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2021

Annual Report

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One. Letter to the Shareholders

Dear Shareholders,

I. Introduction

For the fiscal year of 2021, Coretronic reported a consolidated sales revenue of NT\$49,833 million, up 17.4% YoY. Consolidated operating income totaled NT\$1,646 million with a pre-tax income of NT\$2,785 million. Net income was reported at NT\$2,039 million. Net income attributable to equity holders of the parent Company was NT\$2,032 million, up 30% YoY, and the EPS in 2021 was NT\$5.12.

II. Business Report for 2021

(I) The sales volume of each major product of the Company in FY2020 is as follows:

Product	2020	2021	Diff.
Energy Saving Products (unit/pc)	45,723,717	60,844,065	33.07%
Visual Solutions Products (unit)	779,195	870,491	11.72%

(II) Budget Execution: The Company was not required to publish financial forecasts for FY2021.

(III) The results of financial income and expenditure and profitability analysis are tabulated below:

Item	Fiscal Year	2020	2021
Financial structure	Liabilities to assets ratio (%)	47.25	60.60
	Long-term capital to property, plant and equipment ratio (%)	350.31	341.77
Solvency	Liquidity ratio (%)	180.04	139.23
	Current ratio (%)	152.86	109.13
	Interest coverage ratio	13.70	31.32
Profitability	Return on assets (%)	3.47	3.87
	Return on equity (%)	7.05	9.02
	Net income before tax to paid-up capital ratio (%)	42.28	71.24
	Net margin (%)	3.29	4.09
	Earnings per share (dollar) / average weighted number of outstanding shares	3.59	5.12

(IV) Research and Development Status

Reflecting to 2021, in response to the ultra-thin, narrow bezel, high-resolution,

and energy-saving displays on the market, we continued to develop its core technology of light guide plates, display technology, and system integration technology to enhance product competency. In injection-molded light guide plates, Coretronic introduced the new IML & MML light guide plates, combined with special optical components to further enhance efficiency at least 40%~50% higher than traditional BLU. In hot embossing LGP, also continues Refined, optimized process and microstructure design developed new PC/PMMA RS-IML & CML, in addition to having the advantages of efficiency, low internal stress, resistance to material sticking, no need for molds, and high productivity, the thickness can be down to 0.3T, and can be used for ultra-narrow bezel thin displays. Looking forward to the energy-saving requirements of Energy star 8.0 in monitor displays, it has made active deployment in high energy-efficient LGPs of 27 “ or below, which are 10-20% more efficient than existing products.

In the development of HDR, we started the mass production of Mini-LED area dimming and scanning backlight modules for use on narrow-bezel gaming laptops and FPDs. Alongside with company’s specially developed optical alignment splicing light board, special diffusion Plate & printing technology has improved optics, picture quality and production stability.

In addition, we developed the fifth-generation switchable e-privacy display technology that supports lower power consumption and better privacy performance with core LGP, BLM, and special film technologies. It allows users to dynamically switch to the appropriate viewing angle in different scenarios to overcome the contrast reduction and inconveniences caused by using add-on privacy filters on traditional displays. At present, more and more models are in continuous mass production and development. In response to the sixth generation’s demand for lighter and slimmer modules with better privacy protection, we have proactively engaged in development and deployment and won credits from many customers for our trial production stage product. By extending related concepts to automotive and industrial applications, such as the development of one-way and two-way privacy protection technology for automotive center information displays (CID) and passenger displays for drivers to dynamically switch the viewing angle in different scenarios to prevent driving safety caused by light interference. Currently, we have continually discussed collaborative development projects with potential customers. To cope with the trend towards large-size, high-brightness, and high-contrast automotive display, we have successfully developed a 2D dynamic dimming LCD display featuring optics structure, diffusion layer & LED design, a 3~4mm OD with low Halo effect. Collaborative development with customers has also begun, and dynamic dimming function. Collaborative development with customers has also begun. In semi-system integration, it smoothly won orders from global customers with the integrated technology covering open cell, LGP, touch module, and

assembly and production integration business model. Based on these advantages, the Company also integrated the open cell in privacy display technology to in-house splitting and polarizer to form an integrated process from front-end to LCM assembly.

In the signage product line, 55” outdoor Kiosk touch display system with ultra-high brightness has been developed, sunlight readable, IP65 water and dust proof rating, with sensors to achieve instant operation surveillance and backup data in the cloud storage. Since 2020, 55” outdoor Kiosk touch displays have been built and set up in the public areas in Taiwan. Such large interactive signage demand increases apart from Taiwan local market. The same year, sample units have been delivered overseas for verification. In 2021, 32” outdoor kiosk is launched and 27”~46” completed the development which adapted optical bonding, supplied to a European customer. Optical bonding brings energy saving also enhances the display image quality of the outdoor displays. Furthermore, Smart Switchable Privacy (S-privacy) has been designed by using the special front light optical components, instead of existing optical film type by changing viewing angle, CVD’s S-privacy is ideal for ATM and self-service kiosk, now at sample stage for Japanese ATM and Kiosk clients.

CVD in 2019 jointly developed a smart endoscopic large size medical display with a local venture start-up, using AI and edge detection technology to detect esophageal tumors, assisting surgeons to reach precision medicine and reduce discomfort for patients. In 2021, continues dentistry PoC, capturing oral images and analyzing the spectrum by AI to determine the lesion. Images and analysis data will be sent to the teach hospitals for sampling and labeling verification. This technology could provide the dental medical data for diagnostic application. In addition to the medical displays with AI application, stand-alone self-calibration already used in CVD’s medical displays, is also adapted in high-end creator displays. Instead of factory calibration, end users could calibrate the color of the display by themselves. Series of product has been kicked-off and will be launch in 2022.

The development of special optical kits used in the e-Sports industry, taking the advantages of optical design and production technology, developing special lighting effects combined with software control, which can be applied to various gaming products. In the year 2021, the optical kit used in gaming PC motherboards has begun mass production and shipment. Several graphics card light-emitting accessories have also been developed, and the light-emitting parts on gaming notebooks also been sampled for review of the final approval. We will continue to deepen our core technical competencies in display to provide customers with fast, low-cost, high-quality and comprehensive semi-system and system products to create higher value.

For visual solution products, the trend of solid-state lighting as the primary light source has already taken off. With its industry-leading laser technology and commitment to image quality, Coretronic has been able to achieve the DLP #1 leading position. Moving forward, for consumer sector, Coretronic will further expand its use of RGB pure laser, combined with new smart technologies, to redefine future home/personal entertainment, as we know it. For corporate and education sector, Coretronic will continue to leverage laser to further enhance the unique advantages of the projector and, with the inclusion of smart technologies tailored for user's needs, provide customers with the best large screen display device. In terms of flagship image products, Coretronic continues to lead the industry with laser light sources as the main product. In 2021, it has launched the brightest 1DLP 22,000lm product in the segment, combine the latest software and hardware technology to ensure the consistency and stability of each picture, and create the projection standard of the best color image. In the future, we will continue to focus on the deep cultivation of high-efficiency, high brightness, high-definition, high-contrast, fidelity color, and combine Cloud, AI with intelligent value-added solutions to greatly improve customer experience and trustworthiness.

In response to the trend of the high-electronics society of human life, the new generation of projectors require not only a light, thin and mobile device, but also towards combine more than single projection functions, while take into account the must of energy saving and environmental friendliness. The new generation of products have continuously raised the volume power density and decreased its power consumption. In addition, the modular design concept of the sub-system has been gradually introduced, which effectively reduces the cost, shortens logistics management time, and improves the product manufacturability. Therefore, a more diverse product portfolio can be launch in the short period to satisfy all sorts of customers to the greatest extent.

From low brightness (<1,000 lumens) to high brightness (>20,000 lumens), the projector is designed with calmness, small size, lightness, low temperature and energy saving as the guidelines to carry out the best heat dissipation management of the system. The research and development team also conducts research on heat dissipation components, such as low thermal resistance interface materials, high-power heat dissipater (water-cooled module/air-cooled module), high-efficiency heat dissipate fan design, etc., to improve the heat dissipation efficiency of the system. At the same time, digital modeling technology is used to carry out system and photo thermal coupling modeling to improve design accuracy, shorten the projector development time, extend the life of the projector and improve product stability.

By acting quickly upon the post pandemic demands and the carbon reduction

trend, we has achieved success in breaking into AiO and LED wall projects in government control rooms, development finance companies, and the global top four accounting firms. The post pandemic environment brings a new trend on video walls with more diverse and broader information, which was require by the conference display solutions in hybrid meeting space. In response to this trend, we has developed AiO LED wall solution with flexible splicing options. Combined with premium video processing algorithm and dedicate OMS remote management platform, the AiO LED splicing wall solution accounts for 60% of sales demand already. Meanwhile, the newly launched 130” AiO with common-cathode Drive-IC (A130C) offers better efficient power consumption than the popular common-anode AiO models common in the market. The energy saved by one A130C running for a year can drive an electric car more than 30,000 miles. Furthermore, A130C awarded by international exhibition InfoComm in October of 2021. The development theme of AiO and LED wall products in 2022 is Smart, Software, Carbon reduction, and 4K, expecting to bring our customers smarter, more friendly and stunning visual experience. We will continuing spreading business scope from APAC towards global markets, driving new growths in business development and sales revenue.

Repeated global epidemics cause delays in field validation of emerging applications, however, NIR miniature spectrometers applications such as petrochemical online testing, crop quality, silage, pharmaceutical quality, and cloth fiber qualitative testing have clear needs and the field verification was restarted and expended the scope in the fourth quarter, 2021. The overall market is increasingly accepting the related applications of NIR miniature spectrometers, the development trend is more and more clearer and it is consistent with the direction of the company. The technical services provided from hardware to solutions can effectively cooperate with customers to accelerate the business development and strengthen the stickiness of the customers. In addition to continuing to generate through different business models, we will also invest in the development of new products to enhance market competitiveness.

In drone solutions, continue to develop a fully autonomous inspection drone solution with precise positioning, high-resolution aerial imagery and low-latency transmission technologies, and successfully obtained the ODM development project from a major US sensor manufacturer. At the same time, combined with the Alpine flight control algorithm and AI-assisted technology to complete the logistics drone solution, and cooperated with a Japanese e-commerce company to complete a 2800-meter mountain and a logistics demonstration project across Tokyo Bay. In addition, the team also received a special funding subsidy from the Logistics Section of the Industrial Bureau of the Ministry of Economic Affairs to implement the first domestic logistics drone field verification project. For industrial self-driving cars, completed the development of a 2D/3D SLAM fully autonomous navigation system

that does not require 2D barcodes and reflectors to assist positioning and is suitable for indoor and outdoor applications and uneven road applications. At the same time, the TOF Camera is used as the sensing device to design the pallet and cargo identification algorithm, and the high-precision vehicle motion control technology is used to complete the first real-time pallet aiming technology. The team combined the above navigation system with domestic and foreign forklift brand factories to design and complete various AMR forklifts suitable for manufacturing and logistics applications, and completed the verification results in five fields. The team also completed the design and production of three types of truck bodies, including jack-up type and roller type, as well as automatic charging piles equipped with lithium batteries.

In addition, we successfully conducted digital transformation solutions in DOOH and retail industry and cooperate digital transformation, by integrating our innovative visual solutions and products with core technologies including AI, deep learning, computer vision, data science, IoT, and cloud computing. Over 25,000 AIoT solutions and services have been deployed in Taiwan, including cloud signage, virtual shelf, repeat customer system, skin analysis, and e-label. Apart from earning the favor of leading retailers in Taiwan, these solutions have been implemented in their channels. In addition, we will collect, analyze, use and add value to the offline data and maintain close cooperation with customers, industries, and the academia to develop exclusive field-specific data analysis technology to realize the data-based service platform as well as conduct enterprise digital transformation and cloudification services and unique offline programmatic DOOH.

III. Summary of Business Plan in 2022

- (I) Looking forward to 2022, the company's operations will be directed towards the following management principles and policy.
 - 1. Continue with the transformation of business profit model and product competitiveness, and promote lean and smart manufacturing to enhance efficiency, improve product quality, and create profit.
 - 2. Build a sustainable supply chain, cultivating localization while expanding globally to secure competitiveness and enhance global market share.
 - 3. Cultivating core technologies and key components to provide innovative display systems and total solutions through integration and application of optical/mechanical/electrical/ thermal/software solutions and system design.
 - 4. Focus on high value-added products and multiple visual solutions, cultivate and develop intelligent service platforms for AI, big data, cloud technology, and intelligent interaction to expand growth momentum as well as lead future growth trends.
- (II) Furnish a sales volume forecast and the basis thereof.

According to the supply and demand situation, business strategy, and the company's production capacity, market share, etc., it is expected that the sales volume of Energy Saving products and Visual Solutions products under the Display Business Group of the Company will increase by 15%~20% compared with the previous year.

IV. Future Development Strategies

Moving forward, we will adhere to the mission to be the leader of the digital display system technology, continue to develop innovative display solutions, and aim at cloud services, AI, and complete solutions for various smart fields. The specific development strategies are as follows:

- (I) Intensely develop optical core technology to extend the cross-sector application of optical components, system products and semi-system products to increase product add value and price competitiveness and secure global competitiveness in the display and visual technology fields.
- (II) In BLM technology, apart from constantly developing various new type LGPs, direct type LGLs, special optical control films, and Mini-LED BLMs and its related optical diffusion film/plate and printing technology; we will continue to reduce the thickness, bezel width, optical films and LEDs and enhance the optical efficiency of BLMs to develop slim, small, lightweight, energy-efficient, HDR, and high-value added displays with privacy protection, for game consoles, tablets, notebooks, industrial monitors, automotive HUDs and touch screens, advanced monitors for medical and gaming, AiO monitors, slim and smart high-end TVs and smart home display modules.
- (III) In response to the changes in market business models and customer demands, product development has turned from BLMs to semi-system and integrated system products designed and manufactured in combination with tablets/notebooks/automotive HUDs and displays, and TV outer parts. This move aims to provide the best possible design, production, and global after-sales services for Brand Name/SI, and panel customers through a highly flexible business model.
- (IV) By offering a diversified 4K product portfolio powered by SSI and smart technologies, Mainstream product has expedited the transition from 1080p to 4K in the mainstream market and greatly improved its revenue and growth. The strategy of laser as the next-gen light source has achieved a tremendous success in B2B market despite it been severely impacted by COVID-19. In 2022, we will continue to leverage the leading SSI technology to achieve exponential growth in mainstream market, expand the smart Pico market aggressively, and acquire new customers to tap into new sectors including TV and gaming.

- (V) Based on the advantage of DLP technology, keep investing and product developing on high resolution / brightness and smart projection with computing edge : a. To break the technical limitation with brightest 1-DLP projector. b. To complete high resolution product lineup with product platform design. c. Projector with computing edge, keep invest and develop camera sensing and machine vision technology, to offer customer with smart and flexibility installation, self-maintenance for best application experience.
- (VI) To explore new customers and possible applications, keep simulation projector development with necessary and valuable features. With the premium simulation projector developed to further extending the application to commercial immersive/metaverse related business. Deepen the ST/UST projector development for specific projection applications, to explore the features with product differentiation and focus on the advantage of projection technology, such as curve surface and shapeless projection/display.
- (VII) Enter the smart retail, DOOH and enterprise digital transformation and cloudification consultant markets with the service-based business model by integrating AI, deep learning, computer vision, IoT and cloud computing. Focus on computer vision and deep learning technology; develop indoor and outdoor 3D SLAM navigation solutions based on multi-sensing device fusion technology, as well as core capabilities such as image recognition and motion control algorithms. Provide complete solutions for drones and industrial self-driving cars in the application fields of smart inspection, logistics and manufacturing, and actively expand the ODM business with international brand name company.
- (VIII) Plan and implement group resources allocation and ensure the information security with Digital optimization technology to enhance overall organizational performance; define information processes and system resource utilization required for business operations and quickly provide integrated information management platforms; design, plan, and implement cloud computing architecture, digital platforms and IoT environments and applications to promote the new business development within the group.
- (IX) In response to the group's operations and growth, raise low-cost funding to support organizational development and develop strength for long-term development.

V. Influences of External Competitions, Regulatory Environment and Macro Environment

In terms of the external competitive environment, the statistics of a market survey indicated that the estimated shipments of the large-size LCD panel were 887 million in 2021. The Digitimes Research estimated that the pandemic has driven global demands for large-size LCD panels (diagonally 9" or above) to the compound annual growth rate of 0.7% for the production capacity of large-size LCD panels between 2021 and 2026. As TVs, monitors, NB and tablet PCs continue to increase in display size, coupled with the increase in

shipments of automotive panels and interactive whiteboards (IWBs), the CAGR of the overall demand area will reach 2%. In response to the competitive industry environment and the growing demands for various application products, the Energy Saving Business Group at Coretronic will focus on the technology development of ultra-thin, narrow bezel, touch, high resolution and high dynamic contrast energy-saving displays, and in addition to pure backlight modules combined with the design and manufactured system/semi-system products, ultra-fine display technology HDR, LCD modules, free-form backlight modules, video wall, privacy display applications and other key components in different fields, also provide touch modules, the combination platform of institutional design, electronic solutions, etc., provides customers with complete and diversified customized display solutions, with the goal of pursuing higher profits and value, and grow steadily.

The statistics of the market survey estimated that, due to the pandemic, the shipments of the global projector market are approx. 5.6 million in 2021. Looking at 2022, statistics show that, as the market is gradually recovering with the deferred effects of the “movie viewing and cultural tourism” in the Chinese market continues to develop and education tenders, the shipments of the projector, including the laser TV is approx. 6.4 million where the 4K/UHD, smart projectors, and home market will be continuing to grow. As the pandemic is easing, the culture and tourism industry and demand for large public space displays will be recovering, which gradually drives the engineering projection market. Coretronic will continue to use and integrate core technologies such as Optics, Mechanics, Electronic, Thermal Management and Cloud Service to create new interactive video experiences for consumers, such as home entertainment, large-screen splicing, digital signage, large venue display, and smart retail to expand customers and applications in different fields. The overall operation is aimed at pursuing high profit, high value and steady growth.

In the regulatory environment, we will integrate and implement related measures based on IFRSs, Securities and Exchange Act, and other relevant corporate governance regulations to achieve the ultimate goal of compliance.

In terms of the marco environment, the IMF released the latest World Economic Outlook report, the Global GDP is expected to grow by 6.1% in 2021, which has returned to the level before the epidemic (2019) and it is estimated that in 2022, the global economic growth rate will reach 3.6%. Although the global economy is expected to continue to grow in 2022, inflation has become the focus of the market, and follow-up trends need to be focused on four focuses, including the reduction of the scale of monetary easing (QE) by global central banks and the dynamics of interest rate hikes.

With “Brighten the Future” as the visual & goal of the company for sustainable development, we spare no efforts realizing “Developing Technology-oriented and Sustainable Business Operations” to give everyone a prospective and sustainable future. In 2021, apart from being rated seven consecutive years, and one of the top 10% TWSE- and TPEX-listed electronics industry with a market value of NT\$10 billion or more in TWSE’s

Corporate Governance Evaluation, we also received the Excellence in Corporate Social Responsibility Award by CommonWealth Magazine for ten consecutive years, Taiwan Corporate Sustainability Awards for five consecutive years, and National Enterprise Environmental Protection Award for five consecutive years. In the future, we will be echoing the framework of the global sustainable development initiative with the spirit of active innovation and teamwork, and working with all stakeholders to create a sustainable future.

In view of the continuous global political and economic instability of the macro environment affected by the COVID-19 in 2022, the management team will build a stronger consensus among employees and implement medium- and long-term strategies to accomplish the mission of “Developing Technology-oriented and Sustainable Business Operations” and pursue the best interests for shareholders and employees through teamwork, proactive innovation and professional management. Thank you for your trust over the years, and we are looking forward to your continual support and kind feedbacks.

I wish you all the best.

Sincerely yours,

Chairman: Wade Chang

Two. Company overview

I. Date of establishment: June 30, 1992

II. History

- 06.1992 Established in Hsinchu Science Park with capital of NT\$ 100 million.
- 10.1992 Completed the development of the LCD backlight module technology and started its production.
- 04.1993 Completed the development of the LCD display technology and started its production.
- 03.1995 Established Nano Precision Corporation in Hukou Industrial Park, which produces the light guide plates for LCD backlight modules.
- 10.1995 Our single-panel LCD projector was launched in the market.
- 04.1996 Our LCD projector EzPro500 was awarded the Taiwan Excellence logo by Bureau of Foreign Trade, Ministry of Economic Affairs.
- 04.1997 Securities and Futures Bureau, FSC approved IPO.
- 09.1997 Obtained the ISO9002 quality certificate.
- 12.1998 Our self-built factories were completed at Lixing Rd. in Hsinchu Science Park.
- 01.1999 We are listed in Taipei Exchange (TPEX).
- 06.1999 Started mass production of the first DLP projector in the world.
- 07.2000 Established Optoma Display(Kunshan)Co., Ltd., in Kunshan, which is engaged in the manufacturing and production of products related to flat-panel displays.
- 02.2001 Issued offshore unsecured convertible corporate bond in US\$ 23 million.
- 12.2001 Issued domestic unsecured convertible corporate bond in NT\$ 1.4 billion.
- 01.2002 Established Optoma Technology Corporation, which is in charge of our own brand marketing.
- 02.2002 Established Young Optics Inc in Hsinchu Science Park, which is in charge of the manufacturing of optical components and parts.
- 09.2002 Established Coretronic(Suzhou) in Suzhou, which is engaged in the manufacturing and production of LCD backlight modules.
- 05.2003 Issued domestic secured corporate bond in NT\$ 500 million.
- 07.2003 Our self-built factories were completed in Zhunan branch of Hsinchu Science Park.
- 03.2004 Established Nano Precision (Suzhou) Co., Ltd in Suzhou, which produces the light guide plates for LCD backlight modules.
- 06.2004 Established Young Lighting Technology Inc., in Hukou Industrial Park, which is in charge of the manufacturing of optical components and parts.
- 07.2004 Our self-built factories were completed in Southern Taiwan Science Park.
- 05.2005 Established Suzhou Young Ray Optical Company, Limited, Coretronic (Shanghai) Co., Ltd, Coretronic (Nanjing) Co., Ltd., and Coretronic (Ningbo) Co., Ltd in Mainland China, which are in charge of the manufacturing and production of LCD backlight modules, and related optical components and parts.
- 05.2005 Issued offshore unsecured convertible corporate bond in US\$ 80 million.
- 06.2005 Established Coretronic Projection (Kunshan) Co., Ltd., in Kunshan, which is engaged in charge of the manufacturing and production of projectors and related optical components and parts.
- 10.2005 Reinvested in MatriTek, Inc., which is engaged in the manufacturing and production of electronic components and parts, and was renamed Young Green Energy Co., Ltd

- in May 2009.
- 05.2006 Established Core-Flex Optical (Suzhou) Co., Ltd in Suzhou which is engaged in the R&D, processing, and manufacturing of LCD backlight modules and optical components and parts, and was renamed Young Bright (Suzhou) Co., Ltd in November 2011.
 - 01.2007 Reinvested in Young Optics Inc, which is listed in the Taiwan Stock Exchange.
 - 07.2007 Established Suzhou Nano Display Co., Ltd., in Suzhou, which is engaged in the R&D, manufacturing, and sales of LCD backlight modules.
 - 11.2007 Established Coretronic (Guangzhou) Co., LTD., in Guangzhou, which is engaged in the R&D, manufacturing, and sales of LCD backlight modules.
 - 06.2008 Established Guangzhou Nano Display Co., Ltd., and Nano Precision (Nanjing) Co., Ltd., in Mainland China, which are engaged in the R&D, manufacturing, and sales of LCD backlight modules.
 - 06.2008 Due to Group strategies, invested in Coretronic Display Solution Corporation, which is engaged in the R&D, manufacturing, and marketing of various displays, monitors, and TV products.
 - 01.2009 Optoma Corporation, our subsidiary, was awarded “Taiwan Good Design Award” by Ministry of Economical Affairs.
 - 03.2010 Implemented and enhanced corporate social responsibilities, which is recognized by the 6th “Excellence in Corporate Social Responsibility Award” of Global Views Monthly.
 - 04.2010 Established Coretronic System Engineering Corporation, which is engaged in multimedia integration services.
 - 06.2010 Followed the government’s Employment Promotion Program and being recognized by “Job Creation Contribution Award” of Executive Yuan.
 - 12.2010 Established Coretronic Culture and Arts Foundation, which promotes research on lights and shades as well as artistic creations.
 - 12.2010 Reinvested in Young Lighting Technology Inc. and YLG Optotech (Guangzhou) Limited, a joint venture invested by Gunze Limited, which is engaged in capacitive touch panel products.
 - 03.2011 Established Coretronic Venture Capital Corp., which is engaged in the investment business of the Group.
 - 11.2011 Awarded the 1st Golden Cassia Award “Excellence in Market Capitalization & Revenue” and “Excellence in Sustainable Business” by Taipei Exchange.
 - 01.2012 To integrate resources of the Group, and improve the operational efficiency, Nano Precision Corporation and Coretronic Display Solution Corporation were merged into Young Lighting Technology, Inc.
 - 06.2012 Obtained Rank A+ in the 9th Information Disclosure and Transparency Ranking Evaluation among listed and OTC companies.
 - 08.2012 Awarded Excellence in Corporate Social Responsibility Award among large businesses by CommonWealth Magazine.
 - 09.2012 Awarded Silver Medal of Taiwan Training Quality System (TTQS) by Workforce Development Agency, Executive Yuan.
 - 12.2012 Passed the Healthy Workplace Self-accreditation by Health Promotion Administration, MOHW.
 - 06.2013 Obtained Rank A++ in the 10th Information Disclosure and Transparency Ranking Evaluation among listed and OTC companies.

- 08.2013 Awarded Excellence in Corporate Social Responsibility Award among large businesses by Commonwealth Magazine.
- 09.2013 Awarded by “Best Companies to Work For in Taipei Award” by Department of Labor, Taipei City Government.
- 09.2013 Obtained the Demo Workplace Certification Mark of “Cherish Lives and Work Happily in Workplaces” by Tainan City Government.
- 07.2014 Obtained Rank A++ in the 11th Information Disclosure and Transparency Ranking Evaluation among listed and OTC companies.
- 08.2014 Obtained the Excellence in Corporate Social Responsibility Award for consecutive three times.
- 11.2014 Awarded the 2nd Golden Cassia Award “Employment Promotion” and “Market Capitalization Contribution” by Taipei Exchange.
- 04.2015 Obtained Rank A++ in the 12th Information Disclosure and Transparency Ranking Evaluation among listed and OTC companies.
- 04.2015 Ranked the top 5% of listed and OTC companies in the 1st Corporate Governance Evaluation.
- 06.2015 Established Coretronic Optotech (Suzhou) Co. Ltd., which is engaged in the R&D, manufacturing, and sales of LCD backlight modules.
- 08.2015 Obtained the Excellence in Corporate Social Responsibility Award for consecutive four times.
- 09.2015 Awarded the 12th Arts & Business Award “Most Creative” by Ministry of Culture.
- 12.2015 Awarded the “Innovative Product Award” of good tenants in Hsinchu Science Park.
- 04.2016 Ranked the top 5% of listed and OTC companies in the 2nd Corporate Governance Evaluation.
- 08.2016 Obtained the Excellence in Corporate Social Responsibility Award for consecutive five times.
- 11.2016 Awarded TCISA’s Corporate Sustainability Report Awards-Gold Award.
- 12.2016 Awarded the “Innovative Product Award” of good tenants in Hsinchu Science Park.
- 04.2017 Ranked the top 5% of listed and OTC companies in the 3rd Corporate Governance Evaluation.
- 06.2017 Established Coretronic Optics (Kunshan) Corporation, which is engaged in the manufacturing and sales of projector module products.
- 06.2017 Established uCare Medical Electronics Co., Ltd., which is committed to development of motion monitoring, physical fitness, and smart sports technologies, and provision of the system integration for hardware and software.
- 07.2017 Established Champ Vision Display Inc., which is committed to the development of innovative smart display solutions.
- 07.2017 Acquire the leading high-end image processing company - Calibre UK Limited.
- 08.2017 Obtained the Excellence in Corporate Social Responsibility Award for consecutive six times.
- 10.2017 Ranked No.1 of the “Outstanding Business Unit” in the Group B in the Southern Taiwan Science Park, MOST.
- 10.2017 Coretronic System Engineering Corporation was renamed Coretronic Intelligent Cloud Service Corporation, which is committed to the development of smart cloud services.
- 10.2017 Awarded “2017 Sports Corporate Certification” by Sports Administration, MOE.
- 10.2017 Awarded the Bronze Medal of “26th ROC Enterprise Environmental Protection

- Award” by Environmental Protection Administration, Executive Yuan.
- 11.2017 Awarded TCSA’s Corporate Sustainability Report Awards-Gold Award.
- 11.2017 Established Coretronic Intelligent Robotics Corporation, which focuses on the R&D, manufacturing, and sales of the commercial Unmanned Aircraft Systems and smart robots.
- 11.2017 Established Coretronic Optics(Suzhou) Co., Ltd, which is engaged in the R&D, manufacturing, and sales of LCD backlight modules and related components as well as parts.
- 12.2017 Awarded first prize of “Buying Power-The New Product and Service of Social Innovation Purchase Reward Program” by Small and Medium Enterprise Administration, Ministry of Economic Affairs.
- 12.2017 Established InnoSpectra Corporation, which is engaged in the development, design, and sales of spectrometers and related solutions.
- 12.2017 Awarded the “Innovative Product Award” of good tenants in Hsinchu Science Park.
- 04.2018 Ranked the top 5% of listed and OTC companies in the 4th Corporate Governance Evaluation.
- 08.2018 Obtained the Excellence in Corporate Social Responsibility Award for consecutive seven times.
- 10.2018 Merged Young Lighting Technology Inc., a subsidiary.
Awarded “2018 Sports Corporate Certification - Field Visit” by Sports Administration, MOE.
Established Nano Precision Taiwan Limited, which is committed to the R&D and manufacturing of precision optical components and optical films.
- 11.2018 Awarded No. 1 of TCSA’s Corporate Sustainability Report Awards-”Transparency and Integrity Award” in 2018.
Awarded TCSA’s Corporate Sustainability Award-Corporate Sustainability Report Awards (Gold Award) for consecutive two years.
- 12.2018 Awarded first prize of “Buying Power-The New Product and Service of Social Innovation Purchase Reward Program” by Small and Medium Enterprise Administration, Ministry of Economic Affairs.
- 12.2018 Awarded the Silver Medal and Bronze Medal of “27th ROC Enterprise Environmental Protection Award” by Environmental Protection Administration, Executive Yuan.
- 04.2019 Ranked the top 5% of listed and OTC companies in the 5th Corporate Governance Evaluation, and ranked the top 10% of listed and OTC companies with market capitalization of NT\$ 10 billion.
- 07.2019 Established Coretronic MEMS Corporation, which focuses on the R&D, manufacturing, and sales of the MEMS technology, components, modules, and solutions.
- 08.2019 Obtained the Excellence in Corporate Social Responsibility Award for consecutive eight times.
Awarded “1st Corporate Health Responsibility Award” of Healthy Food Category-Excellence Award.
- 11.2019 Coretronic Reality Incorporation (CRI) was established.
Awarded the Silver Medal and Bronze Medal of “1st National Enterprise Environmental Protection Award” by Environmental Protection Administration, Executive Yuan.

- Awarded the Silver Medal of “TTQS (Talent Quality-management System).”
 Awarded SGS’s “CSR 2019 Sustainability Elite Award.”
 Awarded “Golden Prize” of the 14th Arts & Business Awards by Ministry of Culture.
 Awarded TCSA’s Corporate Sustainability Award-Corporate Sustainability Report Awards (Gold Award) for consecutive three years.
 Awarded No. 1 of TCSA’s Corporate Sustainability Report Awards-”Transparency and Integrity Award” for consecutive two years.
 Awarded TCSA’s Corporate Sustainability Award-”Social Inclusion Award.”
 Awarded TCSA’s Corporate Sustainability Awards-”Corporate Sustainability Awards.”
- 12.2019 Awarded second prize of “Buying Power-The New Product and Service of Social Innovation Purchase Reward Program” by Small and Medium Enterprise Administration, Ministry of Economic Affairs.
- 04.2020 Ranked in the top 5% of OTC companies in Corporate Governance Evaluation for six consecutive years and ranked in the top 10% of listed and OTC companies with a market capitalization of NT\$ 10 billion for two consecutive years.
- 08.2020 Obtained the Excellence in Corporate Social Responsibility Award for nine consecutive times.
 Awarded “2020 Sports Corporate Certification” by Sports Administration, MOE.
- 11.2020 Awarded TCSA’s Corporate Sustainability Award-Corporate Sustainability Report Awards (Gold Award) for consecutive four times.
 Awarded TCSA’s Corporate Sustainability Report Awards-”Transparency and Integrity Award” for three consecutive years.
 Awarded TCSA’s Corporate Sustainability Awards-”Corporate Sustainability Awards” for two consecutive years.
 Awarded the Silver Medal and Bronze Medal of “2nd National Enterprise Environmental Protection Award” by Environmental Protection Administration, Executive Yuan for four consecutive years.
 Awarded the Honorary Environmental Protection Enterprise Award of “2nd National Enterprise Environmental Protection Award” by Environmental Protection Administration, Executive Yuan.
 Awarded the Green Action Award of “2nd National Enterprise Environmental Protection Award” by Environmental Protection Administration, Executive Yuan.
- 12.2020 Awarded the second prize of “Buying Power-The New Product and Service of Social Innovation Purchase Reward Program” by Small and Medium Enterprise Administration, Ministry of Economic Affairs for two consecutive years.
 Established Coretronic (Vietnam) Co., Ltd., which is engaged in the R&D, manufacturing, and sales of LCD backlight modules and LCD modules.
- 03.2021 Coretronic Intelligent Logistics Solutions Corporation (CiLS) was established.
- 04.2021 Coretronic has been honorably ranked in the top 5% in the Corporate Governance Evaluation from Taiwan Stock Exchange (TWSE) for the 7th consecutive year, and also ranked in the top 10% in the electronics industry corporations (market value is over NTD 10 billion) for the 3rd consecutive year.
- 09.2021 Coretronic was honored 2021 Excellence in Corporate Social Responsibility Award by Taiwan’s Commonwealth Magazine for the 10th consecutive year.
- 11.2021 Coretronic has honorably earned 2021 TCSA “Corporate Sustainability Report Awards-Gold Award” for 5th consecutive year.

Coretronic has honorably earned 2021 TCSA “Transparency and Integrity Leadership Award” for 4th consecutive year.

Coretronic has honorably earned 2021 TCSA “Social Inclusion Leadership Award .”

Coretronic has honorably earned 2021 TCSA “Sustainability Comprehensive Performance Award” for 3rd consecutive year.

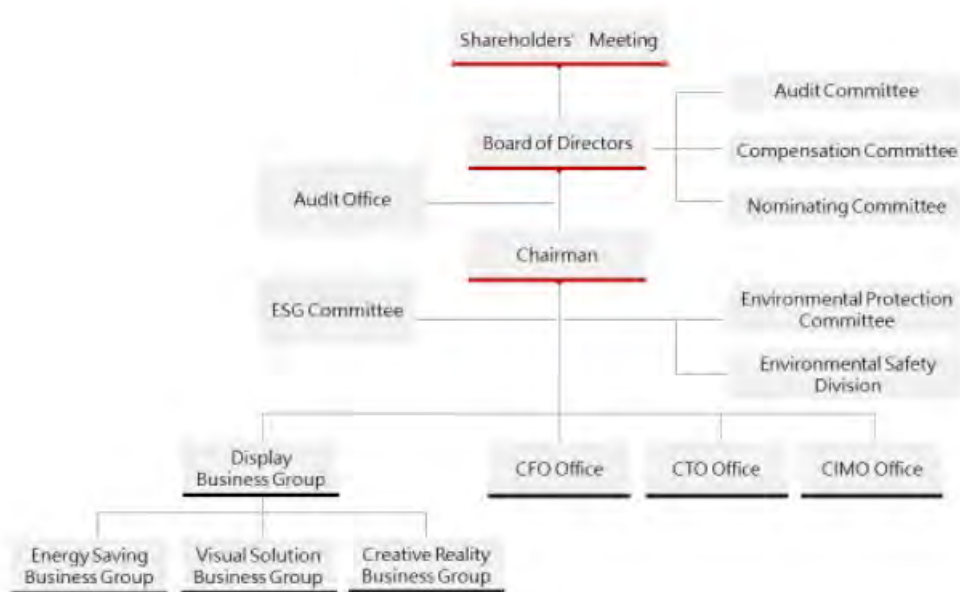
Coretronic was honored 2021 National Enterprise Environmental Protection Award-Silver Award.

12.2021 Coretronic has awarded “Buying Power-The New Product and Service of Social Innovation Purchase Reward Program” Third Prize by Small and Medium Enterprise Administration, Ministry of Economic Affairs.

Three. Corporate Governance Report

I. Organization

(I) Organizational structure (as of December 31, 2021)



(II) Responsibilities of main departments

Department	Responsibilities
Chairman's Office	Establish operational strategies and goals.
Internal Audit	The management of internal audit and operating procedures.
Environmental Safety Division	The management of the environment and safety.
Display Business Group	The management of R&D, manufacturing, sales, and customer service of Projection system and Optical module.
	The management of R&D, manufacturing, sales, and customer service of backlight module and panel module.
	The management of R&D, manufacturing, sales, and customer service of AR/MR and embedded application products.
CFO Office	The management of finance, accounting, investor relations, human development, legal, intellectual property rights, etc.
CTO Office	Planning, development and investment of critical/new technologies
CIMO Office	Intelligent manufacturing, intelligent factory planning and co-ordination of automated equipment, mechatronics systems and advanced manufacturing integration projects.

II. Background information of directors, the President, vice presidents, assistant vice presidents, and heads of departments and branch offices

(I) Directors

1. Directors' profile

April 12, 2022

Title	Nationality or place of registration	Name	Gender Age	Date elected /appointed	Service term	Date first elected	Shareholding when elected		Current shareholding		Shares held by spouse and underage children		Shares held in the names of others		Main career (academic) achievements	Concurrent duties in the Company and in other companies (Note 1)	Spouse or relatives of second degree or closer acting as directors, supervisors, or department heads			Remarks
							No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage			Title	Name	Relationship	
Chairman	R.O.C.	Wade Chang	Male 61~70	2019.06.13	3 years	1998.06.12	7,921,463	1.82%	9,345,953	2.39%	0	0.00%	0	0.00%	Master of NTU-Fudan EMBA , National Taiwan University; Chairman & CEO, Coretronic Corporation	Note 2	None	None	None	Note 9
Director	R.O.C.	Hsun Chieh Investment Co., Ltd.	N/A	2019.06.13	3 years	2001.06.18	15,062,551	3.47%	15,495,551	3.96%	0	0.00%	0	0.00%	None	Note 3	None	None	None	None
	R.O.C.	Representative: Tai-Shung Ho	Male 61~70	2019.06.13	3 years	2007.06.15	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Electrical Engineering, National Tsing Hua University; Chairman, Novatek Microelectronics Corporation	Note 4	None	None	None	None
Director	R.O.C.	Ted Tu	Male 61~70	2019.06.13	3 years	2010.06.15	0	0.00%	0	0.00%	0	0.00%	0	0.00%	MBA, University of Houston; Chairman & President, LAFA LifeTech, Inc.	Note 5	None	None	None	None
Director	R.O.C.	Chual-Hsin Teng	Male 61~70	2019.06.13	3 years	2012.06.12	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Honorary Doctorate in Engineering of the National United University; Master of Business Administration, National Taiwan University; Chairman , Thin Chang Co., Ltd	Note 6	None	None	None	None
Independent Director	R.O.C.	Houn-Gee Chen	Male 61~70	2019.06.13	3 years	2013.06.18	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ph.D. in Industrial Engineering, and Master in Computer Science, University of Wisconsin-Madison; Professor of Information Management Dept. and Dean of College of Managemt, Tunghai University	None	None	None	None	None
Independent Director	R.O.C.	Edward H.Chow	Male 61~70	2019.06.13	3 years	2019.06.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ph.D. in Business, Indiana University-Bloomington; Emeritus Professor of Finance Dept., National Chengchi University	Note 7	None	None	None	None

Title	Nationality or place of registration	Name	Gender Age	Date elected /appointed	Service term	Date first elected	Shareholding when elected		Current shareholding		Shares held by spouse and underage children		Shares held in the names of others		Main career (academic) achievements	Concurrent duties in the Company and in other companies (Note 1)	Spouse or relatives of second degree or closer acting as directors, supervisors, or department heads			Remarks
							No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage			Title	Name	Relationship	
Independent Director	R.O.C.	Yao Chien	Male 61~70	2019.06.13	3 years	2019.06.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Kun Shan University Industrial Design Department; General Manager of the Ursa Major Entertainment Ltd.	Note 8	None	None	None	None

Note 1: Office(s) concurrently held in the Company and other companies as of December 31, 2021.

Note 2: Concurrently served as a director in affiliated enterprises including Tecpoint, Great Pride, Great Pride Hong Kong, Visicorp, Wisdom Success, Wisdom Success Hong Kong, Coretronic (BVI) Investment, Greendale Investments, Optoma Europe, Sinolink Global, Optoma Holding, Coretronic Investment, Optoma Technology Corp., Chung Tsen Investment Corp. and Coretronic Venture Capital Co., Ltd.; Principal of Coretronic Hukou Branch.

Note 3: Concurrently served as director of Harvatek, UMC, PixArt Imaging, Unimicron, Silicon Integrated Systems, and Subtron Technology.

Note 4: Concurrently served as chairman of Novatek Microelectronics, NTK International, Novatek Japan, Novatek International (BVI), Novatek International (Samoa) and Cheertek International.

Note 5: Concurrently served as chairman and president of Hsuan Ho Technology, an independent director of Mercuries & Associates Holding and SCI Pharmtech Inc., representative chairman of institutional directors of PharmaEngine Inc., director of So-Cayenne Mobile Entertainment, and supervisor of Shang Da Investment.

Note 6: Concurrently served as chairman of Thin Chang Co., Ltd., and director of Sogotec Precision Co., Ltd..

Note 7: Concurrently served as an independent director of Yuanta Financial Holdings and Yuanta Securities; director of the Taichung City ESG Global Citizen Digital Governance Foundation; chair of NCCU Griffins Taipei and Financial Literacy & Education Association; and senior consultant of the World Alumni Association Preparatory Committee of National Chengchi University.

Note 8: Concurrently served as president of Ursa Major Music and director of Zong Zong Cultural Foundation.

Note 9: In situations where the Company's President or manager of the highest equivalent grade is the same person as or a spouse or first-degree relative of the Chairman, please explain the reasons, rationality and necessity of such an arrangement and any response measures taken; furthermore, disclose whether more than half of directors are involved in concurrent duty as employees or managers : This is no longer the case on May 1, 2022.

2. Major shareholders of corporate shareholders

Name of corporate shareholder	Major shareholders of corporate shareholders (shareholding percentage)
Hsun Chieh Investment Co., Ltd.	United Microelectronics Corporation (36.49%) Hsie Yung Investment Co., Ltd. (63.51%)

3. Key shareholders of those listed above that are also corporate entities

Name of corporate shareholder	Major shareholders of corporate shareholders (shareholding percentage)
United Microelectronics Corporation (Shareholding record date April 10, 2021)	JP Morgan Chase Bank in its Capacity as Master Custodian for Global Depository Receipt Account of UMC (5.84%) Fubon Life Assurance Co., Ltd. (4.16%) Hsun Chieh Investment Co., Ltd. (3.55%) New Labor Pension Fund (2.53%) Silicon Integrated Systems Corporation (2.30%) Yan Yuan Investment Co., Ltd. (1.62%) CTBC Bank in custody for UMC Employee Stock Ownership Trust Account (1.57%) Norway Central Bank Investment Account in the custody of Citibank (1.23%) Nan Shan Life Insurance Company, Ltd. (1.20%) JP Morgan Chase Bank in its Capacity as Master Custodian for PGIA Progress International Equity Index (1.06%)
Hsie Yung Investment Co., Ltd. (Shareholding record date December 31, 2021) (Note)	Unimicron Corporation (16.67%) Silicon Integrated Systems Corporation (16.67%) Novatek Microelectronics Corp. (15.15%) Faraday Technology Corporation (12.12%) King Yuan Electronics Co., Ltd. (7.58%) Yan Yuan Investment Co., Ltd. (12.20%)

Note: The company in question is not listed on TWSE or TPEX; no further shareholder information was available other than those presented above.

4. Disclosure of information on the professional qualifications of directors and the independence of independent directors

Criteria Name	Professional qualifications and experience (Note)	Status of independence	Number of positions as independent director in other public companies
Wade Chang	Since taking office in June 1998, now serving as the Chairman of the Company. Has extensive professional experience in the Company's operations and development, such as board leadership, operating & management, leading decision and industry trend forecasting.	Please refer to "Basic Information of Directors" in the annual report for details of shareholdings and concurrent employment in related companies. Not a spouse or relative within the second degree of kinship of another director.	0
Hsun Chieh Investment Co., Ltd. Representative: Tai-Shung Ho	Served as chairman of Novatek Microelectronics. Has rich experience in board leadership, operating & management, leading decision and industrial knowledge and has contributed to the Company's business needs.	Regarding outside directors, please refer to "Basic Information of Directors" in the annual report for details of the shareholdings and concurrent positions of corporate directors and their representatives. Not a spouse or relative within the second degree of kinship of another director.	0
Ted Tu	Served as the chairman and president of Hsuan Ho Technology. Has rich experience in operating & management, leading decision, and industrial knowledge; has worked in the Investment Development Department of Uni-President Enterprises; has financial and accounting professional skills that are helpful for the Company's business operations.	Outside director; no shareholdings; please refer to "Basic Information of Directors" in the annual report for details of concurrent positions. Not a spouse or relative within the second degree of kinship of another director.	2
Chual-Hsin Teng	Served as the chairman of Thin Chang Co. Has rich experience in operating & management and leading decision and marketing and industrial knowledge that is helpful to the Company's business needs.	Outside director; no shareholdings; please refer to "Basic Information of Directors" in the annual report for details of concurrent positions. Not a spouse or relative within the second degree of kinship of another director.	0
Houn-Gee Chen	Taught at Tunghai University and served as the dean of the School of Management; has more than five years of work experience and qualifies as an independent director. Convener of Audit Committee/Remuneration Committee/Nominating Committee. Has rich experience in information technology, innovation strategy and industry-university cooperation that is helpful to the Company in formulating new strategies, opening new business opportunities, and developing the ability of smart manufacturing.	Outside director; no concurrent position. Not a spouse or relative within the second degree of kinship of another director. Conformity to the status of independence: including but not limited to self, spouse, and relatives within the second or third degree of kinship who do not serve as directors, supervisors or employees of the Company or its affiliated companies; neither self nor spouse hold any shares; do not serve in the position of director, supervisor, or employee of a company that has a specified relationship with the Company in reference to Article 3, Paragraph 1, Subparagraphs 5-8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies; and receiving no amount of remuneration for providing business, legal, financial, accounting, and other services to the Company or its	0

Criteria Name	Professional qualifications and experience (Note)	Status of independence	Number of positions as independent director in other public companies
		affiliates in the last two years.	
Edward H. Chow	<p>Has taught in the Department of Financial Management of National Chengchi University and has more than five years of work experience; qualified as an independent director. Member of Audit Committee/Remuneration Committee/Nominating Committee. Has rich experience in production, government, and highest education & other significant position in operating & management/leading decision/risk management/international finance/investment and entrepreneurial financial management that contributes to improvements in the Company's corporate governance and the planning of future business strategies. Professional financial ability that meets the qualifications of the Audit Committee.</p>	<p>Outside director; please refer to "Basic Information of Directors" in the annual report for details of concurrent positions. Not a spouse or relative within the second degree of kinship of another director. Conformity to the status of independence: including but not limited to self, spouse, and relatives within the second or third degree of kinship who do not serve as directors, supervisors or employees of the Company or its affiliated companies; neither self nor spouse hold any shares; do not serve in the position of director, supervisor, or employee of a company that has a specified relationship with the Company in reference to Article 3, Paragraph 1, Subparagraphs 5-8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies; and receiving no amount of remuneration for providing business, legal, financial, accounting, and other services to the Company or its affiliates in the last two years.</p>	1
Chien Yao	<p>Has served as president of Ursa Major Music Co. and has more than five years of work experience; qualified as an independent director. Member of Audit Committee/Remuneration Committee/Nominating Committee. Has rich experience in creation and audio-visual multimedia as well as unique insights into aesthetics and consumer behavior, helping the Company to develop digital content technology in order to meet the needs of transforming from pure hardware to cloud value-added services and entering new industries such as mixed reality.</p>	<p>Outside director; please refer to "Basic Information of Directors" in the annual report for details of concurrent positions. Not a spouse or relative within the second degree of kinship of another director. Conformity to the status of independence: including but not limited to self and relatives within the second or third degree of kinship who do not serve as directors, supervisors or employees of the Company or its affiliated companies; not personally holding any shares; does not serve in the position of director, supervisor, or employee of a company that has a specified relationship with the Company in reference to Article 3, Paragraph 1, Subparagraphs 5-6 and Subparagraph 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies; and receiving no amount of remuneration for providing business, legal, financial, accounting, and other services to the Company or its affiliates in the last two years.</p>	0

Note: None of the 7 directors of the Company are subject to any of the provisions of Article 30 of the Company Act.

5. Diversity and independence of the Board of Directors

(1) Board of Directors diversity:

According to the Company's "Corporate Governance Code of Conduct," the President must not assume directorship and board members should be diversified in a manner that supports the Company's operations, business activities and growth. The diversification should be based on, but is not limited to, the following two principles:

- I. Background and value: Gender, age, nationality, culture etc.
- II. Knowledge and skills: Career background (e.g. law, accounting, industry, finance, marketing or technology), professional skill and industry experience.

The Company held a total re-election of its board during the shareholder meeting held on June 13, 2019. The new board comprises 7 directors including 3 independent directors; 14% of whom concurrently serve as employees while independent directors. The term of office of the 3 independent directors shall not exceed 3rd term. The seven directors are between 61 and 70 years old, and the average age of all directors is approximately 65 years old. The members of the Board of Directors of the Company come from a variety of professional fields and have the knowledge, skills and literacy required to execute the business. All are helpful to the Company's operational planning. For details of their professional abilities and industry experience, please refer to the "Disclosure of information on the professional qualifications of directors and the independence of independent directors."

The Company considers stakeholder participation, independence and professionalism, and experience in economic, environmental, and social topics in order to implement the goal of diversity in professional fields among our Board members. The targeted ratio of professionals in social fields stands at over 25%, and the current 7 directors include 2 professionals in social fields for a ratio of 29%. In its future re-election of directors, the Company intends to add one female director to achieve the policy of director diversification.

(2) Independence of the Board of Directors:

The number of independent directors of the Company is 3, and the proportion of independent directors is 43%. After reviewing the basic information of each director, 6 of the 7 directors are outside directors and there are no spouses or relatives within the second degree of kinship among the 7 directors. Therefore, the Board of Directors of the Company is independent.

(II) Background information of President, vice presidents, assistant vice presidents, and heads of departments and branches

April 12, 2022

Title	Nationality	Name	Gender	Date elected/ appointed	Shareholding		Spouse and minor children Shareholding		Shares held in the names of others		Main career (academic) achievements	Concurrent positions in other companies (Note 1)	Spouse or relatives of the second degree or closer acting as managers			Remarks
					No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage			Title	Name	Relationship	
CEO	R.O.C.	Wade Chang	Male	2001.06.18	9,345,953	2.39%	0	0.00%	0	0.00%	Master of NTU-Fudan EMBA , National Taiwan University Chairman & CEO, Coretronic Corporation	Note 2	None	None	None	Note 12
President	R.O.C.	Sarah Lin	Female	2010.12.06	1,943,311	0.50%	0	0.00%	0	0.00%	Bachelor in International Business of National Chengchi University President, Young Lighting Technology, Inc.	Note 3	None	None	None	None
President	R.O.C.	SY Chen	Male	2012.06.01	1,895,483	0.48%	432	0.00%	0	0.00%	EMBA of Cheung Kong Graduate School of Business President, Optoma Corporation	Note 4	None	None	None	None
President	R.O.C.	Ann Wu	Female	2020.02.03	1,033,520	0.26%	0	0.00%	0	0.00%	MBA of Fu Jen Catholic University CSO, Coretronic Corporation	Note 5	None	None	None	None
CFO	R.O.C.	Franck Ho	Male	2010.10.21	366,674	0.09%	12,000	0.00%	0	0.00%	MBA of Baruch College/City University of New York Vice President, Coretronic Corporation	Note 6	None	None	None	None
CTO	R.O.C.	Robert Hsueh	Male	2017.09.01	280,406	0.07%	0	0.00%	0	0.00%	Master in Electronic Engineering of Chung Yuan Christian University Vice President, Coretronic Corporation	Note 7	None	None	None	None
CIMO	R.O.C.	CY Lin	Male	2021.03.01	205,947	0.05%	0	0.00%	0	0.00%	Bachelor in Electrical Engineering Department of The University of National Sun Yat-sen Vice President, Coretronic Corporation	Note 8	None	None	None	None
Executive Vice President	R.O.C.	Wilson Hsu	Male	2016.11.01	264,134	0.07%	0	0.00%	0	0.00%	EMBA of National Cheng Chi University Vice President, Coretronic Corporation	Note 9	None	None	None	None
Executive Vice President	R.O.C.	Sara Lin	Female	2016.04.01	231,122	0.06%	800	0.00%	0	0.00%	MBA of Johnson & Wales University Associate Vice President, Young Lighting Technology, Inc.	Note 10	None	None	None	None
Vice President	R.O.C.	Carol Wu	Female	2021.11.08	151,814	0.04%	0	0.00%	0	0.00%	Master in Law of NYCU University Vice President, Coretronic Corporation	None	None	None	None	None
Vice President	R.O.C.	YC Chen	Female	2019.01.15	38,479	0.01%	0	0.00%	0	0.00%	University of Wisconsin, MBA Associate Vice President, Coretronic Corporation	None	None	None	None	None
Associate Vice President	R.O.C.	Mark Yang	Male	2019.11.01	2	0.00%	0	0.00%	0	0.00%	Master in Industrial Design of Tatung University Associate Vice President, Coretronic Corporation	None	None	None	None	None
Associate Vice President	R.O.C.	Willy Tsai	Male	2021.06.01	0	0.00%	0	0.00%	0	0.00%	Bachelor in Power Mechanical Engineering Department of National Tsing Hua University Associate Vice President, Coretronic Corporation	Note 11	None	None	None	None
Associate Vice President	R.O.C.	Jerry Cheng	Male	2021.01.01	1	0.00%	0	0.00%	0	0.00%	Industrial Engineering and Management of Minghsin University Senior Director, Coretronic Corporation	None	None	None	None	None
Associate Vice President	R.O.C.	Evan Ye	Female	2021.11.08	64	0.00%	0	0.00%	0	0.00%	Master in Management of Technology of NYCU University, Associate Vice President, Coretronic Corporation	None	None	None	None	None

- Note 1: Office(s) concurrently held in the Company and in other companies as of December 31, 2021.
- Note 2: Concurrently served as a director in affiliated enterprises including Tecpoint, Great Pride, Great Pride Hong Kong, Visicorp, Wisdom Success, Wisdom Success Hong Kong, Coretronic (BVI) Investment, Greendale Investments, Optoma Europe, Sinolink Global, Optoma Holding, Coretronic Investment, Optoma Technology Corp., Chung Tsen Investment Corp. and Coretronic Venture Capital Co., Ltd.; Principal of Coretronic Hukou Branch.
- Note 3: Concurrently served as a director in affiliated enterprises including Nano Display Hong Kong, Bigshine, Bigshine International Hong Kong, Investdragon, Lead Bright, Lead Bright Hong Kong, Elite View, Elite View Hong Kong, Young Lighting, Young Lighting Hong Kong, Crystal World Finance, Brightbridge Resources, Young Optics Inc., uCare Medical Electronics Co., Ltd., Champ Vision Display Inc. and Tsen Ming Investment Corp.; person-in-charge of Coretronic Nanke Branch and Korea Office.
- Note 4: Concurrently served as director in affiliated enterprises including Optoma Technology, Inc., Optoma Deutschland GmbH, Mat Limited, Optoma Europe, Optoma Benelux B.V., Optoma Espana, S.L., Boom Power, Optoma Scandinavia AS, Optoma Holding, Coretronic Investment, Young Green Energy Co., Ltd, Optoma Technology and Coretronic Intelligent Cloud Service.
- Note 5: Concurrently served as director in affiliated enterprises including Chung Tsen Investment Corp., Tsen Ming Investment Corp., Coretronic Venture Capital Co., Ltd. and InnoSpectra Corp., director of Nano Precision Taiwan.
- Note 6: Concurrently served as supervisor in affiliated enterprises including Nano Precision (Suzhou) Co., Ltd, Guangzhou Nano Display Co., Ltd., Yang Can Optoelectronics (Suzhou), Coretronic (Shanghai) Co., Ltd, Coretronic Optotech (Suzhou) Co. Ltd., Coretronic (Ningbo) Co., Ltd, Coretronic (Guangzhou) Co., Ltd., Coretronic Venture Capital Co., Ltd., Optoma Display (Kunshan) Co., Ltd., Coretronic Projection (Kunshan) Co., Ltd, Coretronic Optics (Kunshan) Corporation, Vimax (Kunshan) Co., Ltd., Boom Power Electronics (Suzhou) Co., Ltd, Coretronic System Engineering (Shanghai) Co., Ltd., Coretronic Display (Suzhou) Co., Ltd., Coretronic (Suzhou), Young Green Energy Co., Ltd, Vimax (Kunshan) Co., LTD., Tsen Ming Investment Corp., Optoma Technology Corp., Coretronic Optics (Suzhou) Co., Ltd, Coretronic MEMS Corp., Coretronic Reality Inc. and Coretronic Intelligent Technology (Kunshan); director in affiliated enterprises including Champ Vision Display Inc, Coretronic Intelligent Cloud Service Corp., Coretronic Intelligent Robotics Corp., InnoSpectra Corp., Venture, Optoma Technology, Inc., Mordern Smart Technology Ltd., Dynamic Time Investments Ltd., Nano Precision Taiwan, Coretronic MEMS Corporation, Coretronic Reality Inc., and Coretronic Intelligent Logistics Solutions.
- Note 7: Concurrently served as chairman of Coretronic Intelligent Robotics Corp., Coretronic MEMS Corporation, and Coretronic Reality Inc.; director of Chung Tsen Investment Corp., Tsen Ming Investment Corp., and Coretronic Venture Capital Co., Ltd.; president of Chung Tsen Investment Corp., Tsen Ming Investment Corp., and Coretronic Reality Inc; and person-in-charge of Coretronic Intelligent Robotics Corp. Nanke Branch.
- Note 8: Concurrently served as chairman of Coretronic Intelligent Logistics Solutions.
- Note 9: Concurrently served as director of affiliated enterprises including Young Green Energy Co., Ltd , Boom Power Electronics (Suzhou) Co.Ltd , and Optoma Technology Corp., president of Young Green Energy Co.,Ltd. and Boom Power Electronics (Suzhou) Co.Ltd .
- Note 10: Concurrently served as director of affiliated enterprises including Coretronic (Shanghai) Co., Ltd, YLG Limited, and Young Optics Inc.; president of Coretronic (Shanghai) Co., Ltd.
- Note 11: Concurrently served as director of Calibre UK.
- Note 12 : In situations where the Company's President or Chairman of the highest equivalent grade is the same person as or a spouse or first-degree relative of the Chairman, please explain the reasons, rationality and necessity of such an arrangement and any response measures taken; furthermore, disclose whether more than half of directors are involved in concurrent duty as employees or managers: This is no longer the case on May 1, 2022.

III. Remuneration paid to directors, supervisors, the President, and vice presidents in the last year (2021)

(I) Compensation to non-independent and independent directors

Unit: NTD thousands/thousand shares

Title	Name	Director compensation								Sum of A, B, C, and D as a percentage of income after tax								Compensation received as employee				Sum of A, B, C, D, E, F and G as a percentage of income after tax		Compensation from invested businesses other than subsidiaries		
		Return (A)		Pension (B)		Director remuneration (C)		Fees for services rendered (D)		The Company		All companies included in consolidated statements		Salaries, bonuses, special allowances etc (E)		Pension (F)		Employee compensation (G)(Note 1)								
		The Company	All companies included in consolidated statements	The Company	All companies included in consolidated statements	The Company	All companies included in consolidated statements	The Company	All companies included in consolidated statements	The Company	All companies included in consolidated statements	The Company	All companies included in consolidated statements	The Company	All companies included in consolidated statements	The Company	All companies included in consolidated statements	The Company	All companies included in consolidated statements	The Company	All companies included in consolidated statements					
Non-independent director	Wade Chang	2,160	2,160	0	0	0	0	0	0	2,160	2,160	0.11%	0.11%	14,700	17,556	204	204	7,560	0	7,560	0	24,624	27,480	1.21%	1.35%	None
	Shun Chieh Investment Co., Ltd. Representative: Tai-Shung Ho																									
	Ted Tu																									
	Chual-Hsin Teng																									
Independent Director	Houn-Gee Chen	2,520	2,520	0	0	0	0	0	0	2,520	2,520	0.12%	0.12%	0	0	0	0	0	0	0	0	2,520	2,520	0.12%	0.12%	None
	Edward H.Chow																									
	Yao Chien																									

- Please explain the policy, system, standards and structure by which independent director remuneration is paid, and association between the amount paid and independent directors' responsibilities, risks and time committed: According to the Company's Articles of Incorporation, independent directors are not entitled to director remuneration and are only paid fixed amounts of meeting attendance fee. The amount of compensation is determined based on attendance rate and contribution of individual independent directors and the peer level.
- Other than the content revealed in the table above, remuneration received by directors of the Company for their services in the most recent year (such as serving as an external consultant to the parent company, to any company listed in the financial statements, or to a reinvested company): None.

Directors' compensation range	Name of director			
	Sum of first 4 compensations (A+B+C+D)		Sum of first 7 compensations (A+B+C+D+E+F+G)	
	The Company	All companies included in consolidated statements	The Company	All companies included in consolidated statements
Below NTS 1,000,000	Wade Chang, Hsun Chieh Investment Corporation, Ted Tu, Chual-Hsin Teng, Houn-Gee Chen, Edward H.Chow, Yao Chien	Wade Chang, Hsun Chieh Investment Corporation, Ted Tu, Chual-Hsin Teng, Houn-Gee Chen, Edward H.Chow, Yao Chien	Hsun Chieh Investment Corporation, Ted Tu, Chual-Hsin Teng, Houn-Gee Chen, Edward H.Chow, Yao Chien	Hsun Chieh Investment Corporation, Ted Tu, Chual-Hsin Teng, Houn-Gee Chen, Edward H.Chow, Yao Chien
NTS 1,000,000 (inclusive) ~ NTS 2,000,000 (non-inclusive)	-	-	-	-
NTS 2,000,000 (inclusive) ~ NTS 3,500,000 (non-inclusive)	-	-	-	-
NTS 3,500,000 (inclusive) ~ NTS 5,000,000 (non-inclusive)	-	-	-	-
NTS 5,000,000 (inclusive) ~ NTS 10,000,000 (non-inclusive)	-	-	-	-
NTS 10,000,000 (inclusive) ~ NTS 15,000,000 (non-inclusive)	-	-	-	-
NTS 15,000,000 (inclusive) ~ NTS 30,000,000 (non-inclusive)	-	-	Wade Chang	Wade Chang
NTS 30,000,000 (inclusive) ~ NTS 50,000,000 (non-inclusive)	-	-	-	-
NTS 50,000,000 (inclusive) ~ NTS 100,000,000 (non-inclusive)	-	-	-	-
NTS 100,000,000 and above	-	-	-	-
Total	7	7	7	7

Note 1: Allocation of employee remuneration was approved during the board of directors meeting held in February 2022; this amount has yet to be paid as of the publication date of the annual report. Hence, the figure shown in the above chart represents the proposed amount.

(II) Compensation to President and vice presidents

Unit: NTD thousands/thousand shares

Title	Name	Salary (A)		Pension (B)(Note 1)		Bonuses and allowances (C)		Employee remuneration (D) (Note 2)				Sum of A, B, C, and D as a percentage of income after tax (%)		Compensation from parent company or invested businesses other than subsidiaries
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
CEO	Wade Chang (Note 3)(Note 4)	57,462	69,958	1,478	1,478	22,553	22,553	66,339	0	66,339	0	147,832 7.28%	160,328 7.89%	None
President	Sarah Lin (Note 3)													
President	SY Chen (Note 3)													
President	Ann Wu (Note 5)													
CFO	Franck Ho													
CTO	Fleming Chuang (Note 6)													
CTO	Robert Hsueh													
CIMO	CY Lin (Note 7)													
Executive Vice President	Wilson Hsu													
Executive Vice President	Sara Lin													
Vice President	Carol Wu (Note 8)													
Vice President	YC Chen													

President's and vice presidents' compensation range	Names of President and vice presidents	
	The Company	All companies included in consolidated statements
Below NT\$ 1,000,000	-	-
NT\$ 1,000,000 (inclusive) ~ NT\$ 2,000,000 (non-inclusive)	-	-
NT\$ 2,000,000 (inclusive) ~ NT\$ 3,500,000 (non-inclusive)	-	-
NT\$ 3,500,000 (inclusive) ~ NT\$ 5,000,000 (non-inclusive)	CY Lin	-
NT\$ 5,000,000 (inclusive) ~ NT\$ 10,000,000 (non-inclusive)	Fleming Chuang, Robert Hsueh, Wilson Hsu, Carol Wu, YC Chen	Fleming Chuang, Robert Hsueh, CY Lin, Wilson Hsu, Carol Wu, YC Chen
NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000 (non-inclusive)	Ann Wu, Franck Ho, Sara Lin	Ann Wu, Franck Ho, Sara Lin
NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000 (non-inclusive)	Wade Chang, SY Chen	Wade Chang, SY Chen
NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000 (non-inclusive)	Sarah Lin	Sarah Lin
NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000 (non-inclusive)	-	-
NT\$ 100,000,000 and above	-	-
Total	12	12

Note 1: The amount of pension provision (or contribution) expensed by the Company in 2021 totaled NT\$1,478,000. The amount of pension provision (or contribution) expensed by all companies in the consolidated financial statements in 2021 totaled NT\$1,478,000.

Note 2: Allocation of employee remuneration was approved during the board of directors meeting held in February 2022; this amount has yet to be paid as of the publication date of annual report, hence the figure shown in the above chart represents the proposed amount.

Note 3: Small passenger vehicles were provided for business-related use.

Note 4 : Resigned as CEO since May 1,2022.

Note 5: The board of directors approved the appointment as President since October 25,2021

Note 6: Retired on March 1, 2022 and resigned as CTO.

Note 7: On board since March 1, 2021.

Note 8: On board since November 8, 2021.

