【Translation】

TWSE: 2448

EPISTAR

EPISTAR CORPORATION

2020 Annual General Shareholders' Meeting

Meeting Agenda

Meeting Time: 9:00 a.m. on Thursday, May 28, 2020
Place: Conference Room 101, Association of Industries in Hsinchu Science Park (No.2, Zhanye 1st Rd., Hsinchu City, Taiwan)

2020 Annual General Shareholders' Meeting check website:
1. MOPS website: http://mops.twse.com.tw
2. EPISTAR CORPORATION website: http://www.epistar.com.tw

Table of Contents

Ⅰ.Procedures for the 2020 Annual General Shareholders' Meeting............................... 1

Ⅱ. Agenda of the 2020 Annual General Shareholders' Meeting...................................... 2

1. Report Items.. 3
2. Approval Items.. 4
3. Discussion Items.. 5
4. Extemporary Motions.. 10
5. Adjournment.. 10

Ⅲ. Attachments

Attachment 1: 2019 Business Report.. 11
Attachment 2: Audit Committees' Review Report.. 13
Attachment 3: 2019 Report of Independent Accountants and Financial Statements 14
Attachment 4: 2019 Deficit Compensation Statement... 41
Attachment 5: List of releasing the directors from non-competition restrictions........ 42

Ⅳ. Appendixes

Appendix 1: Articles of Incorporation.. 44
Appendix 2: Rules for the Procedures of the Shareholders' Meeting..................... 51
Appendix 3: Related Information on Remuneration to Directors and Employees. 55
Appendix 4: The Impact of Stock Dividend Issuance on Business Performance, EPS, and Shareholder Return Rate.. 55
Appendix 5: Related Information on Proposals from Shareholders owning 1% or more of the issued shares of the Company... 55
Appendix 6: Current Shareholding of Directors... 56

EPISTAR CORPORATION

Procedures for the 2020 Annual General Shareholders' Meeting

1． Call the Meeting to Order

2． Chairman's Address

3． Report Items

4． Approval Items

5． Discussion Items

6． Extemporary Motions

7． Adjournment

EPISTAR CORPORATION

Agenda of the 2020 Annual General Shareholders' Meeting

i. **Time:** 9:00 a.m., Thursday, May 28, 2020

ii. **Place:** Conference Room 101, Association of Industries in Hsinchu Science Park (No.2, Zhanye 1st Rd., Hsinchu City, Taiwan (R.O.C.)).

iii. **Call the Meeting to Order**

iv. **Chairman's Address**

v. **Meeting Items**

1. **Report Items**

   (1) The 2019 Business Report.

   (2) Audit Committee's report of 2019 audited financial report.

   (3) Implementation Report on the Issuance of the Common Stocks through Private Placement which approved by the 2019 Annual General Shareholders' Meeting.

2. **Approval Items**

   (1) 2019 Business Report and Financial Statements.

   (2) Proposal for 2019 Deficit Compensation.

3. **Discussion Items**

   (1) To approve issuance of new common shares for cash to sponsor issuance of the global depositary receipt and/or issuance of new common shares for cash in private placement.

   (2) To release the Directors from non-competition restrictions.

4. **Extemporary Motions**

5. **Adjournment**

The Chairman may rule to vote on the case or to vote on the whole or part of the proposal before the extemporary motion proceeds.

1. Report Items

(1) The 2019 Business Report.
(Proposed by the Board of Directors)
Explanation:
The 2019 Business Report is attached hereto as Attachment 1 (pages 11-12).

(2) Audit Committee's report of 2019 audited financial report.
(Proposed by the Board of Directors)
Explanation:
The Audit Committee’s Review Report is attached hereto as Attachment 2 (page 13).

(3) Implementation Report on the Issuance of the Common Stocks through Private Placement which approved by the 2019 Annual General Shareholders' Meeting.
(Proposed by the Board of Directors)
Explanation:
Capital injection by issuance of 120 million shares of common stocks through private placement had been terminated by the resolution of the Board of Directors meeting on February 26th, 2020 due to lack of qualified strategic investor can be found before the expiry date on June 19th, 2020.

2. Approval Items

(1) 2019 Business Report and Financial Statements.

(Proposed by the Board of Directors)

Explanation:

A. The 2019 Business Report and Financial Statements were approved by the Board of Directors' Meeting on February 26th, 2020 and reviewed by the Audit Committee. The Audit Committee's report was issued accordingly.

B. The 2019 Business Report, Audit Report from the Certified Public Accountant (CPA) and Financial Statements are attached hereto as Attachments 1 and 3 (pages 11-12 and pages 14-40).

Resolution:

(2) Proposal for 2019 Deficit Compensation.

(Proposed by the Board of Directors)

Explanation:

A. The 2019 net loss after tax was approximately NT$ 3,753,797 thousand.

B. The Deficit Compensation Statement is attached hereto as Attachment 4 (page 41).

Resolution:

3. Discussion Items

(1) To approve issuance of new common shares for cash to sponsor issuance of the global depositary receipt and/or issuance of new common shares for cash in private placement. (Proposed by the Board of Directors)

Explanation:

A. Because the issuance of new common shares for cash to sponsor DR Offering and/or Issue Private Placement Shares which are approved by Annual General Shareholders' Meeting convened on June 20st, 2019 are not executed within 12 months from the date of approval on the last Annual General Shareholders' Meeting, the plan of fundraising is canceled. The Company proposes the plan of fundraising to be approved at Annual General Shareholders' Meeting in 2020.

B. In order to purchase machines and equipment, repay bank loans, enrich working capital, have sound financial structure and/or finance the Company's long term development plans, the Company plans to introduce strategic investors and diversify its fund-raising channels so as to achieve financial flexibility, by taking into account the capital market condition, timeliness and feasibility of fundraising, issuance cost, and/or the development of the Company. It is hereby proposed at the shareholders' meeting to authorize the Board of Directors ("Board"), within the limit of 100,000,000 common shares in total, depending on the market conditions and the Company's capital needs, to choose appropriate timing and fund raising method(s):

Ⅰ. To issue new common shares for cash to sponsor DR Offering and/or

Ⅱ. To issue Private Placement Shares

This 100,000,000 common shares represents 9.19% of the total existing issued shares , and 8.41% of the total share capital if the proposed private placement shares are issued.

C. If the method of issuing new common shares for cash to sponsor DR Offering is adopted:

Ⅰ. It will be proposed at the shareholders' meeting to authorize the Board, within the limit of 100,000,000 common shares, depending on the market conditions, to choose appropriate timing and fund raising method(s), to issue new commons shares for cash to sponsor DR Offering and/or issue Private Placement Shares.

Ⅱ. Except for 10% of the new common shares which shall be allocated for the employees' subscription in accordance with the applicable law, it is proposed at the shareholders' meeting to approve the waiver of current shareholders' rights on subscribing the remaining shares and such remaining shares will 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).

Ⅲ. The actual issue price of the new common shares for cash to sponsor DR Offering will be decided in accordance with the relevant provisions of the Taiwan Securities Association Regulations Governing Underwriters' assistance in Offering and Issuance of Securities by Issuing Companies. The price shall not be less than 90% of the reference price (The average of the closing price of the Company's common shares for either 1, 3 or 5 consecutive 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). If the relevant domestic laws and regulations are changed, the pricing mechanism will be adjusted accordingly. In view of the fluctuant share prices in the domestic stock market, the actual issue price of the common shares in accordance with the preceding set mode, will be determined by the chairman by taking reference to international practice, international capital markets, the domestic market price and the purchase situation summary circle etc., and by discussion with the underwriters.

Ⅳ. The common stock issuance through new commons shares for cash to sponsor DR Offering and/or Private Placement Shares are planned to be no more than 100,000,000 common shares. If the new common share issuance for cash to sponsor DR Offering and/or Private Placement Shares is conducted, the maximum of issued shares will amount for 8.41% of the enlarged share capital. The share issuance is expected to improve the Company's competitiveness which will then increase shareholders' value. Because the issue price of the new common shares will be decided with reference to fair market value of the common shares in the form of centralized domestic market as the basis, the existing shareholders will be able to purchase common shares in the domestic stock market with the price close to the issue price of the GDR without bearing exchange rate risk and liquidity risk. It should not cause a significant impact on the existing shareholders' value.

Ⅴ. After the shareholders meeting approves the resolution of issuance of new common shares to sponsor the DR Offering, it is proposed at the shareholders' meeting to authorize the Board to determine and amend, at the Board's sole discretion, the terms and condition of the new common shares to be issued for the DR Offering, 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 and if any amendment thereto is required by the regulatory changes or 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 discretion.

Ⅵ. 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.

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

D. If the method of issuing Private Placement Shares is adopted:

Ⅰ. In accordance with Article 43-6 of the Securities and Exchange Act, the Company proposes to process capital increase in cash to issue common stocks through private placement at appropriate timing. On the basis of the following principles and the actual fundraising status, the Board of Directors requests to be authorized to process the common stock issuance through private placement. The issuance shall be processed in one or two installments within twelve months after the resolution is approved at the Annual General Shareholders' Meeting. The Board of Directors will be authorized to determine the issuance amounts in each installment.

Ⅱ. The upper limit of the common share issuance through Private Placement

a. Shares issued through new commons shares for cash to sponsor DR Offering and/or Private Placement: The number of issued shares shall not exceed 100,000,000 common shares.

b. Par value per share: NT$10.

c. Total private placement amounts: To be calculated according to the final share issue price.

Ⅲ. The Pricing Basis of Private Placement and its Reasonableness

The private placement price of the Company shall be no less than 80% of the higher of the following two calculation bases prior to the price determination date:

a. The simple average closing price of the common stock of either the one, three or five consecutive business day period immediately before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.

b. The simple average closing price of the common stock of the thirty consecutive business day period immediately before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.

The determination of the actual price determination date and common stock prices through private placement is to be authorized to the Board of Directors. The actual price shall be no less than the price set by the resolution proposed at the Annual General Shareholders' Meeting, and in accordance with the future market status. The determination of the price is to be reasonable, and have no significant influence on the value of shareholders' equities.

Ⅳ. Selection of Specific Investors

The Board of Directors proposes to be authorized the sole discretion to handle the selection process by the Annual General Shareholders' Meeting.

a. Selection Method

The premise of the selection of common share subscribers is to be in compliance with Article 43-6 of the Securities and Exchange Act and related letter issued by the Financial Supervisory Commission, R.O.C., and the share issuance will not cause significant changes on the management control of the company. The common share subscriber shall meet the abovementioned criteria and shall be a strategic investor who is able to benefit the Company on business development.

b. Selection Purpose

The selection purpose is in order to upgrade technology, expand the Company's business as its main purpose.

c. Necessity and Effects

To enhance competitiveness and develop long-term operation capacities, it is necessary for the Company to adopt strategic investors. The Company expects to expand its product marketing channel and benefit its business growth by introducing strategic investors.

