



TWSE : 2409
OTC Markets : AUOTY

AU OPTRONICS CORP.

Meeting Minutes Of 2020 Annual General Shareholders' Meeting

(Translation)

Time and date of the Meeting: June 17, 2020 at 9:30 A.M. (Local time)

Venue of the Meeting: Meeting Room in AUO's Global Research Center (No. 1, Gongye E. 3rd Rd., East Dist., Hsinchu Science Park, Hsinchu City)

Total shares represented by shareholders present: 7,110,597,850 shares (including 4,899,601,986 shares casted electronically)

Percentage of shares held by shareholders present: 74.85% of total outstanding shares

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



Resolution Notice

Dear Shareholders:

We are pleased to inform you that the following items were approved or acted as proposed at our 2020 Annual General Shareholders' Meeting held on June 17, 2020.

Truly yours,

A handwritten signature in black ink, appearing to read 'Paul Peng'.

Shuang-Lang (Paul) Peng,
Chair



AU Optronics Corp.

2020 Annual General Shareholders' Meeting Minutes

Time: 9:30 a.m., June 17, 2020

Place: Meeting Room in AUO's Global Research Center
(No. 1, Gongye E. 3rd Rd., East Dist., Hsinchu Science Park, Hsinchu City)

Total AUO outstanding shares: 9,499,245,115 shares

Total shares represented by shareholders present in person or by proxy: 7,110,597,850 shares
(including 4,899,601,986 shares casted electronically)

Percentage of shares held by shareholders present in person or by proxy: 74.85%

Attendees: Frank Ko, Director, President and Chief Operation Officer

Chin-Bing (Philip) Peng, Independent Director, Chair of the Audit Committee

Yen-Shiang Shih, Independent Director, Chair of the Remuneration Committee and member
of the Audit Committee

Yen-Hsueh Su, Independent Director, member of the Audit Committee and member of the
Remuneration Committee

Mei-Yueh Ho, Independent Director and member of the Audit Committee

Jang-Lin (John) Chen, Independent Director and member of the Audit Committee

Wei, Shing-Hai, Certified Public Accountant

Lu, Chien-Hui, Certified Public Accountant

Bo-Sen Von, Attorney

Chair: Shuang-Lang (Paul) Peng, Chairman

Recorder: Benjamin Tseng

1. **Commencement** (The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chair called the meeting to order.)
2. **Chair's Address** (omitted)



3. Report Items

- (1) To report the business of 2019 (omitted)
- (2) Audit Committee's Review Report and Communications between members of Audit Committee and head of Internal Audit (omitted)
- (3) To report the cash dividend distribution of 2019 (omitted)
- (4) To report the resolution and implementation of repurchase of the Company's shares (omitted)
- (5) To report the 2019 1st Plan of Transferring the Repurchased Shares to the Employees (omitted)
- (6) To report the indirect investments in China in 2019 (omitted)
- (7) To report the issuance of securities in private placement (omitted)

The Chair explained the above report items and each shareholder is hereby informed of the said report.

4. Recognition Items

1. To recognize 2019 Business Report and Financial Statements (proposed by the Board)

Explanation:

- (1) The 2019 Financial Statements were audited by the independent auditors, Wei, Shing-Hai and Lu, Chien-Hui of KPMG.
- (2) For the 2019 Business Report, Independent Auditors' Report, and the 2019 Financial Statements, please refer to Attachments 1 and 4-5 (pages 12-14 and pages 18-35).

Voting Results: 7,110,585,850 shares were represented at the time of voting (including 4,899,601,986 shares casted electronically)

Voting Result	Voting rights	% of the total represented at the time of voting
Votes in favor	6,520,736,747	91.70
Votes against	3,285,223	0.05
Votes abstained	586,563,880	8.25

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

2. To recognize the proposal for the distribution of 2019 earnings (proposed by the Board)

Explanation:

- (1) The beginning balance of the unappropriated retained earnings of the Company is NT\$33,494,411,426 in 2019. After deducting the net loss of 2019, plus change in remeasurement of defined benefit plan in 2019 and minus adjustments arising from investments in equity-accounted investees in 2019 and the appropriation of special reserve in accordance with applicable laws and regulations, the total accumulative retained earnings available for appropriation is NT\$13,206,650,185.



- (2) It is resolved by the Board of Directors not to distribute cash dividend, thus the ending balance of the unappropriated retained earnings is NT\$13,206,650,185.
- (3) For the Proposal for 2019 Earnings Distribution, please refer to Attachment 6 (page 36).

Voting Results: 7,110,585,850 shares were represented at the time of voting (including 4,899,601,986 shares casted electronically)

Voting Result	Voting rights	% of the total represented at the time of voting
Votes in favor	6,548,464,783	92.09
Votes against	5,215,571	0.07
Votes abstained	556,905,496	7.83

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

5. Discussion Items

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

Explanation:

- (1) The purpose and the limit of the fund raising:

In order to invest in equipment and technology of high-end products, enrich working capital, have sound financial structure and/or support the Company's funding needs for long term development, it is hereby proposed that the shareholders meeting to authorize the Board, within the limit of 945 million common shares, depending on the market conditions and the Company's capital needs, to choose appropriate timing and fund raising instrument(s), to issue new common shares for cash to sponsor DR Offering and/or issue new common shares for cash in public offering and/or issue Private Placement Shares and/or issue Private Placement CB, in accordance with the applicable laws and regulations and the following handling principles. For issuance of Private Placement CB, the number of common shares to be converted within the limit of 945 million common shares shall be calculated in accordance with the conversion price determined at the time of issuance of such Private Placement CB.

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

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

- (i) The issue price of the new common shares will be decided with reference to (a) the closing price of the Company's common shares or overseas depositary shares on the pricing date or (b) the average closing price of the Company's common shares or overseas depositary shares 1, 3 or 5 trading days prior to the pricing date (hereinafter, each of (a) and (b) is referred to as the "Reference Price"). The Chairman of the Board ("Chairman") is authorized to coordinate with the foreign lead-underwriter(s) of the DR Offering to determine the actual issue price in accordance with market conditions, provided that, the actual issue price shall not be less than 90% of the Reference Price

deducting shares issued as stock dividends, shares cancelled in connection with capital reduction and the cash dividends.

The Reference Price and the actual issue price shall be decided in accordance with market practice and applicable law and regulations. In addition, assuming that the maximum amounts of the common shares planned to be issued is 945 million shares, accounts for 9.95% of the Company's total outstanding common shares on the record date of the Company's 2020 annual shareholders meeting, and the actual issue price shall be no less than 90% of the Reference Price deducting shares issued as stock dividends, shares cancelled in connection with capital reduction and the cash dividends, it is unlikely that such issuance will have a material dilutive effect on the shareholding of the current shareholders. Therefore, the issue price of the new common shares to be issued in connection with the DR Offering shall be reasonable and will not have a material adverse effect on the rights and benefits of the current shareholders.

- (ii) Except that 10% to 15% of the new common shares shall be allocated for the employees' subscription in accordance with the applicable law, in accordance with Article 28-I of the Securities and Exchange Act, it is proposed to the shareholders' meeting to seek the approval of the waiver of the rights to subscribe the remaining shares and such remaining shares shall be offered to the public by issuing the DR Offering. The Chairman is authorized to, depending on the market needs, allocate the unsubscribed new common shares by employees of the Company as underlying shares of the global depositary shares or to specific counterparties.

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

- (i) The par value of the new common shares to be issued is NT\$10 per share. It is proposed to authorize the Chairman to coordinate with the underwriter(s) of the public offering to determine the actual issue price in accordance with the Taiwan Securities Association's Self-regulatory Rules Governing the Provision of Advisory Services by Underwriter Members to Issuing Companies for Offering and Issuing Securities and the market conditions. The issue price shall be reported to, and be accepted by the regulatory authority before issuance.
- (ii) It is proposed to authorize the Board to choose either of the following methods to sell the new shares in the public offering through the underwriter(s) :
 - (a) Except that 10% to 15% of the new shares shall be offered to employees in accordance with Article 267, Paragraph 1 of the Company Act, in accordance with Article 28-I of the Securities and Exchange Act, it is proposed to the shareholders' meeting to seek the approval of the waiver of the pre-emptive rights to subscribe the remaining shares and such remaining shares shall be offered to the public via book building. It is proposed that the Chairman to be authorized to allocate the unsubscribed new common shares by employees of the Company to specific counterparties at the issue price.
 - (b) Except that 10% to 15% of the new shares shall be offered to employees in accordance with Article 267, Paragraph 1 of the Company Act, in accordance with Article 28-I, Paragraph 2 of the Securities and Exchange Act, it is proposed that 10% of the new shares shall be sold in the public offering through the underwriter(s) and the remaining shares shall be subscribed to by the current shareholders of the



Company in accordance with their shareholding. It is proposed that the Chairman to be authorized to allocate any unsubscribed new common shares by employees or shareholders of the Company to specific counterparties at the issue price.

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

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

- (a) The higher of the following two calculations shall be the reference price of the Private Placement Shares: (x) the simple average closing price of the Company's common shares for either 1, 3 or 5 trading days prior to the pricing date; or (y) the simple average closing price of the Company's common shares for 30 trading days prior to the pricing date, after deducting shares issued as stock dividends, shares cancelled in connection with capital reduction and the cash dividends.
- (b) The issue price of the Private Placement Shares shall be no less than 80% of the above Reference Price. It is proposed to authorize the Board to decide the actual issue price within the range approved by the shareholders meeting, depending on the status of inquiring specific investor(s) and market conditions.

The issue price of the Private Placement CB shall be no less than 80% of the theoretical price.

- (c) As aforementioned, the subscription price of the Private Placement Shares and issue price of Private Placement CB shall be determined with reference to the price of the Company's common shares and the theoretical price in accordance with the Directions for Public Companies Conducting Private Placements of Securities. Therefore, the price should be reasonable.

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

The investors to subscribe the Private Placement Shares and/or Private Placement CB shall meet the qualifications listed in Article 43-6 of the Securities and Exchange Act. The Board is fully authorized to determine the specific investor(s). If the investor(s) are strategic investor(s), such strategic investor(s) shall still meet the aforementioned limitations for specific investor(s). The purpose, necessity and expected benefits for choosing strategic investor(s) are to accommodate the Company's operation and development needs. The investor(s) of private placement will assist the Company, directly or indirectly, in its finance, business, manufacturing, technology, procurement, management, and strategy development, etc. so as to strengthen the Company's competitiveness and enhance its operational efficiency and long term development.

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

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

- (iv) For the Private Placement Shares and/or the new common shares to be issued upon conversion of Private Placement CB, after three full years following the delivery date of the Private Placement Shares/Private Placement CB, the Board is authorized to apply for approval from the Taiwan Stock Exchange ("TWSE") acknowledging that the Private Placement Shares /new common shares to be issued upon conversion of Private Placement CB meet the requirements for TWSE listing before the Company file with the Financial Supervisory Commission for retroactive handling of public issuance procedures for such shares and submitting application with TWSE for listing in TWSE.
- (v) The tentative terms and conditions of the Private Placement CB ("Offering Plan") are shown in Attachment 7 (pages 37-39).

(3) The usage, the schedule and the expected benefits of the funds raised:

The Company plans to use the funds raised from the DR Offering and/or issuance of the new common shares in public offering and/or issuance of the Private Placement Shares and/or Private Placement CB to invest in equipment and technology of high-end product, enrich working capital, strengthen financial structure and/or support the Company's funding needs for long term development. The Company plans to use such funds within three years after completing the fund raising. It is expected that by using such funds, the Company's competitiveness will strengthen and the operational efficiency will improve.

- (4) The new common shares to be issued to sponsor the DR Offering, the new common shares to be issued in public offering, Private Placement Shares and the new common shares to be issued upon conversion of Private Placement CB will be issued in the scriptless form. Except that the Private Placement Shares and the new common shares to be issued upon conversion of Private Placement CB shall be subject to a time period of selling restrictions for three years after the delivery date of the Private Placement Shares/Private Placement CB under Article 43-8 of the Securities and Exchange Act, the new common shares to be issued to sponsor the DR Offering, the new common shares to be issued in public offering, the Private Placement Shares and the new common shares to be issued upon conversion of Private Placement CB shall have the same rights and obligations as the Company's existing issued and outstanding common shares.
- (5) Under the situation where the issue price of the new common shares to be issued to sponsor the DR Offering, or the new common shares to be issued in public offering, Private Placement Shares and the conversion price for the Private Placement CB is set at a price less than the par value due to the market change, the reasons that the Company do not adopt other fund raising methods and the reasonableness for such determination is as follows:

This is mainly based on the consideration of the sound operation of the Company and the security of its financial structure that issuing equity related securities for fund raising is more appropriate than pure debt financing. If the Company decides to use the fund raising methods, such as issuing new shares for cash to sponsor the DR Offering, issuing new shares for cash in public offering, and issuing Private Placement Shares, etc. the Company would not incur any interest of the debt. In such case, not only the Company's financial risk could be reduced, the Company's financial structure could be improved and the flexibility of the Company's operation of funds would also be increased. For issuance of Private Placement CB, if investor converts Private Placement CB into the common shares, the Company's financial



structure would improve and would benefit the Company's long term development. Thus, it is reasonable for the Company to issue the equity related securities. In the event that the issue price and the conversion price is less than the par value, the Company's capital surplus and retained earnings may decrease. In such case, the Company will, depending on the actual operating conditions in the future, make up for the losses. As the issue price and the conversion price will be determined in accordance with the relevant regulations, thus, after realization of the benefits of the capital increase, the Company's financial structure will effectively improve, which will benefit the Company's long-term development. There shall be no adverse impact on the rights and benefits of the shareholders.