(III) Names of managers entitled to employee remuneration and amount entitled

December 31, 2021

Unit: NTD thousands

	Title	Name	Amount paid in shares	Cash Amount (Note 1)	Total	Total as a percentage of net income (%)
Manager	CEO	Wade Chang(Note 2)	0	71,883	71,883	3.54%
	President	Sarah Lin				
	President	SY Chen				
	President	Ann Wu (Note 3)				
	CFO	Franck Ho				
	CTO	Fleming Chuang (Note 4)				
	CTO	Robert Hsueh				
	CIMO	CY Lin (Note 5)				
	Executive Vice President	Wilson Hsu				
	Executive Vice President	Sara Lin				
	Vice President	Carol Wu (Note 6)				
	Vice President	YC Chen				
	Associate Vice President	Mark Yang				
	Associate Vice President	Willy Tsai (Note 7)				
	Associate Vice President	Jerry Cheng (Note 8)				
	Associate Vice President	Evan Ye (Note 6)				

Note 1: Allocation of employee remuneration was approved during the board of directors meeting held in February 2022; this amount has yet to be paid as of the publication date of the annual report. Hence, the figure shown in the above chart represents the proposed amount.

Note 2: Resigned as CEO since May 1, 2022.

Note 3: On October 25, 2021, the Board of Directors approved the appointment as President.

Note 4: Retired on March 1, 2022 and resigned as CTO.

Note 5: On board since March 1, 2021.

Note 6: On board since November 8, 2021.

Note 7: On board since June 1, 2021

Note 8: On board since January 1, 2021.

(IV) Ratios of remuneration paid to directors, supervisors, the President and vice presidents of the Company, and all companies in the consolidated financial statements to net profit after tax in the company only or individual financial statements in the last two years. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with business performance are also illustrated in this section.

1. Analysis table for the proportion to net profits after tax in parent company only and individual financial statements of the total of the remuneration paid to directors, President, and vice presidents by the Company and all companies in the consolidated financial statements in the most recent two years:

Unit: NT\$ thousand

Item Title	2020				2021			
	The Company		Consolidated statements for all companies		The Company		Consolidated statements for all companies	
	Total amount	Proportion after tax ratio to net profit	Total amount	Proportion after tax ratio to net profit	Total amount	Proportion after tax ratio to net profit	Total amount	Proportion after tax ratio to net profit
Director compensation	31,130	1.99%	33,873	2.17%	27,144	1.33%	30,000	1.47%
Remuneration of President and vice presidents	179,655	11.51%	191,892	12.30%	147,832	7.28%	160,328	7.89%
Net profit after tax	1,560,418	-	1,560,418	-	2,031,625	-	2,031,625	-

The total remuneration of directors in 2021 will be reduced compared with that in 2020, due to the decrease in salaries, bonuses and special expenses. The total remuneration of the President and vice presidents in 2021 is lower than that in 2020, due to the decrease in bonuses and special expenses.

2. Correlation between the policies, standards and combinations of payment, procedures for determination of remuneration, business performance and future risks:

According to the Company's Articles of Incorporation, directors are not entitled to director remuneration and are only paid fixed amounts of meeting attendance fees. The amount of compensation is determined based on attendance rate and contribution of individual directors and the peer level.

Amount of compensation paid to President, vice presidents and managers is determined according to the Company's "Director and Manager Salary, Compensation and Performance Assessment Policy" after taking into consideration the peer level, individual responsibilities and their contribution to business targets. The aforementioned remuneration includes salary and bonuses. Bonuses are highly linked to performance evaluation goals, including medium and long term goals involving financial indicators (such as Company revenue and pre-tax net profit achievement rate), non-financial indicators (such as product development and patent layout, legal compliance, risk assessment and prevention, etc.), and actions in response to climate change (such as reducing carbon emissions and increasing the use of green electricity), after regular evaluation and review by the Remuneration Committee and the Board of Directors each year. In addition, the remuneration system may be reviewed at any time in accordance with actual operating conditions and the relevant laws and regulations in order to pursue a balance between the Company's sustainable operations and risk control. The actual amount of annual director and manager remuneration paid in 2021 after being reviewed by the Remuneration Committee and proposed to the Board of Directors.

IV. Corporate governance

- (I) Operation of the Board of Directors: A total of 6 (A) board meetings were held in 2021; below are directors' attendance records:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) [B/A]	Remarks
Chairman	Wade Chang	6	0	100%	There were 6 meetings in the year 2021, and all 3 independent directors were present at each meeting.
Director	Hsun Chieh Investment Co., Ltd. Representative: Tai-Shung Ho	6	0	100%	
Director	Ted Tu	6	0	100%	
Director	Chual-Hsin Teng	6	0	100%	
Independent Director	Houn-Gee Chen	6	0	100%	
Independent Director	Edward H.Chow	6	0	100%	
Independent Director	Chien Yao	6	0	100%	

Independent directors' attendance at board meetings in 2021: Attendance in person;
 ☆ Attendance by proxy; △ No attendance

2021	1st	2nd	3rd	4th	5th	6th
Houn-Gee Chen	◎	◎	◎	◎	◎	◎
Edward H.Chow	◎	◎	◎	◎	◎	◎
Yao Chien	◎	◎	◎	◎	◎	◎

Other mandatory disclosures:

- I. For board of directors meetings that meet any of the following descriptions, state the date, session, the discussed motion, independent directors' opinions and how the company has responded to such opinions:
- (I) Conditions mentioned in Article 14-3 of the Securities and Exchange Act: Not applicable. The Company has assembled an Audit Committee and is therefore subject to Article 14-5 of the Securities and Exchange Act.
- (II) Any other documented objections or reservations raised by independent director against board resolution in relation to matters other than those described above: None. No objection or reservation was expressed by independent directors this year.
- II. Disclosure regarding avoidance of interest-conflicting motions, including the names of

directors concerned, the motions, the nature of conflicting interests, and the voting process:

1. The 10th Board of Directors reached a resolution during its 12th meeting with respect to the 2021 compensation to the Directors Hsun Chieh Investment Co., Ltd., Ted Tu, and Chual-Hsin Teng, and Independent Director Edward H. Chow, for which Directors Tai-Shung Ho, Ted Tu, Chual-Hsin Teng and Edward H. Chow had recused themselves from voting due to involvement of self-interest.
2. The 10th Board of Directors reached a resolution during its 12th meeting with respect to the 2021 compensation to the Independent Directors Houn-Gee Chen and Yao Chien, for which Independent Directors Houn-Gee Chen and Yao Chien had recused themselves from voting due to involvement of self-interest.
3. The 10th Board of Directors reached a resolution during its 12th meeting with respect to the managers' 2021 salary/compensation, for which Director Wade Chang had recused himself from voting due to involvement of self-interest.
4. The 10th Board of Directors reached a resolution during its 12th meeting with respect to invest the Yann Yuan Investment Co., Ltd, for which Director Tai-Shung Ho had recused himself from voting due to involvement of self-interest.
5. The 10th Board of Directors reached a resolution during its 14th meeting with respect to the allocation of 2020 employee remuneration for managers, for which Director Wade Chang had recused from voting due to involvement of self interest.

III. Board performance evaluation

Scope of assessment:	Assessment cycle	Assessment interval	Assessment method	Details of assessment
Board of Directors Performance evaluation	To be implemented once annually	2021/1/1 - 2021/12/31	Board of Directors Internal self-assessment	Board of Directors performance evaluation measurement items include five aspects: degree of participation in the Company's operations, the improvement of the decision-making quality of the Board of Directors, the composition and structure of the Board of Directors, the selection and continuous education of directors, and internal control. It primarily evaluates the board's interaction with the management, directors' respect for corporate governance, directors' ability to express opinions freely and follow up on various motions, the composition of the board, whether election and education of board members are compliant with the law, and whether the board exercises effective assessment and

Scope of assessment:	Assessment cycle	Assessment interval	Assessment method	Details of assessment
				supervision over internal control system and risks.
Performance assessment for individual directors	To be implemented once annually	2021/1/1 - 2021/12/31	Director Member self-assessment	Performance evaluation measurement items for individual directors include mastery of the Company's goals and tasks, the directors' awareness of responsibilities, the degree of participation in the Company's operations, management and communication of internal relations, directors' professional and continuous education, and internal control. It primarily evaluates whether individual directors understand the Company's future operating plans, whether they have enough time to participate in the Company's operations and provide professional advice, and whether they have good communication with the Company's management team.
Auditing Committee	To be implemented once annually	2021/1/1 - 2021/12/31	Internal self-assessment of the Audit Committee	The Audit Committee's internal self-assessment measures include five aspects: degree of participation in the Company's operations, awareness of the Committee's responsibilities, the improvement of the Committee's decision-making quality, the Committee's composition and member selection, and internal control. It primarily evaluates meeting participation in the Committee, timely provision of professional advice to the Board of Directors for discussion, follow-up on whether resolutions are properly implemented, and effective supervision of each item of internal control and risk.
Remuneration Committee	To be implemented once annually	2021/1/1 - 2021/12/31	Remuneration Committee Internal self-assessment	The Remuneration Committee's internal self-assessment measures include five aspects: degree of participation in the Company's operations, awareness of the Committee's responsibilities, the improvement of the Committee's decision-

Scope of assessment:	Assessment cycle	Assessment interval	Assessment method	Details of assessment
				making quality, the Committee's composition and member selection, and internal control. It primarily undertakes regular evaluations of performance compensation of directors and managers.
Nominating Committee	To be implemented once annually	2021/1/1 - 2021/12/31	Internal self-assessment of the Nominating Committee	The Nominating Committee's internal self-assessment measures include four aspects: degree of participation in the Company's operations, awareness of the Committee's responsibilities, the improvement of the Committee's decision-making quality, and the Committee's composition and member selection. It is mainly responsible for the performance evaluation of the Board of Directors, and each committee and director, evaluating the independence of independent directors, and reviewing the nomination of candidates for directors and senior managers.

IV. Enhancement to functionality of the board of directors in the current and the most recent year, and progress of such enhancements:

1. The Company has an Audit Committee, Remuneration Committee, and Nominating Committee in place to assist the Board of Directors in its duties. The abovementioned functional committees each comprises three independent directors, and may engage outside experts for opinions if necessary.
2. The Company has a set of Board of Directors Performance Assessment Policy in place, and conducts internal self-assessments on a yearly basis and external performance evaluations once every three years. In addition, a Corporate Governance Officer has been assigned to oversee corporate governance affairs and to provide the support needed to enhance board performance and assist directors with their duties.
3. A total re-election of the board was completed during the annual general meeting held on June 13, 2019, which elected 7 directors including 3 independent directors. Duties of the board of directors are to appoint and supervise performance of the management, supervise business performance, prevent conflict of interest, ensure the Company's compliance with laws and Articles of Incorporation, and execute shareholder meeting resolutions to shareholders' best interest. The Board of Directors convenes meetings at least once a quarter. The management is required to report operating performance so that the Board may outline general strategies and policies for the future.

(II) Functionality of the Audit Committee:

1. Annual focus of the Audit Committee:

The Company assembled its Audit Committee in 2010 as a means to enhance corporate governance. The Audit Committee comprises three independent directors, and Independent Director Houn-Gee Chen has been appointed as convener for the current board. The Audit Committee convenes meetings at least once every quarter, and may do so at any time deemed necessary. Responsibilities of the Audit Committee include: reviewing the fairness of financial statement presentation, reviewing the effectiveness of the internal control system, assessing appointment/dismissal/independence of financial statement auditor, supervising compliance and monitoring existing or potential risks. The committee exercises authority over the following matters:

- Establish or revise internal control systems and including related policies and procedures.
- Evaluate the performance of the internal control systems.
- Procedures for Handling Material Financial and Business Transactions.
- Matters bearing on the personal interest of a director.
- Material asset or derivatives transactions.
- Material lending funds, endorsements or guarantees.
- Offering, issuance or private placement of any equity-type securities.
- Hiring or dismissal of an attesting CPA, or the compensation given thereto.
- Independence of CPA.
- Appointment or discharge of financial, accounting, or internal auditing officers.
- Financial Reports.

Other important regulations. 2. Operation of the Audit Committee in 2021:

A total of 5 (A) Audit Committee meetings were held in 2021; below are independent directors' attendance records:

Title	Name	No. of actual attendance Times (B)	Attendance by proxy	Actual attendance rate (%) [B/A]	Remarks
Independent Director	Houn-Gee Chen	5	0	100%	None
Independent Director	Edward H.Chow	5	0	100%	
Independent Director	Chien Yao	5	0	100%	

Other mandatory disclosures:

- I. If any of the following circumstances arises in the operation of the Audit Committee, the meeting date, period, motion content, and any objections of independent directors should be stated, as well as contents of reserved opinions or major recommendations, the results of the audit committee's resolutions, and the Company's handling of the Audit Committee's opinions.

(I) Conditions described in Article 14-5 of the Securities and Exchange Act

Date	Session	Motion	Audit Committee resolution	Company's response to Audit Committee's opinions
2021.02.08	7th meeting of the 4th term	<ol style="list-style-type: none"> 1. Assessment of financial statement auditors' independence 2. 2020 parent company only and consolidated financial statements 3. 2020 business report 4. 2020 Statement of Internal Control System 5. Change of the Company's CPA 	Passed as proposed without objection from independent directors	Submitted to the Board of Directors with all attending directors agree to pass
2021.04.26	8th meeting of the 4th term	<ol style="list-style-type: none"> 1. Appropriation of 2020 earnings 2. 2021 1st quarter consolidated financial statements 3. The Company's investment in Yan Yuan Investment Co., Ltd. 4. Handling of cash capital increase by subsidiary Coretronic Intelligent Robotics Corporation 5. Amendments to the Company's "Asset Acquisition and Disposal Procedures" 	Passed as proposed without objection from independent directors	Submitted to the Board of Directors with all attending directors agree to pass
2021.07.13	9th meeting of the 4th term	<ol style="list-style-type: none"> 1. The Company's establishment of a wholly-owned subsidiary in Vietnam 2. The Company's acquisition of land use rights on behalf of an unincorporated Vietnamese subsidiary 	Passed as proposed without objection from independent directors	Submitted to the Board of Directors with all attending directors agree to pass
2021.07.26	10th meeting of the 4th term	2021 2nd quarter consolidated financial statements	Passed as proposed without objection from independent	Submitted to the Board of Directors with all attending directors agree to

Date	Session	Motion	Audit Committee resolution	Company's response to Audit Committee's opinions
			directors	pass
2021.10.25	11th meeting of the 4th term	1.2021 3rd quarter consolidated financial statements 2.Establishment of the Company's 2022 audit plan	Passed as proposed without objection from independent directors	Submitted to the Board of Directors with all attending directors agree to pass

(II) Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors: None. No objection or reservation was expressed by independent directors this year.

II. Avoidance of involvements in interest-conflicting discussions by independent directors; state the names of concerned independent directors, the discussions, the nature of conflicting interests, and the voting process: None.

III. Communication between independent directors and internal/external auditors (e.g. discussions concerning the Company's financial and business affairs, the method of communication used, and the outcome):

1. The chief internal auditor communicates with independent directors through conferences and Audit Committee meetings. The chief internal auditor reports to independent directors at least once a quarter regarding progress of internal audits performed, and prepares monthly reports for review by independent directors. Meetings can be convened at any time deemed necessary in the occurrence of major event.

2. Independent directors communicate with CPAs through conference. The CPAs report to independent directors twice a year on the following matters: financial statement audit, accounting estimates and material issues, changes in Statements of Financial Accounting Standards and securities or tax laws etc., and may contact independent directors at any time deemed necessary.

3. Independent directors communicate with the chief internal auditor and CPAs through regular meetings. For more details on the communication record, please visit the Company's website and go to Investor Relations\Governance\Internal Audit\Independent Directors.

(III) Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Has the Company prepared and disclosed Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies?	✓		The Company has established a set of “Corporate Governance Code of Conduct” with board of directors’ approval based on “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” to serve as guidelines toward developing sound corporate governance practice. This code of conduct is disclosed over the Company’s website and at Market Observation Post System.	Conforms with the Corporate Governance Best Practice Principles and no deviation is found
II. Shareholding structure and shareholders’ interests				
(I) Has the company implemented a set of internal procedures to handle shareholders’ suggestions, queries, disputes and litigations?	✓		(I) The Company has implemented “Shareholder Suggestion, Query, Dispute and Litigation Handling Procedures” and appointed spokesperson and acting spokesperson to ensure that material information is disclosed in a timely and fair manner to the best of shareholders’ interest. The Shareholder Affairs Office and Corporate Relations Office are responsible for engaging shareholders on the above issues. The Company has dedicated mailbox (ir@coretronic.com) and hotlines available to gather shareholders’ suggestions, queries and disputes, whereas shareholders’ litigations against the Company are handled by the Legal Affairs Department.	Conforms with the Corporate Governance Best Practice Principles and no deviation is found
(II) Is the company constantly informed of the identities of its major shareholders and the ultimate controller?	✓		(II) The Company monitors, yearly, the identity of its major shareholders and the ultimate controller based on the shareholder registry provided by the stock transfer agent as of the book closure date and the information regarding top 5% of shareholders provided by Taiwan Depository & Clearing Corporation. The Company also discloses relevant information regularly.	
(III) Has the company established and implemented risk management practices and firewalls for companies it is affiliated with?	✓		(III) The Company has “Subsidiary Supervision Policy,” internal control and internal audit policies in place to outline boundaries of management duty and authority with affiliated enterprises. All business dealings or transactions with	

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(IV) Has the company established internal policies that prevent insiders from trading securities against non-public information?	✓		<p>subsidaries are subject to compliance with laws and procedures for risk management purpose.</p> <p>(IV) The Company has an “Insider Trading Prevention Policy” in place to prevent insiders from exploiting information not readily available on the market for inappropriate gains, whether for self or others. The Company promotes internal awareness on a yearly basis and discloses information over its website, where managers and employees may access it at any time. Insiders are constantly reminded of issues concerning material information. The Company organized digital education training courses for managers and employees for educational and promotional purposes on October 6, 2021. Course content included multiple topics including confidentiality of material information, conditions that give rise to insider trading, the definition of insider trading, and case studies; moreover, a concrete implementation of information dissemination was undertaken to prevent insider trading. Furthermore, an education and information awareness course on “Insider Trading Prevention” was arranged for directors on October 25, 2021. The number of Company managers and employees participating in the courses in 2021 was 1,013.</p>	
<p>III. Assembly and obligations of the board of directors</p> <p>(I) Has the Board of Directors formulated a diversity policy and specific management objectives, and implemented them?</p> <p>(II) Apart from the Remuneration Committee and Audi</p>	<p>✓</p> <p>✓</p>		<p>(I) For the diversity policy of the Board of Directors, specific management objectives, and implementation status, please refer to the annual report for details under “II. Information on directors, the President, vice presidents, associate vice presidents, and supervisors of each department and branch” / “(A) Directors” / “5. Diversity and independence of the Board of Directors.”</p> <p>(II) The Company voluntarily established the “Nominating</p>	<p>Conforms with the Corporate Governance Best Practice Principles and no deviation is found</p>

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>Committee, has the company assembled other functional committees at its own discretion?</p> <p>(III) Has the company established a set of policies and assessment tools for evaluating board performance, and conducted performance evaluation on a yearly basis? Are performance evaluation results reported to the board of directors and used as reference for compensation, remuneration and nomination decisions?</p>	✓		<p>Committee” on October 26, 2020, consisting of 3 independent directors. The committee’s duty is as set forth in the “Charter of Nominating Committee,” and the information regarding members and the operating status is disclosed on MOPS.</p> <p>(III) The Board of Directors established the Company’s “Board of Directors Performance Assessment Policy” in April 2018. It later amended in October 2019 so that the performance of the board, the board members and functional committees are assessed once a year with outcomes reviewed by the Nominating Committee and the Board of Directors. The amended policy also requires board performance to be evaluated by an independent external institution at least once every three years. In 2020, EY Business Advisory Services Inc. was entrusted to perform the 2020 external Board performance evaluation. The Company submitted the aforementioned relevant implementation results to the Nominating Committee and the Board of Directors in February 2021 and disclosed them on the Company’s website. The Board conducts performance self-assessment once a year using a questionnaire. These assessments are arranged by the meeting organizer, and the most recent assessment covered the period January 1 to December 31, 2021. For more details on performance evaluation of the board, board members and functional committees, please refer to section 4. Corporate governance/Board performance evaluation.</p> <p>Outcome and implication of 2021 internal Board performance self-assessment:</p> <ol style="list-style-type: none"> 1. Overall, board performance was rated “Exceptional” and is indicative of the efforts the Company has committed to enhancing the board’s capacity. 2. Directors’ (self) performance assessment outcome: Directors’ 	

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(IV) Are external auditors' independence assessed on a regular basis?	✓		<p>overall performance was rated "Exceptional."</p> <p>3. Performance of the Remuneration Committee was rated "Exceptional" and is indicative of the efforts the Company has committed to enhancing Remuneration Committee's capacity.</p> <p>4. Performance of the Audit Committee was rated "Exceptional" and is indicative of the efforts the Company has committed to enhancing Audit Committee's capacity.</p> <p>5. Performance of the Nominating Committee was rated "Exceptional" and is indicative of the efforts the Company has committed to enhancing the Nominating Committee's capacity.</p> <p>The outcome of the above assessment has been reported to the Nominating Committee and the Board of Directors in February 2022. It is being used to support decisions such as board/functional committee capacity enhancement and compensation/nomination of individual directors.</p> <p>(IV) The Audit Committee duly evaluates independence and competence of the financial statement auditor once a year, and presents assessment result to the board of directors. Financial statement auditor's independence is assessed using the following criteria:</p> <ol style="list-style-type: none"> 1. The auditor is not related and has no employment relationship with the Company or its directors 2. The auditor has no other interest or business dealing with the Company except for the financial and taxation audit service. 3. The Company complies with relevant rules and rotates auditor within the accounting firm. 4. Statement of independence is obtained from the auditor on a yearly basis. 	

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			Assessment outcomes are as follows: In February 2022, the Audit Committee and Board of Directors conducted assessments on the Company's 2021 financial statement auditors and found CPA Shao-Pin Kuo and CPA Chih-Chung Chen having satisfied independence requirements.	
IV. Is the Company equipped with qualified and appropriate number of corporate governance personnel, and appoint a corporate governance director responsible for corporate governance related matters (including but not limited to providing the information needed by directors to carry out business, assisting directors and complying with laws and regulations, handling matters related to meetings of the Board of Directors and shareholders' meeting in accordance with the law, and producing minutes of board meetings and shareholders' meetings)?	✓		<p>The board of directors appointed the CFO to assume the role of Corporate Governance Officer during the meeting held in April 2019. Backed by more than 10 years of accounting, finance, shareholder service and meeting arrangement experience in a public company, the CFO works with the CFO's Office to oversee corporate governance-related matters, and their main duties are to arrange board meeting and shareholder meeting affairs, provide directors with the information needed to perform duties, and gather the latest regulatory changes that are relevant to the Company to assist directors with compliance, duties and ongoing education. Education of the Corporate Governance Officer in 2021 has been disclosed on the Company's website.</p> <p>The following tasks were performed throughout 2021:</p> <ol style="list-style-type: none"> Assisted directors with their duties, provided directors with the needed information, and arranged directors' training <ul style="list-style-type: none"> Informed board members of the latest regulations concerning the Company's operations and corporate governance. Provided directors with the requested information and maintained communication between directors and senior managers. Independent directors regularly communicated with the chief internal auditor or financial statement auditor to learn the Company's financial and business performance. Training courses were arranged for directors based on their highest education & other significant position and changes in 	Conforms with the Corporate Governance Best Practice Principles and no deviation is found

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>existing regulations.</p> <ul style="list-style-type: none"> ●Evaluated and took out appropriate director and manager liability insurance. <p>2. Assisted functional committees, board of directors and shareholders with meeting procedures and compliance issues</p> <ul style="list-style-type: none"> ● Prepared meeting agenda and notified directors at least 7 days before meeting, and provided participants with relevant materials pertaining to the issues discussed. Reminders were sent in advance for motions that involved conflict of interest, and minutes were produced within 20 days after each meeting. 6 board meetings and 5 audit committee meetings and 3 remuneration committee meetings and 1 nominating committee were held in the year 2021. ●Assisted and reminded directors of the regulations to comply when performing duties or forming resolutions at board meetings. ●Checked announcement of major resolutions of the board meetings and shareholders' meetings, ensured compliance and accuracy of the information conveyed and protected investors' rights to information symmetry. ●Processes such as registration of shareholder meeting date, preparation of meeting advice, conference manual, minutes, annual report etc. were completed and made available to investors within th required timeframe. ●Conducted 2021 Board of Directors internal performance assessment and performed an assessment for various functional committees and submitted the assessment results to the most immediate Nominating Committee meeting and Board of Directors meeting in 2022. <p>3. Maintenance of investor relations</p>	

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			Through quarterly investor seminars, annual general meetings and timely website updates, investors are given insight to the Company's financial, business and corporate governance performance, which also protects shareholders' interest.	
V. Has the company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	✓		The Company has an employee mailbox, employee service hotline, spokesperson mailbox and general inquiry hotline available to communicate with customers, suppliers and the general public. Stakeholders may contact specific departments within the Company at any time deemed necessary. The Company has created a dedicated section on its website to disclose information that is relevant to stakeholders. The Company uses a broad range of channels to maintain communication with stakeholders and learn their expectations; these findings provide a useful reference to the Company's corporate social responsibility policies and plans in the future.	Conforms with the Corporate Governance Best Practice Principles and no deviation is found
VI. Does the Company engage a share administration agency to handle shareholder meeting affairs?	✓		The Company has engaged the Shareholder Service Department of Taishin Securities Co., Limited to handle matters relating to shareholder meetings.	Conforms with the Corporate Governance Best Practice Principles and no deviation is found
VII. Information disclosure				
(I) Has the company established a website that discloses financial, business, and corporate governance-related information?	✓		(I) The Company maintains a website for disclosing information. Financial/business performance and corporate governance-related information can also be found on Market Observation Post System.	Conforms with the Corporate Governance Best Practice Principles and no deviation is found
(II) Has the company adopted other means to disclose information (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the company website)?	✓		(II) The Company has set up an English website and assigned dedicated personnel to gather and disclose information of the Company, enforce the spokesperson system, publish investor seminar video recordings over the Company's website, and duly disclose information in accordance with the authority's instructions and prevailing laws. Date and venue of investor	

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(III) Does the Company publish and make official filing of annual financial report within two months after the end of an accounting period, and publish/file Q1, Q2 and Q3 financial reports along with monthly business performance before the required due dates?	✓		<p>seminars can be found on the Company’s website under “Investor Relations/Earnings Conference,” “Investor Relations/Events” or “News/Events” sections.</p> <p>(III) The Company published its 2021 financial report following the investor seminar held on February 15, 2022, and expects to file its Q1, Q2 and Q3 financial reports in April, July and November, respectively. Monthly performance results were announced before the 10th calendar day of the following month.</p>	
VIII. Does the company have other information that enables a better understanding of the company’s corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders’ interests, continuing education of directors, implementation of risk management policies and risk measurements, implementation of customer policy, and insuring against liabilities of company directors)?	✓		<p>(I) Employee rights and care The Company strives to maintain harmonic employment relationship and caters for employees’ interest by taking a mutually beneficial approach. All management practices and systems are carried out according to labor regulations. The Company has an Employee Welfare Committee to plan welfare measures and recreation activities such as golden week vacations, employee trips, health seminars, and festive events, thereby promoting interaction among colleagues and family members. The Company also invites employees and family members to art and cultural events from time to time, where they are exposed to inspirations that may help enrich their lifestyle or improve their characters. The Company has been enforcing an employee assistance program that provides employees and family members with complimentary consultation on issues concerning mental health, legal affairs, healthcare and finance, so that employees may perform their duties with a peace of mind. The Company values employees’ mental and physical health, and arranges regular health checkups and health promotion activities to create a satisfying and healthy workplace.</p> <p>(II) Investor relations</p>	Conforms with the Corporate Governance Best Practice Principles and no deviation is found

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>The Company has spokesperson and acting spokesperson in place to maintain investor relations. The Company also hosts domestic investor seminars regularly and participates in global investor seminars from time to time.</p> <p>(III) Supplier relations and stakeholders' interests The Company adheres strictly to commercial ethics for all business dealings with suppliers and customers. Key suppliers are regularly evaluated for price, quality, technology, delivery and service, and all suppliers are required to sign a letter of commitment to integrity. The Company fully understands customers' needs, helps them resolve problems and strives to deliver more satisfactory products and services. Financial and business dealings with affiliated enterprises are carried out according to rules such as "Lending, Guarantee and Endorsement Procedures," "Asset Acquisition and Disposal Procedures" and "Subsidiary Supervision Policy."</p> <p>(IV) Director' education The Company actively encourages directors to participate in courses organized by the authority. Please refer to the chart titled Directors' and Managers' Education for details on corporate governance-related training undertaken by directors and managers.</p> <p>(V) Risk management policies and risk assessment standards The Company follows the Risk Management Policy approved by the Board of Directors in 2020. The Company continues to implement risk detection, analysis and identification in the area of risk management, strengthen its abilities in prevention and resolving crises, and swift recovery from crises to control risks effectively. For risk management information, please visit the "Sustainability/Risk Management" section on the Company's</p>	

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>website.</p> <p>(VI) Implementation of customer policy The Company has implemented appropriate customer policy given the nature of its business activities. To ensure customers' satisfaction, the Company not only directs attention to the quality, safety and innovation of products delivered, but also addresses complaints in a timely manner and provides customers with complete product information.</p> <p>(VII) Insurance against directors' liabilities The Company has purchased liability insurance to insure itself against liabilities of its directors; insurance policies are reported to the board of directors on a yearly basis.</p>	

IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified:

The Company has been acknowledged as one of the top 5% companies in corporate governance evaluations for seven consecutive years, and has reviewed the results of the corporate governance evaluations and evaluated feasible improvement methods. In its future re-election of directors, the Company plans to increase the number of female directors to achieve the policy of director diversification. The Company's sustainability efforts cover economic/governance, environmental, and social aspects. To date, it has received the "Commonwealth CSR Award" for 10 consecutive years, the Taiwan Corporate Social Responsibility Awards (TCSA) "Corporate Sustainability Report Awards - Gold" for five consecutive years, the TCSA "Transparency and Integrity Leadership Awards - First Place" for four consecutive years, the TCSA "Social Inclusion Leadership Award" for a second time, and the TCSA "Taiwan Sustainability Excellence Award" for three consecutive years. In the future, the Company will continue upholding its integrity and shall commit to the mission of fulfilling responsibilities to stakeholders and society.

Directors' and managers' ongoing education						
Title	Name	Course date		Organizer	Course name	Training Hours
		Start	End			
Chairman	Wade Chang (Note)	2021.10.25	2021.10.25	Taiwan Corporate Governance Association	The Company's legal compliance with supervisory duties of directors and insider trading	6
Representative of corporate director	Tai-Shung Ho	2021.10.25	2021.10.25	Taiwan Corporate Governance Association	The Company's legal compliance with supervisory duties of directors and insider trading	6
		2021.10.29	2021.10.29	Taiwan Corporate Governance	ESG trends and practical analysis and consideration regarding how to build	6

Directors' and managers' ongoing education						
Title	Name	Course date		Organizer	Course name	Training Hours
		Start	End			
				Association	a high-performance Board of Directors and functional committees based on the Board of Directors performance evaluations	
Director	Ted Tu	2021.09.01	2021.09.01	Securities & Futures Institute	The 13th Taipei Corporate Governance Forum	6
		2021.10.25	2021.10.25	Taiwan Corporate Governance Association	The Company's legal compliance with supervisory duties of directors and insider trading	6
Director	Chual-Hsin Teng	2021.10.25	2021.10.25	Taiwan Corporate Governance Association	The Company's legal compliance with supervisory duties of directors and insider trading	6
		2021.10.26	2021.10.26	Taiwan Corporate Governance Association	Mergers and Acquisitions Practice and Case Analysis; Development Trends and Important Norms for Prevention of Money Laundering and Terrorism	6
Independent Director	Houn-Geer Chen	2021.10.25	2021.10.25	Taiwan Corporate Governance Association	The Company's legal compliance with supervisory duties of directors and insider trading	6
Independent Director	Edward H. Chow	2021.05.04	2021.05.04	Taiwan Securities Association	Practice and Case Study of Money Laundering Prevention and Combating Terrorism	3
		2021.09.07	2021.09.07	Taiwan Securities Association	Sustainable Finance Innovation and Management	3
		2021.10.05	2021.10.05	Taiwan Securities Association	Introduction and Response to the Financial Consumer Protection Act (Treating Clients Fairly)	3
		2021.10.25	2021.10.25	Taiwan Corporate Governance Association	The Company's legal compliance with supervisory duties of directors and insider trading	6
		2021.12.03	2021.12.03	Taiwan Institute of Directors	Kinesiology in the Post-Pandemic Era— 6 Heart Chakras to Challenge Enterprises to Rapid Growth	2
Independent Director	Chien Yao	2021.10.25	2021.10.25	Taiwan Corporate Governance Association	The Company's legal compliance with supervisory duties of directors and insider trading	6
CFO/ Accounting Supervisor/ Corporate Governance Officer	Franck Ho	2021.08.31	2021.09.01	Taipei Exchange	"2021 TPEX Sustainable Upgrade Online Forum"	4
		2021.09.16	2021.09.16	Taiwan Corporate Governance Association	Case Analysis of Hostile Mergers and Acquisitions and Competition for Management Rights, and Corporate Countermeasures	3
		2021.10.25	2021.10.25	Taiwan Corporate Governance Association	The Company's legal compliance with supervisory duties of directors and insider trading	6
		2021.11.29	2021.11.30	Accounting Research and Development Foundation of the R.O.C.	Ongoing Education for Securities Issuers, Securities Firms, and TWSE Chief Accounting Officer	12

Note : Resigned as CEO since May 1,2022.

(IV) Disclose the composition, responsibilities, and functioning of the Remuneration Committee or Nominating Committee, if available

I. Information on members of the Remuneration Committee and information on its operations

1. Information of Remuneration Committee Members:

December 31, 2021

Identity	Name	Criteria	Professional qualifications and experience (Note)	Status of independence	Number of positions as Remuneration Committee member in other public companies
Independent director (Convener)	Houn-Gee Chen	Taught at Tunghai University and served as the dean of the School of Management; has more than five years of work experience and qualifies as an independent director. Convener of Audit Committee/Remuneration Committee/Nominating Committee. Has rich experience in information technology, innovation strategy and industry-university cooperation that is helpful to the Company in formulating new strategies, opening new business opportunities, and developing the ability of smart manufacturing.	Outside director; no concurrent position. Not a spouse or relative within the second degree of kinship of another director. Conformity to the status of independence: including but not limited to self, spouse, and relatives within the second or third degree of kinship who do not serve as directors, supervisors or employees of the Company or its affiliated companies; neither self nor spouse hold any shares; do not serve in the position of director, supervisor, or employee of a company that has a specified relationship with the Company in reference to Article 3, Paragraph 1, Subparagraphs 5-8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies; and receiving no amount of remuneration for providing business, legal, financial, accounting, and other services to the Company or its affiliates in the last two years.	0	
Independent Director	Edward H.Chow	Has taught in the Department of Financial Management of National Chengchi University and has more than five years of work experience; qualified as an independent director. Member of Audit Committee/Remuneration Committee/Nominating Committee. Has rich experience in production, government, and highest education & other significant position in operating & management/leading decision/risk management/international finance/investment and entrepreneurial financial	Outside director; please refer to "Basic Information of Directors" in the annual report for details of concurrent positions". Not a spouse or relative within the second degree of kinship of another director. Conformity to the status of independence: including but not limited to self, spouse, and relatives within the second or third degree of kinship who do not serve as directors, supervisors or employees of the Company or its affiliated companies; neither self nor spouse hold any shares; do not	1	

Identity	Name	Criteria	Professional qualifications and experience (Note)	Status of independence	Number of positions as Remunerati on Committee member in other public companies
		management that contributes to improvements in the Company’s corporate governance and the planning of future business strategies. Professional financial ability that meets the qualifications of the Audit Committee.	serve in the position of director, supervisor, or employee of a company that has a specified relationship with the Company in reference to Article 3, Paragraph 1, Subparagraphs 5-8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies; and receiving no amount of remuneration for providing business, legal, financial, accounting, and other services to the Company or its affiliates in the last two years.		
Independent Director	Chien Yao	Has served as president of Ursa Major Music Co. and has more than five years of work experience; qualified as an independent director. Member of Audit Committee/Remuneration Committee/Nominating Committee. Has rich experience in creation and audio-visual multimedia as well as unique insights into aesthetics and consumer behavior, helping the Company to develop digital content technology in order to meet the needs of transforming from pure hardware to cloud value-added services and entering new industries such as mixed reality.	Outside director; please refer to “Basic Information of Directors” in the annual report for details of concurrent positions”. Not a spouse or relative within the second degree of kinship of another director. Conformity to the status of independence: including but not limited to self and relatives within the second or third degree of kinship who do not serve as directors, supervisors or employees of the Company or its affiliated companies; not personally holding any shares; does not serve in the position of director, supervisor, or employee of a company that has a specified relationship with the Company in reference to Article 3, Paragraph 1, Subparagraphs 5-6 and Subparagraph 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies; and receiving no amount of remuneration for providing business, legal, financial, accounting, and other services to the Company or its affiliates in the last two years.	0	

Note: None of the 3 independent directors of the Company are subject to any of the provisions of Article 30 of the Company Act.

2. Responsibilities of the Remuneration Committee: To evaluate directors’ and managers’

performance as well as compensation policies and systems in a professional and objective manner, including: (1) Regular examination of “Remuneration Committee Foundation Principles” and offering of amendment suggestions. (2) Establish and review regularly the annual and long-term performance targets outlined for the Company’s directors and managers, and the policies, systems, standards, and structures of their compensation. (3) Evaluate on a regular basis the accomplishment of performance targets by the Company’s directors and managers, and determine the details and amounts of individual compensation. The Remuneration Committee convenes meetings at least twice a year and may do so at any time deemed necessary to provide the board with useful suggestions for decision-making.

3. Functionality of Remuneration Committee: The Company’s Remuneration Committee comprises 3 members; service of the current board begins June 13, 2019 and ends June 12, 2022. The Remuneration Committee held 3 (A) meetings in 2021; member backgrounds and attendance records are as follows:

Title	Name	Actual number of attendances (B)	Attendance by proxy	Actual attendance rate (%) [B/A]	Remarks
Convener	Houn-Gee Chen	3	0	100%	None
Committee member	Edward H.Chow	3	0	100%	
Committee member	Chien Yao	3	0	100%	

4. Other matters to be recorded:

(I) If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, the date and period of the Board of Directors, the content of the proposal, the resolution of the Board of Directors, and the Company’s handling of the opinions of the Remuneration Committee should be stated. (If the remuneration approved by the Board of Directors exceeds the recommendation of the Remuneration Committee, the differences and reasons should be stated): None.

(II) Should any committee member object or express qualified opinions to the resolution made by the Remuneration Committee, whether on-record or in writing, please describe the date and session of the meeting, details of the motion, the entire members’ opinions, and how their opinions were addressed: None.

(III) Discussions and resolutions of the Remuneration Committee, and the Company’s response to committee members’ opinions

Date	Session	Motion	Resolution of the Remuneration Committee	Company’s response to Remuneration Committee’s opinions
2021.4.26	4th meeting of the 4th term	1. Amendment to the Remuneration and Performance Evaluation Measures for Directors and Managers of the	1.The motion was passed as proposed without objection from independent directors.	Proposed by the board of directors and passed unanimously by all attending members

Date	Session	Motion	Resolution of the Remuneration Committee	Company's response to Remuneration Committee's opinions
		<p>Company</p> <p>2. 2021 compensation for Directors Hsun Chieh Investment Co., Ltd., Ted Tu, and Chual-Hsin Teng and Independent Director Edward H. Chow.</p> <p>3. 2021 compensation for Independent Directors Houn-Gee Chen, and Yao Chien.</p> <p>4. 2021 managers' salary and compensation</p>	<p>2. Director Edward H. Chow had disassociated from the final resolution as the motion concerned personal interest. The motion was passed as proposed by Director Houn-Gee Chen and Director Yao Chien without objection.</p> <p>3. Director Houn-Gee Chen and Director Yao Chien had disassociated from the final resolution as the motion concerned personal interest. The motion was passed as proposed by Director Edward H. Chow without objection.</p> <p>4. The motion was passed as proposed without objection from</p>	

Date	Session	Motion	Resolution of the Remuneration Committee	Company's response to Remuneration Committee's opinions
			independent directors.	
2021.7.26	5th meeting of the 4th term	2020 employee remuneration for managers of the Company	All Independent Directors Approved as proposed without objections.	Submitted to the Board of Directors with all attending directors agree to pass
2021.10.25	6th meeting of the 4th term	Employee stock ownership trust of the Company for 2021	All Independent Directors Approved as proposed without objections.	Submitted to the Board of Directors with all attending directors agree to pass

II. Information on members of the Nominating Committee and information on its operations

1. Qualifications and responsibilities for the appointment of members of the Nominating Committee.

The Company established a Nominating Committee in October 2020. The Committee consists of three independent directors. Committee member Edward H. Chow, an independent director, has expertise in finance and corporate governance, which is in line with the professional competence required by the committee.

The Nominating Committee has been established for the purpose of enhancing the effectiveness of the Company's Board of Directors. Its functions and powers are (1) to identify, review and nominate candidates for directors and senior managers based on the professional knowledge, skills, experience, gender and other standards of diversity and independence required of directors and senior managers.(2) It undertakes performance evaluation of the Board of Directors and each committee and director and evaluates the independence of independent directors.(3) Other resolutions of the Board of Directors are entrusted to this Committee.

2. Professional qualifications, experience, and operation of the members of the Nominating Committee:

There are 3 members of the Nominating Committee of the Company. The term of the current Committee members is from October 26, 2020 to June 12, 2022. The Nominating Committee held 1 (A) meeting in 2021; the professional qualifications, experience, and attendance of the members are as follows:

Title	Name	Professional qualifications and experience	No. of actual attendance Times (B)	Attendance by proxy	Actual attendance rate (%) [B/A]	Remarks
Convener	Houn-Gee Chen	Please see “II. Information on directors, the president, vice presidents, associate vice president, and supervisors of each department and branch” / “4. Disclosure of information on the professional qualifications of directors and the independence of independent directors” in the annual report.	1	0	100%	None
Committee member	Edward H.Chow		1	0	100%	
Committee member	Chien Yao		1	0	100%	

3. Other matters to be recorded:

Discussions and resolutions of the Nominating Committee, and the Company’s response to Nominating Committee members’ opinions

Date	Session	Motion	Content of recommendations or objections of Nominating Committee members	Nominating Committee Resolution	Company’s response to Nominating Committee’s opinions
2021.2.8	1st Meeting of the 1st term	Appointment of CIMO of the Company	None	Passed as proposed without objection from independent directors	Proposed by the board of directors and passed unanimously by all attending members

(V) Implementation of sustainable development promotions and the deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
I. Does the Company establish a governance structure to promote sustainable development, and set up a designated full-time (or part-time) unit to promote Sustainable Development, and the Board of Directors authorizes senior management to handle this and the Board of Directors supervises the situation?	✓		<p>1. Governance structure for sustainable development: To implement ESG, the CSR Committee was established in 2008, and was renamed to ESG Committee in 2020. The committee is chaired by the CEO of Coretronic, with presidents and the chief financial officer (CFO) as members and the spokesperson as the management representative. The ESG Committee also authorizes the executive representative of economic, social, and environmental departments to assist with ESG promotion. Members of Committee and executive representatives hold a committee meeting every quarter to audit and review the status and outcomes of ESG implementation.</p> <p>2. Implementation status of each organization: The Board of Directors passed a set of “Corporate Social Responsibility Code of Conduct,” in which it agreed to authorize the ESG Committee for overseeing ESG-related issues. Executive representatives have been designated under the President and CFO, whose responsibilities are to oversee the promotion of major issues and projects. Its mode of operations is as follows: (1) Committee members and executive representatives review the status and results of sustainability implementation with quarterly briefings and hold annual meetings. Attended by executive representatives and others, they will discuss the sustainability report published in the current year and major sustainability awards so as to formulate sustainability plans and goals for the following year. (2) The management representative reports the implementation of the annual plan to the Chairman, committee members, and executive representatives on a quarterly basis; and further reports the annual sustainable performance and the sustainable key policy and plan for the following year at the annual Group meeting. (3) Committee member and executive representative - the CFO reports to the Board of Directors once a year. The content of the</p>	No material deviation is found.

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof			
	Yes	No	Summary description				
			<p>report includes the implementation results of sustainable projects, climate change risk management and strategies (TCFD), each environmental indicator, and future sustainable development.</p> <p>(4) The annual ESG report is compiled by the ESG team, then submitted to the management representatives, executive representatives, and committee members for revision in sequence, and then submitted to the Chairman for review and final issue.</p> <p>3. Supervision of sustainable development by the Board of Directors: The management team regularly reports the implementation of ESG to the Board of Directors every year. The management team makes plans and set goals for ESG, and regularly reviews the performance. The Board of Directors also regularly reviews and supervises the implementation of sustainable development, and urges the management team to improve when it is necessary.</p>				
II. Does the Company follow the principle of materiality, conduct risk assessments on environmental, social and corporate governance issues related to company operations, and formulate relevant risk management policies or strategies?	✓		<p>The Company issues a material topic questionnaire to survey sustainability issues that are of concern to stakeholders on a yearly basis. Using GRI Standards, the Company identifies material issues for a given year after taking into consideration stakeholder inclusiveness, sustainability context, materiality and completeness, and classifies material issues into three main categories, namely: environmental, social, and corporate governance. The aforementioned risk assessment boundaries include Coretronic , Champ Vision Display, Coretronic Intelligent Cloud Service, Optoma, and Coretronic Intelligent Robotics. The risk assessment items and risk management policies for the aforementioned material issues are as follows:</p> <table border="1" data-bbox="1025 1193 1765 1248"> <tr> <td>Major issues</td> <td>Risk assessment</td> <td>Risk management policy or strategies</td> </tr> </table>	Major issues	Risk assessment	Risk management policy or strategies	No material deviation is found.
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Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof								
	Yes	No	Summary description									
			<table border="1"> <tr> <td>Environment</td> <td>Climate change</td> <td>Investigate the financial risks of climate change through the climate change risk questionnaire, and then set and plan annual goals, budgets and plans by the environmental safety and plant management units. After submitting to the Environmental Protection Committee for review, the corresponding plan will be implemented in accordance with ISO 14001 environmental management system, ISO 14064-1 greenhouse gas inventory standard, and ISO 50001 energy management system.</td> </tr> <tr> <td rowspan="2">Social</td> <td>Labor-management relations</td> <td>Conducted through diverse and smooth two-way communication channels, e.g: holding quarterly labor-management meetings and annual business executive communication meetings to strengthen labor-management relations.</td> </tr> <tr> <td>Occupational health and safety</td> <td>For occupational safety, the occupational safety unit sets and plans annual goals, budgets and plans, and submits them to the Occupational Safety and Health Committee for review to implement relevant strategies through ISO 45001 verification of the occupational safety and health management system. For occupational health, the Health Management Department analyzes the health problems of colleagues through the results of regular health examinations, and plans appropriate health promotion activities. It has also established a group pandemic prevention team for COVID-19 to implement relevant pandemic prevention policies.</td> </tr> </table>	Environment	Climate change	Investigate the financial risks of climate change through the climate change risk questionnaire, and then set and plan annual goals, budgets and plans by the environmental safety and plant management units. After submitting to the Environmental Protection Committee for review, the corresponding plan will be implemented in accordance with ISO 14001 environmental management system, ISO 14064-1 greenhouse gas inventory standard, and ISO 50001 energy management system.	Social	Labor-management relations	Conducted through diverse and smooth two-way communication channels, e.g: holding quarterly labor-management meetings and annual business executive communication meetings to strengthen labor-management relations.	Occupational health and safety	For occupational safety, the occupational safety unit sets and plans annual goals, budgets and plans, and submits them to the Occupational Safety and Health Committee for review to implement relevant strategies through ISO 45001 verification of the occupational safety and health management system. For occupational health, the Health Management Department analyzes the health problems of colleagues through the results of regular health examinations, and plans appropriate health promotion activities. It has also established a group pandemic prevention team for COVID-19 to implement relevant pandemic prevention policies.	
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			<table border="1"> <tr> <td style="writing-mode: vertical-rl; transform: rotate(180deg);">Information security</td> <td>Taking ISO 27001 as the reference standard, the Company has established an Information Security Committee and formulates information security policies according to the actual management needs of the Company. In response to actual needs and development trends, it formulates corresponding information security strategies and visions to improve the information security protection system. A safe and trustworthy information security environment is thus established through a risk-oriented security protection mechanism, supplemented by continuous training and enhancement of employees' information security awareness.</td> </tr> <tr> <td style="writing-mode: vertical-rl; transform: rotate(180deg);">Corporate governance</td> <td>By establishing a governance organization and implementing internal control mechanisms, we ensure that all personnel and operations actually comply with relevant laws and regulations.</td> </tr> </table> <p>For details on risk assessment and risk management policies pertaining to environmental, social and corporate governance issues, please refer to the description given on the Company's website under "Sustainability" / "Risk Management."</p>	Information security	Taking ISO 27001 as the reference standard, the Company has established an Information Security Committee and formulates information security policies according to the actual management needs of the Company. In response to actual needs and development trends, it formulates corresponding information security strategies and visions to improve the information security protection system. A safe and trustworthy information security environment is thus established through a risk-oriented security protection mechanism, supplemented by continuous training and enhancement of employees' information security awareness.	Corporate governance	By establishing a governance organization and implementing internal control mechanisms, we ensure that all personnel and operations actually comply with relevant laws and regulations.	
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Corporate governance	By establishing a governance organization and implementing internal control mechanisms, we ensure that all personnel and operations actually comply with relevant laws and regulations.							
III. Environmental issues (I) Has the company developed an appropriate environmental management system, given its distinctive characteristics?	✓		<p>The Company's Taiwan plants have followed ISO 14001 in establish their environmental management system, and they continue to pass third-party verifications. Furthermore, greenhouse gas inventory is conducted every year in accordance with the ISO 14064-1 standard, and resulting emissions reductions are tracked and disclosed on the Company's website.</p> <p>The Company's Taiwan plants include the Lixing Plant, the Zhunan Plant, the Nanke No. 1 Plant, and the Nanke No. 2 Plant , covering Coretronic, Young Green Energy, uCare Medical Electronics, Champ Vision Display, Coretronic Intelligent Cloud Service, Coretronic Intelligent Robotics, InnoSpectra, Coretronic MEMS, Coretronic Reality, and Coretronic Intelligent Logistics Solutions.</p>	No material deviation is found.				

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	Yes	No	Summary description	
(II) Has the Company committed itself to improve energy efficiency and using recycled materials with low impact on the environment?	✓		<p>The Company's Taiwan plants actively promote various energy reduction measures, selecting equipment with high energy efficiency and energy-saving design including active magnetic bearing compressors and air compressors. They have reduced the energy consumption of enterprises and products and expanded the use of renewable energy to optimize energy efficiency.</p> <p>The target for 2021 was to reduce power consumption intensity by 10% compared with 2019 (and by 13% from 2019 to 2022). This year's electricity consumption intensity decreased by 31% compared with 2019, thereby achieving the plan's goals. In the future (circa 2025), the medium-term goal is to reduce electricity consumption intensity by 17% compared with 2019. Furthermore, we shall improve the efficiency of renewable energy use year by year by introducing solar street lights and purchasing renewable energy certificates while building a planned solar power generation system.</p> <p>In order to effectively improve energy efficiency, the Zhunan Plant took the lead in introducing ISO 50001 energy management system and continues to pass third-party verification to effectively manage energy use. It is expected that in 2023, Taiwan factories will complete the ISO 50001 establishment of energy management systems and pass third-party verification.</p> <p>On the premise of maintaining the environment and enhancing the market competitiveness of products, the Company adopts energy-saving designs and 3R (Reduce, Recycle and Reuse) ideas at the product development stage, whereas green design and production technologies are also implemented throughout design and production stages, including: 1. Design for environment, 2. Green supply chain management, 3. RoHS testing for components/semi-finished goods/finished goods, 4. Introduction of green process technology, 5. Education and training, and 6. The carbon footprint of products is independently checked to reduce environmental impact.</p> <p>In green manufacturing, additionally reduce unnecessary waste of</p>	

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
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			resources, seek waste reduction and recycling channels. Actively promote the control measures of hazardous substances in the upstream and downstream of the value chain, establishing GPMS platforms to manage suppliers. New suppliers need to meet the safety standards of no hazardous substances, and cooperate with filling out the questionnaire on environmental hazardous substances and green product commitment as well as providing a safety data sheet (SDS). We also work together to recycle and reuse packaging materials, reduce waste generation and production costs, and achieve both economical and environmentally friendly goals that are mutually beneficial.	
(III) Does the Company assess the potential risks and opportunities of climate change for the Company now and in the future, and has it taken relevant countermeasures?	✓		<p>In order to effectively reduce the huge impact of extreme climate change on the economy, society, and the environment, the Company introduced the Task Force on Climate-Related Financial Disclosures (TCFD) structure in 2020 and completed the education and training of relevant unit supervisors and seeds. In 2021, the identification of climate-related risks and opportunities was carried out according to the TCFD framework. A quantitative assessment of potential impact types, potential impact strength and occurrence probability was conducted for each risk and opportunity, classifying and sorting risks and opportunities according to the assessment results. There were ten risks and four opportunities identified as a result of the assessment.</p> <p>In order to reduce forward risk factors, the Company focuses on low-carbon products and green operations to formulate energy-saving and carbon-reduction strategies, including sustainable development of environment-friendly technologies, the introduction of circular economy into product manufacturing, and strengthening of source waste reduction and pollution prevention measures to reduce the greenhouse effect. In the case of climate change adaptation opportunities, we will actively develop solutions. We will respond to four major management strategies: low-carbon green production, innovative low-carbon products,</p>	

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			<p>low-carbon technology transformation, and clean energy. We thus hope to reduce the operational and financial impact of climate change and improve organizational climate resilience.</p> <p>In addition, the Company's Taiwan plants have responded to the Paris Agreement's goal of "global warming of under 2°C" and have taken the SBT 1.5°C scenario as the reduction goal in setting a carbon reduction pathway to net zero. They have done so by making a commitment in 2021 to "reduce Scope 1 and Scope 2 greenhouse gas emissions by 50% in 2032 and achieve net zero in 2050." We will actively reduce the use of fossil fuels while expanding the use of renewable energy and innovative low-carbon technology transformation in order to achieve the vision of net zero emissions.</p>																
(IV) Does the Company count greenhouse gas emissions, water consumption, and total waste volume in the past two years, and formulate policies for greenhouse gas reduction, water reduction, or other waste management?	✓		<p>The Company's Taiwan plants promote measures related to greenhouse gas inventory and reduction in order to fulfill our responsibility of protecting the global environment. We regularly carry out greenhouse gas inventory according to ISO 14064-1 every year and obtain third-party verification statements to ensure the control and management of GHG emissions. Also, we have been verified and obtained third-party verification statement. Our 2021 goal was to reduce greenhouse gas emission intensity by 4% compared with 2019 (and see a reduction of 6% from 2019 to 2022). In 2020 and 2021, the Taiwan plants' total greenhouse gas emissions respectively amounted to 17,058.7 tons and 15,859.8 tons of CO₂e.</p> <p style="text-align: right;">Unit: Ton of CO₂e</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Year</th> <th>Scope 1</th> <th>Scope 2</th> <th>Scope 3</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>246.1</td> <td>7,465.8</td> <td>9,346.8</td> <td>17,058.7</td> </tr> <tr> <td>2021</td> <td>223.1</td> <td>7,985.1</td> <td>7,651.6</td> <td>15,859.8</td> </tr> </tbody> </table> <p>This year's decrease in emissions was due to each plant responding to the energy conservation policy by implementing energy-saving measures and starting energy-saving equipment replacement</p>	Year	Scope 1	Scope 2	Scope 3	Total	2020	246.1	7,465.8	9,346.8	17,058.7	2021	223.1	7,985.1	7,651.6	15,859.8	
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			<p>programs. Meanwhile, we manage the power consumption and use renewable energy to reduce the use of purchased electricity and achieve GHG reduction benefits. Analyzed by emission intensity, this respectively amounted to 96.4 tons and 59.0 tons of CO₂e NT\$100 million in 2020 and 2021. The 9.4% reduction in 2021 compared to 2019 saw achievement of the reduction target.</p> <p>Energy saving and carbon reduction measures implemented by the Company included the three levels of air conditioning systems, electric lighting, and other electricity consumption to achieve the goal of reducing electricity consumption intensity by 4.3% every year. In 2020 and 2021, the annual electricity savings of each plant was about 1,922 MWh and 2,346 MWh respectively; this was equivalent to CO₂e emission reductions of approximately 965 tons and 1,178 tons. Power savings were mainly contributed by the introduction of magnetic bearing compressors, achieving energy savings through an intelligent flow control system and the addition of frequency converters to adjust electricity consumption.</p> <p>In respect to water management, climate change has altered weather patterns by a significant degree so that droughts and heavy rains have become increasingly common in Taiwan. This requires more pro-active management of water resources. Water conservation devices have been installed on bathroom and pantry taps to reduce usage, and catering water use is monitored on a weekly basis. The Company has also been exploring alternative water sources by collecting condensed water from air conditioning and rainwater for use at the cooling tower and gardening. The volumes of water recovered and saved in 2020 and 2021 came to 19,471 tons and 24,076 tons respectively, and tap water consumption at our Taiwan plants came to 81,052 tons and 74,171 tons. Our 2021 water saving goal was to see a 6% reduction compared to 2019 (and a reduction of 8.4% from 2019 to 2022). With 2021 water consumption in 2021 being reduced by 17% compared to 2019, we achieved this target.</p>	

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			<p>The Company has been implementing and promoting its Environmental Sustainability and Occupational Safety and Health Policy and adopting environmental management solutions and waste reduction plans since 2018 out of care for the sustainability of the environment. In regard to waste management, we are committed to source classification and implementation of various waste reduction measures in order to reduce the environmental impact caused by operational production; and we set a goal of reducing waste output intensity by 4% in 2021 compared with 2019 (and a 5% reduction over 2019-2022). Waste output intensity was reduced by 61% in 2021 compared with 2019, thereby achieving this target. The aforementioned types of waste output include domestic, recyclable, general and hazardous industrial wastes. Total waste output in 2020 and 2021 respectively came to 569.5 tons and 462.6 tons.</p> <p style="text-align: right;">Unit: Ton</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Non-Hazardous Wastes</th> <th>Hazardous Wastes</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>557.1</td> <td>12.4</td> <td>569.5</td> </tr> <tr> <td>2021</td> <td>458.4</td> <td>4.2</td> <td>462.6</td> </tr> </tbody> </table> <p>Note 1: Given the addition of the Nanke No. 2 plant in 2021, total emissions rose and the switch was made to emissions intensity analysis.</p> <p>Note 2. Explanation of the scope of business volume each year: 2019-2020: The Taiwan region encompasses Coretronic, Young Green Energy, Coretronic Intelligent Cloud Service, Coretronic Intelligent Robotics, uCareMedical Electronics, Champ Vision Display, InnoSpectra, Coretronic MEMS, and Coretronic Reality; 2021: The Taiwan region encompassed Coretronic, Young Green Energy, Coretronic Intelligent Cloud Service, Coretronic Intelligent Robotics, uCare Medical Electronics, Champ Vision Display, InnoSpectra, Coretronic MEMS, Coretronic Intelligent</p>	Year	Non-Hazardous Wastes	Hazardous Wastes	Total	2020	557.1	12.4	569.5	2021	458.4	4.2	462.6	
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			<p>Logistics Solutions, and Coretronic Reality.</p> <p>Motivated by a sustainable business philosophy, the Company is dedicated to preventing pollution and has envisioned itself of “becoming a green enterprise through reduction of power usage, water consumption, waste production and carbon emission.” The Company is committed to making ongoing improvements in terms of environment, sustainability, occupational safety and health, and has made 7 major commitments below to guide its achievement of energy, carbon and greenhouse gas reduction goals:</p> <ol style="list-style-type: none"> 1. It is the primary assignment and responsibility of employees to ensure the quality, safety and health of corporate activities and environment. 2. Business and operating activities must comply with occupational safety, health and environmental protection laws. 3. Minimize business risks through hazard identification, risk assessment and operational control. 4. Prevent occupational hazard and promote health awareness to create a friendly, safe and healthy workplace. 5. Design products with life cycle and circular economy in mind, and strive to minimize environmental impact and address global warming. 6. Encourage green design and clean production to become a model business in energy and carbon reduction. 7. Continually educate and communicate with stakeholders on environmental, sustainability, safety and health issues. 8. Energy, carbon, and greenhouse gas reduction targets: <ol style="list-style-type: none"> (1) Power consumption intensity: 2022 to see a 13% decrease from 2019. (2) Water consumption: 2022 to see an 8.4% decrease from 2019. (3) Waste output intensity: 2022 to see a 5% decrease from 2019. 	

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			<p>(4) Renewable energy usage rate as a contribution to overall plant power consumption: short-term (2019-2022) 1% per year, medium-term (2023-2025) 1.5% per year, and long-term (2026-2028) 2% per year.</p> <p>(5) Greenhouse gas emission intensity: 2022 to see a 6% decrease from 2019.</p> <p>(6) Annual coastal cleanup and environmental education activities: short-term (2019-2022) 6 events per year, medium-term (2023-2025) 7 events per year, and long-term (2026-2028) 8 events per year.</p>	
IV. Social issues (I) Has the company developed its policies and procedures in accordance with laws and International Bill of Human Rights?	✓		As an electronic industry citizen, Coretronic agrees to comply with the Responsible Business Alliance (RBA) Code of Conduct, fulfills corporate social responsibility to protect the basic human rights of all employees, and recognizes and abides by various international human rights agreements, including the Universal Declaration of Human Rights (UDHR), The United Nations Global Compact (UNGC), The United Nations Guiding Principles on Business and Human Rights (UNGPs), and International Labour Organization (ILO). We further agree to eliminate any acts that infringe upon or violate human rights and state our aim to treat and respect all employees with justice and equality. The Company held an online information awareness course on human rights policies in 2021 and asked colleagues to fill in the code of human rights questionnaire after the class. The number of participants in the course came to 1,013. For more information relating to human rights policy, please visit the “Recruitment” /”Human Rights Policy” section on the Company’s website.	No material deviation is found.
(II) Has the company developed and implemented reasonable employee welfare measures (including compensation, leave of absence and other benefits), and appropriately reflected business performance or outcome in employees’ compensations?	✓		The Company ensures the competitiveness of its salary and compensation policy by taking into consideration its business performance, peer levels, and fairness within the organization. According to Article 25 of the Company’s Articles of Incorporation, profits concluded by the Company in a given year shall be subject to employee remuneration of 10%~20%. Amounts	

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			<p>are allocated to individual employees based on personal performance and outcome of the performance management system. Employee remuneration includes monthly salary, major holiday bonuses, and operating bonuses and employee compensation. Bonus calculations are based on business performance and personal assessments, and the annual salaries of those who meet the performance standards should be at least 14 months of monthly salary. Employee benefits include special vacations, golden travel week vacations, and various subsidies. The number of vacation hours given throughout the year improves on the that stipulated by the Labor Standards Act. The Company is dedicated to creating an inspirational, fair and satisfying work environment where talents may thrive. The Company values performance and rewards top performers through the use of an objective performance management system that is capable of distinguishing performers from non-performers. Not only are employees allowed to set their study plans and work targets, they may also discuss with line managers face-to-face about the skills they need to attain their work targets. Outcomes of performance evaluation are taken into consideration for future decisions such as salary adjustment, bonus allocation and promotion. The Company has a well-defined reward and disciplinary policy that outlines appropriate disciplines and rewards for various conducts. The policy promotes systematic management throughout the organization and raises employees' awareness toward rules and discipline. The Company also attaches great importance to workplace diversity and equality.</p> <p>In 2021, the overall proportion of female employees in Taiwan and China plants (including Coretronic Projection (Kunshan), Coretronic Optics (Kunshan), Coretronic Display (Suzhou), Coretronic Optotech (Suzhou, and Coretronic Optics (Suzhou)) was 39%, and overall female senior executives accounted for 22%.</p>	
(III) Has the Company provided a safe and healthy work			In addition to formulating the "Environmental Sustainability and	

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
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environment for the employees, and related education on occupational safety and health at regular intervals?	✓		<p>Occupational Safety and Health Policy,” the Company ensures the safety of workers by establishing a dedicated occupational safety management unit and an occupational safety and health committee at each plant. Furthermore, occupational safety and health personnel in each plant area are responsible for implementing and obtaining ISO 45001 and CNS 45001 standard certifications, hoping to implement each item of work planning through the management cycle to achieve the purpose of continuous improvement and reduce the occurrence of occupational incidents. In 2021, no occupational injuries occurred among employees and contractors in each plant area.</p> <p>The Company clearly stipulates the rights and obligations of labor safety, hygiene, and health in the health and safety labor code. It sets short, medium and long-term goals for the prevention of occupational incidents:</p> <ol style="list-style-type: none"> 1. Short term (2020~2022) pass ISO 45001 verification, and have fewer than 5 occupational injuries in the plant areas and 0 occupational injuries among contractors; 2. Medium term (2023-2025) pass ISO 45001 verification, and have fewer than 3 occupational injuries in the plant areas and 0 occupational injuries among contractors; 3. Long term (2026-2028) pass ISO 45001 verification, and there is no occupational injuries in the plant areas and contractors. <p>In addition to regularly cooperating with the firefighting teams to carry out fire drills in the plant areas every year, we also conduct environmental safety and health education and training. A total of 6 annual disaster response and fire drills were held in 2021; the total number of participants was 1,208 and total training hours came to 1,970 person-hours.</p> <p>The Company has created a LINE chat group to provide employees with useful information and to promote awareness toward voluntary health management at the workplace. Sports clubs such as softball, badminton, and table tennis have been created at each</p>	

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			<p>plant, and sports competitions and activities are being organized to develop exercising habits among employees. Meanwhile, nutritional meals are being served to cater to the health of factory workers. The Company places great emphasis on the health condition of its workers. In addition to health activities and seminars, the Company guides employees toward maintaining a healthy lifestyle, organizes employee health checkups as required by laws. The Company also promotes various hazard risk assessments to build a sustainable healthy workplace. In response to COVID-19, the Company has established a group response team for epidemic prevention. Being in line with the Central Epidemic Command Center, the Company has activated the epidemic prevention mechanism, formulated a contingency plan related to workplace epidemic prevention, and implemented hazard control and management measures including but not limited to: (1) recording daily body temperature; (2) surveying on pandemic situations every week; (3) requiring employees to carry out self-health monitoring or stay at home for 7 days if there are any symptoms of fever or cold; (4) requiring employees to wear masks all the time when entering different floors or plants; (5) adjusting lines of catering service queues and implementing one-way staircases; (6) encouraging phone calls, emails or teleconferences to prevent face-to-face meetings or conferences in poor ventilating venues or close contacts with external personnel; (7) conducting surveys and necessary controls on visitors, contractors, suppliers, etc. entering office areas. Punishments will be imposed on violators of the preceding measures in accordance with the Company's regulations regarding awards and penalties. For details on other workplace and employee safety protection measures, please refer to chapter Five. Operational Overview - "V. Labor-management relations/(4) Work environment, employee safety and protection measures."</p>	
(IV) Has the company implemented an effective training			The Company has developed its training policies and programs in	

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program that helps employees develop skills over their career?	✓		<p>line with our corporate vision and operational targets to help employees develop competitiveness over the course of their careers. Below is a description of various training courses offered by the Company:</p> <p>(1) Shaping of corporate culture: Training courses that promote Coretronic's R.I.S.E. culture are being organized so that each employee may practice responsibility, innovation, excellence and originality at work. In 2021, the Company continued to hold a series of RISE seminars, supplemented with the "CommonWealth Leader Campus Curriculum" and a "Reading Plan." Through sharing and reading activities, colleagues can focus on corporate culture and enhance the energy of corporate culture, which can be embodied in work or life.</p> <p>(2) Professional talent training: The Company offers three main categories of training, namely (i) general knowledge training, (ii) managerial skill training, and (iii) specialist training, for employees of different roles to help them accomplish performance targets.</p> <p>(3) Training courses for international talents: Many sessions of English course are being organized to support the group's globalization initiative.</p> <p>(4) Orientation: Through the use of games and diverse learning methods, new employees are given a better understanding of the corporate culture, RBA Code of Conduct, avoidance of conflicting interest by suppliers, business integrity and ethical behavior guidelines. The orientation helps employees develop appreciation for the corporate culture as well as understanding of existing rules, welfare policies and administrative guidelines for quicker adaptation.</p> <p>The Company held many training courses in 2021, with a total of 12,045 participants and total trainee hours of 14,628. The total training course cost was approximately NT\$ 4.95 million.</p>	

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
(V) Regarding issues such as customer health and safety, customer privacy, and marketing and labeling of products and services, does the Company comply with relevant regulations and international standards, and formulate relevant consumer and customer protection policies and complaint procedures?	✓		All specifications and labeling applied to product exteriors are compliant with laws and international standards, and are backed by valid test reports. The Company values customers' opinions and has product return/repair procedures, customer complaint procedures and relevant policies in place to protect consumers' interest. Through customer service mailbox (ser@coretronic.com), complaint channels, visits, phone interviews, customer service units and satisfaction surveys, the Company communicates with its customers extensively not only to raise satisfaction, but also to learn their expectations in regards to innovative R&D, product procurement, production quality and operating environment, so that effective responses can be taken immediately.	
(VI) Has the company implemented a supplier management policy that regulates suppliers' conducts with respect to environmental protection, occupational safety and health or work rights/human rights issues, and tracked suppliers' performance on a regular basis?	✓		In order to pursue mutual growth and sustainable operations with suppliers, we formulate complete and sustainable supply chain management specifications including compliance with guidelines, risk assessment, audit systems, training and counseling, and green alliances. Furthermore, we have compiled an "RBA Code of Conduct Handbook" based on rules established by the Responsible Business Alliance to manage our suppliers. We strive to direct suppliers' attention toward ethics, workers' human rights, environmental protection, health and safety issues, and implement risk management and business continuity plans in such a way that helps us build a sustainable green supply chain. The Company has committed to corporate social responsibilities as a part of a global supply chain; for this reason, any supplier that exhibits major adverse conduct in regard to the environment, work conditions, human rights, or social aspect will be immediately removed from the qualified suppliers list. For suppliers of non-substitutable goods, the Company will assist the offender in the elimination of adverse conduct in order to keep the supply chain operational. For relevant implementation please refer to the Company website for details under "Sustainability" / "Supply Chain Management."	

