Stock Code：3698

LEXTAR ELECTRONICS CORP.

Meeting Minutes
Of
2020 Annual General Shareholders' Meeting

(Translation)

Time and date of the Meeting: June 9, 2020 at 9:00 A.M. (Local time)
Venue of the Meeting: No.1, Gongye E. 2nd Rd., Hsinchu Science Park, Hsinchu City, Taiwan (R.O.C.)
Total shares represented by shareholders present: 314,139,352 shares (including 200,878,553 shares casted electronically)
Percentage of shares held by shareholders present: 60.99 % of total outstanding shares

(The translated document is prepared in accordance with the Chinese version and is forreference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.)

Lextar Electronics Corp.
2020 Annual General Shareholders' Meeting Minutes

Time: 9:00 a.m., June 9, 2020

Place: No.1, Gongye E. 2nd Rd., Hsinchu Science Park, Hsinchu City, Taiwan (R.O.C.)

Total Lextar outstanding shares: 515,036,380 shares (excluding treasury stock)

Total shares represented by shareholders present in person or by proxy: 314,139,352 shares (including 200,878,553 shares casted electronically)

Percentage of shares held by shareholders present in person or by proxy: 60.99 %

Attendees:
Feng Cheng Su, Chairman of the Board of Director and Chief Executive Officer
Sen Tai Wen, Independent Director and Chair of the Audit Committee
Hsuan Bin (H.B.) Chen, Director
Teng Huei Huang, Director
Shian Ho Shen, Independent Director and member of the Audit Committee
Cheng Chien Chen, Certified Public Accountant of KPMG Taiwan
Peng Kwang Chen, Attorney

Chair: Feng Cheng Su, Chairman of the Board of Director   Recorder: Po Yi Chang

I. Commencement (The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chair called the meeting to order.)

II. Chair's Address (omitted)

III. Report Items

1. **To report the business of 2019.**

   Explanation: The 2019 Business Report is attached hereto as Attachment 1 (page 13 ~ 15)

2. **Audit Committee's Review Report.**

   Explanation: The Audit Committee's Review Report is attached hereto as Attachment 2 (page 16)

3. **To report the issuance of securities in private placement.**

   Explanation:

   (1)It has been approved by the Annual General Shareholders' Meeting held on June 6, 2019 to authorize the Board of Directors, within the limit of 55,000,000 common shares, considering both the market conditions and the Company's capital needs to choose appropriate timing and one or more fund raising instruments to issue new common shares for cash to sponsor issuance of the overseas depositary shares and/or new common shares for cash in public offering and/or new common shares for cash in private placement and/or overseas or domestic convertible bonds in private placement in accordance with the applicable laws and regulations.

(2)Considering changes over market conditions, the Company has resolved to terminate the private placement offering.

IV. Recognition and Discussion Items

1. To accept 2019 Business Report and Financial Statements (Proposed by the Board of Directors)

Explanation:

(1)The 2019 Financial Statements were audited by the independent auditors, Cheng-Chien Chen and Sheng-Ho Yu of KPMG.

(2)For the 2019 Business Report, Independent Auditors' Report, and Financial Statements thereto, please refer to Attachment 1 and 2 (page 13~ 16) and Attachment 3 and 4 (page 17~ 35).

Voting Results: 314,139,352 shares were represented at the time of voting (including 200,878,553 shares casted electronically)

Voting Condition	Voting rights	% of the total represented at the time of voting
Votes in favor	306,193,068	97.47%
Votes against	53,409	0.01%
Votes invalid	0	0.00%
Votes abstained	7,892,875	2.51%

RESOLVED, that the above proposal be and hereby was accepted as proposed.

2. Adoption of the Proposal for 2019 Deficit Compensation. (Proposed by the Board of Directors)

Explanation:

(1)The 2019 net loss after tax was NT$ 309,650,958. The Deficit Compensation Statement is attached hereto as Attachment 5 (page 36).

(2)It is proposed not to distribute dividend for 2019.

Voting Results: 314,139,352 shares were represented at the time of voting (including 200,878,553 shares casted electronically)

Voting Condition	Voting rights	% of the total represented at the time of voting
Votes in favor	306,395,067	97.53%
Votes against	78,410	0.02%
Votes invalid	0	0.00%
Votes abstained	7,665,875	2.44%

RESOLVED, that the above proposal be and hereby was accepted as proposed.

3. To approve the revisions to "Articles of Incorporation ". (Proposed by the Board of Directors)

Explanation:

(1) According to Company Act amended and to meet the operation needs, it is proposed to amend the "Articles of Incorporation".

(2) A comparison table for the "Articles of Incorporation" before and after amendment is attached hereto as Attachment 6 (page 37).

Voting Results: 314,139,352 shares were represented at the time of voting (including 200,878,553 shares casted electronically)

Voting Condition	Voting rights	% of the total represented at the time of voting
Votes in favor	306,407,491	97.53%
Votes against	66,986	0.02%
Votes invalid	0	0.00%
Votes abstained	7,664,875	2.43%

RESOLVED, that the above proposal be and hereby was approved as proposed.

4. To approve the revisions to "Lextar Rules and Procedures for Shareholders' Meeting". (Proposed by the Board of Directors)

Explanation:

(1) According to TWSE No. 10800242211 on January 2, 2020, it is proposed to amend the "Lextar Rules and Procedures for Shareholders' Meeting".

(2)A comparison table for the "Lextar Rules and Procedures for Shareholders' Meeting" before and after amendment is attached hereto as Attachment 7 (page 38).

Voting Results: 314,139,352 shares were represented at the time of voting (including 200,878,553 shares casted electronically)

Voting Condition	Voting rights	% of the total represented at the time of voting
Votes in favor	306,552,491	97.58%
Votes against	66,986	0.02%
Votes invalid	0	0.00%
Votes abstained	7,519,875	2.39%

RESOLVED, that the above proposal be and hereby was approved as proposed.

5. To approve issuance of new common shares for cash to sponsor issuance of the overseas depositary shares ("DR Offering") and/or issuance of new common shares for cash in public offering and/or issuance of new common shares for cash in private placement ("Private Placement Shares") and/or issuance of overseas or domestic convertible bonds in private placement ("Private Placement CB"). (Proposed by the Board of Directors)

Explanation:

(1) Fund raising purpose and fund size:

In order to invest in LED and compound semiconductor related equipment and technology of high-level products, enrich working capital, have sound financial structure and/or support the Company's long term development funding needs, the company hereby proposes the shareholders meeting to authorize the Board of Directors ("Board"), within the limit of 55,000,000 common shares, considering the market conditions and the Company's capital needs to choose appropriate timing and fund raising method(s) to issue new common shares for cash to sponsor DR Offering and/or issue new common shares for cash in public offering and/or issue Private Placement Shares and/or issue Private Placement CB in accordance with the applicable laws and regulations and the following fund raising method principles. For issuance of Private Placement CB, the number of common shares can be converted within the limit of 55,000,000 common shares shall be calculated in accordance with the conversion price determined at the time of issuance of Private Placement CB.

(2) Fund raising method(s) and handling principles:

I. Issuance of new common shares for cash to sponsor DR Offering:

(i) The issue price of the new common shares will be decided with reference to (a) the closing price of the Company's common shares on the pricing date or (b) the average of the closing price of the Company's common shares --for 1, 3 or 5 trading days prior to the pricing date (each of (a) and (b) is referred to hereinafter as the "reference price"). The Chairman is authorized to coordinate with the foreign lead-underwriter(s) of the DR Offering to determine the actual issue price in accordance with market conditions, provided that, the actual price shall not be less than 90% of the reference price after adjustment for bonus shares issued as stock dividends, shares cancelled in connection with capital reduction and the cash dividends.

The reference price and the actual price will be decided in accordance with market practice and applicable law. In addition, assuming that the Company issues 55,000,000 common shares which is approximately 10.59% of the Company's total outstanding common shares as of February 29, 2020. As the actual price shall be no less than 90% of the reference price after adjustment for bonus shares issued as stock dividends, shares cancelled in connection with capital reduction and the cash dividends, it is unlikely that such issuance will have a material dilutive effect on the holding of the current existing shareholders. Thus, determination of the issue price of the new common shares to be issued in connection with the DR Offering should be reasonable and should not have a material adverse effect on the rights and benefits of the current existing shareholders.