The Company will select the strategic investors who could bring synergies to the company.

Ⅴ. Reasons for the Necessity of the Private Placement

The traditional LED chip market suffered from oversupply and it has affected both of revenue and profitability. The Company is expanding new III-V semiconductor foundry , VCSEL, GaN on Si and new product line Mini-LED this year and will consider forming strategic cooperation with downstream industry players. As such, the Company requests shareholders' approval on the mandate of issuing shares by private placement so as to introduce strategic investors who can create the synergies for the Company.

In addition, the Company expects to speed up new product mass production , expand its product marketing channel and benefit its business growth by introducing strategic investors.

The purpose of this share issuance is to finance for the collaboration on patent, technology, business strategy and strengthen working capital to meet the requirement of the Company's operation needs.

The strategic plan will support the Company to develop new business and eventually improve the Company's profitability and competitive position.

We believe that it will be in the best interest of the shareholders of the Company.

a. Reasons for Conducting Non-public Offerings

The company will take into account the capital market condition, timeliness and feasibility of fundraising, issuance cost, and/or the development of the Company when introducing strategic investors. Because the lock-up limitation of transferring privately placed shares can ensure the long-term cooperation between the Company and the strategic investors, and strengthen the stability of the Company’s operation, the method of fundraising is proposed by private placement.

b. Purposes of the Private Placement Capital and Estimated Effects

Common stock issuance through private placement is planned to be processed in one or two installments. The purpose of each issuance is to finance the collaboration on patent, technology, and business strategy, and strengthen working capital to meet the requirement of the Company’s operation needs. The proceeds of the fund will be used within three years after the completion of fundraising. The purpose of each installment is to achieve the business growth of the Company, lower the risk of running the Company, and increase the value of the shareholders' equities.

Ⅵ. The Company believes that the corporate governance structure of the Board is sufficient and comprehensive for overseeing the Company’s substantial actions and protecting shareholders’ value. The Company has established the Audit Committee which is exclusive for independent directors and the number of committee member should not be less than three. The Audit Committee is currently consisted of five independent directors who constituted more than half of the seats of the Board. The independent directors have reviewed and agreed every resolution to be proposed at the upcoming Annual General Shareholders’ Meeting, including the share issue resolution. The independent director seats occupied 55.6% of the total Board seats of the Company. We believe the Company has sufficient independence to reduce the potential risk of abuse of share issuance mandate by insiders to benefit themselves. The Audit Committee will review the qualifications of potential strategic investors and assess their capacities of creating synergies to the Company.

Ⅶ.Whether any material change in the Company’s management control occurs after introducing strategic investors

The common stock issuance through new commons shares for cash to sponsor DR Offering and/or Private Placement Shares are planned to be no more than 100,000,000 common shares. If the new common share issuance for cash to sponsor DR Offering and/or Private Placement Shares is conducted, the maximum of issued shares will amount for 8.41% of the enlarged share capital. In order to enhance the possibility of introducing diversified strategic investors, the Company plans to issue common stocks through private placement in two installments. The diversification of investors through this private placement will reduce the possibility of changing the management control and protect current shareholders’ interests.

The Company will communicate with the potential share subscribers while seeking strategic investors in accordance with the principle of not causing significant changes in the Company’s management control.

Ⅷ. Rights and obligations of the common stock through this private placement

Rights and obligations of common stocks through private placement are generally the same with common stocks issued by the Company. However, pursuant to Article 43-8 of the Securities and Exchange Act, with the exception of special conditions, common stocks issued through private placement will not be freely transferred until three years after the settlement date. An application for the public offering of common stocks through private placement and listing on the Taiwan Stock Exchange shall be made at least three years after the settlement date under related laws and regulations.

Ⅸ. Should any revision to major matters regarding common stocks through private placement be made due to a competent authority or a change of the objective circumstance, excluding the price determination ratio, but including the issuance terms and conditions, the issuance price, the issuance shares, the total raising capital, the project items and progress, the expected use of funds, the expected efficacy and any other related matters, it shall be fully authorized to the Board of Directors to deal with.

Resolution:

(2) To release the directors from non-competition restrictions.

(Proposed by the Board of Directors)

Explanation:

A. According to Article 209, Company Act.

B. Propose to approve to release the list of Company's directors from non-competition restrictions as attached hereto as Attachment 5 (page 42-43).

Resolution:

4. Extemporary Motions

5. Adjournment

Attachment 1

EPISTAR Corporation
2019 Business Report

In 2019, other companies in the LED business have expanded their production capacity, in addition to the US-China Trade War and sluggish market demand, once again global LED supply and demand was off-balanced resulting in fierce market competition. LED Market prices plummeted, making this the most arduous year for LED upstream industry in twenty years. In 2019, the Company's individual net Sale was approximately NTD 12.43 billion and decreased 27.7% from 2018. Our Net Loss after tax was NTD 3.75 billion. Nevertheless, our entire staff persists in the faith of never giving up. We managed our cash flow and the resulting operating cash flow was approximately NTD 2.65 billion.

In order to accommodate the launch of new products, upgrade product specification, R&D of III-V Semi-conductor foundry business and improve competitiveness, we acquired new process equipment, clean room, RD equipment, and equipment upgrades. We also invested in increasing environmental protection and work safety facilities; therefore capital expenditure in 2019 is around NTD 1.86 billion. In 2019 our research and development cost was NTD 1.57 billion, which were primarily invested to develop new products and increase cost-performance ratio. For instance our advancements in the Mini LED technology with super fine pitched LED signage, sharp color contrast, high picture quality and larger display panels to fulfill customer's needs. We acquired 254 patents last year and now have a total of 4,271 patents. Our company has earned recognition in implementation of corporate social responsibility. In addition to "The British Standards Association CSR certification statement" issued to us, we also obtained the Taiwan Corporate Sustainability Awards 2019-Report Gold Award and the 2019 BSI Sustainability Award.

Prospecting the upcoming year of 2020 in the LED industry, the market is still over supplied and competition is intense. However due to global issues on energy-saving and emphasis on environmental protection, as well as luminous efficiency has improved over the years and miniaturization of LED chips, many more new applications of LED are emerging and the LED market has potential to continue to grow. For example the applications and demand of Mini LED in super fine pitched LED signage and various kinds of display has increased, LED application in automobile and other applications has continued to permeate throughout other fields of applications. LED application in Horticulture has gradually gained importance and IR LED in security control, smart phone sensor, and so on. In 2020 our expected shipment of LED chip is estimated at 689,238 million pcs. In reaction to the demands toward intelligentization and digitalization of applications and price–performance ratio in the upcoming future, we still need to constantly put our effort in research and development, improve our technique and lower our costs. Our company will continue to launch new products, improve efficiency of resource operations, increase product's additional value and product mix optimization and compete for more high quality orders in order to achieve the goal of turning losses into profits in this year.

Chairman Biing-Jye Lee

President Chin-Yung Fan

Accounting Personnel Shih-Shien Chang

Attachment 2

Audit Committee’s Review Report

To: EPISTAR Corporation Annual General Shareholders’ Meeting of 2020

The board of directors has prepared and submitted the Company’s 2019 Business Report, Financial Statements and Proposal for 2019 Deficit Compensation. Ya-Huei Cheng CPA and Chin-Cheng Hsieh CPA of PricewaterhouseCoopers have also audited the financial statements and issued the auditors’ report. The Business Report, Financial Statements and Proposal for 2019 Deficit Compensation have been reviewed and determined to be correct and accurate by the Audit Committee members of Epistar Corporation. According to article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit the report.

EPISTAR Corporation
Chairman of the Audit Committee: Mr. Wei-Min Sheng
Date: February 26th, 2020

Attachment 3

Report of independent accountants translated from Chinese.

REPORT OF INDEPENDENT ACCOUNTANTS

PWCR19000309

To the Board of Directors and Shareholders of Epistar Corporation

Opinion

We have audited the accompanying consolidated balance sheets of Epistar Corporation and its subsidiaries (the "Epistar Group") as at December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants, as described in the *Other matters* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Epistar Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits of the consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants", "Rule No. Financial-Supervisory-Securities-Auditing-1090360805 issued by the Financial Supervisory Commission on February 25, 2020" and generally accepted auditing standards in the Republic of China (ROC GAAS); and in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China (ROC GAAS) for our audits of the consolidated financial statements as of and for the year ended December 31, 2018.

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, we do not provide a separate opinion on these matters.

The key audit matters in relation to the consolidated financial statements for the year ended December 31, 2019 are outlined as follows:

Evaluation of Impairment Losses of Property, Plant and Equipment, and Goodwill

Description

Please refer to Note 4(20) of the consolidated financial statement for the accounting policy on impairment losses on non-financial assets, Note 5(2) for the accounting estimates and assumptions in relation to impairment losses on non-financial assets, Note 6(11) for the explanations regarding impairment losses on non-financial assets. As of December 31, 2019, the balances of property, plant and equipment, and goodwill were NT$20,577,106 thousand and NT$6,324,659 thousand, respectively.

Epistar Group evaluates the recoverable amounts of idle property, plant and equipment through assessing the fair values after deducting the disposal costs, and of property, plant and equipment, and intangible assets through value in use. Epistar Group evaluates whether impairment losses will be provided for property, plant and equipment, and goodwill utilizing the aforementioned recoverable amounts. The evaluation of value in use for operational property, plant and equipment and intangible assets consists of the estimation of future cash flows and the determination of discount rates. Since the assumptions adopted in the estimation of future cash flows and the results of the estimation would have significant impact on value in use of operational property, plant, and equipment, and intangible assets, it was identified as one of the key audit matters.

How our audit addressed the matter

We have obtained the appraisal report of idle property, plant and equipment prepared by independent values from Epistar Group and assessed the reasonableness of evaluation methods and fair values utilized. For value in use of operational property, plant and equipment, and goodwill, the following procedures were conducted:

1. Interviewed with management and obtained an understanding of Epistar Group's operational procedures in estimating future cash flows and verified the consistency to operation plans approved by the Board of Directors.
2. Discussed operation plans with management to understand the product strategies and their respective execution status.
3. Assessed the reasonableness for assumptions utilized in estimating future cash flows, including projected sales volumes, unit prices and unit costs. Assessed the parameters adopted in determining discount rates, including calculating and comparing the weighted average cost of capital at risk-free rates, the industrial risk premium and the long-term rates of returns.