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
V. Does the Company refer to the internationally-prepared reporting standards or guidelines, preparation of sustainability reports and other reports that disclose the Company's non-financial information? Are the abovementioned reports supported by assurance or opinion of a third-party certifier?	✓		<p>The Company has regularly issued our Corporate Social Responsibility report every year, since 2008; and officially changed its name to the "ESG Report" in 2020. The content and structure of the 2021 ESG Report follows the Core Option of the GRI Standards of the Global Reporting Initiative (GRI), and adopts the sustainability indicators of the Sustainability Accounting Standards Board (SASB). We provide an index table at the end of the report comparing the report content with GRI and SASB standards.</p> <p>Starting from 2016, the Company has been voluntarily engaging a third-party certifier called "SGS Taiwan" to provide assurance for its reports. The 2016 and 2017 reports were both awarded AA1000AS Type 1 Moderate Level Assurance, whereas 2018-2021 reports were awarded AA1000AS Type 2 High Level Assurance. These assurances have raised the credibility of the Company's ESG reports.</p>	No material deviation is found.
<p>VI. If the Company has its own sustainable development code in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe the differences between its operation and the Principles:</p> <p>The Company has established its "Corporate Social Responsibility Best Practice Principles," which has been approved by the Board of Directors and will be renamed the "Sustainable Development Best Practice Principles" in the future. The Company compiles a ESG Report every year and publishes it on the Company's website and the Market Observation Post System. Its report content and related operations follow the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, so there are no significant differences.</p>				
<p>VII. Other important information helpful to understand the implementation of the promotion of sustainable development:</p> <p>(I) Sustainability awards: 1. Ranked in the top 5% in the Corporate Governance Evaluation from Taiwan Stock Exchange (TWSE) for the 7th consecutive year (2015-2021); 2. Ranked in the top 10% in the electronics industry corporations (market value is over NTD 10 billion) in the Corporate Governance Evaluation from Taiwan Stock Exchange (TWSE) for the 3rd consecutive year (2019-2021); 3. Selected as a component of the TPEX 50 Index for 12 consecutive years (2010-2021); 4. Selected as a component of the TPEX High Dividend Yield Index for eight consecutive years (2014-2021); 5. Selected as a component of the TPEX Corporate Governance Index and the TPEX Compensation Index for seven consecutive years (2015-2021); 6. Selected as a component of the TIP Taiwan TPEX ESG Index and the TIP TPEX ESG IT Elite Total Return Index; 7. Successively Won "Excellence in Corporate Social Responsibility Award" by Taiwan's CommonWealth Magazine for the 10th consecutive year (2012-2021); 8. Claimed the TCSA "Corporate Sustainability Report Awards - Gold Award" for five consecutive years (2017-2021); 9. Won the TCSA "Transparency and Integrity Leadership Award" for four consecutive years in 2018-2021; 10. Won the TCSA "Social Inclusion Leadership Award" for a second time; 11. Won the the TCSA "Sustainability Comprehensive Performance Award" for 3rd consecutive year (2019-2021); 12. Awarded the "Buying Power - The New Product and Service of Social Innovation Purchase Reward Program" Third Prize by Small and Medium Enterprise Administration, Ministry of Economic Affairs; 13. The Zhunan Plant was awarded "National Enterprise Environmental Protection</p>				

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
			<p>Award – Silver Award” by Environmental Protection Administration, Executive Yuan, for four consecutive years (2018-2021), the Nanke No. 1 Plant was awarded “National Enterprise Environmental Protection Award – Silver Award” by the Environmental Protection Administration, Executive Yuan, for two consecutive years (2020-2021), Lixing Plant was awarded “National Corporate Environmental Protection Award – Silver Award” by the Environmental Protection Administration, Executive Yuan, in 2021; 14. Awarded “Private Enterprise and Private Organization Green Procurement Performance Outstanding Unit Award” by the Hsinchu City Government for three consecutive years (2019-2021) as well as “Private Enterprise and Private Organization Green Procurement Outstanding Achievement Award” - Excellent by the Miaoli County Government; 15. Won the “Arts & Business Awards – Gold Award” from the Ministry of Culture for two consecutive terms; 16. The Lixing Plant, Zhunan Plant, and Nanke No. 1 Plant were awarded the “Healthy Workplace Certification - Health Promotion Mark” and “CPR+AED Safe Place Certification” by the Ministry of Health and Welfare.</p> <p>(II) Social engagement: 1. Social contribution expense exceeded NT\$17.21 million in 2021, the number of volunteers was 212, and the number of volunteer hours amounted to 1,576. This helped 4,558 disadvantaged individuals, 25 rural schools, and 42 public welfare organizations. 2. Two sessions of “High-tech Adventure”: invited 42 teachers and students from remote villages to visit the Company to experience technological products and eliminate the digital gap between urban and rural areas; 3. Six “Digital Interactive Classrooms”: built digital interactive classrooms equipped with ultra-short-throw laser projectors, projection films and IR pens for six rural primary schools to improve the digital teaching ability and learning environment in remote rural areas, benefiting a total of 317 rural teachers and students; 4. Two sessions of “Future Light Camps”: co-organized a one-day technology camp with an information technology volunteer team from National United University to conduct mBot courses, VR cardboard assembly, and environmental education courses for 56 remote students; 5. “Technology warms the heart”: donated 7 high-end projectors and sponsored 22 high-end projectors for five art exhibitions; 6 “Fulfill Kids' Dreams on Children's Day”: donated stationery sets and popcorn to 338 rural school children; 7. “Exchange Love and Warm on X'mas”: for eight consecutive years, employees have voluntarily donated to buy practical backpacks, thermal jackets, healthy lunch boxes, and popcorn for nine rural elementary schools; we have also sponsored the World Peace Association’s “Rescue the Hungry Children” breakfast plan and the Huashan Social Welfare Foundation’s “Love the Elderly, Love Reunion” annual food collection plan, benefiting a total of 568 disadvantaged children and elderly citizens; 8. “Rice Donation”: donated more than 24 tons of Miaoli rice for 10 consecutive years; 9. “Warm Delivery”: sponsored the Huashan Social Welfare Foundation “Love the Elderly, Love Reunion” New Year Vegetable Subscription Event for the Vulnerable Elderly for 3 consecutive years, as 11 volunteers personally delivered customized material boxes, New Year vegetables, warm blankets, thick socks, and wool caps to 25 elderly people living alone in Hengshan Township and Beipu Township of Hsinchu County; 10. “Annual Volunteer Day”: for two consecutive years, we have cooperated with the social enterprise – Give Circle to hold the “Share Love • Save Earth” activity, as colleagues donated 30 boxes of used items to 1,097 people, benefiting a total of 16 small and medium-sized public welfare organizations and schools. 11. “Grab Your Bat”: We sponsored Shiou Lin Elementary School baseball team in Minxiong Township, Chiayi County, for four consecutive years; we also cooperated with supplier YYsports and invited former Nippon Professional Baseball pitcher Chen Kuan-yu to hold a one-day baseball camp at Wenshui Elementary School in Miaoli County. 12. “Earn Your Future”: We cooperated with Cheng Shiu University to provide five junior and senior students with scholarships, living expenses, and internship opportunities (providing salaries and free accommodation). 13. “Farm the Hopes”: We purchased more than 20 tons of organic vegetables from the social enterprises – Buy Nearby and Earth Friend for employees to use in group meals, and supported organic agriculture in rural areas of Miaoli and Tainan; we also purchased 13.2 tons of Miaoli Rice from the social enterprise – Buy Nearby as a gift at the shareholders’ meeting to support small farmers and older farmers in Miaoli, and furthermore engaged a total of 20 developmentally disabled minors from the Jixian Sheltered Workshop and Tsz- Huei Sheltered Workshop in New Taipei City to package products, providing them with employment opportunities; we purchased 453 kilograms of fair trade coffee beans from the social enterprise – Okogreen and established a fair trade pantry, and we purchased 275 kilograms of peaches and 198 kilograms of mangoes from Jianshi Township and Tainan Farmers’ Association to improve farmers’ lives and economic conditions. 14. “Charity booth”: We invited the Huashan Social Welfare Foundation and the Saint Joseph Social Welfare Foundation to conduct charity sales in each factory, and bought 945 moon cakes from the Children Are Us Foundation Bakery to give to colleagues to enjoy. 15. Fight the Pandemic: We sponsored the “1919 Anti-</p>	

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
			<p>Pandemic Relief Package” project of the Chinese Christian Relief Association, purchasing 533 anti-pandemic food boxes for a total of 1,732 families in distress as they were affected by the level 3 pandemic alert; we also invested in anti-pandemic personnel, sponsored anti-pandemic equipment, and donated anti-pandemic materials to the Zhunan Science-Based Industrial Park, the Tai Yuen Hi-Tech Industrial Park, and the Hsinchu County Women’s and Children’s Center Vaccination Station. 16. Achievements of the Coretronic Culture and Arts Foundation in 2021: (1) The 4th Taiwan Environment Lighting Award: awarded to Pingtung County Library, Kimpton Da An Hotel, House of Takao Ginza, and Shadow In Motion; (2) “2021 Taiwan Environment Lighting Advocacy Seminars”: in order to make the concept of light environment more practical to affect Taiwan society and promote the incorporation of light environment into the promotion of policies, four lectures were held jointly with the Construction Department of the Ministry of the Interior, the Taipei City Cultural Foundation, the New Taipei City Government, and the Cultural Assets Bureau of the Ministry of Culture, increasing government departments’ attention to lighting environment policy; (3) “Light Light in Hsinchu: Gleaming Planet Workshop”: we cooperated with LiFe and the social enterprise – Sing-Chen Community Development Association in leading 84 colleagues and family members to conduct the Gleaming Planet workshop and the DIY course in creating plant moss balls. (III) Consumer interests: All of the Company’s products have conformed with international restrictions on hazardous substances and environmental protection requirements. By adopting green design, production, procurement and management practices, the Company strives to prevent and minimize negative effects its business activities have on the environment and reduce the environmental impact of electronic products.</p> <p>(IV) Human rights: 1. The Company convenes labor-management meetings in accordance with its “Labor-management Conference Policy.” 2. The Company has implemented workplace sexual harassment prevention, grievance and disciplinary measures to protect the rights and privacy of parties involved. 3. The Company has employee opinion mailbox, employee care hotline and discussion forums in place, and assigns accountable units to respond to queries and offer solutions. 4. Conducted the human rights e-course and asked colleagues to sign “Coretronic Human Rights Code” after the class.</p> <p>(V) Safety and health: 1. The Company offers “orientation training,” “on-the-job training,” “general training” and “ESH management training” to improve employees’ awareness toward the environment, safety and health. 2. An e-learning website has been created to deliver online courses about environmental safety and health. Employees may inquire, register, and take courses in this system anytime; 3. Distribute the cards with all environmental safety and health policies on to employees to promote and enforce the environmental safety and health management system; 4. The Company implements regular inspection as well as corrective and preventive actions for accidents. There is no occupational injuries in each plant in 2021.</p> <p>(VI) Environment friendliness: 1. An Environmental Protection Committee was assembled in 2015 to accommodate the Company’s sustainable movements. The committee’s responsibilities are to establish the sustainability strategy, set short/medium/long term targets and conduct regular performance reviews. “Environmental Sustainability and Occupational Safety and Health Policy” was later announced in 2018. TCFD was introduced to analyze climate risks and measures in 2010. The Company implements the carbon reduction strategy to reach net zero in 2050; 2. All plants in Taiwan have passed certification for ISO 14064-1 Greenhouse Gas Inventory, ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety, and CNS 45001 Taiwan Occupational Health and Safety Management System; 3. Zhunan Plant has passed certification for the ISO 50001 Energy Management System for six consecutive years; 4. Lixing Plant, Zhunan Plant and Nanke No. 1 Plant have been free of major environmental violations for ten consecutive years; 5. The Nanke No. 1 Plant installed 263.19 kWh of solar power capacity, with a total of 342,523 kWh of electricity generated in 2021, which is equivalent to 172 tons of CO₂e reduction; 6. Each plant purchased 175 renewable energy certificates (for 175,000 kWh of capacity) and 87.9 tons of CO₂e reduction in 2021; 7. Environmental protection volunteers were recruited to offer guidance and green primary school courses and explanation on energy-saving measures for students and teachers who participated in “High-tech Adventure” and “Future Light Camp”. A total of 3 sessions were completed in 2021, with a total education hours of 585 hours; 8. “Green Points” are being given to reward and commend employees’ green actions and stimulate employees’ contribution toward building a green enterprise; 9. The Company arranged online education courses to promote green education; 10. The Company held 13 green activities to respond to Earth Day, with a total investment of NT\$579,200 ; 11. Adopted green accounting system and prioritized purchase for green products. A total of NT\$10.07 million was invested in 2021; 12. Installed air quality</p>	

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
<p>monitoring equipment and implemented improvement measures to create a worker-friendly environment; 13. In response to the government’s public toilet adoption program, Zhunan Plant and Nanke No. 1 Plant have adopted four public toilets;</p> <p>(VII) Friendly workplace: 1. One salary adjustment was made in 2021 with the average adjustment for employees ranging at 3%-5%; 2. We provided 55 internship openings for children of employees attending Cheng Shiu University and Kaohsiung Zhongshan Vocational School.</p> <p>(VIII) Other socially responsible actions: The Company has developed a system for online reporting of public information, and assigned dedicated personnel to gather and disclose information relating to the Company, and make sure that any information capable of influencing shareholders’ and stakeholders’ decisions is disclosed in a timely and adequate manner.</p>				

(VI) Enforcement of business integrity, deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies

Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>I. Establishment of integrity policies and solutions</p> <p>(I) Has the Company formulated the ethical management policy approved by the Board of Directors, and in the regulations and external documents expressed the policies and practices of operating in good faith, and the commitment of the Board of Directors and senior management to actively implement business policies?</p> <p>(II) Has the company developed systematic practices for assessing integrity risks? Does the company perform regular analyses</p>	<p>✓</p> <p>✓</p>		<p>(I) The Company has implemented “Business Integrity Code of Conduct” and “Business Integrity Procedures and Behavioral Guidelines” with board of directors’ approval. These policies require all directors, managers and employees to adhere to integrity principles and standards in all business interactions, and develop sound corporate governance as well as robust risk control measures based on which. The Company has disclosed in its annual report and website the various steps that the board of directors and the management have taken toward enforcing the business integrity policy, which are reported at board meetings on a yearly basis.</p> <p>(II) The Company has a set of “Business Integrity Procedures and Behavioral Guidelines” that prohibits directors,</p>	No material deviation is found.

Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>and assessments on business activities that are prone to higher risk of dishonesty, and implement preventions against dishonest conducts that include at least the measures mentioned in Paragraph 2, Article 7 of “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?”</p> <p>(III) Has the Company defined and enforced operating procedures, behavioral guidelines, penalties and grievance systems as part of its preventive measures against dishonest conduct, and are the above measures reviewed and revised on a regular basis?</p>	✓		<p>managers and employees from offering, committing, requesting or accepting any illegitimate benefits, or involving in any conducts that would be construed as dishonest, illegal or in breach of trust, whether directly or indirectly, while carrying out their duties. The policy also outlines disciplinary and grievance measures. All related policies have been published on the Company’s Intranet and made available for inquiry by employees at any time.</p> <p>(III) The Company engages in commercial activities out of the utmost fairness, honesty, faithfulness and transparency. It has “Business Integrity Procedures and Behavioral Guidelines” in place to fully enforce integrity management, prevent unethical conducts, and outline areas that require employees’ attention when performing duties. For example: The Company specifically prohibits insiders from offering or accepting bribes and other illegitimate gains, requires all business transactions to be completed in the utmost transparency and correctly reflected in ledgers and records, and enforces monitoring and enhancement procedures to ensure that integrity requirements are fulfilled.</p>	
<p>II. Enforcing ethical management</p> <p>(I) Does the company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?</p>	✓		<p>(I) Prior to commencing business relationship, the Company would check its counterparty for history of dishonest conduct, and demand suppliers to sign letter of commitment to integrity in order to ensure fairness and transparency of business dealings between two parties. Suppliers that violate anti-bribery or anti-corruption rules and cause losses to the Company will be subjected to damage claims according to the letter of commitment, and</p>	No material deviation is found.

Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(II) Does the company have a unit that enforces business integrity directly under the board of directors? Does this unit report its progress (regarding implementation of business integrity policy and prevention against dishonest conducts) to the board of directors on a regular basis?	✓		<p>legal actions where necessary.</p> <p>(II) According to board-approved “Business Integrity Code of Conduct” and “Business Integrity Procedures and Behavioral Guidelines,” the human resource unit is responsible for the establishment and execution of business integrity policy as well as preventive measures. Execution of business integrity policy is reported to the Board of Directors once every year. Below is a summary of the 2021 report:</p> <ul style="list-style-type: none"> •Digital training courses were introduced to help promote business integrity within the Company. Besides new recruits, indirect employees were given an online course on “Corporate Integrity and Integrity Principles.” The above courses received a total of 1,013 participants in 2021. •Communication channel: Employees are able to express opinions to the management and human resource department through a multitude of channels. The Company has announced its Business Integrity Policy and disclosed integrity progress over its website, annual report and external documents. •Regular examination: All operating units of all office locations are subject to annual self-assessment on law compliance and internal controls in order to manage and prevent any unethical conduct. Through regular internal audit tasks, internal audit units prevent and detect potential fraud or inappropriate conduct. None of the Company’s Taiwan plants received any complaints in 2021 while mainland China plants received 0 complaints, and no violation was found upon investigation. In the 	

Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(III) Does the company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?	✓		<p>future, the Company will continue enforcing its anti-corruption policy and build a corporate culture of integrity.</p> <p>(III) The Company’s “Board of Directors Conference Policy” contains a conflicting interest clause that requires directors to disassociate from all discussion and voting of any motion that poses a conflict of interest between the Company and themselves or the entities they represent. The Company has a set of “Supplier Conflicting Interest Management Policy” and “RBA Code of Conduct Handbook” in place, and has misconduct reporting hotline (ext.: 8215) and mailbox (8215@coretronic.com) set up to receive misconduct reports from employees and the public. The Company also prepares integrity note cards that employees may bring along, and offers online courses as means to promote awareness.</p>	
(IV) Has the company implemented effective accounting policy and internal control system to maintain business integrity? Has an internal or external audit unit been assigned to devise audit plans based on the outcome of integrity risk assessment, and to audit employees’ compliance with various preventions against dishonest conduct?	✓		<p>(IV) The Company has developed its accounting system and internal control system based on the authority’s rules, and prepares financial reports using International Accounting Standards. These systems do not allow secret accounts other than those reported in the financial statements, and their effectiveness is constantly reviewed. Internal audit of the Company</p> <p>Units adhere to the “Internal Control System” to regularly assess risks and develop audit plans, regularly checking compliance with the system in the preceding paragraph while also performing ad hoc audits as needed. Furthermore, an audit report is to be prepared and submitted to the Audit Committee and the Board of Directors. The CPAs review execution of the Company’s</p>	

Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(V) Does the Company organize internal or external training on a regular basis to maintain business integrity?	✓		<p>accounting system and internal control system on a yearly basis too.</p> <p>(V) The Company promoted business integrity among its employees. Besides new recruits, indirect employees were given online course on “Corporate Integrity and Integrity Principles.” The above courses received a total of 1,013 participants in 2021. Speakers from external institutions are invited to share insight on integrity developments local and abroad during regular manager training courses organized by the Company. Their contributions help build a corporate culture of integrity and support business growth as well as sound commercial practice.</p>	
<p>III. Whistleblowing system</p> <p>(I) Does the company provide incentives and means for employees to report misconducts? Does the company assign dedicated personnel to investigate the reported misconducts?</p> <p>(II) Has the company implemented any standard procedures for handling reported misconducts, and subsequent actions and confidentiality measures to be undertaken upon completion of an investigation?</p> <p>(III) Has the company provided proper whistleblower protection?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company has implemented channels that employees and outsiders may use to report any improper conduct in violation of integrity standards. A misconduct reporting hotline (ext. 8215) and mailbox (8215@coretronic.com) have been set up while dedicated personnel have been assigned to accept and process reports.</p> <p>(II) The Company’s “Business Integrity Procedures and Behavioral Guidelines” outlines standard operating procedures and confidentiality practices for investigating misconducts. All reported misconducts are investigated according to the abovementioned procedures, guidelines and confidentiality requirements.</p> <p>(III) The Company maintains confidentiality over informant’s identity and details of each misconduct report, and is committed to protecting informants from retaliation as a result of their report.</p>	No material deviation is found.

Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
IV. Enhanced information disclosure Has the company disclosed its integrity principles and progress onto its website and MOP?	✓		(I) Details and implementation progress of the Company's "Business Integrity Code of Conduct" and "Business Integrity Procedures and Behavioral Guidelines" have been disclosed on website and Market Observation Post System. The Company enforces integrity principles as part of its corporate governance, and in doing so protects shareholders' interest while fulfilling its goal of becoming a sustainable business.	No material deviation is found.
<p>V. If the company has established business integrity policies in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies," please describe its current practices and any deviations from the Best Practice Principles: The Company has "Business Integrity Code of Conduct" and "Business Integrity Procedures and Behavioral Guidelines" in place, and uses "Integrity Cards" and digital training courses to help employees comply. Other integrity-related policies such as "Corporate Social Responsibility Code of Conduct," "Corporate Governance Code of Conduct" and "Ethical Behavior Guidelines" have also been implemented within the Company For details on business integrity management, please refer to chapter Three. Corporate Governance section "(6) Enforcement of business integrity, deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" of this annual report.</p>				
<p>VI. Other information relevant to understanding the company's business integrity (e.g. review of business integrity principles) The Company has been introducing new policies such as "Business Integrity Code of Conduct," "Ethical Behavior Guidelines" and "Business Integrity Procedures and Behavioral Guidelines" since 2014 that specifically require all employees to uphold high level of integrity when conducting business-related activities, and to refrain from exploiting company assets or their vested authority for personal gains or engaging in any conduct that competes with the Company or undermines interests of the Company or its customers. In order to establish the integrity spirit deep within employees, all new recruits are required to undergo training courses on ethical conducts, during which they are taught the best practices to be expected in the given industry. To further convey the Company's integrity philosophy, a "Behavior" section containing information including the integrity code of conduct, misconduct reporting channels and case studies has been created on the Intranet. In addition, employees are issued note cards printed with integrity principles to remind them of proper practices, whereas online integrity courses have been made mandatory for completion by indirect employees on a yearly basis. It is part of the Company's initiative to convey integrity values using available means at its disposal.</p>				

(VII) If the company has established corporate governance principles or related guidelines, references to such principles must be disclosed: Corporate governance principles have been made available on "Investor Relations" and "Governance" sections of the Company's website, which investors may inquire and download at any time.

(VIII) Other important information material to the understanding of corporate governance within the company:

1. The Company continues to enhance corporate governance practices. Policies on corporate governance and major resolutions of the board of directors have been disclosed in the Investor Relations section of the Company's website.
2. The Company ranks in the top 5% among TWSE and TPEX listed companies in corporate governance evaluation for 7 consecutive years, which strongly recognizes the progress the Company has made.
3. The Company actively informs directors of training programs that are relevant to improving corporate governance. All 7 directors of the Company have completed training courses in accordance with "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies."

(IX) Disclosures relating to the execution of internal control system

1. If the internal control system was reviewed by an external CPA at the request of the Securities and Futures Bureau, the result of such review must be disclosed: None
2. Declaration of Internal Control System

Coretronic Corporation

Declaration of Internal Control System

Date: February 14, 2022

For the Company’s Internal Control System of 2021, based on the results of self-assessment, the following is hereby declared:

- I. The Company acknowledges and understands that establishment, implementation and maintenance of the internal control system are the responsibility of the Board and managers, and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security etc), reliable, timely and transparent financial reporting, and regulatory compliance.
- II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, the internal control system of the Company features a self-monitoring mechanism that rectifies any deficiencies immediately upon discovery.
- III. The Company evaluates the design and execution of its internal control system based on the criteria specified in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as the “Governing Principles”) to determine whether the existing system continues to be effective. Assessment criteria introduced by “The Governing Principles” consisted of five main elements, each representing a different stage of internal control: 1. Control environment; 2. Risk evaluation and response; 3. Procedural control; 4. Information and communication; and 5. Supervision. Each element further encompasses several sub-elements. Please refer to “The Governing Principles” for more details.
- IV. The Company has adopted the abovementioned criteria to validate the effectiveness of its system design and execution.
- V. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as at December 31, 2021. This system (including supervision and management of subsidiaries) has provided assurance with regards to the Company’s business results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.
- VI. This declaration constitutes part of the Company’s annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or concealment in the public statement above are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This declaration was passed unanimously without objection by all 7 directors present at the board meeting dated February 14, 2022.

Coretronic Corporation

Chairman: Wade Chang	signature/seal
President: Sarah Lin	signature/seal
SY Chen	signature/seal
Ann Wu	signature/seal

(X) Penalties imposed against the Company for regulatory violation, or penalties against employees for violation of internal control system, in the most recent year up till the publication date of annual report that may significantly impact shareholders' interest or security price; describe details of the penalty, areas of weakness and any corrective actions taken: None.

(XI) Major resolutions passed in shareholder meetings and board of directors meetings held in the last year up till the publication date of annual report: Please refer to announcements and material information published on Market Observation Post System and disclosures made over the Company's website.

(XII) Documented opinions or declarations made by directors against board resolutions in the most recent year, up till the publication date of annual report: None.

(XIII) Resignation or dismissal of the Chairman, President, head of accounting, head of finance, chief internal auditor, corporate governance officer or head of R&D in the most recent year up till the publication date of the annual report:

Title	Name	Appointment date	Date of dismissal	Reason for dismissal
CTO	Fleming Chuang	2017.05.02	2022.03.01	Personal career planning/Retirement

(XIV) Procedures for material insider information handling: The Company has established its own "Insider Trading Prevention Policy" based on "Sample Procedures for Handling Material Inside Information" and "Insider Trading Prevention" goal of its internal control system to support the development of insider trading control practices that not only prevent information leakage, but also ensure the consistency and accuracy of information disclosed to the public. This policy has been approved by the board of directors and published over the Company's website, and applies to managers and general staff. Furthermore, the Company promotes internal awareness on a yearly basis and constantly reminds insiders of issues concerning material information. The Company organized digital education training courses for managers and employees for educational and promotional purposes on October 6, 2021. Course content included multiple topics including confidentiality of material information, conditions that give rise to insider trading, the definition of insider trading, and case studies; moreover, a concrete implementation of information dissemination was undertaken to prevent insider trading. Furthermore, an education and information awareness course on "Insider Trading Prevention" was arranged for directors on October 25, 2021.

V. Information about CPA professional fees

1. Audit fees and non-audit fees paid to the CPAs and their affiliated firms and affiliated enterprises, and the content of non-audit services:

Monetary unit: NT\$ thousand

Name of accounting firm	Name of CPA	Audit period	Audit fees	Non-audit fee	Total	Remarks
Ernst & Young	Shao-Pin Kuo	2021.1.1-2021.12.31	3,565	580	4,145	Non-audit fees included

	Chih-Chung Chen	2021.1.1-2021.12.31				NT\$470,000 for tax certification, NT\$50,000 for stock take of impaired inventory, NT\$40,000 for bonded inventory, and NT\$20,000 for auditing of business tax
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2. Change of accounting firm that resulted in the reduction of audit remuneration from the previous year; disclose audit remuneration before and after the change and the cause of such change: None.
3. Any reduction in audit remuneration by more than 10% compared to the previous year; state the amount, the percentage and reason of such variation: None.

VI. Change of CPA:

(I) On the predecessor CPAs

Date of replacement	2021.02.08		
Reasons and description of replacement	Internal job rotation of Ernst & Young Internal by the		
The commissioner or CPA terminates or declines the commission	Participants	Auditors	Appointed person
	Situation		
	Terminate the appointment	—	—
	No further acceptance (continuation) of appointment	The Company originally retained CPA Hsin-Min Hsu and Chih-Chung Chen of Ernst & Young Global Limited to audit the Company's financial reports. In response to the internal job rotation of the accounting firm, the CPAs will be changed to Shao-Pin Kuo and Chih-Chung Chen to audit (review) the Company's financial report starting Q1 2021.	—
Opinions and reasons for audit reports issued during the most recent two years, excluding those issued without reservations	None		
Is there any disagreement with the issuer	Yes		Accounting principle or practice
			Financial statement disclosures
			Audit scope or step
			Other
	None	✓	
	Explanation	None	
Other matters for disclosure (Matters covered in items 1-4 to 1-7, subparagraph 6, Article 10 of the regulations should be disclosed)	None		

(II) On the successor CPAs

Name of accounting firm	Ernst & Young
Name of CPA	Shao-Pin Kuo
Date of commissioning	2021.02.08
Matters regarding which the successor CPAs were	None

consulted, and which were related to the accounting treatment or accounting principles of specific transactions; matters regarding which the successor CPAs were consulted, and which were related to the opinions that might be issued on financial reports; results of these matters.	
Written opinions of CPA in succession different from the opinions of previous CPA	None

(III) Reply letter from the predecessor CPAs regarding item 1, and 2-3, subparagraph 6, article 10 of the “Regulations Governing Information to be Published in Annual Reports of Public Companies”: Not applicable

VII. The company’s Chairman, President, or any managers involved in financial or accounting affairs being employed by the accounting firm or any of its affiliated company in the last year; including their names, job titles, and the periods during which they were employed by the auditor’s firm or any of its affiliated company. An affiliated company refers to one that the auditor’s accounting firm holds more than 50% ownership or more than 50% directorship, or any company or institution that the accounting firm has publicly referred to as being affiliated: Not applicable.

VIII. Details of shares transferred or pledged by directors, managers and shareholders with more than 10% ownership interest in the last year, up till the publication date of annual report

(I) Changes in shareholding of directors, managers and major shareholders

Unit: shares

Title	Name	2021		2022 through April 12	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Wade Chang (Note 1)	1,424,490	1,500,000	0	0
Director	Hsun Chieh Investment Co., Ltd.	433,000	0	0	0
	Hsun Chieh Investment Co., Ltd. Representative: Tai-Shung Ho	0	0	0	0
Director	Ted Tu	0	0	0	0
Director	Chual-Hsin Teng	0	0	0	0
Independent Director	Houn-Gee Chen	0	0	0	0
Independent Director	Edward H. Chow	0	0	0	0
Independent Director	Yao Chien	0	0	0	0
President	Sarah Lin	504,735	500,000	0	0
President	SY Chen	921,387	0	0	0
President	Ann Wu (Note 2)	458,429	0	0	0
CFO	Franck Ho	229,212	0	0	0
CTO	Fleming Chuang (Note 3)	98,606	0	(Note 2)	(Note 2)
CTO	Robert Hsueh	229,212	0	0	0

CIMO	CY Lin (Note 4)	85,608	0	0	0
Executive Vice President	Wilson Hsu	229,213	0	0	0
Executive Vice President	Sara Lin	229,214	200,000	0	0
Vice President	Carol Wu (Note 5)	0	0	0	0
Vice President	YC Chen	0	0	0	0
Associate Vice President	Mark Yang	2	0	0	0
Associate Vice President	Willy Tsai (Note 6)	0	0	0	0
Associate Vice President	Jerry Cheng (Note 7)	1	0	0	0
Associate Vice President	Evan Ye (Note 5)	0	0	0	0
Major shareholder	Taiwei Advanced Co., Ltd. (Note 8)	5,685,000	5,800,000	1,207,000	0

Note 1: Resigned as CEO since May 1, 2022.

Note 2: On October 25, 2021, the Board of Directors approved the appointment as President.

Note 3: Retired on March 1, 2022 and resigned as CTO.

Note 4: On board since March 1, 2021.

Note 5: On board since November 8, 2021.

Note 6: On board since June 1, 2021.

Note 7: On board since January 1, 2021.

Note 8: On board since June 8, 2021.

(II) Disclosure of shares transferred to related parties: None.

(III) Disclosure of shares pledged to related parties: None.

IX. Relationships characterized as spouse or second-degree relatives or closer among top-ten shareholders

April 12, 2022

Name	Self Shareholding		Shares held by spouse and underage children		Shares held in the names of others		Relationship Characterized As Spouse or Relative of Second Degree or Closer Among the Top-10 Shareholders.		Remarks
	shares	Shareholding percentage	shares	Shareholding percentage	shares	Shareholding percentage	Name	Relationship	
Taiwei Advanced Technology Co., Ltd.	45,767,196	11.71%	0	0.00%	0	0.00%	None	None	None
Taiwei Advanced Technology Co., Ltd. Representative: Tai-Wei Chang	0	0.00%	0	0.00%	0	0.00%	Wade Chang	Father and son	None
Yann Yuan Investment Co., Ltd	30,752,000	7.87%	0	0.00%	0	0.00%	None	None	None

Yann Yuan Investment Co., Ltd Representative: Chun Kuan	0	0.00%	0	0.00%	0	0.00%	Hsun Chieh Investment Co., Ltd. Representative: Chun Kuan	Representative the same	None
HannStar Display Corporation	16,395,000	4.19%	0	0.00%	0	0.00%	Hauli Investment Corporation and Hannshine Investment Corporation	Hauli Investment Corporation and Hannshine Investment Corporation are subsidiaries of HannStar Display Corporation	None
HannStar Display Corporation Representative: Yu-Chi Chiao	0	0.00%	0	0.00%	0	0.00%	Hauli Investment Corporation and Hannshine Investment Corporation Representative: Yu-Chi Chiao	Representative the same	None
Hsun Chieh Investment Co., Ltd.	15,495,551	3.96%	0	0.00%	0	0.00%	Yann Yuan Investment Co., Ltd	Hsun Chieh Investment Co., Ltd. is the Director of the Yann Yuan Investment Co., Ltd	None
Hsun Chieh Investment Co., Ltd. Representative: Chun Kuan	0	0.00%	0	0.00%	0	0.00%	Yann Yuan Investment Co., Ltd Representative: Chun Kuan	Representative the same	None
Hauli Investment Corporation	11,900,000	3.04%	0	0.00%	0	0.00%	HannStar Display Corporation	Subsidiaries of HannStar Display Corporation	None
Hauli Investment Corporation Representative: Yu-Chi Chiao	0	0.00%	0	0.00%	0	0.00%	HannStar Display Corporation、Hannshine Investment Corporation Representative: Yu-Chi Chiao	Representative the same	None
Wade Chang	9,345,953	2.39%	0	0.00%	0	0.00%	Taiwei Advanced Technology Co., Ltd. Representative: Tai-Wei Chang	Father and son	None

Chunghwa Post Co., Ltd.	8,284,800	2.12%	0	0.00%	0	0.00%	None	None	None
Chunghwa Post Co., Ltd. Representative: Hong-Mo Wu	Note	Note	Note	Note	Note	Note	Note	Note	None
Investment account of Norges Bank managed by Citibank Taiwan	6,560,274	1.68%	0	0.00%	0	0.00%	None	None	None
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	5,253,900	1.34%	0	0.00%	0	0.00%	None	None	None
Hannshine Investment Corporation	5,050,000	1.29%	0	0.00%	0	0.00%	HannStar Display Corporation	Subsidiaries of HannStar Display Corporation	None
Hannshine Investment Corporation Representative: Yu- Chi Chiao	0	0.00%	0	0.00%	0	0.00%	HannStar Display Corporation and Hauli Investment Corporation Representative: Yu-Chi Chiao	Representative the same	None

Note: No relevant information was available as of the publication date of annual report.

- X. Investments jointly held by the Company, the Company's directors, managers, and enterprises directly or indirectly controlled by the Company; disclose shareholding in aggregate of the above parties

December 31, 2021 Units: shares; %

Invested businesses (Note)	Held by the Company		Held by directors, managers, and directly or indirectly controlled enterprises		Aggregate ownership	
	No. of shares	Shareholding percentage	No. of shares	Shareholdin g percentage	No. of shares	Shareholdin g percentage
Eterge Opto-Electronics Co., Ltd.	1,850,000	18.50%	—	—	1,850,000	18.50%

Note: Long-term investment accounted by the Company using the equity method.

Four. Capital Overview

I. Source of capital

Unit: NTD; shares

Year / month	Issued price	Authorized capital		Paid-up capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Sources of share capital	Paid in properties other than cash	Others
11.2004	10	650,000,000	6,500,000,000	437,796,953	4,377,969,530	Conversion of convertible bonds into common shares - \$28,840,460	None	Note 1
2005.08	10	810,000,000	8,100,000,000	520,205,466	5,202,054,660	Capitalization of earnings \$ 700,475,130, and capitalization of employee profit sharing \$ 123,610,000.	None	Note 2
2005.12	10	810,000,000	8,100,000,000	520,895,389	5,208,953,890	Conversion of convertible bonds into common shares - \$6,899,230	None	Note 3
2006.03	10	810,000,000	8,100,000,000	547,830,363	5,478,303,630	Conversion of convertible bonds into common shares - \$269,349,740	None	Note 4
2006.04	10	810,000,000	8,100,000,000	564,348,375	5,643,483,750	Conversion of convertible bonds into common shares - \$165,180,120	None	Note 5
2006.08	10	1,000,000,000	10,000,000,000	667,375,738	6,673,757,380	Capitalization of earnings \$ 829,915,470; conversion of convertible bonds into common shares \$ 200,358,160	None	Note 6
2007.08	10	1,000,000,000	10,000,000,000	694,463,253	6,944,632,530	Capitalization of earnings \$ 133,475,150, and capitalization of employee profit sharing \$ 137,400,000	None	Note 7
2008.08	10	1,000,000,000	10,000,000,000	724,038,518	7,240,385,180	Capitalization of earnings \$ 138,892,650, and capitalization of employee profit sharing \$ 156,860,000	None	Note 8
2014.07	10	1,000,000,000	10,000,000,000	543,028,888	5,430,288,880	Capital reduction for cash \$ 1,810,096,300	None	Note 9
2016.07	10	1,000,000,000	10,000,000,000	434,423,110	4,344,231,100	Capital reduction for cash \$ 1,086,057,780	None	Note 10
2021.03	10	1,000,000,000	10,000,000,000	390,981,110	3,909,811,100	Retirement of treasury stock NT\$434,420,000	None	Note 11

Note 1: Letter No. Yuan-Shang-0930031524 issued by Science Park Administration on November 10, 2004.

Note 2: Letter No. Yuan-Shang-0940022936 issued by Science Park Administration on August 26 2005.

Note 3: Letter No. Yuan-Shang-0940033054 issued by Science Park Administration on December 2, 2005.

Note 4: Letter No. Yuan-Shang-0950006079 issued by Science Park Administration on March 10, 2006.

Note 5: Letter No. Yuan-Shang-0950010529 issued by Science Park Administration on April 28 2006.

Note 6: Letter No. Yuan-Shang-0950021383 issued by Science Park Administration on August 11 2006.

Note 7: Letter No. Yuan-Shang-0960022923 issued by Science Park Administration on August 29 2007.

Note 8: Letter No. Yuan-Shang-0970024243 issued by Science Park Administration on August 29 2008.

Note 9: Letter No. Zhu-Shang-1030020264 issued by Science Park Administration on July 11, 2014.

Note 10: Letter No. Zhu-Shang-1050019331 issued by Science Park Administration on July 14, 2016.

Note 11: Letter No. Zhu-Shang-1100007190 issued by Science Park Administration on March 17, 2021.

April 12, 2022

Class of shares	Authorized capital			Remarks
	Outstanding shares (Note)	Unissued shares	Total	
Common share (shares)	390,981,110	609,018,890	1,000,000,000	None

Note: The Company's shares are listed for trading on TPEX.

II. Shareholder structure

April 12, 2022

Shareholder structure Count	Government agencies	Financial institutions	Other corporate entities	Natural persons	Foreign institutions and foreigners	Total
Count	1	23	177	47,894	258	48,353
Shares held	1,543,000	23,597,003	134,145,716	128,483,990	103,211,401	390,981,110
Shareholding percentage	0.39%	6.04%	34.31%	32.86%	26.40%	100.00%

III. Diversity of ownership

(I) Information on common shares

April 12, 2022

Shareholding range	Shareholder count	Shares held	Shareholding
1~999	26,911	3,334,349	0.85%
1,000 ~5,000	17,545	34,521,581	8.83%
5,001~10,000	2,151	16,272,335	4.16%
10,001~15,000	602	7,564,945	1.94%
15,001~20,000	333	6,056,390	1.55%
20,001~30,000	256	6,537,536	1.67%
30,001~40,000	132	4,711,946	1.21%
40,001~50,000	72	3,290,838	0.84%
50,001~100,000	135	9,649,422	2.47%
100,001~200,000	71	10,288,613	2.63%
200,001~400,000	58	16,688,905	4.27%
400,001~600,000	19	9,704,773	2.48%
600,001~800,000	13	9,275,080	2.37%
800,001~1,000,000	5	4,255,491	1.09%
1,000,001 and above	50	248,828,906	63.64%
Total	48,353	390,981,110	100.00%

(II) Information on preferred shares: Not applicable.

- IV. Major shareholders: If the number of shareholders with more than 5% ownership interest is less than 10, disclose the names, the number of shares held and shareholding percentage of the top-10 shareholders

April 12, 2022

Name of major shareholder	Share	Shares held	Shareholding percentage
Taiwei Advanced Technology Co., Ltd.		45,767,196	11.71%
Yann Yuan Investment Co., Ltd		30,752,000	7.87%
HannStar Display Corporation		16,395,000	4.19%
Hsun Chieh Investment Co., Ltd.		15,495,551	3.96%
Hauli Investment Corporation		11,900,000	3.04%
Wade Chang		9,345,953	2.39%
Chunghwa Post Co., Ltd.		8,284,800	2.12%
Investment account of Norges Bank managed by Citibank Taiwan		6,560,274	1.68%
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds		5,253,900	1.34%
Hannshine Investment Corporation		5,050,000	1.29%

- V. Information relating to market price, net worth, earnings, and dividends per share for the last 2 years

Item	Year		2020	2021	As of March 31 st , 2022
	Market price per share (Note 1)	High		41.85	96
	Low		26.45	37.35	69.1
	Average		35.06	64.76	75.59
Net worth per share	Before dividend		52.70	56.66	55.78
	After dividend		49.10 (Note 2)	52.66 (Note 3)	—
Earnings per share	Weighted average outstanding shares		434,423,110	397,179,869	390,981,110
	Earnings per share		3.59	5.12	1.22
Dividends per share (Note 3)	Cash dividend		4.0	4.0	—
	Stock dividends	From earnings	—	—	—
		From capital reserves	—	—	—
	Cumulative unpaid dividends		—	—	—
Analysis of investment returns	P/E ratio (Note 4)		9.77	12.65	—
	Price to dividend ratio (Note 5)		8.77	16.19	—
	Cash dividend yield (Note 6)		11.41%	6.18%	—

Note 1: Average market price is taken from <http://www.otc.org.tw/ch/index.php>.

Note 2: Cash dividend from 2020 earnings was resolved and passed during the board of directors meeting

dated March 15, 2021.

Note 3: Cash dividend from 2021 earnings was resolved and passed during the board of directors meeting dated March 21, 2022.

Note 4: P/E ratio = average closing price per share for the year / earnings per share.

Note 5: Price to dividend ratio = average closing price per share for the year / cash dividends per share.

Note 6: Cash dividend yield = Cash dividend per share / average closing price per share for the current year.

Note 7: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of annual report. For all other fields, calculations are based on data as at the end of their respective years.

VI. Dividend policy and execution

(I) The Company's dividend policy

The Company has developed its dividend policy based on a number of factors including capital structure, financial position, business performance, earnings, industry nature and business cycle. Dividends can be paid in shares or in cash, but given the growth stage the industry is currently in, the Company may determine its dividends by taking into consideration financial, business and operational factors and the amount of dividends paid in previous years. As a principle, the Company shall distribute no less than 30% of net income reported in a financial year, with no less than 50% of total dividends being paid in cash.

The Company may distribute dividends wholly or partially from reserves in years when there is no earning available for distribution, or out of financial, business and operational concerns, or in situations permitted by the authority.

(II) Execution: Appropriation of 2021 earnings to be discussed at the 2022 annual general meeting has been proposed at NT\$1,172,943,330 entirely in cash, equivalent to NT\$3 per share. In addition, a proposal will also be raised to pay NT\$390,981,110 of cash dividends or NT\$1.0 per share out of capital reserves that the Company had previously recognized from common shares issued at a premium. In aggregate, shareholders are to be paid NT\$4.0 of cash dividend for every share held, or NT\$1,563,924,440 in total.

(III) Expected change in dividend policy: None.

VII. Impacts of proposed stock dividends on the Company's business performance and earnings per share: Not applicable.

VIII. Employee and director remuneration

(I) Percentage or range of employee/director remuneration stated in the Articles of Incorporation:

Profits concluded from a financial year are subject to employee remuneration of 10% to 20%. However, profits must first be taken to offset against cumulative losses if any. Employee remuneration can be paid in cash or in shares. Payments are intended for employees of the Company, and can be made to employees of affiliated companies that satisfy the eligibility criteria.

Annual surpluses concluded by the Company are first subject to taxation and reimbursement of previous losses, followed by a 10% provision for statutory reserve.

However, no further provision is needed when statutory reserve has accumulated to an amount equal to the Company's paid-up capital. Any surpluses remaining shall then be subject to provision or reversal of special reserve, as laws or the authority may require. The residual balance is then added to undistributed earnings carried from previous years and distributed at board of directors' proposal subject to resolution at a shareholder meeting.

The Company has authorized the board of directors to distribute dividends and profit-sharing wholly or partially in cash at its discretion and seek acknowledgment from shareholders afterwards, provided that such decision is made in a board of directors meeting where more than two-thirds of the board is present, and voted in favor by more than half of all directors present at the meeting.

The Company has authorized the board of directors to distribute statutory reserve and capital reserve wholly or partially in cash at its discretion and seek acknowledgment from shareholders afterwards, provided that such decision is made in a board of directors meeting where more than two-thirds of the board is present, and voted in favor by more than half of all directors present at the meeting.

- (II) Basis of calculation for employee/director remuneration and share-based compensations; and accounting treatments for any discrepancies between the amounts estimated and the amounts paid:

During the Board of Directors meeting held on February 14, 2022, a resolution was passed on distributing the 2021 employee remuneration at NT\$288,507,866. This amount is the same as the amount in expenses previously recognized in the 2021 financial statements.

- (III) Remuneration distribution approved by the Board of Directors

Unit: NTD	
Item	Amount
Employee remuneration - in cash	288,507,866
Employee remuneration - in shares	0
Percentage of employee remuneration paid in shares, relative to current net income and total employee remuneration	0.00%
Director remuneration:	0

- (IV) Actual payment of previous year's (2020) employee and director remuneration

Unit: NTD	
Item	Amount
Employee remuneration - in cash	228,711,453
Employee remuneration - in shares	0
Director remuneration:	0
The amount of 2020 earnings distribution resolved and proposed by the Board of Directors was identical to the amount approved during the shareholders' meeting.	

- IX. Status of holding or disposing of the Company's shares in the last fiscal year through the publication date of the annual report (repurchases already completed):

Repurchase	7th repurchase
Repurchase Date resolved by the board of directors	2021.02.08
Purpose of the repurchase	To protect company reputation and shareholder equity
Repurchase period	2021.02.17 ~ 2021.03.02
Repurchase price range	NT\$30.10 ~ NT\$ 60.74 per share
Types and number of shares repurchased	Common share 43,442,000 shares
Total monetary amount of repurchased shares	NT\$2,102,777,183
Already repurchased shares as a percentage of the share proposed to be repurchased (%)	100%
No. of shares retired	43,442,000 shares
Cumulative number of its own shares that the Company holds	0 shares
Ratio of the cumulative number of its own shares that it holds to the total number of its issued shares	0%

- X. Disclosure relating to corporate bonds: None.
- XI. Preferred shares, global depository receipts, employee warrants, restricted employee shares, or merger/acquisition/divestment through the exchange of shares: None.
- XII. Progress on planned uses of capital: None.

Five. Overview of operation

I. Business Activities

(I) Business scope

1. Principal business activities

- (1) CC01110 Computer and Peripheral Equipment Manufacturing.
- (2) CC01080 Electronics Components Manufacturing.
- (3) CD01060 Aircraft and Parts Manufacturing.
- (4) CE01030 Optical Instruments Manufacturing.
- (5) CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing.
- (6) F401021 Restrained Telecom Radio Frequency Equipments and Materials Import.
- (7) CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing. (can only be manufactured outside Hsinchu Science Park).
- (8) Research, develop, produce, manufacture, and market the following products:
 - A. Various LCDs/TVs, projections and the backlight modules.
 - B. Multimedia presentation system equipments and software.
 - C. LCD internet personal computer, LCD Windows base terminal, digital transmission, LCD monitors.
 - D. LED displays and module.
 - E. Projection systems for wearable devices.
 - F. Commercial Drone system.
 - G. All kinds of consigned design and develop and examination and consulting services regarding above products.
 - H. Import and export trading business related to the above businesses (except the businesses requiring permit).
- (9) Design, manufacturing and sales of Acrylic Sheet and relating consigned design, develop, consulting and import and export trading business of the products (can only be conducted outside Hsinchu Science Park)
- (10) Design, manufacturing and sales of the power supply, and its Components (can only be manufactured outside Hsinchu Science Park)

2. Revenue distribution

Unit: NT\$ 1,000

Item	Year	2020		2021	
		Amount	%	Amount	%
Energy saving products		22,009,683	51.86%	27,158,039	54.50%
Visual Solutions products		10,920,904	25.74%	12,862,709	25.81%
Others		9,507,749	22.40%	9,812,620	19.69%
Total		42,438,336	100.00%	49,833,368	100.00%

3. Current product (service) items

- (1) Energy saving products: High brightness backlight modules for automobile displays, tablets, notebooks, LCD displays, and LCD TVs; semi-system, system, and whole set assembly of panel modules, electronic whiteboard modules, customized notebooks, LCD displays, and LCD TVs; system solutions for medical, educational, ATM, POS and public digital splicing displays.
- (2) Visual Solutions products: Including various digital projectors, Laser TV, AiO LED displays, which project large screens via various video signals, and interactive modules, smart connectors, edge blending and image warping processors, and image signal processing boxes; the system is integrated with software to provide the user-friendly complete visual solutions via smart service platform for diverse applications.

4. New products (services) planned for development:

- (1) Energy-saving products: We've continuously developed various new light guide plates and Mini-LED technologies without light guide plates. We also want to decrease the thickness of the backlight module, reduce the bezel width, increase the optical efficiency, and reduce the usage of optical as well as LED to develop slim, high-contrast, and high-value application displays for video consoles, tablets, notebooks, industrial monitors, medical monitors, AiO monitors, and high-end smart TVs. In addition to the improved functionality and specifications of traditional panel modules, we actively conduct the differentiation design of a wide variety of displays to enter the high value-added markets of commercial displays, notebooks, automotive displays, and gaming displays.
- (2) Visual Solutions products: Through the core technologies in the fields of optics, machinery, electricity, thermal, and software integration provided by our visual solutions product businesses, we are committed to the large tiled screen wall, interactive touch, digital signage, large public displays and smart link solutions; in order to meet the demand and satisfy the habits of users, digital contents from display devices, such as projectors or LED screens, will be managed to continuously provide more amazing image lifestyle experience for users.

(2) Industry Overview

1. Current industry situation and development

We position ourselves as the innovative display solution provider, and our product lineup includes two main product categories under the display business group: energy-saving products and visual solutions products. The following shows the current status and development of each main product category:

(1) Energy saving products

Since the COVID-19 outbreak in early 2020, there has been a series of lockdowns and travel bans imposed. This has resulted in a drastic change in global economic activities. However, due to lockdowns, the stay-at-home economy has thus emerged and brought along a surging demand for TVs, monitors, and laptops, while the global demand for large LCD panels (measured more than 9 inches diagonally) capacity has been boosted by the epidemic. According to Digitimes Research, the compound annual growth rate of large LCD panel production capacity is estimated to be 2.2% from 2020 to 2025. Moreover, the demand for larger-size TV panels is expected to bring a compound annual growth rate of more than 3%.

As the epidemic boosted the demand for panels, Chinese panel manufacturers actively increased their production capacity and started mergers and acquisitions at the same time. BOE Technology Group Co., Ltd., TCL China Star Optoelectronics Technology Co., Ltd., are expanding their 10.5G/11G panel production capacity and finishing the acquisition of Nanjing and Chengdu 8.5G/8.6G generation panel production plants of CEC-Panda Group, and the Samsung Display Suzhou 8.5G panel production plant. The market share (24.5% in 2019) of these two major Chinese manufacturers will be doubled in 2025. Not being able to compete with the production capacity in China, Korean manufacturers shifted their focus to small and medium-sized AMOLED market, and withdrew total from the large-size LCD market. This allowed Chinese panel manufacturers to dominate nearly 60% of the market share, and dominance of Chinese manufacturers in the world is gradually taking shape. The main demand for large LCD panels comes from TV applications, accounting for more than 75% of areas shipped or 39% of the shipments in 2020. The average size of TV panels is likely to increase 0.7~1 inch every year, which is a big momentum for the growth of large LCDs. For the performance of manufacturers of panels, BOE ranks No. 1 in terms of shipment quantity and area shipment. Its overall shipments are expected to reach more than 60 million panels. In 2022, the production capacity of the 8.5G will continue to reduce the allocation of TV panel production capacity, while the 10.5G factory has been mainly responsible for manufacturing LCD TV panels, and the large-sized product lineup has obvious competitive advantages. In 2021, shipments from TCL and CSOT were more than 40 million units with an area shipment of 30 million square meters. In 2022, the product line will focus on large-sized panels such as 55", 65", and 75", and actively expand the IT panel business. HKC's production capacity has been increased the most. It ships nearly 40 million units in 2021 with an annual growth rate of 31%. It ranks No. 3 and performs better than Taiwanese companies. The two major Taiwanese panel makers pursue a differentiation strategy rather than investment in 10.5G to avoid the competition of the main products. AUO has focused on its high-end products and actively plans ultra-large size, 8K, and high-refresh-rate products, while Innolux has developed a diverse product lineup. The Korean manufacturers of panels continue to specialize in the field of OLED panel technology. In mid-2022, Samsung Display plans to shut down all LCD

panel production lines and concentrate resources in QD-OLED. Due to its limited production capacity, LGD actively cooperates with international brands. According to the Sigmaintell statistics, global LCD TV panel shipments are estimated to reach 260 million units in 2021, a year-on-year decrease of 2.3%. The shipment area reaches 170 million square meters, a year-on-year increase of 3.7%. In 2022, as the e-commerce boom caused by the pandemic is fading, the inflation pressure intensifies, and the demand is weak, it is estimated that LCD TV panel shipments are approx. 250 million units, a year-on-year decrease of 3.1%, and the shipment area reach nearly 180 million square meters, a year-on-year increase of 4.4%.

For the PC market, global shipments of PCs in 2021 are estimated to reach 340 million units with an YoY growth of 13.5%. Thanks to the measures against the pandemic, WFH and distance education, the PC market is expected to have a slower growth rate in 2022, following two consecutive years of double-digit growth rates. However, by 2025, the latest IDC forecast shows that the compound annual growth rate (CAGR) for 5 years will be 3.3%, to which laptop shipments contribute the most. Meanwhile, tablet shipments continue to decline as the category remains challenged by smartphones and laptops.

It is noteworthy that automotive and IoT applications are on the rise. As the markets of cell phone, tablet, digital camera, handheld device, portable navigation device (PND), MP3 player and other portable consumer electronics are maturing or even declining, industrial control, car and smart audio, smart white home appliances and other IoT applications will become a new growth driver for small and medium-sized panel production. Digitimes Research estimates that the CAGR of small and medium-sized TFT LCD shipments will reach 6.1% from 2020 to 2025.

In terms of other application trends: With the maturity of display technology and the trend of smart devices, the digital signage market is expected to continue to grow in the future. The demand for the digital signage include those for the smart city, smart factory, and smart retailing and most of them are large LCD panels. It is estimated that the CAGR of 32" or above LCD panel shipments will be 11.4% between 2018~2022. In the future, for the display applications, they will feature higher resolutions, large size, and smarter, while more and more products will feature AI and 5G technologies. To stimulate the product demand, and improve the unit price as well as profitability, our products will have added value and become larger. In contrast, commercial displays always have a growing demand that helps consume excessive production capacities. Another trend of the display technology is the Mini LED application. The Mini LED backlight has reached the volume production and commercialization phase where gaming and automotive applications are obvious; to help Mini LED products expand their market penetration, the supply chain of LED manufacturers have proposed some methods to reduce costs. Despite the severe impact of the epidemic in 2021, the new Mini/Micro LED products stole the limelight and there are intense competition among major brands. Compared to the previous years when some

brands tried to introduce Mini LED design for high-end models to test the water, shipments of the 2021 Mini LED have reached 3 million units from Samsung and Chinese brands, which accounts for 1.4% of the overall shipments. It is expected to reach 5.4% by 2025. Through the breakthrough of LED miniaturization technology, display technologies will continue to revolutionize the electro-optical market. Taiwanese LED manufacturers have been investing in technology R&D and cost improvement of Mini LED from 2018 and 2019. Although the launch in end-market applications has been delayed due to high costs, the Mini LED has successfully reached a significant stage in 2020 after Huawei, MSI, Lenovo, Acer, TCL, and Xiaomi took the lead to introduce the products into the market. At present, Mini/Micro LED is the main focus of display applications in 2021 CES; the trend towards COB (chip on board) design for the backlight design of high-end models is taking shape; while the POB (package on board) backlight design emphasizes the advantages of high cost performance ratio and reduces the price difference with the traditional LED backlight. In 2021, Samsung, the OLED supplier, is actively muscling for market share in the notebook market. In the high-end notebook market, it competes against the companies producing Mini LED. This results in limited applications of Mini LED by non-Apple companies. Moreover, Apple will not launch MacBook Pro until Q4. TrendForce estimated that in 2021, shipments of laptops with the Mini LED backlight declined from 2.4 million units to 1.65 million units. Looking into 2022, Apple will launch the new-generation 14.2" and 16.2" MacBook Pro with the Mini LED display featuring the new Mini LED backlight technology only used by the 12.9" iPad Pro. It is estimated that in 2022, shipments of laptops with the Mini LED backlight will reach 5 million units with an annual growth rate of 213%.

In the face of the changing trend of industry development, for the business of Energy-Saving products, in addition to the introduction of smart manufacturing into the original applications to enhance performance and cost competition, we focus on the high-mix, low-volume and highly customized products with growing demand in the market, such as the digital signage for public display, large automotive display panels, ATMs, etc. The technology development focuses on the market trend for ultra-slim, narrow-bezel, high-resolution, high-contrast, and energy-saving displays, to provide a flexible business mode in response to the market changes and customer needs. For our product development, in addition to the shipments of the backlight modules, product design of the tablet/notebook, as well as TV, and manufacturing of the system/barebone product, not only do we provide key components and parts for ultra-fine display technology HDR, LCD module, free shape backlight module, tiled video wall, and privacy display applications, but also provide the combination platform of the touch module, mechanism design, and electronic solutions to provide a comprehensive, diverse, and customized display solution.

(2) Visual Solutions products

The main application market of the projectors is divided into the several

segments: corporate and governmental agencies, educational, personal, home, large venues, industrial applications, and digital signage. In addition to the presentations in the business meetings and school classes, the use of projectors has extended to digital classroom diverse experience equipment from multimedia and electronic blackboard. In recent years, the trend for a large screen, high resolution, and high contrast images in the household has emerged. As a result, this drives the demand for entertainment projectors in the household.

As the technology improves every day and there is a demand for high quality and brightness, the use of projectors as display in the large public exhibitions and various digital signage has becoming popular. As a result, there is a rapid-increasing trend for the use of high-brightness products in large venues.

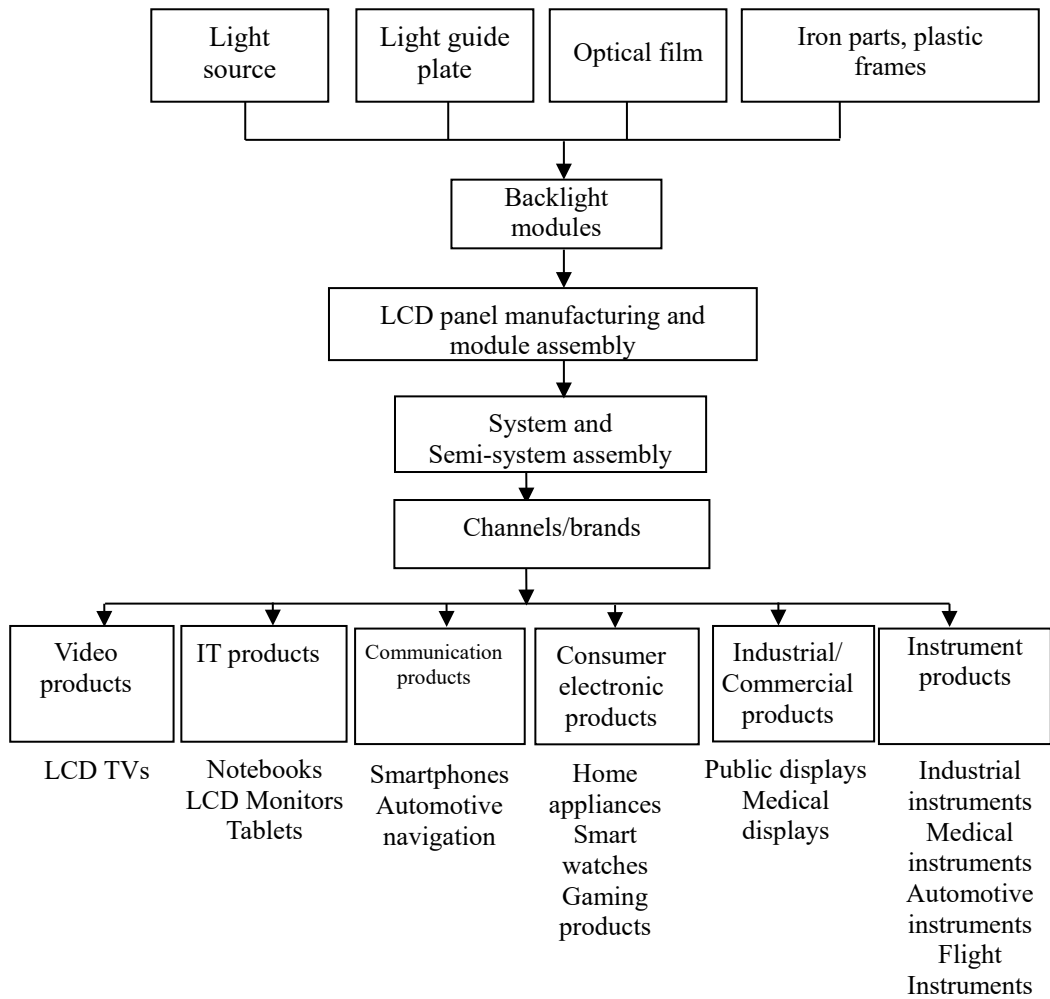
Currently, the projector technologies are mainly divided into LCD and DLP. Both have different advantages. A LCD projector has softer and saturated colors while a DLP projector is smaller in size with better projection brightness, contrast, sharpness, as well as longer lifetime. The DLP technology dominates in the market of the 4K/UHD projector products.

The Company is a leading manufacturer of DLP projectors. We have established a strategic alliance with US-based Texas Instruments and have a close relationship. Furthermore, in recent years, we have taken the lead in developing and applying the solid state light source and 4K/UHD high resolution and portable projectors among DLP manufacturers.