(ii) Except for 10% -15% of the new common shares shall be allocated for the employees' subscription in accordance with the applicable law, it is proposed for the shareholders meeting to approve that the rights to subscribe to the remaining shares shall be waived by the shareholders and such remaining shares should be offered to the public under Article 28-1 of the Securities and Exchange Act as the underlying shares of the global depositary shares to be sold in the DR Offering. Any new common shares not subscribed by employees of the Company shall be determined by the Chairman, depending on the market needs, to be allocated as underlying shares of the global depositary shares or to be subscribed by the designated person(s).

II. Issuance of new common shares for cash in public offering:

(i) The par value of the new common shares to be issued per share is NT$10. It is proposed to authorize the Chairman to coordinate with the underwriter(s) of the public offering to determine the actual issue price in accordance with the relevant provisions of the Chinese Securities Association Regulations Governing Underwriters' Assistance in Offering and Issuance of Securities by Issuing Companies and the market conditions. And the issue price shall be reported to the regulatory authority before issuance.

(ii)It is proposed to authorize the Board to choose either of the following methods to sell the new shares in the public offering through the underwriter(s)：

(a)Except for 10% to 15% of the new shares must be offered to employees in accordance with Article 267, Paragraph I of the Company Act, it is proposed for the shareholders meeting to approve the pre-emptive rights to subscribe to the remaining shares to be waived by the shareholders in accordance with Article 28-1 of the Securities and Exchange Act and such remaining shares will be offered to the public via book building. And it is proposed that any new common shares not subscribed by employees of the Company will be sold to the person(s) designated by the Chairman of the Company at the issue price.

(b)Except for 10% to 15% of the new shares must be offered to employees in accordance with Article 267, Paragraph I of the Company Act, it is proposed that 10% of the new shares to be sold to the public through the underwriter(s) and the remaining shares will be subscribed to by the existing shareholders of the Company in accordance with their shareholding. And it is proposed that any new common shares not subscribed by employees and shareholders of the Company will be sold to the person(s) designated by the Chairman of the Company at the issue price.

III. Issuance of Private Placement Shares and/or Private Placement CB:

(i) Basis and reasonableness for determination of the subscription price of the Private Placement Shares:

(a) The higher one of (x) the simple average closing price of the Company's common shares for 1, 3 or 5 trading days prior to the pricing date, and (y) the simple average closing price of the Company's common shares for 30 trading days prior to the pricing date, after adjustment for bonus shares issued as stock dividends, shares cancelled in connection with capital reduction and the cash dividends, should be the reference price of the subscription price of the Private Placement Shares.

(b) The issue price of the Private Placement Shares shall be no less than 80% of the reference price. The issue price of the Private Placement CB shall be no less than 80% of the theoretical price. It is proposed to authorize the Board to decide the actual issue price within the range approved by the shareholders meeting depending on the status of finding the specific investor(s) and market conditions.

(c)As aforementioned subscription price of the Private Placement Shares and issue price of Private Placement CB will be determined with reference to the price of the Company’s common shares and the theoretical price in accordance with the regulations governing public companies issuing securities in private placement; thus, the price determination should be reasonable.

(ii)The method, purpose, necessity and projected benefits to determine specific investor(s):

The investors subscribing to the Private Placement must meet the qualifications listed in Article 43-6 of the Securities and Exchange Act and are limited to strategic investor(s). Priority will be given to the investor(s) who could benefit the Company's long term development, competitiveness, and existing shareholders' rights. The Board is fully authorized to determine the specific investor(s). The purpose, necessity and projected benefits for having strategic investor(s) are to accommodate the Company’s operation and development needs to have the strategic investor(s) to assist the Company, directly or indirectly, in finance, business, manufacturing, technology, procurement, management, and strategy development, etc., furthermore, to strengthen the Company’s competitiveness and enhance operational efficiency and long term development.

(iii)The necessity of issuance of Private Placement Shares and/or Private Placement CB:

Considering the effectiveness and convenience for issuance of the Private Placement Shares/Private Placement CB and to accommodate the Company’s development planning, including inviting the strategic investor(s), it would be necessary to issue the Private Placement Shares and/or Private Placement CB.

(iv)For the Private Placement Shares and/or the new common shares to be issued upon conversion of Private Placement CB, after expiration of three years following delivery date of the Private Placement Shares/Private Placement CB, the Board is authorized to obtain an approval letter issued by the Taiwan Stock Exchange ("TSE") acknowledging that the Private Placement Shares /new common shares to be issued upon conversion of Private Placement CB meet the requirements for TSE listing before submitting application with the Financial Supervisory Commission for retroactive handling of public issuance of such shares and application with TSE for listing such shares on TSE.

(v)The tentative terms and conditions of the Private Placement CB ("Offering Plan") are shown in Attachment 8 (page 39 ~ 41).

(3)Use of proceeds, the schedule and the projected benefits:

The Company plans to use the funds raised from the DR Offering and/or issuance of the new common shares in public offering and/or issuance of the Private Placement Shares and/or Private Placement CB to invest in LED and compound semiconductor related equipment and technology of high-level product, enrich working capital, have sound financial structure and/or support the Company's long term development funding needs and plans to use such funds within three year after completing the fund raising and plans to strengthen the Company's competition and improve operational efficiency effect.

(4)The new common shares to be issued to sponsor the DR Offering, the new common shares to be issued in public offering, Private Placement Shares and the new common shares to be issued upon conversion of Private Placement CB will be issued in the scriptless form. Except that the Private Placement Shares and the new common shares to be issued upon conversion of Private Placement CB are subject to the selling restrictions within three years after the delivery date of the Private Placement Shares/Private Placement CB under Article 43-8 of the Securities and Exchange Act, the new common shares to be issued to sponsor the DR Offering, the new common shares to be issued in public offering, the Private Placement Shares and the new common shares to be issued upon conversion of Private Placement CB will have the same rights and obligations as the Company's existing issued and outstanding common shares.

(5)The reason for the situation where the issue price of the new common shares to be issued to sponsor the DR Offering, the new common shares to be issued in public offering, Private Placement Shares and the conversion price for the Private Placement CB setting as a price less than the par value due to change of the market change ,the reason for the Company not adoptting other fund raising method and the reasonableness for such determination:

This is mainly based on considerations of the sound operation of the Company and the security of financial structure and issuing equity related securities for fund raising is more appropriate than issuing the pure debt type securities. If the Company decides to use the fund raising methods, such as issuing new shares for cash to sponsor the DR Offering, issuing new shares for cash in public offering, and issuing Private Placement Shares, etc. the Company would not incur any interest of the debt. In such case, not only the Company's financial risk could be reduced and the Company's financial structure could be improved, but also the flexibility of the Company’s fund dispatch would also be increased. For issuance of Private Placement CB, if investor converts Private Placement CB into the common shares, such would improve the Company’s financial structure and benefit the Company’s long term development. Thus, it should be reasonable for the Company to issue the equity related securities. If the issue price and the conversion price is less than the par value, such would be expected to cause decrease of the Company’s capital surplus and retained earnings in which case the Company will, depending on the actual operating conditions in the future, make up for the losses. As the issue price will be determined in accordance with the relevant regulations, thus, after appearance of the effectiveness of the capital increase, the Company's financial structure will be effectively improved to be favorable to the Company’s long-term development and would not have adverse impact on the rights and benefits of the shareholders.

(6)After the shareholders meeting approves issuance of new common shares to sponsor the DR Offering, new common shares in public offering, the Private Placement Shares and the Private Placement CB, it is proposed for the shareholders meeting to authorize the Board to determine and amend, at the Board’s sole dissertation, the terms and condition of the new common shares to be issued for the DR Offering and/or in public offering and/or terms and condition of the Private Placement Shares and/or Offering Plan of the Private Placement CB, the plan for the use of proceeds, the schedule and projected benefits and all matters in connection therewith in accordance with the Company’s actual needs, market conditions and relevant regulations. What if any amendment thereto is required by change of the regulations or as required by the regulator’s instruction or based on the Company’s operation evaluation or change of the market conditions, the Board is authorized to make the required amendments at the Board’s sole dissertation.