Evaluation of Inventories

Description

Please refer to Note 4(13) of the consolidated financial statement for the accounting policy on inventory valuation, Note 5(2) for the accounting estimates and assumptions in relation to inventory valuation, Note 6(5) for the explanations regarding inventory valuation. As of December 31, 2019, the balances of inventories and the allowance for valuation loss were NT$4,048,813 thousand and NT$796,510 thousand, respectively.

Epistar Group is primarily engaged in manufacturing and sales of LED wafers and chips. Due to rapid technological developments, short product lifespans and frequent fluctuations of market prices, the risk of decline in market value and obsolescence for inventories is high. Epistar Group evaluates net realized values for inventories which aged over a specific period of time and specific obsolete inventories in order to provide allowance for valuation loss. Since the identification of the above obsolete inventories and their respective net realizable values are subject to management's judgment, it was identified as one of the key audit matters.

How our audit addressed the matter

Our key audit procedures performed in respect of the above included the following:

1. Obtained an understanding of Epistar Group's operations and the nature of its industry and interviewed with management to understand the probability of future sales for those out-of-date inventories and to evaluate the reasonableness of allowance for valuation loss.

2. Obtained and validated the accuracy of the detailed listings of inventories aged over a specific period of time and specific obsolete inventories. Validated information of historical sales and discounts for those obsolete inventories to assess the reasonableness of policies in providing allowance for inventory valuation loss.

Other matter – Audited by Other Independent Accountants

We did not audit the financial statements of certain consolidated subsidiaries. Those financial statements were audited by other independent accountants, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements and the information on the consolidated subsidiaries disclosed in Note 13 was based solely on the reports of other independent accountants. Total assets of those consolidated subsidiaries amounted to NT$592,832 thousand and NT$812,177 thousand, constituting 1.01% and 1.29% of the consolidated total assets as at December 31, 2019 and 2018, respectively, and total operating revenues were both NT$0 thousand for the years then ended. Furthermore, we did not audit the 2019 and 2018 financial statements of certain equity investments accounted for under the equity method. Those financial statements were audited by other independent accountants whose reports thereon were furnished to us and our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements and certain information disclosed in Note 13 relative to these investments, is based solely on the reports of the other independent accountants. These equity investments amounted to NT$524,371 thousand and NT$849,968 thousand, representing 0.89% and 1.35% of the consolidated total assets as of December 31, 2019 and 2018, respectively, and their comprehensive income (including share of loss of associates and joint ventures accounted for under equity method and share of other comprehensive income/(loss) of associates and joint ventures accounted for under equity method) amounted to NT$70,698 thousand and NT$78,078 thousand, representing (1.79%) and (7.08%) of the consolidated comprehensive loss for the years then ended.

Other matter – Parent company only financial reports

We have also and expressed an unmodified opinion on the parent company only financial statements of Epistar Corporation as of and for the years ended December 31, 2019 and 2018.

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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, 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 Epistar 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 Epistar Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Epistar Group's financial reporting process.

Independent accountant'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 a 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 ROC GAAS 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 ROC GAAS, 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 Epistar 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 Epistar 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 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 report. However, future events or conditions may cause Epistar 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 Epistar Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.

Cheng, Ya-Huei Hsieh, Chih-Cheng

For and on behalf of PricewaterhouseCoopers, Taiwan

February 26, 2020

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

EPISTAR CORPORATION AND SUBSIDIARIES
CONSOLIDATED 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	$ 5,252,823	9	$ 5,532,509	9
1110	Financial assets at fair value through profit or loss - current	1,185,215	2	726,406	1
1150	Notes receivable, net	2,313,351	4	1,495,653	2
1170	Accounts receivable, net	6,705,598	11	7,583,934	12
1180	Accounts receivable - related parties, net	172,185	-	1,281,006	2
1200	Other receivables	145,596	-	249,964	-
1210	Other receivables - related parties	204	-	305	-
130X	Inventories	3,252,303	6	4,705,191	7
1410	Prepayments	943,913	2	1,126,558	2
1460	Non-current assets held for sale - net	1,086	-	390,042	1
1470	Other current assets	284,774	-	431,118	1
	Current Assets	20,257,048	34	23,522,686	37
	Non-current assets				
1510	Non-current financial assets at fair value through profit or loss	157,762	-	-	-
1517	Non-current financial assets at fair value through other comprehensive income	3,640,610	6	3,265,125	5
1550	Investments accounted for under equity method	745,901	1	1,117,708	2
1600	Property, plant and equipment	20,577,106	35	22,435,949	36
1755	Right-of-use assets	1,564,443	3	-	-
1780	Intangible assets	7,501,798	13	7,683,928	12
1840	Deferred income tax assets	3,944,874	7	3,911,132	6
1900	Other non-current assets	341,068	1	802,114	2
15XX	**Non-current assets**	38,473,562	66	39,215,956	63
1XXX	**Total assets**	$ 58,730,610	100	$ 62,738,642	100

(Continued)

EPISTAR CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31,2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	December 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%
	Current liabilities				
2100	Short-term borrowings	$ 1,683,783	3	$ 1,874,876	3
2110	Short-term notes and bills payable	346,318	1	357,717	1
2150	Notes payable	394,586	1	129,942	-
2170	Accounts payable	1,534,323	3	2,301,209	4
2180	Accounts payable - related parties	151,677	-	285,825	1
2200	Other payables	2,503,852	4	3,820,103	6
2230	Current income tax liabilities	6,774	-	-	-
2280	Current lease liabilities	97,263	-	-	-
2320	Long-term liabilities, current portion	117,533	-	165,306	-
2300	Other current liabilities - others	159,451	-	178,857	-
21XX	**Current Liabilities**	6,995,560	12	9,113,835	15
	Non-current liabilities				
2540	Long-term borrowings	1,011,025	2	409,808	1
2570	Deferred income tax liabilities	1,606,655	3	1,402,901	2
2580	Non-current lease liabilities	1,274,186	2	-	-
2600	Other non-current liabilities	647,826	1	904,188	1
25XX	**Non-current liabilities**	4,539,692	8	2,716,897	4
2XXX	**Total Liabilities**	11,535,252	20	11,830,732	19
	Equity attributable to owners of parent company				
	Share capital				
3110	Share capital - common stock	10,887,014	19	10,887,014	18
	Capital surplus				
3200	Capital surplus	39,212,772	66	39,515,679	62
	Retained earnings				
3310	Legal reserve	161,423	-	161,423	-
3320	Special reserve	318,465	1	703,607	1
3350	Accumulated deficit	(3,749,510)	(6)	(385,142)	-
	Other equity interest				
3400	Other equity interest	(1,285,485)	(2)	(1,317,990)	(2)
3500	**Treasury stocks**	(325,490)	(1)	(211,008)	-
31XX	**Equity attributable to owners of the parent**	45,219,189	77	49,353,583	79
36XX	**Non-controlling interest**	1,976,169	3	1,554,327	2
3XXX	**Total equity**	47,195,358	80	50,907,910	81
3X2X	**Total liabilities and equity**	$ 58,730,610	100	$ 62,738,642	100

EPISTAR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31,2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except loss per share amounts)

	Items	Year ended December 31			
		2019		2018	
		AMOUNT	%	AMOUNT	%
4000	**Sales revenue**	$ 15,959,831	100	$ 20,306,412	100
5000	**Operating costs**	(16,393,199)	(103)	(17,651,741)	(87)
5900	**Operating margin**	(433,368)	(3)	2,654,671	13
5910	Unrealized loss(profit) from sales	4,266	-	2,795	-
5920	Realized (loss) profit from sales	(2,795)	-	21,083	-
5950	**Net operating margin**	(431,897)	(3)	2,678,549	13
	Operating expenses				
6100	Selling expenses	(299,060)	(2)	(280,781)	(1)
6200	General & administrative expenses	(1,244,059)	(8)	(1,328,003)	(6)
6300	Research and development expenses	(1,999,017)	(12)	(1,959,743)	(10)
6450	Reveral of (expected credit losses)	24,951	-	(9,814)	-
6000	**Total operating expenses**	(3,517,185)	(22)	(3,578,341)	(17)
6500	**Other income and expenses - net**	257,529	2	220,949	1
6900	**Operating loss**	(3,691,553)	(23)	(678,843)	(3)
	Non-operating income and expenses				
7010	Other income	280,776	1	290,378	2
7011	Insurance income from disaster	-	-	206,785	1
7020	Other gains and losses	(154,617)	(1)	(538,050)	(3)
7050	Finance costs	(160,271)	(1)	(175,678)	(1)
7055	Reveral of (expected credit losses)	(7,054)	-	4,121	-
7060	Share of loss of associates and joint ventures accounted for under equity method	(21,383)	-	24,146	-
7000	**Total non-operating income and expenses**	(62,549)	(1)	(188,298)	(1)
7900	**Loss before income tax**	(3,754,102)	(24)	(867,141)	(4)
7950	Income tax (expense) benefit	(183,418)	(1)	361,277	2
8200	**Loss for the year**	($ 3,937,520)	(25)	($ 505,864)	(2)

(Continued)

EPISTAR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31,2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except loss per share amounts)

		Year ended December 31			
		2019		2018	
	Items	AMOUNT	%	AMOUNT	%
	Other comprehensive income				
8311	Gains on remeasurements of defined benefit plans	$ 5,372	-	$ 31,823	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	334,904	2	(674,074)	(3)
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	53,869	-	57,284	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(71,831)	-	111,198	1
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**	322,314	2	(473,769)	(2)
	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Cumulative translation differences of foreign operations	(408,151)	(3)	(238,892)	(1)
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(6,374)	-	65,149	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	72,214	1	50,281	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**	(342,311)	(2)	(123,462)	(1)
8300	**Other comprehensive loss for the year**	($ 19,997)	-	($ 597,231)	(3)
8500	**Total comprehensive loss for the year**	($ 3,957,517)	(25)	($ 1,103,095)	(5)
	Profit (loss), attributable to:				
8610	Equity holders of the parent company	($ 3,753,797)	(24)	($ 456,146)	(2)
8620	Non-controlling interest	($ 183,723)	(1)	($ 49,718)	-
	Comprehensive (loss)income attributable to:				
8710	Equity holders of the parent company	($ 3,720,337)	(24)	($ 1,022,814)	(5)
8720	Non-controlling interest	($ 237,180)	(1)	($ 80,281)	-
	Basic loss per share				
9750	**Total basic loss per share**	($ 3.48)		($ 0.42)	
	Diluted earnings loss per share				
9850	**Total diluted loss per share**	($ 3.48)		($ 0.42)	