- (6) If the shareholders meeting approves issuance of new common shares to sponsor the DR Offering, new common shares in public offering, the Private Placement Shares and the Private Placement CB, it is proposed to 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 and/or in public offering and/or terms and condition of the Private Placement Shares and/or Offering Plan of the Private Placement CB. The Board is also proposed to be authorized to be full charge of implementation and amendment of the plan for the use of the funds raised, the schedule and expected benefits and all matters in connection therewith, in accordance with the Company's actual needs, market conditions and relevant regulations. If the change of the relevant regulations occurs, as requested by the regulator's order or based on the Company's operation evaluation or change of the market conditions amendments thereto are required, the Board is authorized to make such required amendments at its sole discretion.
- (7) To complete the fund raising, the Chairman or the Chairman's designee is authorized, on behalf of the Company, to handle all matters relating to, and sign all agreements and documents in connection with, issuance of the new common shares to sponsor the DR Offering, issuance of new common shares in public offering and issuance of the Private Placement Shares and/or Private Placement CB.
- (8) The Board is authorized to handle all matters at the Board's sole discretion which are not addressed herein in accordance with the applicable laws and regulations.

Voting Results: 7,110,585,850 shares were represented at the time of voting (including 4,899,601,986 shares casted electronically)

Voting Result	Voting rights	% of the total represented at the time of voting
Votes in favor	6,297,476,246	88.56
Votes against	256,743,994	3.61
Votes abstained	556,365,610	7.82

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

2. To approve the demerger of the Company's business of the General Display and the Public Information Display to the Company's wholly-owned subsidiary and the Demerger Proposal (proposed by the Board)

Explanation:

- (1) To promote the Company's plan of value transformation, to accelerate the extension of the value chain and improve the overall operating performance, the Company plans to transfer to Da Qing Corporation (which currently is a preparatory office), its wholly-owned subsidiary, by way of demerger, the business of the General Display (hereafter referred to as "GD") and the Public Information Display (hereafter referred to as "PID"), including the assets, liabilities and business operation thereof (hereafter referred to as "Demerger"). Da Qing Corporation will issue new shares as consideration to the Company. The record date of the Demerger (hereafter referred to as "Record Date") is indicatively to be set on January 1, 2021.
- (2) The business value of the GD and the PID business that the Company transfers to Da Qing Corporation under the Demerger is NTD 368,555 thousand (which is indicatively calculated with reference to the book value of the audited financial statement of the Company prepared on December 31, 2019 and the actual amount shall be defined pursuant to the book value on the Record Date). As consideration, Da Qing Corporation will issue new common shares with NTD 10 per share. The Company will acquire a total of 36,855,500 common shares from Da Qing Corporation. Where any remaining business value is insufficient to exchange for one share, Da Qing Corporation shall pay the Company by cash on a lump-sum basis against such business value.
- (3) The Company hereby prepares the Demerger Proposal (including Article of Incorporation of Da Qing Corporation, the book value of demerged assets and liabilities and Fairness Opinion on the Demerger stock exchange ratio) (hereafter referred to as the "Proposal") pursuant to the Business Mergers and Acquisitions Act, the Company Act and the relevant laws. Please refer to Attachment 8 (pages 40-54).
- (4) The audit committee of the Company has exercised its authority to retain the CPA Chih-Chung Chen of Ernst & Young CPAs as independent expert to provide fairness opinion on the share exchange ratio under the Demerger and has submitted its opinion to the Directors in accordance with Article 6 of the Business Mergers and Acquisitions Act, and Articles 2 and 6 of the Regulations Governing the Establishment and Related Matters of Special Committees of Public Companies for Merger/Consolidation and Acquisition. The nature of the transaction should be an organization restructuring. Since Da Qing Corporation is a subsidiary 100% owned by the Company before and after the Demerger, the Demerger does not affect shareholder's equity of the Company. Also, Da Qing Corporation plans to issue 36,855,500 common shares at a price of NTD 10 per share as a consideration to the Company. The total value of the newly issued shares is NTD 368,555 thousand and is equal to the overall net value of the assets and liabilities (NTD 368,555 thousand) demerged by the Company. Therefore, the share exchange ratio of the Demerger is reasonable.
- (5) It is proposed to the shareholders' meeting for granting the Board of Directors the full authority to deal with the Demerger related matters.
- (6) Where adjustment of the business scope of the GD and the PID transferred under the Demerger, the amount (including assets, liabilities and business operation), stock exchange ratio (if required), the other items (including, but not limited to, the schedule, Record Date) or any adjustments is required due to matters not specified, administrative guidance of the competent authority, relevant laws or regulations, or changes in the objective environment, it is proposed to the shareholders' meeting that the Board of Directors is granted with a full



authority to deal with such matters.

(7) Where any of the following events occurs, the Board, as authorized by the shareholders' meeting, may terminate the Demerger prior to the Record Date and shall have full authority to deal with relevant matters. The Board shall report the same in the next shareholders' meeting.

- (a) Where the total number of shares to be bought back as requested by the dissenting shareholders exceeds more than 2 percent of the total issued shares of the Company;
- (b) The Company fails to obtain the consents from the lending banks or the majority of syndicated loan banks for conduct of the Demerger pursuant to the applicable loan contracts;
- (c) The Company fails to obtain the approval from the Taiwan Stock Exchange for continuance of being listed in accordance with Article 53-19 of the Operating Rules of the Taiwan Stock Exchange Corporation; or
- (d) When economic condition changes, the Board resolves not to conduct the Demerger.

Voting Results: 7,042,894,355 shares were represented at the time of voting (including 4,899,601,986 shares casted electronically and deducting the dissenting shareholders who waive their voting right of 67,691,495 shares)

Voting Result	Voting rights	% of the total represented at the time of voting
Votes in favor	6,502,072,898	92.32
Votes against	5,879,475	0.08
Votes abstained	534,941,982	7.60

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

3. To approve the amendments to Articles of Incorporation (proposed by the Board)

Explanation:

To meet the Company's operation needs, it is proposed to amend the scope of business in the Articles of Incorporation. Comparison table for the Articles of Incorporation before and after the amendment is attached hereto as Attachment 9 (page 55).

Voting Results: 7,110,585,850 shares were represented at the time of voting (including 4,899,601,986 shares casted electronically)

Voting Result	Voting rights	% of the total represented at the time of voting
Votes in favor	6,549,711,075	92.11
Votes against	4,622,510	0.07
Votes abstained	556,252,265	7.82

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



4. To approve the amendments to Rules and Procedures for Shareholders' Meeting (proposed by the Board)

Explanation:

(1) To comply with the amendment of the Sample Template for Co., Ltd. Rules of Procedure for Shareholders Meetings, it is proposed to amend the Company's Rules and Procedures for Shareholders' Meeting.

(2) Comparison table for before and after the amendment is attached hereto as Attachment 10 (page 56).

Voting Results: 7,110,585,850 shares were represented at the time of voting (including 4,899,601,986 shares casted electronically)

Voting Result	Voting rights	% of the total represented at the time of voting
Votes in favor	6,549,814,558	92.11
Votes against	4,517,978	0.06
Votes abstained	556,253,314	7.82

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

5. To lift non-competition restrictions on board members (proposed by the Board)

Explanation:

(1) According to Article 209 of the Company Act, any Director conducting business for himself/herself/itself or on behalf of other people that is within the Company's business scope, shall provide explanation for the essential contents of such conduct at the Shareholders' Meeting, and obtain approval therefrom.

(2) List of non-competition restrictions proposed to be lifted in the 2020 annual shareholders' meeting is as follows,

Name	Released restriction
Frank Ko	Serve as the Director of Darwin Precisions Corporation Serve as the Director of ADLINK Technology Inc.
Peter Chen	Serve as the Director of HITRON Technologies Inc.
Jang-Lin (John) Chen	Serve as the Technology Consultant of NS Nanotech, Inc.

Voting Results: 7,110,585,850 shares were represented at the time of voting (including 4,899,601,986 shares casted electronically)

Voting Result	Voting rights	% of the total represented at the time of voting
Votes in favor	6,447,689,748	90.68
Votes against	5,573,572	0.08
Votes abstained	657,322,530	9.24

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



After the report of the voting results, shareholder Mr. Lu (Shareholder No. 01084003) made a statement about the direction of the Company's product development and market strategy in China. The Chair explained and responded to the above statement made by the said shareholder.

6. Extraordinary Motions

There being no extraordinary motions, and the Chair announced the meeting was adjourned.

7. Meeting Adjourn

The meeting was adjourned at 10:30 a.m.

(Note: The content of the statement recorded in this meeting minutes is only a summary. The actual speech shall be subject to on-site video and audio recording.)

In 2019, the demand in the end-consumer market for panels was relatively weak as new capacity additions widened the gap between market supply and demand, resulting in panel prices falling sharply. Despite best efforts by the management team to optimize the product mix and control costs, the business performance did not meet expectations. The consolidated revenue in 2019 was NT\$268.79 billion, lower by 12.6% from 2018. The net operating loss was NT\$20.47 billion, and the net loss attributable to the parent company was NT\$19.19 billion, representing a basic loss of NT\$2.0 per share. Despite challenges from supply-demand imbalance and the economic impact of international trade conflict, AUO has been able to maintain a healthy financial position. In research and development (R&D), the Company continued to develop value-added products to meet customers' needs.

In 2019, AUO's key product and technology developments were:

- AUO launched 85- and 75-inch 8K bezel-less ALCD TV display panels, which offer excellent colors, contrast, and high-resolution with advanced HDR technology. They offer perfect image quality, have stylish appearance, and are the first choice of well-known TV brands worldwide.
- AUO has established a complete product line in gaming display and has a leading role in the desktop and notebook PC gaming display market. AUO has introduced a high-end 65-inch 4K large-sized gaming display with mini LED backlight and a 17.3-inch 4K LTPS gaming notebook PC display, which is only 3.5 mm thick, making it extremely effortless for gamers to carry it around.
- AUO has developed a 1.2-inch AMOLED panel for personal wearable devices, with the world's slimmest case border of less than 2 mm. It offers a central through-hole design to place authentic watch hands to meet consumer market demand for fashionable design.
- In automobile displays, AUO developed a 12.3-inch dual-cell curved display with pixel-by-pixel local dimming and a 12.3-inch LTPS display showing images with real 3D depth for cluster display for vivid close-up view and more intuitive driving experience. Freeform curved cluster and narrow border rear-view mirror displays were also featured, making the in-vehicle design more stylish.
- In advanced display technology, AUO has developed a 17.3-inch Ink Jet Printing OLED display, which offers high-resolution image quality among same-size products. In addition, AUO has also developed the world's first (Note) optical in-display fingerprint recognition technology, and the world's largest (Note) 12.1-inch TFT driven full-color micro LED cluster display, leading the trend in next-generation display technologies with its innovative capability.

Following are development trends in the display panel industry:

- Although the panel makers in China have slowed down their expansion of late, the supply and demand situation of the industry has worsened. Oversupply has become the norm. However, capacity is no longer the sole competitive advantage in the TFT-LCD industry. In the future, the demand for displays will be diversified and will increase for customized products. Thus, improved technologies, operational management, and deep customer relationship are key to the competitiveness of panel makers.
- The global technology industry in the 5G era is driven by developments in the Internet of Things (IoT), artificial intelligence (AI), and crossover application products. Human-machine interface derived from numerous field applications has also brought in new business opportunities for display panels.



In medium and long term, AUO will continue to enhance its core business value, and will create differentiated display products, offering higher value for users from different application fields.

I. Enhance core business value: In display and energy business, AUO is committed to technology upgrades and product differentiation to build its core competitive strength.

I. Display business:

- Commodity products : AUO produces premium products for its customers and creates differentiation with its technological capabilities, such as 8K TV panels, gaming display panels, and products with mini LED backlights.
- Non-commodity products : Displays for automobile, industrial PC, and wearable devices are highly customized, featuring small quantity but greater variety. AUO's advantage lies in its competitive cost structure and its ability to manage with flexibility.

2. Energy business: From expertise developed in hardware products, AUO will provide solar-energy solutions, including high-efficiency solar modules, comprehensive services for solar system projects, and highly integrated energy management service platforms.

II. Field economy strategy:

AUO is deeply involved in the panel industry for long, and has diverse and leading design and production technologies. It operates in a wide range of application markets and with customer groups around the world. With these advantages, AUO commits to become an AIoT solution provider in the future with displays being the core component, and strategize to form an ecosystem in each application field. In addition, it will engage in value innovation and collaborate with its partners from various fields.

The developments in various fields are outlined here:

- In recent years, AUO has started from display business, leveraging core technologies and capabilities built up from past experience to create new business entities in the fields of smart retailing, health care, circular economy, and smart industrial services. AUO hopes to involve directly and deeply in these fields, and make good use of its existing core advantages and resources to create higher value.
- To meet AUO's existing customers' needs, and to provide more comprehensive software and hardware integration solution services, AUO formed a System and Solution Business (SSB) team in 2019 to collaborate with our customers to design and produce products for specific applications. In the future, with help from the SSB team, AUO will identify potential customers and work toward expanding integration and derive economic benefits.
- To develop key human resources for its transformation goal, AUO will launch a 3A talent acquisition program to attract talented people to work in AI, Advanced Technology, and Application Fields. With the requisite organization and talent for market development and product marketing, the company could develop an appropriate ecosystem for its management to create value.
- Going forward, in response to trend of regionalization and localization in global economy, AUO will level up its global business model by increasing its scale and resources and by providing local services and localized solutions.

AUO's business philosophy is to develop as an excellent sustainable business house. In CSR (Corporate Sustainability Responsibility), AUO has been included the Dow Jones Sustainability World Index for ten consecutive years, and has been the only company from Taiwan to be included in the Bloomberg Gender-Equality Index for three consecutive years. AUO is also among the top 5% in the Taiwan Stock Exchange's Corporate Governance Evaluation. It has also excelled in comprehensive CSR assessment, and has



been honored with a number of awards, including the Corporate Social Responsibility Award sponsored by the Commonwealth Magazine, the Corporate Social Responsibility & Social Enterprise Awards sponsored by Global Views Magazine, as well as the Taiwan Corporate Sustainability Awards.