(7)To complete the fund raising, the Chairman or the Chairman's designee is authorized, on behalf of the Company, to handle all matters relating to, and sign all agreements and documents in connection with, issuance of the new common shares to sponsor the DR Offering, issuance of new common shares in public offering and issuance of the Private Placement Shares and/or Private Placement CB.

(8)The Board is authorized to handle all matters which are not addressed herein in accordance with the applicable laws and regulations.

Voting Results: 314,139,352 shares were represented at the time of voting (including 200,878,553 shares casted electronically)

Voting Condition	Voting rights	% of the total represented at the time of voting
Votes in favor	305,812,816	97.34%
Votes against	661,708	0.21%
Votes invalid	0	0.00%
Votes abstained	7,664,828	2.43%

RESOLVED, that the above proposal be and hereby was approved as proposed.

6. To approve the proposal of releasing Directors and their representatives from non-competition restrictions. (Proposed by the Board of Directors)

Explanation:

(1)According to Article 209 of the Company Act, any Director conducting business for himself/herself or on another's behalf, in which and the scope of the business coincides with the Company's business scope, shall explain at the Shareholders' Meeting the essential contents of such conduct and obtain approval from shareholders in the Meeting.

(2)It is proposed to release Directors and their representatives from non-competition restrictions in the 2020 Annual General Shareholders' meeting. The released restriction of Directors as follows：

Title	Name	Released restriction
Chairman	Feng Cheng (David) Su	Chairman, Hexawave, Inc.
Director, Representative of AU Optronics Corp.	Wei Lung Liau	Director, BriView (Xiamen) Corp.
Director, Representative of AU Optronics Corp.	Tien Yu Lin	Vice President, AU Optronics Corp. Director, Raydium Semiconductor Corp. Director, AU Optronics (Kunshan) Co., Ltd Director, AU Optronics (Slovakia) s.r.o. Director, ComQi Inc. Director, ComQi Canada Inc.
Director	Hsuan Bin (H.B.) Chen	Chairman, Allxon Inc. Director, Aco Smartcare Co., Ltd.
Director	Teng Huei (Allen) Huang	Director, Hexawave, Inc.
Director	Shian Ho Shen	Director, C Sun Mfg. Ltd.

Voting Results: 314,139,352 shares were represented at the time of voting (including 200,878,553 shares casted electronically)

Voting Condition	Voting rights	% of the total represented at the time of voting
Votes in favor	294,010,990	93.59%
Votes against	304,534	0.09%
Votes invalid	0	0.00%
Votes abstained	19,823,828	6.31%

RESOLVED, that the above proposal be and hereby was approved as proposed.

Extraordinary Motions：None

Meeting Adjourn：The meeting was adjourned at 9:36 a.m.

Attachment 1

2019 Business Report

Due to the impact of China-US trade war on the international economy, the investors and consumers tended to be more conservative in 2019, resulting in slow economic growth. However, it never stopped the advancement of new technologies in the future. For example, under the continuous evolvement of display technology, the improved color, contrast and resolution brought new visual experience. The mobile devices and wearable devices became more intelligent, which combined biometrics such as facial or fingerprint recognition to provide more individualized smart service. 5G would accelerate the on-vehicle revolution, and realize smart-aided driving and smart headlight. All these new technologies would show overturning influence on human life, and promote the optoelectronic semiconductor applications to further expand.

Looking back at the LED industry, the capacity expansion of the LED chip plants in China resulted in oversupply and interrupted the normal development of the industry, while the globally large plants focused on the development of special optical applications and integrated products, which built the technical barriers. With the history of 11 years since its establishment, Lextar Electronics insists on the technical development and application market of optoelectronic semiconductors. Besides LED chip, package, and vertical integration of optoelectronic module, in response to the rise of 5G communication market, we've also horizontally expand to the next-generation semiconductor field. By investing in FVL INC. and HEXAWAVE INC., we learned the key technologies of upstream epitaxy and chip applied on the chemical semiconductors, and gradually penetrated into the electronic component field of communication and power semiconductor, which will be indispensable in this revolution of human life.

With the robust backbone of backlight products, Lextar also actively strengthens the deployment in the new technical fields such as automotive lighting, sensing, Mini/Micro LED and UV, which even steps from Blu-ray to red-ray technology to provide the customer with "light" solution. In terms of the production management over the past year, we quickly increased the mass production speed of the production lines, optimized the supply chain management and improved the operation efficiency for the plant in Chuzhou, China. Under the efforts of all employees, Lextar faced with the stress of price competition in the overall LED market, still achieved the stable development and focused on the investment into new technologies and new application market in 2019:

- The consolidated revenue in 2019 was NT$9.05 billion, dropping by 18.1% comparing with that in the previous year.
- Net after-tax net profit was NT$365 million
- The after-tax loss per share was NT$0.61
- ROE was -3.24%

Reviewing the market of the main applications in 2019, the Mini LED developed by Lextar for the display application in a long time was commercialized successfully. The I-Mini Blue backlight products also helped the customer win the 2020 CES innovation award, which was applied in the high-end notebooks and gaming screens. Besides, the key products of backlight application also include the backlight products of High Dynamic Range (HDR), Wide Color Gamut (WCG), super narrow border panel, and automotive panel backlight technologies. As the market showed diversified demands for the display monitor, Lextar was actively engaged in the market of Fine Pitch RGB Display, which could be applied in the market of shopping malls, conference halls and game machines. Moreover, in terms of RGB display, Lextar also publically released the I-Mini RGB display module and the Micro LED technology, which could be applied to the automotive dashboards, navigation screens, head-up displays, outdoor bus stop signboards. As a result, Lextar took up the leading position in the Mini / Micro LED field. With the improvement of capability in manufacturing red-ray chips, Lextar would strengthen the advantages of core technologies in terms of LED chip, package, drive circuit and module design.

In 2019, Lextar actively deployed the products in the new application fields such as automotive lighting, sensing, UV and wearable device. As for the 3D sensing application, it successfully developed the VCSEL components based on ToF principle, which were provided to the customers of renowned brands in Europe, America and China, and could be applied to 3D facial recognition and AR/VR. Besides, IR LED products have been applied in the markets of sensing, security and smart doorbell. On the other hand the components of wearable application were successfully introduced to the globally-renowned sport bracelet brand. In addition, UV products were also widely used in the markets of printing curing, medical care and sterilization.

In terms of the lighting components, Lextar continuously promoted the high CRI LED technology and the RGBWW packaging products applied in landscape and plant lighting. Besides, we also developed the special lighting modules: including the applications of medical lighting, building lighting, stage lighting and industrial lighting, and provided the customized photoelectric design service for the customer, so as to bring value added for the products.

In the past, Lextar constantly invested into the development of new technologies, new processes and new products, strengthened the key technologies and intensified the layout of patents. More than 2,200 patents in total have been obtained globally (including the cases approved and pending). With the R&D fund reaching NT$770 million, the technology achievements have been recognized by important customer globally.

In 2019, Lextar Electronics achieved the key development achievements as listed below:

- Delivered I-Mini Blue backlight products, and took the leading position in the industry
- Released the Micro / Mini LED products and technologies, expanded the full series of Mini LED applications
- Released VCSEL package and module products of 3D sensing applicable to driving monitoring systems
- Took the lead in the industry to release RGBWW lighting application package

applicable to landscape and plant lighting

- ●Shipped IR LED products to a globally renowned smart doorbell brand, and security surveillance applications.
- ●Shipped the packaging module of wearable applications successfully to a globally renowned sport watch brand
- ●Release the UV LED products with special viewing angle applied to sterilization and disinfection
- ●Chuzhou Plant in Anhui Province passed ISO 45001 and ESD S20.20 certifications

Aside from development of product technologies, Lextar also kept repaying the society. Through the three activities of “Reading Helps Dream Come True”, “Hope Reading” and “LED Magic Camp”, Lextar constantly shows care for the education of the schoolchildren in the rural areas. The program of “Reading Helps Dream Come True” has been implemented for seven years consecutively, which renovated the Hope Library for Hsinchu Wufeng Middle School in 2019 to provide a bright and warm reading environment for the schoolchildren to enjoy reading and grow happily. Moreover, Lextar continuously organized the “LED Magic Camp” to teach the schoolchildren about the optoelectronic basics and conduct generic education of environmental protection and energy conservation. It allowed the schoolchildren to learn and grow with books and games liked by them.