EPISTAR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent											
			Retained Earnings			Other equity interest						
	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings(accumulated deficit)	Cumulative translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gain or loss on available-for-sale financial assets	Treasury stocks	Total	Non-controlling interest	Total
2018												
Balance at January 1, 2018	$ 10,887,014	$ 39,970,967	$ -	$ -	$ 1,614,226	($ 415,950)	$ -	($ 268,293)	($ 408,783)	$ 51,379,181	$ 1,604,731	$ 52,983,912
Effects of retrospective application and retrospective restatement	-	-	-	-	46,946	3,595	(320,348)	268,293	-	(1,514)	(1,651)	(3,165)
Balance at January 1 after adjustments	10,887,014	39,970,967	-	-	1,661,172	(412,355)	(320,348)	-	(408,783)	51,377,667	1,603,080	52,980,747
Loss for the year	-	-	-	-	(456,146)	-	-	-	-	(456,146)	(49,718)	(505,864)
Other comprehensive income(loss) for the year	-	-	-	-	25,129	(92,899)	(498,898)	-	-	(566,668)	(30,563)	(597,231)
Total comprehensive income	-	-	-	-	(431,017)	(92,899)	(498,898)	-	-	(1,022,814)	(80,281)	(1,103,095)
Appropriations of 2017												
Legal reserve used to offset accumulated deficits	-	-	161,423	-	(161,423)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	703,607	(703,607)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(749,196)	-	-	-	-	(749,196)	-	(749,196)
Cash dividends distributed from capital surplus	-	(121,765)	-	-	-	-	-	-	-	(121,765)	-	(121,765)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	2,052	-	-	-	-	-	-	-	2,052	-	2,052
Cash paid for acquisition of non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	(29,329)	(29,329)
Change in investees interest accounted for under equity method	-	(458,095)	-	-	-	-	-	-	-	(458,095)	-	(458,095)
Difference between consideration and carrying amount of subsidiaries acquired and disposed	-	(732)	-	-	-	-	-	-	-	(732)	-	(732)
Treasury stock transferred to employees	-	117,780	-	-	-	-	-	-	273,620	391,400	-	391,400
Purchase of treasury shares	-	-	-	-	-	-	-	-	(75,845)	(75,845)	-	(75,845)
Changes in ownership interests in subsidiaries accounted for using equity method	-	5,472	-	-	-	-	-	-	-	5,472	60,857	66,329
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	-	-	-	(1,071)	-	1,071	-	-	-	-	-
Proceeds from disposal of investments accounted for using equity method	-	-	-	-	-	5,439	-	-	-	5,439	-	5,439
Balance at December 31, 2018	$ 10,887,014	$ 39,515,679	$ 161,423	$ 703,607	($ 385,142)	($ 499,815)	($ 818,175)	$ -	($ 211,008)	$ 49,353,583	$ 1,554,327	$ 50,907,910

(Continued)

EPISTAR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent											
			Retained Earnings			Other equity interest						
	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings(accumulated deficit)	Cumulative translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gain or loss on available-for-sale financial assets	Treasury stocks	Total	Non-controlling interest	Total
2019												
Balance at January 1, 2019	$ 10,887,014	$ 39,515,679	$ 161,423	$ 703,607	($ 385,142)	($ 499,815)	($ 818,175)	$ -	($ 211,008)	$ 49,353,583	$ 1,554,327	$ 50,907,910
Loss for the year	-	-	-	-	(3,753,797)	-	-	-	-	(3,753,797)	(183,723)	(3,937,520)
Other comprehensive income(loss) for the year	-	-	-	-	4,287	(288,854)	318,027	-	-	33,460	(53,457)	(19,997)
Total comprehensive income	-	-	-	-	(3,749,510)	(288,854)	318,027	-	-	(3,720,337)	(237,180)	(3,957,517)
Appropriations of 2018												
Special reserve appropriated	-	-	-	(385,142)	385,142	-	-	-	-	-	-	-
Cash dividends distributed from capital surplus	-	(324,270)	-	-	-	-	-	-	-	(324,270)	-	(324,270)
Difference between consideration and carrying amount of subsidiaries acquired and disposed	-	7,304	-	-	-	-	-	-	-	7,304	-	7,304
Changes in ownership interests in subsidiaries accounted for using equity method	-	14,059	-	-	-	-	-	-	-	14,059	151,950	166,009
Proceeds from disposal of investments accounted for using equity method	-	-	-	-	-	3,332	-	-	-	3,332	-	3,332
Purchase of treasury shares	-	-	-	-	-	-	-	-	(114,482)	(114,482)	-	(114,482)
Cash paid for acquisition of non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	(8,848)	(8,848)
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	515,920	515,920
Balance at December 31, 2019	$ 10,887,014	$ 39,212,772	$ 161,423	$ 318,465	($ 3,749,510)	($ 785,337)	($ 500,148)	$ -	($ 325,490)	$ 45,219,189	$ 1,976,169	$ 47,195,358

EPISTAR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31,2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Years ended December 31 2019	Years ended December 31 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	($ 3,754,102)	($ 867,141)
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation	4,856,814	4,758,265
Amortization(long-term prepaid rents)	260,469	274,152
(Reveral of) expected credit losses	(17,897)	5,693
Net gain on financial assets at fair value through profit or loss	(319,276)	(12,382)
Interest expense	159,726	185,417
Interest income	(53,916)	(50,650)
Dividend income	(29,330)	(13,940)
Effect of exchange rate on loans	1,105	(471)
Share of (gain) loss of associates and joint ventures accounted for under the equity method	21,383	(24,146)
Impairment loss on non-financial assets	209,803	659,774
Loss on disposal of property, plant and equipment	1,031	113,219
Loss on disposal of non-current assets held for sale	1,294	-
Loss (gain) on disposal of investments	36,955	(310,915)
Gain (loss) on disposal of intangible assets	(5,698)	141
Bargain purchase gains	(160,110)	-
Other income from recognition of long-term deferred revenues	(188,081)	(161,436)
Property, plant and equipment transferred to expenses	100,994	5,858
Expense transferred to property, plant and equipment	(7,318)	-
Expenses transferred to intangible assetts	(14,403)	-
Realized loss (profit)　from sales	2,795	(21,083)
Unrealised loss from sales	(4,266)	(2,795)
Changes in operating assets and liabilities		
Changes in operating assets		
Financial assets at fair value through profit or loss	(328,148)	(209,576)
Notes receivable	(791,870)	369,378
Accounts receivable	2,068,668	451,896
Other receivables	104,970	633,939
Inventories	1,489,912	(49,252)
Prepayments	182,869	55,776
Other non-current assets	94,142	74,329
Changes in operating liabilities		
Notes payable	277,199	58,144
Accounts payable	(978,059)	(575,610)
Other payables	(642,277)	(515,383)
Other current liabilities	27,010	42,405
Other non-current liabilities	(4,312)	(24,080)
Cash inflow generated from operations	2,598,076	4,849,526
Income tax paid	(40,019)	(211,363)
Interest received	52,717	51,284
Interest paid	(161,118)	(173,884)
Dividend received	61,604	40,649
Net cash flows from operating activities	2,511,260	4,556,212

(Continued)

EPISTAR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31,2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Years ended December 31	
	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in other financial assets	$ 139,253	($ 254,105)
Cash refund from financial assets capital reduction	23,903	12,923
Acquisition of non-current financial assets at fair value through other comprehensive income	(52,196)	(396,196)
Proceeds from disposal of non-current financial assets at fair value through other comprehensive income	-	3,052
Acquisition of investments accounted for under the equity method	-	(128,423)
Proceeds from disposal of investments accounted for under the equity method	18,150	273,064
Acquisition for property, plant and equipment	(2,982,472)	(3,168,197)
Proceeds from disposal of property, plant and equipment	192,241	76,272
Acquisition of intangible assets	(120,918)	(131,521)
Proceeds from disposal of intangible assets	9,887	-
Decrease (increase) in refundable deposits paid	88,253	(76,295)
Effect on initial consolidation of subsidiaries	160,417	-
Net cash flows used in investing activities	(2,523,482)	(3,789,426)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term loans	(133,587)	1,203,014
Increase (decrease) in short-term notes and bill payable	2,035	(11,614)
Repayment of long-term loans	(599,619)	(3,693,038)
Proceeds from long-term loans	1,031,500	1,160,000
(Decrease) increase in guarantee deposits received	(5,790)	22,251
Repayment of lease	(141,969)	-
Cash dividends distributed to non-controlling interest	(8,848)	(29,329)
Purchase of treasury share	(114,482)	(75,845)
Proceed from treasury share transferred to employees	-	286,897
Increase in cash paid for acquisition of non-controlling interests	167,000	66,328
Payment of cash dividends (included distribated from capital surplus)	(324,270)	(870,961)
Net cash flows used in financing activities	(128,030)	(1,942,297)
Effects of foreign currency exchange	(139,434)	(128,677)
Net decrease in cash and cash equivalents	(279,686)	(1,304,188)
Cash and cash equivalents at beginning of year	5,532,509	6,836,697
Cash and cash equivalents at end of year	$ 5,252,823	$ 5,532,509

REPORT OF INDEPENDENT ACCOUNTANTS

PWCR19002430

To the Board of Directors and Shareholders of Epistar Corporation

Opinion

We have audited the accompanying parent company only balance sheets of Epistar Corporation (the "Company") as at December 31, 2019 and 2018, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants, as described in the *Other matters* section of our report, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2019 and 2018, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for opinion

We conducted our audits of the financial statements as of and for the year ended December 31, 2019 in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants", "Rule No. Financial-Supervisory-Securities-Auditing-1090360805 issued by the Financial Supervisory Commission on February 25, 2020" and generally accepted auditing standards in the Republic of China (ROC GAAS); and in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China (ROC GAAS) for our audits of the financial statements as of and for the year ended December 31, 2018.

Key audit matters

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

The key audit matters in relation to the parent company only financial statements for the year ended December 31, 2019 are outlined as follows:

Evaluation of Impairment Losses of Property, Plant and Equipment, and Goodwill

Description

Please refer to Note 4(19) for accounting policies on impairment losses on non-financial assets, Note 5(2) for the accounting estimates and assumptions in relation to non-financial assets valuation and Note 6(10) for the explanations regarding impairment losses on non-financial assets. As of December 31, 2019, the balances of property, plant and equipment, and goodwill were NT$13,389,354 thousand and NT$6,324,659 thousand, respectively.