In the coming year, the panel industry will have to face challenges and uncertainties, including regional trade conflicts as also overcome the challenges posed by the recent COVID-19 outbreak. By leveraging AUO's robust R&D capability and healthy financial position, AUO will continue to strive for value creation strategy, expanding the scope of businesses to field economy. This strategy for transformation would gradually come to fruition in the future, which may enable AUO to break away from the drastic business cycle of the panel industry, and to improve profitability as recognition of our shareholders' unstinted support over the long term.

A handwritten signature in black ink, appearing to read 'Paul Peng'.

Shuang-Lang (Paul) Peng,
Chairman

A handwritten signature in black ink, appearing to read 'Frank Ko'.

Frank Ko,
President

A handwritten signature in black ink, appearing to read 'Benjamin Tseng'.

Benjamin Tseng,
Chief Financial Officer and
Chief Accounting Officer

* Note: Refers to the market data collected by AUO as of Dec 31, 2019.



Attachment 2:

Audit Committee's Review Report

The Board of Directors has prepared the Company's Business Report, Financial Statements, and Earnings Distribution Proposal for the year of 2019. Wei, Shing-Hai and Lu, Chien-Hui, Certified Public Accountants of KPMG, have audited the Financial Statements. The 2019 Business Report, Financial Statements, and Earnings Distribution Proposal have been reviewed and determined to be correct and accurate by the Audit Committee of AU Optronics Corp. I, as the Chair of the Audit Committee, hereby submit this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

AU Optronics Corp.

Chair of the Audit Committee

A handwritten signature in black ink, appearing to be 'Philip Peng' in Chinese characters, enclosed within a large, stylized right curly bracket.

Chin-Bing (Philip) Peng

March 20, 2020



Attachment 3:

2019 1st Plan of Transferring the Repurchased Shares to the Employees

Article 1

For the purpose of encouraging our employees and creating cohesion among the employees, the Company hereby, pursuant to Article 28-2, Paragraph 1, Subparagraph 1 of the Securities and Exchange Act and the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies issued by Financial Supervisory Commission R.O.C., establishes the 2019 1st Plan of Transferring the Repurchased Shares to the Employees (the “Plan”). Except as otherwise provided in relevant laws or regulations, all share repurchased and transferred to the employees of the Company shall be implemented in compliance with the Plan.

Article 2 Type of shares to be transferred, and content of and the restrictions on the rights

The shares to be transferred to the employees are common shares. Except as otherwise provided in relevant laws or regulations or in this Plan, the rights and obligations embedded thereon are the same with other common shares of the Company.

Article 3 Transfer period

In accordance with the provisions herein, the Chairman is authorized to transfer the repurchased shares to employees in one time or several times within 5 years from the date of share-repurchase.

Article 4 Transferee’s eligibility

Any full-time employee of the Company who has served in the Company for 3 months or more before the subscription record date or the one who has been approved by the Chairman for special contribution to the Company and any full-time employee of the Company's domestic and foreign affiliated companies which meets certain conditions shall be eligible for the subscription in accordance with the subscription volumes regulated in the Article 5 herein. The so-called domestic and foreign affiliated companies which meet certain conditions shall be identified according to the standards provided in Article 369-2 and Article 369-3 of the Company Act.

Article 5 The determination of the numbers of shares to be subscribed by employees

The number of shares allowed to be subscribed by the employees shall be determined by the Company considering the service years, position, grade, performance, overall contribution, special merits or other conditions for the management needs. The Company shall also take into account factors such as the total number of shares repurchased by the Company in the subscription record date and the maximum number of shares subscribed by a single employee and then report to the Chairman for his approval and authorization. If the employee fails to subscribe and make the payment at the expiration of the payment period, it shall be deemed as a waiver of his/her subscription right. The balance of the under-subscription shall be authorized to the Chairman to have other employees to subscribe.

Article 6 The procedure of the Plan

(1) In accordance with the resolution of the Board, the Company shall make the announcements, filings and repurchase the shares of the Company within the execution period.

(2) The Board authorizes the Chairman to announce and approve the number of shares transferred in each phase, the employees’ subscription record date, the standard of the number of shares to be subscribed, the payment period of the subscription, the content of rights, the conditions of restrictions, and etc. in accordance with the Plan

(3) Count the actual number of shares being paid for subscription and process the registration of the



transfer of shares.

Article 7 The agreed transfer price per share

For the repurchase shares being transferred to the employees, the transfer price is the actual average repurchase price of the repurchased shares, and the transfer price is calculated by the round-up method to two decimal places in the New Taiwan Dollar.

However, before the transfer, if the Company's issued common shares increase or decrease, the Company shall be entitled to adjust the transfer price according to the increase or decrease ratio of the issued shares.

Transfer price adjustment formula:

Adjusted transfer price = Actual average repurchase price of shares repurchased × (Total number of issued common shares at the time of filing the repurchase of shares / Total number of issued common shares before the transfer of the repurchase shares to the employees)

Article 8 Rights and obligations of shares after transfer

After the repurchased shares have been transferred and registered under employees' names on the Company's Shareholders' Rosters, unless otherwise specified, the rights and obligations associated with the shares are the same as the other common shares.

Article 9 Other related rights and obligations of the Company and employee

(1) For the shares transferred according to the Plan, the taxes and fees incurred shall be handled in accordance with the laws and regulations at the time of the transfer and the company's related operations.

(2) The company may reserve the right to adjust or stop the implementation according to the overall profitability of the operation, and the employees receiving the transferred shares shall perform their obligations of confidentiality faithfully.

Article 10

This Plan shall take effect and be amended after being affirmatively resolved by the Board.

Article 11

The enactment and any amendment of the Plan shall be reported to the shareholders' meeting.



Attachment 4:

Independent Auditors' Report

To the Board of Directors of AU Optronics Corp.:

Opinion

We have audited the parent company only financial statements of AU Optronics Corp. ("the Company"), which comprise the balance sheets as of December 31, 2019 and 2018, the statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years ended December 31, 2019 and 2018, and notes to the parent company only financial statements including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for each of the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company Only 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 for our opinion.

Emphasis of Matter

As stated in Note 3(1) to the parent company only financial statements, the Company has initially adopted the IFRS 16, "Leases" from January 1, 2019 and applied the modified retrospective approach with no restatement of comparative period amounts. Our conclusion is not modified in respect of this matter.

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, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment of long-term non-financial assets (including goodwill)

Refer to Note 4(15) "Impairment – non-financial assets", Note 5(2) and Note 5(3) "Critical accounting judgments and key sources of estimation and assumption uncertainty", Note 6(8) "Property, plant and equipment", Note 6(9) "Lease arrangements" and Note 6(11) "Intangible assets" to the parent company only financial statements.

Description of key audit matter:

The Company operates in an industry with high investment costs, has goodwill through the acquisition of subsidiaries, and may experience volatility in response to changes in the external market; hence, it is important to assess the impairment of its long-term non-financial assets (including goodwill). The impairment assessment includes identifying cash-generating units, determining a valuation model, determining significant assumptions, and computing recoverable amounts. With the complexity of the impairment assessment process and the involvement of significant management judgment regarding assumptions used, this is one of the key areas our audit focused on.

**How the matter was addressed in our audit:**

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Company's controls surrounding the impairment assessment and testing process; assessing whether there are impairment indications for the identified cash-generating units of the Company and its related assets; understanding and assessing the appropriateness of the valuation model used by the management in the impairment assessment and the significant assumptions used to determine related assets' future cash flows projection, useful lives, and weighted-average cost of capital; retrospectively reviewing the accuracy of assumptions used in prior-period estimates and performing a sensitivity analysis of key assumptions and results; in addition to the above audit procedures, appointing specialists to evaluate the appropriateness of the weighted-average cost of capital used and related assumptions; performing an inquiry of the management and identifying any event after the balance sheet date if able to affect the results of the impairment assessment; and assessing the adequacy of the Company's disclosures of its policy on impairment of noncurrent non-financial assets and other related disclosures.

Revenue recognition

Refer to Note 4(18) "Revenue from contracts with customers and Note 6(18) "Revenue from contracts with customers" to the parent company only financial statements.

Description of key audit matter:

Revenue is recognized when the control over a product has been transferred to the customer as specified in each individual contract with customers. The Company recognizes revenue depending on the various sales terms in each individual contract with customers to ensure the performance obligation has been satisfied by transferring control over a product to a customer. In addition, the Company operates in an industry in which sales revenue is easily influenced by various external factors such as supply and demand of the market, and this may impact the recognition of revenue. Consequently, this is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Company's controls surrounding revenue recognition; assessing whether appropriate revenue recognition policies are applied through comparison with accounting standards and understanding the Company's main revenue types, its related sales agreements, and sales terms; on a sample basis, inspecting contracts with customers or customers' orders and assessing whether the accounting treatment of the related contracts (including sales terms) is applied appropriately; performing a test of details of sales revenue and understanding the rationale for any identified significant sales fluctuations and any significant reversals of revenue through sales discounts and sales returns which incurred within a certain period before or after the balance sheet date; and assessing the adequacy of the Company's disclosures of its revenue recognition policy and other related disclosures.

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 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 (inclusive of the Audit Committee) are responsible for overseeing the Company's financial reporting process.



Auditor'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 auditors' 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 parent company only financial statements.

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

1. Identified and assessed 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. Obtained 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. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Concluded 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 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluated 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. Obtained sufficient and 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 group audit. We remain solely responsible for our audit opinion.

We communicated 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 identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicated 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 determined 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 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 Wei, Shing-Hai and Lu, Chien-Hui.

KPMG

Hsinchu, Taiwan (Republic of China)

February 25, 2020

Notice to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance, and cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent company only 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 version and Chinese version, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.



AU OPTRONICS CORP.

Balance Sheets

December 31, 2019 and 2018
(Expressed in thousands of New Taiwan dollars)

		December 31,						December 31,			
		2019		2018				2019		2018	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents	\$ 45,928,070	13	30,316,278	9	2120	Financial liabilities at fair value through profit or loss—current	\$ 7,054	-	13,973	-
1110	Financial assets at fair value through profit or loss—current	18,753	-	52,434	-	2170	Accounts payable	24,296,415	7	29,179,096	9
1170	Accounts receivable, net	26,986,723	8	41,612,155	12	2180	Accounts payable to related parties	25,325,274	8	31,270,499	9
1180	Accounts receivable from related parties, net	1,938,966	1	4,625,330	1	2213	Equipment and construction payable	4,568,963	1	7,125,831	2
1210	Other receivables from related parties	1,211,588	-	27,905	-	2220	Other payables to related parties	405,656	-	224,886	-
1220	Current tax assets	28,303	-	26,282	-	2230	Current tax liabilities	-	-	1,267,055	-
130X	Inventories	17,256,261	5	20,209,268	6	2250	Provisions—current	666,896	-	1,395,690	-
1476	Other current financial assets	1,111,904	-	304,164	-	2280	Lease liabilities—current	415,981	-	-	-
1479	Other current assets	1,836,890	1	1,754,804	-	2399	Other current liabilities	13,584,470	4	17,353,370	5
		98,317,458	28	98,928,620	28	2322	Current installments of long-term borrowings	4,000,000	1	22,212,000	7
								73,270,709	21	110,042,400	32
Noncurrent assets:						Noncurrent liabilities:					
1517	Financial assets at fair value through other comprehensive income—noncurrent	7,140,410	2	6,604,041	2	2540	Long-term borrowings, excluding current installments	81,966,110	24	29,733,545	9
1550	Investments in equity-accounted investees	70,184,815	20	73,281,985	21	2550	Provisions—noncurrent	805,729	-	777,445	-
1600	Property, plant and equipment	144,142,738	42	148,448,632	43	2570	Deferred tax liabilities	2,213,429	1	2,356,782	1
1755	Right-of-use assets	9,346,877	3	-	-	2580	Lease liabilities—noncurrent	9,009,594	3	-	-
1760	Investment property	465,868	-	539,436	-	2600	Other noncurrent liabilities	1,727,456	-	1,631,634	-
1780	Intangible assets	12,051,761	3	12,476,746	4			95,722,318	28	34,499,406	10
1840	Deferred tax assets	4,265,480	1	5,151,811	1		Total liabilities	168,993,027	49	144,541,806	42
1900	Other noncurrent assets	1,749,460	1	1,973,250	1		Equity:				
		249,347,409	72	248,475,901	72	3100	Common stock	96,242,451	28	96,242,451	28
						3200	Capital surplus	60,544,474	18	60,622,043	17
						3300	Retained earnings	22,903,722	6	46,845,991	13
						3400	Other components of equity	(2,005,384)	(1)	(847,770)	-
						3500	Treasury stock	(1,013,423)	-	-	-
							Total equity	176,671,840	51	202,862,715	58
Total Assets		\$ 345,664,867	100	347,404,521	100	Total Liabilities and Equity		\$ 345,664,867	100	347,404,521	100



AU OPTRONICS CORP.

Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

(Expressed in thousands of New Taiwan dollars, except for earnings per share)

	2019		2018	
	Amount	%	Amount	%
4110 Revenue	\$ 257,130,650	101	295,131,127	101
4190 Less: sales return and discount	1,963,474	1	2,070,788	1
Net revenue	255,167,176	100	293,060,339	100
5000 Cost of sales	257,786,100	101	266,682,541	91
Gross profit (loss)	(2,618,924)	(1)	26,377,798	9
Operating expenses:				
6100 Selling and distribution expenses	2,873,009	1	3,079,820	1
6200 General and administrative expenses	4,244,405	2	4,399,773	1
6300 Research and development expenses	7,989,907	3	7,864,641	3
Total operating expenses	15,107,321	6	15,344,234	5
Profit (loss) from operations	(17,726,245)	(7)	11,033,564	4
Non-operating income and expenses:				
7010 Other income	1,495,033	1	1,397,091	-
7020 Other gains and losses	618,172	-	(152,891)	-
7050 Finance costs	(1,546,400)	(1)	(980,812)	-
7060 Share of profit of equity-accounted investees	(1,187,224)	-	688,041	-
Total non-operating income and expenses	(620,419)	-	951,429	-
7900 Profit (loss) before income tax	(18,346,664)	(7)	11,984,993	4
7950 Less: income tax expense	838,594	-	1,824,395	1
8200 Profit (loss) for the year	(19,185,258)	(7)	10,160,598	3
8300 Other comprehensive income:				
8310 Items that will never be reclassified to profit or loss				
8311 Remeasurement of defined benefit obligations	188,110	-	(56,956)	-
8316 Unrealized gain (loss) on equity investments at fair value through other comprehensive income	536,369	-	(756,179)	-
8330 Equity-accounted investees – share of other comprehensive income (loss)	(13,981)	-	5,605	-
8349 Related tax	(37,622)	-	38,908	-
	672,876	-	(768,622)	-
8360 Items that are or may be reclassified subsequently to profit or loss				
8361 Foreign operations – foreign currency translation differences	(1,211,454)	-	1,685,563	1
8380 Equity-accounted investees – share of other comprehensive loss	(846,480)	-	(2,125,649)	(1)
8399 Related tax	377,862	-	133,370	-
	(1,680,072)	-	(306,716)	-
8300 Other comprehensive income (loss), net of tax	(1,007,196)	-	(1,075,338)	-
8500 Total comprehensive income (loss) for the year	\$ (20,192,454)	(7)	9,085,260	3
Earnings (loss) per share (NT\$)				
9750 Basic earnings (loss) per share	\$ (2.00)		1.06	
9850 Diluted earnings (loss) per share	\$ (2.00)		1.04	



AU OPTRONICS CORP.

Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(Expressed in thousands of New Taiwan dollars)

	Capital Stock	Retained Earnings					Other Components of Equity					
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Subtotal	Cumulative Translation Differences	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Unrealized Gains (Losses) on Available- for-sale Financial Assets	Subtotal	Treasury Shares	Total Equity
Balance at January 1, 2018	\$ 96,242,451	60,540,326	3,439,686	-	47,675,843	51,115,529	(1,120,969)	-	1,377,031	256,062	-	208,154,368
Adjustments on initial application of new standards	-	-	-	-	73,020	73,020	-	1,303,816	(1,377,031)	(73,215)	-	(195)
Adjusted balance at January 1, 2018	\$ 96,242,451	60,540,326	3,439,686	-	47,748,863	51,188,549	(1,120,969)	1,303,816	-	182,847	-	208,154,173
Appropriation of earnings	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	3,235,942	-	(3,235,942)	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(14,436,368)	(14,436,368)	-	-	-	-	-	(14,436,368)
Profit for the year	-	-	-	-	10,160,598	10,160,598	-	-	-	-	-	10,160,598
Other comprehensive income (loss), net of tax	-	-	-	-	(16,862)	(16,862)	(306,716)	(751,760)	-	(1,058,476)	-	(1,075,338)
Total comprehensive income (loss) for the year	-	-	-	-	10,143,736	10,143,736	(306,716)	(751,760)	-	(1,058,476)	-	9,085,260
Changes in deemed contributions from shareholders	-	33,304	-	-	-	-	-	-	-	-	-	33,304
Adjustments for changes in investees' equity	-	28,889	-	-	158	158	-	-	-	-	-	29,047
Group reorganization	-	19,524	-	-	-	-	(22,225)	-	-	(22,225)	-	(2,701)
Disposal of equity investments measured at fair value through other comprehensive income	-	-	-	-	(50,084)	(50,084)	-	50,084	-	50,084	-	-
Balance at December 31, 2018	96,242,451	60,622,043	6,675,628	-	40,170,363	46,845,991	(1,449,910)	602,140	-	(847,770)	-	202,862,715
Appropriation of earnings	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	1,016,060	-	(1,016,060)	-	-	-	-	-	-	-
Special reserve	-	-	-	847,770	(847,770)	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(4,812,122)	(4,812,122)	-	-	-	-	-	(4,812,122)
Loss for the year	-	-	-	-	(19,185,258)	(19,185,258)	-	-	-	-	-	(19,185,258)
Other comprehensive income (loss), net of tax	-	-	-	-	150,418	150,418	(1,680,072)	522,458	-	(1,157,614)	-	(1,007,196)
Total comprehensive income (loss) for the year	-	-	-	-	(19,034,840)	(19,034,840)	(1,680,072)	522,458	-	(1,157,614)	-	(20,192,454)
Changes in deemed contributions from shareholders	-	547	-	-	-	-	-	-	-	-	-	547
Treasury shares acquired	-	-	-	-	-	-	-	-	-	-	(1,013,423)	(1,013,423)
Adjustments for changes in investees' equity	-	(40,085)	-	-	-	-	-	-	-	-	-	(40,085)
Changes in ownership interest in subsidiaries	-	(15,749)	-	-	(95,307)	(95,307)	-	-	-	-	-	(111,056)
Differences between acquisition price and carrying amount arising from acquisition of subsidiaries	-	(22,282)	-	-	-	-	-	-	-	-	-	(22,282)
Balance at December 31, 2019	\$ 96,242,451	60,544,474	7,691,688	847,770	14,364,264	22,903,722	(3,129,982)	1,124,598	-	(2,005,384)	(1,013,423)	176,671,840



AU OPTRONICS CORP.

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 operating activities:		
Profit (loss) before income tax	\$(18,346,664)	11,984,993
Adjustments for:		
- depreciation	23,520,703	20,870,071
- amortization	424,985	506,391
- interest expense	1,546,400	980,812
- interest income	(300,199)	(288,091)
- dividend income	(284,946)	(452,561)
- share of loss (profit) of equity-accounted investees	1,187,224	(688,041)
- gains on disposals of property, plant and equipment, net	(27,307)	(55,482)
- impairment losses on assets	67,778	4,470
- losses (gains) on financial instruments at fair value through profit or loss	26,762	(71,713)
- unrealized foreign currency exchange losses (gains)	(488,929)	434,330
- others	943	-
Changes in operating assets and liabilities:		
- accounts receivable	14,270,038	(6,056,978)
- receivables from related parties	2,702,681	(2,588,189)
- inventories	2,953,007	(982,953)
- other current assets	(718,394)	1,019,479
- notes and accounts payable	(4,128,050)	1,838,466
- payables to related parties	(5,764,455)	1,617,660
- net defined benefit liability	(89,386)	(86,706)
- provisions	(690,939)	629,203
- other current liabilities	<u>(3,349,523)</u>	<u>(2,265,052)</u>
Cash generated from operations	12,511,729	26,350,109
Cash received from interest income	301,758	304,697
Cash received from dividends	604,468	1,191,234
Cash paid for interest	(1,319,874)	(871,657)
Cash paid for income taxes	<u>(1,024,452)</u>	<u>(132,836)</u>
Net cash provided by operating activities	<u>11,073,629</u>	<u>26,841,547</u>

(Continued)



AU OPTRONICS CORP.

Statements of Cash Flows (Continued)

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 investing activities:		
Acquisitions of financial assets at fair value through other comprehensive income	-	(3,418,633)
Acquisitions of equity-accounted investees	(654,914)	(2,061,398)
Proceeds from disposals of equity-accounted investees	-	2,338,360
Proceeds from return of capital by equity-accounted investees	-	94,760
Acquisitions of property, plant and equipment	(21,196,552)	(26,436,621)
Proceeds from disposals of property, plant and equipment	16,855	78,774
Decrease (increase) in refundable deposits	40,026	(137,841)
Increase in other financial assets	(2,412)	(5,161)
Decrease (increase) in other receivables from related parties	<u>(1,200,000)</u>	<u>1,065,570</u>
Net cash used in investing activities	<u>(22,996,997)</u>	<u>(28,482,190)</u>
Cash flows from financing activities:		
Proceeds from long-term borrowings	75,900,000	136,200
Repayments of long-term borrowings	(42,087,000)	(26,217,000)
Payments of lease liabilities	(442,719)	-
Cash dividends	(4,812,122)	(14,436,368)
Repurchase of treasury shares	(1,013,423)	-
Others	<u>547</u>	<u>33,304</u>
Net cash provided by (used in) financing activities	<u>27,545,283</u>	<u>(40,483,864)</u>
Effect of exchange rate change on cash and cash equivalents	<u>(10,123)</u>	<u>17,638</u>
Net increase (decrease) in cash and cash equivalents	15,611,792	(42,106,869)
Cash and cash equivalents at January 1	<u>30,316,278</u>	<u>72,423,147</u>
Cash and cash equivalents at December 31	<u><u>\$ 45,928,070</u></u>	<u><u>30,316,278</u></u>

Attachment 5:

Independent Auditors' Report

To the Board of Directors of AU Optronics Corp.:

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for each of the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRS”), International Accounting Standards (“IAS”), 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 audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the 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 for our opinion.

Emphasis of Matter

As stated in Note 3(1) to the consolidated financial statements, the Company has initially adopted the IFRS 16, “Leases” from January 1, 2019 and applied the modified retrospective approach with no restatement of comparative period amounts. Our conclusion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment of long-term non-financial assets (including goodwill)

Refer to Note 4(16) “Impairment – non-financial assets”, Note 5(2) and Note 5(3) “Critical accounting judgments and key sources of estimation and assumption uncertainty”, Note 6(9) “Property, plant and equipment”, Note 6(10) “Lease arrangements”, and Note 6(12) “Intangible assets” to the consolidated financial statements.

Description of key audit matter:

The Company operates in an industry with high investment costs, has goodwill through the acquisition of subsidiaries, and may experience volatility in response to changes in the external market; hence, it is important to assess the impairment of its long-term non-financial assets (including goodwill). The impairment assessment includes identifying cash-generating units, determining a valuation model, determining significant assumptions, and computing recoverable amounts. With the complexity of the impairment assessment process and the involvement of significant management judgment regarding assumptions used, this is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Company's controls surrounding the impairment assessment and testing process; assessing whether there are impairment indications for the identified cash-generating units of the Company and its related assets; understanding and assessing the appropriateness of the valuation model used by the management in the impairment assessment and the significant assumptions used to determine related assets' future cash flows projection, useful lives, and weighted-average cost of capital; retrospectively reviewing the accuracy of assumptions used in prior-period estimates and performing a sensitivity analysis of key assumptions and results; in addition to the above audit procedures, appointing specialists to evaluate the appropriateness of the weighted-average cost of capital used and related assumptions; performing an inquiry of the management and identifying any event after the balance sheet date if able to affect the results of the impairment assessment; and assessing the adequacy of the Company's disclosures of its policy on impairment of noncurrent non-financial assets and other related disclosures.

Revenue recognition

Refer to Note 4(19) "Revenue from contracts with customers" and Note 6(21) "Revenue from contracts with customers" to the consolidated financial statements.

Description of key audit matter:

Revenue is recognized when the control over a product has been transferred to the customer as specified in each individual contract with customers. The Company recognizes revenue depending on the various sales terms in each individual contract with customers to ensure the performance obligation has been satisfied by transferring control over a product to a customer. In addition, the Company operates in an industry in which sales revenue is easily influenced by various external factors such as supply and demand of the market, and this may impact the recognition of revenue. Consequently, this is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Company's controls surrounding revenue recognition; assessing whether appropriate revenue recognition policies are applied through comparison with accounting standards and understanding the Company's main revenue types, its related sales agreements, and sales terms; on a sample basis, inspecting contracts with customers or customers' orders and assessing whether the accounting treatment of the related contracts (including sales terms) is applied appropriately; performing a test of details of sales revenue and understanding the rationale for any identified significant sales fluctuations and any significant reversals of revenue through sales discounts and sales returns which incurred within a certain period before or after the balance sheet date; and assessing the adequacy of the Company's disclosures of its revenue recognition policy and other related disclosures.

Other Matters

AU Optronics Corp. has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2019 and 2018, on which we have issued an unmodified audit opinion with the paragraph on emphasis of matter and unmodified audit opinion, respectively.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRS, IAS, IFRIC, 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 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 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 (inclusive of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

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

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

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

1. Identified and assessed 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. Obtained 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. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Concluded 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 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.



5. Evaluated 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. Obtained sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated 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 identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicated 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 determined 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 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 Wei, Shing-Hai and Lu, Chien-Hui.

