



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

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

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

(Southern Taiwan Science Park B104 Conference Room)

Attendants: Total shares represented by shareholders present in person or by proxy were 70,779,438 shares (with 57,218,710 shares represented electronically). The attendance rate is 77.83%. (Total outstanding shares are 90,932,677 shares. The total outstanding voting shares are 90,931,177 after deducting the number of non-voting shares in accordance with Article 179 of the Company Law)

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

Recorder: Belinda Wu

Directors present: Ching Yi Chang (Chairman), Wei Lin (Vice Chairman), Jerry Yang (Director), Yong Hong Lu (Director), James Wang (Independent Director) and Bob Tseng (Independent Director)

Attendance: Hui-Yuan Chen, CPA, KPMG

1. Call the meeting to order

The aggregate shareholding of the shareholders and proxies present constituted a quorum. The Chairman called the meeting to order.

2. Opening remarks by the Chairman (Omitted)

3. Report Items

Item 1: 2019 business report

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

Summary of Shareholder Comments and Questions:

Shareholder Account No. 8092: (1) Ask the Company's revenue and profit of 2020 1Q (including the sales mix, pricing and recruitment of R&D professionals), (2) Ask the Company's business plan, development strategy, industry competition, etc. for the coming 1~2 years, (3) Ask the capacity utilization of Fab 2 in STSB (Southern Taiwan Science Park).

Shareholder Account No. 745: (1) Ask the Company how to deal with the customer concentration risk, (2) Ask the Company's development strategy and expected results for the coming 2~3 years, (3) Ask the Company if it will move toward an IDM and compete with lower stream customers.

The above shareholders' inquiries were explained and replied to by the Chairman and relevant personnel.

Item 2: 2019 Audit Committee's review report

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

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

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

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

Details: According to the amended "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" released by the competent authorities, the Company amended its "Ethical Corporate Management Best Practice Principles". The comparison table illustrating the original and amended text of the "Ethical Corporate Management Best Practice Principles" is attached hereto as Attachment 3 on page14-18.

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

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

4. Proposed Resolutions

Item 1: (proposed by the Board of Directors)

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

Explanation:

- I. The Company's 2019 business report and financial statements have been reviewed by the Audit Committee and approved by the Board of Directors. The financial statements have been audited by KPMG Taiwan and an unqualified opinion has been issued.
- II. The 2019 business report, auditors' report and financial statements are attached

hereto as Attachment 1 on page 10-12 and Attachment 5 on page 22-28.

Summary of Shareholder Comments and Questions:

Shareholder Account No. 8092: Ask the Company it's financial performance in the past 5 years. As to the ROA and capacity utilization (expansion in the equipment and fab but the sales doesn't increase accordingly, whether the diversification in customer products lead to a lower capacity utilization caused by more changeovers and whether the Company consider the option of outsourcing manufacturing).

The above shareholders' inquiries were explained and replied to by the Chairman and relevant personnel.

Resolution: The voting result is shown below:

Shares represented at the time of voting: 70,779,438 (including electronic votes: 57,218,710)

Voting results	Percentage of the total shares represented
Votes in favor: 67,364,017 (including electronic votes: 53,966,912)	95.18%
Votes against: 3,004 (including electronic votes: 3,004)	0.00%
Votes abstained/did not vote: 3,412,417 (including electronic votes: 3,248,794)	4.82%
Invalid Votes: 0 (including electronic votes: 0)	0.00%

The proposal was resolved and approved as submitted.

Item 2: (proposed by the Board of Directors)

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

Explanation:

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

Resolution: The voting result is shown below:

Shares represented at the time of voting: 70,779,438 (including electronic votes: 57,218,710)

Voting results	Percentage of the total shares represented
Votes in favor: 66,128,131 (including electronic votes: 52,732,301)	93.43%
Votes against: 1,234,890 (including electronic votes: 1,233,615)	1.74%
Votes abstained/did not vote: 3,416,417 (including electronic votes: 3,252,794)	4.83%
Invalid Votes: 0 (including electronic votes: 0)	0.00%

The proposal was resolved and approved as submitted.

5. Matters for Discussion and Election

Item 1: (proposed by the Board of Directors)

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

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

Resolution: The voting result is shown below:

Shares represented at the time of voting: 70,779,438 (including electronic votes: 57,218,710)

Voting results	Percentage of the total shares represented
Votes in favor: 67,252,742 (including electronic votes: 53,962,912)	95.02%
Votes against: 2,004 (including electronic votes: 2,004)	0.00%
Votes abstained/did not vote: 3,524,692 (including electronic votes: 3,253,794)	4.98%
Invalid Votes: 0 (including electronic votes: 0)	0.00%

The proposal was resolved and approved as submitted.