The Company evaluates the recoverable amounts of idle property, plant and equipment through assessing the fair values after deducting the disposal costs, and of property, plant and equipment, and intangible assets through value in use. The Company evaluates whether impairment losses will be provided for property, plant and equipment, and goodwill utilizing the aforementioned recoverable amounts. The evaluation of value in use for operational property, plant and equipment and intangible assets consists of the estimation of future cash flows and the determination of discount rates. Since the assumptions adopted in the estimation of future cash flows and the results of the estimation would have significant impact on value in use of operational property, plant, and equipment, and intangible assets, it was identified as one of the key audit matters.

How our audit addressed the matter

We have obtained the appraisal report of idle property, plant and equipment prepared by independent values from the Company and assessed the reasonableness of evaluation methods and fair values utilized. For value in use of operational property, plant and equipment, and goodwill, the following procedures were conducted:

1. Interviewed with management and obtained an understanding of the Company's operational procedures in estimating future cash flows and verified the consistency to operation plans approved by the Board of Directors.
2. Discussed operation plans with management to understand the product strategies and their respective execution status.
3. Assessed the reasonableness for assumptions utilized in estimating future cash flows, including projected sales volumes, unit prices and unit costs. Assessed the parameters adopted in determining discount rates, including calculating and comparing the weighted average cost of capital at risk-free rates, the industrial risk premium and the long-term rates of returns.

Evaluation of Inventories

<u>Description</u>

Please refer to Note 4(12) for accounting policies on inventory valuation, Note 5(2) for the accounting estimates and assumptions in relation to inventory valuation and Note 6(5) for the explanations regarding inventories. As of December 31, 2019, the balances of inventories and the allowance for valuation loss were NT$2,589,853 thousand and NT$522,882 thousand, respectively.

The Company is primarily engaged in manufacturing and sales of LED wafers and chips. Due to rapid technological developments, short product lifespans and frequent fluctuations of market prices, the risk of decline in market value and obsolescence for inventories is high. The Company evaluates net realized values for inventories which aged over a specific period of time and specific obsolete inventories in order to provide allowance for valuation loss. Since the identification of the above obsolete inventories and their respective net realizable values are subject to management's judgment, it was identified as one of the key audit matters.

<u>How our audit addressed the matter</u>

Our key audit procedures performed in respect of the above included the following:

1. Obtained an understanding of the Company's operations and the nature of its industry and interviewed with management to understand the probability of future sales for those out-of-date inventories and to evaluate the reasonableness of allowance for valuation loss.
2. Obtained and validated the accuracy of the detailed listings of inventories aged over a specific period of time and specific obsolete inventories. Validated information of historical sales and discounts for those obsolete inventories to assess the reasonableness of policies in providing allowance for inventory valuation loss.

Other matter – Audited by Other Independent Accountants

We did not audit the 2019 and 2018 financial statements of certain subsidiaries and equity investments accounted for under the equity method. These equity investments amounted to NT$866,906 thousand and NT$1,329,419 thousand, representing 1.64% and 2.32% of the total assets as of December 31, 2019 and 2018, respectively, and their comprehensive loss (including share of income (loss) of associates and joint ventures accounted for under equity method and share of other comprehensive income of associates and joint ventures accounted for under equity method) amounted to NT$131,781 thousand and NT$67,099 thousand, representing 3.52% and 6.56% of the comprehensive loss for the years then ended. The financial statements of the aforementioned subsidiaries and investees were audited by other independent accountants whose reports thereon were furnished to us and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements is based solely on the reports of the other independent accountants.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

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

Independent accountant's responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only 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.

Cheng, Ya-Huei Hsieh, Chih-Cheng

For and on behalf of PricewaterhouseCoopers, Taiwan

February 26, 2020

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

EPISTAR CORPORATION
PARENT COMPANY ONLY 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	$ 2,312,265	4	$ 3,012,708	5
1110	Financial assets at fair value through profit or loss - current	249,900	1	40,923	-
1150	Notes receivable, net	813,367	2	521,031	1
1170	Accounts receivable, net	3,896,102	7	4,076,544	7
1180	Accounts receivable - related parties, net	1,500,686	3	3,100,860	5
1200	Other receivables	98,448	-	191,748	-
1210	Other receivables - related parties	435,164	1	326,576	1
130X	Inventories	2,066,971	4	2,884,535	5
1410	Prepayments	204,905	-	267,343	1
1460	Non-current assets held for sale - net	827	-	388,500	1
1470	Other current assets	101,992	-	97,552	-
11XX	**Current Assets**	11,680,627	22	14,908,320	26
	Non-current assets				
1510	Non-current financial assets at fair value through profit or loss	157,762	-	-	-
1517	Non-current financial assets at fair value through other comprehensive income	1,465,837	3	1,097,917	2
1550	Investments accounted for under equity method	13,807,857	26	14,376,759	25
1600	Property, plant and equipment	13,389,355	25	15,385,565	27
1755	Right-of-use assets	1,269,935	3	-	-
1780	Intangible assets	7,363,388	14	7,556,713	13
1840	Deferred income tax assets	3,798,489	7	3,764,894	7
1900	Other non-current assets	45,191	-	194,741	-
15XX	**Non-current assets**	41,297,814	78	42,376,589	74
1XXX	**Total assets**	$ 52,978,441	100	$ 57,284,909	100

(Continued)

EPISTAR CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	December 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%
	Current liabilities				
2100	Short-term borrowings	$ -	-	$ 449,295	1
2150	Notes payable	4,122	-	9,421	-
2170	Accounts payable	1,058,122	2	1,565,828	3
2180	Accounts payable - related parties	734,828	2	538,248	1
2200	Other payables	1,743,340	3	2,852,214	5
2280	Current lease liabilities	71,628	-	-	-
2320	Long-term liabilities, current portion	78,561	-	165,306	-
2399	Other current liabilities - others	185,594	-	290,033	-
21XX	**Current Liabilities**	3,876,195	7	5,870,345	10
	Non-current liabilities				
2540	Long-term borrowings	911,247	2	409,808	1
2570	Deferred income tax liabilities	1,577,354	3	1,383,631	2
2580	Non-current lease liabilities	1,237,625	3	-	-
2600	Other non-current liabilities	156,831	-	267,542	1
25XX	**Non-current liabilities**	3,883,057	8	2,060,981	4
2XXX	**Total Liabilities**	7,759,252	15	7,931,326	14
	Equity				
	Share capital				
3110	Share capital - common stock	10,887,014	21	10,887,014	19
	Capital surplus				
3200	Capital surplus	39,212,772	74	39,515,679	69
	Retained earnings				
3310	Legal reserve	161,423	-	161,423	-
3320	Special reserve	318,465	1	703,607	1
3350	Accumulated deficit	(3,749,510)	(7)	(385,142)	(1)
	Other equity interest				
3400	Other equity interest	(1,285,485)	(3)	(1,317,990)	(2)
3500	**Treasury stocks**	(325,490)	(1)	(211,008)	-
3XXX	**Total equity**	45,219,189	85	49,353,583	86
3X2X	**Total liabilities and equity**	$ 52,978,441	100	$ 57,284,909	100

EPISTAR CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31,2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except loss per share amounts)

		Year ended December 31			
		2019		2018	
	Items	AMOUNT	%	AMOUNT	%
4000	**Sales revenue**	$ 12,425,234	100	$ 17,189,772	100
5000	**Operating costs**	(12,577,783)	(101)	(14,773,356)	(86)
5900	**Net operating margin**	(152,549)	(1)	2,416,416	14
5910	Unrealized loss (profit) from sales	15,549	-	85,787	1
5920	Realized profit on from sales	(85,787)	(1)	29,111	-
5950	**Net operating margin**	(222,787)	(2)	2,531,314	15
	Operating expenses				
6100	Selling expenses	(182,305)	(1)	(234,788)	(1)
6200	General & administrative expenses	(858,475)	(7)	(999,512)	(6)
6300	Research and development expenses	(1,567,818)	(13)	(1,827,561)	(11)
6450	Reveral of (expected credit losses)	8,670	-	(2,758)	-
6000	**Total operating expenses**	(2,599,928)	(21)	(3,064,619)	(18)
6500	**Other income and expenses - net**	121,614	1	126,123	1
6900	**Operating loss**	(2,701,101)	(22)	(407,182)	(2)
	Non-operating income and expenses				
7010	Other income	314,004	2	339,338	2
7011	Insurance income from disaster	-	-	206,785	1
7020	Other gains and losses	(116,246)	(1)	(689,718)	(4)
7050	Finance costs	(36,764)	-	(28,022)	-
7055	Reveral of (expected credit losses)	(33,768)	-	4,121	-
7070	Share of loss of subsidiaries, associates and joint ventures accounted for using equity method, net	(1,047,846)	(8)	(248,225)	(2)
7000	**Total non-operating revenue and expenses**	(920,620)	(7)	(415,721)	(3)
7900	**Loss before income tax**	(3,621,721)	(29)	(822,903)	(5)
7950	Income tax (expense) benefit	(132,076)	(1)	366,757	2
8200	**Loss for the year**	($ 3,753,797)	(30)	($ 456,146)	(3)
	Other comprehensive income				
8311	Gain on remeasurements of defined benefit plans	$ 5,372	-	$ 31,823	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	367,920	3	(468,008)	(3)
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	20,853	-	(148,782)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(71,831)	(1)	111,198	1
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**	322,314	2	(473,769)	(3)
8380	Total Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(361,068)	(3)	(143,180)	(1)
8399	Income tax relate to the components of other comprehensive income that will be reclssified to profit or loss	72,214	1	50,281	1
8360	**Components of other comprehensive income that will be reclassified to profit or loss**	(288,854)	(2)	(92,899)	-
8300	**Other comprehensive income (loss) for the year**	$ 33,460	-	($ 566,668)	(3)
8500	**Total comprehensive loss for the year**	($ 3,720,337)	(30)	($ 1,022,814)	(6)
	Basic loss per share				
9750	**Total basic loss per share**	($ 3.48)		($ 0.42)	
9850	**Total diluted loss per share**	($ 3.48)		($ 0.42)	

EPISTAR CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

YEARS ENDED DECEMBER 31, 2019 AND 2018

(Expressed in thousands of New Taiwan dollars)