KPMG

Hsinchu, Taiwan (Republic of China)

February 25, 2020

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance, and cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRS, IAS, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

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



AU OPTRONICS CORP. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2019 and 2018

(Expressed in thousands of New Taiwan dollars)

		December 31,			
		2019		2018	
		Amount	%	Amount	%
Assets					
Current assets:					
1100	Cash and cash equivalents	\$ 80,449,772	20	69,163,296	17
1110	Financial assets at fair value through profit or loss – current	1,521,406	-	1,709,531	-
1170	Notes and accounts receivable, net	30,308,675	8	44,647,981	11
1180	Accounts receivable from related parties, net	1,778,499	-	2,754,253	1
1210	Other receivables from related parties	3,956	-	12,945	-
1220	Current tax assets	79,886	-	69,156	-
130X	Inventories	23,460,072	6	26,309,104	6
1476	Other current financial assets	2,302,383	1	1,459,763	-
1479	Other current assets	3,295,562	1	2,941,598	1
		<u>143,200,211</u>	<u>36</u>	<u>149,067,627</u>	<u>36</u>
Noncurrent assets:					
1517	Financial assets at fair value through other comprehensive income – noncurrent	7,545,171	2	6,979,925	2
1550	Investments in equity-accounted investees	5,999,479	2	6,285,865	2
1600	Property, plant and equipment	206,734,543	52	221,586,475	54
1755	Right-of-use assets	12,207,768	3	-	-
1760	Investment property	1,555,130	-	730,306	-
1780	Intangible assets	12,808,326	3	13,377,263	3
1840	Deferred tax assets	5,181,617	1	6,632,668	2
1900	Other noncurrent assets	2,405,346	1	5,171,646	1
		<u>254,437,380</u>	<u>64</u>	<u>260,764,148</u>	<u>64</u>
Total Assets		\$ 397,637,591	100	409,831,775	100

Liabilities and Equity

Current liabilities:

2100	Short-term borrowings	\$ 1,725,602	-	546,472	-
2120	Financial liabilities at fair value through profit or loss – current	18,859	-	22,115	-
2170	Accounts payable	44,307,437	11	50,459,587	12
2180	Accounts payable to related parties	6,950,828	2	8,161,186	2
2213	Equipment and construction payable	6,316,902	2	11,231,333	3
2220	Other payables to related parties	40,584	-	27,998	-
2230	Current tax liabilities	1,523,879	-	3,094,253	1
2250	Provisions – current	708,268	-	1,507,564	-
2280	Lease liabilities – current	682,367	-	-	-
2399	Other current liabilities	18,718,165	5	24,291,532	6
2322	Current installments of long-term borrowings	9,535,198	3	29,595,931	7
		<u>90,528,089</u>	<u>23</u>	<u>128,937,971</u>	<u>31</u>

Noncurrent liabilities:

2540	Long-term borrowings, excluding current installments	102,433,194	26	56,709,387	14
2550	Provisions – noncurrent	1,053,290	-	1,030,485	-
2570	Deferred tax liabilities	3,264,100	1	3,845,593	1
2580	Lease liabilities – noncurrent	10,408,710	3	-	-
2600	Other noncurrent liabilities	1,973,459	-	2,029,651	1
		<u>119,132,753</u>	<u>30</u>	<u>63,615,116</u>	<u>16</u>

Total liabilities

Equity:

Equity attributable to shareholders of AU Optronics Corp.:

3100	Common stock	96,242,451	24	96,242,451	23
3200	Capital surplus	60,544,474	15	60,622,043	15
3300	Retained earnings	22,903,722	6	46,845,991	11
3400	Other components of equity	(2,005,384)	(1)	(847,770)	-
3500	Treasury stock	(1,013,423)	-	-	-
		<u>176,671,840</u>	<u>44</u>	<u>202,862,715</u>	<u>49</u>

Non-controlling interests:

36XX	Non-controlling interests	11,304,909	3	14,415,973	4
		<u>187,976,749</u>	<u>47</u>	<u>217,278,688</u>	<u>53</u>

Total equity

Total Liabilities and Equity

		December 31,			
		2019		2018	
		Amount	%	Amount	%
Liabilities and Equity					
Current liabilities:					
2100	Short-term borrowings	\$ 1,725,602	-	546,472	-
2120	Financial liabilities at fair value through profit or loss – current	18,859	-	22,115	-
2170	Accounts payable	44,307,437	11	50,459,587	12
2180	Accounts payable to related parties	6,950,828	2	8,161,186	2
2213	Equipment and construction payable	6,316,902	2	11,231,333	3
2220	Other payables to related parties	40,584	-	27,998	-
2230	Current tax liabilities	1,523,879	-	3,094,253	1
2250	Provisions – current	708,268	-	1,507,564	-
2280	Lease liabilities – current	682,367	-	-	-
2399	Other current liabilities	18,718,165	5	24,291,532	6
2322	Current installments of long-term borrowings	9,535,198	3	29,595,931	7
		<u>90,528,089</u>	<u>23</u>	<u>128,937,971</u>	<u>31</u>
Noncurrent liabilities:					
2540	Long-term borrowings, excluding current installments	102,433,194	26	56,709,387	14
2550	Provisions – noncurrent	1,053,290	-	1,030,485	-
2570	Deferred tax liabilities	3,264,100	1	3,845,593	1
2580	Lease liabilities – noncurrent	10,408,710	3	-	-
2600	Other noncurrent liabilities	1,973,459	-	2,029,651	1
		<u>119,132,753</u>	<u>30</u>	<u>63,615,116</u>	<u>16</u>
		<u>209,660,842</u>	<u>53</u>	<u>192,553,087</u>	<u>47</u>
Equity:					
Equity attributable to shareholders of AU Optronics Corp.:					
3100	Common stock	96,242,451	24	96,242,451	23
3200	Capital surplus	60,544,474	15	60,622,043	15
3300	Retained earnings	22,903,722	6	46,845,991	11
3400	Other components of equity	(2,005,384)	(1)	(847,770)	-
3500	Treasury stock	(1,013,423)	-	-	-
		<u>176,671,840</u>	<u>44</u>	<u>202,862,715</u>	<u>49</u>
Non-controlling interests:					
36XX	Non-controlling interests	11,304,909	3	14,415,973	4
		<u>187,976,749</u>	<u>47</u>	<u>217,278,688</u>	<u>53</u>
Total equity		\$ 397,637,591	100	409,831,775	100
Total Liabilities and Equity		\$ 397,637,591	100	409,831,775	100



AU OPTRONICS CORP. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

(Expressed in thousands of New Taiwan dollars, except for earnings per share)

		2019		2018	
		Amount	%	Amount	%
4110	Revenue	\$ 270,794,105	101	309,798,066	101
4190	Less: sales return and discount	2,002,411	1	2,163,677	1
	Net revenue	268,791,694	100	307,634,389	100
5000	Cost of sales	268,335,751	100	279,494,885	91
	Gross profit	455,943	-	28,139,504	9
	Operating expenses:				
6100	Selling and distribution expenses	3,751,070	1	3,946,509	1
6200	General and administrative expenses	7,363,234	3	7,978,267	3
6300	Research and development expenses	9,809,587	3	9,546,863	3
	Total operating expenses	20,923,891	7	21,471,639	7
	Profit (loss) from operations	(20,467,948)	(7)	6,667,865	2
	Non-operating income and expenses:				
7010	Other income	5,320,271	2	5,412,125	2
7020	Other gains and losses	(1,595,614)	(1)	1,488,052	-
7050	Finance costs	(3,251,370)	(1)	(2,663,605)	(1)
7060	Share of profit of equity-accounted investees	149,907	-	311,714	-
	Total non-operating income and expenses	623,194	-	4,548,286	1
7900	Profit (loss) before income tax	(19,844,754)	(7)	11,216,151	3
7950	Less: income tax expense	1,754,662	1	3,256,256	1
8200	Profit (loss) for the year	(21,599,416)	(8)	7,959,895	2
8300	Other comprehensive income:				
8310	Items that will never be reclassified to profit or loss				
8311	Remeasurement of defined benefit obligations	188,110	-	(56,956)	-
8316	Unrealized gain (loss) on equity investments at fair value through other comprehensive income	519,100	-	(756,287)	-
8320	Equity-accounted investees – share of other comprehensive income	3,288	-	4,239	-
8349	Related tax	(37,622)	-	38,908	-
		672,876	-	(770,096)	-
8360	Items that are or may be reclassified subsequently to profit or loss				
8361	Foreign operations – foreign currency translation differences	(2,505,864)	(1)	(785,772)	-
8370	Equity-accounted investees – share of other comprehensive income (loss)	(38,512)	-	(19,716)	-
8399	Related tax	459,729	-	191,809	-
		(2,084,647)	(1)	(613,679)	-
8300	Other comprehensive income (loss), net of tax	(1,411,771)	(1)	(1,383,775)	-
8500	Total comprehensive income (loss) for the year	\$ (23,011,187)	(9)	6,576,120	2
	Profit (loss) attributable to:				
8610	Shareholders of AU Optronics Corp.	\$ (19,185,258)	(7)	10,160,598	3
8620	Non-controlling interests	(2,414,158)	(1)	(2,200,703)	(1)
		\$ (21,599,416)	(8)	7,959,895	2
	Total comprehensive income (loss) attributable to:				
8710	Shareholders of AU Optronics Corp.	\$ (20,192,454)	(8)	9,085,260	3
8720	Non-controlling interests	(2,818,733)	(1)	(2,509,140)	(1)
		\$ (23,011,187)	(9)	6,576,120	2
	Earnings (loss) per share (NT\$)				
9750	Basic earnings (loss) per share	\$ (2.00)		1.06	
9850	Diluted earnings (loss) per share	\$ (2.00)		1.04	



AU OPTRONICS CORP. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2019 and 2018
(Expressed in thousands of New Taiwan dollars)

	Equity Attributable to Shareholders of AU Optronics Corp.													
	Capital Stock		Retained Earnings				Other Components of Equity							
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Subtotal	Cumulative Translation Differences	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Unrealized Gains (Losses) on Available-for-sale Financial Assets	Subtotal	Treasury Shares	Equity Attributable to Shareholders of AU Optronics Corp.	Non-controlling Interests	Total Equity
Balance at January 1, 2018	\$ 96,242,451	60,540,326	3,439,686	-	47,675,843	51,115,529	(1,120,969)	-	1,377,031	256,062	-	208,154,368	17,090,747	225,245,115
Adjustments on initial application of new standards	-	-	-	-	73,020	73,020	-	1,303,816	(1,377,031)	(73,215)	-	(195)	-	(195)
Adjusted balance at January 1, 2018	96,242,451	60,540,326	3,439,686	-	47,748,863	51,188,549	(1,120,969)	1,303,816	-	182,847	-	208,154,173	17,090,747	225,244,920
Appropriation of earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	3,235,942	-	(3,235,942)	-	-	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(14,436,368)	(14,436,368)	-	-	-	-	-	(14,436,368)	-	(14,436,368)
Profit (loss) for the year	-	-	-	-	10,160,598	10,160,598	-	-	-	-	-	10,160,598	(2,200,703)	7,959,895
Other comprehensive income (loss), net of tax	-	-	-	-	(16,862)	(16,862)	(306,716)	(751,760)	-	(1,058,476)	-	(1,075,338)	(308,437)	(1,383,775)
Total comprehensive income (loss) for the year	-	-	-	-	10,143,736	10,143,736	(306,716)	(751,760)	-	(1,058,476)	-	9,085,260	(2,509,140)	6,576,120
Changes in deemed contributions from shareholders	-	33,304	-	-	-	-	-	-	-	-	-	33,304	-	33,304
Adjustments for changes in investees' equity	-	28,889	-	-	158	158	-	-	-	-	-	29,047	(20,996)	8,051
Group reorganization	-	19,524	-	-	-	-	(22,225)	-	-	(22,225)	-	(2,701)	2,701	-
Disposal of equity investments measured at fair value through other comprehensive income	-	-	-	-	(50,084)	(50,084)	-	50,084	-	50,084	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(147,339)	(147,339)
Balance at December 31, 2018	96,242,451	60,622,043	6,675,628	-	40,170,363	46,845,991	(1,449,910)	602,140	-	(847,770)	-	202,862,715	14,415,973	217,278,688
Appropriation of earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	1,016,060	-	(1,016,060)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	847,770	(847,770)	-	-	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(4,812,122)	(4,812,122)	-	-	-	-	-	(4,812,122)	-	(4,812,122)
Loss for the year	-	-	-	-	(19,185,258)	(19,185,258)	-	-	-	-	-	(19,185,258)	(2,414,158)	(21,599,416)
Other comprehensive income (loss), net of tax	-	-	-	-	150,418	150,418	(1,680,072)	522,458	-	(1,157,614)	-	(1,007,196)	(404,575)	(1,411,771)
Total comprehensive income (loss) for the year	-	-	-	-	(19,034,840)	(19,034,840)	(1,680,072)	522,458	-	(1,157,614)	-	(20,192,454)	(2,818,733)	(23,011,187)
Changes in deemed contributions from shareholders	-	547	-	-	-	-	-	-	-	-	-	547	-	547
Treasury shares acquired	-	-	-	-	-	-	-	-	-	-	(1,013,423)	(1,013,423)	-	(1,013,423)
Adjustments for changes in investees' equity	-	(40,085)	-	-	-	-	-	-	-	-	-	(40,085)	-	(40,085)
Changes in ownership interest in subsidiaries	-	(15,749)	-	-	(95,307)	(95,307)	-	-	-	-	-	(111,056)	111,056	-
Differences between acquisition price and carrying amount arising from acquisition of subsidiaries	-	(22,282)	-	-	-	-	-	-	-	-	-	(22,282)	22,282	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(425,669)	(425,669)
Balance at December 31, 2019	\$ 96,242,451	60,544,474	7,691,688	847,770	14,364,264	22,903,722	(3,129,982)	1,124,598	-	(2,005,384)	(1,013,423)	176,671,840	11,304,909	187,976,749



AU OPTRONICS CORP. AND SUBSIDIARIES

Consolidated 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 operating activities:		
Profit (loss) before income tax	\$ (19,844,754)	11,216,151
Adjustments for:		
- depreciation	35,693,033	33,686,561
- amortization	564,686	540,969
- gains on financial instruments at fair value through profit or loss	(41,065)	(406,507)
- interest expense	3,251,370	2,663,605
- interest income	(885,520)	(841,615)
- dividend income	(295,575)	(468,263)
- share of profit of equity-accounted investees	(149,907)	(311,714)
- gains on disposals of property, plant and equipment, net	(106,546)	(1,923,044)
- losses on disposals of investments and financial assets, net	13,154	-
- impairment losses on assets	2,298,646	399,363
- unrealized foreign currency exchange losses (gains)	(430,183)	545,856
- others	26,468	(132,537)
Changes in operating assets and liabilities:		
- notes and accounts receivable	13,685,703	(3,702,504)
- receivables from related parties	984,744	(826,893)
- inventories	2,794,115	(1,654,060)
- other current assets	(926,326)	3,260,786
- accounts payable	(5,014,990)	2,776,504
- payables to related parties	(1,197,773)	503,293
- net defined benefit liability	(89,422)	(82,176)
- provisions	(759,948)	636,100
- other current liabilities	(4,906,788)	(3,679,040)
Cash generated from operations	24,663,122	42,200,835
Cash received from interest income	919,840	815,890
Cash received from dividends	568,871	670,234
Cash paid for interest	(3,417,833)	(2,481,821)
Cash paid for income taxes	(2,003,361)	(1,004,444)
Net cash provided by operating activities	<u>20,730,639</u>	<u>40,200,694</u>