2. Relevance between the upstream, middle stream, and downstream industries

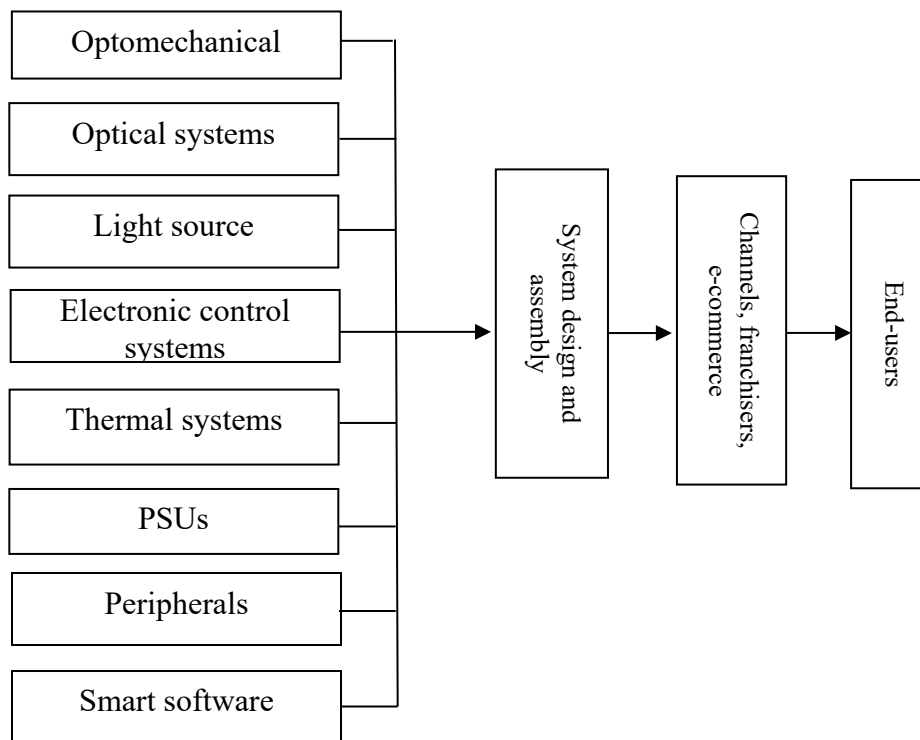
- (1) Energy saving products: The backlight module is part of the LCD industry. Figure 1 shows the relevance between the upstream, middle stream, and downstream industries. The upstream industries involves the products such as the light source, light guide plate, optical film, iron pieces, and rubber frame; the downstream industries involves manufacturing and assembly of LCD panels, and their applications in several electronic products.

Figure 1: Relevance between the upstream, middle stream, and downstream of the backlight module



(2) Visual Solutions products: The upstream components and parts of projectors include the optical system, lighting system, electronic control system, and thermal system. Refer to Figure 2. We mainly rely on the import of the components and parts such as the LCD panel or DMD chip and light source. After the overall optical, mechanism, electronic control design as well as thermal conductivity tweak, and assembly, testing, as well as packaging, they are distributed to various users via PC vendors, professional A/V equipment shops, and PC shops. These channels have extended to e-commerce ones, such as online shops, TV shopping channels, etc. and system integrators.

Figure 2. Relevance between the upstream, middle stream, and downstream of the projector



3. Various development trends of products and their industry trends

(1) Energy-saving products: As the Internet applications are expanding and the Internet infrastructure as well as display applications are developing, it can be imagined that “One Cloud to Multi-Screens” will be the future, i.e., by connecting to the cloud, you can acquire necessary information on multi-purpose displays in different forms, and different applications and services will be derived. As China's panel ecosystem rises, the two main manufacturers dominate, we will optimize our business model to meet the transformation of the business model in the market as well as consumer demand, and customized solutions that integrate panels, systems, applications and software will bring the flat-panel display industry to a new era.

For application-specific demands, we will focus on the demand for TV panels, game consoles, and IT devices. In addition to the LCD TV, we will focus on the development of the high-end OLED and Mini LED TV products. We will also work with customers to improve product gross margin for development and production. In the PC market for business and education applications, the educational demand will be flat or decline because the pandemic is slowing down and the market is gradually saturated. In contrast, the demand is likely to be stable for business applications, and there may be demand for higher product specifications. Therefore, we can expect a high market demand in 2022. The gaming consoles and IT devices benefit from the development of 5G and the rise of metaverse applications integrating virtual and real coupled with the help of semiconductor technology, which enables smaller products with higher

performance. It is expected that the product applications will have high growth over the next 10 years.

- (2) Visual Solutions products: Corporate and education applications have always been the mainstream for projectors. In response to the demand for large screens and high resolution in the home market, 1080P/4K home projectors have also become an important product line. The Company's core strategies are based on the leading technologies and we have launched the "Laser Ultra Wide Screen Touch System", "Multi-Screen Automated Blending System" and "Immersive Curved Touch System", which have been awarded the Innovative Product Awards of Hsinchu Science Park for three consecutive years; afterwards, smart entertainment home projectors were launched in conjunction with optimized AI and voice assistant. The Company has also launched the 20,000 lumens high-brightness projector series with unique multi-color mixing technology to significantly improve color saturation. They have received several awards, such as the Best of Show 2021, Best of Market, InfoComm 2021-AV Technology, and Best of Market, InfoComm 2021- Digital Signage.

Smart and Internet features are development and the LED, laser light source, as well as new projection component technology are getting mature, which has expanded the scope of the projector application. Regardless of portable use, screen-less TVs, digital signage, large venue, and culture and tourism industry applications, they add infinite possibilities.

In addition, in response to the future growing trend for fine-pitch LED products, since 2019, the development of several ultra-size AiO LED displays have been completed; Due to their high reliability, fast installation, unique image processing cores, they have been given 5 major international awards, and recognized by experts.

Furthermore, the demand of emerging markets for new technologies and environmental protection has surpassed that of many mature markets and traditional customers. This has become an important indicator that requires further observation.

4. Competition

- (1) Energy saving products

In recent years, Japanese panel makers have outsourced Taiwan and South Korean manufacturers for production due to cost, and the Chinese supply chain has risen. The industry involving backlight plate is labor-intensive with an industrial model that its factories are near to the customer to provide services. It has an important strategy for Taiwanese backlight manufacturers to invest in establishment of production lines in China. Under the fierce competition, Taiwanese manufacturers of backlight plates have stayed competitive by means of their rapid adaptation capability and economies of scale. The main manufacturers in Taiwan include Coretronic, Radiant Opto-Electronics Corp. and Darwin Precisions Corp. In addition to the service and technological competition, the scale and integrity of the Group's supply chain integration are important factors affecting the operation. As a whole, the flat panel display

backlight industry has gradually evolved into a “winner takes it all” type of situation.

(2) Visual Solutions products

Due to the slowdown in the growth rate of competitors in the projector market as well as the industry scale, some manufacturers have withdrawn from the market because they have not reached the economies of scale. Smaller manufacturers have also reduced the ratio of self-made products and increased competitiveness through outsourcing. The current industry is a “winner takes it all” situation. Projector brand manufacturers include Epson, Sharp/NEC, Sony, Panasonic, JVC, etc. in Japan, InFocus, Viewsonic, etc. in the US and Europe, LG, and Samsung in Korea, XGIMI, JmGO, Hisense, Formovie in China, and Optoma, BenQ, Acer and Vivitek in Taiwan. In addition, Chinese manufacturers have gradually emerged in the projection market due to expansion in the application market and the introduction of new light sources, such as e-fun, Everest Display Inc., Shenzhen A.H.J.K Electronic Co., Ltd. etc. Taiwan’s main projector makers include Coretronic, Delta Electronics Corporation and Qisda Corporation.

(III) Technology and R&D Overview

1. R&D expenses invested in the most recent year and as of March 31st, 2022

Unit: NT\$ 1,000

Item \ Year	2021	As of March 31 st , 2022
Research and development expenses	3,008,812	706,091
Operating revenue	49,833,368	13,137,908
Ratio of R&D expenses to revenue (%)	6.04%	5.37%

2. Technologies or products successfully developed in the most recent year and as of March 31st, 2022

Backlight plate	<ul style="list-style-type: none"> (1) Successful mass production of the barebone for ultra-thin notebooks (Hinge Up, H/U). (2) Successful assembly of mass produced panel modules for 7”-12” tablet models. (3) Successful one-stop assembly of mass produced panel modules for 11”-17” tablet models. (4) Successful assembly of mass produced panel modules for 24”-79” LCD TVs. (5) Successful mass production of curved MT and TV backlight plates. (6) Successful mass production of the bezel-free MT LCM module. (7) Successful mass production of the wide color gamut PAD, NB, MT, and TV backlight plate. (8) Development of a special precision machining process for ultra-thin flat light guide plates for NB backlight plates. (9) Successful mass production of microstructured high brightness light guide plates (IML). (10) Successful mass production of glass light guide plates for ultra-thin TVs.
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	<p>(11)Successful development of ultra-thin direct-lit backlight module (OD=2.5mm).</p> <p>(12)Successful development of backlight plates for ultra-thin TVs (3.7mm in thickness).</p> <p>(13)Continue to develop high-gain optical parts and put them into mass production.</p> <p>(14)Successful development and mass production of automotive head-up display PGU modules.</p> <p>(15)Successful development of the LCM module for automotive and notebook privacy displays.</p> <p>(16)Successful development of the LCM module for the ultra-narrow-bezel HDR display of notebooks.</p> <p>(17)Successful development of the automotive BKL direct-lit type module.</p> <p>(18)Successful development of the Local Dimming integrated system module.</p>
Projector	<p>New technologies:</p> <p>(1) The laser light source mainstream projector models and the ultra-short throw educational and business models have been equipped with the new-generation laser diode modules and the ultra-wide color gamut RGB laser combiner technology to improve system efficiency and color performance, and to provide low cost and high performance product competitiveness.</p> <p>(2) Continuously research and develop intelligent technologies of auto-adjustment solutions to help users to install projectors.</p> <p>(3) Continuously pursue smaller and quieter projector designs, improve the efficiency of thermal modules, water-cooling modules and cooling fans, and optimize the vibration and noise reduction designs.</p> <p>(4) Research and develop the new passive 3D laser projection solutions for large venue applications.</p> <p>(5) Utilize digital simulation technologies to continuously improve the designs of components and systems to increase efficiency and reduce cost.</p> <p>New products:</p> <p>(1) Mass-produce the business and educational projectors with the new-generation blue laser diode modules to increase the product cost-performance ratio.</p> <p>(2) Optimize the 6k-8klm entry-level Pro-AV laser projector series products to continuously improve performance, reliability, and price competitiveness.</p> <p>(3) Mass-produce the 20,000 lumen large venue projectors with smart control functions to provide users better immersive experiences.</p> <p>(4) Mass-produce the new-generation portable LED projectors for home entertainment.</p> <p>(5) Mass-produce the portable device with the multi-functionalities of projector, smart speaker, and ambient lighting.</p>

(IV) Long-term and Short-term Business Development Plans

1. Short-term Business Development Plans

- (1) Marketing: The Company will increase product market share, expand product portfolio and flexible production planning to provide existing customers with comprehensive product lines and more flexible and efficient services to continuously expand new markets. The Company will also provide customized product design options to customers and create value-added services for high-end and niche products as well as providing one-stop solution from design to production.
- (2) Research and development: Strengthening the training of R&D personnel,

developing a common R&D platform, and establishing a design platform for key component designs for R&D personnel in China and Taiwan. Reducing the number of components and standardizing components to increase the price competitiveness of products while reducing production costs. Improving the mass production and maintainability of the product to cater to a small variety of product combinations. We extend and expand forward technology and cooperate with international technology partners in R&D in order to establish a long-term technology leadership in the global market!

- (3) Operational management: Continuously improving the enterprise resource system and supply chain management. Besides optimizing collaborative domestic and foreign production and increasing the flexibility of component procurement and manufacturing, we integrate group resources to build smart factories, such as production line assembly automation, intelligent inspection, etc., to reduce manpower demand and production costs and improve competitiveness to pursue better operational performance. The start of the Vietnam production plant in 2021 has diverted the supply chain risks arising from the US-China trade war. According to the framework of the medium and long-term capital demand plan, the Company will conduct financial planning based on the principle of safety and stability, and establish a relationship of trust and reciprocity with the existing banks, grasp the trend of the financial market, and improve the performance of financial operations.

2. Long-term Business Development Plans

- (1) Marketing: Cultivating customer relations and establishing a long-term cooperative marketing model for proprietary technologies. The Company works with internationally renowned brand customers and regional leading brands as strategic alliance partners to provide a full range of display product solutions, collect the latest market and technology trends, provide customers with the best product solutions and after-sales service, continue to strengthen the global after-sales service capabilities and quality.
- (2) Research and development: Focusing on research and development of high-profit and forward-looking products, integrating resource investment to develop new technologies and new products, continuously integrating upstream and downstream supply chains to develop key components to enhance the value of proprietary products and reduce costs, as well as improving production autonomy. Actively cooperating with procurement, quality assurance, engineering, manufacturing and other departments to develop new product platforms, continuing to introduce modular design, production and production automation, and developing smart manufacturing to reduce production and service costs and increasing competitiveness.
- (3) Operational management: Integrating the Group's resource allocation and application efficiency, promoting the performance of joint venture businesses, structuring an international operation plan system, strengthening the functions and preparation of overseas organizations, improving overall performance, and

taking advantage of capital market and money market instruments to raise low-cost working capital to build long-term strength.

- (4) Strategic alliance: With the rapid development of science and technology and the promotion of high-tech and complex industries and markets, the Group actively develops strategic alliances or mergers and acquisitions of potential startups to reduce the development costs and achieve the complement of internal and external resources, while achieving economies of scale in the short term. The Company aims at integrating, accelerating research and development capabilities, expanding the business landscape, and bringing synergy of different corporate cultures to enhance long-term competitiveness.

II. Market and Production Overview

(1) Market Analysis

1. Major regions for product (service) sales (provision)

Unit: NT\$ 1,000

Year/ Amount Item		2020		2021	
		Amount	%	Amount	%
Domestic Sales		8,558,127	20.17%	11,742,577	23.56%
Overseas sales	America	3,220,161	7.59%	3,230,416	6.48%
	Europe	4,704,889	11.09%	5,464,154	10.97%
	Asia	25,196,195	59.37%	29,176,704	58.55%
	Others	758,964	1.78%	219,517	0.44%
	Subtotal	33,880,209	79.83%	38,090,791	76.44%
Total		42,438,336	100.00%	49,833,368	100.00%

2. Market Share

The main Major products of the Company are energy-saving and visual solutions products. According to market statistics, the estimated shipments of large-size LCD panels were 887 million pieces in 2021. The Company's 2021 total shipments of energy-saving products were 60.8 million pieces, and the global market share was about 6.85%. According to market data, it is estimated that the global projector shipments in 2021 will be 5.60 million units due to the COVID-19 pandemic. The Company's 2021 visual solutions product shipments were 0.87 million units, taking up 15.5% of the global market share, which ranks DLP No.1 in certain market segments, such as the 4K/UHD projector, laser projector, etc.

3. Future supply and demand of the market and its growth

(1) Energy saving products

Observing the development trend of major LCD monitor panel manufacturers from the supply side of the 2021 market, CSOT will be one of the beneficiary panel manufacturers due to the Samsung's leaving the display

panel market. Through the acquisition of Samsung Display's Suzhou 8.5G production line and the continued expansion of production capacity and the advantage of the ability to manufacture curved VA panels, CSOT's LCD monitor production is thus expected to double.

BOE, the No.1 LCD monitor manufacturer, increased its 26% market share in 2020 to 31% in 2021 through the acquisition of Nanjing Panda's 8.5G production line and its existing production capacity. This has greatly widened the gap with the No. 2 manufacturer, LG Display. The subsequent operation will focus on integrating and combining Nanjing Panda's 8.5G production line to maximize its advantages.

In addition to CSOT's and HKC's intention to increase supply, Samsung Display also extended the production timeline, and 1.1 million units were supplied to the Group's brands in 2021. In addition, LGD's profitability in LCD monitor panels continues to increase. Also, due to the IPS panel orders transferred from Samsung Display, LGD is expecting an increase in the LCD monitor panel production capacity as well. LGD's shipment target is expected to be revised upward to 38 million units.

For the two major display application products that are more relevant to us, when looking back to 2021 and looking forward to 2022, the global TV panel shipments in 2021 are 260 million units, a decrease of 2.3% compared to those in 2020. In 2022, as the e-commerce boom caused by the pandemic has been fading, and the inflation pressure has intensifying, the market outlook is more conservative. It is estimated that shipment is about 250 million units, a YoY decrease of 3.1%. It is worth noting that could our promotions at FIFA World Cup drive our sales and shipments in the market?

In terms of production capacity, BOE and CSOT, which have the advantage of scale and generation, shipped 60 million and 40 million units of TV panels respectively in 2021. In 2022, the production capacity of the 8.5G line continues to decline, while the 10.5G factory has been mainly responsible for manufacturing LCD TV panels to provide a richer product portfolio for product lineup competitiveness. In 2022, CSOT tries to maintain a stable LCD TV panel business, and its product lineup focuses on large-sized panels, such as 55", 65", and 75", and actively expanded its IT panel business. In addition, it is worth noting that HKC's production capacity has been increased the most. It shipped nearly 40 million units in 2021 with an annual growth rate of 31%. It ranks No. 3 and performs better than Taiwanese companies. In 2022, the supply of 55" or above panels will be boosted by the set incision technology for a more comprehensive set of product sizes.

In 2022, the overall TV panel market will continue the oversupply trend. It is estimated to dip in the first quarter. In the second quarter, the market demand may rise due to the promotions at FIFA World Cup. Sales may remain steady or grow slightly throughout the year.

For IT products, the two major IT applications - desktop monitors and laptops - excellent shipment volume performed in 2021, mainly due to the massive global work-from-home economy and distance learning needs. The former had a shipment volume of 170 million units, with an annual growth rate of 13%, while the latter 270 million units, with an annual growth rate reaching 26%. In 2022, global desktop display panel shipments are estimated to reach 202 million units. Shipments are likely to rise again. In 2022, notebook panel shipments are estimated to reach 290 million, an annual growth rate of 5.4%. This is mainly because the e-commerce boom slows down and the market demand is saturated.

For the demand for PC monitors and laptops, while the market growth rate will not see double-digit growth due to the stay-at-home economy in the last year, it is generally accepted that it still has the opportunity to have a single-digit growth rate. For the automobile, in 2022, it is expected that global shipments will be 1.98 million units, a year-on-year increase of 7.2%. Particularly, the emerging EVs may be the main driver for the demand for and several applications of automobile panels.

(2) Visual Solutions products

Looking forward to 2022, with the resume of “movie and travel” and “business and exhibitions”, and the development trend toward high-end home entertainment, the solid-state light source products such as laser TVs, smart projectors, and high-end projectors in the Chinese market are expected to boom. In addition, when entering the era of 5G, the feasibility of video applications will be obviously improved while the cost will be go down. This must diversify the engineering projection application scenarios, which accelerate the development of the engineering projector market.

According to market research, it is estimated that in 2022, the market will gradually recovering. With the continuous development of the “movie and travel”, recovery of “business and exhibitions”, and academic tenders, the shipment of projectors (including laser TVs) is expected to be about 6.4 million units. Moreover, the 4K/UHD, smart projection and home market will continue to grow. In contrast, the industrial projector market will gradually stabilize as the epidemic subsides, pushing the development of the cultural tourism industry and large public space displays.

4. Competitive Niches

(1) Solid R&D capabilities

The Company is committed to the research and development of technology. In addition to designing and developing products that meet customer needs, the Company will also continuously develop key components for vertical integration, enhancing competitiveness in the industry. Up until the end of March 2022, the Company has a total of 1,043 pending patents at home and abroad. The Company has over 590 R&D

personnel, which shows the Company’s emphasis on research and development.

(2) Close supply chain management and high-efficiency production

Continuous cooperation with the display panel industry and the projector industry is the main business strategy of the Company. Therefore, the new product development schedule, the implementation of flexible production planning strategies and the emergency order production scheduling are the focus of the Company’s production strategy. Strengthening the operation mechanism of the supply chain platform and establishing the standardization of procedures maximize production efficiency and reduce production costs.

(3) Flexible marketing methods

The Company mainly adopts the ODM development strategy to obtain orders by participating in customer design. In addition to collecting the latest market and technology trends, the Company can respond to market and technology trends in a timely manner, and understanding the local market as well as customer needs to provide the best products and after-sales services around the world.

5. Favorable and Unfavorable Factors of Development Prospect and Strategies

Item	Favorable Factors	Unfavorable Factors and Countermeasures
Industry Development and Outlook	<p>1. The applications of LCD products continue to develop such as notebook computers, tablets, flat panel displays, mobile phones, LCD TVs, etc., driving the industry to grow and creating a huge demand for key component LCD backlight modules.</p> <p>2. The production capacity of various panel manufacturers has been gradually expanded, and Taiwan’s downstream products such as notebook computers and LCD monitors have a global market share of more than 60%, which gives Taiwanese manufacturers an advantage in panels. This also makes the industrial prospect of the upstream backlight module promising.</p> <p>3. In response to the popularity of the mobile phone market, consumers now demand high-quality display. All product applications (including NB/MT/TV) are moving towards higher resolution. After working on backlight modules for years, the Company has a good grasp of the core technologies include high brightness, high efficiency and high resolution. Therefore, the prospects for subsequent market demand are promising.</p> <p>4. As the 4K resolution becomes more popular, the wide color gamut technology has been widely used, and the refresh rate increases to 120fps or even higher. Only the model with the high contrast “HDR” specifications can provide the true high definition experience for the user. Therefore, the market demand for displays with new specifications shows a positive outlook.</p> <p>5. With the advancement of LED/Laser solid-state light source technology, brightness is increased and market applications are expanded. Due to the pandemic, the</p>	<p>1. The addition of new flat-panel display manufacturers will lead to increased competition and lower profits.</p> <p><u>Corresponding countermeasures:</u></p> <ul style="list-style-type: none"> •Maintaining technological leadership with proprietary backlight plate design. •Expanding customer base from panel manufacturers to system integration (SI) and brand names, and acquiring orders through participation in the design. •Expanding customer base and application market. Breaking off from the ODM/OEM model and becoming a leading manufacturer of all-round imaging products. In addition to providing professional design advice and stable high-quality product development and production to Brand Names, the Company offers a high degree of customization to be closer to user needs and quickly enter the market. In the dynamic process of discovering demand and meeting the needs, we are able to grow together with our business partners and expand the application market. <p>2. Projectors have seen stronger competition due to competition from large LCD displays and video walls.</p> <p><u>Corresponding countermeasures:</u></p> <ul style="list-style-type: none"> •The use of technology leadership continues to bring value to customers. Advantages can be continuously created by integrating research and development capabilities and experience in light, mechanical, electricity, thermal, and software with a higher ratio of solid light source and 4K/UHD products, and a higher price/performance ratio. •Continuing to develop user-friendly software and connect to cloud value-added services to increase customer satisfaction and adhesion.

Item	Favorable Factors	Unfavorable Factors and Countermeasures
	<p>demand for home entertainment products has significantly increased.</p> <p>6. With the active development of new applications such as laser TV, digital signage and large-size signage solutions, the prospects are promising.</p> <p>7. With the gradual implementation of China's national strategic emerging industry planning, which drives the rapid development of information technology, high-end manufacturing, digital creativity, cultural and tourism industry and other industries, the demand for display or projection equipment will increase significantly, bringing new business opportunities for the professional audio-visual industry.</p>	<ul style="list-style-type: none"> •Building a strategic procurement platform and promoting strategic procurement plans in order to achieve optimal costs and increase product competitiveness. •Actively introducing innovative technologies such as multi-screen blending and immersive blending to solve the problems of large venue display, projection and moving in irregular situations, and providing overall solutions to enhance customer satisfaction and loyalty, as well as expanding market applications. •Engaging in strategic alliances or mergers and acquisitions of potential companies, speeding up the development schedule, and quickly entering the LED Wall industry. •Developing the cloud smart announcement system, providing the digital content management platform with AI image recognition and interactive features to diversify the applications of image product.
Operating Environment	<p>1. The Company entered the market ahead of the industry, has therefore accumulated enough technologies and experience to understand important customers and the market.</p> <p>2. The Company has a stable source of supply and support from key component suppliers.</p>	<p>1. The high proportion of outsourcing and export makes the Company more vulnerable to the impact of exchange rates. <u>Corresponding countermeasures:</u></p> <ul style="list-style-type: none"> •Collecting information regarding foreign exchange rates to effectively reduce the impact on revenue and profitability. •Depending on the Company's capital needs and the information provided by banks and financial institutions, the Company can decide on the timing for foreign exchange hedge in order to avoid exchange risk. <p>2. Continuous increase in China's manufacturing costs. <u>Corresponding countermeasures:</u></p> <ul style="list-style-type: none"> •Introducing production automation as soon as possible to effectively reduce labor costs. <p>3. The increase in the proportion of overseas investment has gradually disqualified the Company for domestic tax incentives, and the overall tax advantage has gradually decreased. <u>Corresponding countermeasures:</u></p> <ul style="list-style-type: none"> •Keeping the R&D focus in Taiwan to benefit from R&D incentives. •Making tax planning from a Group perspective to seek the overall minimum tax. <p>4. The scale of operations in China is growing, and the financial planning of daily operations is susceptible to tightening local monetary policies. <u>Corresponding countermeasures:</u></p> <ul style="list-style-type: none"> •Increase the number of financial institutions and credit lines outside of China. •Adjust the trading flow to reduce the funding demand of companies in China. <p>5. The US-China trade war has led to an increase in the risk of operational costs. <u>Corresponding countermeasures:</u></p> <ul style="list-style-type: none"> •The high value products exported to the U.S. will gradually be produced in Taiwan or other factories in foreign countries.
Within the Company's Conditions	<p>1. Technical advantages and mass production scale.</p> <p>2. The Company shortens the production cycle and changes the process time with lean management, and continuously introduces the automation process, which can meet the customers' small-amount demands as well as fulfilling the</p>	<p>The scale of operation of the company has grown rapidly and the logistics integration capability needs to be further strengthened. <u>Corresponding countermeasures:</u></p> <ul style="list-style-type: none"> •Hiring professionals to participate in the Company's

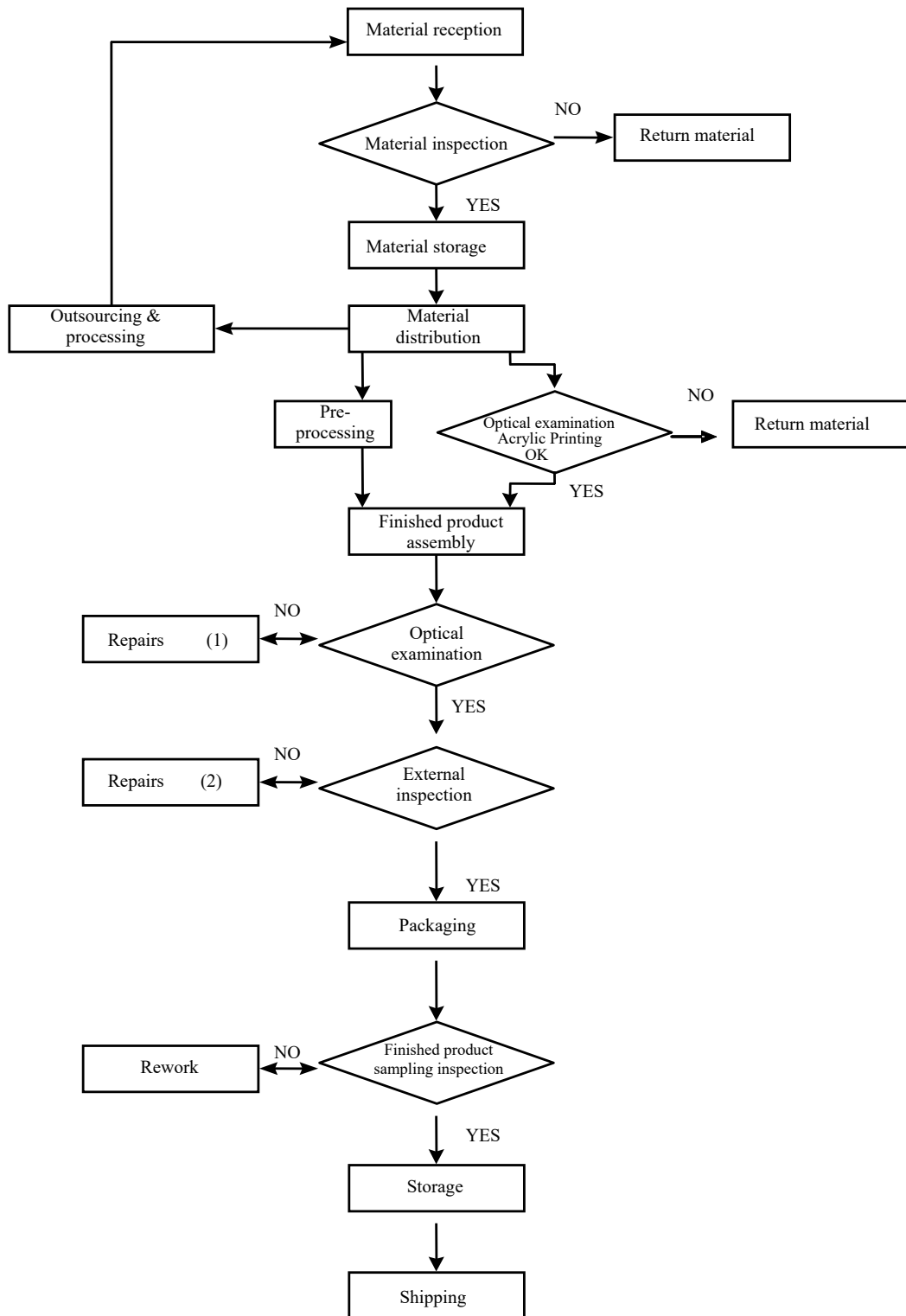
Item	Favorable Factors	Unfavorable Factors and Countermeasures
	multi-line production at the same time to meet a large number of orders.	operations planning. <ul style="list-style-type: none"> •Establishing a comprehensive talent training and incentive system. •Retaining advisers to improve the computer information systems to simplify internal operations.
Product and Technology Development	<ol style="list-style-type: none"> 1. The product line is complete and competitive on the market. 2. The R&D team is strong enough to master key technologies as well as critical components, and makes the Company a market leader. 3. The Company has the technology to design and manufacture large-size LCD backlight modules. 4. The Company has the advanced technology and products based on the integration of light, mechanical, electricity, and software. 5. The Company has the advanced technology and products with ultra-short throw machine and solid state light source. 6. The R&D team continues to innovate and provides customers with comprehensive projection solutions. 	<p>Industry sales change rapidly, and customer cost control has become increasingly stringent.</p> <p><u>Corresponding countermeasures:</u></p> <ul style="list-style-type: none"> •Maintaining close relationships with key component suppliers to understand their capacity and adjust lead time. •Developing innovative technologies, improving the ability to produce parts, and cooperating with third-party manufacturers to develop Film materials with their own LGP technology to optimize optical performance. •Actively carrying out technical cooperation or strategic alliance with major domestic and foreign manufacturers to facilitate the launch of new products or the acquisition of new technologies.
Sales overview and market capabilities	<ol style="list-style-type: none"> 1. The strategy is focusing on ODM and continuing to innovate as our advantages. 2. Committed to the improvement of production technology and quality assurance system. The products have been recognized by domestic and foreign customers, and maintaining good customer relationships will help to improve market stability. 	<p>Science and technology are advancing rapidly, and some markets may be replaced by big screens or other new technologies. Traditional business models are also affected by e-commerce platforms.</p> <p><u>Corresponding countermeasures:</u></p> <ul style="list-style-type: none"> •Taking advantage of key market components and brand customers to capture pre-market information and market trends. Investing in the research and development of technologies that can compete with alternative technologies, as well as incorporating technologies such as HDR and LGP film into the Company’s research and development. •Using existing overseas subsidiaries to collect market information in order to understand market trends. The Group will also develop potential, and may replace the existing product market in the current product market, and incorporate the technology of the Company in the R&D projects, such as laser/LED source and the ultra-short-throw interactive technology, multi-screen blending technology, and the immersive curve blending interaction technology. •Leveraging technology and customer access to build new retail trends and expand market applications.

(2) Usage and production process of the primary products

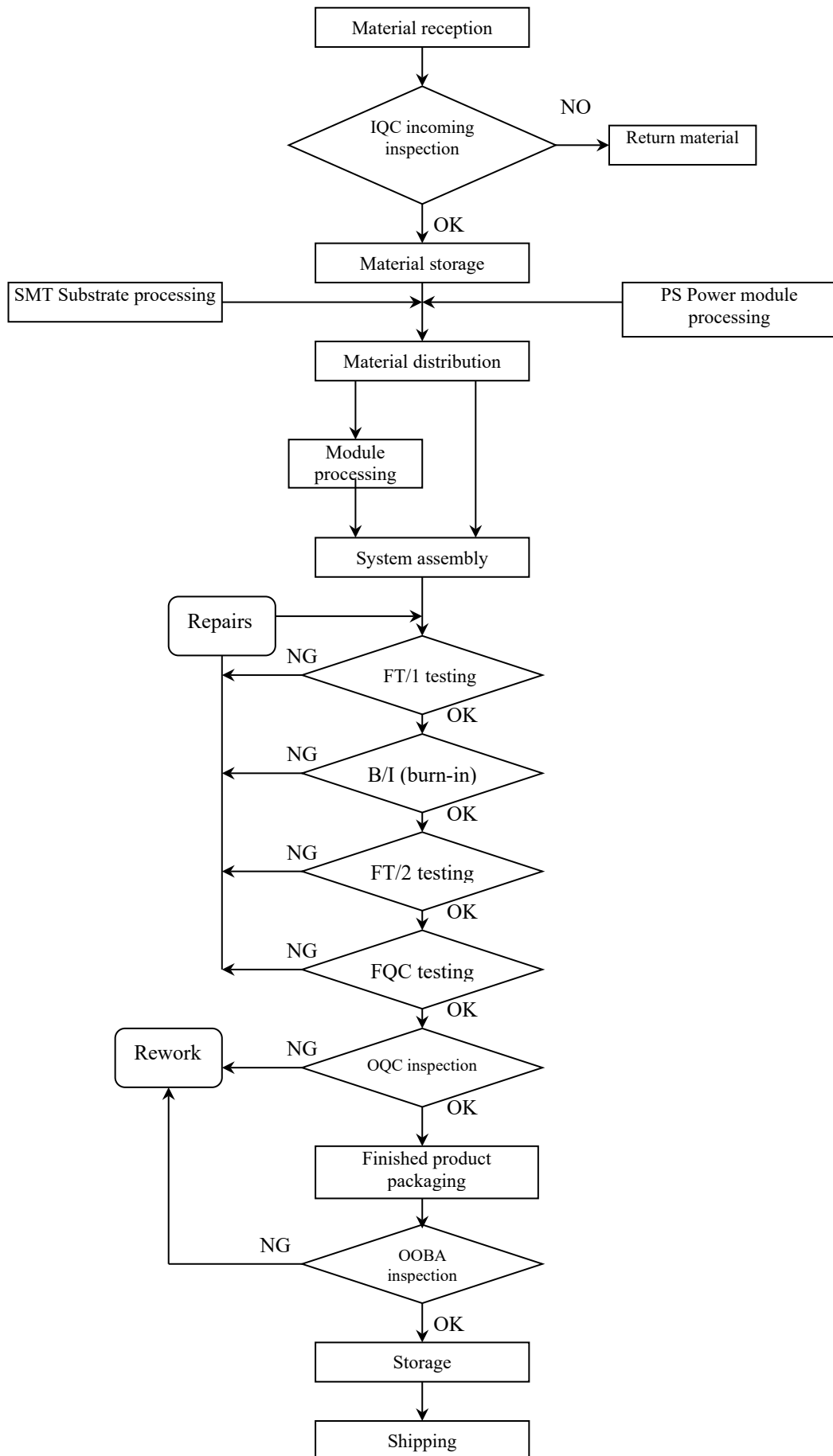
1. Important uses of the primary products: The main uses of energy-saving products are tablets, notebook computers, LCD TVs, other large-size LCD flat-panel displays, and automotive head-up display modules. Projectors and image product solutions are mainly used for computer data and large-screen projection, digital signage, multi-screen blending, interactive experience, and smart connection for video image signals.

2. Production processes of the primary products

(1) Backlight production process



(2) Projector production process



(III) Supply status of primary raw materials: The Company maintains good relations with raw material suppliers to effectively control the supply and shortens the delivery period, achieving cost reduction and autonomy. In addition, the Company diffuses risks by purchasing raw materials from manufacturers in Taiwan, Korea, Japan and the United States.

(IV) Suppliers/Customers Accounted for at Least 10% of Purchase/Sales and Respective Amount and Percentage in the most recent 2 years

1. Information on major suppliers in the most recent 2 years: Due to the adjustment of product mix, the ratio of the procurement from Supplier A has reached over 10%. The ratio of procurement from all other companies did not reach 10%.

Unit: NT\$ 1,000

Item	2020				2021				As of March 31 st , 2022			
	Name (note)	Amount	Year net purchase ratio (%)	Relationship with the issuer	Name (note)	Amount	Year net purchase ratio (%)	Relationship with the issuer	Name (note)	Amount	Net purchase ratio of the first quarter of 2022 (%)	Relationship with the issuer
1	Supplier A	2,764,025	10.54	-	Supplier A	3,678,861	10.34	-	Supplier A	1,490,004	10.11	-
2	Others	23,452,573	89.46	-	Others	31,912,856	89.66	-	Others	13,253,194	89.89	-
3	Total net purchase	26,216,598	100.00	-	Total net purchase	35,591,717	100.00	-	Total net purchase	14,743,198	100.00	-

Note: The name, amount and ratio of suppliers who took up more than 10% of total purchases for the last two years shall be stated. However, if the contract stipulates that the name of the supplier shall not be disclosed and the transaction counterparty is a non-related individual, it can be replaced by a code.

2. Information on major customers in the most recent 2 years:

Unit: NT\$ 1,000

Item	2020				2021				As of March 31 st , 2022			
	Name	Amount	Year net sales ratio (%)	Relationship with the issuer	Name (note)	Amount	Year net sales ratio (%)	Relationship with the issuer	Name (note)	Amount	Net purchase ratio of the first quarter of 2022 (%)	Relationship with the issuer
1	Customer A	5,240,580	12.35	-	Customer A	6,587,940	13.22	-	Customer D	1,740,807	13.25	-
2	Others	37,197,756	87.65	-	Customer B	5,015,984	10.07	-	Customer A	1,702,567	12.96	-
3	-	-	-	-	Customer C	4,992,252	10.02	-	Customer B	1,435,085	10.92	-
4	-	-	-	-	-	-	-	-	Customer C	1,344,372	10.23	-
5	-	-	-	-	Others	33,237,192	66.69	-	Others	6,915,077	52.64	-
6	Total net sales	42,438,336	100.00	-	Total net sales	49,833,368	100.00	-	Total net sales	13,137,908	100.00	-

Note: The name, amount and ratio of customers who took up more than 10% of total sales for the last two years shall be stated. However, if the contract stipulates that the name of the customer shall not be disclosed and the transaction counterparty is a non-related individual, it can be replaced by a code.

Reason for changes: It is mainly because of product portfolio changes due to changes in the market and customer needs.

(5) Table of production volume in the last 2 years

Unit: NT\$ 1,000/pcs/unit

Product \ Year	2020			2021		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Energy saving products	85,695,990	44,600,116	20,815,583	97,368,840	63,482,940	23,476,238
Visual Solutions products	2,430,000	764,008	8,295,014	2,733,600	940,603	10,173,975
Total	—	—	29,110,597	—	—	33,650,213

(6) Sales volume in the last 2 years

Unit: NT\$ 1,000/pcs/unit

Primary Products \ Year	2020				2021			
	Domestic Sales		Overseas sales		Domestic Sales		Overseas sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Energy saving products	16,175,210	6,117,410	29,548,507	15,892,273	20,803,298	9,079,395	40,040,767	18,078,644
Visual Solutions products	156,246	1,326,273	622,949	9,594,631	170,117	1,383,980	700,374	11,478,730
Others	—	1,114,444	—	8,393,305	—	1,279,202	—	8,533,417
Total	—	8,558,127	—	33,880,209	—	11,742,577	—	38,090,791

III. Employees

Year		2020	2021	As of March 31 st , 2022
Number of employees	Technical	2,619	2,794	2,821
	Management	2,323	1,962	1,954
	Operating	8,429	11,965	10,011
	Total	13,371	16,721	14,786
Average age		38.86	39.08	38.87
Average Years of Service		8.71	7.02	7.28
Education Distribution Ratio (%)	PhD	0.54	0.45	0.49
	Graduate	8.17	6.27	7.86
	University/Coll	25.8	21.71	26.93
	High school	65.49	71.57	64.71

IV. Environmental protection expenditure

- (I) Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition

reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

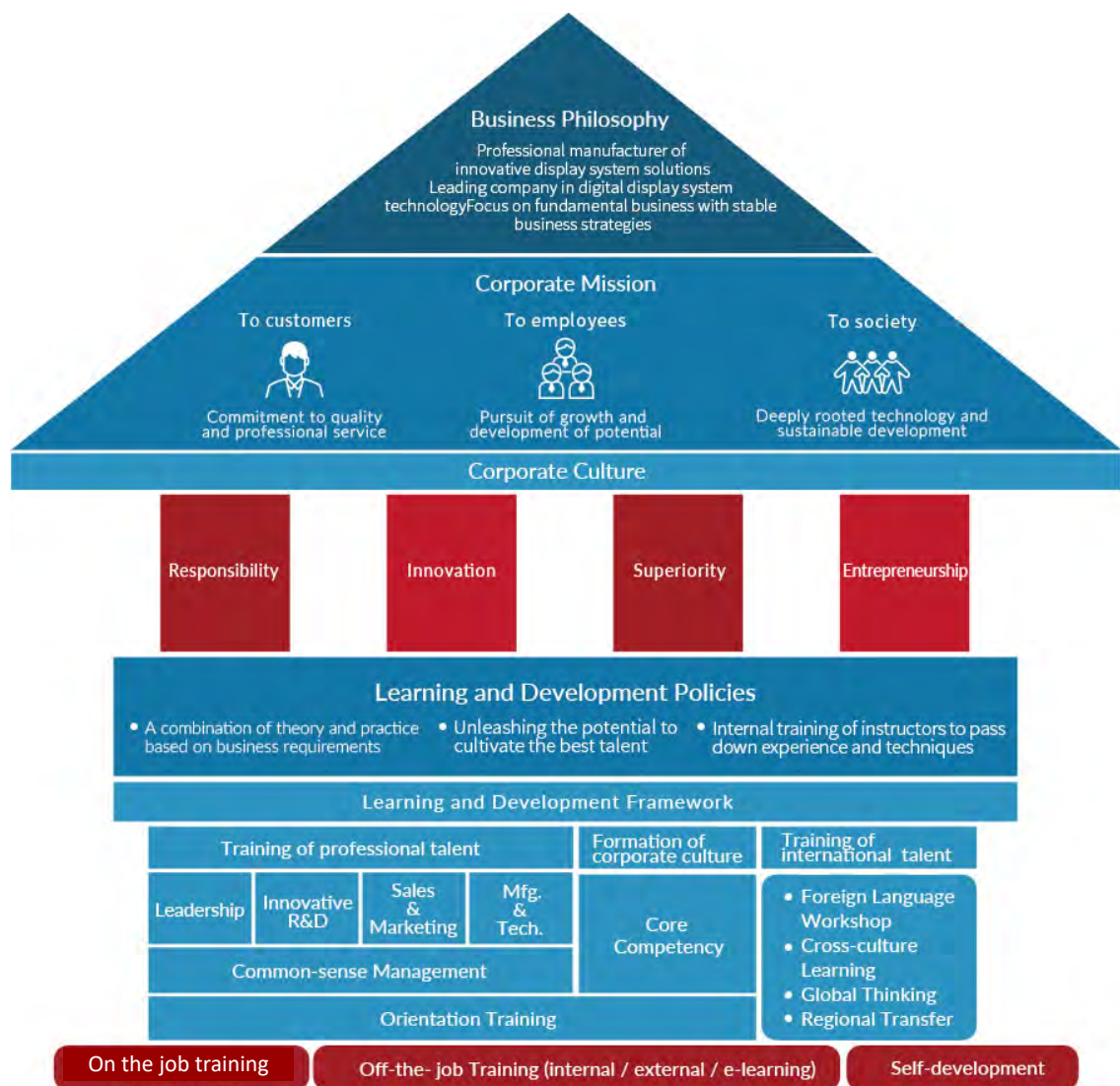
- (II) Future countermeasures (including improvement measures) and possible expenditures: The Company has a dedicated unit to promote the ISO 14001 environmental management system, ISO 45001 occupational safety and health management system, CNS 15506 Taiwan occupational safety and health management system, ISO14064-1 greenhouse gas inventory certificate, ISO50001 energy management system at Chunan Plant, and implement the environmental protection and operation safety. There has been no loss or penalties due to environmental pollution or work safety incidents by the competent authorities.
- (III) In order to conform to the trend of green consumption in the 21st century, the Executive Yuan promulgated the “Organization Green Procurement Plan” in July 2001. In line with government policies, the Company has added environmentally-friendly products to priority procurement. In 2021, the total purchase amount was NT\$10,070,000.

V. Labor relations

- (I) Employee welfare measures, continuing education, training, retirement system and implementation status: The Company’s treatment is comparable to that of its peers, and the labor-management relationship is harmonious. The welfare, training and retirement measures are all well-established, as explained below:
 - 1. The Company has an Employee Welfare Committee to which funds are granted according to regulations to give out benefit subsidies and to plan various welfare measures, including: Gift certificates for the three festivals, money gifts for birthdays, subsidies for weddings, funerals or religious parades, subsidies for recreational travels, employee tours, sports competitions and festive activities. This is to promote the interaction among employees and within families. The Company continues to promote employee assistance programs, provide free professional consulting services such as psychological, legal, medical and management services. The Company values the physical and mental health of its employees. It has established a health management unit and delegated health managers, and arranged in-plant health consultations with doctors. It has also provided health management for specified operations, health care, health promotion and employee assistance. Moreover, the Company has also introduced the Occupational Health and Safety Standards to ensure the compliance of various operations with standard procedures to prevent occupational injuries. The company has also promoted various health protection plans according to the “Occupational Safety and Health Act.” Details of employee benefits and welfare measures are as follows:

Employee welfare measures	
Operating profit sharing (Applicable to full-time employees in Taiwan)	<ol style="list-style-type: none"> 1. Employee bonus (depending on the annual operational and individual performance) 2. Performance bonus, operating performance bonus, and R&D patent bonus, special position bonuses 3. Award ceremony for excellent R&D personnel, senior employees and outstanding employees 4. Employee shares (when possible)
Comprehensive Employee Care	<ol style="list-style-type: none"> 1. Employees enjoy free group insurance, expatriate and family accident insurance, travel insurance for overseas travel. 2. Regular health checkups, employee health management, comfortable leisure space and professional medical consultation 3. Setting up breastfeeding (collection) rooms and providing information for mothers 4. Comprehensive retirement system 5. Working conditions with gender equality 6. Flexible working hours and shuttle buses 7. The Company continues to promote employee assistance programs, provide free professional consulting services such as psychological, legal, medical and management services.
Diversified Welfare Design	<ol style="list-style-type: none"> 1. Gift vouchers for Labor Day, Mid-Autumn Festival, Dragon Boat Festival and birthdays 2. Wedding gift, childbirth gift, hospitalization subsidies, condolences money, travel subsidy, funding for clubs 3. Family day, club activities, year-end party, domestic and overseas trips 4. Restaurant, cafe, convenience store, employee leisure center, multi-functional employee fitness center 5. One free breakfast per month, afternoon tea on an irregular basis, snacks, indoor sports events. 6. Group insurance platform: For employees to inquire about group insurance information, download forms and inquire about the process of insurance claims.

2. The Coretronic group believes that “human resources are the company’s most important asset”. Therefore, the Company provides a diverse and flexible learning environment to enhance employees’ professional skills so that they can combine work and new knowledge to create the foundation for future self-development. The Company provides systematic training courses for employees based on their career and learning plans to help them become experts in management or other professions. Based on the course category, internal and external lecturers will be invited to share knowledge, experience and skills to enhance employee functions and career development. The Company organized training courses in 2021 with a total number of participants of 12,045. The total number of training hours was 14,628 hours, costing approximately NT\$4,950,000. The Company supports learning and innovation and commits to creating a sustainable learning environment. Through a job-oriented learning development system, online learning practical training, as well as combining regional rotation and foreign language learning, the Company helps people who want to experience the world to realize their dreams.



3. The company's retirement system is handled in accordance with the Labor Standards Act. Since July 1st, 2005, the Company has complied with the government to implement a new system of labor pensions. According to the law, the employees who choose the new system have to deposit 6% personal account with the Bureau of Labor. Those who choose the old pension system or the new one but started working before the new system came into force will allocate 2% of the retirement reserve to the Company account of the Bank of Taiwan on a monthly basis. The Company has a sound retirement system to ensure that employees' pension funds and benefits are not being compromised. The pension funds will be paid within 30 days after the date of employee's retirement. For 2021, 4 employees applied for retirement. All procedures were completed in accordance with regulations. After applying for retirement from a senior employee with excellent work performance, the Company invites employees to serve as consultants and imparts rich experience to other employees. It not only provides professional consulting services for the Company, but also provides a stage for the development of retired employees to continue to contribute.
- (II) Labor-management agreement and employee rights maintenance measures: The Company hosts labor-management meetings regularly with senior managers present at the meeting to listen to the voices of employees and represent the management to interact and communicate with the employees. In order to protect the rights of

employees, the Company has set up physical and digital employee suggestion boxes (8585 mailbox), and a delegated hotline (ext. 8585), serving as a private and safe channel for receiving suggestions from employees. The suggestions from employees are handled by designated personnel.

(III) Any losses suffered by the company in the most recent years and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

(IV) Work environment and employee personal safety protection measures

The Company adheres to the philosophy of “pursuing excellence and valuing customers.” In order to protect employee health, maintain the work environment as well as protecting the environment, the Company promotes ISO14001 - Environmental Management Systems / ISO45001 Occupational Health and Safety / CNS 45001 - Taiwan Occupational Safety and Health Management System and obtained certification. In order to “implement risk management, prevent disasters and unhealthy occurrences, enhance employees’ safety and hygiene awareness, create a safe and comfortable working environment, prevent pollution, reduce waste and recycle, and improve resource use efficiency, and becoming a green enterprise,” we are committed to the continuous improvement of environmental and safety management performance, to preventing occupational disasters, to improving the working environment, to maintaining peer safety and reducing accident losses, and to regularly implementing regular inspections. In the process of regular inspection and improvement, all departments pay more attention to the safety of the work environment, gradually improve the safety awareness of personnel and reduce the risk of environmental hazards. In terms of personal safety protection, access safety control measures have been implemented. The guards patrol 24 hours a day, and a surveillance system has been set up. In order to promote disaster prevention and enhance the crisis awareness and emergency response capability of the emergency response team members, the Company regularly reviews emergency contingency plans. It implements disaster response drills so as to effectively control the damage when disasters occur and avoid personal injury and Company property losses. In addition to the fire brigade’s fire drills in the factory area, the Company also conducts environmental and safety education and training. In 2021, 6 annual disaster response and firefighting drills were held with 1,208 participants in total and the total training hours are 1,970.

The Company adheres to the core principle “disaster prevention,” utilizes the proper management tools and available resources, identifies occupational safety and health issues within the factories, puts forth effective measures, and promotes the occupational safety culture. In addition, we also improve the protection management for operators and invest resources in the prevention of occupational illness to create a zero-disaster environment. To decrease the occurrence of occupational incidents and systematically manage the occupational disaster risks, in addition to the establishment of the Occupational Injuries and Accident Management Regulations, the “Accident

Report/Staff Occupational Injuries/EHS Incident Handling Record” platform has been established to record and track the possible reasons of the accidents and corrective actions. When any occupational injury occurs, we will review the danger factors, evaluate risks, and enhance disaster prevention while implementing the incident analysis and improvement through regular internal inspection, incident management regulations, and reporting system investigation mechanism to ensure a safe working environment. In 2021, no occupational injuries occurred among employees and contractors.

(V) Does the Company set up a code for employees conduct or ethics

The “Code of Conduct” section has been set up on the internal website to ensure that employees who are engaging in the Company’s business activities comply with the requirements of the ethics, customers and stakeholders. The “Code of Conduct” section includes the Code of Ethical Conduct / Code of Integrity Management / Operation Procedures and Conduct Guidelines of Integrity Management / Management Manual of Code of Conduct for Responsible Business Alliance / Management Manual for Supplier’s Avoidance of Benefits / Safety and Health. The above-mentioned regulations regulate the behavior of all employees. The main content is as follows:

Based on the relevant requirements of the Responsible Business Alliance, the Company clearly defines ethical behavior, business integrity, conflicts of interests and work safety, with reference to the Universal Declaration of Human Rights, international social responsibility, trade ethics, and ecological management. This requirement is included in the supply chain audit system. In line with international trends, the Electronic Industry Code of Conduct Management Manual is being revised to the Responsible Business Alliance Code of Conduct Management Manual (RBA) to ensure a safe supply chain for the electronics industry, practitioners with dignity, and environmental protection as well as moral responsibility in manufacturing processes. The Company hopes to create a sustainable environment and provides customers with satisfactory products and services through the incorporation of the Responsible Business Alliance Code of Conduct Management Manual and the continuous introduction of relevant requirements.

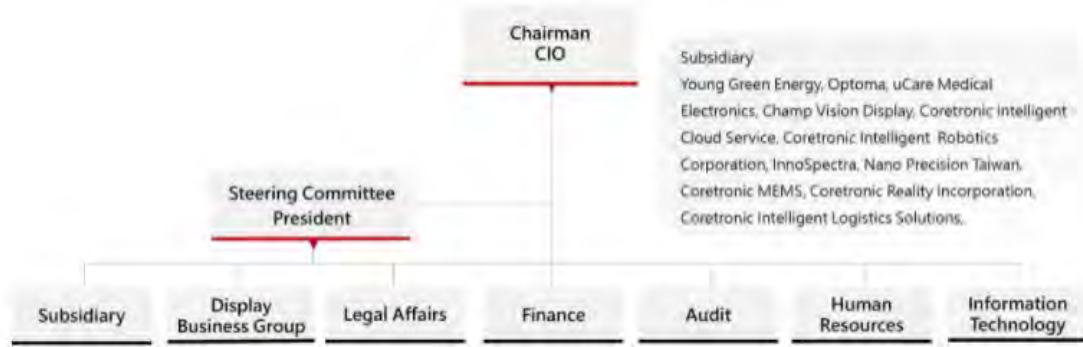
VI. Information, communication, and security management

(1) Information, communication, and security management framework

In December 2012, the Company established the “Information Security Committee,” which is responsible for reviewing the information security governance policies, monitoring the information security management, building the comprehensive information protection mechanisms, raising colleagues’ awareness about information security, and evaluating the information security risks on a regular basis.

Since 2020, it has reported the implementation status to the Board of Directors. The last report made to the Board of Directors was on July 26, 2021.

Organizational chart of the Information Security Committee



Role	Management Responsibility
Information Security Committee	Integrate and utilize resources, make decisions, and promote the information security policies within the Company.
HR Resoreces	Promotion of the information security policies, and their education as well as training.
Information Technology	Implement the policies.
Implementation unit	Implement the policies.
Audit	Audit the implementation.
Legal Affairs	Explain the governmental laws and regulations if someone has questions. If there is any dispute or exceptions, perform the proof-providing procedure in accordance with the laws and regulations.

(2) Information, Communication, and Security Policies

The Company uses ISO 27001 as reference standards and formulates information security policies based on the actual management needs. The main information security management needs are the basis for the establishment, and the relevant information services provided by the Information Management Center and the relevant departments of the Company are the main scope.

In order to maintain the company's competitive advantage, all employees are expected to manage themselves according to the relevant information protection policies promulgated by the company and be aware of information security. In addition to information security control measures for information system services, we also focus on protecting important personal and transaction information confidentiality, integrity, and availability. We also strengthen information security management to ensure the security of hardware and software information such as data, systems, equipment and networks, create a healthy information environment, deploy innovative information security protection technologies, and implement and promote information security management operations to enhance the quality of security services for the Coretronic Group.

To achieve this policy, we have established the Information Security Committee, and formulated relevant information security regulations to enhance the effectiveness of

information security management operations.

- Each unit in the Information Management Center establishes a list of relevant information assets and identifies the owners. Risk assessment is performed according to the difference in the level of information assets, and risk management is conducted for risks above acceptable levels to effectively reduce risks and continuously implement various control measures.
- Relevant personnel shall be hired with the necessary assessment and sign relevant operation regulations, and their information assets shall be returned when they change or leave their jobs.
- The Company shall implement the regulations on access control and carrying in and out of Coretronic's buildings and information security control area.
- Employees are strictly prohibited from setting up network equipment to connect external networks with the company's internal network. Firewalls, DMZs, and necessary security facilities are set up to protect the internal and external networks, and appropriate backup or monitoring mechanisms should be set up to maintain the availability of important equipment. Anti-virus software should be installed on personal computers and virus codes should be updated regularly, and the use of unauthorized software is prohibited.
- Personal accounts, passwords, and privileges held by employees should be properly stored and used, and the management should regularly check and review them. Important system data should be backed up regularly and the restoration test should be performed.
- System development should consider the establishment of security control mechanism at the initial stage, and the outsourced development part should strengthen the control and contract information security requirements, and evaluate the control requirements of the system to take the necessary control.
- In the event of information security incidents, the staff shall immediately report the incident, act in accordance with the procedures of the Information Security Incident Handling Instructions (C12-3021) and cooperate with the responsible department to solve the problem.
- Daily operations of the Company shall implement a confirmation review mechanism to maintain the accuracy of information, and supervisors shall supervise the implementation of the information security compliance system to strengthen the awareness and legal concepts of information security among employees.
- The Company regularly reviews its information security policy to reflect the latest developments in government regulations, technology and business to ensure the effectiveness of information security practices. Coretronic's information security objectives are established by the Information Security Committee based on the information security policies and subject to changes if necessary.

(3) Specific management plans and resources invested in the information and communication security management

All information security businesses within the Group are organized, managed, and supervised by the Information Security Committee. There are dedicated information security engineers responsible for information security jobs.

- Specific management plans of multi-layer information security protection

Device security	<ul style="list-style-type: none"> • Develop the anti-virus measures based on the PC types and implement the endpoint defense
	<ul style="list-style-type: none"> • Deploy the detection system for illegal connections and prohibit the connections from unauthorized devices
Cybersecurity	<ul style="list-style-type: none"> • Introduce the advance gateway monitoring system to respond timely and provide the self-check mechanism
	<ul style="list-style-type: none"> • Enhance the firewall and network control to prevent unauthorized connections
System security	<ul style="list-style-type: none"> • Continue to introduce vulnerability detection and scanning to fix the system vulnerability
	<ul style="list-style-type: none"> • Enhance the control of account permissions to prevent account breaches, which may compromise the system
Data security	<ul style="list-style-type: none"> • Enhance the back-up process and establish the off-site back-up mechanism
	<ul style="list-style-type: none"> • Manage and control data encryption and replication for effective recording and tracking

- Review and continuous improvements

Education and training and promotion	<ul style="list-style-type: none"> • Regularly implement the email social engineering exercises to help employees be vigilant about phishing emails
	<ul style="list-style-type: none"> • Continue to implement information security education and training, and promotion to enhance colleagues' awareness about information security

- Results by investing resources

Enhance the information security system	<ul style="list-style-type: none"> • Build the gateway security monitoring system to monitor and control all domains within the group
	<ul style="list-style-type: none"> • Introduce the all-time information security threat monitoring and defense system to monitor the networking behaviors within the group
Information security inspection services	<ul style="list-style-type: none"> • 1 email social engineering exercise and more than 10,000 employees finished the exercise
	<ul style="list-style-type: none"> • 2 scans of the vulnerabilities of external websites to detect all vulnerabilities and fix all of them
Education, training, and promotion	<ul style="list-style-type: none"> • All new recruits finished the education and training courses on information security and more than 200 recruits
	<ul style="list-style-type: none"> • Finished 2 education and training courses on information security. 43 employees participated in
	<ul style="list-style-type: none"> • 4 information security lectures, information security rules, and notes

- (4) Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None:

VII. Important contracts

Nature of Contract	Parties	Contract Start/End Date	Main Content	Restrictive Provisions
Land lease	Hsinchu Science Park Administration Office	2017.07.01~2036.12.31	Science Section of Hsinchu Science Park 9,047.95 square meters of land	Sublease and sublease conditions should be approved by the Science Park Bureau
Land lease	Hsinchu Science Park Administration Office	2003.11.01~2022.12.31	11,001 square meters of land in Chunan Base, Hsinchu Science Park	Sublease and sublease conditions should be approved by the Science Park Bureau
Land lease	Hsinchu Science Park Administration Office	2021.01.01 ~ 2040.12.31	12,236.13 square meters of land in Nanke Section, Miaoli County	Sublease and sublease conditions should be approved by the Science Park Bureau
Land lease	Southern Taiwan Science Park Administration Office	2003.11.01~2022.12.31	25,001 square meters of land in Southern Taiwan Science Park	Sublease and sublease conditions should be approved by the Science Park Bureau
Land lease	Southern Taiwan Science Park Administration Office	2019.06.20~2039.06.19	20,000 square meters of land in Southern Taiwan Science Park	Sublease and sublease conditions should be approved by the Science Park Bureau
Trademark Licensing	HDBaseT Alliance	January 20th, 2015 till the end of the Company's membership in the technology alliance	The Alliance has granted its trademark licensing to The Company	Not transferrable
Technology	Dolby	December 19th, 2002 ~	The Company's	None

Nature of Contract	Parties	Contract Start/End Date	Main Content	Restrictive Provisions
licensing	Laboratories Licensing Corporation	the termination of the patent	technology licensing is authorized and the loyalty is paid by the Company	
Technology licensing	A Technology Alliance	January 20th, 2015~last patent Till the termination of the patent	This technology license is granted and the royalty is paid by the Company	Confidentiality agreement
Supply Contract	A U.S. company	Three years starting from July 31st, 2002 with automatic renewal	Projector Supply Contract	Confidentiality agreement
Supply Contract	A Japanese company	January 6th, 2004 ~ January 5th, 2005 with automatic renewal	Projector Purchase/Sales Contract	Confidentiality agreement
Supply Contract	A major Japanese company	April 1st, 2004 ~ March 31th, 2005 with automatic renewal	Projector Purchase/Sales Contract	Confidentiality agreement
Supply Contract	A Japanese household appliance and consumer electronic product brand	January 6th, 2005 ~ January 5th, 2006 with automatic renewal. May 25th, 2005 ~ May 24th, 2006 with automatic renewal.	Projector Purchase/Sales Contract	Confidentiality agreement
Supply Contract	A U.S. company	November 1st, 2006 till any party terminates the contract	Projector Supply Contract	Confidentiality agreement
Supply Contract	A Japanese company	Effective from December 1st, 2007	Projector Supply Contract	Confidentiality agreement
Supply Contract	A Japanese company	1 year from August 26th, 2009 with automatic renewal	Projector Supply Contract	Confidentiality agreement/ Not transferrable
Supply Contract	A Canadian company	Signed in 2010 but effective from October 21st, 2008 until any party terminates the contract Effective until any party terminates the contract	Projector Supply Contract	Confidentiality agreement
Supply Contract	A U.S. company	March 8th, 2010 until any party terminates the contract	Optical Product Supply Contract	Confidentiality agreement
Supply Contract	A Japanese company	2010.06.01~2011.05.31 (Automatically renewed)	Backlight Module Supply Contract	Confidentiality agreement
Supply Contract	A U.S. company	Signed on November 17th, 2010 but effective from November 1st, 2006 until terminated by any party the contract	Projector Supply Contract	Confidentiality agreement

Nature of Contract	Parties	Contract Start/End Date	Main Content	Restrictive Provisions
Supply Contract	An American company	1 year from March 15th, 2011 with automatic renewal	Projector Supply Contract	Confidentiality agreement
Supply Contract	A Japanese company	1 year from August 1st, 2011 with automatic renewal	Projector Supply Contract	Confidentiality agreement
Supply Contract	A Korean company	July 20th, 2011 ~ July 19th, 2012 with automatic Renewal	LCD Module Supply Contract	Confidentiality agreement
Supply Contract	A U.S. company	5 years from November 23rd, 2012 with automatic renewal	Projector Supply Contract	Confidentiality agreement
Supply Contract	A Indian company	September 25th, 2014 until any party terminates the contract	Backlight Module Supply Contract	Confidentiality agreement
Supply Contract	A Korean company	1 year from June 1st, 2015 with automatic renewal	LCD Module Supply Contract	Confidentiality agreement/ Not transferrable
Supply Contract	A Taiwanese company	Effective from January 1st, 2016	Projector Supply Contract	None

Six. Financial Summary

I. Summary balance sheet and statement of comprehensive income for the last 5 years

(I) Summary balance sheet for the last 5 years

1. IFRS-compliance (consolidated)

Unit: NT\$ 1,000

Item \ Year	Financial information for the latest 5 years (Note 1)						
	12.31.2017	12.31.2018	12.31.2019	12.31.2020	12.31.2021	Year-to-date March 31, 2022 (Note 2)	
Current assets	43,944,704	39,983,296	38,979,695	36,285,583	46,956,304	46,343,166	
Long-term investments (Note 3)	315,029	379,924	505,815	958,183	4,031,839	3,768,282	
Property, plant and equipment	6,760,253	6,551,312	6,930,269	7,158,625	7,513,806	7,686,706	
Intangible assets	171,728	156,402	281,674	408,646	330,634	317,884	
Other assets	827,295	966,271	2,625,667	2,464,026	2,637,810	2,885,061	
Total assets	52,019,009	48,037,205	49,323,120	47,275,063	61,470,393	61,001,099	
Current liabilities	Before dividend	27,747,440	23,195,844	23,872,451	20,153,862	33,725,462	32,588,238
	After dividend	28,833,498	24,716,325	24,741,297	21,717,787	35,289,386 (Note 4)	32,588,238 (Note 4)
Non-current liabilities	724,908	575,708	1,898,109	2,181,766	3,527,930	4,447,419	
Total liabilities	Before dividend	28,472,348	23,771,552	25,770,560	22,335,628	37,253,392	37,035,657
	After dividend	29,558,406	25,292,033	26,639,406	23,899,553	38,817,316 (Note 4)	37,035,657 (Note 4)
Equity attributable to parent company shareholders	21,532,101	22,205,213	21,383,195	22,895,484	22,152,104	21,807,628	
Share capital	4,344,231	4,344,231	4,344,231	4,344,231	3,909,811	3,909,811	
Capital reserve	4,092,423	4,072,808	3,727,475	3,548,559	2,893,442	2,596,094	
Retained earnings	Before dividend	14,288,274	15,401,992	15,673,259	16,589,148	16,166,239	15,472,207
	After dividend	13,202,216	14,533,146	15,021,624	15,416,204	14,993,296 (Note 4)	15,472,207 (Note 4)
Other equity items	(1,192,827)	(1,613,818)	(2,361,770)	(1,586,454)	(817,388)	(170,484)	
Treasury stock	—	—	—	—	—	—	
Non-controlling interests	2,014,560	2,060,440	2,169,365	2,043,951	2,064,897	2,157,814	
Total equity	Before dividend	23,546,661	24,265,653	23,552,560	24,939,435	24,217,001	23,965,442
	After dividend	22,460,603	22,745,172	22,683,714	23,375,510	22,653,077 (Note 4)	23,965,442 (Note 4)

Note 1: All consolidated financial information in the last 5 years has been audited.