			Retained Earnings			Other equity interest				
	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gain or loss on available-for-sale financial assets	Treasury stocks	Amount
2018										
Balance at January 1, 2018	$ 10,887,014	$ 39,970,967	$ -	$ -	$ 1,614,226	($ 415,950)	$ -	($ 268,293)	($ 408,783)	$ 51,379,181
Effects of retrospective application and retrospective restatement	-	-	-	-	46,946	3,595	(320,348)	268,293	-	(1,514)
Balance at January 1 after adjustments	10,887,014	39,970,967	-	-	1,661,172	(412,355)	(320,348)	-	(408,783)	51,377,667
Loss for the year	-	-	-	-	(456,146)	-	-	-	-	(456,146)
Other comprehensive income (loss) for the year	-	-	-	-	25,129	(92,899)	(498,898)	-	-	(566,668)
Total comprehensive loss for the year	-	-	-	-	(431,017)	(92,899)	(498,898)	-	-	(1,022,814)
Appropriations of 2017 earnings										
Legal reserve appropriated	-	-	161,423	-	(161,423)	-	-	-	-	-
Special reserve appropriated	-	-	-	703,607	(703,607)	-	-	-	-	-
Cash dividends	-	-	-	-	(749,196)	-	-	-	-	(749,196)
Cash dividends distributed from capital surplus	-	(121,765)	-	-	-	-	-	-	-	(121,765)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	2,052	-	-	-	-	-	-	-	2,052
Purchase of treasury shares	-	-	-	-	-	-	-	-	(75,845)	(75,845)
Change in investees interest accounted for under equity method	-	(458,095)	-	-	-	-	-	-	-	(458,095)
Difference between consideration and carrying amount of subsidiaries acquired and disposed	-	(732)	-	-	-	-	-	-	-	(732)
Treasury stock transferred to employees	-	117,780	-	-	-	-	-	-	273,620	391,400
Changes in ownership interests in subsidiaries accounted for using equity method	-	5,472	-	-	-	-	-	-	-	5,472
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	-	-	-	(1,071)	-	1,071	-	-	-
Proceeds from disposal of investments accounted for using equity method	-	-	-	-	-	5,439	-	-	-	5,439
Balance at December 31, 2018	$ 10,887,014	$ 39,515,679	$ 161,423	$ 703,607	($ 385,142)	($ 499,815)	($ 818,175)	$ -	($ 211,008)	$ 49,353,583
2019										
Balance at January 1, 2019	$ 10,887,014	$ 39,515,679	$ 161,423	$ 703,607	($ 385,142)	($ 499,815)	($ 818,175)	$ -	($ 211,008)	$ 49,353,583
Loss for the year	-	-	-	-	(3,753,797)	-	-	-	-	(3,753,797)
Other comprehensive income (loss) for the year	-	-	-	-	4,287	(288,854)	318,027	-	-	33,460
Total comprehensive income (loss) for the year	-	-	-	-	(3,749,510)	(288,854)	318,027	-	-	(3,720,337)
Appropriations of 2018										
Special reserve used to offset accumulated deficits	-	-	-	(385,142)	385,142	-	-	-	-	-
Cash dividends distributed from capital surplus	-	(324,270)	-	-	-	-	-	-	-	(324,270)
Change in investees interest accounted for under equity method	-	7,304	-	-	-	-	-	-	-	7,304
Difference between consideration and carrying amount of subsidiaries acquired and disposed	-	14,059	-	-	-	-	-	-	-	14,059
Proceeds from disposal of investments accounted for using equity method	-	-	-	-	-	3,332	-	-	-	3,332
Purchase of treasury shares	-	-	-	-	-	-	-	-	(114,482)	(114,482)
Balance at December 31, 2019	$ 10,887,014	$ 39,212,772	$ 161,423	$ 318,465	($ 3,749,510)	($ 785,337)	($ 500,148)	$ -	($ 325,490)	$ 45,219,189

EPISTAR CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31,2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Years ended December 31 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	($ 3,621,721)	($ 822,903)
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation	3,424,225	3,499,184
Amortization	246,948	253,705
(Reveral of) expected credit losses	25,097	(1,363)
Net gain on financial assets at fair value through profit or loss	(193,066)	(4,504)
Interest expense	36,219	28,278
Interest income	(28,246)	(31,680)
Dividend income	(13,789)	(12,910)
Effect of exchange rate on loans	1,105	-
Share of loss of subsidiaries and associates accounted for using equity method	1,047,846	248,225
Impairment loss on non-financial assets	178,603	615,949
(Gain) loss on disposal of property, plant and equipment	(89,361)	126,690
Gain on disposal intangible assets	(5,698)	-
Loss (gain) on disposal of investments	20,001	(100,804)
Other income from recognition of long-term deferred revenues	(57,830)	(23,647)
Property, plant and equipment transferred to expenses	98,250	5,858
Expenses transferred to intangible assetts	(13,566)	-
Realized loss (profit) from sales	85,787	(29,111)
Unrealised loss from sales	(15,548)	(85,787)
Bargain purchase gains	(23,541)	-
Changes in operating assets and liabilities		
Changes in operating assets		
Financial assets at fair value through profit or loss	(197,576)	(301,363)
Notes receivable	(292,336)	(325,967)
Accounts receivable	1,755,519	1,463,422
Other receivables	250,093	1,246,730
Inventories	811,472	213,393
Prepayments	62,438	59,421
Other non-current assets	8,034	4,135
Changes in operating liabilities		
Notes payable	(5,299)	(15,372)
Accounts payable	(311,126)	(433,237)
Other payables	(479,984)	(402,911)
Other current liabilities	(104,440)	175,704
Other non-current liabilities	262	22,624
Cash inflow generated from operations	2,598,772	5,371,759
Income tax paid	(1,174)	(157,529)
Interest received	28,332	33,297
Interest paid	(35,895)	(29,388)
Dividend received	61,604	55,084
Net cash flows from operating activities	2,651,639	5,273,223

(Continued)

EPISTAR CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31,2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Years ended December 31	
	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in other receivables from related parties	($ 1,872,620)	($ 1,007,840)
Decrease in other receivables from related parties	1,764,032	1,013,300
Cash refund from financial assets capital reduction	23,903	-
Increase in other financial assets	(4,440)	(386)
Acquisition for property, plant and equipment	(1,865,194)	(2,745,833)
Proceeds from disposal of property, plant and equipment	159,467	98,355
Acquisition of intangible assets	(93,351)	(155,153)
Proceeds from disposal intangible assets	11,569	-
(Increase) decrease in refundable deposits paid	(526)	13,654
Acquisition of subsidiaries and investment of associates	(908,978)	(1,443,106)
Proceeds from disposal of intangible assets	-	7,844
Cash flows used in spinoff transition	-	(360,172)
Net cash flows used in investing activities	(2,786,138)	(4,579,337)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	(450,400)	(250,705)
Repayment of long-term loans	(575,306)	(3,239,824)
Proceeds from long-term loans	990,000	1,160,000
Decrease in guarantee deposits received	(1,782)	(783)
Repayment of lease	(89,704)	-
Purchase of treasury shares	(114,482)	(75,845)
Proceed from treasury share transferred to employees	-	286,897
Cash dividends distribnted from capital surplus	(324,270)	(121,765)
Cash dividends paid	-	(749,196)
Net cash flows used in financing activities	(565,944)	(2,991,221)
Net decrease in cash and cash equivalents	(700,443)	(2,297,335)
Cash and cash equivalents at beginning of year	3,012,708	5,310,043
Cash and cash equivalents at end of year	$ 2,312,265	$ 3,012,708

Attachment 4

EPISTAR CORPORATION
Deficit Compensation Statement
Year 2019

Unit: NTD

Item	Amount	
	Subtotal	Total
Unappropriated Retained Earnings of previous years		0
2019 net loss	(3,753,797,110)	
Other comprehensive income adjustments	4,286,923	
Deficit yet to be compensated – at the end of 2019		(3,749,510,187)
Compensating deficit from 2019.Q1~Q3(approved by BOD)	0	
Items for compensating deficit from 2019.Q4:		
Special reserve	318,464,837	
Legal reserve	161,422,622	
Capital surplus-treasury share transactions	195,386,913	
Capital surplus-difference between consideration and carrying amount of subsidiaries acquired or disposed	105,197,832	
Capital surplus-share premium	2,969,037,983	
To make up for the amount subtotal		3,749,510,187
Deficit yet to be compensated		0

Chairman: Biing-Jye Lee   President: Chin-Yung Fan   Accounting Supervisor: Shih-Shien Chang

Attachment 5

EPISTAR CORPORATION
List of releasing the directors from non-competition restrictions

Name	Positions in Other Companies	Engage Business	Place of establishment	Relationship between the Company and the Competitive Entities
Biing-Jye Lee	The Chairman of GaN Ventures Co., Limited	Investment & sales of electronic components.	Hong Kong	To increase the penetration rate of LED products in various application markets, EPISTAR deploy LED industrial cooperation strategies from upstream to downstream and further expand the OEM products and customer base by combining the production capacity and technical advantages of both companies ; the joint venture company founded with strategic partners as listed in left column who may be involved in the same or similar businesses to each other; nevertheless, it will not have a major impact on EPISTAR due to strategic partners relationship.
	The Chairman of GV Semiconductor Inc.	Manufacturing of Semiconductors and seller of technology components.	America	
	The Chairman of Gan Force Corporation	Manufacturing of Semiconductors and seller of technology components.	Taiwan	

(Continued)

Name	Positions in Other Companies	Engage Business	Place of establishment	Relationship between the Company and the Competitive Entities
Nan-Yang Wu	The director of Gan Force Corporation	Manufacturing of Semiconductors and seller of technology components.	Taiwan	Director Nan-Yang Wu is a senior deputy GM of Yi-Far Technology Holding Group. To increase the penetration rate of LED products in various application markets, EPISTAR deploy LED industrial cooperation strategies from upstream to downstream; the joint venture company founded with strategic partners as listed in left column who may be involved in the same or similar businesses to other joint venture companies of EPISTAR; nevertheless, it will not have a major impact on EPISTAR due to strategic partners relationship.

(End)

Appendix 1

EPISTAR CORPORATION
Articles of Incorporation

Amended and Approved by a resolution of
the Shareholders' Meeting on June 20, 2019

Chapter 1 General Provisions

Article 1 This Company is incorporated in accordance with the Company Act under the full name of Epistar Corporation.

Article 2 The scope of business operated by this company shall be as follows:

CC01080 Manufacturing of electronic parts

C802990 Manufacturing of other chemical products

1. Research, development, manufacturing and sale of the following products:
   - (1) AlGaInP Epi Wafer & Chips
   - (2) AlGaAs Epi Wafer & Chips
   - (3) InGaN Epi Wafer & Chips
   - (4) PHEMT
   - (5) InP-based HBT
   - (6) GaAsP Wafer & Chips
   - (7) GaP Wafer & Chips
   - (8) AlGaInN Wafer & Chips
   - (9) GaInAsP Wafer & Chips
   - (10) Optoelectronic detection components
   - (11) Wafer for microwave communications
   - (12) Wafer & Chips for fiber-optics communications
   - (13) LED and its mold
   - (14) System and application parts for the above products
   - (15) Phosphor powders
2. Import and export trade relating to the business of the Company

Article 3 The Company may provide guarantee for other companies and proceed it in compliance with the Company's guarantee operation procedure.