(Continued)



AU OPTRONICS CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the years ended December 31, 2019 and 2018
(Expressed in thousands of New Taiwan dollars)

	2019	2018
Cash flows from investing activities:		
Acquisitions of financial assets at fair value through profit or loss	(3,668,175)	(2,509,528)
Disposals of financial assets at fair value through profit or loss	3,970,809	924,567
Acquisitions of financial assets at fair value through other comprehensive income	(47,182)	(3,452,722)
Disposals of financial assets at fair value through other comprehensive income	-	59,021
Acquisitions of equity-accounted investees	-	(684,756)
Proceeds from disposals of equity-accounted investees	904,050	-
Proceeds from return of capital by equity-accounted investees	-	99,200
Net cash outflow arising from acquisition of subsidiaries	-	(448,488)
Net cash inflows resulting from disposals of subsidiaries	-	51,387
Acquisitions of property, plant and equipment	(29,546,642)	(34,770,263)
Proceeds from disposals of property, plant and equipment	170,880	6,408,057
Decrease (increase) in refundable deposits	49,670	(169,666)
Increase in intangible assets	(1,711)	-
Decrease (increase) in other financial assets	55,945	(4,635)
Net cash used in investing activities	<u>(28,112,356)</u>	<u>(34,497,826)</u>
Cash flows from financing activities:		
Proceeds from short-term borrowings	2,576,584	2,526,082
Repayments of short-term borrowings	(1,388,334)	(5,343,976)
Proceeds from long-term borrowings	79,880,000	4,271,566
Repayments of long-term borrowings	(53,378,766)	(28,736,527)
Payment of lease liabilities	(694,922)	-
Guarantee deposits refunded	(1,828)	(13,402)
Cash dividends	(4,812,122)	(14,436,368)
Repurchase of treasury shares	(1,013,423)	-
Net change of non-controlling interests and others	<u>(425,122)</u>	<u>(114,035)</u>
Net cash provided by (used in) financing activities	<u>20,742,067</u>	<u>(41,846,660)</u>
Effect of exchange rate change on cash and cash equivalents	<u>(2,073,874)</u>	<u>286,472</u>
Net increase (decrease) in cash and cash equivalents	11,286,476	(35,857,320)
Cash and cash equivalents at January 1	<u>69,163,296</u>	<u>105,020,616</u>
Cash and cash equivalents at December 31	<u>\$ 80,449,772</u>	<u>69,163,296</u>

Attachment 6:

2019 Earnings Distribution Proposal

Amount in NT\$	
Items	Amount
Unappropriated retained earnings, beginning balance	33,494,411,426
Deduct: Net loss of 2019	(19,185,258,152)
Add: Change in remeasurement of defined benefit plan in 2019	150,418,068
Deduct: Adjustments arising from investments in equity-accounted investees in 2019	(95,306,731)
Appropriation of special reserve (Note)	(1,157,614,426)
Unappropriated retained earnings, ending balance	13,206,650,185

Note: The special reserve is set aside based on the balance of the other components of equity deducting the special reserve as of December 31, 2019.



Attachment 7:

**AU Optronics Corp.
Terms and Conditions for Issuance of Overseas or
Domestic Convertible Bonds in Private Placement (Tentative)**

1. Issuer

AU Optronics Corp. (“Issuer” or “AUO”).

2. Issuance Size

The Board of Directors (“Board”) is authorized, within the limit of 945 million common shares, to issue new common shares for cash to sponsor issuance of the overseas depositary shares (“DRs”) and/or issue new common shares for cash in public offering and/or issue new common shares in private placement (“Private Placement Shares”) and/or issue overseas or domestic convertible bonds in private placement (“Private Placement CB”). For issuance of Private Placement CB, the number of common shares to be converted within the limit of 945 million common shares shall be calculated in accordance with the conversion price determined at the time of issuance of such Private Placement CB.

3. Issuance Date

The Private Placement CB shall be issued in one time within one year from the 2020 annual general shareholders’ meeting.

4. Issuance Method

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

The investors to subscribe the Private Placement Shares and/or Private Placement CB shall meet the qualifications listed in Article 43-6 of the Securities and Exchange Act. The Board is fully authorized to determine the specific investor(s). If the investor(s) are strategic investor(s), such strategic investor(s) shall still meet the aforementioned limitations for specific investor(s). The purpose, necessity and expected benefits for choosing strategic investor(s) are to accommodate the Company’s operation and development needs. The investor(s) of private placement will assist the Company, directly or indirectly, in its finance, business, manufacturing, technology, procurement, management, and strategy development, etc. so as to strengthen the Company’s competitiveness and enhance its operational efficiency and long term development.

5. Type, Denomination and Issuance Price of Private Placement CB

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

6. Coupon Rate

To be determined by the Board.

7. Term

The term of the Private Placement CB shall not exceed seven years from the issuance date.



8. Redemption

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

9. Conversion Securities

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

10. Conversion

(1) Conversion Period:

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

(2) Conversion Procedure:

To exercise the relevant conversion rights attached to the Private Placement CB, the holder thereof must deposit with the Issuer a notice of conversion together with the Private Placement CB and any other documents or certificates required by R.O.C. laws.

(3) Determination and the Adjustment of the Conversion Price:

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

(4) Dividend Entitlement at Conversion

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

(5) Rights and Obligations after Conversion

Except that the Private Placement CB is subject to a three-year holding period after the delivery date of the Private Placement CB under Article 43-8 of the Securities and Exchange Act, the new common shares to be issued upon conversion of Private Placement CB will have the same rights and obligations as the common shares.



11. Early Redemption at the Option of the Issuer

To be determined by the Board.

12. Holders' Put Option

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

13. Others

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



Attachment 8:

Demerger Proposal

AU Optronics Corporation (hereafter referred to as “AUO Corporation” or “the Company”) plans to transfer to Da Qing Corporation (which is a preparatory office at the execution of this Proposal), its wholly-owned subsidiary, the business of the General Display (hereafter referred to as “GD”) and the Public Information Display (hereafter referred to as “PID”), including the assets, liabilities and business operation thereof by way of demerger (hereafter referred to as “Demerger”). Da Qing Corporation will generally assume all the assets and liabilities of the GD and the PID business from the record date of the Demerger (hereafter referred to as “Record Date”) and will issue new shares as consideration to AUO Corporation. The Demerger is the organization restructuring for AUO Corporation. The Company hereby prepares the Demerger Proposal (hereafter referred to as the “Proposal”) pursuant to the Business Mergers and Acquisitions Act, the Company Act and the relevant laws.

Article I: The method of Demerger and the company involved in the Demerger

The Demerger in the Proposal involves a transfer of business to an existing company. Namely, AUO Corporation plans to transfer the GD and the PID business (including assets, liabilities and business operation) to its wholly-owned subsidiary, Da Qing Corporation, by way of demerger, and Da Qing Corporation will issue new shares as consideration to AUO Corporation. The companies involved in the Demerger are as follow:

Demerged company: AUO Corporation

Existing company assuming the business: Da Qing Corporation

Article II: Required amendment to the Articles of Incorporation of the existing company assuming the business and the election and appointment of directors

1. Required amendment to the Articles of Incorporation of the existing company assuming the business: The Articles of Incorporation of Da Qing Corporation (hereafter referred to as “Aol”) is set forth in Appendix I. The total amount of the share capital and other relevant items specified in the Aol shall also be amended in the Demerger if required.
2. Election and appointment of directors: The one who has already been appointed as the director of Da Qing Corporation (hereafter referred to as “Da Qing Director”) prior to the Record Date will continue serving as the Da Qing Director after the Demerger.

Article III: Business scope, business value, assets and liabilities transferred by the demerged company

- I. Business scope to be transferred by way of the Demerger:
 - (1) The GD and the PID business operation of AUO Corporation.
 - (2) The inventory, bank deposits, accounts receivable and related assets (including tangible and intangible assets) and related liabilities required for the GD and the PID business of AUO Corporation.
 - (3) Contracts (including, but not limited to, supply agreement, sales agreement, technology licensing agreement, technology service agreement, loan agreement and other related agreements), litigations, legal relationships, juridical status, licenses, permits, other rights and privileges relevant to the GD and the PID business of AUO Corporation. If the transfer of the contract requires the consent from the original counterparty, such transfer will not come into effect until the consent from such counterparty is obtained.
 - (4) All the trademark, technology, software, Know-How and business secrets relevant to the GD and the PID business and owned by AUO Corporation prior to the Record Date shall be fully transferred to Da Qing Corporation by way of demerger. AUO Corporation and

Da Qing Corporation shall cooperatively deal with the transfer process of the aforementioned intellectual property rights and technology, the maintenance of the rights thereof and provide relevant materials, documents and program to ensure that the other party is able to exercise its rights. The fees for maintenance of the rights shall be borne by Da Qing Corporation after the Record Date. The demerger of the intellectual property rights under this Article will not affect or prejudice the rights of and the confidentiality obligation borne by the licensee who has been licensed prior to the Demerger. The license and transfer of patents and pending applications shall be separately negotiated by both parties.

- (5) Other assets, liabilities, rights and obligations, equities and the tax incentives, licenses, permits and related legal relationships, factual relations and statuses that have been possessed within the expiry date and for which no reduction has been requested with regard to any transferred business/property by way of demerger related to the GD and the PID business of AUO Corporation.
2. Business value of the business transfer: The calculation is based on the assets minus liabilities to be transferred by way of the Demerger (please see Appendix 2). The estimated value is NTD 368,555 thousand.
3. Assets to be transferred: The assets to be transferred by way of the Demerger are listed in Appendix 2. The estimated value is NTD 4,495,356 thousand.
4. Liabilities to be transferred: The liabilities to be transferred by way of the Demerger are listed in Appendix 2. The estimated value is NTD 4,126,801 thousand.
5. The business value and the amount of the assets and liabilities as mentioned above are indicatively calculated with reference to the book value of the audited financial statement of AUO Corporation prepared on December 31, 2019. The actual amount shall be defined pursuant to the book value on the Record Date.
6. Where adjustment of the assets or liabilities transferred by way of the Demerger is required, the Board of Directors of AUO Corporation (hereafter referred to as "AUO Board"), as authorized by the shareholders' meeting of AUO Corporation (hereafter referred to as "AUO Shareholders Meeting"), and the Da Qing Director may negotiate for such adjustment. The same process shall apply in the event that adjustment of the business value or the ratio of the number of shares issued by Da Qing Corporation is required.

Article IV: Calculation and the ratio of the business value, assets and liabilities transferred by the demerged company to the number of shares issued by the existing company that assumes the business

1. Number of shares issued: The business value of the GD and the PID business that AUO Corporation transfers to Da Qing Corporation by way of the Demerger is NTD 368,555 thousand with NTD 10 against 1 new common share issued by Da Qing Corporation. AUO Corporation acquires a total of 36,855,500 common shares from Da Qing Corporation. Where any remaining business value is insufficient to exchange for one share, Da Qing Corporation shall, within 30 days after change of the registration, pay AUO Corporation by cash on a lump-sum basis against such business value.
2. Calculation basis: The afore-mentioned stock exchange ratio is determined with reference to the book value of the assets and liabilities of AUO Corporation to be transferred by way of the Demerger, the book value per share of AUO Corporation, and the opinions of independent experts on the stock exchange ratio of the Demerger. Please refer to Appendix 3 for more information.

Article V: Adjustment of the number of shares issued by the existing company that assumes the business and the ratio of the business value, assets and liabilities transferred by the demerged



company to such number of shares issued from the execution date of the Proposal to the Record Date

Where any of the following events occurs and the adjustment of the ratio for exchange of the new shares specified in the Demerger is required, the AUO Board, as authorized by the AUO Shareholders Meeting, and the Da Qing Director may negotiate for adjustment of the number of shares to be issued by Da Qing Corporation and/or the price per share due to such change. The business value to be acquired by Da Qing Corporation by way of the Demerger shall be adjusted accordingly.

1. Da Qing Corporation engages in capital increase by cash after the execution of the Proposal.
2. The assets acquired by AUO Corporation after the execution of the Proposal is included in the assets scope to be transferred by way of the Demerger.
3. The assets and liabilities to be transferred pursuant to the Proposal on the Record Date shall be adjusted in line with the increase or decrease of the list or amount due to business activities, investment or financing activities, or due to asset revaluation, depreciation, amortization, addition or impairment.
4. The business to be transferred pursuant to the Proposal on the Record Date shall be adjusted in line with the increase or decrease of the business value due to change of the assets or liabilities in their scope or value or for other reasons.
5. Adjustment of the business value and the ratio with respect to the number of shares issued by Da Qing Corporation is required pursuant to Article III(6) herein.
6. Adjustment of the business value and the ratio with respect to the number of shares issued by Da Qing Corporation is required pursuant to Article VIII(2) herein.
7. Adjustment of the ratio with respect to the number of shares issued by Da Qing Corporation as specified in Article IV is required due to amendment of laws or regulations or pursuant to the instructions of the competent authority.

Article VI: The total number, type and quantity of the shares issued by the company assuming the business

1. The value of the business assumed by Da Qing Corporation by way of the Demerger is NTD 368,555 thousand. It shall issue 36,855,500 common shares to AUO Corporation.
2. Da Qing Corporation shall change the registration and issue common shares for AUO Corporation in accordance with laws after the Record Date. AUO Corporation shall hold 100 percent of the shares issued by Da Qing Corporation upon the completion of the Demerger.

Article VII: Buyback and cancellation of the stocks held by the shareholder expressing dissent

Where any shareholder of AUO Corporation expresses dissent on any matters relevant to the Demerger or on the Proposal pursuant to laws, the Company shall buy back the stocks held by such shareholder pursuant to laws. The stocks bought back shall be disposed or canceled according to laws with the prior approval of the competent authority, and the registration shall be changed accordingly.