In the prospect of 2020, under the uncertainty of China-US trade war, the impacts of COVID-19 epidemic on the economy and society, and the fierce competition in the market, as well as the rise of new applications, Lextar Electronics as the provider of photoelectric semiconductor solution, is dedicated to the integration of photo, mechanical, electric and thermal technologies and the product innovation. It will focus on the development of four product fields including display, sensing, automotive and professional lighting, and actively penetrate into the electronic components fields of communication and power semiconductor. Besides, it will continuously optimize the production efficiency, invest in smart manufacturing and speed up the mass production of new products, so as to firstly seize the opportunities in the market. Lextar Electronics will be continuously dedicated to the product development and design service of the semiconductor technologies to maintain the industrial place, realizing the corporate vision of “Smart Innovation, Amazing Life”.

Sincerely,

David Su, Chairman and CEO

Attachment 2

Audit Committee's Review Report

The Board of Directors has prepared the Company's Business Report, Financial Statements, and Deficit Compensation Statement for the year of 2019. Cheng-Chien Chen and Sheng Ho Yu, Certified Public Accountants of KPMG, have audited the Financial Statements. The 2019 Business Report, Financial Statements, and Deficit Compensation Statement have been reviewed and determined to be correct and accurate by the Audit Committee of Lextar Electronics Corp. I, as the Chair of the Audit Committee, hereby submit this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Lextar Optronics Corp.
Chair of the Audit Committee meeting

Sen Tai Wen

Attachment 3

Independent Auditors' Report

To the Board of Directors of Lextar Electronics Corporation:

Opinion

We have audited the financial statements of Lextar Electronics Corporation("the Company"), which comprise the statement of financial position as of December 31, 2019 and 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended December 31, 2019 and 2018, and notes in the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the year ended December 31, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Revenue recognition

   Please refer to Note 4(p) “Revenue” of the consolidated financial statements.

   Revenue recognition is one of the critical areas for our audit due to its complexities in transaction terms as well as the huge volume of transactions, and plus the revenue from multiple locations among the Group .

   How the matter was addressed in our audit

   Our principal audit procedures included: assessing whether appropriate revenue recognition policies are applied through comparison with accounting standards; testing the Company’s controls surrounding revenue recognition, including corroborating the orders from clients, the proof of shipment, and receipt documents; understanding the base to estimate the sales return and discount through comparison with actual sales return and discount after the balance sheet date; sampling the sales transaction between the reported date, exam the external file to evaluate whether the sales recognition is appropriate.

2. Evaluation of inventory

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

   Evaluation of inventory is one of the key judgmental areas for our audit, the Company is primarily involved in the design, manufacture, and sale of InGaN epi wafers and chips, as well as light-emitting diode packages and modules. As different series or models of electronic products are rapidly being replaced by new ones, it may affect the inventory of the older ones to be slow-moving, or worse yet, stagnant; thus, may result the cost of inventory to be higher than the net realized value. Therefore, this whole matter needed to be taken into serious consideration.

   How the matter was addressed in our audit

   Our principal audit procedures included: assessing whether appropriate inventory policies are applied through comparison with accounting standards; sampling the inventory item and comparing the aging of inventory, understanding the origin price for estimate the net realized value, and evaluating whether the calculation for lower of cost or net realized value is reasonable.

3. Asset impairment

   Please refer to Note 4(n) “Impairment－non-financial assets” and Note 5 “Significant accounting assumptions and judgments, and major sources of estimation uncertainty” to the consolidated financial statements.

   The Company engages in a highly capital intensive business environment, to fulfill clients’ needs and maintain competitiveness, it needs to maintain a certain level of capacities and continue to invest on technology, however, due to the dynamic change of technology and competition in the market, the invested technologies and capacities might be not able to be fully recovery. Therefore, the Company's non-financial assets could be impaired if not adapt to the change properly. The testing of impairment involves a lot of judgements, it includes the identification of CGU, deciding the model for evaluating, establishing significant assumption, and calculating the recoverable price; all of which depend on the management's subjective judgment.

How the matter was addressed in our audit

Our principal audit procedures included: evaluating the CGU identified by the management according to external and internal impairment signs; ensuring whether the method of measuring the recoverable amount of assets is reasonable, (including the realization on the financial forecast, the calculation of recoverable amount and the assumptions for the forecast of cash flow, such as the weighted average cost of capital, the forecasted sales volume, the market price and the relevant cost and expense, as well as the sensitivity analysis for these important factors); and understanding whether any significant matters happened after the balance sheets date to affect impairment test.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Chien Chen and Sheng-Ho Yu.

KPMG

Taipei, Taiwan (Republic of China)
March 10, 2020

(English Translation of Financial Statements Originally Issued in Chinese)

LEXTAR ELECTRONICS CORPORATION

Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 2,879,112	21	2,594,205	18
1110	Current financial assets at fair value through profit or loss (note 6(b))	13,912	-	217	-
1170	Notes and trade receivables, net (note 6(d))	1,279,432	10	1,755,542	12
1180	Trade receivables due from related parties, net (notes 6(d) and 7)	861,991	6	1,659,469	11
1476	Other current financial assets (notes 6(d) and 8)	16,828	-	2,121	-
130X	Inventories (note 6(e))	505,491	4	798,644	5
1479	Other current assets	72,322	1	136,803	1
		5,629,088	42	6,947,001	47
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	64,935	1	59,085	-
1760	Investment property, net (note 6(j))	237,833	2	-	-
1550	Investments accounted for using equity method (note 6(f))	4,324,236	32	4,402,749	31
1600	Property, plant and equipment (note 6(g))	2,731,837	20	3,158,849	21
1755	Right-of-use assets (notes 6(h) and 8)	304,761	2	-	-
1780	Intangible assets (note 6(i))	12,994	-	14,092	-
1840	Deferred tax assets (note 6(o))	52,159	-	52,159	-
1990	Other non-current assets, others (notes 6(n) and 8)	151,664	1	132,646	1
		7,880,419	58	7,819,580	53
	Total assets	$ 13,509,507	100	14,766,581	100

	Liabilities and Equity	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current liabilities:				
2170	Notes and trade payables	$ 564,187	4	1,130,913	8
2180	Trade payables to related parties (note 7)	884,420	7	1,218,103	8
2120	Current financial liabilities at fair value through profit or loss (note 6(b))	17	-	2,979	-
2213	Payable on machinery and equipment	52,224	-	115,737	1
2280	Current lease liabilities (note 6(l))	17,893	-	-	-
2321	Bonds payable, current portion (note 6(k))	-	-	314,400	2
2399	Other current liabilities, others (notes 6(d) and 7)	739,341	5	562,571	4
		2,258,082	16	3,344,703	23
	Non-Current liabilities:				
2580	Non-current lease liabilities (note 6(l))	288,759	2	-	-
2600	Other non-current liabilities	82,319	1	67,523	-
		371,078	3	67,523	-
	Total liabilities	2,629,160	19	3,412,226	23
	Equity attributable to owners of parent :				
3110	Ordinary share	5,193,864	39	5,116,514	35
3200	Capital surplus	6,106,196	45	6,114,952	41
	Retained earnings:				
3310	Legal reserve	186,311	1	183,054	1
3320	Special reserve	114,972	1	114,972	1
3350	Unappropriated retained earnings (Accumulated deficie)	(309,361)	(2)	32,567	-
		(8,078)	-	330,593	2
	Other equity:				
3411	Exchange differences on translation of foreign financial statements, parent	(261,404)	(2)	(117,234)	(1)
3421	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income, parent	(50,440)	-	(56,290)	-
3422	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	(17,132)	-	(21,858)	-
3491	Other equity, unearned compensation	(82,659)	(1)	(12,322)	-
		(411,635)	(3)	(207,704)	(1)
	Total equity (notes 6(c), (k), (p) and (q))	10,880,347	81	11,354,355	77
	Total liabilities and equity	$ 13,509,507	100	14,766,581	100

See accompanying notes to consolidated financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