Item 2: (proposed by the Board of Directors)

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

Explanation:

- I. To reward outstanding employees, retain professional talents as needed and motivate fellow employees to attain the Company's operational goals in a joint endeavor, the Company plans to issue the Employee Restricted Stock Awards

(RSAs) pursuant to relevant laws & regulations such as Article 267 of the Company Act, the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers” (hereinafter referred to as “Offering and Issuance Regulations”), etc.

II. Requirements for this issuance of the Employee Restricted Stock Awards (RSAs) are as follows:

- (1) The reason why it is necessary to issue restricted stocks for employees: To attract and retain professional talents, provide incentive to employees and enhance employee commitment, so as to jointly create benefit to the company and its shareholders. And to ensure the conformation of the interests of employees and shareholders.
- (2) Qualification requirements for employees and the number of shares granted or subscribed:
 - (2.1) In order to ensure the rights of shareholders, the Company prudently manages the reward plan. This plan is applicable to full-time employee of the company on the grant date, have to meet certain performance requirements and will also be limited to employees who are: (a) highly relevant to the future strategy and development of the company, (b) critical to the company’s business operation, (c) key technical talent, etc.
 - (2.2) The number of granted shares shall be determined by seniority, position, performance, overall contribution, special contribution and other meaningful factors in management and is drawn up by the Chairman who will submit it to the Board of Directors for approval. However, as to employees who are also managers or Directors of the Board, their number of granted shares should be submit to the Remuneration Committee for approval first.
 - (2.3) As to the individuals who own more than 10% of the company’s total common shares, they are not qualified for this RSAs plan. As to the members of the Remuneration Committee and the Directors of the Board who are not the company’s employee, they are not qualified for this RSAs plan.
 - (2.4) The number of granted shares to each employee shall follow the “Offering and Issuance Regulations”.
- (3) Expected total amount (share) of issuance: A total of 450,000 share of common stocks with a face value of NT\$ 10 per share. The total amount of the issuance is NT\$ 4,500,000.
- (4) Expected issue price: NT\$ 44.7 per share which is reported in the financial reports for the year 2019, audited and attested by a CPA.
- (5) Terms and conditions of issuance:
 - (5.1) Vesting Conditions:

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

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

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

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

(6) Calculated expense amount:

The Company shall calculate the fair market value of the stock on the grant date (issue date) and shall recognize relevant expenses over the vesting period. The expected total amount of issuance of the RSAs is 450,000 shares. If all the vesting conditions are met, based on the average closing price of NT\$

282 for the 30 business days before January 16, 2020 (inclusive), the yearly amortization expense for 2020, 2021, and 2022 is estimated to be NT\$ 17,797 thousand, NT\$ 53,393 thousand, and NT\$ 35,595 thousand respectively with the total amounts of NT\$ 106,785 thousand.

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

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

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

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

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

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

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

Resolution: The voting result is shown below:

Shares represented at the time of voting: 70,779,438 (including electronic votes: 57,218,710)

Voting results	Percentage of the total shares represented
Votes in favor: 65,538,062 (including electronic votes: 52,248,232)	92.60%
Votes against: 1,715,684 (including electronic votes: 1,715,684)	2.42%
Votes abstained/did not vote: 3,525,692 (including electronic votes: 3,254,794)	4.98%

Invalid Votes: 0 (including electronic votes: 0)	0.00%
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The proposal was resolved and approved as submitted.

Item 3: (proposed by the Board of Directors)

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

Explanation:

- I. The term of the 9th Board of Directors will expire on May 2, 2020, and the election of the new directors is proposed to be held at the general shareholders' meeting.
- II. As per Article 13 of the Articles of Incorporation of the Company, 7 directors are expected to be elected (incl. 3 Independent Directors). The new directors shall assume office on the date they are elected, with a term of 3 years from May 20, 2020 to May 19, 2023.
- III. A nomination system is adopted in the election of Company directors, and shareholders shall elect directors from the nominees listed in the roster of director candidates. The education, experience and other relevant information of the candidates are shown in Attachment 8 on page 35-36.
- IV. The election shall be held in accordance with the "Rules for Elections of Directors", please refer to Appendix 5 in the handbook for the 2020 Annual Shareholders' Meeting.