Article VIII: Obligation to notify creditors and announce the Demerger

1. After the Demerger is approved respectively by the AUO Shareholders Meeting and the Da Qing Director, the parties shall prepare their respective balance sheet and inventory of property, notify their creditors, and announce the resolution of the Demerger, and shall specify a period more than 30 days for the creditors to express their dissent within such time frame. Where any creditor of either company expresses dissent within the time frame, the company concerned shall take measures pursuant to relevant laws and regulation.
2. Where the debt that shall be paid off to the creditor expressing the dissent by AUO Corporation pursuant to the previous paragraph is within the scope of transfer as specified in



the Proposal, the AUO Board, as authorized by the AUO Shareholders Meeting, and the Da Qing Director may negotiate for adjustment of the business scope, business value, assets and liabilities as set forth in Article III hereof. Article V hereof shall apply in case the ratio with respect to the number of new shares issued by Da Qing Corporation (existing company) or their price shall be adjusted as a result.

Article IX: Assumption of rights and obligations and related matters after the Demerger

1. Except as otherwise specified in the Proposal, all the assets and liabilities that AUO Corporation transfers by way of the Demerger and all the effective rights and obligations as of the Record Date shall be generally assumed by Da Qing Corporation on such record date pursuant to relevant laws. AUO Corporation shall cooperative in carrying out required procedures, if any.
2. Except that the liabilities to be transferred by way of the Demerger are separable from the debts of AUO Corporation prior to the Demerger, Da Qing Corporation shall, together with AUO Corporation, take joint and several liability for such debts pursuant to Article 35, Paragraph 7 of the Business Mergers and Acquisitions Act within the scope of its capital contribution for the transferred business. However, the creditor's right to claim for the performance of such joint and several liabilities shall be eliminated if the creditor did not exercise such right within 2 years after the Record Date.

Article X: Transfer and retention of employees

AUO Corporation and Da Qing Corporation shall, pursuant to relevant laws, negotiate for retaining the employees of AUO Corporation engaged in the GD and the PID business and inquire such employees for their willingness to stay. For those employees willing to stay will be transferred to Da Qing Corporation and his/her seniority in AUO Corporation before the Demerger will be recognized by Da Qing Corporation. AUO Corporation and Da Qing Corporation shall conduct the procedures pursuant to relevant requirements such as the Business Mergers and Acquisitions Act and the Labor Standards Act.

Article XI: Exclusion of employees from subscription of new shares

The new shares that Da Qing Corporation issues for the Demerger shall not be subject to the requirements of the Company Act for reserving 10 to 15 percent of such new shares for the employees to subscribe.

Article XII: Record date of demerger

1. The AUO Board and the Da Qing Director are authorized to determine the Record Date after the Demerger is adopted at the AUO Shareholders Meeting and by the Da Qing Director and permitted or approved by the competent authorities. The record date of the Demerger is indicatively to be set on January 1, 2021. Any adjustment of such date, if required, shall be determined by the AUO Board authorized by the AUO Shareholders Meeting and the Da Qing Director.
2. AUO Corporation shall transfer the business, employees, equipment, and other relevant assets and liabilities with respect to the GD and the PID business to Da Qing Corporation on the Record Date.

Article XIII: Schedule of implementation, expected completion date, and delay of the Proposal

1. AUO Corporation plans to convene a shareholders' meeting for resolution of the Demerger on June 17, 2020. It is expected that the Demerger will be resolved by the Da Qing Director to exercise the powers of the shareholders' meeting on the same day. However, the AUO Board and the Da Qing Director may negotiate to change such date of shareholders' meeting depending on actual circumstances.



2. The AUO Board and the Da Qing Director are authorized to negotiate for the matters with respect to the schedule of implementation of the Demerger, the Record Date, and the schedule of convening board of directors' or shareholders' meetings as required by laws in the event that the Demerger is not completed within the expected time frame.
3. Where any of the following events occurs, the AUO Board, as authorized by the AUO Shareholders Meeting, may terminate the Demerger prior to the Record Date and shall have full authority to deal with relevant matters. The AUO Board shall report the same in the next AUO Shareholders Meeting.
 - (1) Where the total number of shares to be bought back as requested by the dissenting shareholders exceeds more than 2 percent of the total issued shares of the Company;
 - (2) AUO Corporation fails to obtain the consents from the lending banks or the majority of syndicated loan banks for conduct of the Demerger pursuant to the applicable loan contracts;
 - (3) AUO Corporation fails to obtain the approval from the Taiwan Stock Exchange for continuance of being listed in accordance with Article 53-19 of the Operating Rules of the Taiwan Stock Exchange Corporation; or
 - (4) When economic condition changes, the Board resolves not to conduct the Demerger.

Article XIV: Share of taxes and fees

1. Except as otherwise specified in the Proposal, each party shall bear one half of all the taxes or fees for the execution or implementation of the Proposal, excluding any taxes or fees that meet the requirements for exemption. Where the Proposal does not become effective because of failure to be resolved at the AUO Shareholders Meeting or being rejected by the competent authorities or for any other reasons, the service fees of attorneys and accountants and relevant expenses that have been incurred shall be borne by AUO Corporation.
2. Both parties shall cooperate to apply for tax preferences related to the Demerger.

Article XV: Breach of agreement

AUO Corporation or Da Qing Corporation may terminate the Proposal by sending a written notice to the other party if such party acts in violation of any provision of the Proposal and fails to make remediation within 30 days as specified by the non-breaching party by sending a notice to such breaching party, asking it to remedy the violation within such period.

Where any party acts in violation of the Proposal and does not make remediation within the time frame as notified by any other party or acts in violation to a significant extent and brings damage to any other party, the breaching party shall compensate for any expenses incurring to the party suffering from the damage as a result of such violation (including, but not limited to, the service fees of attorneys and accountants and other related expenses, losses or other damages). Where any party, due to the fact attributable to it, brings about any damage (including, but not limited to, third party claims) to any other party during the performance of the Proposal, both parties agree that the accountable party shall compensate for the damage of such other party.

Article XVI: Alteration of the demerged company's paid-up capital

Except for cancellation of shares and reduction of capital pursuant to Article VII herein or subject to the relevant laws, the paid-up capital of AUO Corporation will not be reduced due to the Demerger.

Article XVII: Increase, decrease or other changes of the participants

Where the participants or the number of participants involved in the Demerger between AUO Corporation and Da Qing Corporation change after relevant information of the Proposal is made public, all the companies participating in the Demerger shall carry out again the procedures or



juristic acts specified in the Proposal that have been completed. The AUO Board and Da Qing Corporation are authorized to deal with all matters not specified in the Proposal.

Article XVIII: Applicable laws

The Demerger shall be subject to the Business Mergers and Acquisitions Act. Where any new and more favorable law is promulgated and takes effect, the most favorable law shall apply.

The Proposal shall be construed in accordance with the laws of the Republic of China. Where any dispute occurs with respect to the Proposal, the Taiwan Hsinchu District Court shall be the court of competent jurisdiction for the first instance.

Article XIX: Others

1. Upon the incorporation of Da Qing Corporation, all rights and obligations of the preparatory office of Da Qing Corporation under this Proposal shall automatically be assigned to and assumed by Da Qing Corporation.
2. Where any provision of the Proposal becomes invalid due to conflict with relevant laws or regulations, only the conflicting part shall be rendered invalid and the remaining provisions shall still be valid. As for the part that becomes invalid due to conflict with relevant laws or regulations, the AUO Board, as authorized by the AUO Shareholders Meeting, and the Da Qing Director may negotiate pursuant to relevant laws and regulations for a new agreement to the extent allowed by laws.
3. Where any provision of the Proposal shall be amended in accordance with the instructions of any competent authority, such instructions shall apply immediately or the AUO Board and the Da Qing Director shall amend the provision pursuant to such instructions.
4. The Proposal shall be submitted to the AUO Shareholders Meeting and the Da Qing Director for approval and shall take effect only after it has been approved. The Proposal shall not become effective from the very beginning if it is not permitted or approved by relevant competent authorities.

Article XX: All matters not specified in the Proposal shall be subject to relevant laws and regulations as well as the instructions from the competent authorities. Where laws or regulations or any instructions of the competent authorities are not available, the AUO Shareholders Meeting shall grant the AUO Board a full authority to deal with such matters together with the Da Qing Director.

Article XXI: The number of copies of the Proposal

1. The Appendices of the Proposal shall be an integral part thereof.
2. The original copy of the Proposal is prepared in duplicate and each party shall hold one copy as evidence.

Parties of the Proposal:

AU Optronics Corporation

Chair of the Audit Committee: Chin-Bing (Philip) Peng

The Preparatory Office of Da Qing Corporation

Representative: Shuang-Lang (Paul) Peng

Date: May 6, 2020

Appendix I of the Attachment 8:

Da Qing Corporation Articles of Incorporation

Chapter 1: General Rules

Article 1: The Company is incorporated, registered, and established in accordance with the Company Act and has the name as Da Qing Corporation.

Article 2: The Company's business scope is as follows:

1. CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing
2. CC01080 Electronic Parts and Components Manufacturing
3. CE01030 Photographic and Optical Equipment Manufacturing
4. CC01070 Telecommunication Equipment and Apparatus Manufacturing
5. F401010 International Trade
6. I501010 Product Designing
7. ZZ99999 All business items not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company has its headquarters located in Taipei City, Taiwan, the Republic of China ("R.O.C.") and if necessary, subject to the approval of the Board of director (the "Board") and relevant authorities in charge, the Company may set up branches, factories, branch operation offices or branch business offices at appropriate location within and without the territory of the R.O.C..

Article 4: The total amount of the Company's investment shall not be subject to the restriction specified in Article 13 of the Company Act. The Company may provide guarantees or endorsements on behalf of third parties due to business or investment relationships with such third parties.

Chapter 2: Stock shares

Article 5: The total capital of the Company is New Taiwan Dollars ("NTD") 2 billion, divided into 200 million shares with a par value of NTD 10 per share and in name-bearing form. The Board of Directors is authorized to issue the shares in installments. However, it should obtain the approval of the board of directors of AU Optronics Corporation before the issuance.

Article 6: The Company may issue shares by printing or book-entry upon approval of the Board. If the Company issue shares by printing, after the approval of the registration, the shares shall be affixed with the signature(s) or seal(s) of the director(s) representing the Company and issued with the attestation pursuant to relevant laws. Delivery of shares by book-entry will also suffice.

Article 7: If the company issues physical stock and due to stock transfer, lost or damaged, exchange of new stock for the old one is required, the company may request a processing fee.

Chapter 3: General Meeting of Shareholders

Article 8: Shareholders' meetings are of two types, general shareholders' meetings and extraordinary shareholders' meetings. The general shareholders' meeting shall be convened at least once every year within six months after the close of each fiscal year.

The aforementioned shareholders' meeting shall be convened by the Board pursuant to the laws. The extraordinary shareholders' meeting may be convened pursuant to the laws if necessary.

The shareholders' meeting may proceed by means of video conference or by other means

announced by the competent authority of the central government.

Article 9: Except as otherwise specified in the laws, the resolution in the Company's shareholders' meeting shall be approved with the majority votes of the shareholders present that represent a majority of the total number of shares issued.

Article 10: The shareholders of the Company are entitled to one voting right per share except as otherwise specified in the laws.

Article 11: In case a shareholder is unable to attend a shareholders' meeting, such shareholder may issue a proxy in the form issued by the Company, setting forth the scope of authorization by signing and affixing such shareholder's seal on the proxy form for the representative to present on such shareholder's behalf. The relevant matters related to the use and rescission of the proxy shall be conducted in accordance with the Company Act and the applicable rules.

Article 12: Where an institutional shareholder is the only shareholder of the Company, the power of the shareholders' meeting shall be exercised by the Board and the provisions of the Articles of Incorporation governing the general meeting of shareholders shall not apply.

Chapter 4: Directors and Supervisors

Article 13: The Company set up neither Board nor supervisors. The Company shall appoint 1 director for a term of 3 years. The director shall be a legally competent person elected at the general meeting of shareholders, and may be reelected for a second term of office. With only one director, such director shall be the chairman and the functional duties and powers of the board of directors shall be exercised by such director. In this case, the provisions governing the board of directors as set out in the Company Act shall not apply.

The compensation for the directors shall be determined by taking into account the extent and value of the services provided for the Company's operation and with reference to the standards of local and overseas industry.

Chapter 5: Managers

Article 14: The appointment, dismissal, and remuneration of the managerial personnel shall be subject to the provisions of the Company Act.

Chapter 6: Accounting

Article 15: At the end of each fiscal year, the Board shall prepare and submit (I) Business Report; (II) Financial Statements; (III) proposal for allocation of earnings or recovery of loss to the shareholders in accordance with the applicable laws at the general meeting of shareholders for their acceptance.

Article 16: Where the Company has a profit before tax for each fiscal year, the Company shall first reserve certain amount of the profit to recover losses for preceding years, and then set aside no less than 1% of the remaining profit for distribution to employees as remuneration and no more than 1% of the remaining profit for distribution to directors as remuneration.

Qualification requirements of employees entitled to receive the aforementioned employee remuneration may include the employees of parents or subsidiaries of the company which meets certain requirements.

Article 17: Where the Company has a profit at the end of each fiscal year, the Company shall first allocate the profit to pay taxes, then make up for the accumulated losses, and except that the accumulated legal reserve has reached the paid-in capital, 10% of the remaining net earnings shall be allocated as the Company's legal reserve thereafter. Certain amount shall be further allocated as special reserve or the special reserve shall be reversed in



accordance with applicable laws and regulations or as requested by the competent authority. The balance (if any), together with accumulated unappropriated retained earnings, may be distributed after the distribution plan proposed by the Board been approved by the shareholders' meeting. Dividend distribution in the form of cash shall be approved by the Board.

Chapter 7: Supplementary Rules

Article 18: With respect to the matters not provided herein, the Company Act and other applicable laws and regulations shall govern.

Article 19: These Articles of Incorporation is established on May 6, 2020.