LEXTAR ELECTRONICS CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

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

		2019		2018	
		Amount	**%**	**Amount**	**%**
4110	**Sales revenue (note 7)**	$ 6,381,212	103	7,117,945	101
4170	Less: Sales returns and discount	167,565	3	63,928	1
	Net operating revenues	6,213,647	100	7,054,017	100
5000	Operating costs (notes 6(e), (i), (n), (q) , 7 and 12)	5,054,711	81	5,918,977	84
	Gross profit from operations	1,158,936	19	1,135,040	16
	Operating expenses (notes 6(i), (n), (g), 7 and 12):				
6100	Selling expenses	476,415	8	400,811	5
6200	Administrative expenses	250,195	4	222,194	3
6300	Research and development expenses	618,622	10	569,351	8
6450	Impairment loss determined in accordance with IFRS 9 (note 6(d))	(3,800)	-	3,181	-
	Total operating expenses	1,341,432	22	1,195,537	16
	Net operating expenses	(182,496)	(3)	(60,497)	-
	Non-operating income and expenses:				
7010	Other income (note 6(u))	71,862	1	17,027	-
7020	Other gains and losses, net (note 6(v))	(22,843)	-	27,706	-
7050	Finance costs, net (note 6(w))	(4,216)	-	(7,278)	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	(171,958)	(3)	99,327	1
		(127,155)	(2)	136,782	1
	Profit (loss) from continuing operations before tax	(309,651)	(5)	76,285	1
7950	Less: Income tax expenses (note 6(o))	-	-	26,993	-
	Profit (loss)	(309,651)	(5)	49,292	1
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**				
8311	Gains on remeasurements of defined benefit plans (note 6(n))	290	-	4,208	-
8316	Unrealized gains (loss) from investments in equity instruments measured at fair value through other comprehensive income (note 6(c))	10,576	-	6,805	-
	Components of other comprehensive income that will not be reclassified to profit or loss	10,866	-	11,013	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(144,170)	(2)	(1,014)	-
	Components of other comprehensive loss that will be reclassified to profit or loss	(144,170)	(2)	(1,014)	-
8300	**Other comprehensive income (loss), net**	(133,304)	(2)	9,999	-
	Total comprehensive income (loss)	$ (442,955)	(7)	59,291	1
9750	**Basic earnings (loss) per share (NT dollars) (note 6(r))**	$ (0.61)		0.10	
9850	**Diluted earnings per share (NT dollars) (note 6(r))**			$ 0.10	

See accompanying notes to consolidated financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

LEXTAR ELECTRONICS CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
	Share capital			Retained earnings			Total other equity				
	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (Accumulated deficie)	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Others	Total equity
Balance at January 1, 2018	$ 5,122,712	1,032	6,221,156	170,279	–	127,747	(116,220)	–	(104,835)	(40,234)	11,381,637
Effects of retrospective application	–	–	–	–	–	–	–	(104,835)	104,835	–	–
Equity at beginning of period after adjustments	5,122,712	1,032	6,221,156	170,279	–	127,747	(116,220)	(104,835)	–	(40,234)	11,381,637
Profit	–	–	–	–	–	49,292	–	–	–	–	49,292
Other comprehensive income (loss)	–	–	–	–	–	4,208	(1,014)	6,805	–	–	9,999
Total comprehensive income (loss)	–	–	–	–	–	53,500	(1,014)	6,805	–	–	59,291
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	–	–	–	12,775	–	(12,775)	–	–	–	–	–
Special reserve appropriated	–	–	–	–	114,972	(114,972)	–	–	–	–	–
Other changes in capital surplus:											
Cash dividends from capital surplus	–	–	(102,474)	–	–	–	–	–	–	–	(102,474)
Share-based payments	–	–	–	–	–	–	–	–	–	16,952	16,952
Issuance of stock for exercise of employee stock options	1,002	(1,032)	30	–	–	–	–	–	–	–	–
Retirement of restricted employee stock	(7,200)	–	(3,760)	–	–	–	–	–	–	10,960	–
Dispose of equity instruments at fair value through other comprehensive income	–	–	–	–	–	(19,882)	–	19,882	–	–	–
Changes in equity of the invested company accounted for using equity method	–	–	–	–	–	(1,051)	–	–	–	–	(1,051)
Balance at December 31, 2018	5,116,514	–	6,114,952	183,054	114,972	32,567	(117,234)	(78,148)	–	(12,322)	11,354,355
Profit (loss)	–	–	–	–	–	(309,651)	–	–	–	–	(309,651)
Other comprehensive income (loss)	–	–	–	–	–	290	(144,170)	10,576	–	–	(133,304)
Total comprehensive income (loss)	–	–	–	–	–	(309,361)	(144,170)	10,576	–	–	(442,955)
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	–	–	–	3,257	–	(3,257)	–	–	–	–	–
Cash dividends of ordinary share	–	–	–	–	–	(29,310)	–	–	–	–	(29,310)
Other changes in capital surplus:											
Cash dividends from capital surplus	–	–	(73,020)	–	–	–	–	–	–	–	(73,020)
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	–	–	244	–	–	–	–	–	–	–	244
Share-based payments	–	–	–	–	–	–	–	–	–	71,033	71,033
Distribution of restricted employee stock	85,000	–	68,000	–	–	–	–	–	–	(153,000)	–
Retirement of restricted employee stock	(7,650)	–	(3,980)	–	–	–	–	–	–	11,630	–
Balance at December 31, 2019	$ 5,193,864	–	6,106,196	186,311	114,972	(309,361)	(261,404)	(67,572)	–	(82,659)	10,880,347

See accompanying notes to consolidated financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

LEXTAR ELECTRONICS CORPORATION

Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		2019	2018
Cash flows from (used in) operating activities:			
Profit before tax	$	(309,651)	76,285
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		527,465	608,179
Amortization expense		100,682	107,549
Net loss on financial assets or liabilities at fair value through profit or loss		4,423	42,091
Interest expense		4,216	7,278
Interest income		(15,369)	(9,828)
Dividends income		(7,475)	(6,500)
Share-based payments		71,033	16,952
Share of loss (profit) of associates and joint ventures accounted for using equity method		171,958	(99,327)
Gain on disposal of property, plant and equipment		(7,536)	(34,504)
Others		984	-
Total adjustments to reconcile profit		850,381	631,890
Changes in operating assets and liabilities:			
Changes in operating assets:			
Decrease (increase) in notes and trade receivables		1,273,588	(333,568)
Decrease in inventories		293,153	97,084
Decrease in prepayments		64,553	55,913
Increase in other financial assets		(26,595)	(25,276)
Increase in other operating assets		(2,470)	(855)
Total changes in operating assets		1,602,229	(206,702)
Changes in operating liabilities:			
Increase (decrease) in notes and trade payables		(900,409)	879,180
Increase in other current liabilities		131,445	6,782
Increase in other operating liabilities		14,796	63,391
Total changes in operating liabilities		(754,168)	949,353
Total changes in operating assets and liabilities		848,061	742,651
Total adjustments		1,698,442	1,374,541
Cash inflow generated from operations		1,388,791	1,450,826
Interest received		14,876	9,488
Interest paid		-	(7)
Income taxes paid		(72)	(100)
Net cash flows from operating activities		1,403,595	1,460,207
Cash flows from (used in) investing activities:			
Acquisition of investments accounted for using equity method		(235,658)	(5,463)
Proceeds from disposal of investments accounted for using equity method		3,013	-
Acquisition of property, plant and equipment		(442,708)	(479,015)
Proceeds from disposal of property, plant and equipment		66,273	75,939
Decrease in refundable deposits		3,536	10,015
Increase in other non-current assets		(82,010)	(55,957)
Dividends received		7,475	22,460
Net cash flows used in investing activities		(680,079)	(432,021)
Cash flows from (used in) financing activities:			
Repayments of bonds		(314,400)	-
Payment of lease liabilities		(21,879)	-
Cash dividends paid		(102,330)	(102,474)
Net cash flows used in financing activities		(438,609)	(102,474)
Net increase in cash and cash equivalents		284,907	925,712
Cash and cash equivalents at beginning of period		2,594,205	1,668,493
Cash and cash equivalents at end of period	$	2,879,112	2,594,205

See accompanying notes to consolidated financial statements.