Note 2: Consolidated financial information for the first quarter of 2022 was auditor-reviewed.

Note 3: Long-term investments include financial assets at fair value through profit or loss - non-current, financial assets at fair value through other comprehensive income - non-current and equity-accounted investments.

Note 4: Cash dividend from 2021 earnings was resolved and passed during the board of directors meeting dated March 21, 2022.

2. IFRS-compliance (standalone)

Unit: NT\$ 1,000

Item	Year	Financial information for the latest 5 years (Note 1)				
		12.31.2017	12.31.2018	12.31.2019	12.31.2020	12.31.2021
Current assets		9,493,077	12,109,159	8,011,769	8,466,554	15,525,847
Long-term investments (Note 2)		24,299,439	24,441,658	24,385,495	26,827,504	31,905,802
Property, plant and equipment		1,213,970	1,338,638	1,692,769	1,691,218	1,621,118
Intangible assets		33,210	33,653	27,041	151,957	163,001
Other assets		130,911	173,966	902,789	929,505	858,289
Total assets		35,170,607	38,097,074	35,019,863	38,066,738	50,074,057
Current liabilities	Before dividend	13,460,310	15,428,197	12,785,192	14,283,573	26,070,085
	After dividend	14,546,368	16,948,678	13,654,038	15,847,497	27,634,009 (Note 3)
Non-current liabilities		178,196	463,664	851,476	887,681	1,851,868
Total liabilities	Before dividend	13,638,506	15,891,861	13,636,668	15,171,254	27,921,953
	After dividend	14,724,564	17,412,342	14,505,514	16,735,178	29,485,877 (Note 3)
Equity attributable to parent company shareholders		21,532,101	22,205,213	21,383,195	22,895,484	22,152,104
Share capital		4,344,231	4,344,231	4,344,231	4,344,231	3,909,811
Capital reserve		4,092,423	4,072,808	3,727,475	3,548,559	2,893,442
Retained earnings	Before dividend	14,288,274	15,401,992	15,673,259	16,589,148	16,166,239
	After dividend	13,202,216	14,533,146	15,021,624	15,416,205	14,993,296 (Note 3)
Other equity items		(1,192,827)	(1,613,818)	(2,361,770)	(1,586,454)	(817,388)
Treasury stock		—	—	—	—	—
Non-controlling interests		—	—	—	—	—
Total equity	Before dividend	21,532,101	22,205,213	21,383,195	22,895,484	22,152,104
	After dividend	20,446,043	20,684,732	20,514,349	21,331,560	20,588,180 (Note 3)

Note 1: All standalone financial information in the last 5 years has been audited.

Note 2: Long-term investments include financial assets at fair value through profit or loss - non-current, financial assets at fair value through other comprehensive income - non-current and equity-accounted investments.

Note 3: Cash dividend from 2021 earnings was resolved and passed during the board of directors meeting dated March 21, 2022.

(II) Summary statement of comprehensive income in the last 5 years

1. IFRS-compliance (consolidated)

Unit: NT\$ 1,000

Year Item	Financial information for the latest 5 years (Note 1)					
	2017	2018	2019	2020	2021	Year-to-date March 31, 2022 (Note 2)
Operating revenue	53,105,303	55,672,933	48,711,259	42,438,336	49,833,368	13,137,908
Gross profit	9,090,518	10,369,870	8,806,446	7,406,757	8,730,982	2,015,056
Operating profit (loss)	1,731,281	2,301,619	1,201,103	692,089	1,646,426	323,960
Non-operating income and expenses	491,101	565,702	500,809	1,144,607	1,138,893	318,257
Profit before tax	2,222,382	2,867,321	1,701,912	1,836,696	2,785,319	642,217
Continuing operations - current net income	—	—	—	—	—	—
Loss from discontinued operations	—	—	—	—	—	—
Current net income (loss)	1,704,578	2,128,184	1,158,307	1,395,156	2,039,280	491,016
Other current comprehensive income	(488,444)	(359,410)	(800,822)	794,333	753,630	685,949
Total comprehensive income/loss for the current period	1,216,134	1,768,774	357,485	2,189,489	2,792,910	1,176,965
Net income attributable to parent company shareholders	1,750,627	2,020,219	1,153,070	1,560,418	2,031,625	478,912
Net income attributable to non-controlling interest	(46,049)	107,965	5,237	(165,262)	7,655	12,104
Comprehensive income attributable to Owners of parent	1,302,908	1,649,136	392,161	2,352,647	2,801,001	1,125,816
Comprehensive income attributable to Non-controlling interests	(86,774)	119,638	(34,676)	(163,158)	(8,091)	51,149
Earnings per share (\$)	4.03	4.65	2.65	3.59	5.12	1.22

Note 1: All consolidated financial information in the last 5 years has been audited.

Note 2: Consolidated financial information for the first quarter of 2022 was auditor-reviewed.

2. IFRS-compliance (standalone)

Unit: NT\$ 1,000

Year Item	Financial information for the latest 5 years (Note 1)				
	2017	2018	2019	2020	2021
Operating revenue	19,561,266	19,698,298	17,837,272	15,521,518	24,567,786
Gross profit (Note 2)	2,747,442	2,995,651	2,727,735	2,183,216	2,579,180
Operating profit (loss)	153,691	(259,401)	(447,700)	(575,552)	(363,694)
Non-operating income and expenses	1,642,478	2,292,184	1,677,599	2,176,532	2,383,249
Profit before tax	1,796,169	2,032,783	1,229,899	1,600,980	2,019,555
Current net income from continuing operations	1,750,627	2,020,219	1,153,070	1,560,418	2,031,625
Loss from discontinued operations	—	—	—	—	—
Current net income (loss)	1,750,627	2,020,219	1,153,070	1,560,418	2,031,625
Other current comprehensive income	(447,719)	(371,083)	(760,909)	792,229	769,376
Total comprehensive income/loss for the current period	1,302,908	1,649,136	392,161	2,352,647	2,801,001
Net income attributable to parent company shareholders	—	—	—	—	—
Net income attributable to non-controlling interest	—	—	—	—	—
Comprehensive income attributable to parent company shareholders	—	—	—	—	—
Comprehensive income attributable to non-controlling interest	—	—	—	—	—
Earnings per share (\$)	4.03	4.65	2.65	3.59	5.12

Note 1: All standalone financial information in the last 5 years has been audited.

Note 2: Includes realized (unrealized) gains with associated companies.

(III) Names of financial statement auditors in the last 5 years and audit opinions

Year	Name of accounting firm	Name of CPA	Audit opinion
2017 (Note 1)	Ernst & Young	Hsin-Min Hsu, Chih-Chung Chen	Unqualified opinion
2018	Ernst & Young	Hsin-Min Hsu, Chih-Chung Chen	Unqualified opinion
2019	Ernst & Young	Hsin-Min Hsu, Chih-Chung Chen	Unqualified opinion
2020	Ernst & Young	Hsin-Min Hsu, Chih-Chung Chen	Unqualified opinion
2021 (Note 2)	Ernst & Young	Shao-Pin Kuo, Chih-Chung Chen	Unqualified opinion

Note 1: CPA Hsin-Min Hsu and CPA Chih-Chung Chen were re-appointed as auditors on April 26, 2017 following an organizational adjustment within Ernst & Young.

Note 2: CPA Shao-Pin Kuo and CPA Chih-Chung Chen were re-appointed as auditors on February 8, 2021 following an organizational adjustment within Ernst & Young.

II. Financial analysis for the last 5 years

1. IFRS-compliance (consolidated)

Year Analysis		Financial analysis for the last 5 years (Note 1)					
		2017	2018	2019	2020	2021	Year-to-date March 31, 2022 (Note 2)
Financial position (%)	Debt to assets ratio	54.74	49.49	52.25	47.25	60.60	60.71
	Long-term capital to property, plants and equipment ratio	329.23	347.73	335.94	350.31	341.77	341.56
Solvency (%)	Current ratio	158.37	172.37	163.28	180.04	139.23	142.21
	Quick ratio	127.79	136.31	135.66	152.86	109.13	103.27
	Interest coverage ratio	13.54	12.70	5.90	13.70	31.32	19.21
Operating efficiency	Accounts receivable turnover (times)	3.10	3.66	3.81	3.61	3.24	3.06
	Average cash collection days	118	100	96	101	113	119
	Inventory turnover (times)	5.48	5.36	5.24	5.70	5.30	3.94
	Accounts payable turnover (times)	3.47	4.08	4.49	4.21	3.80	3.60
	Average inventory turnover days	67	68	70	64	69	93
	Property, plant and equipment turnover (times)	7.43	8.37	7.23	6.02	6.79	6.91
	Total asset turnover (times)	1.04	1.11	1.00	0.88	0.92	0.86
Profitability (%)	Return on assets	3.71	4.43	2.94	3.47	3.87	3.31
	Return on equity	8.11	9.24	5.29	7.05	9.02	8.72
	Pre-tax profit to paid-up capital	51.16	66.00	39.18	42.28	71.24	65.70
	Net profit margin	3.21	3.82	2.38	3.29	4.09	3.74
	Earnings per share (\$)	4.03	4.65	2.65	3.59	5.12	1.22
Cash flow (%)	Cash flow ratio	10.77	15.54	21.08	16.71	—	—
	Cash flow adequacy ratio	151.46	153.42	132.86	176.48	82.95	51.02
	Cash reinvestment ratio	6.54	7.54	13.17	8.18	—	—
Degree of Leverage	Operating leverage	1.88	1.63	2.25	3.07	1.91	2.22
	Financial leverage	1.11	1.12	1.31	1.26	1.06	1.12

Please elaborate reasons for changes in financial ratio in the last 2 years. (unnecessary if the variation was less than 20%)

1. The increase in the debt to assets ratio is mainly due to the increase in total liabilities.
2. Current ratio decreased mainly due to an increase in current liabilities.
3. Quick ratio decreased mainly due to an increase in current liabilities.
4. Interest coverage ratio increased mainly due to a decrease in interest expense.
5. Return on equity increased mainly due to an increase in net profit after tax.
6. Net profit margin increased mainly due to higher pre-tax profit of the current period.
7. Earnings per share (NT\$) increased mainly due to higher net income.
8. Cash flow ratio decreased mainly due to lower net cash inflow from operating activities.
9. Cash flow adequacy ratio decreased mainly due to lower capital expenditure and inventory for the previous 5 years.
10. Cash reinvestment ratio decreased mainly due to lower net cash inflow from operating activities.
11. Degree of operating leverage decreased mainly due to higher operating profits.

Note 1: All consolidated financial information in the last 5 years has been audited.

Note 2: Consolidated financial information for the first quarter of 2022 was auditor-reviewed.

Note 3: If cash flow is negative, it will be represented by “-”.

2. IFRS-compliance (standalone)

Analysis		Financial analysis for the last 5 years (Note 1)				
		2017	2018	2019	2020	2021
Financial position (%)	Debt to assets ratio	38.78	41.71	38.94	39.85	55.76
	Long-term capital to property, plant and equipment ratio	1,788.37	1,693.43	1,313.51	1,406.27	1,480.70
Solvency (%)	Current ratio	70.53	78.49	62.66	59.27	59.55
	Quick ratio	60.10	69.51	55.90	53.84	52.86
	Interest coverage ratio	19.26	12.01	5.87	15.08	33.63
Operating efficiency	Accounts receivable turnover (times)	2.23	2.61	2.80	2.50	2.45
	Average cash collection days	163	140	130	146	149
	Inventory turnover (times)	10.92	12.70	14.51	18.84	14.81
	Accounts payable turnover (times)	3.09	3.14	3.85	3.58	2.62
	Average inventory turnover days	33	29	25	19	10
	Property, plant and equipment turnover (times)	15.65	15.43	11.77	9.17	14.83
	Total asset turnover (times)	0.55	0.54	0.49	0.42	0.56
Profitability (%)	Return on assets	5.12	5.93	3.71	4.52	4.72
	Return on equity	8.11	9.24	5.29	7.05	9.02
	Pre-tax profit to paid-up capital	41.35	46.79	28.31	36.85	51.65
	Net profit margin	8.95	10.26	6.48	10.05	8.27
	Earnings per share (\$)	4.03	4.65	2.65	3.59	5.12
Cash flow (%)	Cash flow ratio	12.61	16.57	—	8.28	2.64
	Cash flow adequacy ratio	55.43	91.94	57.08	71.66	73.92
	Cash reinvestment ratio	3.14	5.46	—	1.81	—
Degree of leverage	Operating leverage	2.75	—	—	—	—
	Financial leverage	2.78	—	—	—	—

Please elaborate reasons for changes in financial ratio in the last 2 years. (unnecessary if the variation was less than 20%)

1. The increase in the debt to assets ratio is mainly due to the increase in total liabilities.
2. Interest coverage ratio increased mainly due to higher pre-tax profit.
3. Average cash collection days increased and average inventory turnover days decreased mainly due to lower average inventory.
4. Payables turnover decreased mainly due to higher payables balance.
5. Property, plant and equipment turnover increased mainly due to lower net value of property, plant and equipment.
6. Total asset turnover increase was mainly due to an increase in sales revenue.
7. Return on equity increased mainly due to higher net income.
8. Pre-tax profit to paid-up capital increased mainly due to higher pre-tax profit.
9. Earnings per share (NT\$) increased mainly due to higher net income.
10. Cash flow ratio and cash reinvestment ratio decreased mainly due to lower net cash inflow from operating activities.

Note 1: All standalone financial information in the last 5 years has been audited.

Note 2: If Cash flow and Degree of leverage are a negative number, it will be represented by “-”

Note 3: Below are the formulas used in various financial analyses.

1. Financial structure
 - (1) Debt to asset ratio = total liabilities/ total assets.
 - (2) Long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net value of property, plant and equipment.
 2. Solvency
 - (1) Current ratio = current assets / current liabilities.
 - (2) Quick ratio = (current assets - inventories- prepaid expenses) / current liabilities.
 - (3) Interest coverage ratio = earnings before interest and tax / interest expenses for the current period.
 3. Operating performance
 - (1) Receivables turnover (including accounts receivable and notes receivable from business activities) = net sales / average receivables balance (including accounts receivable and notes receivable from business activities).
 - (2) Average cash collection days = 365 / receivables turnover.
 - (3) Inventory turnover = cost of sales/ average inventory balance.
 - (4) Payables turnover (including accounts payable and notes payable for business activities) = cost of sales / average payables balance (including accounts payable and notes payable for business activities).
 - (5) Average inventory turnover days = 365 / inventory turnover.
 - (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment balance.
 - (7) Total asset turnover = net sales/ average total assets.
 4. Profitability
 - (1) Return on assets = (post-tax profit or loss + interest expenses x (1- tax rate)) / average asset balance.
 - (2) Return on shareholders' equity = post-tax profit or loss/ average shareholders' equity.
 - (3) Net profit margin = post-tax profit or loss / net sales.
 - (4) Earnings per share = (net income attributable to parent company shareholders - preference dividend) / weighted average outstanding shares. (Note 3)
 5. Cash flow
 - (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
 - (2) Cash flow adequacy ratio = net cash flow from operating activities for the previous 5 years / (capital expenditure + increase in inventory + cash dividends) for the previous 5 years.
 - (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital). (Note 4)
 6. Degree of leverage:
 - (1) Degree of operating leverage = (net operating revenues - variable operating costs and expenses) / operating profit (Note 5).
 - (2) Degree of financial leverage = operating profit / (operating profit - interest expense).
- Note 3: Calculation of earnings per share has taken the following factors into account:
1. Weighted average outstanding common shares are used, instead of year-end outstanding shares.
 2. Effects of cash issue or treasury stock, weighed by the number of outstanding shares and calculated for the length of time they were in circulation.
 3. Where any additional shares were issued against capitalized earnings or reserves, the full year or half-year earnings per share are adjusted retrospectively, regardless of when the additional shares were issued.
 4. For preferred shares that are cumulative and non-convertible in nature, all current year dividends (whether distributed or not) are deducted from net income, or added to net loss. For preferred shares that are non-cumulative in nature, preferred share dividends are deducted from net income, but no adjustment is required for net loss.
- Note 4: Cash flow analyses have taken the following factors into account:
1. Net cash flow from operating activities is taken from the amount presented in the cash flow statement.
 2. Capital expenditure refers to the amount of annual cash outflow spent on capital investments.
 3. Increase in inventory is used only if closing balance exceeds opening balance. The value will be substituted with zero if closing inventory balance is less than the opening balance.
 4. Cash dividends include both common and preferred share cash dividends.
 5. Gross property, plant and equipment refers to the amount before deducting accumulated depreciation.
- Note 5: The Company, as a securities issuer, is required to classify operating costs and expenses between fixed and variable portions; any estimate or subjective judgment used in the classification has to be reasonable and consistent.
- Note 6: For companies that issue shares without face value or at any face value other than NT\$10 per share, all above percentages that involve paid-up capital in the denominator shall be substituted with equity attributable to parent company shareholders instead.

III. Audit Committee's report on the review of the latest financial report

Audit Committee's Review Report

To: 2022 General Annual Shareholders' Meeting of Coretronic Corporation

The Board of Directors of the Company has delivered the 2021 business report, the financial statements and the proposed 2021 earnings distribution. The aforesaid 2021 financial statements of the Company and the consolidated financial statements had been audited by Ernst & Young. The Audit Committee has examined the above statements and found nothing out of order and thus prepared this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your ratification.

Coretronic Corp.

Chairman of the Audit Committee: Houn-Gee Chen

March 21, 2022

- IV. Latest financial statements: Please refer to pages 161 to 288.
- V. The latest audited standalone financial statements: Please refer to pages 289 to 389.
- VI. Any financial distress experienced by the company or its affiliated enterprise and impacts on the company's financial structure in the last year up till the publication date of annual report: None.
- VII. Attainment of mandatory certification by personnel involved in financial information transparency: The Company has five licensed CPAs of the Republic of China in its organization.

Seven. Review and Analysis of Financial Position and Financial Performance, and Risk Management Issues

I. Financial position

Unit: NT\$ 1,000

Item \ Year	2021	2020	Variation	
			Amount	%
Current assets	46,956,304	36,285,583	10,670,721	29.41%
Property, plant and equipment	7,513,806	7,158,625	355,181	4.96%
Long-term investments (Note)	4,031,839	958,183	3,073,656	320.78%
Intangible assets	330,634	408,646	(78,012)	(19.09%)
Other assets	2,637,810	2,464,026	173,784	7.05%
Total assets	61,470,393	47,275,063	14,195,330	30.03%
Current liabilities	33,725,462	20,153,862	13,571,600	67.34%
Long-term liabilities	1,826,901	552,751	1,274,150	230.51%
Other liabilities	1,701,029	1,629,015	72,014	4.42%
Total liabilities	37,253,392	22,335,628	14,917,764	66.79%
Share capital	3,909,811	4,344,231	(434,420)	(10.00%)
Capital reserve	2,893,442	3,548,559	(655,117)	(18.46%)
Retained earnings	16,166,239	16,589,148	(422,909)	(2.55%)
Other equity items	(817,388)	(1,586,454)	769,066	(48.48%)
Non-controlling interests	2,064,897	2,043,951	20,946	1.02%
Total equity	24,217,001	24,939,435	(722,434)	(2.90%)

Explanation of major variations: (unnecessary if the variation was less than 20%)

1. The increase in current assets and total assets was mainly due to the increase in accounts receivable and inventories.
2. Long-term investments increased mainly due to acquisition of financial assets at fair value through other comprehensive income - non-current.
3. The increase in current liabilities and total liabilities was mainly due to the increase in short-term bank borrowings and accounts payable.
4. Long-term liabilities increased mainly due to an increase in syndicated bank borrowing.
5. Other equity increased mainly due to an increase in financial assets at fair value through other comprehensive income - an increase in gain from an illiquid appraisal.

Note: Long-term investments include financial assets at fair value through profit or loss - non-current, financial assets at fair value through other comprehensive income - non-current and equity-accounted investments.

II. Financial performance

(I) Comparative analysis of operating performance

Unit: NT\$ 1,000

Item	Year		Variation	Variation %
	2021	2020		
Operating revenue	49,833,368	42,438,336	7,395,032	17.43%
Operating costs	41,102,386	35,031,579	6,070,807	17.33%
Gross profit	8,730,982	7,406,757	1,324,225	17.88%
Operating expenses	7,084,556	6,714,668	369,888	5.51%
Operating profit	1,646,426	692,089	954,337	137.89%
Non-operating income and expenses	1,138,893	1,144,607	(5,714)	(0.50%)
Profit before tax	2,785,319	1,836,696	948,623	51.65%
Income tax benefits (expenses)	(746,039)	(441,540)	(304,499)	68.96%
current net income	2,039,280	1,395,156	644,124	46.17%

Explanation of major variations: (unnecessary if the variation was less than 20%)

1. Operating profits, profit before tax and current net income increased mainly due to portfolio adjustments that resulted in higher gross profit.
2. Income tax expenses increased mainly due to an increase in pre-tax profit.

(II) Expected sales volume and its basis: Looking forward to future development in 2022, the overall market of TVs, computer screens and notebooks will be affected by a slowing pandemic dividend, excess capacity on the market, and saturated demand. It is expected that conditions will decline slightly to hit bottom in the first quarter, whereas in the second quarter, shipment volumes will gradually increase and improve such that annual shipment growth can be expected. Amid this trend, the production capacity of TV products in Vietnam will further increase in response to customer demand and growth in shipments will be better than the market's average. Although we can anticipate optimistic overall market demand in 2022, we still must pay attention to any influence

on the market's supply balance arising from the COVID-19 pandemic, from the supply of key IC components, or sea and air transportation risks; and we must be ready to make an agile response to reduce any such impact. For the Energy Saving segment, the Company will continue investing in research and development of light guides, specialized optical films and high-value displays with features such as thin-and-light, energy-saving, peep prevention and HDR for a variety of applications from in-car units, industrial automation, medicine, eSports, smart home to commercial display. In addition, the Company will also strive to explore international customers as well as the home furnishing market by leveraging advantages such as Open Cell, light guides, touchscreens, proprietary production technology and integrated business model.

As for the Visual Solutions segment, the Company will continue integrating core technologies in optics, mechanics, electronics, thermal and software to create a new interactive visual experience for a variety of customers and applications from home entertainment, screen array, digital signboard, large public information display, to smart retail in 2022. The goal of the Company's overall operation is to pursue high-margin, high value and stable growth.

III. Cash flow

(I) Analysis of cash flow variations in the last year

Item \ Year	2021	2020	Variation (%)
Cash flow ratio	(6.34)	16.71	(23.05)
Cash flow adequacy ratio	82.95	176.48	(93.53)
Cash reinvestment ratio	(9.91)	8.18	(18.09)
Explanation of major variations:			
1. Cash flow ratio decreased mainly due to lower net cash inflow from operating activities.			
2. Cash flow adequacy ratio decreased mainly due to the increase in inventories and the number of dividends issued in the last five years.			
3. Cash reinvestment ratio decreased mainly due to lower net cash inflow from operating activities.			

(II) Improvements for lack of liquidity: Not applicable.

(III) Liquidity analysis for the next year

Unit: NT\$ 1,000

Operating cash balance①	Projected net cash flow from operating activities for the year②	Expected cash outflow for the year③	Expected cash surplus (deficit) ①+②-③	Financing of expected cash deficits	
				Investment plans	Financing plans
534,920	1,994,652	1,856,276	673,296	—	—
Analysis of cash flow variation for the next year: Net cash inflow from operating activities arose mainly as a result of profits generated from operations. Expected annual cash outflow mainly comprises cash dividends and long-term investments, which the Company is able to meet using proprietary capital.					

IV. Material capital expenditures in the last year and impacts on financial/business performance: None.

V. Causes of profit or loss incurred on investments in the last year, and any improvements or investments planned for the next year:

All of the Company's investments are long-term in nature. The Company realized NT\$1,780,930,000 of gains from investment in 2020, which was attributed to the strong profitability of its invested businesses. The Company will continue making careful assessment of its investment projects in the future.

VI. Risk management

(I) Impact of interest rate, exchange rate, and inflation on the company's earnings, and response measures

1. Impact on the Company's earnings

(1) Interest rate: Interest expenses accounted for 0.32% of net sales in 2021, hence interest rate changes do not have significant impact on the Company. If interest rate changes by 1%, the Company will incur additional interest expenses of NT\$112,817,000.

(2) Exchange rate: Gain on exchange and net gain on valuation of financial assets totaled NT\$465,408,000 in 2021, which accounted for 1.9% of net sales. If NTD strengthens against USD by 1%, the Company's gross profit margin will be affected by approximately 0.11%.

(3) Inflation: A 1% rise in inflation rate will increase the Company's expenses by about NT\$29,455,000.

2. Future response measures:

(1) Interest rate: The Company maintains banking relationships with numerous financial institutions and has been able to secure borrowings at advantageous rates. The Company also has dedicated personnel assigned to interact closely with financial institutions.

(2) Exchange rate: The Company has dedicated personnel assigned to monitor exchange rate changes and assess how these changes affect the Company.

(3) Inflation: The Company constantly monitors market price changes and maintains sound interaction with suppliers and customers.

(II) Policies on high-risk and highly leveraged investments, loans to external parties, endorsements / guarantees, and trading of derivatives; describe the main causes of profit or loss incurred and future response measures

1. The Company did not engage in any transaction in 2021 that was characterized as high risk, high leverage investment or external party lending. The Company did, however, trade derivatives for hedging purpose, and assigned dedicated personnel and implemented systems to monitor, manage and assess risks on a regular basis.

2. The Company offered endorsements and guarantees mainly for subsidiaries in

2021, and all transactions were carried out according to “Lending, Endorsement and Guarantee Procedures.” The Company may offer endorsements/guarantees up to a maximum of NT\$20,918,713,000, and outstanding balance at the end of 2021 amounted to NT\$1,971,437,000.

3. For details on external party lending, endorsement, guarantee and derivative transactions conducted in 2021, please refer to the 2021 audited financial statements and footnote disclosures.

(III) Future research and development plans and projected expenses

1. Future R&D plans

- (1) With respect to energy-saving solutions, the Company will be focusing on products that offer distinctive features and continue investing in the development of specialized LCD displays to capitalize on their increasingly diverse applications. Furthermore, the Company will be researching new technologies closely in line with the market’s demands to enable more advanced solutions and broader display applications such as: non-standardized display array, world’s thinnest bezel display array, interactive conference display, curved gaming display, peep-proof display, in-car unit display modules, special-shaped backlight modules and energy-efficient display. Furthermore, the Company will enhance software development capabilities and incorporate creative software and applications into hardware design for optimal user experience and provide customers with the ultimate one-stop service.
- (2) The Company will be developing core technologies primarily to address market demand and solve customers’ pain points. In addition to creating a comprehensive lineup of display products featuring stationary light source (laser and LED), short throw design, 4K UHD and motion flow technology, products will also be enhanced with multimedia applications, touch controls and Internet connectivity as well as useful functions such as image recognition, AI, cloud-based service and smart software. In general, the Company aims to improve system integration capabilities to create convenient user environment and new interactive experience, and promote image projection as solution for a wide range of applications from business, home entertainment, education, commercial display, digital signage, public information display, smart retail to healthcare.

2. Expected R&D expenses: The Company incurred approximately NT\$1.55 billion of R&D expense in 2021, representing 6.31% of net sales. R&D expenses for 2022 are estimated at NT\$1.68 billion, up about 8% from the year before.

(IV) Financial impacts and response measures in the event of changes in local and foreign regulations: None.

(V) Financial impacts and response measures in the event of technological (including information security risks) or industrial changes

The LCD panel industry continues to grow, and the display device is showing a trend toward diversified technology development. Since 2017, new technologies such

as AMOLED and Mini /Micro LED have emerged to pose direct competition to LCD in the future. Apart from strengthening relationships with panel manufacturers and brands and targeting applications such as laptops, TV, healthcare and vehicles, the Company will also invest in the development of new markets and products as the competitive landscape changes. Non-standardized display array, world's thinnest bezel display array, commercial peep-proof display, curved gaming monitor, in-car unit display, special-shaped backlight modules, energy-saving blue light display, HDR (Local Dimming) display and LCM module are some examples of high-value adding and high entry barrier products that the Company has targeted as means to differentiate, expand and thrive in the competitive display market.

Rapid development of LCD and LED technologies have enabled large-size LCD displays to penetrate into market segments such as home entertainment, education and business, and LED displays to be widely used for advertisement, digital signboard and public information display. However, the Company still possesses several technological advantages such as laser light source, 4K display and MCLA™ (Multi Color Laser Architecture), which enable it to offer high resolution, high brightness and vivid display solutions that are more long-lasting, more stable, easier to install and more affordable at 80 inches and above. Furthermore, the Company is exploring entry into the LED display market through strategic alliance, merger and acquisition; the new technologies acquired will prove useful in offering products needed by the market. As cloud computing and digital contents become popular, the Company is also investing into the development of a digital content exchange platform. Support of suitable digital contents and innovative business models could increase demand for the display industry.

The Company has established an Information Security Committee to list information security as one of the long-term development priorities and set sustainable goals to guide information security development. Through the establishment of an Information Security Committee, the Group responds to actual needs and development trends. The corresponding information security strategy and vision are formulated as follows:

1. A secure and trusted information environment: information security protection capabilities are strengthened through the digital transformation of the enterprise and the introduction of new technologies such as AI.
2. Robust information security protection: Make ongoing improvements to improve the general environment, thereby establishing comprehensive security protection.
3. Risk-based security protection: Adopt and renew protection measures for critical information facilities in response to new security threats.
4. Employees' awareness of information security: Promote the importance of information security and safety risks to employees and raise employees' awareness of information security.

A complete network and computer security protection has been established for employees' computer behavior at work. Facing ever-changing cybersecurity attacks, we have introduced a full-time internal information security threat monitoring and defense system to cope with hacking, social engineering, web Trojans, computer viruses, and other rapidly increasing information security threats. The Company is also actively enhancing our information security protection capabilities. An effective and quantitative information security management mechanism has also been established for the external network and the existing protection mechanisms such as firewalls. In the face of increasingly serious threats to information security

worldwide, we can thus stand firm and pursue high-level operational development.

- (VI) Crisis management, impacts, and response measures in the event of a change in corporate image: None.
- (VII) Expected benefits and risks and associated with to mergers and acquisitions: None.
- (VIII) Expected benefits and risks and associated with plant expansions

In response to future order growth plans among our customers, the Company acquired land in Vietnam in 2021 and plans to build a second factory. The mass production schedule is set in the first half of 2023. Pre-investment assessments have been made with respect to risk factors such as capital, project progress, business conditions, and others, and relevant countermeasures have been formulated to reduce any adverse impact on the Company's operations. Going forward, the capital expenditure plan will be adjusted in due course depending on actual conditions..

- (IX) Risks associated with concentrated sales or purchases

Purchases from the largest supplier accounted for 10.34% of total purchases for the Company and subsidiaries in 2021. In 2021, the Company maintained a strong and long-term relationship with its main suppliers and therefore is not prone to the risk of concentrated purchase. The largest seller of the Company and its subsidiaries accounted for 13.22% of the total sales of the Company and its subsidiaries in 2021. The change in the proportion of sales to major customers in 2021 was due to a change in the sales product mix, and this was driven in turn by the need for distance education in the stay-at-home economy as well as by large-scale sports events.

- (X) Impacts and risks associated with a major transfer of shareholding by directors or shareholders with more than 10% ownership interest: None.
- (XI) Impacts and risks associated with a change of management: None.
- (XII) Litigation and non-contentious cases

The Company did not encounter any litigation or non-contentious case in 2021 and up till the publication date of annual report that was material to shareholders' equity or security price, whether concluded or pending judgment.

- (XIII) Other significant risks and response measures: None.

VII. Other important disclosures: None.

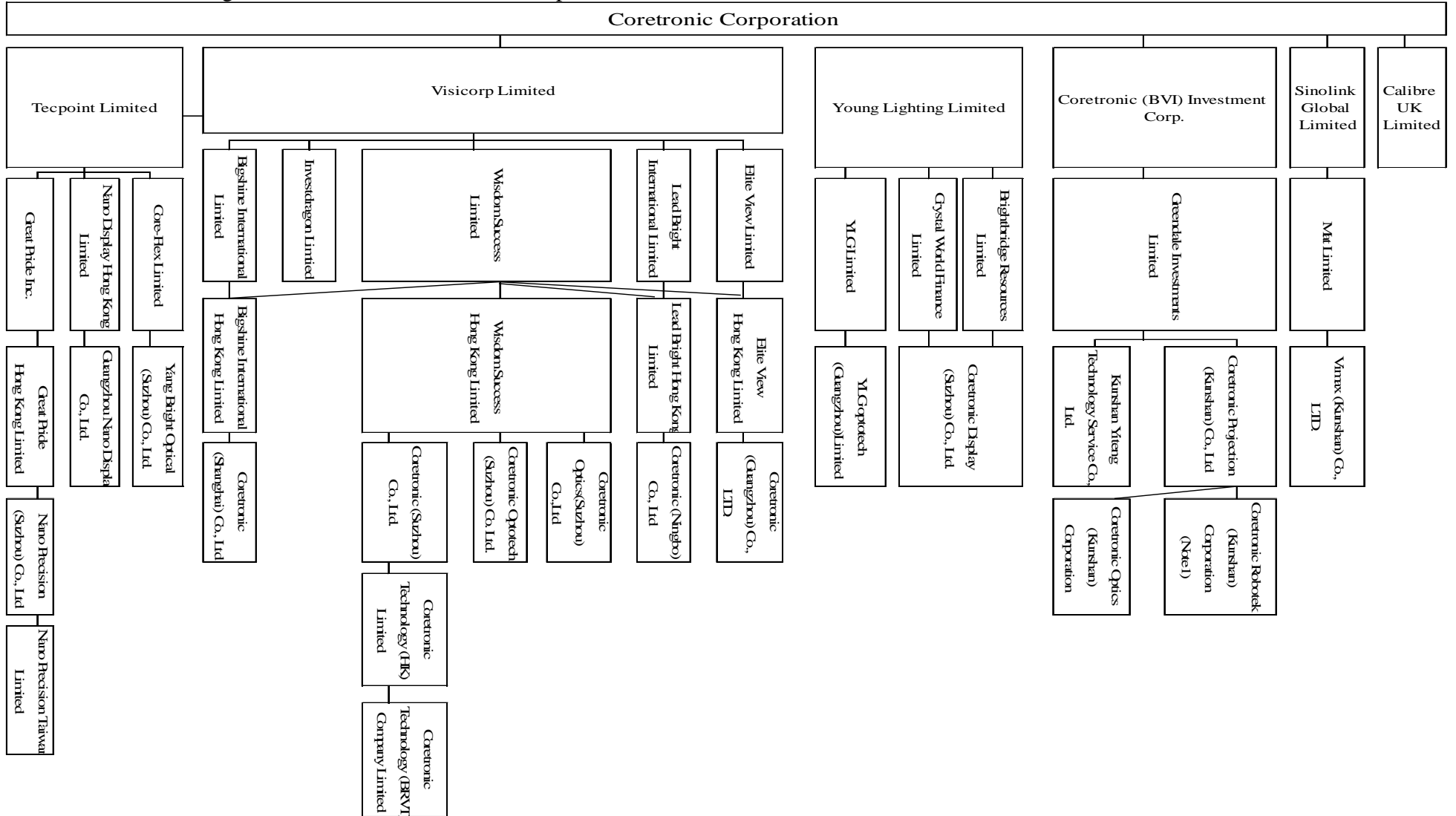
Eight. Special Disclosure

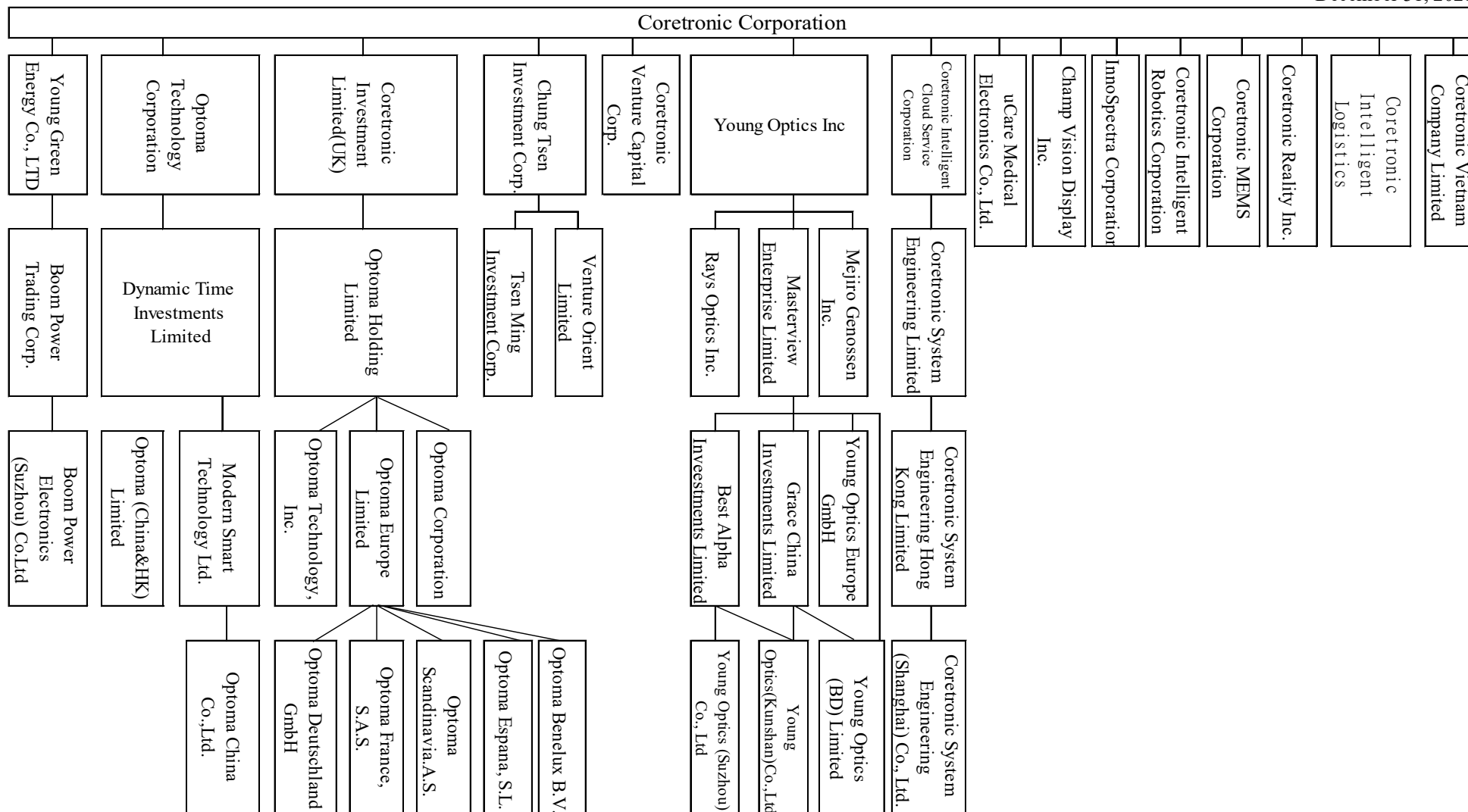
I. Information of affiliated companies

(I) Consolidated business report

1. Organizational chart of affiliated companies

December 31, 2021





Note1 : Coretronic Robotek (Kunshan) Corporation is held 70% share holding by Coretronic(Suzhou) Co., Ltd share holding and held 30% share holding by Coretronic Projection (Kunshan) Co., Ltd , total share holding 100% .

Note2 : Consolidated shareholding in affiliated enterprises was entirely 100% except for Young Optics Inc. 37.61%, Ray Optics Inc. 92.50%, Mejiro Genossen Inc. 99%, Young Optics Europe GmbH 75%, Core-Flex Limited 99.36%, Young Green Energy Co., LTD 99.91%, uCare Medical Electronics 60.69%, Champ Vision Display Inc. 80%, InnoSpectra Corporation 80%. The remaining consolidated shareholding ratios stand at 100%.

2. Profile of affiliated enterprises

December 31, 2021

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Tecpoint Limited	January 8, 2004	OMC Chambers, P.O. Box 3152, Road Town, Tortola, British Virgin Islands	US\$ 42,988,000	Holding company
Great Pride Inc.	October 28, 2003	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 11,800,000	Holding company
Great Pride Hong Kong Limited	December 15, 2008	Room 2702-03, C.C. Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	US\$ 11,000	Holding company
Nano Precision (Suzhou) Co., Ltd	March 1, 2004	No. 69, Qunxingsan Road, Suzhou Industrial Park, Suzhou	US\$ 13,300,000	Manufacturing and sale of acrylic sheets and light guides
Nano Precision Taiwan Limited	October 29, 2018	No. 5, Wenhua Road, Fengshan Village, Hukou Township, Hsinchu County	NT\$ 300,000,000	Manufacturing, research, development, sales, import and export of plastic casing of high-end and precision electronics, plastic components and frames, plastic injection molding of internal precision opto-mechanics
Nano Display Hong Kong Limited	April 11, 2008	1501 Capital Centre, 151 Gloucester Road, Wan Chai, Hong Kong	US\$ 7,800,000	Holding company
Guangzhou Nano Display Co., Ltd.	June 27, 2008	1F, Building 1, No. 2, Guoyuan 1st Road, East District North Section, Guangzhou Economic and Technological Development Zone	US\$ 7,800,000	Research, development, processing and manufacturing of light guides for LCD display; sale of products produced and offering of related services
Core-Flex Limited	May 24, 2006	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, 1205 Cayman Islands	US\$ 36,000,000	Holding company
Yang Bright Optical (Suzhou) Co., Ltd.	July 20, 2006	No. 69, Qunxingsan Road, Suzhou Industrial Park, Suzhou, Jiangsu	US\$ 36,000,000	Research, development, processing and manufacturing of optical films for backlight modules
Visicorp Limited	January 18, 2002	P.O. Box 3152, Road Town, Tortola, British Virgin Islands	US\$ 41,000	Holding company
Bigshine International Limited	September 22, 2004	Offshore Chambers, P.O. Box 217, Apia, Samoa	US\$ 3,000	Holding company
Bigshine International Hong Kong Limited	December 15, 2008	Room 2702-03, C.C. Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	US\$ 8,000	Holding company
Coretronic (Shanghai) Co., Ltd	May 30, 2005	Building E, No. 68, Rongjiang Road, Songjiang Export Processing Area	US\$ 8,000,000	Research, development and manufacturing of backlight modules and related parts; sale of self-produced products and offering of related after-sale and maintenance service
Investdragon Limited	April 18, 2005	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 212,000	Holding company

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Wisdom Success Limited	January 2, 2002	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, 1205 Cayman Islands	US\$ 43,000	Holding company
Wisdom Success Hong Kong Limited	December 15, 2008	Room 2702-03, C.C. Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	US\$ 18,000	Holding company
Coretronic (Suzhou) Co., Ltd.	September 2, 2002	No. 68, Qunxingsan Road, Suzhou Industrial Park, Suzhou	US\$ 20,000,000	Research, development and manufacturing of backlight modules and related parts; sale of self-produced products and offering of related after-sale and maintenance service
Coretronic Technology (HK) Limited	August 9, 2021	Room 2702-03 CC Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	US\$ 1,000,000	Holding company
Coretronic Technology (BRVT) Company Limited	December 10, 2021	Lot F8, D2 road, Phu My 3 Specialized Industrial Park, Phuoc Hoa ward, Phu My Town, Ba Ria - Vung Tau Province, Vietnam	US\$ 30,000,000	Manufacture, R&D and sales of backlight and LCD modules for LCD screens, LCD TVs and new flat-panel displays sector in Vietnam
Coretronic Optotech (Suzhou) Co. Ltd.	June 19, 2015	No. 688, Pangjin Road, Wujiang Economic and Technological Development Zone, Suzhou	US\$ 12,000,000	Research, development, production and processing of backlight modules, LCD modules, LCD TV new flat panel displays and optical components; sale of self-produced products and offering of related after-sale and maintenance service
Coretronic Optics(Suzhou) Co.,Ltd	November 23, 2017	No. 688, Pangjin Road, Wujiang Economic and Technological Development Zone, Suzhou	US\$ 10,000,000	Research, development and manufacturing of backlight modules and related parts; sale of self-produced products and offering of related after-sale and maintenance service
Lead Bright International Limited	August 8, 2005	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 5,000	Holding company
Lead Bright Hong Kong Limited	December 15, 2008	Room 2702-03, C.C. Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	US\$ 18,000	Holding company
Coretronic (Ningbo) Co., Ltd	January 11, 2006	No. 5, Guanshan Road, Export Processing Zone, Beilun District, Ningbo, Zhejiang	US\$ 20,000,000	Research, development and manufacturing of backlight modules and related parts; sale of self-produced products and offering of related after-sale and maintenance service
Elite View Limited	August 8, 2007	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 5,000	Holding company
Elite View Hong Kong Limited	December 15, 2008	Room 2702-03, C.C. Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	US\$ 13,000	Holding company
Coretronic (Guangzhou) Co., LTD.	November 27, 2007	Building 1, No. 2, Guoyuan 1st Road, East District, Guangzhou Economic and Technological Development Zone	US\$ 13,000,000	Research, development and manufacturing of backlight modules and related parts; sale of self-produced products and offering of related after-sale and maintenance service
Young Lighting Limited	March 8, 2010	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 3,907,000	Holding company

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
YLG Limited	October 29, 2010	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 6,000,000	Holding company
YLG Optotech (Guangzhou) Limited	January 24, 2011	2F, Unit A, No. 2, Guoyuan 1st Road, East District, Guangzhou Economic and Technological Development Zone	US\$ 6,000,000	Research, development, processing and manufacturing of display components; sale of self-produced products and offering of after-sale service
Brightbridge Resources Limited	March 26, 2009	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 29,500,000	Holding company
Crystal World Finance Limited	September 21, 2001	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 22,258,000	Holding company
Coretronic Display (Suzhou) Co., Ltd.	February 22, 2002	No. 828, Pangjin Road, Wujiang Economic and Technological Development Zone, Suzhou	US\$ 51,758,000	Research, development and manufacturing of display modules and related parts; sale of self-produced products and offering of related after-sale and maintenance service
Coretronic (BVI) Investment Corp.	June 16, 2000	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	US\$ 47,220,000	Holding company
Greendale Investments Limited	February 2, 2005	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 46,000	Holding company
Kunshan Yiteng Technology Service Co., Ltd.	June 17, 2003	No. 20, Third Avenue, Kunshan Comprehensive Free Trade Zone, Kunshan, Jiangsu	US\$ 400,000	Maintenance and technical service of LCD monitors
Coretronic Projection (Kunshan) Co., Ltd	June 10, 2005	No. 20, Third Avenue, Kunshan Comprehensive Free Trade Zone, Kunshan, Jiangsu	US\$ 46,000,000	Research, development, processing and manufacturing of digital projectors, LCD monitors and related parts; sale of self-produced products and offering of after-sale and maintenance service
Coretronic Optics (Kunshan) Corporation	June 2, 2017	No. 18, Third Avenue, Kunshan Comprehensive Free Trade Zone, Kunshan, Jiangsu	RMB 42,000,000	Production and sale of projector modules products and spectrometers
Coretronic Robotek (Kunshan) Corporation	November 22, 2021	No. 20, Third Avenue, Kunshan Comprehensive Free Trade Zone, Kunshan, Jiangsu	RMB 12,000,000	Provide intelligent solutions for warehousing and manufacturing
Sinolink Global Limited	July 12, 2002	P.O. Box 3152, Road Town, Tortola, British Virgin Islands	US\$ 1,000	Holding company
Mat Limited	October 8, 2002	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 1,000	Holding company

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Vimax (Kunshan) Co., LTD.	June 13, 2001	No. 388, Sanjia Road, Zhangpu Town, Kunshan City, Jiangsu Province, China	US\$ 1,800,000	Design, research, development and production of projectors; sale of self-produced products and offering of after-sale and maintenance service for self-produced and non-self produced products
Young Green Energy Co., LTD	December 14, 1999	No. 5, Wenhua Road, Fengshan Village, Hukou Township, Hsinchu County	NT\$ 188,500,000	Manufacturing, wholesaling and retailing of electronic components, battery, PC and accessories, and electronic materials
Boom Power Trading Corporation	June 9, 2000	P.O. Box 3152, Road Town, Tortola, British Virgin Islands	US\$ 1,000,000	Holding company
Boom Power Electronics (Suzhou) Co., Ltd.	December 19, 2000	No. 388, Sanjia Road, Zhangpu Town, Kunshan City, Jiangsu Province, China	US\$ 1,000,000	Research, development, production and sale of CCFL drivers and related products
Calibre UK Limited	October 18, 1990	Cornwall House, Cornwall Terrace, Bradford, West Yorkshire, BD8 7JS	GBP 6,173,000	Research, development, design, manufacturing and sale of image control products
Optoma Technology Corporation	January 9, 2002	12F, No. 213, Section 3, Beixin Road, Xindian District, New Taipei City	NT\$ 584,620,000	Manufacturing, sale, design and international trading of data storage and processing equipment, electronic components, optical instruments, radio communication equipment and appliances
Dynamic Time Investments Limited	January 2, 2002	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	US\$ 15,000	Holding company
Optoma (China & H.K.) Limited	September 23, 1996	Unit 901, 9/F., Chai Wan Industrial City, Phase 1, No.60 Wing Tai Road, Chai Wan, Hong Kong	HKD 2,400,000	Marketing and after-sale service
Modern Smart Technology Ltd.	February 12, 2002	Vistra Corporate Service Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	US\$ 1,200,000	Holding company
Optoma China Co.,Ltd.	June 6, 2002	Room 302, Xin Kang Building, No. 28, Jia Feng Road Wai Gao Qiao Free Trade Zone, Shanghai 200131	US\$ 1,200,000	Marketing and after-sale service
Coretronic Investment Limited	December 06,2021	1 Bourne End Mills, Upper Bourne End Lane, Hemel Hempstead, England, HP1 2UJ	EUR 100,000	Holding company
Optoma Holding Limited	July 02, 2021	1 Bourne End Mills, Upper Bourne End Lane, Hemel Hempstead, England, HP1 2UJ	EUR 32,620,000	Holding company
Optoma Technology, Inc.	May 31, 1995	47697 Westinghouse Drive Fremont, CA 94539, USA	US\$ 8,250,000	Marketing and after-sale service

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Optoma Corporation	November 23, 2021	12F, No. 213, Section 3, Beixin Road, Xindian District, New Taipei City	NT\$30,000,000	Engaged in the production and marketing of Data Storage and Processing Equipment, Electronic Components, Optical Devices, Wireless Communications Equipment and Electronic Appliances
Optoma Europe Limited	July 7, 1997	1 Bourne End Mills, Hemel Hempstead, England, HP1 2UJ	GBP 1,200,000	Marketing and after-sale service
Optoma Deutschland GmbH	October 7, 1997	Wiesenstrasse 21, A1, D40549 Düsseldorf, Germany	EUR 958,000	Marketing and after-sale service
Optoma France, S.A.S.	July 1, 2002	Batiment E, 81-83 Avenue Edouard Vaillant, Boulogne Billancourt, France 92100	EUR 100,000	Marketing and after-sale service
Optoma Scandinavia AS	March 17, 2003	Kniveveien 29, Postboks 9515, 3036 Drammen, Norway	NOK 100,000	Marketing and after-sale service
Optoma Espana, S.L.	June 5, 2008	C/ José Hierro, 36 Of. 1C, Edificio Atrio, 28522 Rivas VaciaMadrid, Spain	EUR 103,000	Marketing and after-sale service
Optoma Benelux B.V.	October 15, 2009	Europalaan 770-D, 1363 BM in Almere, The Netherlands	EUR 18,000	Marketing and after-sale service
Chung Tsen Investment Corp.	December 11, 2002	12F, No. 225, Section 3, Beixin Road, Xindian District, New Taipei City	NT\$ 1,270,997,000	Strategic alliance and investment activities within group
Tsen Ming Investment Corp.	November 9, 2005	12F, No. 225, Section 3, Beixin Road, Xindian District, New Taipei City	NT\$ 324,432,000	Strategic alliance and investment activities within group
Venture Orient Limited	October 18, 2002	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 6,000	Holding company
Coretronic Venture Capital Corp.	March 2, 2011	12F, No. 225, Section 3, Beixin Road, Xindian District, New Taipei City	NT\$ 300,000,000	Investment activities relating to business expansion
Young Optics Inc.	February 18, 2002	No. 7, Xinan Road, Hsinchu Science Park, Hsinchu City	NT\$ 1,140,598,000	Research, design, manufacturing and sale of optical components, optical engines and key parts
Mejiro Genossen Inc.	June 24, 2016	2-10-12, Akatsuka Shinmachi, Itabashi-ku, Tokyo	JPY 65,000,000	Research, development, manufacturing and sale of optical machinery
Rays Optics Inc.	July 22, 2004	6F-1, No. 168, Section 2, Fuxing 3rd Road, Zhongxing Li, Zhubei City, Hsinchu County	NT\$ 100,000,000	Manufacturing and trading of optical instruments and electronic components
Masterview Enterprises Limited	July 1, 2003	Clarence Thomas Building P.O. Box 4649 Road Town Tortola Virgin Islands, British	US\$ 6,000,000	Holding company
Best Alpha Investments Limited	January 8, 2003	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 1,000,000	Holding company

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Young Optics (Suzhou) Co., Ltd	September 3, 2003	No. 68, Qunxingsan 3rd Road, Suzhou Industrial Park, Suzhou, Jiangsu	US\$ 1,000,000	Research, development and manufacturing of optical engines and optical/electronic instruments
Grace China Investments Limited	February 2, 2001	P.O.Box 712, Grand Cayman, KY1-9006, Cayman Islands	US\$ 8,156,000	Holding company
Young Optics (Kunshan) Co., Ltd	April 26, 2001	No. 20, Third Avenue, Kunshan Comprehensive Free Trade Zone, Jiangsu	US\$ 12,200,000	Research, development and manufacturing of optical engines and optical/electronic instruments
Young Optics Europe GmbH	April 2, 2015	Heimstättenstr. 24, D-07749 Jena, Germany	EUR 25,000	Manufacturing and sale of 3D printers
Young Optics (BD) Limited	December 12, 2011	Plot#104, 105, 124 & 125, DEPZ (Extension Area) Ashulia, Savar-1349, Dhaka, Bangladesh	BDT 666,005,000	Manufacturing of optical components
Coretronic Intelligent Cloud Service Corporation	April 15, 2010	4F, No. 11, Lixing Road, Hsinchu Science Park, Hsinchu City	NT\$ 250,000,000	Platform development for cloud computing, IT, new media and smart applications
Coretronic System Engineering Limited	May 4, 2010	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 1,500,000	Holding company
Coretronic System Engineering Hong Kong Limited	May 11, 2010	1501 Capital Centre, 151 Gloucenser Road, Wan Chai, Hong Kong	US\$ 1,500,000	Holding company
Coretronic System Engineering (Shanghai) Co., Ltd.	September 1, 2010	Room 502, 5F, Building 1, No. 1205, Kaixuan Road, Changning District, Shanghai	US\$ 1,500,000	Engaging in smart construction engineering and supporting measures as a professional engineering contractor
uCare Medical Electronics Co., Ltd.	June 9, 2017	3F, No. 2, Ke Bei 5th Road (Hsinchu Science Park), Chunan Township, Miaoli County	NT\$ 131,820,000	Research, development, design, manufacturing and sale of smart fitness/healthcare system, hardware and software
Champ Vision Display Inc.	July 11, 2017	3F, No. 2, Ke Bei 5th Road (Hsinchu Science Park), Chunan Township, Miaoli County	NT\$ 180,000,000	Research, development, design, manufacturing and sale of innovative smart displays and integrated software/hardware solutions
Coretronic Intelligent Robotics Corporation	November 10, 2017	4F, No. 11, Lixing Road, Hsinchu Science Park, Hsinchu City	NT\$ 180,000,000	Research, development, manufacturing and sale of commercial unmanned aircraft system and intelligent robots
InnoSpectra Corporation	December 1, 2017	4F, No. 11, Lixing Road, Hsinchu Science Park, Hsinchu City	NT\$ 60,000,000	Research, development and sale of spectrometers and related solutions
Coretronic MEMS Corporation	July 23, 2019	10F-6, No. 65, Gaotie 7th Road, Zhubei City, Hsinchu County	NT\$ 180,000,000	Research, development, design, manufacturing and sale of MEMS sensors, sensor modules and solutions
Coretronic Reality Inc.	November 12, 2019	No. 5, Wenhua Road, Fengshan Village, Hukou Township, Hsinchu County	NT\$ 100,000,000	Research, development, manufacturing and sale of wearable and embedded projector display, system solutions and related technologies and products

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Coretronic Vietnam Company Limited	December 10, 2020	3rd/5th Floor of Factory No.03, Lot I-3B-1, N6 Road, Saigon Hi-Tech Park, Tan Phu Ward, Thu Duc City, Ho Chi Minh City, Vietnam	US\$ 3,000,000	Research, development, and sales of backlight modules, LCD modules, LCD TV, new flat panel displays and related components
Coretronic Intelligent Logistics Solutions Corporation	March 18, 2021	No. 5, Wenhua Road, Fengshan Village, Hukou Township, Hsinchu County	NT\$ 50,000,000	System integration and application service solutions for intelligent logistics and smart manufacturing

3. Common shareholders in controlling and controlled companies: None.

4. Businesses covered by affiliated enterprises

The Company and affiliated enterprises are primarily involved in the supply of “backlight modules” and “projectors”, while some affiliated enterprises specialize in “investments” and “smart solutions”. Together, they support each other in terms of technology, production capacity, marketing and service, creating the synergies needed to drive the Company forward toward maintaining leading position in global markets.