Appendix 2 of the Attachment 8:

The scope of the General Display and the Public Information Display business to be transferred by AU Optronics Corporation by way of demerger (including assets, liabilities and business operation) is as follows:

As of December 31, 2019

Unit: thousand NTD

Item	Amount	Item	Amount
Assets		Liabilities	
Cash and cash equivalents	534,230	Accounts payable	3,592,571
Account receivables, net	3,747,450	Provisions	162,206
Inventories	213,676	Other current liabilities	372,024
		Total liabilities(B)	4,126,801
Total Assets(A)	4,495,356	Net value (Business value) (A)-(B)	368,555

Note: As of the valuation date of December 31, 2019, there are no related trademarks, technologies, software, Know-How and business secrets on the books that exclusively belong to the General Display and the Public Information Display business.



Appendix 3 of the Attachment 8:

Fairness Opinion on the Business Value of AU Optronics Corporation's Demerged Business Unit

Considering the group strategy and restructuring of the group organization, AU Optronics Corporation (hereafter referred to as “AUO Corporation” or “the Company”) plans to transfer the General Display and the Public Information Display business (hereafter referred to as “Valuation Target”) (including assets, liabilities and business operation), which is affiliated with Commercial and Industry Application Strategy Business, including the assets, liabilities and business operation thereof, to Da Qing Corporation, a wholly-owned subsidiary of the Company, by the way of demerger. As a consideration, Da Qing Corporation will issue new shares to AUO Corporation. Therefore, the independent expert (hereafter referred to as the “Accountant”) was engaged by AUO Corporation to issue the fairness opinion on the business value of Valuation Target for AUO Corporation's reference.

- I. Valuation Date
The Valuation date is December 31, 2019.
2. Transaction Background
 1. AUO Corporation was founded in August, 1996, merged with Unipac Optoelectronics in 2001, changed its name to AUO Corporation, and has become a listed company in Taiwan. Its main business is research, develop, manufacture and sale of flat panel displays and manufacture and sales of solar module and system. AUO's consolidated net revenue in 2019 was NT\$268.79 billion. With offices and sites spread across Taiwan, Mainland China, Japan, Singapore, South Korea, the United States, and Europe, the total number of the Company's employees is around 45,000.
 2. Since April, 2020, the Company's display business divided into Consumer Application Strategy Business and Commercial & Industry Application Strategy Business. Among them, the Commercial & Industry Application Strategy Business include three business units, which are Car Display business unit, General Display business unit, Public Information Display business unit, to provide product development, marketing, business and customer service and smart total solution on vehicle, medical and industry commercial application related verticals.
 3. Considering the group strategy and optimization of the group organization, AUO Corporation plans to transfer the General Display and the Public Information Display business (including assets, liabilities and business operation) which were affiliate to Commercial and Industry Application Strategy Business to Da Qing Corporation, a wholly-owned subsidiary of the Company, by the way of demerger (hereafter referred to as "Demerger"). All assets and liabilities of the General Display and the Public Information Display business shall be generally assumed by Da Qing Corporation on the record date of the Demerger (tentatively to be scheduled on January 1, 2021), and new common share with NTD 10 per share shall be issued by Da Qing Corporation as a consideration to AUO Corporation. Where any remaining business value is insufficient to exchange for one share, Da Qing Corporation shall, within 30 days after change of the registration, pay AUO Corporation by cash on a lump-sum basis against such business value.
 4. The Valuation Target and Da Qing Corporation are 100 percent held by AUO Corporation. In addition, the business value of the Valuation Target is both 100 percent held by AUO

Corporation directly before and indirectly after the completion of the Demerger. The management right and controlling power of the Valuation Target do not transfer substantially. Therefore, the nature of the transaction should be an organization restructuring.

5. As of the valuation date, the book value of assets and liabilities to be transferred from AUO Corporation under the Demerger is NTD 4,495,356 thousand and NTD 4,126,801 thousand, respectively. The net value is NTD 368,555 thousand. The actual amount shall be defined pursuant to the book value on the record date of the Demerger. The book value and summary of the assets and liabilities of the Valuation Target on the valuation date are as follow:

Item	Book value on the valuation date (NTD thousand)
Assets	
Cash and cash equivalents	534,230
Accounts receivable, net	3,747,450
Inventories	213,676
Total Assets	4,495,356
Liabilities	
Accounts payable	(3,592,571)
Provisions	(162,206)
Other current liabilities	(372,024)
Total liabilities	(4,126,801)
Net value (Business value)	368,555
Resource: provided by AUO Corporation's management and sort out by Ernst & Young	

- (1) Cash and cash equivalents: The bank deposits of the General Display and the Public Information Display business.
- (2) Accounts receivable, net: The accounts receivable of selling the General Display and the Public Information Display products.
- (3) Inventories: The finished goods of the General Display and the Public Information Display.
- (4) Accounts payable: The Accounts payable of the General Display and the Public Information Display products.
- (5) Provisions: Costs of after-sale service of the General Display and the Public Information Display products.
- (6) Other current liabilities: Including accrued expense, unearned sales revenue, refund liabilities and accrued pension liabilities of the General Display and the Public

Information Display business.

3. Valuation method

Given that no substantial transfer of management right and controlling power occurs, the nature of the transaction should be organization restructuring. The Accountant assume the Demerger is incompatible the definition of “Business Combinations” as defined in appendix A in the International Financial Reporting Standards No. 3 (hereafter referred to as “IFRS 3”), and therefore it is not applicable for IFRS 3 related accounting. According to Paragraph 11 in International Accounting Standards No. 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, the management can refer to, and consider in descending order the applicability of the requirements and guidance in IFRS and interpretations dealing with similar and related issues; and the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the framework. Refer to the reply in Frequently Asked Questions released by Accounting Research and Development Foundation on October 26, 2018, since there is no specific regulation on business combination under joint control, the relevant interpretation letter issued by the competent authority shall apply in the accounting and the book value method shall be adopted.

In addition, refer to the explanation of accounting theory in paragraph 3 "The Accounting in Relation to Demerger" in Letter (91) Ji-Mi-Zi No. 128, issued by the Accounting Research and Development Foundation, if the assuming company is an affiliated company after the assumption, the original book value of the assets and liabilities shall be the cost for acquisition of these assets and liabilities. With both as the basis, the assuming company shall take the part equivalent to the par value as the share capital and the amount exceeding the par value as the additional paid-in capital.

The analysis of assets and liabilities of the Valuation Target on valuation date is as follow:

1. Cash and cash equivalents

As of the valuation date, the total amount of bank deposits of Valuation Target is NTD 534,230 thousand. Consider the nature and the content thereof, adjustment of the book value is not required.

2. Accounts receivable, net

As of the valuation date, the total amount of accounts receivable and allowance for sales returns and discounts are NTD 3,802,772 thousand and NTD 55,322 thousand, respectively, and the net value of accounts receivable is NTD 3,747,450 thousand. After evaluation, the difference between actual settlement price and shipping price has included in the aforementioned amount. In addition, according to the collect amount of accounts receivable provided by the AUO Corporation management, there is no doubt that the amount cannot be collected. Therefore, there is no need to recognize extra allowance and adjust the book value.

3. Inventory

As of the valuation date, the net value of inventory of Valuation Target is NTD 213,676 thousand. After evaluation, the accounted inventories are finished goods that have been shipped but transfer of property right has not been completed yet and the difference between actual sale price and book value has included. Therefore, there is no need to adjust the book value.

4. Accounts payable

As of the valuation date, the total amount of accounts payable of Valuation Target is NTD 3,592,571 thousand. After evaluation, the accounts payable comes from the normal operation. Therefore, there is no need to adjust the book value.

5. Provisions

As of the valuation date, the total amount of provisions of Valuation Target is NTD 162,206 thousand. After evaluation, there is no need to adjust the book value.

6. Other current liabilities

As of the valuation date, the total amount of other current liabilities of Valuation Target is NTD 372,024 thousand. After evaluation, there is no need to adjust the book value.

As of the valuation date, based on the balance sheets on valuation date provided by AUO Corporation management, the net value (business value) of Valuation Target is NTD 368,555 thousand.

4. Conclusion

1. Refer to the accounting treatment in related Frequently Asked Questions released by Accounting Research and Development Foundation and interpretation letter issued by the competent authority, if assuming company is an affiliated company after the assumption, the original book value of the assuming assets and liabilities shall be the cost for acquisition of these assets and liabilities and the net value thereof shall be taken as the basis. According to the pro forma balance sheets provided by AUO Corporation management and base on the above mentioned evaluation and analysis, the business value of Valuation Target is NTD 368,555 thousand.
2. As of the valuation date, Da Qing Corporation plans to issues 36,855,500 common shares at a price of NTD 10 per share as a consideration to AUO Corporation. The net value is accordingly NTD 368,555 thousand equal to the overall net value of the assets and liabilities (NTD 368,555 thousand) demerged by AUO Corporation. There is no benefit produced. Since Da Qing Corporation is a subsidiary 100% owned by AUO Corporation before and after the demerger, the Demerger does not affect shareholder's equity of AUO Corporation. To sum up, the transfer of relevant business by way of demerger with the book value as the basis is reasonable.

5. Statements and limitations to Fairness Opinion

1. This report has been made only for the purpose stated above to the Company for internal use and as filing documents pursuant to related laws. This report shall neither be disseminated to third parties nor be used for other purpose without prior consent and approval of Ernst & Young CPAs. The Accountant does not bear the responsibility to the third parties.
2. The Accountant only assessed the rationality of this Demerger from the perspective of an independent third party, and did not actually participate in the structural design and planning of this Demerger. The valuation date of documents adopted in this report is December 31, 2019. Therefore, this report does not take any changes after that date into reference. If the actual transaction content may be inconsistent with the aforementioned documents or the assumptions such as the economic situation afterwards change, the conclusion of this report will also change. The actual amount shall be defined pursuant to the book value on the record date of the Demerger. In addition, please note that the results of this value analysis are constructed based on certain specific assumptions. If these assumptions are changed, there will be a significant difference from the analysis results of the accountant. After the issuance of this report, if the actual situation changes and the reassessment are not engaged, the accountant will not update it.
3. The Accountant's evaluation procedure is based on the information provided by the management of AUO Corporation as of the valuation date, and has not performed independent verification or review of the overall loyalty, completeness and accuracy of the above information provided by the Company. Based on the scope of engagement, the



Accountant has not audited the above information in accordance with Generally Accepted Auditing Principles, nor has independently verified the accuracy or admissibility of the information. The Accountants assume that the information is true, reliable and trustworthy. Therefore, the Accountant do not express any opinion and provide any guarantee on the content of those financial information, and the correctness in this report means that the use of information sources is appropriate and reasonable.

To

AU Optronics Corporation

Ernst & Young CPAs
Accountant: Chih-Chung Chen
Date: April 29, 2020

Attachment 9:

**Comparison Table for the Articles of Incorporation
Before and After the Amendment**

Before amendment	After amendment	Reason of amendment
Article 2: (omitted) To research, develop, produce, manufacture and sell the following products: (omitted) (16)The simultaneous operation of a trade business relating to the Company's business (omitted)	Article 2: (omitted) To research, develop, produce, manufacture and sell the following products: (omitted) (16)The simultaneous operation of a trade business <u>and maintenance service</u> relating to the Company's business (omitted)	To comply with the Company's operation needs
Article 17: These Articles of Incorporation were enacted by the incorporators in the incorporators meeting held on July 18, 1996 and were effectively approved by the competent authority. The first amendment was made on September 18, 1996.....The twenty-first amendment was made on June 14, 2019.	Article 17: These Articles of Incorporation were enacted by the incorporators in the incorporators meeting held on July 18, 1996 and were effectively approved by the competent authority. The first amendment was made on September 18, 1996.....The twenty-first amendment was made on June 14, 2019. <u>The twenty-second amendment was made on June 17, 2020.</u>	To add the amendment date

Attachment 10:

Comparison table for the Rules and Procedures for Shareholders' Meeting before and after the amendment

Before amendment	After amendment	Reason of amendment
9. The agenda of the Meeting shall be set by the Board of Directors, if the Meeting is convened by the Board of Directors. The Meeting shall proceed in accordance with the agenda unless otherwise resolved at the Meeting. During the Meeting, the chair may, at his/her discretion, set time for intermission. Unless otherwise resolved at the Meeting, the chair cannot announce adjournment of the Meeting before all the discussion items listed in the agenda are resolved. The shareholders cannot designate any other person as chair and continue the Meeting in the same or other place after the Meeting is adjourned.	9. The agenda of the Meeting shall be set by the Board of Directors, if the Meeting is convened by the Board of Directors. <u>Relevant resolutions (including extraordinary motions and the amendment to the original motion) should be voted by poll.</u> The Meeting shall proceed in accordance with the agenda unless otherwise resolved at the Meeting. <u>If the shareholders' meeting is convened by a convening party other than the Board of Directors, the provisions of the preceding paragraph shall apply.</u> During the Meeting, the chair may, at his/her discretion, set time for intermission. Unless otherwise resolved at the Meeting, the chair cannot announce adjournment of the Meeting before all the discussion items listed in the agenda are resolved. The shareholders cannot designate any other person as chair and continue the Meeting in the same or other place after the Meeting is adjourned.	To comply with the amendment of the Sample Template for Co., Ltd. Rules of Procedure for Shareholders Meetings
14. The chair may announce to end the discussion of any discussion item and go into voting if the chair deems it appropriate.	14. The chair may announce to end the discussion of any ~~discussion~~ item <u>and amendment or extraordinary motions proposed by the shareholders, to-and-go</u> into voting if the chair deems it appropriate.	To comply with the amendment of the Sample Template for Co., Ltd. Rules of Procedure for Shareholders Meetings
22. These Rules were enacted on April 17, 1997; the first amendment was made on April 23, 1999; the second amendment was made on June 6, 2014.	22. These Rules were enacted on April 17, 1997; the first amendment was made on April 23, 1999; the second amendment was made on June 6, 2014; <u>the third amendment was made on June 17, 2020.</u>	To add the amendment date