Article 4 When the Company reinvests in another company as a liability-limited shareholder, the total amount of the Company's reinvestment shall not be subject to the restriction of not more than 40% of the Company's paid-up capital as provided in the Company Act.

Article 5 The Company is headquartered in Hsinchu Science- Park, Taiwan and may have branches set elsewhere domestically and abroad as resolved by the Board of Directors.

Article 6 Public announcement of the Company shall be handled in accordance with Article 28 of the Company Act.

Chapter 2 Shares

Article 7 The approved capital of the Company is NT$20,000,000,000, divided into 2,000,000,000 shares, at NT$10 par value, and may be issued separately. Among the above-mentioned shares, 35,000,000 shares shall be retained for the exercise of stock options through the issued stock option vouchers, special shares with stock options and bonds with stock options.

Article 7-1 The issuance of any employee stock options of which the stock option price is less than the closing price shall be determined by a vote of two-thirds of the shareholders attending who represent a majority of the total shares issued, and then shall be reported and handled separately in a year from the date of the resolution at the shareholders' meeting.

Article 7-2 The transfer of stocks to employees by the Company at the price less than the average price at which the Company has bought the stocks back shall be determined by a vote of two-thirds of the shareholders attending who represent a majority of the total shares issued. In the subjects of convening the meeting of shareholders, the following items shall be mentioned and explained, and shall not be presented through provisional motions.

1. Transfer price, discount ratio, calculation basis and its rationality
2. Shares to be transferred, purpose and its rationality
3. Qualifications and conditions for the employees entitled to stock options, and shares allowed to be acquired
4. Items affecting shareholders' equity:
   (1) Amount that might be recognized as expense, and its effect on dilution of the Company's EPS
   (2) Any financial burden to the Company because of the stock transferred to employees at the price less than the average price at which the Company has bought the stock back shall be explained.

Article 7-3 The object of transfer of treasury shares bought back by the Company may include the employees of parents or subsidiaries of the Company who meet certain conditions.

The object of issue of employee stock option certification of the Company may include the employees of parents or subsidiaries of the Company who meet certain conditions.

The object of issue of restricted stock for employees may include the employees of parents or subsidiaries of the Company who meet certain conditions.
The object of subscription of new shares of the Company may include the employees of parents or subsidiaries of the Company who meet certain conditions.
The term of “certain conditions” in this Article is authorized to be set by Board of Directors.

Article 8 All share certificates of this Company shall be issued with numbering in nomination manner, indicating the items provided in Art.162 of the Company Act, duly sealed and signed by the director who are authorized to represent the Company, and affixed with the Company’s seal in accordance with legal certification procedures. At the request of the depository corporation, the Company may print share certificates based on the total number of shares or choose not to print share certificates.

Article 9 The transfer of stock shall not made 60 days prior to shareholders’ general meeting, 30 days prior to shareholders’ provisional meeting, or 5 days prior to dividends and bonus distribution or other interest distribution.

Article 10 Except otherwise provided in laws, share matters of the Company shall be handled in compliance with regulations provided by authorities.

Chapter 3 Shareholders' Meeting

Article 11 There are two kinds of shareholders' meetings in the Company: the General Meetings and Provisional Meetings. General meeting shall be held once a year. The board of directors shall convene a general meeting within 6 months after the final account at the end of each fiscal year. A provisional meeting will be held if necessary.

Article 12 The general meeting shall be convened by sending the notification to shareholders 30 days prior to the meeting date upon convening. The extraordinary meeting shall be convened by sending the notification to shareholders 15 days prior to the meeting date upon convening. In the notification, the date, place and subjects of the meeting shall be indicated.

Article 13 Shareholders of the Company have one vote for each share they hold.

Article 14 Except otherwise provided in applicant laws, resolutions of the board of directors shall be made by a vote of a majority of the shareholders attending who represent a majority of the total directors.

Article 14-1 The minutes of meeting specifying resolutions in a board of directors shall be made, duly signed and sealed by the Chairman of the board, and distributed to each director within 20 days after the meeting date. The Company may have the minutes served through a public announcement.

Chapter 4 Directors

Article 15 The Company shall have 7 to 15 directors to be elected at a shareholder's meeting through nominating system from persons of legal capacity to serve a term of three years. A director may be re-elected. The Company shall buy liability insurance for all directors, to the extent of the compensation responsibility assumed in business execution in their term of office according to law. Remunerations to directors shall be determined by the Board of Directors based on the level of their participation in business operation and the value of their contribution, and taking into account the common remuneration level in the same industry.

The number of qualified candidates for independent directors within the above mentioned numbers of directors should not be less than 3 nor less than one fifth of the seats in the board of directors. The qualification, shares of holding, pluralism limitation, independency definition, ways of nomination and acting and any other regulations related to the independent director have to be in accordance with relevant rules.

Article 15-1 The Company set up an Auditing committee.

The constitution, authority of office, the rules of procedure and any other related regulations of the auditing committee will be proceeded in accordance with the regulations of official authorities.

Article 16 The board of directors is organized by the directors. Two-thirds directors should present in the meeting and a majority of the directors present agree to elect one Chairman and Vice Chairman from and among themselves. Chairman shall represent the company externally. Chairman shall preside at the meeting for the board of directors. In the event Chairman is incapable of performing duties, Vice Chairman shall act on his behalf. In the event Vice Chairman is incapable of performing duties, Chairman shall appoint one of the directors to act on his behalf. In case Chairman fails to appoint any director to act on his behalf, the person to take his place may be elected by and among the directors. Each director is limited to act as a proxy by one person only. Directors shall attend the board meeting in person. Any director who is unable to attend the board meeting shall appoint another director as his proxy. Each director is limited to act as a proxy by one person only.

Article 17 The Board of Directors' (hereinafter "BOD") meeting should be convened at least once every quarter. Each BOD director is entitled to be informed with the agenda 7 days prior to the meeting. However, an ad-hoc meeting may occur in the case of emergency and notification can be made in written, via email or facsimile to each director under such circumstances. The duties and powers of the board of directors are as follows:

1. Propose amending the Company's articles of incorporation
2. Approve operation guidelines and mid-term and long-term development plans
3. Examine and supervise the performance of the annual business plan
4. Examine budget and accounting settlement
5. Determine important contracts with external entities and other important matters
6. Approve important capital expenditure plans
7. Approve the endorsement, guarantee and acceptance in the name of the Company for others
8. Dispose important properties of the Company
9. Appoint and dismiss President and Vice President
10. Approve the Company's reinvestments in other businesses and transfer or sale of shares
11. Prepare the regulations governing the important transactions between the Company and related parties (including affiliated enterprises)
12. Establish and dissolve branches
13. Employ and dismiss CPAs of the Company
14. Other duties and powers provided in laws and rules and given at shareholders' meeting.

Chapter 5 Managers and Employees

Article 18 The Company shall have one President and several vice President whose appointment, discharge and remuneration shall be handled according to Article 29 of the Company Act.

Chapter 6 Accounting

Article 19 The Company's fiscal year starts from January 1 and ends on December 31. At the end of every year, the board of directors shall prepare the following statements and records of accounts in compliance with the Company Act and submit it to shareholders' general meeting for recognition.

1. Business report
2. Financial statements
3. Proposal for allocation of surplus or making good of past loss.

Article 20 The surplus earning distribution or loss offsetting of the Company may be made after the end of each quarter. If there is a surplus after each quarter's final accounting, it shall first be used to pay the taxes, offset the accumulated losses, retain for the employee's compensation, and then allocate ten (10) percent of the surplus as legal reserve unless the total legal reserve has reached the total amount of capital of the Company. The

Company may then allocate or reverse a certain amount as special reserve or return earnings, if necessary. The remaining balance after aforesaid allocation plus the accumulated undistributed surplus in the previous quarter will be the shareholders' bonus and the distribution of earnings shall be proposed by the Board of Directors. If the proposal is to distribute by issuing new shares, it shall be submitted to the shareholders' meeting for resolution; if the proposal is to distribute by cash, it shall be resolved by the board of directors.

The Company shall distribute the after-tax profit after annual accounting settlement, shall first make up for the losses, then allocate 10% as legal reserve. However such legal reserve amounts to the total authorized capital, this provision shall not apply and, if necessary, allocate or reverse special reserve. Balance plus the previous cumulative undistributed earnings to be allocated surplus, in addition to discretion of reservations, the distribution shall be proposed by the Board of directors, if the proposal is to distribute by issuing new shares, it shall be submitted to shareholders' meeting for resolution; if the proposal is to distribute by cash, it shall be resolved by the Board of directors, and the distribution ratio shall base on the proportion of shares held by each shareholder.

Pursuant to the provisions of paragraph 5, Article 245 of the Company Act, the Company authorizes the Board of Directors to distribute dividends or bonuses by cash under the resolution which has been adopted by a majority vote at a meeting of the board of directors attended by more than two-thirds of all the directors, and the distribution shall be reported to the shareholders' meeting after resolved.

The Company is in the growing phase in respect of business development. For agreeing with present and future development plans, investment environment, fund demand, and competition from domestic and foreign regions, the distribution of earnings shall be executed in compliance with each of the above regulations, for which shareholders' interest and capital adequacy ratio shall be also taken into account. Besides, for shareholders' dividends to be distributed for the year, the ratio of the cash dividends to be distributed shall not be less than 10% of the total dividends to be distributed.

Article 20-1 Company should dispatch 10% ~20% of the "annual profit" to the employee remuneration and no more than 2% to directors. But the company shall compensate the accumulated deficit.

Employee remuneration could be by stock or by cash. The object of the issue of shares or cash including the employees of subsidiaries or parents of the Company who meet certain conditions. The term of "certain condition" is authorized to be set by the Board of Directors.

The “annual profit” in first paragraph means the current year pre-tax profit (excluding other benefits or losses, such as the put option right, the call option rights, the conversion rights and the redeem of overseas convertible bonds) before the deduction of the staff remuneration and director remuneration.

Dispatched remuneration of employees and directors shall be decided by the board of directors with more than a two-thirds of the directors present and resolved by majority of the attended directors and report to shareholder meeting.

Article 20-2 Pursuant to the provisions of Article 241 of the Company Act, the Company authorizes the Board of Directors to distribute all or part of the legal reserve and capital reserve by cash under the resolution which has been adopted by a majority vote at a meeting of the board of directors attended by more than two-thirds of all the directors, and the distribution shall be reported to the shareholders’ meeting after resolved.