5. Directors, supervisors, and President of affiliated enterprises

December 31, 2021

Company name	Position	Name or name of representative	Shareholding	
			Shares	Shareholding percentage
Tecpoint Limited	Director	Wade Chang (representative of the Company)	33,556,599	78.06%
Great Pride Inc.	Director	Wade Chang (representative of Tecpoint Limited)	11,800,000	100.00%
Great Pride Hong Kong Limited	Director	Wade Chang (representative of Great Pride Inc)	11,800	100.00%
Nano Precision (Suzhou) Co., Ltd	Director	Ken Wang (Representative of Great Pride Hong Kong Limited)	—	100.00%
	Supervisor	Franck Ho (Representative of Great Pride Hong Kong Limited)	—	100.00%
Nano Precision Taiwan Limited	Director	Fleming Chuang (Representative of Nano Precision (Suzhou) Co., Ltd)	30,000,000	100.00%
	Director	Ken Wang (Representative of Nano Precision (Suzhou) Co., Ltd)	30,000,000	100.00%
	Director	Franck Ho (Representative of Nano Precision (Suzhou) Co., Ltd)	30,000,000	100.00%
	Supervisor	Daisy Lin (Representative of Nano Precision (Suzhou) Co., Ltd)	30,000,000	100.00%
Nano Display Hong Kong Limited	Director	Sarah Lin (Representative of Tecpoint Limited)	7,800,000	100.00%
Guangzhou Nano Display Co., Ltd.	Director	Dino Wang (Representative of Nano Display Hong Kong Limited)	—	100.00%
	Supervisor	Franck Ho (Representative of Nano Display Hong Kong Limited)	—	100.00%
Core-Flex Limited	Director	Ken Wang (Representative of Tecpoint Limited)	213,260,000	94.36%
Yang Bright Optical (Suzhou) Co., Ltd.	Director	Ken Wang (Representative of Core-Flex Limited)	—	100.00%
	Supervisor	Franck Ho (Representative of Core-Flex Limited)	—	100.00%
Visicorp Limited	Director	Wade Chang (representative of the Company)	40,781	100.00%
Bigshine International Limited	Director	Sarah Lin (Representative of Visicorp Limited)	3,000	100.00%
Bigshine International Hong Kong Limited	Director	Sarah Lin (Representative of Bigshine International Limited)	3,000	37.50%
Coretronic (Shanghai) Co., Ltd	Director	Sara Lin (Representative of Bigshine International Hong Kong Limited)	—	100.00%
	Supervisor	Franck Ho (Representative of Bigshine International Hong Kong Limited)	—	100.00%
Investdragon Limited	Director	Sarah Lin (Representative of Visicorp Limited)	212,000	100.00%
Wisdom Success Limited	Director	Wade Chang (Representative of Visicorp Limited)	43,300	100.00%
Wisdom Success Hong Kong Limited	Director	Wade Chang (Representative of Wisdom Success Limited)	18,000	100.00%
Coretronic (Suzhou) Co. Ltd.	Director	Dino Wang (Representative of Wisdom Success Hong Kong Limited)	—	100.00%
	Supervisor	Franck Ho (Representative of Wisdom Success Hong Kong Limited)	—	100.00%
Coretronic Technology (HK) Limited	Director	Dino Wang(Representative of Coretronic (Suzhou) Co. Ltd.)	—	100.00%
Coretronic Technology (BRVT) Company Limited	Legal representative	Dino Wang(Representative of Coretronic Technology (HK) Limited)	—	100.00%
Coretronic Optotech (Suzhou) Co. Ltd.	Director	Dino Wang (Representative of Wisdom Success Hong Kong Limited)	—	100.00%
	Supervisor	Franck Ho (Representative of Wisdom Success Hong Kong Limited)	—	100.00%
Coretronic Optics(Suzhou) Co.,Ltd	Director	Dino Wang (Representative of Wisdom Success Hong Kong Limited)	—	100.00%
	Supervisor	Franck Ho (Representative of Wisdom Success Hong Kong Limited)	—	100.00%
Lead Bright International Limited	Director	Sarah Lin (Representative of Visicorp Limited)	4,700	100.00%

Company name	Position	Name or name of representative	Shareholding	
			Shares	Shareholding percentage
Lead Bright Hong Kong Limited	Director	Sarah Lin (Representative of Lead Bright International Limited)	4,700	26.11%
Coretronic (Ningbo) Co., Ltd	Director	Dino Wang (Representative of Lead Bright Hong Kong International Limited)	—	100.00%
	Supervisor	Franck Ho (Representative of Lead Bright Hong Kong International Limited)	—	100.00%
Elite View Limited	Director	Sarah Lin (Representative of Visicorp Limited)	5,000	100.00%
Elite View Hong Kong Limited	Director	Sarah Lin (Representative of Elite View Limited)	5,000	38.46%
Coretronic (Guangzhou) Co., LTD.	Director	Dino Wang (Representative of Elite View Hong Kong Limited)	—	100.00%
	Supervisor	Franck Ho (Representative of Elite View Hong Kong Limited)	—	100.00%
Young Lighting Limited	Director	Sarah Lin (Representative of Coretronic Corporation)	3,907,000	100.00%
YLG Limited	Director	Sara Lin (Representative of Young Lighting Limited)	6,000,000	100.00%
YLG Optotech (Guangzhou) Limited	Director	Sarah Lin (Representative of YLG Limited)	—	100.00%
	Director	Edward Lin (Representative of YLG Limited)	—	100.00%
	Director	Franck Ho (Representative of YLG Limited)	—	100.00%
	Supervisor	Max Lee (Representative of YLG Limited)	—	100.00%
Brightbridge Resources Limited	Director	Sarah Lin (Representative of Wisdom Success Limited)	29,500,000	100.00%
Crystal World Finance Limited	Director	Sarah Lin (Representative of Wisdom Success Limited)	22,258,000	100.00%
Coretronic Display (Suzhou) Co., Ltd.	Director	Dino Wang (Representative of Brightbridge Resources and Crystal World Finance)	—	100.00%
	Supervisor	Franck Ho (Representative of Brightbridge Resources and Crystal World Finance)	—	100.00%
Coretronic (BVI) investment Corp.	Director	Wade Chang (representative of the Company)	47,220,000	100.00%
Greendale Investments Limited	Director	Wade Chang (Representative of Coretronic (BVI) Investment Corp.)	46,400	100.00%
Kunshan Yiteng Technology Service Co., Ltd.	Director	Yunu Lin (Representative of Greendale Investments Limited)	—	100.00%
	Supervisor	Franck Ho (Representative of Greendale Investments Limited)	—	100.00%
Coretronic Projection (Kunshan) Co., Ltd	Director	CY Lin (Representative of Greendale Investments Limited)	—	100.00%
	Supervisor	Franck Ho (Representative of Greendale Investments Limited)	—	100.00%
Coretronic Optics (Kunshan) Corporation	Director	CY Lin (Representative of Coretronic Projection (Kunshan) Co., Ltd)	—	100.00%
	Supervisor	Franck Ho (Representative of Coretronic Projection (Kunshan) Co., Ltd)	—	100.00%
Coretronic Robotek (Kunshan) Corporation	Director	Andy Hsin	—	—
	Supervisor	Franck Ho	—	—
Sinolink Global Limited	Director	Wade Chang (representative of the Company)	980	100.00%
Mat Limited	Director	SY Chen (Representative of Sinolink Global Limited)	980	100.00%
Vimax (Kunshan) Co., LTD.	Director	Yunu Lin (Representative of Mat Limited)	—	100.00%
	Supervisor	Franck Ho (Representative of Mat Limited)	—	100.00%
Young Green Energy Co., LTD	Chairman	SY Chen (Representative of the Company)	18,833,220	99.91%
	Director	Teddy Chuang (Representative of the Company)	18,833,220	99.91%
	Director	Wilson Hsu (Representative of the Company)	18,833,220	99.91%
	Supervisor	Franck Ho	18,833,220	99.91%
Boom Power Trading Corporation	Director	SY Chen (Representative of Young Green Energy Co., LTD)	10,000	100.00%

Company name	Position	Name or name of representative	Shareholding	
			Shares	Shareholding percentage
Boom Power Electronics (Suzhou) Co., Ltd.	Director	Wilson Hsu (Representative of Boom Power Trading Corporation)	—	100.00%
	Supervisor	Franck Ho (Representative of Boom Power Trading Corporation)	—	100.00%
Calibre UK Ltd.	Director	Wen-Wei Tsai (Representative of the Company)	52,701,042	100.00%
	Director	Peter Fosh (Representative of the Company)	52,701,042	100.00%
Optoma Technology Corporation	Chairman	SY Chen (Representative of the Company)	58,462,000	100.00%
	Director	Wade Chang (Representative of the Company)	58,462,000	100.00%
	Director	Wilson Hsu (Representative of the Company)	58,462,000	100.00%
	Supervisor	Franck Ho (Representative of the Company)	58,462,000	100.00%
Dynamic Time Investments Limited	Director	Franck Ho (Representative of Optoma Corporation)	14,856	100.00%
Optoma (China & H.K.) Limited	Director	Miranda Wang (Representative of Dynamic Time Investments Ltd.)	2,400,000	100.00%
Mordern Smart Technology Ltd.	Director	Franck Ho (Representative of Dynamic Time Investments Ltd.)	1,200,000	100.00%
Optoma China Co.,Ltd.	Director	Miranda Wang (Representative of Modern Smart Technology Ltd.)	—	100.00%
Coretronic Investment Limited	Director	Wade Chang (Representative of the Company)	100,000	100.00%
	Director	SY Chen (Representative of of the Company)	100,000	100.00%
Optoma Holding Limited	Director	Wade Chang (Representative of Coretronic Investment Limited)	32,620,000	100.00%
	Director	SY Chen (Representative of Coretronic Investment Limited)	32,620,000	100.00%
Optoma Technology, Inc.	Executive Director	SY Chen (Representative of Dynamic Time Investments Ltd.)	825,000	100.00%
	Director	Robert Tick(Representative of Dynamic Time Investments Ltd.)	825,000	100.00%
	Director	Franck Ho (Representative of Dynamic Time Investments Ltd.)	825,000	100.00%
Optoma Corporation	Chairman	SY Chen (Representative of Optoma Holding Limited)	3,000,000	100.00%
Optoma Europe Ltd.	Executive Director	Thierry Millet (Representative of Dynamic Time Investments Ltd.)	1,200,000	100.00%
	Director	Wade Chang (Representative of Dynamic Time Investments Ltd.)	1,200,000	100.00%
	Director	SY Chen (Representative of Dynamic Time Investments Ltd.)	1,200,000	100.00%
Optoma Deutschland GmbH	Executive Director	SY Chen (Representative of Optoma Europe Limited)	—	100.00%
	Director	Thierry Millet (Representative of Optoma Europe Ltd.)	—	100.00%
Optoma France, S.A.S.	Executive Director	Thierry Millet (Representative of Optoma Europe Ltd.)	—	100.00%
Optoma Scandinavia AS	Executive Director	Thierry Millet (Representative of Optoma Europe Ltd.)	100	100.00%
	Director	SY Chen (Representative of Optoma Europe Ltd.)	100	100.00%
Optoma Espana, S.L.	Executive Director	SY Chen (Representative of Optoma Europe Limited)	5,150,280	100.00%
	Director	Thierry Millet (Representative of Optoma Europe Limited)	5,150,280	100.00%
Optoma Benelux B.V.	Executive Director	Thierry Millet (Representative of Optoma Europe Ltd.)	18,000	100.00%
	Director	SY Chen (Representative of Optoma Europe Limited)	18,000	100.00%
Chung Tsen Investment Corp.	Chairman	Ann Wu (Representative of the Company)	127,099,664	100.00%
	Director	Wade Chang (representative of the Company)	127,099,664	100.00%
	Director	Robert Hsueh (Representative of the Company)	127,099,664	100.00%

Company name	Position	Name or name of representative	Shareholding	
			Shares	Shareholding percentage
	Supervisor President	Franck Ho (Representative of the Company) Robert Hsueh	127,099,664 —	100.00% —
Tsen Ming Investment Corp.	Chairman	Ann Wu (Representative of Chung Tsen Investment Corp.)	32,443,180	100.00%
	Director	Robert Hsueh (Representative of Chung Tsen Investment Corp.)	32,443,180	100.00%
	Director	Sarah Lin (Representative of Chung Tsen Investment Corp.)	32,443,180	100.00%
	Supervisor	Franck Ho (Representative of Chung Tsen Investment Corp.)	32,443,180	100.00%
Venture Orient Limited	Director	Franck Ho (Representative of Chung Tsen Investment Corp.)	5,550	100.00%
Coretronic Venture Capital Corp.	Chairman	Ann Wu (representative of the Company)	30,000,000	100.00%
	Director	Wade Chang (Representative of the Company)	30,000,000	100.00%
	Director	Robert Hsueh (Representative of the Company)	30,000,000	100.00%
	Supervisor	Franck Ho (Representative of the Company)	30,000,000	100.00%
Young Optics Inc.	Chairman	Sarah Lin (Representative of the Company)	39,461,586	34.60%
	Director	Ken Wang (Representative of the Company)	39,461,586	34.60%
	Director	Sara Lin (Representative of the Company)	39,461,586	34.60%
	Director	Claude Hsu	30,336	0.03%
	Independent Director	Hsiang-hsun Wu	—	—
	Independent Director	Wan-Ting Yuan	—	—
	Independent Director	Chih-Hun Huang	—	—
	President	Claude Hsu	30,336	0.03%
Mejiro Genossen Inc.	Chairperson	Sam Chen	30	0.60%
Rays Optics Inc.	Chairman	Claude Hsu (Representative of Young Optics Inc.)	9,250,000	92.50%
	Director	Sarah Lin (Representative of Young Optics Inc.)	9,250,000	92.50%
	Director	Hsien Chi Chiu (Representative of Young Optics Inc.)	9,250,000	92.50%
	Supervisor	Cynthia Chang	6,000	0.06%
	President	Claude Hsu	—	—
Best Alpha Investments Limited	Director	Sarah Lin (Representative of Masterview Enterprises Limited)	1,000,000	100.00%
Young Optics (Suzhou) Co., Ltd	Executive Director	Claude Hsu (Representative of Best Alpha Investments Limited)	—	100.00%
	Supervisor	Cynthia Chang	—	—
	President	Daniel Huang	—	—
Masterview Enterprises Limited	Director	Sarah Lin (Representative of Young Optics Inc.)	6,000,000	100.00%
Grace China Investments Limited	Director	Sarah Lin (Representative of Masterview Enterprises Limited)	8,156,458	100.00%
Young Optics (Kunshan) Co., Ltd	Executive Director	Claude Hsu (Representative of Grace China Investments Limited/ Representative of Best Alpha Investments Limited)	—	100.00%
	Supervisor	Cynthia Chang	—	—
	President	Daniel Huang	—	—

Company name	Position	Name or name of representative	Shareholding	
			Shares	Shareholding percentage
Young Optics Europe GmbH	Executive Director	Uwe Carsten Brick	—	25.00%
Young Optics (BD) Limited	Director	Juice Liao (Representative of Masterview Enterprises Limited)	4,149,936	62.50%
	Executive Director	Sam Tseng (Representative of Grace China Investments Limited)	2,479,960	37.50%
Coretronic Intelligent Cloud Service Corporation	Chairman	Yunu Lin (Representative of the Company)	25,000,000	100.00%
	Director	SY Chen (Representative of the Company)	25,000,000	100.00%
	Director	Franck Ho (Representative of the Company)	25,000,000	100.00%
	Supervisor	Max Lee (Representative of the Company)	25,000,000	100.00%
Coretronic System Engineering Limited	Director	Miranda Wang (Representative of Coretronic Intelligent Cloud Service Corporation)	1,500,000	100.00%
Coretronic System Engineering Hong Kong Limited	Director	Miranda Wang (Representative of Coretronic System Engineering Limited)	1,500,000	100.00%
Coretronic System Engineering (Shanghai) Co., Ltd.	Director	Yunu Lin (Representative of Coretronic System Engineering Hong Kong Limited)	—	100.00%
	Supervisor	Franck Ho (Representative of Coretronic System Engineering Hong Kong Limited)	—	100.00%
uCare Medical Electronics Co., Ltd.	Chairman	Sarah Lin	450,000	3.41%
	Director	Franck Ho (Representative of the Company)	8,000,000	60.69%
	Director	Tzu-Ruei Lien (Representative of Chi Hua Fitness Co., Ltd.)	2,273,000	17.24%
	Supervisor	Daisy Lin	—	—
Champ Vision Display Inc.	Chairman	Sarah Lin (Representative of the Company)	14,400,000	80.00%
	Director	Franck Ho (Representative of the Company)	14,400,000	80.00%
	Director	Nick Lu (Representative of the Company)	14,400,000	80.00%
	Supervisor	Daisy Lin	—	—
Coretronic Intelligent Robotics Corporation	Chairman	Robert Hsueh (Representative of the Company)	18,000,000	100.00%
	Director	Mac Chiang (Representative of the Company)	18,000,000	100.00%
	Director	Franck Ho (Representative of the Company)	18,000,000	100.00%
	Supervisor	Daisy Lin (Representative of the Company)	18,000,000	100.00%
InnoSpectra Corporation	Chairman	Ann Wu (Representative of the Company)	4,800,000	80.00%
	Director	William Hsu (Representative of the Company)	4,800,000	80.00%
	Director	Franck Ho (Representative of the Company)	4,800,000	80.00%
	Supervisor	Daisy Lin	—	—
Coretronic MEMS Corporation	Chairman	Robert Hsueh (Representative of the Company)	18,000,000	100.00%
	Director	Franck Ho (Representative of the Company)	18,000,000	100.00%
	Director	Eric Wu (Representative of the Company)	18,000,000	100.00%
	Supervisor	Daisy Lin (Representative of the Company)	18,000,000	100.00%
Coretronic Reality Inc.	Chairman	Robert Hsueh (Representative of the Company)	10,000,000	100.00%
	Director	Nore Chen (Representative of the Company)	10,000,000	100.00%
	Director	Franck Ho (Representative of the Company)	10,000,000	100.00%

Company name	Position	Name or name of representative	Shareholding	
			Shares	Shareholding percentage
	Supervisor	Daisy Lin (Representative of the Company)	10,000,000	100.00%
Coretronic Vietnam Company Limited	Legal representative	Dino Wang (Representative of the Company)	—	100.00%
Coretronic Intelligent Logistics Solutions Corporation	Chairman	CY Lin (Representative of the Company)	5,000,000	100.00%
	Director	Mark Wen (Representative of the Company)	5,000,000	100.00%
	Director	Franck Ho (Representative of the Company)	5,000,000	100.00%
	Supervisor	Daisy Lin (Representative of the Company)	5,000,000	100.00%

(II) Performance of affiliated companies

1. Financial position and business performance of affiliated enterprises

December 31, 2021
Unit: NTD thousands

Company name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Current net profit (loss)
Tecpoint Limited	1,189,905	3,595,859	0	3,595,859	0	0	121,213
Great Pride Inc.	326,624	2,833,442	0	2,833,442	0	0	99,806
Great Pride Hong Kong Limited	327	2,890,904	58,524	2,832,381	167,683	0	99,806
Nano Precision (Suzhou) Co., Ltd	368,144	3,267,234	529,341	2,737,893	1,526,141	122,160	99,805
Nano Precision Taiwan Limited	300,000	329,348	244,096	85,252	307,478	(79,678)	(77,836)
Nano Display Hong Kong Limited	215,904	504,859	0	504,859	0	0	15,611
Guangzhou Nano Display Co., Ltd.	215,904	591,407	86,566	504,841	228,856	7,812	15,611
Core-Flex Limited	996,480	391,885	119,799	272,086	0	0	6,131
Yang Bright Optical (Suzhou) Co., Ltd.	996,480	390,982	(1,238)	392,220	838	(2,386)	6,131
Visicorp Limited	422	12,569,639	0	12,569,639	0	0	743,372
Bigshine International Limited	83	201,134	0	201,134	0	(14,023)	(21,905)
Bigshine International Hong Kong Limited	221	532,283	0	532,283	0	(1)	(21,030)
Coretronic (Shanghai) Co., Ltd	221,440	240,090	1,583	238,507	0	(4,294)	(21,400)
Investdragon Limited	5,868	515	0	515	0	0	1
Wisdom Success Limited	1,199	10,479,574	0	10,479,574	0	0	690,145
Wisdom Success Hong Kong Limited	498	6,702,702	36,870	6,665,832	7,744	(5,048)	581,465
Coretronic (Suzhou) Co., Ltd	553,600	4,910,609	104,107	4,806,502	99,414	34,615	80,227
Coretronic Technology (HK) Limited	27,680	0	0	0	0	0	0
Coretronic Technology (BRVT) Company Limited	830,400	0	0	0	0	0	0
Coretronic Optotech (Suzhou) Co. Ltd.	332,160	10,326,933	9,118,016	1,208,917	4,576,767	302,524	262,685
Coretronic Optics(Suzhou) Co.,Ltd	276,800	7,491,678	6,873,366	618,312	6,537,069	299,574	243,545
Lead Bright International Limited	130	917,159	0	917,159	0	0	20,374
Lead Bright Hong Kong Limited	498	3,512,669	0	3,512,669	0	0	78,032
Coretronic (Ningbo) Co., Ltd	553,600	3,988,467	475,949	3,512,518	1,417,976	16,554	78,032
Elite View Limited	138	535,863	0	535,863	0	0	40,079
Elite View Hong Kong Limited	360	1,393,294	0	1,393,294	0	0	104,210
Coretronic (Guangzhou) Co., LTD.	359,840	1,651,435	258,155	1,393,280	725,808	98,845	104,210
Young Lighting Limited	108,146	872,597	0	872,597	0	0	332,623
YLG Limited	166,080	24,209	0	24,209	0	0	27,574
YLG Optotech (Guangzhou) Limited	166,080	316,519	292,339	24,180	729,231	24,039	27,574
Brightbridge Resources Limited	816,560	481,226	2,461	478,765	0	0	173,865
Crystal World Finance Limited	616,101	363,017	138	362,879	0	0	131,163
Coretronic Display (Suzhou) Co., Ltd.	1,432,661	5,873,168	5,029,161	844,007	9,110,867	169,155	101,142
Coretronic (BVI) Investment Corp.	13,070	5,728,107	11,848	5,716,259	0	0	503,147
Greendale Investments Limited	1,284	9,017,668	3,290,101	5,727,567	0	0	503,147
Kunshan Yiteng Technology Service Co., Ltd.	11,072	31,621	4,467	27,154	27,192	1,356	2,371
Coretronic Projection (Kunshan) Co., Ltd	1,273,280	8,771,816	3,069,712	5,702,104	12,624,050	368,190	498,668
Coretronic Optics (Kunshan) Corporation	182,343	2,516,031	2,012,752	503,279	7,060,302	110,912	81,423
Coretronic Robotek (Kunshan) Corporation	52,098	52,110	0	52,110	0	0	12
Sinolink Global Limited	27	1,323,044	0	1,323,044	0	0	51,638

Company name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Current net profit (loss)
Mat Limited	27	1,323,033	0	1,323,033	0	(3,090)	51,637
Vimax (Kunshan) Co., LTD.	49,824	1,363,302	47,965	1,315,337	75,403	25,008	54,720
Young Green Energy Co., LTD	188,500	235,969	11,714	224,255	0	6,207	13,975
Boom Power Trading Corp.	27,680	122,100	64	122,036	0	0	6,870
Boom Power Electronics (Suzhou) Co., Ltd.	27,680	123,941	1,923	122,018	17,005	4,173	6,870
Calibre UK Limited	3,734	47,186	21,608	25,578	20,434	(59,885)	(93,594)
Optoma Thchnology Corporation	584,620	3,833,753	2,917,917	915,836	3,227,410	(66,944)	461,617
Dynamic Time Investments Limited	411	2,200,280	0	2,200,280	0	(181)	541,940
Optoma (China & H.K.) Limited	8,517	9,210	810	8,400	32,993	853	(1,189)
Mordern Smart Technology Ltd.	33,216	125,099	83,040	42,059	0	0	35,976
Optoma China Co.,Ltd.	33,216	431,033	338,864	92,169	1,031,516	41,169	38,681
Coretronic Investment Limited	3,132	1,258,695	1,274,122	(15,427)	0	0	(19,594)
Optoma Holding Limited	931,274	1,259,582	4,019	1,255,563	0	(4,500)	159,434
Optoma Corporation	251,247	1,298,156	907,169	390,987	2,125,486	365,612	294,149
Optoma Technology,Inc.	30,000	29,974	0	29,974	0	(33)	(26)
Optoma Europe Ltd.	44,759	2,366,621	1,611,020	755,601	4,299,932	277,450	208,800
Optoma Deutschland GmbH	30,005	74,390	29,671	44,719	73,376	19,158	11,231
Optoma France, S.A.S.	3,132	83,383	60,361	23,022	90,938	13,004	8,554
Optoma Scandinavia.A.S.	308	9,586	4,436	5,150	20,173	180	214
Optoma Espana,S.L.	3,226	14,917	2,985	11,932	20,130	1,013	225
Optoma Benelux B.V.	564	30,349	14,378	15,971	29,641	4,978	4,027
Chung Tsen Investment Corp.	1,270,997	2,569,107	2,786	2,566,321	0	(60)	32,585
Tsen Ming Investment Corp.	324,432	469,959	2,535	467,424	0	(51)	(9,882)
Venture Orient Limited	154	587,114	0	587,114	0	(3,728)	22,365
Coretronic Venture Capital Corp.	300,000	308,074	15	308,059	0	(50)	3,927
Young Optics Inc.	1,140,598	5,940,138	2,756,303	3,183,835	4,562,666	27,300	26,974
Mejiro Genossen Inc.	15,633	67,137	30,040	37,097	104,202	10,277	8,641
Rays Optics Inc.	100,000	167,518	62,228	105,290	277,428	11,848	11,048
Best Alpha Investments Limited	27,680	507,834	0	507,834	0	(6)	23,594
Young Optics (Suzhou) Co., Ltd	27,680	331,811	94,671	237,140	278,398	19,180	18,474
Masterview Enterprises Limited	166,080	1,672,822	0	1,672,822	0	(71)	(45,920)
Grace China Investments Limited	225,771	1,138,882	69,037	1,069,845	0	(91)	(16,322)
Young Optics (Kunshan) Co., Ltd	614,496	1,417,853	434,004	983,849	2,016,328	8,830	19,027
Young Optics Europe GmbH	783	871	541	330	14,480	(2,435)	(1,193)
Young Optics (BD) Limited	213,887	692,232	592,916	99,316	72,094	(75,880)	(81,572)
Coretronic Intelligent Cloud Service Corporation	250,000	594,050	278,278	315,772	796,267	53,030	49,743
Coretronic System Engineering Limited	41,520	26,641	0	26,641	0	0	3,222
Coretronic System Engineering Hong Kong Limited	41,520	26,641	0	26,641	0	0	3,222
Coretronic System Engineering (Shanghai) Co., Ltd.	41,520	71,332	44,691	26,641	607	3,030	3,222
uCare Medical Electronics Co., Ltd.	131,820	52,364	14,518	37,846	20,604	(23,132)	(21,860)
Champ Vision Display Inc.	180,000	668,677	479,264	189,413	1,278,565	2,905	1,587
Coretronic Intelligent Robotics Corporation	180,000	265,993	84,658	181,335	49,499	(135,635)	(126,253)
InnoSpectra Corporation	60,000	25,515	14,286	11,229	30,652	(5,654)	(4,977)
Coretronic MEMS Corporation	180,000	140,557	100,009	40,548	47,708	(78,854)	(69,750)

Company name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Current net profit (loss)
Coretronic Reality Inc.	100,000	66,259	8,240	58,019	130	(15,281)	(15,080)
Coretronic Vietnam Company Limited	85,325	2,329,586	2,410,945	(81,359)	704,082	(151,703)	(161,179)
Coretronic Intelligent Logistics Solutions Corporation	50,000	65,281	23,966	41,315	70,453	(8,959)	(8,685)

2. Declaration concerning consolidated financial statements of affiliated companies:
Please see page 160.

(III) Relationship report: Not applicable.

II. Private placement of securities in the last year up till the publication date of annual report:
None.

III. Holding or disposal of the Company's shares by subsidiaries in the last financial year, up till the publication date of annual report: None.

IV. Other supplementary information:

(I) Execution of 2021 shareholder meeting resolution:

1. Passed 2020 business report and financial statements.
2. Passed 2020 earnings appropriation proposal.
Progress: August 7, 2021 was set as the dividend baseline date, whereas August 20, 2021 was set as the payment date.
(Cash dividends: NTD 3 per share)
3. Passed formulation to the Company's Rules of Procedure for Shareholders' Meetings."
Progress: Have been published on the Company's website on July 30, 2021.
4. Passed formulation to the Company's Rules for Election of Directors."
Progress: Have been published on the Company's website on July 30, 2021.
5. Passed amendments to the Company's "Procedures of Acquisition or Disposal of Assets."
Progress: Have been published on the MOPS and the Company's website on July 30, 2021.

(II) Unfulfilled TPEX commitments as of the publication of annual report: None.

Nine. Occurrences Significant to Shareholders' Equity or Securities Price, as Defined in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, in the Last Year Up Till the Publication Date of Annual Report: None.

IV. Financial report for the most recent year

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Coretronic Corporation as of and for the year ended December 31, 2021, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Coretronic Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

CORETRONIC CORPORATION

By

Wade Chang
Chairman

February 14, 2022

Independent Auditors' Report

To Coretronic Corporation

Opinion

We have audited the accompanying consolidated balance sheets of Coretronic Corporation and its subsidiaries (“the Group”) as of December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”).

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter – Making Reference to the Audits of Component Auditors section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and cash flows for the years ended December 31, 2021 and 2020, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2021 consolidated financial statements. 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.

Valuation for inventories

The Group recognized the allowance write-down of inventories amounted to NT\$629,953 thousand for the year ended December 31, 2021, due to the rapid technological changes and innovation for projectors, backlight, and FPD-related products. Considering the amount of inventories was significant and the assessment of the amount of inventories write-downs requires the management's important judgement, we determined this is a key audit matter. Our audit procedures included, but not limited to, evaluating and testing the design and operating effectiveness of internal controls around inventories; evaluating the methodologies and assumptions used, including the reasonableness of the allowance write-down of inventories; testing the source of the basic data, including the aging and net realizable value of inventories, and recalculating its correctness; evaluating the overall adequacy of the allowance write-down of inventories through analytical review procedures. We also assessed the adequacy of disclosures of inventories. Please refer to Notes 5 and 6 to the Group's consolidated financial statements.

Revenue recognition

The Group recognized the revenue amounted to NT\$49,833,368 thousand for the year ended December 31, 2021. Main source of revenue comes from projectors, backlight, and FPD-related sales of products and related services. As revenue is the main operating activity of the Group, the Group recognized revenue when transferring a promised product or service to a customer. The terms of trade in the products agreed in their contracts are different when the performance obligations were satisfied. As a result of the higher complexity of revenue recognition, we determined the matter to be a key audit matter. Our audit procedures include, but not limited to, assessing the appropriateness of the accounting policy for revenue recognition; evaluating and testing the effectiveness of internal controls within the revenue recognition; performing product-specific analytical procedures; viewing their transactions certificate and performing cut-off procedures on selected samples for a period before and after the reporting date; tracing to relevant documentation, and testing details of transaction, including sales contracts, terms of trade and other contents, and verifying the appropriateness of the timing of revenue recognition. Please refer to Notes 4 and 6 to the Group's consolidated financial statements.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain consolidated subsidiary whose statements are based solely on the reports of other auditors. Total assets of the consolidated subsidiary amounted to NT\$47,186 thousand and NT\$125,002 thousand, representing 0.08% and 0.26% of consolidated total assets as of December 31, 2021 and 2020, respectively; and total operating revenues amounted to NT\$20,434 thousand and NT\$21,408 thousand, representing 0.04% and 0.05% of the consolidated total operating revenues for the years ended December 31, 2021 and 2020, respectively. We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of other auditors. These associates and joint ventures under equity method amounted to NT\$43,035 thousand and NT\$46,433 thousand, representing 0.07% and 0.10% of consolidated total assets as of December 31, 2021 and 2020, respectively. The related shares of (loss) gain from the associates and joint ventures under the equity method amounted to NT\$(3,689) thousand and NT\$(1,708) thousand, representing (0.13)% and (0.09)% of the consolidated net income before tax for the years ended December 31, 2021 and 2020, 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 the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by 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 ability to continue as a going concern of the Group, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Group. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2021 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Others

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended December 31, 2021 and 2020.

Kuo, Shao-Pin

Chen, Chih-Chung

Ernst & Young, Taiwan

February 14, 2022

Notice to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the R.O.C. and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the R.O.C.

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2021 and 2020

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Note	December 31, 2021	%	December 31, 2020	%
Current assets					
Cash and cash equivalents	4, 6(1)	\$ 11,229,839	18.27	\$ 18,300,564	38.71
Financial assets at fair value through profit or loss-current	4, 6(2)	180,759	0.29	372,859	0.79
Financial assets at fair value through other comprehensive income-current	4, 6(3)	-	-	1,330	-
Financial assets at amortised cost-current	4, 6(4)	5,483,485	8.92	-	-
Notes receivables, net	4, 6(5), 6(19)	28,098	0.05	25,200	0.05
Trade receivables, net	4, 6(6), 6(19)	18,937,127	30.81	11,659,562	24.66
Trade receivable-related parties, net	4, 6(6), 6(19), 7	5,842	0.01	-	-
Other receivables	4, 8	722,000	1.17	337,856	0.71
Current tax assets	4, 6(24)	77,866	0.13	15,315	0.04
Inventories, net	4, 5, 6(7)	9,301,377	15.13	4,886,148	10.34
Prepayments		850,479	1.38	591,335	1.25
Other current assets		139,432	0.23	95,414	0.20
Total current assets		46,956,304	76.39	36,285,583	76.75
Non-current assets					
Financial assets at fair value through other comprehensive income-noncurrent	4, 6(3)	3,988,804	6.49	911,750	1.93
Investments accounted for using the equity method	4, 6(8)	43,035	0.07	46,433	0.10
Property, plant and equipment, net	4, 6(9), 8	7,513,806	12.22	7,158,625	15.14
Right-of-use assets	4, 6(20)	1,938,026	3.15	1,742,299	3.69
Investment property, net	4, 6(10), 8	152,301	0.25	160,354	0.34
Intangible assets	4, 6(11)	330,634	0.54	408,646	0.86
Deferred tax assets	4, 6(24)	270,147	0.44	338,374	0.72
Net defined benefit assets-noncurrent	4, 6(15)	18,385	0.03	15,135	0.03
Other noncurrent assets	8	258,951	0.42	207,864	0.44
Total non-current assets		14,514,089	23.61	10,989,480	23.25
Total assets		\$ 61,470,393	100.00	\$ 47,275,063	100.00

(continued)

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2021 and 2020

(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Note	December 31, 2021	%	December 31, 2020	%
Current liabilities					
Short-term borrowings	6(12)	\$ 11,812,397	19.22	\$ 5,137,417	10.87
Financial liabilities at fair value through profit or loss-current	4, 6(13)	57,060	0.09	35,854	0.08
Hedging financial liabilities-current	4, 6(13)	-	-	4,702	0.01
Contract liabilities-current	6(18)	301,242	0.49	250,475	0.53
Notes payable		666	-	333	-
Accounts payable		13,465,920	21.90	8,148,600	17.24
Accounts payable-related parties	7	29,824	0.05	11,383	0.02
Other payables	7	5,297,433	8.62	4,213,229	8.90
Current tax liabilities	4, 6(24)	895,552	1.46	763,137	1.61
Provisions-current	4, 6(16)	578,084	0.94	700,964	1.48
Lease liabilities-current	4, 6(20)	331,267	0.54	229,241	0.49
Other current liabilities		639,571	1.04	541,799	1.15
Current portion of long-term borrowings	6(14)	316,446	0.51	116,728	0.25
Total current liabilities		33,725,462	54.86	20,153,862	42.63
Non-current liabilities					
Long-term borrowings	6(14)	1,826,901	2.97	552,751	1.17
Deferred tax liabilities	4, 6(24)	78,069	0.13	94,446	0.20
Lease liabilities-noncurrent	4, 6(20)	1,439,893	2.34	1,325,181	2.80
Net defined benefit liabilities-noncurrent	4, 6(15)	156,435	0.26	165,113	0.35
Other noncurrent liabilities		26,632	0.04	44,275	0.10
Total non-current liabilities		3,527,930	5.74	2,181,766	4.62
Total liabilities		37,253,392	60.60	22,335,628	47.25
Equity attributable to owners of the parent					
Share capital					
Common stock	6(17)	3,909,811	6.36	4,344,231	9.19
Capital surplus	4, 6(17)	2,893,442	4.71	3,548,559	7.51
Retained earnings	6(17), 6(25)				
Legal reserve		4,046,623	6.58	3,889,871	8.23
Special reserve		2,469,437	4.02	2,469,437	5.22
Unappropriated retained earning		9,650,179	15.70	10,229,840	21.64
Total retained earnings		16,166,239	26.30	16,589,148	35.09
Other equity		(817,388)	(1.33)	(1,586,454)	(3.36)
Total equity attributable to owners of the parent		22,152,104	36.04	22,895,484	48.43
Non-controlling interests	6(17)	2,064,897	3.36	2,043,951	4.32
Total equity		24,217,001	39.40	24,939,435	52.75
Total liabilities and equity		\$ 61,470,393	100.00	\$ 47,275,063	100.00

The accompanying notes are an integral part of the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
CORETRONIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2021 and 2020
(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Note	For the year ended December 31		For the year ended December 31	
		2021	%	2020	%
Net sales	4, 5, 6(18), 7	\$ 49,833,368	100.00	\$ 42,438,336	100.00
Operating costs	4, 6(7), 6(11), 6(15), 6(20), 6(21), 7	41,102,386	82.48	35,031,579	82.55
Gross profit		8,730,982	17.52	7,406,757	17.45
Operating expenses	6(11), 6(15), 6(19), 6(20), 6(21)				
Selling expenses		1,925,275	3.87	1,646,976	3.88
General and administrative expenses		2,149,263	4.31	1,910,930	4.50
Research and development expenses		3,008,812	6.04	3,152,490	7.43
Expected credit loss		1,206	-	4,272	0.01
Total operating expenses		7,084,556	14.22	6,714,668	15.82
Operating income		1,646,426	3.30	692,089	1.63
Non-operating income and expenses					
Interest income	6(22)	385,149	0.77	434,719	1.02
Other income	4, 6(22)	412,234	0.84	570,998	1.35
Other gains and losses	6(22)	494,137	0.99	334,540	0.79
Finance costs	6(22)	(148,938)	(0.30)	(193,942)	(0.46)
Share of loss of associates and joint ventures accounted for using the equity method	4, 6(8)	(3,689)	(0.01)	(1,708)	-
Total non-operating income and expenses		1,138,893	2.29	1,144,607	2.70
Income before income tax		2,785,319	5.59	1,836,696	4.33
Income tax expense	4, 6(24)	(746,039)	(1.50)	(441,540)	(1.04)
Net income		2,039,280	4.09	1,395,156	3.29
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit pension plans	6(23)	6	-	20,558	0.05
Unrealized gain from equity instrument investments measured at fair value through other comprehensive income	6(23)	1,025,700	2.06	469,433	1.11
Income tax related to items that will not be reclassified subsequently to profit or loss	6(23), 6(24)	59	-	(2,688)	(0.01)
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	6(23)	(272,133)	(0.55)	307,030	0.72
Share of other comprehensive (loss) income of associates and joint ventures accounted for using the equity method	6(23)	(2)	-	-	-
Other comprehensive income, net of tax		753,630	1.51	794,333	1.87
Total comprehensive income		\$ 2,792,910	5.60	\$ 2,189,489	5.16
Net income for the periods attributable to :					
Shareholders of the parent	6(25)	\$ 2,031,625		\$ 1,560,418	
Non-controlling interests	6(17), 6(26)	\$ 7,655		\$ (165,262)	
Total comprehensive income (loss) for the periods attributable to :					
Shareholders of the parent		\$ 2,801,001		\$ 2,352,647	
Non-controlling interests		\$ (8,091)		\$ (163,158)	
Basic Earnings Per Share (in New Taiwan Dollars)	6(25)	\$ 5.12		\$ 3.59	
Diluted Earnings Per Share (in New Taiwan Dollars)	6(25)	\$ 5.06		\$ 3.54	

The accompanying notes are an integral part of the consolidated financial statements.

CORETRONIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2021 and 2020

(Amounts in thousands of New Taiwan Dollars)

Description	Equity attributable to owners of the parent										Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings			Exchange differences on translation of foreign operations	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income (loss)	Treasury stock	Total			
			Legal reserve	Special reserve	Unappropriated retained earning							
Balance as of January 1, 2020	\$ 4,344,231	\$ 3,727,475	\$ 3,774,564	\$ 2,469,437	\$ 9,429,258	\$ (2,324,947)	\$ (36,823)	\$ -	\$ 21,383,195	\$ 2,169,365	\$ 23,552,560	
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	1,407	-	-	-	-	-	-	1,407	-	1,407	
Acquisition or disposal of the interest of subsidiaries	-	36,889	-	-	(9,808)	-	-	-	27,081	43,362	70,443	
Appropriation and distribution of 2019 earnings:												
Legal reserve	-	-	115,307	-	(115,307)	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(651,634)	-	-	-	(651,634)	-	(651,634)	
Cash dividends distributed from capital surplus	-	(217,212)	-	-	-	-	-	-	(217,212)	-	(217,212)	
Net income for the year ended December 31, 2020	-	-	-	-	1,560,418	-	-	-	1,560,418	(165,262)	1,395,156	
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	16,913	304,459	470,857	-	792,229	2,104	794,333	
Total comprehensive income (loss)	-	-	-	-	1,577,331	304,459	470,857	-	2,352,647	(163,158)	2,189,489	
Decrease of non-controlling interests	-	-	-	-	-	-	-	-	-	(5,618)	(5,618)	
Balance as of December 31, 2020	4,344,231	3,548,559	3,889,871	2,469,437	10,229,840	(2,020,488)	434,034	-	22,895,484	2,043,951	24,939,435	
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	293	-	-	-	-	-	-	293	-	293	
Acquisition or disposal of the interest of subsidiaries	-	127,012	-	-	-	-	-	-	127,012	36,117	163,129	
Changes in subsidiaries' ownership	-	(4,815)	-	-	(169)	-	-	-	(4,984)	-	(4,984)	
Appropriation and distribution of 2020 earnings:												
Legal reserve	-	-	156,752	-	(156,752)	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(1,172,944)	-	-	-	(1,172,944)	-	(1,172,944)	
Cash dividends distributed from capital surplus	-	(390,981)	-	-	-	-	-	-	(390,981)	-	(390,981)	
Net income for the year ended December 31, 2021	-	-	-	-	2,031,625	-	-	-	2,031,625	7,655	2,039,280	
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	310	(255,769)	1,024,835	-	769,376	(15,746)	753,630	
Total comprehensive income (loss)	-	-	-	-	2,031,935	(255,769)	1,024,835	-	2,801,001	(8,091)	2,792,910	
Treasury stock acquired	-	-	-	-	-	-	-	(2,102,777)	(2,102,777)	-	(2,102,777)	
Treasury stock retired	(434,420)	(386,626)	-	-	(1,281,731)	-	-	2,102,777	-	-	-	
Decrease of non-controlling interests	-	-	-	-	-	-	-	-	-	(7,080)	(7,080)	
Balance as of December 31, 2021	\$ 3,909,811	\$ 2,893,442	\$ 4,046,623	\$ 2,469,437	\$ 9,650,179	\$ (2,276,257)	\$ 1,458,869	\$ -	\$ 22,152,104	\$ 2,064,897	\$ 24,217,001	

The accompanying notes are an integral part of the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2021 and 2020

(Amounts in thousands of New Taiwan Dollars)

Description	For the years ended December 31		Description	For the years ended December 31	
	2021	2020		2021	2020
Cash flows from operating activities :			Cash flows from investing activities :		
Net income before tax	\$ 2,785,319	\$ 1,836,696	Acquisition of investments accounted for using the equity method	-	(23,800)
Adjustments for:			Acquisition of financial assets at fair value through profit or loss	(130,578)	(59,320)
The profit or loss items which did not affect cash flows:			Proceeds from disposal of financial assets at fair value through profit or loss	129,648	-
Expected credit loss	1,206	4,272	Acquisition of financial assets at fair value through other comprehensive income	(2,054,000)	-
Depreciation (including investment property and right-of-use assets)	1,325,377	1,270,434	Proceeds from disposal of financial assets at fair value through other comprehensive income	1,219	-
Amortization (including other noncurrent assets)	115,440	111,032	Acquisition of financial assets at amortized cost-current	(5,483,485)	-
Interest expenses	148,938	193,942	Acquisition of property, plant and equipment	(1,465,671)	(1,146,872)
Interest income	(385,149)	(434,719)	Proceeds from disposal of property, plant and equipment	140,912	8,276
Dividend income	(34,640)	-	Acquisition of intangible assets	(85,129)	(237,573)
Transfer of property, plant and equipment to expense	4,683	908	Proceeds from disposal of intangible assets	381	-
(Gain) loss on disposal of property, plant and equipment	(93,351)	3,213	Increase in other noncurrent assets	(52,620)	(29,883)
Gain on disposal of Intangible assets	(2)	-	Net cash used in investing activities	(8,999,323)	(1,489,172)
Gain on disposal of other noncurrent assets	(43)	(89)			
Gain on disposal of investments	-	(24)	Cash flows from financing activities:		
Share of loss of associates and joint ventures accounted for using the equity method	3,689	1,708	Increase (decrease) in short-term borrowings	6,674,980	(3,383,924)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	214,236	(311,059)	Increase in long-term borrowings (including current portion of long-term borrowings)	1,473,868	486,046
Impairment of non-financial assets	56,629	28,276	Decrease in guarantee deposits	(5,099)	(8,068)
Changes in operating assets and liabilities:			Decrease in other noncurrent liabilities	(12,544)	(1,387)
Note receivables	(2,898)	16,267	Cash dividends	(1,563,925)	(868,846)
Accounts receivables	(7,278,424)	23,777	Cash payment for the principal portion of lease liabilities	(301,528)	(316,294)
Accounts receivables-related parties	(5,842)	201	Proceeds from disposal of subsidiaries' ownership (without a change of control)	165,445	72,664
Other receivables	(255,236)	(139,770)	Treasury stock acquired	(2,102,777)	-
Inventories	(4,405,186)	1,177,367	Change in non-controlling interests	(7,080)	(5,618)
Prepayments	(243,751)	(56,642)	Net cash provided by (used in) financing activities	4,321,340	(4,025,427)
Other current assets	(44,018)	43,782			
Other operating assets	1,892	(37,944)	Effect of exchange rate changes on cash and cash equivalents	(253,503)	284,603
Contract liabilities	50,767	(43,677)			
Notes payable	333	(174)	Net decrease in cash and cash equivalents	(7,070,725)	(1,861,299)
Accounts payable	5,317,320	(292,590)	Cash and cash equivalents at the beginning of the period	18,300,564	20,161,863
Accounts payable-related parties	18,441	(12,062)	Cash and cash equivalents at the end of the period	\$ 11,229,839	\$ 18,300,564
Other payables	1,080,201	127,660			
Provisions-current	(122,880)	(66,386)			
Other current liabilities	97,772	87,813			
Net defined benefit assets/liabilities	(11,922)	(13,752)			
Cash (used in) generated from operating activities	(1,661,099)	3,518,460			
Dividend received	34,640	-			
Interest received	256,421	489,355			
Interest paid	(144,935)	(200,731)			
Income tax paid	(624,266)	(438,387)			
Net cash (used in) provided by operating activities	(2,139,239)	3,368,697			

The accompanying notes are an integral part of the consolidated financial statements.

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

1. HISTORY AND ORGANIZATION

Coretronic Corporation (“CORE”) was incorporated at Hsinchu Science-based Industrial Park on June 30, 1992 and set up branch offices at Hsinchu Industrial Park and Tainan Science-based Industrial Park on October 17, 1997 and November 16, 2004, respectively. CORE mainly engages in the R&D, production, manufacturing and marketing of projectors, backlight, and FPD-related products. CORE’s ordinary shares were publicly listed on the Taipei Exchange on January 20, 1999.

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of CORE and its subsidiaries (“the Group”) were authorized for issue in accordance with the resolution of the Board of Directors’ meeting on February 14, 2022.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended, which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2021. The adoption of these new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Standards or Interpretations Numbers	New, Revised or Amended Standards and Interpretations	Effective Dates
IFRS 3, IAS 16, IAS 37	Narrow-scope amendments of IFRS and the Annual Improvements	January 1, 2022

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

A. Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

(a) Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

(b) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting amounts received from selling items produced from the cost of property, plant and equipment while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related costs in profit or loss.

(c) Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

(d) Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1

The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 Financial Instruments

The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee’s leasehold improvements.

Amendment to IAS 41

The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC, and the local effective date, January 1, 2022, is determined by FSC. As the Group is currently determining the potential impact of the standards and interpretations listed above, the remaining new standards and amendments had no material impact on the Group.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not yet endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Standards or Interpretations Numbers	New, Revised or Amended Standards and Interpretations	Effective Dates
IFRS 10 and IAS 28	Amendments to Consolidated Financial Statements and Investments in Associates and Joint Ventures	To be determined by IASB
IFRS 17	Insurance Contracts	January 1, 2023
IAS 1 Amendment	Classification of Liabilities as Current or Non-current	January 1, 2023
IAS 1 Amendment	Disclosure Initiative - Accounting Policies	January 1, 2023
IAS 8 Amendment	Definition of Accounting Estimates	January 1, 2023
IAS 12 Amendment	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023

A. IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

IFRS 10 was also amended so that the gain or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

B. IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model. Under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfillment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in June 2020. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

C. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

D. Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures to provide more useful information to investors and other primary users of the financial statements.

E. Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

F. Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12, so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations issued by IASB have not yet been endorsed by FSC, and the local effective dates are to be determined by FSC. As the Group is currently determining the potential impact of the standards and interpretations listed above, it is not practicable to estimate their impacts on the Group at this point in time.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The consolidated financial statements of the Group for the years ended December 31, 2021 and 2020 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and standards, interpretations, and amendments issued, revised, or amended which are endorsed and became effective by FSC (collectively, “TIFRS”).

(2) Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

(3) General Description of Reporting Entity

Principles of consolidation

Control is achieved when CORE is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, CORE controls an investee if and only if CORE has:

- A. power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- B. exposure, or rights, to variable returns from its involvement with the investee; and
- C. the ability to use its power over the investee to affect its returns.

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

When CORE has less than a majority of the voting or similar rights of an investee, CORE considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- A. the contractual arrangement with the other vote holders of the investee;
- B. rights arising from other contractual arrangements;
- C. CORE's voting rights and potential voting rights.

CORE re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which CORE obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent group, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If loses control of a subsidiary, it:

- A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- B. derecognizes the carrying amount of any non-controlling interest;
- C. recognizes the fair value of the consideration received;
- D. recognizes the fair value of any investment retained;
- E. recognizes any surplus or deficit in profit or loss; and
- F. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The consolidated entities are as follows:

Subsidiary	Relationship	Business nature	Percentage of Ownership	
			December 31, 2021	December 31, 2020
Tecpoint Limited (“Tecpoint”) and its subsidiaries	Subsidiary	Tecpoint is a holding company and invests in Mainland China. Tecpoint’s joint ventures are the production, manufacturing, marketing and R&D of acrylic plate, light guide plate and backlight module. The joint ventures also provide the after-sales services.	100.00%	100.00%
Visicorp Limited (“Visicorp”) and its subsidiaries	Subsidiary	Visicorp is a holding company and invests in Mainland China. Visicorp’s joint ventures are the R&D, production and marketing of backlight module and components. The joint ventures also provide after-sales services.	100.00%	100.00%
Coretronic (BVI) Investment Corp. (“Coretronic BVI”) and its subsidiaries	Subsidiary	BVI is a holding company and invests in Mainland China. BVI’s joint ventures are the R&D, production, manufacturing and marketing of digital projector, LCD monitor and components. The joint ventures also provide after-sales services.	100.00%	100.00%

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Subsidiary	Relationship	Business nature	Percentage of Ownership	
			December 31, 2021	December 31, 2020
Sinolink Global Limited (“Sinolink”) and its subsidiaries	Subsidiary	Sinolink is a holding company and invests in Mainland China. Sinolink’s joint ventures are the design, R&D, production and marketing of projectors. The joint ventures also provide the after-sales services for self-produced and non-self-produced products.	100.00%	100.00%
Young Green Energy Co. (“YGE”) and its subsidiaries	Subsidiary	YGE is engaged in the production, wholesale and retail trade of electronic components, battery, computer and peripheral devices, and electronic material. YGE’s joint ventures are the R&D, production and marketing of transformers, inductors and power supply related products.	99.91%	99.91%
Young Optics Inc. (“TYO”) and its subsidiaries	Subsidiary	TYO is engaged in the production, marketing and R&D of electronic components and optical engines and key components. TYO’s joint ventures are the R&D, the production and after-sales services of electronic components, optical modules and components.	37.61%	38.74%

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Subsidiary	Relationship	Business nature	Percentage of Ownership	
			December 31, 2021	December 31, 2020
Young Lighting Limited (YLL) and its subsidiaries	Subsidiary	YLL is a holding company and invests in Mainland China. YLL's joint ventures are the R&D, production, manufacturing and marketing of backlight module, touch module, LCD module, other optical components and lighting application. YLL's joint ventures also provide after-sales services.	100.00%	100.00%
Optoma Corporation ("Optoma") and its subsidiaries	Subsidiary	Optoma is engaged in the production and marketing of data storage and processing equipment, electronic components, optical devices, wireless communications equipment, electronic appliances. Optoma's joint ventures are engaged in the marketing and after-sales services of products of the brand Optoma in America, Canada, Europe, Hong Kong, and Mainland China.	100.00%	100.00%
Chung Tsen Investment Corp. ("CGT") and its subsidiaries	Subsidiary	CGT is an investment company for strategic purposes.	100.00%	100.00%

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Subsidiary	Relationship	Business nature	Percentage of Ownership	
			December 31, 2021	December 31, 2020
Coretronic Intelligent Cloud Service Corporation (“CICS”) and its subsidiaries	Subsidiary	CICS is engaged in intelligent cloud, IT information, intelligent applications of new media and platform development. CICS’s joint ventures are contractor in intelligent building engineering and provide services to customers from various domains.	100.00%	100.00%
Coretronic Venture Capital Co. (“CVC”)	Subsidiary	The investment activities of business expansion.	100.00%	100.00%
uCare Medical Electronics Co., Ltd. (“UCM”)	Subsidiary	UCM is engaged in R&D, design, production and marketing of intelligent exercise and medical care related software and hardware products.	60.69%	60.69%
Champ Vision Display Inc. (“CVD”)	Subsidiary	CVD is engaged in R&D, design, production and marketing of innovative intelligent display products and system integration solution.	80.00%	80.00%
Calibre UK Ltd. (“CAL”)	Subsidiary	CAL is engaged in R&D, design, production and marketing of image processing products.	100.00%	100.00%

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Subsidiary	Relationship	Business nature	Percentage of Ownership	
			December 31, 2021	December 31, 2020
InnoSpectra Corporation (“ISC”)	Subsidiary	ISC is engaged in R&D and marketing of near-infrared spectrum and corresponding solutions.	80.00%	80.00%
Coretronic Intelligent Robotics Corporation (“CIRC”)	Subsidiary	CIRC is engaged in R&D, production and marketing of unmanned aerial vehicle and intelligent robotics.	100.00%	100.00%
Coretronic MEMS Corporation (“CMC”)	Subsidiary	CMC is engaged in R&D, production and marketing of MEMS sensor, module and corresponding solutions.	100.00%	100.00%
Coretronic Reality Inc. (“CRI”)	Subsidiary	CRI is engaged in R&D, and marketing of AR (Augmented reality) and MR (Mixed reality) wearable display solutions.	100.00%	100.00%
Coretronic Vietnam Co., Ltd.	Subsidiary	Research and development, manufacturing and sales of optical components such as backlight module, LCD module, LCD TV and panel display.	100.00%	100.00%
Coretronic Intelligent Logistics Solutions Corporation (“CILS”)	Subsidiary	System integration and application service solutions for intelligent logistics and smart manufacturing.	100.00%	-

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Subsidiary	Relationship	Business nature	Percentage of Ownership	
			December 31, 2021	December 31, 2020
Coretronic Investment Limited (UK)	Subsidiary	Coretronic Investment Limited (UK) is a holding company and invests in Europe. Coretronic Investment Limited (UK)'s joint ventures are engaged in R&D, design, production and marketing of image processing products.	100%	-

A. Refer to Note 13 for intercompany transactions between consolidated entities. Subsidiaries are fully consolidated in accordance with the Regulations.

B. The significant changes of consolidated entities described as follows:

- (a) CORE made an investment to establish 100% held subsidiary Coretronic Vietnam Co., Ltd. and had completed registration of establishment in December 2020. Coretronic Vietnam Co., Ltd. has been fully consolidated since the investment date.
- (b) As part of a business strategy, Young Lighting Limited purchased 49% of shares of YLG Limited (“YLG”) from Gunze Limited (Gunze) in December 2020, which was approved by the regulatory authority. The ownership percentage of YLG was increased to 100%.
- (c) CORE made an investment to establish 100% held subsidiary Coretronic Intelligent Logistics Solutions Corporation (“CILS”) and had completed registration of establishment in March 2021. CILS has been fully consolidated since the investment date.
- (d) Dynamic Time Investments Limited made an investment to establish 100% held subsidiary Optoma Holding Limited (“Optoma Holding”) and had completed registration of establishment in June 2021. Optoma Holding has been fully consolidated since the investment date.
- (e) CORE made an investment of EUR 100 thousand to establish 100% held subsidiary Coretronic Investment Limited (UK) in the United Kingdom in December 2021. Coretronic Investment Limited (UK) is a holding company and invests in Europe.
- (f) In consideration of group business strategy, Coretronic Investment Limited (UK) acquired 100% ownership of Optoma Holding from Dynamic Time Investment Limited in December 2021.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(4) Foreign Currency Transactions

The Group's consolidated financial statements are presented in NT\$, which is also the parent group's functional currency. Each entity in the Group determines its functional currency upon its primary economic environment and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of Foreign Currency Financial Statements

The assets and liabilities of foreign operations are translated into New Taiwan Dollars at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of foreign operations that result in a loss of control, loss of significant influence or joint control but retain partial equity is considering as disposal.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and Non-Current Distinction

An asset is classified as current when:

- A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- B. The Group holds the asset primarily for the purpose of trading
- C. The Group expects to realize the asset within twelve months after the reporting period
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- A. The Group expects to settle the liability in its normal operating cycle
- B. The Group holds the liability primarily for the purpose of trading
- C. The liability is due to be settled within twelve months after the reporting period
- D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, including time deposits with original maturities of six months or less.

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(8) Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date. The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- (a) the Group's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, at initial recognition, the Group makes an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Amounts presented in other comprehensive income are not being subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and should recorded as financial assets measured at fair value through other comprehensive income on balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Financial asset measured at fair value through profit or loss

Financial assets were measured at amortized cost or measured at fair value through other comprehensive income only if they met particular conditions. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement are recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group is recognized a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(d) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired
- (b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- (c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- (a) it is acquired or incurred principally for the purpose of selling or repurchasing it in short term;
- (b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- (a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
- (b) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of financial liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

When the Group and the creditors have a significant difference between the terms of the debt instruments to exchange, or make significant changes to all or part of the existing financial liabilities (no matter due to financial difficulties or not), deal with the way to exclude original liabilities and recognize new liabilities, when exclude the financial liabilities, the difference between book value and the total amount paid or payable (Including transferred non-cash assets or liabilities assumed) is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Derivative Instrument and Hedging Accounting

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as assets or liabilities at fair value through profit or loss except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in equity.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in equity.

When a hedged forecast transaction occurs and results in the recognition of a financial asset or a financial liability, the gain or loss recognized in other comprehensive income does not adjust the initial carrying amount of the asset or liability, but remains in equity and is reclassified from equity to profit or loss consistently with the recognition of gains and losses on the asset or liability as a reclassification adjustment.

If the transaction is no longer expected to occur, the cumulative gain or loss that had been recognized in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment. The hedging instrument expires or is sold, terminated or exercised, and the replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination. In this case, the cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income from the period when the hedge was effective shall remain separately in equity until the forecast transaction occurs.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(10) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. In the principal market for the asset or liability; or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques which are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(11) Inventories

Inventories are stated at acquisition cost, and the cost is measured by standard cost method. The Group considers the normal level of materials, labors, efficiency and equipment capacity when making regular reviews and adjustments according to the current situation.

Inventories are valued at lower of cost and net realizable value item by item. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated cost necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 but not within the scoping of inventories.

(12) Investments accounted for using the equity method

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro rata basis.

When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 "Investments in Associates and Joint Ventures". If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the "share of profit or loss of an associate" in the statement of comprehensive income in accordance with IAS 36 "Impairment of Assets". In determining the value in use of the investment, the Group estimates:

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- A. Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 “Impairment of Assets”.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(13) Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 “Property, plant and equipment”. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Name	Years
Buildings and facilities	2~50 years
Machinery and equipment	2~10 years
Transportation equipment	4~9 years
Furniture and fixtures	2~10 years
Leasing assets	2~5 years
Leasehold improvement	Depends on the lease term
Miscellaneous equipment	3~15 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate, and are treated as changes in accounting estimates.

(14) Investment Property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are measured using the cost model in accordance with the requirements of IAS 16 for that model, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Name	Years
Buildings	10~30 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Assets are transferred to or from investment properties when there is a change in use.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(15) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which is increasing the carrying amount to reflect interest on the lease liability by using an effective interest method; and reducing the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and presents interest expense separately from the depreciation charge associate with those leases in the consolidated income statement.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the COVID-19 pandemic, the Group elects to account it for as changes in lease payments, not the lease modification. The Group has applied the practical expedient to such rent concessions.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(16) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Intangible assets with finite lives are amortized over the useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each fiscal year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and is treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in other operating income and expenses.

Developing intangible assets - research and development costs

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Group can demonstrate:

- A. The technical feasibility of completing the intangible asset so that it will be available for use or sale
- B. Its intention to complete and its ability to use or sell the asset
- C. How the asset will generate future economic benefits
- D. The availability of resources to complete the asset
- E. The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. During the period of development, the asset is tested for impairment annually. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

Patent rights and trademark rights

The patent rights have been granted by the relevant enterprise for fifteen years; and the trademark rights have been granted the right to use between six and ten years.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (1 to 5 years).

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Acquired Special Technology

The special technology has been granted by the relevant enterprise for fourteen years.

(17) Impairment of Non-Financial Assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 “Impairment of Assets” may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset’s or cash-generating unit’s recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(18) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose on construction of a property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Maintenance warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgement and other known factors.

Sales returns and allowances

Sales returns and allowances are accounted in accordance with IFRS 15.

(19) Treasury shares

Acquisitions of the shares of the Group (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration, if reissues, is recognized in capital surplus under equity.

When the retirement of treasury shares, capital surplus – share premiums and share capital are debited proportionately, gains on retirement of treasury shares should be recognized under existing capital surplus arising from similar types of treasury shares; losses on retirement of treasury shares should be offset against existing capital surplus from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings.

(20) Revenue Recognition

The Group's revenue arising from contracts with customers mainly include sale of goods and rendering of services. The accounting policies for the Group's types of revenue are explained as follow:

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Sale of goods

The Group manufactures and sells of merchandise. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. Revenue is recognized based on the consideration stated in the contract. The remaining sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the products expected to be returned.

The Group provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Group's sale of goods is from 30 to 150 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the Group transfers the goods to customers and when the customers pay for that goods is usually short and have no significant financing component to the contract. For a small part of the contracts, the Group has the right to transfer the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

Rendering of services

The Group provides maintenance services of products and customized design services and the revenue is recognized once the contract is completed.

Most of the contractual considerations of the Group are received on average during the contract period after the provision of maintenance services. For some rendering of services contracts, part of the consideration was received from customers upon signing the contract, then the Group has the obligation to provide the services subsequently and it should be recognized as contract liabilities.

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arisen.

(21) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(22) Post-Employment Benefits

All regular employees of the Group and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Group and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Group and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Group recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Remeasurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- A. The date of the plan amendment or curtailment; and
- B. The date that the Group recognizes related restructuring or termination costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(23) Income Tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

Income tax on unappropriated earnings (excluding earnings from foreign consolidated subsidiaries) is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- B. In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- B. In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(24) Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 "Financial Instruments" either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where the disposition consists of the cash generating unit of goodwill, the book value of this part includes goodwill relating to the disposal of the business. The amount of goodwill is measured on the basis of the relative recoverable amount of the disposition and the retained portion.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The Group has considered the economic implications of COVID-19 on critical accounting estimates and will continue evaluating the impact on its financial position and financial performance as a result of the pandemic. The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(1) Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

B. Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Group uses judgment and estimates to determine the net realizable value of inventory at the end of each reporting period.

Due to the rapid technological changes, the Group estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventories is mainly determined based on assumptions of future demand within a specific time period, therefore material adjustments may occur. Please refer to Note 6(7).

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

C. Maintenance warranties

The provision of maintenance warranties for goods sold is based on historical experience and the specific ratios determined by other known causes to estimate the possible product warranty and maintenance that may occur. The provision is recognized in the account of cost of goods sold when goods in the selling year. Management of the Group regularly examines the reasonableness of the estimates. Refer to Note 6(16) for more details.

D. Revenue recognition - sales returns and allowance

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, on the basis of highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Please refer to Note 6 for more details.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and Cash Equivalents

	December 31,	
	2021	2020
Cash on hand, savings and checking accounts	\$4,993,183	\$8,755,840
Time deposits	6,078,756	9,544,724
Cash equivalents - repurchase agreements	157,900	-
Total	<u>\$11,229,839</u>	<u>\$18,300,564</u>

(2) Financial Assets at Fair Value through Profit or Loss

	December 31,	
	2021	2020
Financial assets designated at fair value through profit or loss:		
Derivative not designated as hedging instruments		
Forward foreign exchange contracts	\$125,399	\$315,391
Forward cross currency contracts	-	508
Subtotal	<u>125,399</u>	<u>315,899</u>
Stock option	55,360	56,960
Total	<u>\$180,759</u>	<u>\$372,859</u>
Current	\$180,759	\$372,859
Noncurrent	-	-
Total	<u>\$180,759</u>	<u>\$372,859</u>

Financial assets at fair value through profit and loss were not pledged. Please refer to Note 12 for more details.

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
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(3) Financial Assets at Fair Value through Other Comprehensive Income

	December 31,	
	2021	2020
Equity instruments investments measured at fair value through other comprehensive income		
Unlisted companies stocks	\$3,988,804	\$913,080
Current	\$-	\$1,330
Noncurrent	3,988,804	911,750
Total	\$3,988,804	\$913,080

For unlisted equity securities recognized as financial assets at fair value through other comprehensive income – current, due to expiration of trust fund, the unlisted company has completed the liquidation process in December 2021.

Financial assets at fair value through other comprehensive income were not pledged.

(4) Financial assets measured at amortized cost

	December 31,	
	2021	2020
Time deposits (with original maturity more than six months)	\$5,483,485	\$-
Current	\$5,483,485	\$-
Noncurrent	-	-
Total	\$5,483,485	\$-

The Group classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 12 for more details on credit risk.

(5) Notes Receivables

	December 31,	
	2021	2020
Notes receivable - arose from operating activities	\$28,098	\$25,200

Notes receivables were not pledged.

The Group adopted IFRS 9 for impairment assessment. Please refer to Note 6(19) for more details on accumulated impairment and refer to Note 12 for more details on credit risk disclosure.

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(6) Trade Receivables and Trade Receivables-Related Parties

	December 31,	
	2021	2020
Trade receivables	\$18,966,690	\$11,701,992
Less: allowance for doubtful accounts	(29,563)	(42,430)
Subtotal	18,937,127	11,659,562
Trade receivables for related parties	5,842	-
Total	<u>\$18,942,969</u>	<u>\$11,659,562</u>

Trade receivables were not pledged.

Trade receivables are generally on 30-150 day terms. The total carrying amounts as of December 31, 2021 and 2020, are NT\$18,972,532 thousand and NT\$11,701,992 thousand, respectively. Please refer to Note 6(19) for more details on impairment of trade receivables. Please refer to Note 12 for more details on credit risk management.

The Group entered into factoring contracts without recourse with a domestic bank. The bank pays the Group 100% of the accounts receivable factored as consideration. According to the arrangement, if the client of the trade receivables factored delays the payment, the Group shall pay interests to the bank. Upon assignment of the factoring to the bank, the bank undertakes the associated credit risk. However, the Group still issues a promissory note to the bank. If the trade receivables cannot be collected as a result of trade disputes due to factors attributable to the Group, the Group should pay the promissory note in compensation for the bank. As of December 31, 2021, factored trade receivables of NT\$1,660,011 thousand were derecognized and annual interest rates for advances from the bank ranged from 0.68% to 0.75%. As of December 31, 2020, the Group has no outstanding derecognized factored trade receivables. The credit lines of factoring contracts provided by CTBC Bank were US\$60,000 thousand and US\$40,000 thousand as of December 31, 2021 and December 31, 2020, respectively.

As of December 31, 2021, trade receivables classified as financial assets measured at fair value through profit or loss due to regular factoring without recourse were NT\$8,694,391 thousand.

(7) Inventories

	December 31,	
	2021	2020
Raw materials and supplies	\$6,555,737	\$1,688,391
Work in process	405,578	168,182
Finished goods	2,340,062	3,029,575
Total	<u>\$9,301,377</u>	<u>\$4,886,148</u>

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The cost of inventories recognized in expenses amounted to NT\$41,102,386 thousand and NT\$35,031,579 thousand for the years ended December 31, 2021 and 2020, including the write-down of inventories and obsolescence loss of NT\$59,087 thousand and NT\$174,415 thousand, respectively.

The allowance write-down of inventories amounted to NT\$629,953 thousand and NT\$682,646 thousand as of December 31, 2021 and 2020, respectively.

No inventories were pledged.

(8) Investments Accounted for Using the equity method

Details of investments accounted for using the equity method are as follows:

Investees	December 31, 2021	
	Carrying amount	Percentage of ownership (%)
Investments in associates:		
Eterge Opto-Electronics Co., LTD (“EOE”)	\$43,035	18.50%
Investees	December 31, 2020	
	Carrying amount	Percentage of ownership (%)
Investments in associates:		
Eterge Opto-Electronics Co., LTD (“EOE”)	\$46,433	18.50%
Genejet Biotech Co., Ltd. (“Genejet”)	-	19.51%
	\$46,433	

In August 2020, EOE issued new shares by cash; however, the Group failed to acquire shares newly issued by EOE proportionately to its original ownership interest and therefore, the stockholding percentage in EOE was reduced from 20.00% to 18.50%. The investment of EOE is not significant to the Group.

In October 2021, GeneJet issued new shares by cash; however, the Group failed to acquire shares newly issued by GeneJet proportionately to its original ownership interest and therefore, the stockholding percentage in GeneJet was reduced from 19.51% to 5.85%. In consideration of loss of significant influence, the investment of Genejet was transferred to financial assets at fair value through other comprehensive income - noncurrent.

The Company recognized share of (loss) gain loss of associates and joint ventures accounted for using the equity method in the amount of NT\$(3,689) thousand and NT\$(1,708) thousand for the years ended December 31, 2021 and December 31, 2020, respectively.

The abovementioned associate had no contingent liabilities or capital commitments as of December 31, 2021. No investments accounted for using the equity method held by the Company were pledged to others.

CORETRONIC CORPORATION AND SUBSIDIARIES
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(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(9) Property, Plant and Equipment

Property, plant and equipment for own-use

	Land	Buildings	Machinery and equipment	Office fixtures	Transportation equipment	Leasehold improvement	Other equipment	Construction in progress and equipment awaiting inspection	Total
Cost:									
As of January 1, 2021	\$39,039	\$7,466,949	\$4,779,933	\$438,802	\$37,440	\$710,212	\$1,615,620	\$810,952	\$15,898,947
Additions	-	100,153	255,636	28,843	1,028	23,339	145,715	901,670	1,456,384
Disposals	(13,190)	(136,396)	(115,603)	(23,168)	(2,891)	(5,906)	(204,672)	-	(501,826)
Transfers	-	727,304	90,063	(14,001)	9,075	69,676	35,546	(1,255,668)	(338,005)
Exchange differences	(169)	(23,888)	(31,175)	(3,249)	(457)	(8,887)	(10,119)	(15,324)	(93,268)
As of December 31, 2021	<u>\$25,680</u>	<u>\$8,134,122</u>	<u>\$4,978,854</u>	<u>\$427,227</u>	<u>\$44,195</u>	<u>\$788,434</u>	<u>\$1,582,090</u>	<u>\$441,630</u>	<u>\$16,422,232</u>
As of January 1, 2020	\$39,192	\$7,008,069	\$4,974,961	\$451,454	\$44,155	\$714,600	\$1,700,497	\$903,758	\$15,836,686
Additions	-	127,371	85,604	39,678	38	7,878	94,847	796,616	1,152,032
Disposals	-	(361,453)	(307,978)	(71,452)	(6,275)	(17,756)	(266,295)	-	(1,031,209)
Transfers	-	655,937	1,039	15,382	(988)	(2,869)	70,145	(898,740)	(160,094)
Exchange differences	(153)	37,025	26,307	3,740	510	8,359	16,426	9,318	101,532
As of December 31, 2020	<u>\$39,039</u>	<u>\$7,466,949</u>	<u>\$4,779,933</u>	<u>\$438,802</u>	<u>\$37,440</u>	<u>\$710,212</u>	<u>\$1,615,620</u>	<u>\$810,952</u>	<u>\$15,898,947</u>
Depreciation and Impairment:									
As of January 1, 2021	\$-	\$3,331,098	\$3,223,509	\$305,503	\$33,244	\$613,346	\$1,233,622	\$-	\$8,740,322
Depreciation	-	354,487	415,963	37,058	3,293	45,945	135,059	-	991,805
Disposals	-	(119,137)	(100,485)	(22,987)	(2,891)	(5,706)	(198,287)	-	(449,493)
Transfers	-	11,158	(251,992)	(12,651)	-	(41,228)	(21,684)	-	(316,397)
Impairment	-	-	874	139	-	-	294	-	1,307
Exchange differences	-	(11,197)	(17,906)	(2,526)	(222)	(18,337)	(8,930)	-	(59,118)
As of December 31, 2021	<u>\$-</u>	<u>\$3,566,409</u>	<u>\$3,269,963</u>	<u>\$304,536</u>	<u>\$33,424</u>	<u>\$594,020</u>	<u>\$1,140,074</u>	<u>\$-</u>	<u>\$8,908,426</u>
As of January 1, 2020	\$-	\$3,348,812	\$3,205,707	\$341,641	\$35,710	\$601,131	\$1,373,416	\$-	\$8,906,417
Depreciation	-	315,214	427,950	37,155	3,326	25,208	121,482	-	930,335
Disposals	-	(360,840)	(303,149)	(70,969)	(5,280)	(13,189)	(266,293)	-	(1,019,720)
Transfers	-	13	(139,382)	(5,201)	(967)	(3,274)	(8,627)	-	(157,438)
Impairment	-	-	9,958	-	-	-	-	-	9,958
Exchange differences	-	27,899	22,425	2,877	455	3,470	13,644	-	70,770
As of December 31, 2020	<u>\$-</u>	<u>\$3,331,098</u>	<u>\$3,223,509</u>	<u>\$305,503</u>	<u>\$33,244</u>	<u>\$613,346</u>	<u>\$1,233,622</u>	<u>\$-</u>	<u>\$8,740,322</u>
Net carrying amounts as of:									
December 31, 2021	<u>\$25,680</u>	<u>\$4,567,713</u>	<u>\$1,708,891</u>	<u>\$122,691</u>	<u>\$10,771</u>	<u>\$194,414</u>	<u>\$442,016</u>	<u>\$441,630</u>	<u>\$7,513,806</u>
December 31, 2020	<u>\$39,039</u>	<u>\$4,135,851</u>	<u>\$1,556,424</u>	<u>\$133,299</u>	<u>\$4,196</u>	<u>\$96,866</u>	<u>\$381,998</u>	<u>\$810,952</u>	<u>\$7,158,625</u>

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The Group evaluated the economic benefits for property, plant and equipment, and recognized impairment losses of NT\$1,307 thousand and for NT\$9,958 thousand for the years ended December 31, 2021 and December 31, 2020, respectively.