Attachment 4

Independent Auditors' Report

To the Board of Directors of Lextar Electronics Corporation:

Opinion

We have audited the consolidated financial statements of Lextar Electronics Corporation("the Group"), which comprise the consolidated statement of financial position as of December 31, 2019 and 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended December 31, 2019 and 2018, and notes in the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Notes to Readers

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

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

Key Audit Matters

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

1. Revenue recognition

   Please refer to Note 4(q) "Revenue" of the consolidated financial statements.

   Revenue recognition is one of the critical areas for our audit due to its complexities in transaction terms as well as the huge volume of transactions, and plus the revenue from multiple locations among the Group.

   How the matter was addressed in our audit

   Our principal audit procedures included: assessing whether appropriate revenue recognition policies are applied through comparison with accounting standards; testing the Group's controls surrounding revenue recognition, including corroborating the orders from clients, the proof of shipment, and receipt documents; understanding the base to estimate the sales return and discount through comparison with actual sales return and discount after the balance sheet date; sampling the sales transaction between the reported date, exam the external file to evaluate whether the sales recognition is appropriate.

2. Evaluation of inventory

   Please refer to Note 4(h) "Inventory" and Note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" of the consolidated financial statements.

   Evaluation of inventory is one of the key judgmental areas for our audit, the Group is primarily involved in the design, manufacture, and sale of InGaN epi wafers and chips, as well as light-emitting diode packages and modules. As different series or models of electronic products are rapidly being replaced by new ones, it may affect the inventory of the older ones to be slow-moving, or worse yet, stagnant; thus, may result the cost of inventory to be higher than the net realized value. Therefore, this whole matter needed to be taken into serious consideration.

How the matter was addressed in our audit

Our principal audit procedures included: assessing whether appropriate inventory policies are applied through comparison with accounting standards; sampling the inventory item and comparing the aging of inventory, understanding the origin price for estimate the net realized value, and evaluating whether the calculation for lower of cost or net realized value is reasonable.

3. Asset impairment

Please refer to Note 4(o) "Impairment－non-financial assets" and Note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" to the consolidated financial statements.

The Group engages in a highly capital intensive business environment, to fulfill clients' needs and maintain competitiveness, it needs to maintain a certain level of capacities and continue to invest on technology, however, due to the dynamic change of technology and competition in the market, the invested technologies and capacities might be not able to be fully recovery. Therefore, the Group's non-financial assets could be impaired if not adapt to the change properly. The testing of impairment involves a lot of judgements, it includes the identification of CGU, deciding the model for evaluating, establishing significant assumption, and calculating the recoverable price; all of which depend on the management's subjective judgment.

How the matter was addressed in our audit

Our principal audit procedures included: evaluating the CGU identified by the management according to external and internal impairment signs; ensuring whether the method of measuring the recoverable amount of assets is reasonable, (including the realization on the financial forecast, the calculation of recoverable amount and the assumptions for the forecast of cash flow, such as the weighted average cost of capital, the forecasted sales volume, the market price and the relevant cost and expense, as well as the sensitivity analysis for these important factors); and understanding whether any significant matters happened after the balance sheets date to affect impairment test.

Other Matter

The Group has additionally prepared its parent-company-only financial statement as of and for the years ended December 31, 2019 and 2018, on which we have issued an unmodified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Chien Chen and Sheng-Ho Yu.

KPMG

Taipei, Taiwan (Republic of China)
March 10, 2020

Notes to Readers

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

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

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

LEXTAR ELECTRONICS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2019		December 31, 2018	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 3,738,080	25	4,090,365	26
1110	Current financial assets at fair value through profit or loss (note 6(b))	13,912	-	217	-
1170	Notes and trade receivables, net (note 6(d))	2,093,318	14	2,845,991	18
1180	Trade receivables due from related parties, net (notes 6(d) and 7)	377,164	2	611,076	4
1476	Other current financial assets (notes 6(d)、(f) and 8)	392,652	3	432,955	3
130X	Inventories (note 6(e))	1,303,233	9	1,652,859	10
1461	Non-current assets classified as held for sale (note 6(n))	16,111	-	104,011	1
1479	Other current assets, others	145,268	1	288,167	2
		8,079,738	54	10,025,641	64
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	102,608	1	89,032	1
1550	Investments accounted for using equity method (note 6(g))	301,370	2	266,982	2
1600	Property, plant and equipment (note 6(i))	4,461,090	30	4,671,564	30
1755	Right-of-use assets (notes 6(j) and 8)	626,407	4	-	-
1760	Investment property, net (note 6(l))	446,942	3	-	-
1780	Intangible assets (note 6(k))	111,712	1	14,092	-
1840	Deferred tax assets (note 6(t))	52,158	-	52,158	-
1985	Long-term lease prepayments (note 6(m))	45,108	-	47,021	-
1990	Other non-current assets, others (notes 6(s) and 8)	601,251	5	577,865	3
		6,748,646	46	5,718,714	36
	Total assets	**$ 14,828,384**	**100**	**15,744,355**	**100**

		December 31, 2019		December 31, 2018	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2170	Notes and trade payables (including related parties, note 7)	$ 1,593,052	11	2,530,449	16
2120	Current financial liabilities at fair value through profit or loss (note 6(b))	17	-	2,979	-
2213	Payable on machinery and equipment	155,913	1	297,061	2
2280	Current lease liabilities (note 6(q))	48,506	-	-	-
2310	Advance real estate receipts (note 6(n))	-	-	317,263	2
2321	Bonds payable, current portion (note 6(o))	-	-	314,400	2
2399	Other current liabilities, others (notes 6(d) and 7)	1,243,965	9	889,275	6
		3,041,453	21	4,351,427	28
	Non-Current liabilities:				
2580	Non-current lease liabilities (note 6(q))	585,160	4	-	-
2600	Other non-current liabilities	16,650	-	37,481	-
		601,810	4	37,481	-
	Total liabilities	3,643,263	25	4,388,908	28
	Equity attributable to owners of parent (notes 6(c), (o), (u) and (v))				
3110	Ordinary share	5,193,864	35	5,116,514	32
3200	Capital surplus	6,106,196	41	6,114,952	39
	Retained earnings:				
3310	Legal reserve	186,311	1	183,054	1
3320	Special reserve	114,972	1	114,972	1
3350	Unappropriated retained earnings (Accumulated deficit)	(309,361)	(2)	32,567	-
		(8,078)	-	330,593	2
	Other equity:				
3410	Exchange differences on translation of foreign financial statements	(261,404)	(2)	(117,234)	(1)
3421	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income, parent	(50,440)	-	(56,290)	-
3422	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	(17,132)	-	(21,858)	-
3491	Other equity, unearned compensation	(82,659)	(1)	(12,322)	-
		(411,635)	(3)	(207,704)	(1)
36XX	Non-controlling interests	304,774	2	1,092	-
	Total equity	11,185,121	75	11,355,447	72
	Total liabilities and equity	**$ 14,828,384**	**100**	**15,744,355**	**100**

See accompanying notes to consolidated financial statements.