Chapter 7 Supplementary Provisions

Article 21 Any relevant matter not provided for in these articles of incorporation shall be handled in accordance with related regulations.

Article 22 The Articles of Incorporation was set up at the meeting of the founders on September 9, 1996. The 1st amendment was made on June 4, 1997. The 2nd amendment was made on July 24, 1998. The 3rd amendment was made on April 20, 1999. The 4th amendment was made on May 9, 2000. The 5th amendment was made on May 14, 2001. The 6th amendment was made on June 19, 2002. The 7th amendment was made on June 18, 2003. The 8th amendment was made on June 17, 2004. The 9th amendment was made on June 14, 2005. The 10th amendment was made on October 4, 2005. The 11th amendment was made on March 2, 2006. The 12th amendment was made on November 21, 2006. The 13th amendment was made on June 13, 2008. The 14th amendment was made on June 10, 2009. The 15th amendment was made on June 15, 2010. The 16th amendment was made on June 27, 2012. The 17th amendment was made on June 14, 2013. The 18th amendment was made on June 19, 2014. The 19th amendment was made on June 29, 2015. The 20th amendment was made on June 20, 2019.

Appendix 2

EPISTAR CORPORATION
Rules for the Procedures of the Shareholders' Meeting

Amended and Approved by a resolution of
the Shareholders' Meeting on June 14, 2006

1. Unless otherwise provided in laws or regulations, a Shareholders' meeting shall be conducted in compliance with the Rules of Procedure.
2. While convening the meeting, an attendance register shall be prepared for shareholders present at the meeting to sign-in. A shareholder present shall submit the attendance card in place of sign-in. The number of shares represented by shareholders present in the meeting shall be calculated in accordance with the attendance register or attendance cards submitted by the shareholders present.
3. The attendance of the meeting and voting in the meeting shall be based on the calculation of shares.
4. The number of shares represented by shareholders present in the meeting shall be calculated in accordance with the attendance cards submitted by the shareholders present. A shareholder present (or proxy) shall wear certificate of attendance or submit the attendance card in place of signing-in.
5. The meeting shall be held at the office of the Company, or any other appropriate place that is convenient for the shareholders and suitable for the meeting to be held. The starting time of the meeting shall not be earlier than 9 am or later than 3 pm.
6. If the meeting is convened by the Board of Directors (the "BOD"), the Chairman of the BOD shall be the chairman of the meeting. If Chairman is on leave, or cannot execute his or her authority for any reason, the Vice Chairman shall preside over the meeting. If there is no Vice Chairman or the Vice Chairman is also on leave, or cannot execute his or her authority for any reason, Chairman shall designate one of the Managing Directors to act on behalf of him or her. If there is no Managing Director, Chairman shall designate one of the directors to preside over the meeting. If Chairman does not designate any proxy to preside over the meeting on his or her behalf, the Managing Directors or directors shall elect one from among themselves to preside over the meeting.

   If the meeting is convened by any other person entitled to convene the meeting, not by the BOD, such person shall preside over the meeting.
7. The Company may designate its lawyers, CPAs or relevant parties to attend the meeting.

   The team members handling the business of the meeting shall wear an identification card or a badge.
8. The chairman may engage disciplinary officers (or security personnel) to assist on keeping the order of the meeting. Such disciplinary officers (or security personnel) shall wear a badge marked "Disciplinary Officers".

9. Any participants of the Shareholders' meeting shall not bring items which might endanger human life, health, liberty or property.
10. The chairman may engage police officers to assist on keeping the order of the meeting.
11. The whole proceedings of the meeting shall be videotaped or tape-recorded. The preceding tapes shall be preserved for at least one year.
12. The chairman shall call the meeting according to meeting schedule. If the number of shares represented by the shareholders present at the meeting has not yet reached more than 50% of the total issued and outstanding shares of the Company, the chairman may postpone the meeting. The postponements shall be limited to twice at most and the meeting may not be postponed longer than one hour in total. If the shares of the shareholders present at the meeting represent has not yet reached more than 50% but 1/3 of the total issued and outstanding shares or more after the meeting being postponed twice, a tentative resolution may be adopted in accordance with Paragraph 1 of Article 175 of the Company Act R.O.C.
    Before the adjournment of the meeting, if the number of shares represented by the shareholders present at the meeting reaches more than 50% of the total issued and outstanding shares, the chairman may submit the adopted tentative resolution to the meeting for approval in accordance with Article 174 of the Company Act R.O.C.
13. If the meeting is convened by the BOD, the agenda of the meeting shall be set by the BOD. The meeting shall proceed in accordance with the agenda, unless otherwise resolved by the meeting.
    The preceding paragraph shall apply to cases where the meeting is convened by a person, other than the BOD, entitled to convene such meeting.
    Unless otherwise resolved by the meeting, the chairman shall not adjourn the meeting before all of discussion items (including extraordinary motions) have been resolved.
    After the meeting is adjourned, shareholders shall not elect another chairman to continue the meeting on site or at another venue.
14. A meeting shall proceed in accordance with the agenda. In case the speech of any shareholder violates the above provision, the chairman may ask such shareholder to stop speaking.
    Except for the discussion items listed in the agenda of the meeting, other motions or amendments or alternatives of the discussion items made by a shareholder at the meeting shall be seconded by other shareholders.
15. A shareholder who intends to speak in the meeting shall fill out a speech note, specifying therein the summary of the speech, the shareholder's number (or the number of his or her certificate of attendance) and the name of the shareholder. The sequence of speeches by shareholders should be decided by the chairman. A shareholder who only submits his or her speech note but does not actually speak in the meeting shall be considered as not having given such a speech. If the content of the speech of the shareholder are different from the contents of the speech note, the contents of actual speech shall prevail.

When a shareholder is giving a speech, the other shareholders shall not interrupt the speech unless they have obtained the consent from the chairman and the said shareholder. For any such violations, the chairman shall stop the interruption immediately.

16. Unless otherwise permitted by the chairman, each shareholder shall not speak more than twice for each discussion item. Each speech shall not take more than 5 minutes. In the case that any speech violates the foresaid provisions or exceeds the scope of the discussion item, the chairman may ask such shareholder to stop speaking.
17. A legal entity that is appointed as a proxy to attend the meeting can only designate one representative to attend the meeting.
    If a corporate shareholder designates two or more representatives to attend the meeting, only one representative can speak for each discussion item.
18. After the speech of a shareholder, the chairman may respond himself/herself or appoint an appropriate person to respond.
19. The chairman may announce to end the discussion on the discussion items and submit them to be resolved when the chairman deems appropriate.
20. Unless a majority of more than 50% is required by the Company Act R.O.C. or the Articles of Incorporation of the Company, a resolution of the meeting shall be adopted by at least 50% majority of votes represented by the shareholders present at the meeting.
    The calculation of votes represented by the shareholders is based on the Articles in the Company Act R.O.C. or the Article of Incorporation of the Company. A resolution of the meeting shall be adopted if it has been voted. If no objection is voiced after solicitation by the chairman, the resolution shall be deemed adopted and shall have the same effect as if it has been voted.
    If there is an amendment or alternative for a discussion item, the chairman may combine the amendment or alternative into the original discussion item, and determine the sequence of voting for such discussion item. If any above item has been resolved, the others shall be deemed vetoed and no further voting is required.
21. Scrutinizers and the vote counter shall be designated by the chairman. The result of voting shall be announced at the meeting, and recorded in the meeting minutes.
    A scrutinizer shall be one of the shareholders. The supervisory work includes supervising the procedure of voting, improper voting, vote validation and the record prepared by vote counters.
    A ballot is invalid if one of the following conditions is met and the vote shall not be counted:
    (1) Not using ballots printed by the Company
    (2) A ballot which is not inserted into the ballot box
    (3)A blank ballot without written words or written comments based on discussion items
    (4) A ballot with written words other than required items.
    (5) The handwriting is blurred, not identifiable, or written over.

(6)The proxy violates “Rules Governing the Use of Proxies for Attendance at Shareholders’ Meetings of Public Companies” in handling ballots.

22. During the meeting, the chairman may set time for intermission at his or her discretion.
23. In the event of any air-raid alarm, earthquake or force majeure, the chairman may adjourn the meeting temporarily and the participants shall evacuate themselves respectively. The chairman shall resume the meeting subject to the actual situation.
24. Any matters insufficiently address herein shall be subject to the Company Act R.O.C., laws and regulations or Articles of Incorporations concerned.
25. The Rules of Procedure and any amendment thereto, shall be implemented after approval by the Shareholders’ Meeting.

Appendix 3

Related Information on Remuneration to Directors and Employees

Epistar would not distribute compensation of directors and employee bonus due to deficit in 2019.

Appendix 4

The Impact of Stock Dividend Issuance on Business Performance, EPS, and Shareholder Return Rate

The Impact of Stock Dividend Issuance on Business Performance, EPS, and Shareholder Return Rate is not applicable.

Appendix 5

Related Information on Proposals from Shareholders owning 1% or more of the issued shares of the Company

1. Pursuant to Articles 172-1 of the Company Act, the 2020 Annual General Shareholders' Meeting welcomed shareholders' proposals from March 20, 2020 to March 31, 2020.
2. During the above mentioned period, no proposals were submitted by the shareholders owning at least 1% of the Company.

Appendix 6

EPISTAR CORPORATION

Current Shareholding of Directors

Position	Name	Date elected	Term(Year)	Number of shares	shareholding %
Chairman	Biing-Jye Lee	2019.06.20	3	1,464,495	0.13%
Director	Chih-Yuan Chen	2019.06.20	3	0	0.00%
Director	Nan-Yang Wu	2019.06.20	3	0	0.00%
Director	Chin-Yung Fan	2019.06.20	3	267,012	0.02%
Independent Director	Wei-Min Sheng	2019.06.20	3	0	0.00%
Independent Director	Feng Shang Wu	2019.06.20	3	0)	0.00%
Independent Director	Chi Yen Liang	2019.06.20	3	0	0.00%
Independent Director	Yu-Te Houng	2019.06.20	3	0	0.00%
Independent Director	Wei-Kuo Chen	2019.06.20	3	0	0.00%

Note 1: The record (base) date is the date on which transfer is suspended, i.e., March 30, 2020.
As of March 30, 2020, the total Issued shares are 1,088,701,410 shares.

Note 2: According to Paragraph 5 of Article 2 of the " Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies ", If the number of independent directors selected exceeds one-half of the total number of directors and an audit committee has been established in accordance with the law, the minimum shareholding percentage of all directors and supervisors is not applicable.