Please refer to Note 8 for more details on property, plant and equipment under pledge.

(10) Investment Property

Investment property held by the group is for own-use. The Group signed the commercial property lease contracts with periods during 1 to 3 years, which include clauses to enable upward revision of the rental change on an annual base according to prevailing market conditions.

	<u>Buildings</u>	
Cost:		
As of January 1, 2021		\$244,538
Additions from acquisitions		-
As of December 31, 2021		<u>\$244,538</u>
As of January 1, 2020		\$244,538
Additions from acquisitions		-
As of December 31, 2020		<u>\$244,538</u>
Depreciation and Impairment:		
As of January 1, 2021		\$84,184
Depreciation		8,053
As of December 31, 2021		<u>\$92,237</u>
As of January 1, 2020		\$76,132
Depreciation		8,052
As of December 31, 2020		<u>\$84,184</u>
Net carry amount as of:		
December 31, 2021		<u>\$152,301</u>
December 31, 2020		<u>\$160,354</u>
	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Rental income from investment property	\$12,784	\$18,443
Less: Direct operating expenses from investment property generating rental income	<u>(8,053)</u>	<u>(8,052)</u>
Total	<u>\$4,731</u>	<u>\$10,391</u>

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Information about the investment property that was pledged to others as collaterals is provided in Note 8.

Investment properties held by the Group are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized with Level 3. The fair value has been determined based on valuations performed by an independent appraiser. The valuation method used is discount cash-flow analysis method, and the inputs used are discount rates and growth rates:

	December 31,	
	2021	2020
Fair value of the investment property	\$212,800	\$218,200
Discount rates	3.845%	3.845%
Growth rates	0.4%	0.4%

(11) Intangible Assets

	Trademarks	Patents	Software	IPs	Goodwill	Other	Total
Cost:							
As of January 1, 2021	\$103,677	\$179,522	\$228,722	\$87,123	\$5,940	\$260,930	\$865,914
Additions	-	-	84,344	-	-	785	85,129
Disposals	-	-	(24,353)	-	-	(29,640)	(53,993)
Exchange differences	(56)	(71)	(4,322)	-	-	(7,025)	(11,474)
As of December 31, 2021	\$103,621	\$179,451	\$284,391	\$87,123	\$5,940	\$225,050	\$885,576
As of January 1, 2020	\$103,827	\$49,796	\$160,647	\$83,872	\$5,940	\$232,918	\$637,000
Additions	-	129,725	74,942	3,251	-	29,655	237,573
Disposals	-	-	(6,771)	-	-	-	(6,771)
Transfers	-	-	(121)	-	-	-	(121)
Exchange differences	(150)	1	25	-	-	(1,643)	(1,767)
As of December 31, 2020	\$103,677	\$179,522	\$228,722	\$87,123	\$5,940	\$260,930	\$865,914

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	<u>Trademarks</u>	<u>Patents</u>	<u>Software</u>	<u>IPs</u>	<u>Goodwill</u>	<u>Other</u>	<u>Total</u>
Amortization and Impairment:							
As of January 1, 2021	\$101,601	\$24,379	\$119,851	\$56,770	\$5,940	\$148,727	\$457,268
Amortization	2,076	17,511	48,555	4,159	-	33,454	105,755
Disposals	-	-	(23,974)	-	-	(29,640)	(53,614)
Impairment	-	-	-	-	-	55,322	55,322
Exchange differences	<u>(56)</u>	<u>(44)</u>	<u>(3,694)</u>	<u>-</u>	<u>-</u>	<u>(5,995)</u>	<u>(9,789)</u>
As of December 31, 2021	<u>\$103,621</u>	<u>\$41,846</u>	<u>\$140,738</u>	<u>\$60,929</u>	<u>\$5,940</u>	<u>\$201,868</u>	<u>\$554,942</u>

As of January 1, 2020	\$98,193	\$12,468	\$95,149	\$52,746	\$-	\$96,770	\$355,326
Amortization	3,558	11,911	31,499	4,024	-	52,574	103,566
Disposals	-	-	(6,771)	-	-	-	(6,771)
Impairment	-	-	-	-	5,880	-	5,880
Exchange differences	<u>(150)</u>	<u>-</u>	<u>(26)</u>	<u>-</u>	<u>60</u>	<u>(617)</u>	<u>(733)</u>
As of December 31, 2020	<u>\$101,601</u>	<u>\$24,379</u>	<u>\$119,851</u>	<u>\$56,770</u>	<u>\$5,940</u>	<u>\$148,727</u>	<u>\$457,268</u>

Net carrying amount as of:

December 31, 2021	<u>\$-</u>	<u>\$137,605</u>	<u>\$143,653</u>	<u>\$26,194</u>	<u>\$-</u>	<u>\$23,182</u>	<u>\$330,634</u>
December 31, 2020	<u>\$2,076</u>	<u>\$155,143</u>	<u>\$108,871</u>	<u>\$30,353</u>	<u>\$-</u>	<u>\$112,203</u>	<u>\$408,646</u>

Amortization expense of intangible assets:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Operating Cost	\$7,569	\$18,752
Selling expenses	17,151	16,202
General and administrative expenses	24,447	11,235
Research and development expenses	56,588	57,377
Total	<u>\$105,755</u>	<u>\$103,566</u>

CORETRONIC CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
 (Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(12) Short-Term Borrowings

	December 31,	
	2021	2020
Unsecured bank loans	\$11,812,397	\$5,137,417
Interest rates (%)	0.33%~1.00%	0.55%~1.99%

The Group's unused short-term lines of credits amounted to NT\$35,699,280 thousand and NT\$37,116,546 thousand as of December 31, 2021 and 2020, respectively.

(13) Derivative Financial Liabilities

Financial liabilities at fair value through profit or loss:

	December 31,	
	2021	2020
Derivatives not designated as hedging instruments - current		
Forward exchange contracts	\$57,060	\$26,071
Forward cross currency contracts	-	9,783
Total	\$57,060	\$35,854
Hedging financial liabilities:		
Forward exchange contracts	\$-	\$4,702

(14) Long-Term Borrowings

Details of long-term borrowings are as follows:

Lenders	December 31, 2021	Interest Rate (%)	Maturity date and terms of repayment
Secured long-term borrowings from First bank	\$599,900	1.10%	Principle is repaid in 8 quarterly payments from February 19, 2023.
Secured long-term borrowings from First bank	69	1.10%	Principle is repaid in 16 quarterly payments from December 20, 2020.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Lenders	December 31, 2021	Interest Rate (%)	Maturity date and terms of repayment
Secured long-term borrowings from Hua Nan Commercial bank	\$4,286	1.02%	Principle is repaid in 14 quarterly payments from July 25, 2021.
Secured long-term borrowings from Hua Nan Commercial bank	102,857	1.02%	Principle is repaid in 14 quarterly payments from July 25, 2021.
Secured long-term borrowings from Hua Nan Commercial bank	214,285	1.00%	Principle is repaid in 14 quarterly payments from July 25, 2021.
Secured long-term borrowings from Hua Nan Commercial bank	21,428	1.02%	Principle is repaid in 14 quarterly payments from July 25, 2021.
Long-term borrowings from Export-Import Bank of the Republic of China	105,000	0.62%	Principle will be repaid once at maturity on May 8, 2022.
Long-term borrowings from Export-Import Bank of the Republic of China	95,000	0.62%	Principle will be repaid once at maturity on May 13, 2022.
Long-term borrowings from Sumitomo Mitsui Bank	8,552	1.60%	Government subsidizes the interest for the first three years. Principle is repaid in 54 monthly payments from July 20, 2021.
Syndicated loan of 9 Banks - Commercial paper loans	1,000,000	0.978%	Revolving credit. Renewable every three months. Credit has not been fully utilized.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Lenders	December 31, 2021	Interest Rate (%)	Maturity date and terms of repayment
Less: Arrangement Fee	\$(6,037)		
Amortization of commercial paper discount	(1,993)		
Current portion	<u>(316,446)</u>		
Total	<u><u>\$1,826,901</u></u>		

Lenders	December 31, 2020	Interest Rate (%)	Maturity date and terms of repayment
Secured long-term borrowings from First bank	\$58,333	1.20%	Principle is repaid in 2 quarterly payments from April 27, 2021.
Secured long-term borrowings from First bank	94	1.10%	Principle is repaid in 16 quarterly payments from December 20, 2020.
Secured long-term borrowings from Hua Nan Commercial bank	5,000	1.02%	Principle is repaid in 14 quarterly payments from July 25, 2021.
Secured long-term borrowings from Hua Nan Commercial bank	120,000	1.02%	Principle is repaid in 14 quarterly payments from July 25, 2021.
Secured long-term borrowings from Hua Nan Commercial bank	250,000	1.00%	Principle is repaid in 14 quarterly payments from July 25, 2021.
Secured long-term borrowings from Hua Nan Commercial bank	25,000	1.02%	Principle is repaid in 14 quarterly payments from July 25, 2021.
Long-term borrowings from Export-Import Bank of the Republic of China	105,000	0.52%	Principle will be repaid once at maturity on May 8, 2022.

CORETRONIC CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
 (Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Lenders	December 31, 2020	Interest Rate (%)	Maturity date and terms of repayment
Long-term borrowings from Export-Import Bank of the Republic of China	\$95,000	0.52%	Principle will be repaid once at maturity on May 13, 2022.
Long-term borrowings from Sumitomo Mitsui Bank	11,052	1.6%	Government subsidizes the interest for the first three years. Principle is repaid in 54 monthly payments from July 20, 2021.
Less: current portion	<u>(116,728)</u>		
Total	<u><u>\$552,751</u></u>		

The Group's unused long-term lines of credits amounted to NT\$5,600,000 thousand and NT\$941,573 thousand as of December 31, 2021 and 2020, respectively. Please refer to Note 8 for property, plant, and equipment and investment properties pledged as collateral for long-term loans.

(15) Post-Employment Benefits

Defined contribution plan

The Group and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Group and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Group and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of Mainland China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Pension expenses under the defined contribution plan for the years ended December 31, 2021 and 2020 were NT\$369,186 thousand and NT\$276,051 thousand, respectively.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Defined benefits plan

The Group and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Group and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Group and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Group and its domestic subsidiaries will make up the difference in one appropriation before the end of March in the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Group does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT\$10,193 thousand to its defined benefit plan during the 12 months beginning after December 31, 2021.

The weighted average duration of the defined benefits plan obligation was 12.44~17.61 years and 11.74 to 16.08 years as of December 31, 2021 and 2020, respectively.

Pension costs recognized in profit or loss are as follows:

	Years ended December 31,	
	2021	2020
Current service costs	\$152	\$716
Net interest on the net defined benefit liabilities (assets)	3,810	6,313
Expected return on plan assets	(2,747)	(4,339)
Total	<u>\$1,215</u>	<u>\$2,690</u>

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	December 31,		January 1,
	2021	2020	2020
Present value of defined benefit obligation	\$513,258	\$520,493	\$573,127
Plan assets at fair value	(375,208)	(370,515)	(388,839)
Net defined benefit Liabilities (assets)	\$138,050	\$149,978	\$184,288
Other non-current liabilities			
– Carrying amount on the net defined benefit liabilities	\$156,435	\$165,113	\$196,891
Other non-current assets			
– Carrying amount on the net defined benefit assets	\$(18,385)	\$(15,135)	\$(12,603)

Reconciliations of net defined benefit liabilities (assets) are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
As of January 1, 2020	\$573,127	\$388,839	\$184,288
Current service cost	716	-	716
Interest expense (revenue)	6,313	4,339	1,974
Subtotal	580,156	393,178	186,978

Remeasurements of the defined benefit liability (asset):

Actuarial gains and losses arising from changes in financial assumptions	25,280	-	25,280
Experience adjustments	(34,949)	10,889	(45,838)
Subtotal	(9,669)	10,889	(20,558)
Benefits paid	(49,994)	(44,083)	(5,911)
Contributions by employer	-	10,531	(10,531)
As of December 31, 2020	\$520,493	\$370,515	\$149,978
As of January 1, 2021	\$520,493	\$370,515	\$149,978
Current service cost	152	-	152
Interest expense (revenue)	3,810	2,747	1,063
Subtotal	524,455	373,262	151,193

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Remeasurements of the defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	14,471	-	14,471
Actuarial gains and losses arising from changes in financial assumptions	795	-	795
Experience adjustments	(18,670)	(3,398)	(15,272)
Subtotal	(3,404)	(3,398)	(6)
Benefits paid	(7,793)	(4,972)	(2,821)
Contributions by employer	-	10,316	(10,316)
As of December 31, 2021	\$513,258	\$375,208	\$138,050

The principal assumptions used in determining the Group's defined benefit plan are as follows:

	December 31,	
	2021	2020
Discount rate	0.625%~0.75%	0.750%
Expected rate of salary increases	1.00%~4.00%	1.00%~4.00%

Sensitivity analysis of significant assumptions is as follows:

	Years ended December 31,			
	2021		2020	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increase by 0.25%	\$-	\$16,163	\$-	\$16,996
Discount rate decrease by 0.25%	16,819	-	17,761	-
Future salary increase by 0.25%	15,994	-	16,882	-
Future salary decrease by 0.25%	-	15,460	-	16,262

The sensitivity analysis above is based on a change in one significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(16) Provisions

	Warranties
As of January 1, 2021	\$700,964
Arising during the period (reversed)	282,239
Utilized during the period	(385,902)
Exchange differences	(19,217)
As of December 31, 2021	\$578,084
Current	\$578,084
Non-current	-
As of December 31, 2021	\$578,084
	Warranties
As of January 1, 2020	\$767,350
Arising during the period (reversed)	166,549
Utilized during the period	(240,691)
Exchange differences	7,756
As of December 31, 2020	\$700,964
Current	\$700,964
Non-current	-
As of December 31, 2020	\$700,964

Warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgement and other known factors.

(17) Equities

A. Common stock

CORE's authorized capital was NT\$10,000,000 thousand as of December 31, 2021, and December 31, 2020, respectively (including NT\$700,000 thousand reserved for exercise of share warrants, preferred shares with warrants and corporate bonds with warrants), each at a par value of NT\$10. CORE's issued capital was NT\$3,909,811 thousand and NT\$4,344,231 thousand divided into 390,981 thousand shares and 434,423 thousand shares as of December 31, 2021, and December 31, 2020, respectively. Each share has one voting right and a right to receive dividends.

On March 15, 2021, the Board of Directors resolved to retire 43,442 thousand treasury shares and determined that the date of capital reduction was March 15, 2021. The related registration processes have been completed on March 17, 2021.

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

B. Capital surplus

	December 31,	
	2021	2020
Additional paid-in capital	\$2,039,161	\$2,700,154
Treasury stock transactions	-	116,614
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	758,483	631,471
Changes in ownership interests in subsidiaries	93,948	98,763
Changes from investments in associates and joint ventures accounted for using the equity method	1,850	1,557
Total	\$2,893,442	\$3,548,559

According to the Company Act, the capital reserve shall not be used except for covering losses of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the Company. The distribution could be made in cash to its shareholders in proportion to the number of shares being held by each of them.

C. Treasury shares

In order to maintain CORE's credit and shareholders' equity, the Board of Directors resolved to purchase common shares on February 8, 2021. During the period from February 17, 2021 to April 8, 2021, CORE planned to purchase 43,442 thousand shares, and the price ranged from NT\$30.10 to NT\$60.74 per share. As of March 3, 2021, CORE purchased 43,442 thousand shares in the amount of NT\$2,102,777 thousand.

On March 15, 2021, Board of Directors resolved to retire 43,442 thousand treasury shares and determined that the date of capital reduction was March 15, 2021. The related registration processes have been completed on March 17, 2021.

D. Retained earnings and dividend policies:

According to the Articles of Incorporation, current year's earnings shall be distributed in the following order:

- (a) Payment of all taxes and dues;
- (b) Offset accumulated losses in previous years, if any;
- (c) Legal reserve, which is 10% of leftover profits. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds CORE's total capital stock;
- (d) Allocation or reverse of special reserve as required by law or government authorities;

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- (e) The remaining net profits and the retained earnings from previous years will be allocated as shareholders' dividend. The Board of Directors will prepare a distribution proposal and submit the same to the shareholders' meeting for review and approval by a resolution.

CORE authorizes the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. CORE authorizes the distributable legal reserve and capital reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

According to the Company Act and CORE's Article of Incorporation, the policy of the dividend distribution should reflect factors such as the capital and financial structures, operating, earnings, the industrial features and cycles etc. The dividend could be paid in the form of shares or cash. In the consideration of the factors such as financial, sales and operating conditions, if the distribution of cash dividends is determined, the cash dividends should account for at least 10% of the total distribution based on the CORE's Article of Incorporation. If CORE incurs no earning or considers the factors such as financial conditions, sales and operations, the dividend could be paid by whole or partial legal reserve in accordance with the Company Act and CORE's Article of Incorporation.

According to Company Act, CORE needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to offset the deficit of CORE. If CORE incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Following the adoption of TIFRS, the FSC issued Order No. Financial-Supervisory-Securities-Corporate-1010012865 on April 6, 2012, which sets out the following provisions for compliance:

Once upon a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, CORE shall set aside an equal amount of special reserve. Following a company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The special reserve of the first adoption of the TIFRS as of December 31, 2021 and 2020 amounted to NT\$1,276,610 thousand.

Details of the 2020 and 2019 earnings distribution and dividends per share as resolved respectively by the shareholders' meeting on July 30, 2021 and June 12, 2020 are as follows:

	Appropriation of earnings		Dividends per share (NT\$)	
	2020	2019	2020	2019
Legal reserve	\$156,752	\$115,307		
Common stock -cash dividend	1,172,944	651,634	\$3	\$1.5

In addition, shareholders' meeting resolved to distribute the paid-in capital in excess of par-common stock by cash in the amount of NT\$390,981 thousand (NT\$1 per share) and NT\$217,212 thousand (NT\$0.5 per share) in 2021 and 2020, respectively.

Please refer to Note 6(21) for further details on employees' compensation and remuneration to directors and supervisors.

E. Non-controlling interests:

	Years ended December 31,	
	2021	2020
Beginning balance	\$2,043,951	\$2,169,365
Profit (loss) attributable to non-controlling interests	7,655	(165,262)
Other comprehensive (loss) income attributable to non-controlling interests, net of tax:		
Exchange differences on translation of foreign operations	(16,366)	2,570
Remeasurements of defined benefit plans	620	(466)
Cash dividends	(7,080)	(5,618)
Acquisition or disposal of the interest of subsidiaries	36,117	33,554
Changes in subsidiaries' ownership	-	9,808
Ending balance	\$2,064,897	\$2,043,951

(18) Sales

	Years ended December 31,	
	2021	2020
Contract revenue from customers		
Sale of goods	\$48,424,134	\$40,990,023
Revenue arising from rendering of services	1,122,052	1,018,204
Other operating revenues	287,182	430,109
Total	\$49,833,368	\$42,438,336

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
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Analysis of contracts revenue from customers during the periods is as follows:

A.Revenue of Segments

For the year ended December 31, 2021

	Energy – saving products segment	Image products and brand segment	Optical component segment	Other segment	Elimination	Total
Sale of goods	\$26,456,630	\$15,925,446	\$4,545,210	\$3,277,635	\$(1,780,787)	\$48,424,134
Revenue arising from rendering of services	758,892	10,660	17,456	698,516	(363,472)	1,122,052
Other operating revenues	67,651	102,984	-	130,170	(13,623)	287,182
Total	<u>\$27,283,173</u>	<u>\$16,039,090</u>	<u>\$4,562,666</u>	<u>\$4,106,321</u>	<u>\$(2,157,882)</u>	<u>\$49,833,368</u>
The timing of revenue recognition:						
At a point in time	<u>\$27,283,173</u>	<u>\$16,039,090</u>	<u>\$4,562,666</u>	<u>\$4,106,321</u>	<u>\$(2,157,882)</u>	<u>\$49,833,368</u>

For the year ended December 31, 2020

	Energy – saving products segment	Image products and brand segment	Optical component segment	Other segment	Elimination	Total
Sale of goods	\$21,299,560	\$13,779,119	\$3,741,811	\$3,329,650	\$(1,160,117)	\$40,990,023
Revenue arising from rendering of services	719,477	78,257	56,371	404,753	(240,654)	1,018,204
Other operating revenues	136,086	106,846	107,400	88,247	(8,470)	430,109
Total	<u>\$22,155,123</u>	<u>\$13,964,222</u>	<u>\$3,905,582</u>	<u>\$3,822,650</u>	<u>\$(1,409,241)</u>	<u>\$42,438,336</u>
The timing of revenue recognition:						
At a point in time	<u>\$22,155,123</u>	<u>\$13,964,222</u>	<u>\$3,905,582</u>	<u>\$3,822,650</u>	<u>\$(1,409,241)</u>	<u>\$42,438,336</u>

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

B. Contract balance

Contract liabilities-current

	December 31,		January 1,
	2021	2020	2020
Sale of goods	\$173,726	\$152,133	\$196,044
Revenue arising from rendering of services	112	1,813	904
Other operating revenues	127,404	96,529	97,204
Total	\$301,242	\$250,475	\$294,152

The contract liabilities balances resulted from the difference between the satisfaction of the performance obligation and the customers' payment. The Group's recognized revenue from the beginning balance of contract liabilities amounted to NT\$250,475 thousand and NT\$294,152 thousand as of December 31, 2021 and 2020, respectively.

C. Transaction price allocated to unsatisfied performance obligations

As of December 31, 2021 and 2020, there is no need to provide relevant information of the unsatisfied performance obligations as the contracts with customers about the sales of goods are all within one year.

D. Cost of Assets from acquire or performance of customer contracts.

None.

(19) Expected credit losses

	Years ended December 31,	
	2021	2020
Operating expenses – Expected credit losses		
Trade receivables	\$1,206	\$4,272

The Group measures trade receivables (including notes receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of December 31, 2021 and 2020 is as follows:

The Group needs to consider the grouping of trade receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix. Details is as below:

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

As of December 31, 2021

	Not past due	Past due					Total
		1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 121 days	
Gross carrying amount	\$18,043,097	\$819,096	\$82,589	\$18,703	\$2,791	\$34,354	\$19,000,630
Loss ratio	0%	0-2%	5%	30%	50%	100%	
Expected credit losses	-	(1,144)	(3,401)	(5,082)	(207)	(19,729)	(29,563)
Subtotal	\$18,043,097	\$817,952	\$79,188	\$13,621	\$2,584	\$14,625	\$18,971,067

As of December 31, 2020

	Not past due	Past due					Total
		1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 121 days	
Gross carrying amount	\$11,054,476	\$553,811	\$48,669	\$13,360	\$10,517	\$46,359	\$11,727,192
Loss ratio	0%	0-2%	5%	30%	50%	100%	
Expected credit losses	-	(724)	(1,495)	(814)	(964)	(38,433)	(42,430)
Subtotal	\$11,054,476	\$553,087	\$47,174	\$12,546	\$9,553	\$7,926	\$11,684,762

The movement of contract asset, notes receivables and provision for impairment of trade receivables during the period is as follows:

	Trade receivables
As of January 1, 2021	\$42,430
Addition for the current period	1,206
Write off	(13,726)
Exchange differences	(347)
As of December 31, 2021	\$29,563

	Trade receivables
As of January 1, 2020	\$41,307
Reversal for the current period	4,272
Write off	(2,848)
Exchange differences	(301)
As of December 31, 2020	\$42,430

CORETRONIC CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
 (Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(20) Leases

A. Group as lessee

The Group leases various property (land and buildings), machinery, equipment, and transportation equipment. These leases have terms between one and fifty years.

The effects that leases have on the financial position, financial performance and cash flows of the Group are as follows:

(a) Amounts recognized in the balance sheet

i. Right-of-use asset

The carrying amount of right-of-use assets

	December 31,	
	2021	2020
Land	\$1,258,689	\$1,317,867
Buildings	648,590	387,183
Transportation equipment	27,529	34,735
Office fixtures	3,212	2,432
Other equipment	6	82
Total	\$1,938,026	\$1,742,299

During the years ended December 31, 2021 and 2020, the additions to right-of-use assets of the Group amounted to NT\$564,264 thousand and NT\$138,810 thousand.

ii. Lease liability

	December 31,	
	2021	2020
Lease liability		
Current	\$331,267	\$229,241
Non-current	1,439,893	1,325,181
Total	\$1,771,160	\$1,554,422

Please refer to Note 6(22)D. for the interest on lease liability recognized during the years ended December 31, 2021 and 2020, and Note 12(5) for the maturity analysis for lease liabilities.

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	Years ended December 31,	
	2021	2020
Land	\$61,487	\$50,569
Buildings	243,196	259,555
Transportation equipment	19,620	21,178
Office fixtures	1,150	666
Other equipment	66	79
Total	<u>\$325,519</u>	<u>\$332,047</u>

(c) Income and costs relating to leasing activities

	Years ended December 31,	
	2021	2020
The expense relating to short-term leases	\$61,662	\$51,252
The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of low-value assets)	28,321	32,314
The expense relating to variable lease payments not included in the measurement of lease liabilities	-	32
Total	<u>\$89,983</u>	<u>\$83,598</u>

For the rent concession arising as a direct consequence of the COVID-19 pandemic, the amounts the Group recognized in profit or loss for the years ended December 31, 2021 and 2020, were NT\$598 thousand and NT\$7,428 thousand, respectively, which reflected changes in lease payments that arose from such rent concessions to which the Group has applied the practical expedient.

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(d) Cash outflow relating to leasing activities

During the years ended December 31, 2021 and 2020, the Group's total cash outflows for leases amounted to NT\$448,568 thousand and NT\$450,279 thousand, respectively.

(e) Other information relating to leasing activities

i. Variable lease payments

Some of the Group's building lease agreements contain variable payment terms that are linked to actual usage condition. The amount links to certain percentage of actual usage of underlying asset. The changes in variable lease payments are linked to actual usage and it is very common for entering contract with variable lease payments in the industry of the Group. As such variable lease payments do not meet the definition of lease payments, and those payments are not included in the measurement of the assets and liabilities.

ii. Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group's property rental agreement. In determining the lease term, the non-cancellable period for which the Group has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The Group would reassess the lease term when significant issue or change occur.

iii. Residual value guarantees

To optimize lease costs during the contract period, the Group doesn't provide residual value guarantees in relation to rental agreement, and therefore no residual value guarantees are recorded in lease liability.

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

B. Group as lessor

Please refer to Note 6(10) for details on the Group's owned investment properties and investment properties held by the Group as right-of-use assets. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

No financing lease contracts were signed.

	December 31, 2021	December 31, 2020
	<u> </u>	<u> </u>
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$46,388	\$40,270
Income relating to variable lease payments that do not depend on an index or a rate	-	-
Total	<u>\$46,388</u>	<u>\$40,270</u>

Please refer to Note 6(10) for relevant disclosure of investment properties for operating leases which required by IFRS 16. For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining periods are as follows:

	December 31, 2021	December 31, 2020
	<u> </u>	<u> </u>
Not later than one year	\$36,817	\$37,806
Later than one year but not later than two years	35,270	36,202
Later than two years but not later than three years	286	34,984
Later than three years but not later than four years	286	-
Total	<u>\$72,659</u>	<u>\$108,992</u>

CORETRONIC CORPORATION AND SUBSIDIARIES
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(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(21) Summary Statement of Employee Benefits, Depreciation and Amortization Expenses by Function

Function Items	Years ended December 31					
	2021			2020		
	Operating Cost	Operating expenses	Total amount	Operating Cost	Operating expenses	Total amount
Employee benefits expense	\$3,731,888	\$4,916,266	\$8,648,154	\$3,314,186	\$4,496,233	\$7,810,419
Salaries	3,101,404	4,301,468	7,402,872	2,846,779	3,911,301	6,758,080
Labor and health insurance	147,984	306,491	454,475	115,843	291,385	407,228
Pension	175,740	194,661	370,401	110,140	168,601	278,741
Other employee benefits expense	306,760	113,646	420,406	241,423	124,946	366,369
Depreciation	896,788	400,835	1,297,623	845,152	396,019	1,241,171
Amortization	7,787	98,281	106,068	20,205	85,213	105,418

According to the Articles of Incorporation of the Company, 10% to 20% of profit of the current year is distributable as employees' compensation. However, the company's accumulated losses shall have been covered. CORE may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and thereto a report of such distribution is submitted to the shareholders' meeting. The Articles of Incorporation are to be amended in the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

CORE accrued employees' compensation based on a specific rate of profit for the years ended December 31, 2021 and 2020. The amounts of employees' compensation was NT\$288,508 thousand and NT\$228,711 thousand for the years ended December 31, 2021 and 2020, respectively. If the Board of Directors resolved to distribute employees' compensation in the form of stocks, the number of stocks distributed was calculated based on the closing price one day earlier than the date of resolution. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, CORE will recognize the change as an adjustment in the profit or loss in the subsequent period.

A resolution was approved at a Board of Directors' meeting held on February 14, 2022 to distribute NT\$288,508 thousand in cash as employees' compensation. No material differences exist between the resolution and the estimated amount for the year ended December 31, 2021.

No material differences exist between the estimated amount and the actual distribution of the employee bonuses for the year ended December 31, 2020.

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
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(22) Non-Operating Income and Expenses

A. Interest income

	Years ended December 31	
	2021	2020
Financial assets measured at amortized cost	\$385,149	\$434,719

B. Other income

	Years ended December 31	
	2021	2020
Government grants income	\$159,218	\$371,528
Dividend income	34,640	-
Rental income	46,388	40,270
Other	171,988	159,200
Total	\$412,234	\$570,998

C. Other gains and losses

	Years ended December 31	
	2021	2020
Gain (loss) on disposal of property, plant and equipment	\$93,351	\$(3,213)
Foreign exchange gain, net	26,055	138,607
Gain on financial assets at fair value through profit or loss (Note)	481,987	291,590
Gain on lease modification	523	960
Gain on disposal of investments	-	24
Non-financial assets impairment losses	(56,629)	(28,276)
Other loss	(51,150)	(65,152)
Total	\$494,137	\$334,540

Note: Balances were arising from financial assets mandatorily measured at fair value through profit or loss.

D. Finance cost

	Years ended December 31	
	2021	2020
Interest on borrowings from bank	\$91,866	\$144,602
Interest on lease liabilities	57,072	49,340
Total	\$148,938	\$193,942

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(23) Components of Other Comprehensive Income

For the year ended December 31, 2021

	Arising during the period	Income tax income (expense)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:			
Remeasurements of defined benefit plans	\$6	\$(1)	\$5
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	1,025,700	60	1,025,760
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	(272,133)	-	(272,133)
Share of the other comprehensive (loss) income of associates accounted for using the equity method	(2)	-	(2)
Total of other comprehensive income	<u>\$753,571</u>	<u>\$59</u>	<u>\$753,630</u>

For the year ended December 31, 2020

	Arising during the period	Income tax income (expense)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:			
Remeasurements of defined benefit plans	\$20,558	\$(4,112)	\$16,446
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	469,433	1,424	470,857
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	307,030	-	307,030
Total of other comprehensive income	<u>\$797,021</u>	<u>\$(2,688)</u>	<u>\$794,333</u>

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
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(24) Income Tax

The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	Years ended December 31	
	2021	2020
Current income tax expense (income)	\$694,884	\$412,721
Deferred tax expense (income)	51,155	28,819
Total income tax expense	<u>\$746,039</u>	<u>\$441,540</u>

Income tax relating to components of other comprehensive income

	Years ended December 31	
	2021	2020
Deferred income tax expense (income):		
Remeasurements of defined benefit plans	\$1	\$4,112
Unrealized (gain) loss from equity instruments investments measured at fair value through other comprehensive income	(60)	(1,424)
Total	<u>\$(59)</u>	<u>\$2,688</u>

Reconciliation of income tax expense and the accounting profit multiplied by applicable tax rates is as follows:

	Years ended December 31,	
	2021	2020
Accounting profit before tax from continuing operations	<u>\$2,785,319</u>	<u>\$1,836,696</u>
Tax at the domestic rates applicable to profits in the country concerned	\$1,200,589	\$686,326
Tax effect of expenses not deductible for tax purposes	(46,192)	(302,959)
Tax effect of deferred tax assets/liabilities	(9,637)	22,256
Surtax on undistributed retained earnings	11,891	18,658
Operating loss carry forward	51,337	28,825
Investment tax credits	(11,949)	(11,566)
Total income tax expense recognized in profit or loss	<u>\$746,039</u>	<u>\$441,540</u>

CORETRONIC CORPORATION AND SUBSIDIARIES
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(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Deferred tax assets (liabilities) related to the following:

For the year ended December 31, 2021

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Temporary differences					
Unrealized allowance for inventory obsolescence	\$51,315	\$(4,282)	\$-	\$(403)	\$46,630
Depreciation difference for tax purpose	581	(1,174)	-	258	(335)
Unrealized intragroup profits and losses	28,601	(85)	-	(3)	28,513
Net unrealized exchange (gains) or losses	(38,677)	26,742	-	66	(11,869)
Provisions - maintenance warranties	23,060	1,533	-	(370)	24,223
Provision-sales returns and allowances	22,149	2,950	-	(134)	24,965
Impairment on property, plant and equipment	6,287	-	-	-	6,287
Defined benefit liabilities-noncurrent	27,202	(1,533)	(1)	1	25,669
Investments accounted for using the equity method	(21,783)	(2,249)	-	-	(24,032)
Accrued expense of tax differences	45,506	3,313	-	(1,235)	47,584
Allowance for bad debts	2,288	131	-	(59)	2,360
Others	28,510	(41,753)	60	1,559	(11,624)
Unused tax losses	44,118	(21,163)	-	-	22,955
Foreign unused tax losses	24,771	(13,581)	-	(438)	10,752
Deferred tax (expense) income		<u>\$(51,151)</u>	<u>\$59</u>	<u>\$(758)</u>	
Net deferred tax assets (liabilities)	<u>\$243,928</u>				<u>\$192,078</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$338,374</u>				<u>\$270,147</u>
Deferred tax liabilities	<u>\$(94,446)</u>				<u>\$(78,069)</u>

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

For the year ended December 31, 2020

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Temporary differences					
Unrealized allowance for inventory obsolescence	\$50,223	\$1,848	\$-	\$(756)	\$51,315
Depreciation difference for tax purpose	542	325	-	(286)	581
Unrealized intragroup profits and losses	58,559	(29,952)	-	(6)	28,601
Net unrealized exchange gains or losses	12,177	(50,829)	-	(25)	(38,677)
Provisions - maintenance warranties	26,044	(2,291)	-	(693)	23,060
Provision-sales returns and allowances	25,931	(3,547)	-	(235)	22,149
Impairment on property, plant and equipment	6,241	46	-	-	6,287
Defined benefit liabilities-noncurrent	33,028	(1,713)	(4,112)	(1)	27,202
Investments accounted for using the equity method	(17,389)	(4,394)	-	-	(21,783)
Accrued expense of tax differences	51,911	(5,970)	-	(435)	45,506
Allowance for bad debts	2,564	(166)	-	(110)	2,288
Others	(1,228)	28,184	1,424	130	28,510
Unused tax losses	8,536	35,582	-	-	44,118
Foreign unused tax losses	21,368	3,950	-	(547)	24,771
Deferred tax (expense) income		<u>\$(28,927)</u>	<u>\$(2,688)</u>	<u>\$(2,964)</u>	
Net deferred tax assets (liabilities)	<u>\$278,507</u>				<u>\$243,928</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$303,144</u>				<u>\$338,374</u>
Deferred tax liabilities	<u>\$(24,637)</u>				<u>\$(94,446)</u>

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The following table contains information of the unused tax losses of the Group and its domestic subsidiaries:

December 31, 2021

Accumulated loss	Unutilized accumulated loss	Expiration Year
\$18,929	\$18,929	2022
4,114	4,114	2023
1,443	1,443	2024
1,125	1,125	2025
417,699	49,035	2026
63,833	32,703	2027
96,558	73,124	2028
126,756	126,756	2029
1,033,545	548,794	2030
238,190	238,190	2031(Expected)
<u>\$2,002,192</u>	<u>\$1,094,213</u>	

December 31, 2020

Accumulated loss	Unutilized accumulated loss	Expiration Year
\$19,034	\$210	2021
18,929	18,929	2022
4,114	4,114	2023
1,443	1,443	2024
1,125	1,125	2025
417,699	49,035	2026
63,833	32,703	2027
96,558	73,124	2028
126,756	126,756	2029
1,025,795	549,642	2030(Expected)
<u>\$1,775,286</u>	<u>\$857,081</u>	

Unrecognized deferred tax assets

As of December 31, 2021 and 2020, deferred tax assets that have not been recognized amounted to NT\$416,836 thousand and NT\$377,128 thousand, respectively.

Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Group did not recognize deferred tax liabilities associated with tax payable for unremitted earnings of the Group's overseas subsidiaries, as the Group has determined that not all distributed profits of its subsidiaries will be distributed in the foreseeable future. As of December 31, 2021 and 2020, the amounts of taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities were NT\$22,547,638 thousand and NT\$20,178,662 thousand, respectively.

CORETRONIC CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
 (Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The assessment of income tax returns

As of December 31, 2021, the assessment of the income tax returns of the Group and its subsidiaries is as follows:

	<u>The assessment of income tax returns</u>
CORE	Assessed and approved up to 2018
TYO	Assessed and approved up to 2019
Optoma	Assessed and approved up to 2018
CGT	Assessed and approved up to 2019
Tsen Ming Investment Corp.	Assessed and approved up to 2019
YGE	Assessed and approved up to 2019
Rays Optics	Assessed and approved up to 2019
CICS	Assessed and approved up to 2019
CVC	Assessed and approved up to 2019
UCM	Assessed and approved up to 2019
ISC	Assessed and approved up to 2019
CVD	Assessed and approved up to 2019
CIRC	Assessed and approved up to 2019
CRI	Assessed and approved up to 2019
CMC	Assessed and approved up to 2019

(25) Earnings Per Share

Basic earnings per share amounts are calculated by dividing net income for the period attributable to ordinary equity holders of the parent company by the weighted-average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Years ended December 31	
	2021	2020
A. Basic earnings per share		
Profit attributable to ordinary shareholders of the parent (in thousand NT\$)	\$2,031,625	\$1,560,418
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	397,180	434,423
Basic earnings per share (NT\$)	\$5.12	\$3.59
B. Diluted earnings per share		
Profit attributable to ordinary shareholders of the parent after dilution (in thousand NT\$)	\$2,031,625	\$1,560,418
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	397,180	434,423
Effect of dilution:		
Employee bonus — stock (in thousand)	4,046	6,400
Weighted average number of ordinary shares outstanding after dilution (in thousand)	401,226	440,823
Diluted earnings per share (NT\$)	\$5.06	\$3.54

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

(26) Subsidiaries that have Material Non-Controlling Interests

Financial information of subsidiaries that have material non-controlling interests is provided below:

Percentage of equity interest held by non-controlling interests:

Subsidiary	Country of incorporation and operation	December 31,	
		2021	2020
Young Optics Inc.	Taiwan	62.39%	61.26%

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	December 31,	
	2021	2020
Accumulated balance of material non-controlling interests		
Young Optics, Inc.	\$1,989,816	\$1,952,427
	Years ended December 31	
	2021	2020
Profit allocated to material non-controlling interest		
Young Optics, Inc.	\$16,880	\$(143,814)

The summarized financial information of these subsidiaries is provided below. This information is based on the amount before inter-company transactions.

Summarized information of profit or loss for the year ended December 31, 2021:

	Young Optics Inc.
Operating revenue	\$4,562,666
Profit for the period from continuing operations	26,974
Total comprehensive income for the period	2,073

Summarized information of profit or loss for the year ended December 31, 2020:

	Young Optics Inc.
Operating revenue	\$3,905,582
Loss for the period from continuing operations	(236,216)
Total comprehensive (loss) income for the period	(230,996)

Summarized information of financial position as of December 31, 2021:

	Young Optics Inc.
Current assets	\$3,186,858
Non-current assets	2,753,280
Current liabilities	(1,550,402)
Non-current liabilities	(1,205,901)

Summarized information of financial position as of December 31, 2020:

	Young Optics Inc.
Current assets	\$2,511,922
Non-current assets	3,004,102
Current liabilities	(1,348,109)
Non-current liabilities	(986,153)

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Summarized cash flow information for the year ended December 31, 2021:

	<u>Young Optics Inc.</u>
Operating activities	\$(145,405)
Investing activities	(130,959)
Financing activities	275,163
Net decrease in cash and cash equivalents	(9,466)

Summarized cash flow information for the year ended December 31, 2020:

	<u>Young Optics Inc.</u>
Operating activities	\$387,182
Investing activities	(254,366)
Financing activities	(88,759)
Net increase in cash and cash equivalents	69,065

7. Related Party Transactions

(1) Related Party Name and Categories

<u>Related Party Name</u>	<u>Related Party Categories</u>
Gunze Limited (“Gunze”)	Joint Venture (Note)
Dong Guan Guan Zhi Electronics Ltd. (“Dong Guan Guan Zhi”)	Associate of Joint Venture (Note)
Etergo Opto-Electronics Co., LTD (“EOE”)	Associate
Chi Hua Fitness Co., LTD. (“CHI HUA”)	Substantive related party
Dongtai Qidian Electronic Technology Co.,Ltd (“DONGTAI QIDIAN”)	Substantive related party

Note: The Joint Venture relationships were terminated in December 2020.

(2) Significant transactions with related parties

A. Sales

	<u>Years ended December 31</u>	
	<u>2021</u>	<u>2020</u>
DONGTAI QIDIAN	\$11,206	\$-
CHI HUA	71	3,510
DongGuan Guan Zhi	(Note)	142
Total	<u>\$11,277</u>	<u>\$3,652</u>

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The sales price to the above related parties was determined by mutual agreement based on the market rates. The payment terms are not significantly different between related parties and third-party customers. The receivables-related parties were not pledged, bearing no interest and were paid in cash. The receivables-related parties also were not guaranteed.

B. Purchases

	Years ended December 31	
	2021	2020
EOE	\$113,812	\$51,816
Gunze	(Note)	118,317
DongGuan Guan Zhi	(Note)	189
Total	<u>\$113,812</u>	<u>\$170,322</u>

The purchase price to the above related parties was determined by mutual agreement based on the market rates. The payment terms from the related party suppliers are comparable with third party suppliers and are between 60-90 days.

C. Accounts Receivable from Related Parties

	December 31,	
	2021	2020
DONGTAI QIDIAN	<u>\$5,842</u>	<u>\$-</u>

D. Accounts Payable to Related Parties

	December 31,	
	2021	2020
EOE	<u>\$29,824</u>	<u>\$11,383</u>

E. Other Payable to Related Parties

	December 31,	
	2021	2020
EOE	<u>\$6,440</u>	<u>\$6,190</u>

F. Others

For years ended December 31, 2021 and 2020, the Group purchased molds from EOE, amounting to NT\$10,320 thousand and NT\$16,238 thousand.

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

G. Key Management Personnel Compensation

	Years ended December 31	
	2021	2020
Short-term employee benefits	\$239,566	\$258,071
Post-employment benefits	5,806	5,565
Total	\$245,372	\$263,636

8. Assets Pledged as Collateral

The following assets of the Group pledged as collateral:

Assets pledged as collateral	Carrying amount		Purpose of pledge
	December 31, 2021	December 31, 2020	
Buildings (including investment property)	\$795,875	\$837,651	Collateral for long-term borrowings
Time deposits (presented as “Other receivables”)	34,985	34,985	Lease execution deposits
Time deposits (presented as “Other noncurrent assets”)	20,781	20,776	Lease execution deposits
Time deposits (presented as “Other receivables”)	2,037	2,082	Customs import guarantee
Time deposits (presented as “Other noncurrent assets”)	1,087	1,082	Customs import guarantee
Bank deposits (presented as “Other receivables”)	13	864	Export tax guarantee
Bank deposits (presented as “Other receivables”)	-	15,569	Derivative execution deposits
Land	-	13,094	Collateral for long-term borrowings
Time deposits (presented as “Other receivables”)	-	1,332	Subsidy performance guarantee
Total	\$854,778	\$927,435	

9. Commitments and Contingencies

Amount available under unused letters of credit as of December 31, 2021 was NT\$3,207 thousand.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

10. Losses due to Major Disasters

None.

11. Significant Subsequent Events

None.

12. Others

(1) Categories of Financial Instruments

<u>Financial assets</u>	December 31, 2021	December 31, 2020
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss (Note 1)	\$8,875,150	\$372,859
Financial assets at fair value through other comprehensive income	3,988,804	913,080
Financial assets measured at amortized cost (Note 2)	27,729,328	30,340,520
Total	<u>\$40,593,282</u>	<u>\$31,626,459</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost:		
Short-term borrowings	\$11,812,397	\$5,137,417
Accounts payables (including related parties)	13,496,410	8,160,316
Other payables	5,297,433	4,213,229
Lease liability (including current and noncurrent)	1,771,160	1,554,422
Long-term borrowings (including current portion)	2,143,347	669,479
Subtotal	<u>34,520,747</u>	<u>19,734,863</u>
Financial liabilities at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss-current	57,060	35,854
Hedging financial liabilities-current	-	4,702
Total	<u>\$34,577,807</u>	<u>\$19,775,419</u>

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Note 1: As of December 31, 2021, the financial assets measured at fair value through profit or loss, including accounts receivable, was NT\$8,694,391 thousand. Please refer to Note 6(6) for more details.

Note 2: Include cash and cash equivalents (excluding cash on hand), notes receivable, trade receivables (including related parties), other receivables and restricted assets.

(2) Financial Risk Management Objectives and Policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD. The information of the sensitivity analysis is as follows:

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

When NTD appreciates or depreciates against USD by 1%, the profit for the years ended December 31, 2021 and 2020 is decreased/increased by NT\$17,308 thousand and NT\$115,118 thousand, while equity is decreased/increased by NT\$265,971 thousand and NT\$255,334 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans, bank borrowings with fixed and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments and bank borrowings with variable interest rate swaps. At the reporting date, an increase/decrease of 1% of interest rate in a reporting period could cause the profit for the years ended December 31, 2021 and 2020 to decreased/increased by NT\$142,774 thousand and NT\$51,370 thousand, respectively.

Equity price risk

The fair value of the Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed equity securities are classified under held for trading financial assets or available-for-sale financial assets. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

For the years ended December 31, 2021 and 2020, an increase/decrease of 1% in the price of the unlisted equity securities classified as equity instrument at fair value through profit or loss could have an impact of NT\$554 thousand and NT\$570 thousand on income attributable to the Group.

For the years ended December 31, 2021 and 2020, an increase/decrease of 1% in the price of the listed equity securities classified as equity instrument at fair value through other comprehensive income could have an impact of NT\$39,888 thousand and NT\$9,131 thousand on the equity attributable to the Group.

(4) Credit Risk Management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for trade receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria, etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of December 31, 2021, and 2020, receivables from top ten customers represented 73% and 69% of the total trade receivables of the Group, respectively. The credit concentration risk of other accounts receivables was insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity Risk Management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments and bank borrowings. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
As of December 31, 2021					
Borrowings	\$12,144,575	\$841,785	\$1,002,164	\$-	\$13,988,524
Accounts payables					
(including related parties)	13,496,410	-	-	-	13,496,410
Other payables					
(including related parties)	5,297,433	-	-	-	5,297,433
Lease liability	360,261	469,545	220,501	1,130,865	2,181,172

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
As of December 31, 2020					
Borrowings	\$5,273,266	\$438,476	\$119,833	\$-	\$5,831,575
Accounts payables					
(including related parties)	8,160,316	-	-	-	8,160,316
Other payables					
(including related parties)	4,213,229	-	-	-	4,213,229
Lease liability	240,872	308,363	193,045	1,205,671	1,947,951

Derivative financial liabilities

	Less than 1 year	1 to 3 years	Total
As of December 31, 2021			
Inflows	\$-	\$-	\$-
Outflows	57,060	-	57,060
Net	\$57,060	\$-	\$57,060

As of December 31, 2020			
Inflows	\$-	\$-	\$-
Outflows	40,556	-	40,556
Net	\$40,556	\$-	\$40,556

The table above contains the undiscounted net cash flows of derivative financial liabilities.

(6) Reconciliation of Liabilities Arising from Financing Activities:

Reconciliation of liabilities for the year ended December 31, 2021:

	Short-term borrowings	Long-term borrowings	Leases liabilities	Guarantee deposits received	Other liabilities- noncurrent	Total liabilities from financing activities
As of January 1, 2021	\$5,137,417	\$669,479	\$1,554,422	\$28,390	\$15,885	\$7,405,593
Cash flows	6,674,980	1,473,868	(301,528)	(5,099)	(12,544)	7,829,677
Additional leases	-	-	538,466	-	-	538,466
Exchange differences	-	-	(20,200)	-	-	(20,200)
As of December 31, 2021	\$11,812,397	\$2,143,347	\$1,771,160	\$23,291	\$3,341	\$15,753,536

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Reconciliation of liabilities for the year ended December 31, 2020:

	Short-term borrowings	Long-term borrowings	Leases liabilities	Guarantee deposits received	Other liabilities- noncurrent	Total liabilities from financing activities
As of January 1, 2020	\$8,521,341	\$183,433	\$1,775,345	\$36,458	\$17,272	\$10,533,849
Cash flows	(3,383,924)	486,046	(316,294)	(8,068)	(1,387)	(3,223,627)
Additional leases	-	-	92,141	-	-	92,141
Exchange differences	-	-	3,230	-	-	3,230
As of December 31, 2020	<u>\$5,137,417</u>	<u>\$669,479</u>	<u>\$1,554,422</u>	<u>\$28,390</u>	<u>\$15,885</u>	<u>\$7,405,593</u>

(7) Fair Value of Financial Instruments

A. The methods and assumptions applied in determining the fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- (a) The carrying amount of cash and cash equivalents, trade receivables, short-term borrowings, trade payable and other current liabilities approximate their fair value due to their short maturities.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price at the reporting date.
- (c) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model or other valuation method.
- (d) The fair value of long-term borrowings without active market is determined by using valuation techniques. Therefore, the fair value is estimated using the present value of the expected cash flows. The assumption of interest rate and discount rate mainly is measured by similar financial instruments.

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative Instruments

The related information for derivative financial instruments not yet settled as follows:

Forward currency contracts and cross currency contracts

The Group entered into forward currency and cross currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to forward currency and forward cross currency contracts:

Item (by contract)	Notional Amount	Contract Period
As of December 31, 2021		
Forward currency contract		
Selling forward currency contracts	USD 627,000 thousand	From January 2022 to October 2022
Buying forward currency contracts	USD 713,500 thousand	From January 2022 to June 2022
Selling forward currency contracts	CAD 2,100 thousand	From January 2022 to April 2022
Selling forward currency contracts	EUR 35,000 thousand	January 2022
As of December 31, 2020		
Forward currency contract		
Selling forward currency contracts	USD 418,380 thousand	From January 2021 to November 2021
Buying forward currency contracts	USD 431,000 thousand	From January 2021 to March 2021
Selling forward currency contracts	CAD 3,000 thousand	From January 2021 to March 2021
Selling forward currency contracts	EUR 1,200 thousand	March 2021
Forward cross currency contract	USD 32,700 thousand	From January 2021 to March 2021

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 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
 (Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Hedging forward currency contracts

The currency of sales, costs of goods sold and trade on behalf of the purchase were in US Dollars, EUR Dollars or British Pounds. The Group entered into forward currency contracts to manage its exposure to financial risk, but these contracts are designated as hedging instruments. The table below lists the information related to forward currency contracts:

Item (by contract)	Notional Amount	Contract Period
As of December 31, 2020		
Forward currency contract		
Selling forward currency contracts	EUR 3,000 thousand	February 2021

(9) Fair Value Measurement Hierarchy

A. Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

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	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward currency contract	\$-	\$125,399	\$-	\$125,399
Stock option	-	-	55,360	55,360
Equity instrument measured at fair value through other comprehensive income				
	-	-	3,988,804	3,988,804
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward currency contract	-	57,060	-	57,060
December 31, 2020				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward currency contract	\$-	\$315,391	\$-	\$315,391
Forward cross currency contract	-	508	-	508
Stock option	-	-	56,960	56,960
Equity instrument measured at fair value through other comprehensive income				
	-	-	913,080	913,080
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward currency contract	-	26,071	-	26,071
Forward cross currency contract	-	9,783	-	9,783

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Transfers between the Level 1 and Level 2 during the period

During the years ended December 31, 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

Change in reconciliation for fair value measurements in Level 3

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets		Total
	At fair value through profit or loss	At fair value through other comprehensive income	
	Stock option	Stock	
As of January 1, 2021:	\$56,960	\$913,080	\$970,040
Total gains and losses recognized for the year ended December 31, 2021:			
Amount recognized in profit or loss (presented in “other profit or loss”)	(1,600)	-	(1,600)
Amount recognized in OCI (presented in “unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”)	-	1,025,760	1,025,760
Acquisition	-	2,054,000	2,054,000
Settlement	-	(1,219)	(1,219)
Tax effect	-	(60)	(60)
Exchange differences	-	(2,757)	(2,757)
As of December 31, 2021	\$55,360	\$3,988,804	\$4,044,164

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Assets		
	At fair value through profit or loss	At fair value through other comprehensive income	Total
	Stock and Stock option	Stock	
As of January 1, 2020:	\$35,412	\$447,469	\$482,881
Total gains and losses recognized for the year ended December 31, 2020:			
Amount recognized in profit or loss (presented in “other profit or loss”)	(37,772)	-	(37,772)
Amount recognized in OCI (presented in “unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”)	-	470,857	470,857
Acquisition	59,320	-	59,320
Tax effect	-	(1,424)	(1,424)
Exchange differences	-	(3,822)	(3,822)
As of December 31, 2020	\$56,960	\$913,080	\$970,040

Total gains and losses recognized in profit or loss for the years ended December 31, 2021 and 2020 in the amount of NT\$(1,600) thousand and NT\$(37,772) thousand, respectively.

CORETRONIC CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
 (Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2021

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets :					
At fair value					
through other comprehensive income					
Stock	Asset-Based Approach	Not Applicable	-	-	-
	Market Approach	P/E ratio of similar companies	1.73	The higher the P/E ratio of similar companies, the higher the fair value estimated	10% increase (decrease) in the P/E ratio of similar entities would result in increase /decrease in equity by NT\$4,494 thousand/ NT\$4,494 thousand.
At fair value					
through profit or loss					
Stock option	Market Approach	P/E ratio of similar companies	0.43	The higher the P/E ratio of similar companies, the higher the fair value estimated	10% increase (decrease) in the P/E ratio of similar companies would result in increase /decrease in equity by NT\$6,110 thousand/ NT\$6,110 thousand.

CORETRONIC CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
 (Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

As of December 31, 2020

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets :					
At fair value					
through other					
comprehensive					
income					
Stock	Asset-Based Approach	Not Applicable	-	-	-
	Market Approach	P/E ratio of similar companies	0.98	The higher the P/E ratio of similar companies, the higher the fair value estimated.	10% increase (decrease) in the P/E ratio of similar entities would result in increase /decrease in equity by NT\$2,454 thousand/ NT\$2,454 thousand.
At fair value					
through profit					
or loss					
Stock option	Market Approach	P/E ratio of similar companies	0.44	The higher the P/E ratio of similar companies, the higher the fair value estimated	10% increase (decrease) in the P/E ratio of similar companies would result in increase /decrease in equity by NT\$6,286 thousand/ NT\$6,286 thousand.

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Assets Management Center (AMC) is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. AMC analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- C. Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (please refer to Note 6(10))	\$-	\$-	\$212,800	\$212,800

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (please refer to Note 6(10))	\$-	\$-	\$218,200	\$218,200

(10) Significant Assets and Liabilities Denominated in Foreign Currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	December 31, 2021		
	Foreign currencies	Exchange rate	NTD thousand
<u>Financial assets</u>			
Monetary item:			
USD	\$968,740	27.68	\$26,814,723
JPY	167,318	0.2405	40,240
GBP	338	37.30	12,607
EUR	83	31.32	2,600
Non-Monetary items:			
USD	\$7,001	27.68	\$193,800
<u>Financial liabilities</u>			
Monetary items:			
USD	\$1,031,268	27.68	\$28,545,498
JPY	86,369	0.2405	20,772
GBP	119	37.30	4,439
EUR	183	31.32	5,732

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	December 31, 2020		
	Foreign currencies	Exchange rate	NTD thousand
<u>Financial assets</u>			
Monetary item:			
USD	\$1,022,552	28.48	\$29,122,281
JPY	139,013	0.2763	38,409
CNY	3,982	4.3648	17,381
AUD	355	21.95	7,792
GBP	115	38.90	4,474
EUR	111	35.02	3,887
Non-Monetary items:			
USD	\$6,219	28.48	\$177,134
<u>Financial liabilities</u>			
Monetary items:			
USD	\$618,345	28.48	\$17,610,466
JPY	92,860	0.2763	25,657
GBP	4,919	38.90	191,353

The Group's entities functional currency are various, and hence is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gain was NT\$26,055 thousand and NT\$138,607 thousand for the years ended December 31, 2021 and 2020, respectively.

(11) Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(12) Other Items

Due to the impact of the COVID-19 pandemic, local governments of certain subsidiaries are implementing measures such as quarantine, tourism bans, or temporary shutdowns of shops and facilities, and there is no material impact on the Group's sales in 2021.

In a response to the pandemic, the Group took the following actions:

A. Adjust operating strategies

Inspect internal production capacity and conditions of supply chain to manage various resources effectively.

B. Government relief measures

The Group has successively applied to governments for various subsidies such as salaries, working capital, rents, etc.

13. Additional Disclosures

(1) The following are additional disclosures for the Group and its affiliates:

A. Financing provided to others for the year ended December 31, 2021: None.

B. Endorsement/Guarantee provided to others for the year ended December 31, 2021: Please refer to Attachment 1.

C. Securities held as of December 31, 2021 (excluding subsidiaries, associates and joint venture): Please refer to Attachment 2.

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2021: None.

E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2021: None.

F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2021: None.

G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2021: Please refer to Attachment 3.

H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of December 31, 2021: Please refer to Attachment 4.

I. The business relationship between the parent and the subsidiaries and significant transactions between them: Please refer to Attachment 5.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

J. Financial instruments and derivative transactions: Please refer to Note 6(2), Note 6(3), Note 6(4), Note 6(13), Note 12(1), Note 12(8) and Attachment 8.

(2) Information on Investees

A. Relevant information on investees when the investees have significant influence or direct or indirect control: Please refer to Attachments 6, 6-1, 6-2 and 6-3.

B. When the investees have significant influence or direct or indirect control, the above items from A to I shall be disclosed: Please refer to Attachments 1-1, 1-2, 2-1, 3-1, 4-1, and Attachment 10.

C. Financial instruments and derivative transactions: Please refer to Attachment 8.

(3) Investment in Mainland China

A. Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, percentage of ownership, investment income (loss), carrying amount of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 7, 7-1 and 7-2.

B. Directly or indirectly significant transactions with the investees in Mainland China: please refer to Attachment 5.

(4) Information on major shareholders

Please refer to Attachment 9.

14. Segment information

(1) General Information

A. The Group's reportable segments are organized into business units based on their products and services, and that they will be available for managing units to earn revenues and incur expense. Every unit needs unique technologies and marketing strategies, and the Group's chief operating decision maker manages every unit individually. The Group determined its reportable segments based on the Group's internal reports.

B. The Group has three reportable segments:

(a) Energy-saving products segments: mainly engaged in the R&D design, manufacturing and marketing of backlighting, panel modules, medical displays and energy-efficient lighting equipment.

(b) Image products and brand segments: mainly engaged in the R&D design, manufacturing and marketing of projector and brand management.

(c) Optical components segments: mainly engaged in the R&D, production and marketing of projection-related applications of optics related components.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements. However, financial cost, income and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

(2) Segment Income, Assets and Liabilities Information

	For the year ended December 31, 2021						Total
	Energy - saving products segment	Image products and brand segment	Optical components segment	Subtotal	Other segment (Note A)	Adjustment and elimination (Note B)	
Revenue							
Net revenue from external customers	\$27,158,039	\$15,947,933	\$3,912,729	\$47,018,701	\$2,814,667	\$-	\$49,833,368
Net revenue from sales among intersegments	125,134	91,157	649,937	866,228	1,291,654	(2,157,882)	-
Total revenue	<u>\$27,283,173</u>	<u>\$16,039,090</u>	<u>\$4,562,666</u>	<u>\$47,884,929</u>	<u>\$4,106,321</u>	<u>\$(2,157,882)</u>	<u>\$49,833,368</u>
Segment income	<u>\$1,160,648</u>	<u>\$1,583,567</u>	<u>\$55,588</u>	<u>\$2,799,803</u>	<u>\$(353,311)</u>	<u>\$338,827</u>	<u>\$2,785,319</u>
Segment Assets (Note C)	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$61,470,393</u>	<u>\$61,470,393</u>

	For the year ended December 31, 2020						Total
	Energy - saving products segment	Image products and brand segment	Optical components segment	Subtotal	Other segment (Note A)	Adjustment and elimination (Note B)	
Revenue							
Net revenue from external customers	\$22,009,683	\$13,928,308	\$3,586,243	\$39,524,234	\$2,914,102	\$-	\$42,438,336
Net revenue from sales among intersegments	145,440	35,914	319,339	500,693	908,548	(1,409,241)	-
Total revenue	<u>\$22,155,123</u>	<u>\$13,964,222</u>	<u>\$3,905,582</u>	<u>\$40,024,927</u>	<u>\$3,822,650</u>	<u>\$(1,409,241)</u>	<u>\$42,438,336</u>
Segment income	<u>\$1,138,477</u>	<u>\$718,133</u>	<u>\$(222,252)</u>	<u>\$1,634,358</u>	<u>\$(9,456)</u>	<u>\$211,794</u>	<u>\$1,836,696</u>
Segment Assets (Note C)	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$47,275,063</u>	<u>\$47,275,063</u>

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Note A: Nine operating segments did not meet the quantitative thresholds for reportable segments for the years ended December 31, 2021 and 2020, respectively. They have been combined into other segments.

Note B: Inter-segment revenue are eliminated on consolidation and recorded under the “adjustment and elimination” column, all other adjustments and eliminations are disclosed below.

Note C: If the measurements of the asset were not provided to the decision makers, the amount of the assets to be disclosed by every segment may be expressed as zero and listed as group asset.

	Years ended December 31	
	2021	2020
Net income of reportable segment	\$2,799,803	\$1,634,358
Income of other segment	(353,311)	(9,456)
Unallocated amount:		
Interest income	385,149	434,719
Interest expense	(148,938)	(193,942)
Financial assets (liabilities) at fair value through profit or loss	481,987	291,590
Exchange gains	26,055	138,607
Others	(405,426)	(459,180)
Income before income tax	<u>\$2,785,319</u>	<u>\$1,836,696</u>

(3) Geographical information

A. Sales to other than consolidated entities

	Years ended December 31,	
	2021	2020
Mainland China (including Hong Kong)	\$23,533,259	\$21,148,804
Taiwan	11,742,577	8,558,127
United Kingdom	4,299,270	3,756,178
United States	3,008,504	3,078,392
Japan	2,904,317	2,987,584
South Korea	1,930,845	739,051
Malaysia	532,644	275,221
Others	1,881,952	1,894,979
Total	<u>\$49,833,368</u>	<u>\$42,438,336</u>

Sales are classified by customers' country.

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

B. Non-current assets

	December 31,	
	2021	2020
Taiwan	\$5,176,343	\$5,240,225
Mainland China (including Hong Kong)	4,296,916	3,539,343
Bangladesh	338,539	403,485
Europe	114,621	238,402
United States	97,411	114,976
Total	\$10,023,830	\$9,536,431

(4) Major customers information

For the years ended December 31, 2021 and 2020, major customers representing at least 10% of net revenue: None.

ATTACHMENT 1 (Endorsement/Guarantee provided to others for the year ended December 31, 2021)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorsor/guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party	Maximum balance for the period	Ending balance	Actual amount provided	Amount of endorsement/guarantee collateralized by properties	Percentage of accumulated guarantee amount to net worth from the latest financial statement	Limit of total guarantee/endorsement amount	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiary in Mainland China
		Company name	Relationship										
0	Coretronic Corporation	Coretronic Vietnam	Subsidiary	\$ 10,459,357 (Note)	\$ 943,930	\$ 934,477	\$ 491,597	-	4.47%	\$ 20,918,713 (Note)	Yes	No	No
0	Coretronic Corporation	Coretronic MEMS Corporation	Subsidiary	10,459,357 (Note)	164,000	164,000	8,118	-	0.78%	20,918,713 (Note)	Yes	No	No
0	Coretronic Corporation	Nano Precision Taiwan Limited	Sub-subsiary	10,459,357 (Note)	350,000	350,000	102,843	-	1.67%	20,918,713 (Note)	Yes	No	No
0	Coretronic Corporation	Coretronic Intelligent Robotics Corporation	Subsidiary	10,459,357 (Note)	260,000	260,000	12,600	-	1.24%	20,918,713 (Note)	Yes	No	No
0	Coretronic Corporation	YLG Optotech	Sub-subsiary	10,459,357 (Note)	256,815	249,120	69,200	-	1.19%	20,918,713 (Note)	Yes	No	Yes
0	Coretronic Corporation	Optoma USA	Sub-subsiary	10,459,357 (Note)	14,268	13,840	13,840	-	0.07%	20,918,713 (Note)	Yes	No	No
0	Coretronic Corporation	Calibre UK Ltd.	Subsidiary	10,459,357 (Note)	434,630	-	-	-	-%	20,918,713 (Note)	Yes	No	No
	Total				<u>\$ 2,423,643</u>	<u>\$ 1,971,437</u>							

Note : Based on the procedures of endorsement/guarantee provided to others, the amount of endorsements/guarantees for any single entity shall not exceed 50% of the Company's net worth from the latest financial statement.
Based on the procedures of endorsement/guarantee provided to others, the total amount of endorsements/guarantees shall not exceed 100% of the Company's net worth from the latest financial statement.