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

LEXTAR ELECTRONICS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

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

		2019		2018	
		Amount	%	Amount	%
4110	**Sales revenue (note 7)**	$ 9,427,798	104	11,376,161	103
4170	Less: Sales returns and discount	372,865	4	320,938	3
	Net operating revenues	9,054,933	100	11,055,223	100
5000	Operating costs (notes 6(e), (s), (v) , 7 and 12)	8,181,272	90	9,494,744	86
	Gross profit from operations	873,661	10	1,560,479	14
	Operating expenses (notes 6(s), (v), 7 and 12):				
6100	Selling expenses	666,161	7	590,923	5
6200	Administrative expenses	426,467	5	386,284	3
6300	Research and development expenses	773,545	9	662,703	6
6450	Impairment loss determined in accordance with IFRS 9 (note 6(d))	(4,032)	-	(1,403)	-
	Total operating expenses	1,862,141	21	1,638,507	14
	Net operating loss	(988,480)	(11)	(78,028)	-
	Non-operating income and expenses:				
7010	Other income (note 6(z))	125,953	1	133,482	1
7020	Other gains and losses, net (notes 6(n), (o) and (aa))	517,913	6	16,562	-
7060	Share of profit of associates accounted for using equity method, net (note 6(g))	7,084	-	17,041	-
7050	Finance costs, net (note 6(o))	(25,378)	-	(9,543)	-
		625,572	7	157,542	1
	Profit (loss) from continuing operations before tax	(362,908)	(4)	79,514	1
7950	Less: Income tax expenses (note 6(t))	2,144	-	30,130	-
	Profit (loss)	(365,052)	(4)	49,384	1
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**				
8311	Gains on remeasurements of defined benefit plans	290	-	4,208	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income (note 6(c))	10,576	-	6,805	-
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	10,866	-	11,013	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(144,170)	(2)	(1,014)	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss	(144,170)	(2)	(1,014)	-
8300	**Other comprehensive income (loss), net**	(133,304)	(2)	9,999	-
	Total comprehensive income (loss)	$ (498,356)	(6)	59,383	1
	Profit (loss), attributable to:				
	Profit (loss), attributable to owners of parent	$ (309,651)	(3)	49,292	1
	Profit (loss), attributable to non-controlling interests	(55,401)	(1)	92	-
		$ (365,052)	(4)	49,384	1
	Comprehensive income (loss) attributable to:				
	Comprehensive income (loss), attributable to owners of parent	$ (442,955)	(5)	59,291	1
	Comprehensive income (loss), attributable to non-controlling interests	(55,401)	(1)	92	-
		$ (498,356)	(6)	59,383	1
9750	**Basic earnings (loss) per share (NT dollars) (note 6(w))**	$	(0.61)		0.10
9850	**Diluted earnings per share (NT dollars) (note 6(w))**				0.10

See accompanying notes to consolidated financial statements.

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

LEXTAR ELECTRONICS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
	Share capital			Retained earnings			Total other equity						
	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (Accumulated deficit)	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Others	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2018	$ 5,122,712	1,032	6,221,156	170,279	–	127,747	(116,220)	–	(104,835)	(40,234)	11,381,637	–	11,381,637
Effects of retrospective application	–	–	–	–	–	–	–	(104,835)	104,835	–	–	–	–
Equity at beginning of period after adjustments	5,122,712	1,032	6,221,156	170,279	–	127,747	(116,220)	(104,835)	–	(40,234)	11,381,637	–	11,381,637
Profit	–	–	–	–	–	49,292	–	–	–	–	49,292	92	49,384
Other comprehensive income (loss)	–	–	–	–	–	4,208	(1,014)	6,805	–	–	9,999	–	9,999
Total comprehensive income (loss)	–	–	–	–	–	53,500	(1,014)	6,805	–	–	59,291	92	59,383
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	–	–	–	12,775	–	(12,775)	–	–	–	–	–	–	–
Special reserve appropriated	–	–	–	–	114,972	(114,972)	–	–	–	–	–	–	–
Other changes in capital surplus:													
Cash dividends from capital surplus	–	–	(102,474)	–	–	–	–	–	–	–	(102,474)	–	(102,474)
Share-based payments	–	–	–	–	–	–	–	–	–	16,952	16,952	–	16,952
Invest by non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	1,000	1,000
Employee stock options exercised	1,002	(1,032)	30	–	–	–	–	–	–	–	–	–	–
Retirement of restricted employee stock	(7,200)	–	(3,760)	–	–	–	–	–	–	10,960	–	–	–
Dispose of equity instruments at fair value through other comprehensive income	–	–	–	–	–	(19,882)	–	19,882	–	–	–	–	–
Changes in equity of the invested company accounted for using equity method	–	–	–	–	–	(1,051)	–	–	–	–	(1,051)	–	(1,051)
Balance at December 31, 2018	5,116,514	–	6,114,952	183,054	114,972	32,567	(117,234)	(78,148)	–	(12,322)	11,354,355	1,092	11,355,447
Loss	–	–	–	–	–	(309,651)	–	–	–	–	(309,651)	(55,401)	(365,052)
Other comprehensive income (loss)	–	–	–	–	–	290	(144,170)	10,576	–	–	(133,304)	–	(133,304)
Total comprehensive income (loss)	–	–	–	–	–	(309,361)	(144,170)	10,576	–	–	(442,955)	(55,401)	(498,356)
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	–	–	–	3,257	–	(3,257)	–	–	–	–	–	–	–
Cash dividends of ordinary share	–	–	–	–	–	(29,310)	–	–	–	–	(29,310)	(82)	(29,392)
Other changes in capital surplus:													
Cash dividends from capital surplus	–	–	(73,020)	–	–	–	–	–	–	–	(73,020)	–	(73,020)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	–	–	244	–	–	–	–	–	–	–	244	–	244
Share-based payments	–	–	–	–	–	–	–	–	–	71,033	71,033	1,010	72,043
Invest by non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	357,034	357,034
Distribution of restricted employee stock	85,000	–	68,000	–	–	–	–	–	–	(153,000)	–	–	–
Retirement of restricted employee stock	(7,650)	–	(3,980)	–	–	–	–	–	–	11,630	–	–	–
Employee stock options exercised	–	–	–	–	–	–	–	–	–	–	–	1,121	1,121
Balance at December 31, 2019	$ 5,193,864	–	6,106,196	186,311	114,972	(309,361)	(261,404)	(67,572)	–	(82,659)	10,880,347	304,774	11,185,121

See accompanying notes to consolidated financial statements.

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

LEXTAR ELECTRONICS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from (used in) operating activities:		
Profit (loss) before tax	$ (362,908)	79,514
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	765,026	786,827
Amortization expense	216,341	135,290
Net loss on financial assets or liabilities at fair value through profit or loss	4,423	64,716
Interest expense	25,378	9,543
Interest income	(44,350)	(46,405)
Dividends income	(10,171)	(8,844)
Share-based payments	72,043	16,952
Share of profit of associates and joint ventures accounted for using equity method	(7,084)	(17,041)
Gain on disposal of property, plant and equipment	(546,967)	(23,254)
Total adjustments to reconcile profit	474,639	917,784
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in financial assets at fair value through profit or loss	(21,080)	-
Decrease (increase) in notes and trade receivables	1,122,526	(174,660)
Decrease (increase) in inventories	447,549	(34,404)
Decrease in other current assets	26,638	77,215
Decrease in other financial assets	22,868	42,010
Increase in other operating assets	(112,450)	(211,723)
Total changes in operating assets	1,486,051	(301,562)
Changes in operating liabilities:		
Decrease in notes and trade payables	(952,131)	(91,134)
Increase (decrease) in other current liabilities	199,931	(111,350)
Decrease in net defined benefit liability	(10,115)	-
Increase (decrease) in other operating liabilities	(1,095)	27,843
Total changes in operating liabilities	(763,410)	(174,641)
Total changes in operating assets and liabilities	722,641	(476,203)
Total adjustments	1,197,280	441,581
Cash inflow generated from operations	834,372	521,095
Interest received	44,240	53,701
Interest paid	(7,842)	(2,272)
Income taxes refund (paid)	14,700	(24,843)
Net cash flows from operating activities	885,470	547,681
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(3,000)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	62,318
Acquisition of investments accounted for using equity method	(103,673)	(70,794)
Net cash flow from acquisition of subsidiaries	394,468	-
Acquisition of property, plant and equipment	(960,671)	(1,398,544)
Proceeds from disposal of property, plant and equipment	326,976	27,144
Increase in receipts in advance due to disposal of assets	11,700	317,263
Decrease (increase) in refundable deposits	27,083	(6,114)
Decrease in other financial assets	25,595	412,202
Increase in other non-current assets	(89,607)	(106,649)
Dividends received	10,171	8,844
Net cash flows used in investing activities	(360,958)	(754,330)
Cash flows from (used in) financing activities:		
Repayments of bonds	(314,400)	-
Repayments of long-term debt	(27,367)	-
Decrease in guarantee deposits received	(2,719)	(1,904)
Payment of lease liabilities	(67,625)	-
Cash dividends paid	(102,412)	(102,474)
Capital reduction payments to shareholders	(300,000)	-
Exercise of employee share options	1,121	-
Disposal of ownership interests in subsidiaries (without losing control)	3,013	-
Invest by non-controlling interests	-	1,000
Net cash flows used in financing activities	(810,389)	(103,378)
Effect of exchange rate changes on cash and cash equivalents	(66,408)	(22,990)
Net decrease in cash and cash equivalents	(352,285)	(333,017)
Cash and cash equivalents at beginning of period	4,090,365	4,423,382
Cash and cash equivalents at end of period	$ 3,738,080	4,090,365

See accompanying notes to consolidated financial statements.