Election result: The elected directors is as below:

Result of Election	Shareholder Account Number	Name	Number of votes received
Director	283	Representative of Haw Sheng International Investment Ltd.: Ching Yi Chang	54,823,619
Director	12	Wei Lin	47,338,465
Director	303	Jerry Yang	47,057,120
Director	S1203*****	Yong Hong Lu	46,665,867
Independent Director	B1005*****	Bob Tseng	47,548,241
Independent Director	N1202*****	James Wang	47,546,041
Independent Director	R1017*****	Yong Chang Chen	47,542,544

Item 4: (proposed by the Board of Directors)

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

Explanation:

- I. As per Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- II. For Company directors with investment or management activities in other companies with the same or similar scope of business as the Company, see Attachment 9 on page 37. The release of non-competition restrictions on new directors and their proxy is proposed to be approved at the shareholders' general meeting.

Resolution: The voting result is shown below:

Shares represented at the time of voting: 70,779,438 (including electronic votes: 57,218,710)

Voting results	Percentage of the total shares represented
Votes in favor: 64,280,519 (including electronic votes: 50,990,689)	90.82%
Votes against: 28,228 (including electronic votes: 28,228)	0.04%
Votes abstained/did not vote: 6,470,691 (including electronic votes: 6,199,793)	9.14%
Invalid Votes: 0 (including electronic votes: 0)	0.00%

The proposal was resolved and approved as submitted.

6. Extempore Motions

7. Meeting Adjourned

2019 Business Report

Business Report

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

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

The 2019 operation and 2020 prospects are as follows:

2019 Operation

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

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

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

B. R&D conditions

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

2020 Operational Plan Summary and Future Development Strategies

I. To maintain leading technology in the industry

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

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

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

III. To expand the number of clients

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

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

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

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

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

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

Audit Committee's Review Report

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

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

LandMark Optoelectronics Corporation 2020 Annual Shareholders' Meeting

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

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

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

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

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

Amended version	Original version	Description
<p>Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</p> <p>3. <u>Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.</u></p> <p>4. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.</p> <p>5. Confidentiality of the identity of whistle-blowers and the content of reported cases, <u>and an undertaking regarding anonymous reporting.</u></p> <p>6. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</p> <p>7. Whistle-blowing incentive measures. (Paragraph 2 is omitted)</p>	<p>Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</p> <p>3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.</p> <p>4. Confidentiality of the identity of whistle-blowers and the content of reported cases.</p> <p>5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</p> <p>6. Whistle-blowing incentive measures. (Paragraph 2 is omitted)</p>	<p>paragraph 1 are moved to subparagraphs 4 to 7.</p> <p>2. The amendment to paragraph 1, subparagraph 5 has taken reference from Article 23 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” on permission to anonymous reporting.</p>
<p>Article 27 (Adoption) The adoption and amendment shall be implemented after the Company's board of directors grants the approval, and shall be reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended. The Company's <u>ethical corporate management best practice principles shall be approved by one half or more of entire membership in the audit committee and proposed to the Board of Directors for resolution; any matter that has not been approved by one half</u></p>	<p>Article 27 (Adoption) The adoption and amendment shall be implemented after the Company's board of directors grants the approval, and shall be reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended. Where independent directors are appointed, when the Company submits its ethical corporate management best practice principles to the board of directors for discussion pursuant to the preceding paragraph, the board of directors shall take into full</p>	<p>1. The Company has established an audit committee which exercises the duties as supervisor; hence a discretionary revision to contents of the article hereof is made.</p> <p>2. Amendment date added.</p>

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

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

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

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

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

Independent Auditors' Report

To the Board of Directors of LandMark Optoelectronics Corporation:

Opinion

We have audited the financial statements of LandMark Optoelectronics Corporation (“the Company”), which comprise the balance sheets as of December 31, 2019 and 2018, the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2019 and 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years ended December 31, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”). Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Emphasis of Matter

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

Key Audit Matters

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Valuation of inventories

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

Description of key audit matter:

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

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

How the matter was addressed in our audit:

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Hui Yuan Chen and Chen Lung Hsu.

KPMG

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

Notes to Readers

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

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

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

Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

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

See accompanying notes to financial statements.

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

Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

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

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

See accompanying notes to financial statements.

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

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

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

See accompanying notes to financial statements.

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

Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

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

See accompanying notes to financial statements.

LandMark Optoelectronics Corporation

2019 Earnings Distribution

Units: NTD

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

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

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

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

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

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

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

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

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

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

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

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

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

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