to leverage LSC's manufacturing footprint to expand sourcing options

Growth and Integration Opportunities

- ◆ Consistent with Diodes' strategy to drive growth through select acquisitions
- ◆ Successful track record of revenue expansion, cost reduction, and business rationalization: FabTech in 2000, Anachip and APD in 2006, Zetex in 2008, BCD and PAM in 2013, Pericom in 2015

Financial Leverage

- ◆ Accelerates repurchase of Diodes shares outstanding
- ◆ Immediately accretive to revenue, EBITDA and GAAP EPS



Lite-On Manufacturing Infrastructure



Hsinchu, Taiwan Wafer Fab

- ◆ 25K 6" wafers per month
- ◆ Bipolar, BCD, CMOS Processes
- ◆ Merged 2005



Wuxi, China Wafer Fab

- ◆ 190K 4" wafers per month
- ◆ GPP Processes
- ◆ Opened 2004



Shanghai, China Wafer Fab

- ◆ 110K 3" wafers per month
- ◆ GPP Processes
- ◆ Opened 1993



Keelung, Taiwan Wafer Fab

- ◆ 58K 3" wafers per month
- ◆ Thyristor, TVS, SF Processes
- ◆ Opened 1990



Wuxi, China Assembly Site

- ◆ 177KK Units per month
- ◆ DIP, TO, SMD, DFN Packages
- ◆ Opened 2005



Shanghai, China Assembly Site

- ◆ 370KK Units per month
- ◆ SMA / SMB / SMC Packages
- ◆ Opened 1993





Keelung, Taiwan Assembly Site

- ◆ 7KK Units per month
- ◆ SMD Packages
- ◆ Opened 1990

Pro-Forma Financial Overview

- ✓ Large revenue base with **\$1.5B** annual combined revenue
- ✓ Immediately accretive to non-GAAP EPS
- ✓ Recapture LSC's holding of 15.3% of DIOD shares

					Combined Company	
	2Q19	2Q19 TTM	2Q19	2Q19 TTM	2Q19	2Q19 TTM ⁽¹⁾
Revenue (\$M)	322.0	1,259.7	53.6	230.2	370.1	1467.9 ⁽¹⁾
Gross Profit (\$M)	122.0	463.8	6.4	34.9	128.4	498.7
Gross Profit Margin	37.9%	36.8%	11.9%	15.1%	34.7%	34.0%
R&D (\$M)	21.7	87.9	2.7	9.6	24.4	97.5
R&D%	6.7%	7.0%	5.1%	4.2%	6.6%	6.6%
Total OpEx (\$M)	73.5	283.5	7.8	30.9	81.3	314.3
Total OpEx%	22.8%	22.5%	14.6%	13.4%	22.0%	21.4%
PFO (\$M)	48.5	180.3	-1.4	4.0	47.1	184.3
PFO%	15.1%	14.3%	-2.6%	1.7%	12.7%	12.6%
Non-GAAP EPS (\$)	0.77	2.79			0.85	3.29 ⁽²⁾

(1) Intercompany revenue is eliminated

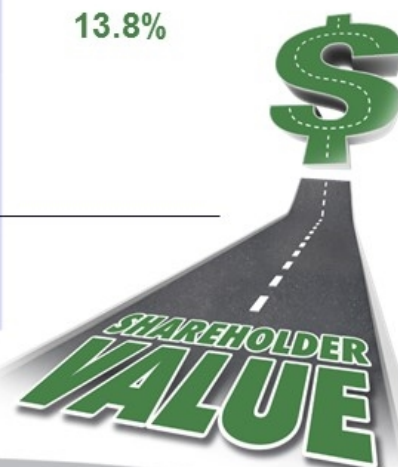
(2) Includes the interest cost of this transaction and the reduction in Diodes shares

Note: All dates reflect calendar quarter



Significant Step in Executing Strategic Plan

	2017	TTM 2Q19*	Goal 2025	Implied CAGR
Revenue	\$1.05B	\$1.5B	\$2.5B	11.4%
GP%	33.8%	34.0%	40%	
GP\$	\$357M	\$500M	\$1B	13.8%
R&D%	7.4%	6.6%	7%	
SG&A%	15.9%	14.8%	13%	
Operating Profit	7.5%	12.6%	20%	



*Represents pro-forma trailing twelve months for Diodes and Lite-On results combined

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Diodes Strategy: Profitability Growth



Lite-On Semiconductor is another key milestone





Thank you

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A decorative graphic at the bottom of the slide consisting of a grey wave shape above a blue wave shape, both curving upwards from left to right.