Attachment 5

Lextar Electronics Corporation
Deficit Compensation Statement
For the year ended December 31, 2019

Unit：NTD

Item	Amount
Beginning balance of unappropriated retained earnings	0
Plus:	
Actuarial gain on defined benefit plan	290,200
Beginning balance of unappropriated retained earnings after adjustment	290,200
Less:	
2019 net loss, after tax	(309,650,958)
Deficit to be compensated-at the end of 2019	(309,360,758)
Appropriation items:	
Special Reserve	114,971,740
Legal Reserve	186,310,971
Capital Surplus	8,078,047
Deficit yet to be compensated after the appropriation	0

Attachment 6

Comparison Table of the Articles of Incorporation Before and after Amendment

Number of Article	Before amendment	After amendment	Reason of amendment
Article 6	The share certificates of the Company shall be all in registered form. The share certificates, after due registration with the competent authority, shall be signed or sealed by at least three directors and shall be legally authenticated prior to issue. The Company may, pursuant to the applicable laws and regulations, deliver shares or other securities in book-entry form, instead of delivering physical certificates evidencing shares or other securities.	The share certificates of the Company shall be all in registered form. The share certificates, after due registration with the competent authority, shall be signed or sealed by ~~at least three~~ the representative director and stocks shall be issued after proper certification by the competent authorities.~~shall be legally authenticated prior to issue.~~ The Company may~~, pursuant to the applicable laws and regulations,~~ deliver non-physical shares~~–~~ or other securities after registrating in the security depositiry institutions.~~in book-entry form, instead of delivering physical certificates evidencing shares or other securities.~~	To comply with the amendments of Company Act
Article 17	These Articles of Incorporation were enacted on April 29, 2008; ……; The eleventh amendment was made on June 6, 2019.	These Articles of Incorporation were enacted on April 29, 2008; ……; The eleventh amendment was made on June 6, 2019. ; The twelfth amendment was made on June 9, 2020.	To add the amendment date

Attachment 7

"Lextar Rules and Procedures for Shareholders' Meeting" before and after revision

Number of Article	Before amendment	After amendment	Reason of amendment
Article 9	The agenda of the Meeting shall be set by the Board of Directors, if the Meeting is convened by the Board of Directors. The Meeting shall proceed in accordance with the agenda unless otherwise resolved at the Meeting. During the Meeting, the chairman may, at his/her discretion, set time for intermission. Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items listed in the agenda are resolved. The shareholders cannot designated any other person as chairman and continue the Meeting in the same or other place after the Meeting is adjourned.	The agenda of the Meeting shall be set by the Board of Directors, if the Meeting is convened by the Board of Directors. The motions, including extraordinary motions and motion amendment, should be voted case-by-case. The Meeting shall proceed in accordance with the agenda unless otherwise resolved at the Meeting. During the Meeting, the chairman may, at his/her discretion, set time for intermission. Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items listed in the agenda are resolved. The shareholders cannot designated any other person as chairman and continue the Meeting in the same or other place after the Meeting is adjourned.	To comply with the amendments of Company Act
Article 16	Except otherwise provided in the Company Law of the Republic of China or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the chairman.	Except otherwise provided in the Company Law of the Republic of China or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. ~~The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the chairman.~~	To comply with the amendments of Company Act
Article 22	These Rules were enacted on June 29, 2009; the first amendment was made on May 28, 2015.	These Rules were enacted on June 29, 2009; the first amendment was made on May 28, 2015; <u>the second amendment was made on June 9, 2020.</u>	To add the amendment date

Attachment 8

Lextar Electronics Corp.
Tentative Terms and Conditions for Issuance of Overseas or Domestic Convertible Bonds in Private Placement

1. Issuer

Lextar Electronics Corp. (“Issuer” or “Lextar”).

2. Issuance Size

The Board of Directors (“Board”) is authorized, within the limit of 55,000,000 common shares, to issue new common shares for cash to sponsor issuance of the overseas depositary shares (“DRs”) and/or issue new common shares for cash in public offering and/or issue new common shares in private placement and/or issue overseas or domestic convertible bonds in private placement (“Private Placement CB”). For issuance of Private Placement CB, the number of common shares to be converted within the limit of 55,000,000 common shares shall be calculated in accordance with the conversion price determined at the time of issuance of Private Placement CB.

3. Issuance Date

The Private Placement CB will be issued within one year after the 2020 annual general shareholders’ meeting.

4. Issuance Method

The Private Placement CB will be issued in accordance with Article 43-6 of the Securities and Exchange Act and the regulations of the jurisdiction where the Private Placement CB is issued.

The investors subscribing to the Private Placement CB must meet the qualifications listed in Article 43-6 of the Securities and Exchange Act and are limited to strategic investor(s). Priority will be given to the investor(s) who could benefit the Company's long term development, competitiveness, and existing shareholders' rights. The Board is fully authorized to determine the specific investor(s). The purpose, necessity and projected benefits for having strategic investor(s) are to accommodate the Company’s operation and development needs to have the strategic investor(s) to assist the Company, directly or indirectly, in its finance, business, manufacturing, technology, procurement, management, and strategy development, etc. in order to strengthen the Company’s competitiveness and enhance its operational efficiency and long term development.

5. Form, Denomination and Issuance Price

The Private Placement CB will be issued in registered form in denomination of US$10,000 or multiples thereof or NT$100,000 or multiples thereof and the issue price shall be no less than 80% of the theoretical price.

6. **Coupon Rate**

To be determined by the Board.

7. **Term**

The term of the Private Placement CB shall not be more than seven years.

8. **Redemption**

Unless previously redeemed, converted, or purchased and cancelled, the Private Placement CB will be redeemed by the Issuer at the maturity date in cash at a price equal to the par value or the par value plus the interest.

9. **Conversion Securities**

The Private Placement CB will be convertible into Lextar's common shares or the DRs representing Lextar's common shares.

10. **Conversion**

(1) Conversion Period:

Unless previously redeemed, purchased, cancelled or converted, except during the closed period the holders are not permitted to convert under the Indenture, a holder of the Private Placement CB may request the Issuer to convert the Private Placement CB into Lextar's common shares or DRs at any time after a designated period of time following the issuance date of the Private Placement CB and until certain days prior to the maturity date in accordance with applicable rules and regulations and terms of the Indenture.

(2) Conversion Procedure:

To exercise the relevant conversion rights attached to the Private Placement CB, the holder thereof must deposit with the Issuer a notice of conversion together with the Private

Placement CB and any other documents or certificates required by ROC laws.

(3) Conversion Price Determination:

The conversion price of the Private Placement CB shall be no less than 80% of (x) the simple average closing price of the Issuer's common shares for 1, 3 or 5 trading days prior to the pricing date, after adjustment for shares issued as stock dividends, shares cancelled in connection with capital reduction and the cash dividends, or (y) the simple average closing price of the Issuer's common shares for 30 trading days prior to the pricing date, after adjustment for shares issued as stock dividends, shares cancelled in connection with capital reduction and the cash dividends. It is proposed for the shareholders meeting to authorize the Board to determine the actual conversion price in accordance with applicable rules and regulations.

(4) Dividend Entitlement at Conversion

Prior to conversion of the Private Placement CB, holders are not entitled to receive any dividend distribution. Following the conversion of the Private Placement CB, the rights to receive dividend payments will be the same as the other common shareholders of the Issuer.

(5) Rights and Obligations after Conversion

Except that the Private Placement CB is subject to the selling restrictions within three years after the delivery date of the Private Placement CB under Article 43-8 of the Securities and Exchange Act, the new common shares to be issued upon conversion of Private Placement CB will have the same rights and obligations as the Company's existing issued and outstanding common shares.

11. Early Redemption at the Option of the Issuer

To be determined by the Board.

12. Holders' Put Option

The Issuer may choose not to grant holders' put option, or after expiry of a designated period following issuance of the Private Placement CB, holders may require the Issuer to redeem all or part of the Private Placement CB at a price that would result in certain annual yield on the Private Placement CB.

13. Others

The Board is authorized to determine and amend, at its sole discretion, the terms and conditions of the Private Placement CB and other matters which are not addressed herein.