ATTACHMENT 1-1 (Financing provided to others for the year ended December 31, 2021)

(The certain information is based on the unreviewed financial statements)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Lender	Counter-party	Financial statement account	Related party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for expected credit losses	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
1	Bigshine (HK)	Core-Flex	Trade receivables - related parties	Yes	\$ 123,499	\$ 119,799	\$ 119,799	-	The need for short-term financing	-	Business turnover	-	None	-	\$ 218,953	\$ 218,953
1	Bigshine (HK)	Optoma USA	Trade receivables - related parties	Yes	175,490	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	547,381	547,381
1	Bigshine (HK)	Coretronic Corporation	Trade receivables - related parties	Yes	173,830	173,830	173,830	-	The need for short-term financing	-	Business turnover	-	None	-	547,381	547,381
2	Bigshine	Brightbridge	Trade receivables - related parties	Yes	2,537	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	220,637	220,637
3	Great Pride (HK)	Coretronic Corporation	Trade receivables - related parties	Yes	97,019	94,122	94,122	-	The need for short-term financing	-	Business turnover	-	None	-	2,671,696	2,671,696
4	Venture Orient	Coretronic Corporation	Trade receivables - related parties	Yes	124,413	115,149	115,149	-	The need for short-term financing	-	Business turnover	-	None	-	535,898	535,898
5	Wisdom Success (HK)	Coretronic Corporation	Trade receivables - related parties	Yes	1,405,305	63,664	63,664	-	The need for short-term financing	-	Business turnover	-	None	-	6,393,737	6,393,737
6	Chung Tsen Investment	Calibre UK Ltd.	Trade receivables - related parties	Yes	180,320	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	859,113	859,113
6	Chung Tsen Investment	Optoma Corporation	Trade receivables - related parties	Yes	246,000	246,000	246,000	0.43%	The need for short-term financing	-	Business turnover	-	None	-	859,113	859,113
7	Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)	Trade receivables - related parties	Yes	906,086	460,199	460,199	0.5%	The need for short-term financing	-	Business turnover	-	None	-	5,197,829	5,197,829
8	Tsen Ming Investment	Optoma Corporation	Trade receivables - related parties	Yes	140,000	140,000	140,000	0.43%	The need for short-term financing	-	Business turnover	-	None	-	173,818	173,818
9	Coretronic (Suzhou)	Coretronic Optotech (Suzhou)	Trade receivables - related parties	Yes	1,980,997	1,843,025	1,843,025	0.5%	The need for short-term financing	-	Business turnover	-	None	-	4,754,377	4,754,377
9	Coretronic (Suzhou)	Coretronic Display (Suzhou)	Trade receivables - related parties	Yes	1,286,924	477,565	477,565	0.5%	The need for short-term financing	-	Business turnover	-	None	-	4,754,377	4,754,377
9	Coretronic (Suzhou)	Coretronic Optics (Suzhou)	Trade receivables - related parties	Yes	2,235,160	2,235,160	2,235,160	0.5%	The need for short-term financing	-	Business turnover	-	None	-	4,754,377	4,754,377
10	Dynamic Time	Optoma Corporation	Trade receivables - related parties	Yes	632,050	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	735,977	735,977
10	Dynamic Time	Coretronic Corporation	Trade receivables - related parties	Yes	861,800	858,080	858,080	-	The need for short-term financing	-	Business turnover	-	None	-	1,839,942	1,839,942
11	Modern Smart Ltd.	Optoma Corporation	Trade receivables - related parties	Yes	35,669	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	46,077	46,077
12	Coretronic (Ningbo)	Coretronic Display (Suzhou)	Trade receivables - related parties	Yes	21,702	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	3,438,997	3,438,997
13	Young Green Energy	CMC	Trade receivables - related parties	Yes	70,000	70,000	70,000	0.3-0.33%	The need for short-term financing	-	Business turnover	-	None	-	89,776	89,776
14	Coretronic Display (Suzhou)	Coretronic Corporation	Trade receivables - related parties	Yes	279,600	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	760,396	760,396
15	Teepoint	Brightbridge	Trade receivables - related parties	Yes	2,476	2,461	2,461	-	The need for short-term financing	-	Business turnover	-	None	-	3,392,571	3,392,571
16	Wisdom Success	Coretronic Corporation	Trade receivables - related parties	Yes	27,850	27,680	27,680	-	The need for short-term financing	-	Business turnover	-	None	-	10,113,359	10,113,359
17	Best Alpha Investments	Young Optics (BD)	Trade receivables - related parties	Yes	27,810	27,680	27,680	1%	The need for short-term financing	-	Business turnover	-	None	-	670,951	670,951

Note a : Limit of financing amount for individual counter-party and total financing amount should not exceed 100% of lender's net worth from the latest financial statement, including Dynamic Time, Bigshine(HK), Great Pride (HK), Venture Orient, Wisdom Success, and Wisdom Success (HK).

The above restriction only applies to the foreign subsidiaries whose shares are 100% owned by the Company.

Note b : Limit of financing amount for individual counter-party and total financing amount should not exceed 100% of lender's net worth from the latest financial statement, including Teepoint, Coretronic Projection (Kunshan) and Coretronic (Suzhou).

The above restriction only applies to the foreign subsidiaries whose shares are 100% owned, directly or indirectly, by the Company.

Note c : Limit of total financing amount for individual counter-party should not exceed 40% of lender's net worth from the latest financial statement, and limit of financing amount should not exceed 100% of the latest financial statements of lender, including Bigshine (HK), Chung Tsen Investment, Young Green Energy, Tsen Ming Investment.

ATTACHMENT 1-2 (Endorsement/Guarantee provided to others for the year ended December 31, 2021)
(The certain information is based on the unreviewed financial statements)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorsor/ guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party	Maximum balance for the period	Ending balance	Actual amount provided	Amount of endorsement/ guarantee collateralized by properties	Percentage of accumulated guarantee amount to net worth from the latest financial statement	Limit of total guarantee/ endorsement amount	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiary in Mainland China
		Company name	Relationship										
1	Coretronic (Suzhou)	Coretronic Display (Suzhou)	Associate	\$ 2,377,188 (Note)	\$ 2,854	\$ -	\$ -	-	-	\$ 4,754,377 (Note)	No	No	Yes
2	Coretronic Optotech (Suzhou)	Coretronic Optics (Suzhou)	Associate	472,886 (Note)	109,683	-	-	-	-	945,772 (Note)	No	No	Yes
2	Coretronic Optotech (Suzhou)	Coretronic Display (Suzhou)	Associate	472,886 (Note)	219,367	-	-	-	-	945,772 (Note)	No	No	Yes
	Total				<u>\$ 331,904</u>	<u>\$ -</u>							

Note : Based on the procedures of endorsement/guarantee provided to others, the amount of endorsements/guarantees for any single entity shall not exceed 50% of the Company's net worth from the latest financial statement.
Based on the procedures of endorsement/guarantee provided to others, the total amount of endorsements/guarantees shall not exceed 100% of the Company's net worth from the latest financial statement.

ATTACHMENT 2 (Securities held as of December 31, 2021)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Held company name	Marketable securities type and name	Relationship with the company	Financial statement account	December 31, 2021				Note
				Shares/Units	Carrying amount	Percentage of ownership (%)	Fair value (Note a)	
Coretronic Corporation	Yann Yuan Investment Co., Ltd.	-	Financial assets at fair value through other comprehensive income-noncurrent	13,000,000	\$ 2,752,957	7.98%	\$ 2,752,957	
Coretronic Corporation	Nightingale Intelligent Systems, Inc.	-	Financial assets at fair value through profit or loss-noncurrent	1,148,617	-	4.17%	-	
Coretronic Corporation	Nanosys Inc. (Note c)	-	Financial assets at fair value through profit or loss-noncurrent	6,708	(Note b) -	0.002%	-	
Coretronic Corporation	Flexenable Limited	-	Financial assets at fair value through profit or loss-current	-	55,360	-	55,360	
Coretronic Corporation	Etergo Opto-Electronics	-	Investments accounted for using the equity method	1,850,000	43,035	18.50%	-	

Note a : The Group measured the fair value of investments in accordance with IFRS9.

Note b : The impairment loss was recognized as the difference between the recoverable amount of the security and its carrying value.

Note c : Nanosys Inc. made a stock swap transaction to acquire GLO AB in September 2021. Therefore, Coretronic Corporation holds 6,708 shares of Nanosys Inc., and the ownership percentage is 0.002%.

ATTACHMENT 2-1 (Securities held as of December 31, 2021)
 (The certain information is based on the unreviewed financial statements)
 (Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Held company name	Marketable securities type and name	Relationship with the company	Financial statement account	December 31, 2021				Note
				Shares/Units	Carrying amount	Percentage of ownership (%)	Fair value (Note a)	
Venture Orient	Unitech Capital	-	Financial assets at fair value through other comprehensive income-noncurrent	2,500,000	USD 4,209,163.25	5.00%	USD 4,209,163	
Chung Tsen Investment	Shieh Yong Investment	-	Financial assets at fair value through other comprehensive income-noncurrent	71,885,854	1,094,472	4.47%	1,094,472	
Optoma Corporation	Liuligongfang	-	Financial assets at fair value through other comprehensive income-noncurrent	242,094	4,519	3.06%	4,519	
Optoma Corporation	Excel Global	-	Financial assets at fair value through other comprehensive income-noncurrent	812,506	20,346	19.90%	20,346	
Coretronic Venture Capital	GeneJet Biotech	-	Financial assets at fair value through other comprehensive income-noncurrent	315,000	-	5.85%	-	
					(Note b)			

Note a : The Group measured the fair value of investments in accordance with IFRS9.

Note b : Impairment loss was recognized by Coretronic Venture Capital for the difference between the recoverable amount of the security and its carrying value. In October 2021, Coretronic Venture Capital failed to acquire shares newly issued by GeneJet Biotech proportionately to its original ownership interest, which reduced its stockholding percentage from 19.51% to 5.85%. Since Coretronic Venture Capital lost significant influence over it, investment in GeneJet Biotech was reclassified to financial assets at fair value through other comprehensive income-noncurrent.

ATTACHMENT 3 (Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended December 31, 2021)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and Trade receivables (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
Coretronic Corporation	Optoma Corporation	Subsidiary	Sales	\$ 2,292,883	9.33%	90 days	-	-	\$ 1,133,038	8.77%	
Coretronic Corporation	Optoma USA	Sub-subsidiary	Sales	523,842	2.13%	90 days	-	-	332	-%	
Coretronic Corporation	Optoma Europe	Sub-subsidiary	Sales	1,434,879	5.84%	90 days	-	-	197,450	1.53%	
Coretronic Corporation	Coretronic (Ningbo)	Sub-subsidiary	Purchases	1,309,721	5.93%	120 days	-	-	(434,055)	(3.79%)	

ATTACHMENT 3-1 (Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended December 31, 2021)
(The certain information is based on the unreviewed financial statements)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and Trade receivables (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
Optoma Corporation	Optoma USA	Associate	Sales	\$ 809,933	25.10%	90 days	-	-	\$ 353,977	27.28 %	
Optoma Corporation	Optoma Europe	Associate	Sales	1,730,227	53.61%	90 days	-	-	820,027	63.21 %	
Young Optics	Coretronic Projection (Kunshan)	Associate	Sales	164,735	4.22%	60 days	-	-	163,857	20.00 %	
Young Optics	Rays Optics	Associate	Sales	226,091	5.79%	60 days	-	-	47,435	5.79 %	
Young Optics (Kunshan)	Young Optics	Associate	Sales	1,402,983	69.58%	60 days	-	-	488,235	76.95 %	
Young Optics (Kunshan)	Young Optics (Suzhou)	Associate	Sales	111,103	5.50%	90 days	-	-	33,564	5.29 %	
Young Optics (Kunshan)	Coretronic Optics (Kunshan)	Associate	Sales	452,445	22.44%	90 days	-	-	95,530	15.06 %	
Young Optics (Suzhou)	Young Optics	Associate	Sales	100,216	36.00%	60 days	-	-	35,890	56.13 %	
Nano Precision (Suzhou)	Coretronic Display (Suzhou)	Associate	Sales	164,495	10.78%	60 days	-	-	28,959	5.83 %	
Nano Precision (Suzhou)	Coretronic Optotech (Suzhou)	Associate	Sales	307,821	20.17%	60 days	-	-	115,182	23.21 %	
Nano Precision (Suzhou)	Coretronic Optics (Suzhou)	Associate	Sales	327,842	21.48%	60 days	-	-	58,753	11.84 %	
Coretronic Projection (Kunshan)	Optoma China	Associate	Sales	859,889	6.81%	90 days	-	-	256,246	7.64 %	
Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)	Associate	Sales	355,655	2.82%	60 days	-	-	91,174	2.72 %	
Coretronic Optotech (Suzhou)	Coretronic Display (Suzhou)	Associate	Sales	423,404	1.83%	60 days	-	-	152,718	2.06 %	
Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	Associate	Sales	7,055,578	99.93%	60 days	-	-	1,140,310	99.81 %	

ATTACHMENT 4 (Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of December 31, 2021)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company name	Counter-party	Relationship	Trade receivables - related parties balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for expected credit losses
					Amount	Collection status		
Trade receivables :								
Coretronic Corporation	Optoma Corporation	Subsidiary	\$ 1,133,038	2.57	\$ -	-	\$ -	\$ -
Coretronic Corporation	Optoma Europe	Sub-Subsidiary	197,450	2.82	-	-	-	-
Coretronic Corporation	Coretronic Vietnam	Subsidiary	257,061	-	-	-	-	-

ATTACHMENT 4-1 (Receivables from related parties with amounts exceeding the lower of NTS100 million or 20 percent of capital stock as of December 31, 2021)
(The certain information is based on the unreviewed financial statements)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company name	Counter-party	Relationship	Trade receivables - related parties balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for expected credit losses
					Amount	Collection status		
Trade receivables :								
Optoma Corporation	Optoma USA	Associate	\$ 353,977	4.40	\$ -	-	\$ -	\$ -
Optoma Corporation	Optoma Europe	Associate	820,027	3.85	-	-	-	-
Young Optics	Coretronic Projection (Kunshan)	Associate	163,857	2.01	-	-	-	-
Young Optics (Kunshan)	Young Optics	Associate	488,235	2.34	-	-	-	-
Nano Precision (Suzhou)	Coretronic Optotech (Suzhou)	Associate	115,182	3.75	-	-	-	-
Coretronic Projection (Kunshan)	Optoma China	Associate	256,246	3.04	-	-	-	-
Coretronic Optotech (Suzhou)	Coretronic Display (Suzhou)	Associate	152,718	3.14	-	-	-	-
Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	Associate	1,140,310	5.54	-	-	-	-
Other receivables :								
Grace China	Young Optics (BD)	Associate	455,004	-	-	-	-	-
Dynamic Time	Coretronic Corporation	Parent	858,080	-	-	-	-	-
Dynamic Time	Coretronic Investment	Associate	1,274,122	-	-	-	-	-
Chung Tsen Investment	Optoma Corporation	Associate	246,000	-	-	-	-	-
Tsen Ming Investment	Optoma Corporation	Associate	140,000	-	-	-	-	-
Coretronic (Suzhou)	Coretronic Display (Suzhou)	Associate	479,303	-	-	-	-	-
Coretronic (Suzhou)	Coretronic Optotech (Suzhou)	Associate	1,844,965	-	-	-	-	-
Coretronic (Suzhou)	Coretronic Optics (Suzhou)	Associate	2,238,206	-	-	-	-	-
Venture Orient	Coretronic Corporation	Parent	115,149	-	-	-	-	-
Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)	Associate	463,902	-	-	-	-	-
Bigshine (HK)	Coretronic Corporation	Parent	173,830	-	-	-	-	-
Bigshine (HK)	Core-Flex	Associate	119,799	-	-	-	-	-

ATTACHMENT 5 (Significant intercompany transactions between consolidated entities)

(The certain information is based on the unreviewed financial statements)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No. (Note a)	Related party	Counter-party	Relationship with Coretronic Corporation (Note b)	Transactions		
				Accounts	Amount	Percentage of consolidated operating revenues or consolidated total assets (Note d)
0	Coretronic Corporation	Optoma Corporation	1	Accounts receivable	1,133,038	1.84%
			1	Sales	2,292,883	4.60%
		Optoma USA	1	Sales	523,842	1.05%
		Optoma Europe	1	Accounts receivable	197,450	0.32%
			1	Sales	1,434,879	2.88%
		Greendale	1	Accounts receivable	1,065,296	1.73%
			1	Sales	5,407,711	10.85%
		Coretronic Projection (Kunshan)	1	Accounts receivable	38,538	0.06%
			1	Sales	64,352	0.13%
		YLG Optotech	1	Accounts receivable	160,928	0.26%
			1	Sales	355,965	0.71%
		Coretronic Display (Suzhou)	1	Accounts receivable	913,791	1.49%
			1	Sales	4,620,020	9.27%
		Coretronic Optotech (Suzhou)	1	Accounts receivable	5,452,138	8.87%
	1	Sales	20,225,154	40.59%		
		Coretronic Optics (Suzhou)	1	Accounts receivable	2,260,079	3.68%
			1	Sales	10,503,984	21.08%
		Coretronic Vietnam	1	Accounts receivable	1,805,645	2.94%
			1	Sales	3,020,912	6.06%
1	Optoma Corporation	Optoma USA	3	Accounts receivable	353,977	0.58%
			3	Sales	809,933	1.63%
		Optoma Europe	3	Accounts receivable	820,027	1.33%
			3	Sales	1,730,227	3.47%
2	Young Optics	Grace China	3	Other receivables	68,206	0.11%
		Young Optics (Kunshan)	3	Accounts receivable	63,698	0.10%
			3	Other receivables	19	-%
			3	Sales	61,724	0.10%
		Young Optics (Suzhou)	3	Accounts receivable	24,739	0.04%
			3	Sales	97,071	0.19%

No. (Note a)	Related party	Counter-party	Relationship with Coretronic Corporation (Note b)	Transactions		
				Accounts	Amount	Percentage of consolidated operating revenues or consolidated total assets (Note d)
2	Young Optics	Coretronic Projection (Kunshan)	3	Accounts receivable	163,857	0.27%
			3	Sales	164,735	0.33%
		Rays Optics	3	Accounts receivable	47,435	0.08%
			3	Other receivables	35	-%
			3	Sales	226,091	0.45%
		Young Optics (BD)	3	Sales	1,602	-%
			3	Other receivables	7,297	0.01%
			3	Accounts receivable	35,243	0.06%
		Mejiro Genossen Inc.	3	Sales	8,957	0.02%
			3	Accounts receivable	4,660	0.01%
		Young Optics Europe GmbH	3	Sales	4,458	0.01%
3	Accounts receivable		30	-%		
3	Mejiro Genossen Inc.	Young Optics	3	Sales	12,924	0.03%
			3	Accounts receivable	2,616	-%
			3	Other receivables	1,201	-%
4	Grace China	Young Optics (BD)	3	Other receivables	135,056	0.22%
			3	Accounts receivable	319,948	0.52%
5	Young Optics (Kunshan)	Young Optics	3	Accounts receivable	488,235	0.79%
			3	Sales	1,402,983	2.82%
		Young Optics (Suzhou)	3	Accounts receivable	33,564	0.05%
			3	Sales	111,103	0.22%
		Coretronic Projection (Kunshan)	3	Sales	30,420	0.06%
		Young Optics (BD)	3	Sales	3,587	0.01%
			3	Accounts receivable	3,255	0.01%
		Coretronic Optics (Kunshan)	3	Accounts receivable	95,530	0.16%
3	Sales		452,445	0.91%		
6	Dynamic Time	Coretronic Corporation	3	Other receivables	858,080	1.40%
		Coretronic Investment	3	Other receivables	1,274,122	2.07%
7	Coretronic (Suzhou)	Wisdom Success (HK)	3	Sales	60,802	0.12%
		Coretronic Display (Suzhou)	3	Other receivables	479,303	0.78%
		Coretronic Optotech (Suzhou)	3	Other receivables	1,844,965	3.00%
		Coretronic Optics (Suzhou)	3	Other receivables	2,238,206	3.64%
			3	Sales	36,771	0.07%

No. (Note a)	Related party	Counter-party	Relationship with Coretronic Corporation (Note b)	Transactions		
				Accounts	Amount	Percentage of consolidated operating revenues or consolidated total assets (Note d)
8	Chung Tsen Investment	Optoma Corporation	3	Other receivables	246,000	0.40%
9	Venture Orient	Coretronic Corporation	2	Other receivables	115,149	0.19%
10	Young Optics (Suzhou)	Young Optics	3	Accounts receivable	35,890	0.06%
			3	Sales	100,216	0.20%
		Young Optics (Kunshan)	3	Accounts receivable	8	-%
			3	Sales	1,290	-%
11	Nano Precision (Suzhou)	Great Pride (HK)	3	Accounts receivable	58,524	0.10%
			3	Sales	167,643	0.34%
		Coretronic Display (Suzhou)	3	Sales	164,495	0.33%
			3	Accounts receivable	28,959	0.05%
		Coretronic Optotech (Suzhou)	3	Accounts receivable	115,182	0.19%
			3	Sales	307,821	0.62%
		Coretronic Optics (Suzhou)	3	Accounts receivable	58,753	0.10%
			3	Sales	327,842	0.66%
12	Greendale	Coretronic Corporation	2	Other receivables	2,223,001	3.62%
		Coretronic Optics (Kunshan)	3	Other receivables	1,058,316	1.72%
13	Coretronic Projection (Kunshan)	Young Optics (Kunshan)	3	Accounts receivable	68,625	0.11%
			3	Sales	74,312	0.15%
		Optoma China	3	Accounts receivable	256,246	0.42%
			3	Sales	859,889	1.73%
		Vimax (Kunshan)	3	Sales	34,751	0.07%
		Greendale	3	Accounts receivable	2,220,852	3.61%
			3	Sales	7,975,040	16.00%
		Coretronic Intelligent Cloud Service Corp.	3	Sales	74,854	0.15%
		Champ Vision Display	3	Accounts receivable	226,632	0.37%
			3	Sales	750,197	1.51%
		Coretronic Optics (Kunshan)	3	Other receivables	463,902	0.75%
3	Accounts receivable		91,174	0.15%		
			3	Sales	355,655	0.71%
14	Young Green Energy	Coretronic MEMS Corporation	3	Other receivables	70,090	0.11%
15	Tsen Ming Investment	Optoma Corporation	3	Other receivables	140,000	0.23%

No. (Note a)	Related party	Counter-party	Relationship with Coretronic Corporation (Note b)	Transactions		
				Accounts	Amount	Percentage of consolidated operating revenues or consolidated total assets (Note d)
16	Coretronic (Ningbo)	Coretronic Corporation	2	Accounts receivable	434,059	0.71%
			2	Sales	1,309,827	2.63%
17	Nano Display (Guangzhou)	Coretronic (Guangzhou)	3	Sales	95,580	0.19%
18	Great Pride (HK)	Coretronic Corporation	2	Other receivables	94,112	0.15%
19	Wisdom Success (HK)	Coretronic Corporation	2	Other receivables	63,664	0.10%
		Coretronic (Suzhou)	3	Sales	(44,597)	(0.09)%
20	Bigshine (HK)	Coretronic Corporation	2	Other receivables	173,830	0.28%
		Core-Flex	3	Other receivables	119,799	0.19%
21	Coretronic Intelligent Cloud Service Corp.	Coretronic Corporation	2	Accounts receivable	85,109	0.14%
			2	Sales	278,012	0.56%
		Optoma Europe	3	Sales	30,734	0.06%
22	YLG Optotech	Coretronic Corporation	2	Accounts receivable	167,742	0.27%
			2	Sales	655,066	1.31%
		Champ Vision Display	3	Sales	57,052	0.11%
23	Young Optics (BD)	Young Optics	3	Sales	62,083	0.12%
			3	Accounts receivable	16,537	0.03%
		Young Optics (Kunshan)	3	Sales	10,033	0.02%
			3	Accounts receivable	6,819	0.01%
24	Best Alpha Investments	Young Optics (BD)	3	Other receivables	27,762	0.05%
25	Coretronic Display (Suzhou)	Coretronic Corporation	2	Accounts receivable	1,066,385	1.73%
			2	Sales	2,997,792	6.02%
		YLG Optotech	3	Sales	56,444	0.11%
26	Coretronic Optotech (Suzhou)	Coretronic Corporation	2	Accounts receivable	7,263,977	11.82%
			2	Sales	4,102,701	8.23%
		Coretronic Display (Suzhou)	3	Accounts receivable	152,718	0.25%
			3	Sales	423,404	0.85%
27	Champ Vision Display	Coretronic Projection (Kunshan)	3	Accounts receivable	129,712	0.21%
			3	Sales	422,733	0.85%
		YLG Optotech	3	Sales	32,721	0.07%
28	Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	3	Accounts receivable	1,140,310	1.86%
			3	Sales	7,055,578	14.16%

No. (Note a)	Related party	Counter-party	Relationship with Coretronic Corporation (Note b)	Transactions		
				Accounts	Amount	Percentage of consolidated operating revenues or consolidated total assets (Note d)
29	Coretronic Optics (Suzhou)	Coretronic Corporation	2	Accounts receivable	4,245,730	6.91%
			2	Sales	3,402,339	6.83%
30	Nano Precision Taiwan	Coretronic Corporation	2	Other receivables	30,221	0.05%
			3	Accounts receivable	42,441	0.07%
		Nano Precision (Suzhou)	3	Sales	300,834	0.60%
			3	Sales	61,828	0.12%
		Nano Display (Guangzhou)	3	Sales	39,846	0.08%
		Coretronic Display (Suzhou)	3	Sales	32,268	0.06%
		Coretronic Optics (Suzhou)	3	Sales	96,121	0.19%
31	Coretronic Vietnam	Coretronic Corporation	2	Accounts receivable	1,278,905	2.08%
			2	Sales	704,082	1.41%
32	Coretronic Intelligent Logistics Solutions Corporation	Coretronic Corporation	2	Sales	48,646	0.10%

Note a: Coretronic Corporation and its subsidiaries are coded as follows:

1. Coretronic Corporation is coded "0"
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note b: Transactions are categorized as follows:

1. The holding company to subsidiary.
2. The subsidiary to holding company.
3. Subsidiaries to subsidiaries.

Note c: In principle, the received/payment terms were month-end 90 days or 30-150 days.

Note d: The percentage with respect to the consolidated asset/liability for transactions of balance sheet items are based on each item's balance at period-end.

For profit or loss items, cumulative balances are used as basis.

ATTACHMENT 6 : (Names, locations and related information of investee companies as of and for year ended December 31, 2021) (Not including investment in Mainland China)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor company	Investee company	Address	Main businesses and products	Initial Investment		Investment as of year ended December 31, 2021			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
Coretronic Corporation	Coretronic (BVI) Investment Corp.	B.V.I.	Holding company	\$1,566,475	\$1,566,475	47,220,000	100.00%	\$5,716,259	\$503,147	\$503,147	Subsidiary
Coretronic Corporation	Optoma Corporation	New Taipei City, Taiwan	Engaged in the production and marketing of data storage and processing equipment, electronic components, optical devices, wireless communications equipment and electronic appliances	518,465	518,465	58,462,000	100.00%	915,836	461,617	461,617	Subsidiary
Coretronic Corporation	Young Optics Inc.	Hsinchu City, Taiwan	Engaged in the production, marketing and R&D of electronic components and optics.	526,482	532,219	39,461,586	34.60%	1,100,031	26,361	7,525	Subsidiary
Coretronic Corporation	Viscorp Limited	B.V.I.	Holding company	467,241	467,241	40,781	100.00%	12,569,639	743,372	743,372	Subsidiary
Coretronic Corporation	Sinolink Global Limited	B.V.I.	Holding company	34,100	34,100	980	100.00%	1,323,044	51,638	51,638	Subsidiary
Coretronic Corporation	Chung Tsen Investment Corp.	New Taipei City, Taiwan	Investing company for strategic purposes	692,696	692,696	127,099,664	100.00%	2,566,322	32,585	32,585	Subsidiary
Coretronic Corporation	Teepoint Limited	B.V.I.	Holding company	1,064,802	1,064,802	33,556,599	78.06%	2,806,949	121,213	94,620	Subsidiary
Coretronic Corporation	Young Green Energy Co., LTD.	Hsinchu County, Taiwan	Engaged in the production, wholesale and retail trade of electronic components, battery, computer and its peripheral devices, and electronic material	214,620	214,620	18,833,220	99.91%	231,223	13,975	13,961	Subsidiary
Coretronic Corporation	Young Lighting Limited	Samoa	Holding company	118,134	118,134	3,907,000	100.00%	872,597	332,623	332,623	Subsidiary
Coretronic Corporation	Coretronic Intelligent Cloud Service Corp.	Hsinchu County, Taiwan	Engaged in intelligent cloud, IT information, intelligent applications of new media and platform development related business of new media.	354,990	254,990	25,000,000	100.00%	315,853	49,730	49,730	Subsidiary
Coretronic Corporation	Coretronic Venture Capital Corp.	New Taipei City, Taiwan	The investment activities of company's business expansion	300,000	300,000	30,000,000	100.00%	308,059	3,927	3,927	Subsidiary
Coretronic Corporation	Champ Vision Display Inc.	Miaoli County, Taiwan	Engaged in R&D, design, production and marketing of innovative intelligent display products and system integration solution.	144,000	144,000	14,400,000	80.00%	151,622	1,554	1,243	Subsidiary
Coretronic Corporation	uCare Medical Electronics Co., Ltd.	Miaoli County, Taiwan	Engaged in the R&D, design, production and marketing of intelligent movement and medical care related software and hardware products.	80,000	80,000	8,000,000	60.69%	23,033	(21,853)	(13,263)	Subsidiary
Coretronic Corporation	Calibre UK Limited	UK	Engaged in R&D, design, production and marketing of image processing products.	238,841	44,088	52,701,042	100.00%	25,578	(93,594)	(93,594)	Subsidiary
Coretronic Corporation	Coretronic Intelligent Robotics Corporation	Hsinchu City, Taiwan	Engaged in R&D, production and marketing of unmanned aerial vehicle and intelligent robotics.	506,263	260,600	18,000,000	100.00%	181,381	(126,233)	(126,233)	Subsidiary
Coretronic Corporation	InnoSpectra Corporation	Hsinchu City, Taiwan	Engaged in R&D and marketing of near-infrared spectrum and corresponding solutions	48,000	48,000	4,800,000	80.00%	8,998	(4,983)	(3,987)	Subsidiary
Coretronic Corporation	Coretronic MEMS Corporation	Hsinchu County, Taiwan	Engaged in R&D, production and marketing of MEMS sensor, module and corresponding solutions.	180,000	180,000	18,000,000	100.00%	40,559	(69,755)	(69,755)	Subsidiary
Coretronic Corporation	Coretronic Reality Inc.	Hsinchu County, Taiwan	Engaged in R&D, production and marketing of wearable and embedded projector, system, and display solutions.	100,000	100,000	10,000,000	100.00%	58,020	(15,080)	(15,080)	Subsidiary
Coretronic Corporation	Coretronic Vietnam Co., Ltd.	Vietnam	Research and development, manufacturing and sales of optical components such as backlight module, LCD module, LCD TV and panel display.	USD 3,000,000	USD 3,000,000	-	100.00%	(81,359)	(161,179)	(161,179)	Subsidiary
Coretronic Corporation	Coretronic Intelligent Logistics Solutions Corporation	Hsinchu County, Taiwan	System integration and application service solutions for intelligent logistics and smart manufacturing	50,000	-	5,000,000	100.00%	41,316	(8,684)	(8,684)	Subsidiary
Coretronic Corporation	Coretronic Investment Limited	U.K.	Holding company	EUR 100,000 (Note a)	-	100,000	100.00%	(15,427)	(19,594)	(19,594)	Subsidiary

Note a : As of December 31, 2021, Coretronic Investment Limited completed the company registration processes, while its capital of EUR 100,000 has not yet been paid by Coretronic Corporation.

ATTACHMENT 6 -1 : (Names, locations and related information of investee companies as of and for year ended December 31, 2021) (Not including investment in Mainland China)
(The certain information is based on the unreviewed financial statements)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor company	Investee company	Address	Main businesses and products	Initial Investment		Investment as of year ended December 31, 2021			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
Coretronic BVI	Greendale	Samoa	Holding company	USD 46,400,000	USD 46,400,000	46,400	100.00 %	USD 206,920,779	USD 18,011,223	(Note a)	Sub-subsiary
Visicorp	Wisdom Success	Cayman Islands	Holding company	USD 10,176,000	USD 10,176,000	43,300	100.00 %	USD 378,597,342	USD 24,694,729	(Note a)	Sub-subsiary
Visicorp	Bigshine	Samoa	Holding company	USD 3,000,000	USD 3,000,000	3,000	100.00 %	USD 7,266,399	(USD 781,610)	(Note a)	Sub-subsiary
Visicorp	Investdragon	Samoa	Holding company	USD 636,000	USD 636,000	212,000	100.00 %	USD 18,621	USD 30	(Note a)	Sub-subsiary
Visicorp	Lead Bright	Samoa	Holding company	USD 4,700,000	USD 4,700,000	4,700	100.00 %	USD 33,134,351	USD 731,344	(Note a)	Sub-subsiary
Visicorp	Elite View	Samoa	Holding company	USD 5,000,400	USD 5,000,400	5,000	100.00 %	USD 19,359,227	USD 1,432,201	(Note a)	Sub-subsiary
Visicorp	Tecpoint	B.V.I.	Holding company	USD 5,204,902	USD 5,204,902	5,204,902	12.11 %	USD 15,729,025	USD 4,339,843	(Note a)	Subsidiary
Coretronic (Suzhou)	Coretronic Technology (HK)	HK	Holding company	USD 1,000,000 (Note b)	-	1,000,000	100.00 %	-	-	(Note a)	Sub-subsiary
Coretronic Technology (HK)	Coretronic Technology (BRVT) Company	Vietnam	Research and development, manufacturing and sales of optical components such as backlight module, LCD module, LCD TV and panel display in Vietnam	USD 30,000,000 (Note c)	-	-	100.00 %	-	-	(Note a)	Sub-subsiary
Coretronic Investment Limited	Optoma Holding Limited	U.K.	Holding company	EUR 32,620,000	(Note d)	32,620,000	100.00 %	EUR 40,088,220	(EUR 624,326)	(Note a)	Sub-subsiary
Wisdom Success	Wisdom Success (HK)	HK	Holding company	USD 18,000,000	USD 18,000,000	18,000	100.00 %	USD 240,817,643	USD 20,801,402	(Note a)	Sub-subsiary
Wisdom Success	Lead Bright (HK)	HK	Holding company	USD 13,300,000	USD 13,300,000	13,300	73.89 %	USD 93,768,501	USD 2,801,012	(Note a)	Sub-subsiary
Wisdom Success	Elite View (HK)	HK	Holding company	USD 7,999,600	USD 7,999,600	8,000	61.54 %	USD 30,976,624	USD 3,723,871	(Note a)	Sub-subsiary
Wisdom Success	Bigshine (HK)	HK	Holding company	USD 5,000,000	USD 5,000,000	5,000	62.50 %	USD 12,018,665	(USD 750,841)	(Note a)	Sub-subsiary
Bigshine	Bigshine (HK)	HK	Holding company	USD 3,000,000	USD 3,000,000	3,000	37.50 %	USD 7,211,199	(USD 750,841)	(Note a)	Sub-subsiary
Lead Bright	Lead Bright (HK)	HK	Holding company	USD 4,700,000	USD 4,700,000	4,700	26.11 %	USD 33,134,329	USD 2,801,012	(Note a)	Sub-subsiary
Elite View	Elite View (HK)	HK	Holding company	USD 5,000,400	USD 5,000,400	5,000	38.46 %	USD 19,359,132	USD 3,723,871	(Note a)	Sub-subsiary
Sinolink	Mat Limited	Samoa	Holding company	USD 980,000	USD 980,000	980	100.00 %	USD 47,797,434	USD 1,841,473	(Note a)	Sub-subsiary
Tecpoint	Great Pride	Samoa	Holding company	USD 11,800,000	USD 11,800,000	11,800,000	100.00 %	USD 102,364,218	USD 3,575,378	(Note a)	Sub-subsiary
Tecpoint	Core-Flex	Cayman Islands	Holding company	USD 23,260,000	USD 23,260,000	213,260,000	94.36 %	USD 9,031,991	USD 218,802	(Note a)	Sub-subsiary
Tecpoint	Nano Display	HK	Holding company	USD 7,800,000	USD 7,800,000	7,800,000	100.00 %	USD 18,239,110	USD 557,611	(Note a)	Sub-subsiary
Great Pride	Great Pride (HK)	HK	Holding company	USD 11,800,000	USD 11,800,000	11,800	100.00 %	USD 102,325,901	USD 3,575,375	(Note a)	Sub-subsiary
Nano Precision (Suzhou)	Nano Precision Taiwan	Hsinchu County, Taiwan	Engaged in the production, R&D, marketing and imports/exports of high-end electronic devices' plastic enclosures, frames, and optical component injection	300,000	300,000	30,000,000	100.00 %	RMB 16,799,798	(RMB 16,717,106)	(Note a)	Sub-subsiary
Chung Tsen Investment	Venture Orient	Samoa	Holding company	USD 5,550,000	USD 5,550,000	5,550	100.00 %	587,114	22,365	(Note a)	Sub-subsiary
Chung Tsen Investment	Young Optics	Hsinchu City, Taiwan	Engaged in the production, marketing and R&D of electronic components and optics	35,471	35,471	2,166,317	1.90 %	60,299	26,361	(Note a)	Subsidiary
Chung Tsen Investment	Tsen Ming Investment	New Taipei City, Taiwan	Investing company for strategic purposes	102,000	102,000	32,443,180	100.00 %	467,424	(9,882)	(Note a)	Sub-subsiary

Note a : The share of profits/losses of investee company is not reflected herein, as such amount is already included in the share of profits/losses of the investor company.

Note b : As of December 31, 2021, Coretronic Technology (HK) completed the company registration processes, while its capital of USD 1,000,000 has not yet been paid by Coretronic (Suzhou).

Note c : As of December 31, 2021, Coretronic Technology (BRVT) Company completed the company registration processes, while its capital of USD 30,000,000 has not yet been paid by Coretronic Technology (HK).

Note d : In consideration of group business strategy, Coretronic Investment Limited acquired 100% ownership of Optoma Holding Limited from Dynamic Time in December 2021.

ATTACHMENT 6 -2 : (Names, locations and related information of investee companies as of and for year ended December 31, 2021) (Not including investment in Mainland China) (The certain information is based on the unreviewed financial statements)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor company	Investee company	Address	Main businesses and products	Initial investment		Investment as of year ended December 31, 2021			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
Chung Tsen Investment	Core-Flex	Cayman Islands	Holding company	USD 3,130,000	USD 3,130,000	3,130,000	1.39 %	\$3,782	\$6,131	(Note)	Sub-subsidiary
Venture Orient	Tecpoint	B.V.I.	Holding company	USD 4,226,399	USD 4,226,399	4,226,399	9.83 %	USD 12,772,055	USD 4,339,843	(Note)	Subsidiary
Tsen Ming Investment	Young Optics	Hsinchu City, Taiwan	Engaged in the production, marketing and R&D of electronic components and optics	31,921	31,921	1,268,886	1.11 %	36,028	26,361	(Note)	Subsidiary
Tsen Ming Investment	Core-Flex	Cayman Islands	Holding company	USD 1,718,289	USD 1,718,289	8,170,000	3.61 %	6,880	6,131	(Note)	Sub-subsidiary
Young Green Energy	Boom Power	B.V.I.	Holding company	USD 1,000,000	USD 1,000,000	10,000	100.00 %	122,036	USD 245,314	(Note)	Sub-subsidiary
Young Lighting Limited	YLG Limited	Samoa	Holding company	USD 3,060,001	USD 3,060,001	6,000,000	100.00 %	USD 874,605	USD 983,581	(Note)	Sub-subsidiary
Young Lighting Limited	Brightbridge	Samoa	Holding company	USD 1	USD 1	29,500,000	100.00 %	USD 17,296,432	USD 6,202,392	(Note)	Sub-subsidiary
Young Lighting Limited	Crystal Word	Samoa	Holding company	USD 1	USD 1	22,258,000	100.00 %	USD 13,109,786	USD 4,678,998	(Note)	Sub-subsidiary
Coretronic Intelligent Cloud Service	Coretronic System Engineering Limited	Samoa	Holding company	USD 1,500,000	USD 1,500,000	1,500,000	100.00 %	26,641	3,222	(Note)	Sub-subsidiary
Coretronic System Engineering Limited	Coretronic System Engineering (HK)	HK	Holding company	USD 1,500,000	USD 1,500,000	1,500,000	100.00 %	USD 962,473	USD 115,564	(Note)	Sub-subsidiary

Note : The share of profits/losses of investee company is not reflected herein, as such amount is already included in the share of profits/losses of the investor company.

ATTACHMENT 6 -3 : (Names, locations and related information of investee companies as of and for year ended December 31, 2021) (Not including investment in Mainland China)
(The certain information is based on the unreviewed financial statements)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor company	Investee company	Address	Main businesses and products	Initial investment		Investment as of year ended December 31, 2021			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
Optoma Corporation	Dynamic Time	Cayman Islands	Holding company	USD 14,122,230	USD 14,122,230	14,856	100.00 %	\$2,200,280	USD 19,296,078	(Note a)	Sub-subsiary
Dynamic Time	Optoma Europe	U.K.	Marketing and after-sales service of Optoma in European region	(Note c)	USD 2,451,350	(Note c)	(Note c)	(Note c)	(Note c)	(Note a, c)	Sub-subsiary
Dynamic Time	Optoma USA	USA	Marketing and after-sales service of Optoma in Americas region	(Note c)	USD 8,821,889	(Note c)	(Note c)	(Note c)	(Note c)	(Note a, c)	Sub-subsiary
Dynamic Time	Modern Smart	B.V.I.	Holding company	USD 1,200,000	USD 1,200,000	1,200,000	100.00 %	USD 1,519,475	USD 1,289,517	(Note a)	Sub-subsiary
Dynamic Time	Optoma (China & HK) Ltd.	HK	Marketing and after-sales service of Optoma in Hong Kong and the Asia-Pacific region	USD 309,546	USD 309,546	2,400,000	100.00 %	USD 303,452	(USD 43,916)	(Note a)	Sub-subsiary
Optoma Holding	Optoma USA	USA	Marketing and after-sales service of Optoma in Americas region	EUR 6,328,202 (Note c)	-	5,807,233	100.00 %	EUR 12,483,631	EUR 8,949,073	(Note a)	Sub-subsiary
Optoma Holding	Optoma Europe	U.K.	Marketing and after-sales service of Optoma in European region	EUR 24,911,549 (Note c)	-	23,826,934	100.00 %	EUR 24,125,193	EUR 5,939,086	(Note a)	Sub-subsiary
Optoma Holding	Optoma Co., Ltd.	New Taipei City, Taiwan	Marketing and after-sales service of Optoma in the Asia-Pacific region	EUR 931,677	-	3,000,000	100.00 %	EUR 957,024	(USD 828)	(Note a)	Sub-subsiary
Optoma Europe	Optoma Deutschland GmbH	Germany	Marketing and after-sales service of Optoma in European region	EUR 958,000	EUR 958,000	-	100.00 %	EUR 1,427,806	EUR 357,843	(Note a)	Sub-subsiary
Optoma Europe	Optoma France	France	Marketing and after-sales service of Optoma in European region	GBP 67,376	GBP 67,376	-	100.00 %	EUR 735,051	EUR 272,559	(Note a)	Sub-subsiary
Optoma Europe	Optoma Scandinavia. A.S.	Norway	Marketing and after-sales service of Optoma in European region	GBP 8,260	GBP 8,260	100	100.00 %	EUR 164,444	NOK 6,818	(Note a)	Sub-subsiary
Optoma Europe	Optoma Espana, S.L.	Spain	Marketing and after-sales service of Optoma in European region	EUR 103,006	EUR 103,006	5,150,280	100.00 %	EUR 380,971	EUR 7,178	(Note a)	Sub-subsiary
Optoma Europe	Optoma Benelux B.V.	Netherlands	Marketing and after-sales service of Optoma in European region	EUR 18,000	EUR 18,000	18,000	100.00 %	EUR 509,934	EUR 128,305	(Note a)	Sub-subsiary
Young Optics	Masterview	B.V.I.	Holding company	USD 6,000,000	USD 6,000,000	6,000,000	100.00 %	1,672,822	(45,920)	(Note a)	Sub-subsiary
Young Optics	Rays Optics	Hsinchu County, Taiwan	Manufacturing and selling of optics instruments and electronic components	298,140	298,140	9,250,000	92.50 %	105,290	11,048	(Note a)	Sub-subsiary
Young Optics	Mejiro Genossen	Japan	Researching, developing, manufacturing and selling of optics machines	JPY 161,200,908	JPY 161,200,908	4,950	99.00 %	37,097	8,641	(Note a)	Sub-subsiary
Masterview	Best Alpha	Samoa	Holding company	USD 1,000,000	USD 1,000,000	1,000,000	100.00 %	USD 18,346,591	USD 844,845	(Note a)	Sub-subsiary
Masterview	Grace China	Cayman Islands	Holding company	USD 8,156,458	USD 8,156,458	8,156,458	100.00 %	USD 38,650,463	(USD 584,516)	(Note a)	Sub-subsiary
Masterview	Young Optics (BD)	Bengal	Manufacturing of optics components	USD 12,000,000	USD 5,000,000	4,149,936	62.50 %	(USD 3,587,998)	(USD 2,908,809)	(Note a)	Sub-subsiary
Masterview	Young Optics Europe GmbH	Germany	Manufacturing and selling of 3D printer	EUR 18,750	EUR 18,750	-	75.00 %	USD 11,913	(USD 41,899)	(Note a)	Sub-subsiary
Grace China	Young Optics (BD)	Bengal	Manufacturing of optics components	USD 3,000,000	USD 3,000,000 (Note b)	2,479,960	37.50 %	(USD 2,152,799)	(USD 2,908,809)	(Note a)	Sub-subsiary

Note a : The share of profits/losses of investee company is not reflected herein, as such amount is already included in the share of profits/losses of the investor company.

Note b : In December 2021, Masterview made a capital injection of USD 7,000,000 into Young Optics (BD), and accounted it as prepayments for long-term investment. However, as of December 31, 2021, Young Optics (BD) has not completed capital verification procedures yet.

Note c : In consideration of group business strategy, Coretronic Investment Limited acquired 100% ownership of Optoma USA and Optoma Europe from Dynamic Time in July 2021.

ATTACHMENT 7 : (Investment in Mainland China for year ended December 31, 2021)
(Except for Coretronic Display (Suzhou), the information is based on the unreviewed financial statements)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized	Carrying value as of year ended December 31, 2021	Accumulated inward remittance of earnings as of year ended December 31, 2021
					Outflow	Inflow						
Coretronic Projection (Kunshan)	Digital projectors, LCD monitors and related components of the research and development, processing, manufacturing and sales of the company's products and engaged in after-sales maintenance services	\$ 1,525,064 (USD 46,000,000)	Indirect investment from the third region (Greendale)	\$ 1,525,064 (USD 46,000,000)	-	-	\$ 1,525,064 (USD 46,000,000)	\$ 498,668	100.00%	\$ 498,668	\$ 5,702,104	\$ 428,855 (USD 14,065,436)
Technology Service (Kunshan)	LCD monitor maintenance and technical services	13,259 (USD 400,000)	Indirect investment from the third region (Greendale)	13,259 (USD 400,000)	-	-	13,259 (USD 400,000)	2,371	100.00%	2,371	27,154	-
Coretronic Optics (Kunshan)	Production and sales of projector module products and spectrometer	RMB 42,000,000	Indirect investment from the Mainland China subsidiary (CPC)	-	-	-	-	81,423	100.00%	81,423	503,279	-
Vimax (Kunshan)	Design, research and development and production of projectors, sales of the company's own products and provide after sales maintenance services for self-produced and non-self-produced products	62,252 (USD 1,800,000)	Indirect investment from the third region (Mat Limited)	62,252 (USD 1,800,000)	-	-	62,252 (USD 1,800,000)	54,720	100.00%	54,720	1,315,337	-
Coretronic (Suzhou)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	660,657 (USD 20,000,000)	Indirect investment from the third region (Wisdom Success HK)	271,297 (USD 8,000,000)	-	-	271,297 (USD 8,000,000)	80,227	100.00%	80,227	4,806,502	-
Coretronic Optics (Suzhou)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	USD 10,000,000	Indirect investment from the third region (Wisdom Success HK)	-	-	-	-	243,545	100.00%	243,545	618,312	-
Coretronic Optotech (Suzhou)	Research and development, manufacturing and processing optical components such as backlight module, LCD module, LCD TV and panel display. Sales of the company's own products and after-sales maintenance services	390,000 (USD 12,000,000)	Indirect investment from the third region (Wisdom Success HK)	-	-	-	-	262,685	100.00%	262,685	1,208,917	-
Coretronic (Shanghai)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	257,829 (USD 8,000,000)	Indirect investment from the third region (Bigshine HK)	95,254 (USD 3,000,000)	-	-	95,254 (USD 3,000,000)	(21,400)	100.00%	(21,400)	238,507	81,790 (USD 2,800,000)
Coretronic Display (Suzhou)	Research and development, manufacturing panel modules and related components of the business, sales of the company's own products and provide related after-sales maintenance services	1,547,564 (USD 51,758,000)	Indirect investment from the third region (Brightbridge and Crystal Word)	88,972 (USD 2,967,283)	-	-	88,972 (USD 2,967,283)	101,142	100.00%	101,142	844,007	-
Coretronic (Ningbo)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	650,050 (USD 20,000,000)	Indirect investment from the third region (Lead Bright HK)	151,490 (USD 4,700,000)	-	-	151,490 (USD 4,700,000)	78,032	100.00%	78,032	3,512,518	139,650 (USD 4,619,805)
Young Bright Optical (Suzhou)	Research and development, processing, manufacturing backlight optical film products	1,178,240 (USD 36,000,000)	Indirect investment from the third region (Core-Flex)	759,827 (USD 23,260,000)	-	-	759,827 (USD 23,260,000)	6,131	100.00%	6,131	392,220	-
Nano Precision (Suzhou)	Manufacture and sales of acrylic panels and light guide plate	426,839 (USD 13,300,000)	Indirect investment from the third region (Great Pride HK)	330,478 (USD 10,392,880)	-	-	330,478 (USD 10,392,880)	99,805	100.00%	99,805	2,737,893	85,228 (USD 2,795,270)
Coretronic (Guangzhou)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	417,580 (USD 13,000,000)	Indirect investment from the third region (Elite View HK)	29,020 (USD 1,000,000)	-	-	29,020 (USD 1,000,000)	104,210	100.00%	104,210	1,393,280	-
Nano Display (Guangzhou)	Research and development, processing, manufacture of liquid crystal display light guide plate, sales of the company's products and provide related services	238,740 (USD 7,800,000)	Indirect investment from the third region (Nano Display)	9,820 (USD 308,797)	-	-	9,820 (USD 308,797)	15,611	100.00%	15,611	504,841	-
YLG Optotech	Research and development, processing, manufacturing display components, sales of the company's products and provide related services	USD 6,000,000	Indirect investment from the third region (YLG Limited)	USD 3,060,000	-	-	USD 3,060,000	27,574	100.00% (Note k)	27,574	24,180	-
Coretronic System Engineering (Shanghai)	Contractor in intelligent building engineering and provide related services to customers	USD 1,500,000	Indirect investment from the third region (Coretronic System Engineering HK)	USD 1,500,000	-	-	USD 1,500,000	3,222	100.00%	3,222	26,641	-
Boom Power Electronics (Suzhou)	Research and development, production and sales of cold cathode tube drive and related products	USD 1,000,000	Indirect investment from the third region (Boom Power)	USD 1,000,000	-	-	USD 1,000,000	6,870	100.00%	6,870	122,018	-
Coretronic Robotek (Kunshan)	Provide intelligent solutions for warehousing and manufacturing	RMB 12,000,000	Indirect investment from the third region (Coretronic Projection (Kunshan) and Coretronic (Suzhou))	-	-	-	-	12	100.00%	12	52,110	-

Accumulated investment in Mainland China as of year ended December 31, 2021 (Note a, b)	Investment amounts authorized by Investment Commission, MOEA (Note b~Note j)	Upper limit on investment
\$2,350,309 (USD 74,191,338)	\$2,066,229 (USD 74,191,338)	\$13,291,262

Note a : To use historical currency rates.

Note b : The investment amounts in Flying Success and Coretronic (Nanjing) has been not remitted to Coretronic Corporation in the event of liquidation in December, 2012 and June 2018, and related registration processes for Investment Commission, MOEA were not applicable.

Note c : Greendale Investments Limited received cash dividends amounted to USD 14,065,436.4 for distribution profits from Coretronic Projection (Kunshan) from 2006 to 2007 and had remitted it back to Coretronic Corporation.

Note d : Bigshine (HK) Limited received cash dividends amounted to USD 8,735,525.72 for distribution profits from Coretronic (Shanghai) in 2006 and had remitted it back USD 1,000,000 to Coretronic Corporation.

Note e : Tecpoint received USD 2,795,270 in 2019 from Nano Precision (Suzhou), which was from the liquidation of Nano Precision (Nanjing) in 2006. Tecpoint had remitted it back to Coretronic Corporation.

Note f : Great Pride (HK) Investments Limited received cash dividends amounted to USD 3,565,645 for distribution profits from Nano Display (Suzhou) in 2018 and had remitted USD 3,215,142 back to Coretronic Corporation.

Note g : Nano Precision Investments Limited received cash dividends amounted to USD 2,290,604 for distribution profits from Nano Precision (Nanjing) in 2018 and had remitted USD 2,065,438 back to Coretronic Corporation.

Note h : Dissolution of Nano Display (Suzhou) and merger with Coretronic (Suzhou) were approved by regulatory authority in August, 2019.

Note i : Include the investment amount USD2,966,301 of Nano Precision (Nanjing) which company's registration was cancelled in April, 2019. The investment amount cancellation was approved by MOEA.

Note j : Visicorp received cash dividends amounted to USD 1,800,000 for distribution profits from Coretronic (Shanghai) and USD 4,619,805 from Coretronic (Ningbo) in 2020 and remitted it back USD 6,419,805 to Coretronic Corporation. Besides, the rest capital of Nano Precision (Nanjing) USD 460,098 and the liquidation income of Coretronic (Nanjing) USD 490,094 were already remitted back to Coretronic Corporation. Therefore, Coretronic Corporation has applied for the cancellation for investment amount of USD 7,369,997 in China, which was approved by MOEA.

Note k : Young Lighting Limited acquired 49% of shares of YLG Limited in December 2020. The ownership percentage of YLG Optotech was increased to 100%.

Note l : To use the currency rate 1 USD =27.68NTD as of year ended December 31, 2021.

ATTACHMENT 7-1 (Investment in Mainland China for year ended December 31, 2021)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note a)	Carrying value as of year ended December 31, 2021 (Note a)	Accumulated inward remittance of earnings as of year ended December 31, 2021
					Outflow	Inflow						
Young Optics (Kunshan)	Researching and developing, manufacturing of optics engine and related optics electronic equipment	\$440,619 (USD 12,200,000) (Note d, e and m)	Indirect investment from the third region (Best Alpha and Grace China)	\$164,450 (USD 5,000,000)	\$-	\$-	\$164,450 (USD 5,000,000)	\$19,027 (USD 674,351)	100.00%	\$19,027 (USD 674,351)	\$983,849 (USD 35,543,683)	\$74,505 (USD 2,457,289) (Note b and Note j~Note k)
Young Optics (Suzhou)	Researching and developing, manufacturing of optics engine and related optics electronic equipment	33,951 (USD 1,000,000)	Indirect investment from the third region (Best Alpha)	33,951 (USD 1,000,000)	-	-	33,951 (USD 1,000,000)	18,474 (USD 663,308)	100.00%	18,474 (USD 663,308)	237,140 (USD 8,567,196)	1,328,957 (USD 31,295,415 and RMB 80,635,502) (Note b, Note f~Note i and Note l)

Accumulated investment in Mainland China as of December 31, 2021 (Note b)	Investment amounts authorized by Investment Commission, MOEA (Note b)	Upper limit on investment
\$198,401 (USD 6,000,000)	\$233,101 (USD 7,020,000)	Note c

Note a : The investments were fully consolidated in accordance with the Regulations.

Note b : To use historical currency rates.

Note c : Young Optics Company has obtained the certificate of being qualified for operating headquarters issued by Industrial Development Bureau, MOEA in June 2018, the upper limit on investment in mainland China pursuant to "Principle of Investment or Technical Cooperation in Mainland China" is not applicable.

Note d : Young Optics (Kunshan) invested USD 9,800,000 through capitalization of earnings in 2007. Best Alpha Investments Limited invested USD 2,300,000.

Note e : Young Optics (Kunshan) invested USD 1,300,000 through capitalization of earnings in April 2009. Grace China Investments Limited invested USD 824,850. Best Alpha Investments Limited invested USD 2,975,150.

Note f : Best Alpha Investments Limited received cash dividends amounted to USD 20,235,299 for distribution profits from Young Optics (Suzhou) in 2011 and had remitted it back to Young Optics.

Note g : Best Alpha Investments Limited received cash dividends amounted to RMB 27,691,452 and USD 4,509,641 for distribution profits from Young Optics (Suzhou) in 2014. The RMB 24,922,307 of them had been remitted back to Young Optics.

Note h : Best Alpha Investments Limited received cash dividends amounted to RMB 52,944,050 for distribution profits from Young Optics (Suzhou) in 2015 and had remitted it back to Young Optics.

Note i : Best Alpha Investments Limited received cash dividends amounted to USD 4,528,402 for distribution profits from Young Optics (Suzhou) in 2017 and had remitted it back to Young Optics.

Note j : Best Alpha Investments Limited received cash dividends amounted to USD 603,264 for distribution profits from Young Optics (Kunshan) in 2017 and had remitted it back to Young Optics.

Note k : Grace China Investments Limited received cash dividends amounted to USD 1,854,025 for distribution profits from Young Optics (Kunshan) in 2017 and had remitted it back to Young Optics.

Note l : Best Alpha Investments Limited received cash dividends amounted to USD 6,531,714 for distribution profits from Young Optics (Suzhou) in 2018 and had remitted it back to Young Optics.

Note m : Young Optic (Kunshan) conducted capital reduction amounted to USD10,000,000 in December 2020.

ATTACHMENT 7-2 (Investment in Mainland China for year ended December 31, 2021)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note a, b)	Carrying value as of year ended December 31, 2021	Accumulated inward remittance of earnings as of year ended December 31, 2021
					Outflow	Inflow						
Optoma China	Marketing and after-sales service of Optoma's technology products in Mainland China	\$38,412 (USD1,200,000)	Indirect investment from the third region (Modern Smart)	\$38,412 (USD1,200,000)	\$-	\$-	\$38,412 (USD1,200,000)	\$38,681 RMB 8,929,160	100.00%	\$38,681 RMB 8,929,160 (Note a (2) - e)	\$92,169 RMB 21,229,879	\$-

Accumulated investment in Mainland China as of December 31, 2021 (Note b)	Investment amounts authorized by Investment Commission, MOEA (Note b)	Upper limit on investment (Note c)
\$38,412 (USD1,200,000)	\$176,798 (USD5,900,000) (Note d)	\$571,861

Note a : The investment income (loss) were determined based on the following basis:

- (1).The financial report was audited and certified by an international accounting firm in cooperation with an R.O.C. accounting firm.
- (2).The financial statements was certified by the CPA of the parent company in Taiwan.
- (3).Other: The financial statements were not audited by the CPA.

Note b : To use historical currency rates.

Note c : Based on Regulations Governing the Approval of Investment or Technical Cooperation in Mainland Chian promulgated by Investment Commission, MOEA.

Note d : LIULI and LIULI (HK) had disposed the shares of Tou Ming Si Kao (Shanghai) on March 21, 2011. The related registration processes were completed on September 13, 2011, and reported to Investment Commission, MOEA.

The investment amounts have no change when the amounts had been not remitted to Optoma.

Note e : The investments were fully consolidated in accordance with the Regulations.

ATTACHMENT 8 (Financial instrument and derivative transaction as of December 31, 2021)

(The certain information is based on the unreviewed financial statements)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investment company	Financial statement account	Financial product	Type	Contract expiry date	Contract amount	Book value	Fair value	Note
Coretronic Corporation	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From January, 2022 to April, 2022	USD 435,000,000	\$ 81,604	\$ 81,604	Note a
Coretronic Corporation	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Buying USD	From January, 2022 to June, 2022	USD 699,500,000	(38,597)	(38,597)	Note a
Champ Vision Display	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From January, 2022 to March, 2022	USD 7,000,000	349	349	Note b
Nano Precision Taiwan	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From January, 2022 to March, 2022	USD 2,500,000	(25)	(25)	Note c
Nano Precision (Suzhou)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From January, 2022 to October, 2022	USD 21,000,000	11,060	11,060	Note e
Coretronic Projection (Kunshan)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From January, 2022 to May, 2022	USD 32,000,000	1,963	1,963	Note f
Coretronic Display (Suzhou)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From January, 2022 to February, 2022	USD 8,000,000	548	548	Note h
Coretronic Optotech (Suzhou)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From January, 2022 to May, 2022	USD 79,000,000	6,224	6,224	Note i
Coretronic Optics (Suzhou)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From January, 2022 to April, 2022	USD 39,500,000	2,904	2,904	Note j
Young Optics (Kunshan)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From February, 2022 to March, 2022	USD 3,000,000	1,093	1,093	Note k
Dynamic Time	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Buying USD	January, 2022	EUR 35,000,000	1,800	1,800	Note l
Optoma Europe	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Buying USD	From January, 2022 to February, 2022	USD 14,000,000	(740)	(740)	Note m
Optoma USA	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Buying USD	From January, 2022 to April, 2022	CAD 2,100,000	156	156	Note n

Note a : Coretronic Corporation entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$531,587 thousands for the year ended December 31, 2021.

Note b : Champ Vision Display entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$103 thousands for the year ended December 31, 2021.

Note c : Nano Precision Taiwan entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$879 thousands for the year ended December 31, 2021.

Note d : Coretronic (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$44,110 thousands for the year ended December 31, 2021.

Note e : Nano Precision (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$51,089 thousands for the year ended December 31, 2021.

Note f : Coretronic Projection (Kunshan) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$18,962 thousands for the year ended December 31, 2021.

Note g : Coretronic (Ningbo) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$6,581 thousands for the year ended December 31, 2021.

Note h : Coretronic Display (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$10,891 thousands for the year ended December 31, 2021.

Note i : Coretronic Optotech (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$28,954 thousands for the year ended December 31, 2021.

Note j : Coretronic Optics (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$12,893 thousands for the year ended December 31, 2021.

Note k : Young Optics (Kunshan) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$15,061 thousands for the year ended December 31, 2021.

Note l : Dynamic Time entered into forward Forward cross currency contract and acquired realized loss amounted to NT\$136 thousands for the year ended December 31, 2021.

Note m : Optoma Europe entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$4,975 thousands for the year ended December 31, 2021.

Note n : Optoma USA entered into forward foreign exchange contracts and acquired realized loss amounted to NT\$3,186 thousands for the year ended December 31, 2021.

Note o : Optoma Corporation entered into forward cross currency contracts and acquired realized loss amounted to NT\$28,320 thousands for the year ended December 31, 2021.

ATTACHMENT 9 (The information of Major shareholder as of December 31, 2021)

Name	Number of shares (Units/shares)	Percentage of ownership (%)
Yann Yuan Investment Co., Ltd.	27,300,000	6.98%
Taiwei Advanced Technology Co., Ltd.	44,010,196	11.25%

ATTACHMENT 10 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTS300 million or 20 percent of the capital stock for the year ended December 31, 2021.)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee company	Marketable securities type and name	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal			December 31, 2021		
					Units / shares	Amount	Units / shares	Amount	Units / shares	Selling Price	Carrying amount	Gain (Loss) from disposal (Note)	Units / shares	Amount
Young Optics (Kunshan)	Structured Deposits	Financial assets measured at amortized cost-current	Shanghai Pudong Development Bank	-	-	-	-	RMB 80,000,000	-	-	RMB 80,000,000	RMB 575,647	-	-
Young Optics (Kunshan)	Structured Deposits	Financial assets measured at amortized cost-current	China CITIC Bank	-	-	-	-	RMB 120,000,000	-	-	RMB 120,000,000	RMB 846,844	-	-

Note : To be recognized in interest income.

V. Individual financial report audited by CPAs for the most recent year



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Independent Auditors' Report

To Coretronic Corporation

Opinion

We have audited the accompanying parent company only balance sheets of Coretronic Corporation (“the Company”) as of December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and notes to the parent company only financial statements, including the summary of significant accounting policies (together “the parent company only financial statements”).

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter – Making Reference to the Audits of Component Auditors section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and cash flows for the years ended December 31, 2021 and 2020, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2021 parent company only financial statements. 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.

Valuation for inventories

The Company recognized the allowance write-down of inventories amounted to NT\$51,263 thousand for the year ended December 31, 2021, due to the rapid technological changes and innovation for projectors, backlight, and FPD-related products. Considering the amount of inventories was significant and the assessment of the amount of inventories write-downs requires the management's important judgement, we determined this is a key audit matter. Our audit procedures included, but not limited to, evaluating and testing the design and operating effectiveness of internal controls around inventories; evaluating the methodologies and assumptions used, including the reasonableness of the allowance write-down of inventories; testing the source of the basic data, including the aging and net realizable value of inventories, and recalculating its correctness; evaluating the overall adequacy of the allowance write-down of inventories through analytical review procedures. We also assessed the adequacy of disclosures of inventories. Please refer to Notes 5 and 6 to the parent company only financial statements.

Revenue recognition

The Company recognized the revenue amounted to NT\$24,567,786 thousand for the year ended December 31, 2021. Main source of revenue comes from projectors, backlight, and FPD-related sales of products and related services. As revenue is the main operating activity of the company, the company recognized revenue when transferring a promised product or service to a customer. The terms of trade in the products agreed in their contracts are different when the performance obligations were satisfied. As a result of the higher complexity of revenue recognition, we determined the matter to be a key audit matter. Our audit procedures include, but not limited to, assessing the appropriateness of the accounting policy for revenue recognition; evaluating and testing the effectiveness of internal controls within the revenue recognition; performing product-specific analytical procedures; viewing their transactions certificate and performing cut-off procedures on selected samples for a period before and after the reporting date; tracing to relevant documentation, and testing details of transaction, including sales contracts, terms of trade and other contents, and verifying the appropriateness of the timing of revenue recognition. Please refer to Notes 4 and 6 to the parent company only financial statements.



Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of other auditors. These associates and joint ventures under equity method amounted to NT\$68,613 thousand and NT\$(29,408) thousand, representing 0.14% and (0.08)% of total assets as of December 31, 2021 and 2020, respectively. The related shares of loss from the associates and joint ventures under the equity method amounted to NT\$97,283 thousand and NT\$37,868 thousand, representing (4.82)% and (2.37)% of the net income before tax for the years ended December 31, 2021 and 2020, respectively.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers 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 ability to continue as a going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2021 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Kuo, Shao-Pin

Chen, Chih-Chung

Ernst & Young, Taiwan

February 14, 2022

Notice to Readers

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

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

CORETRONIC CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2021 and 2020

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Notes	December 31, 2021	%	December 31, 2020	%
Current assets					
Cash and cash equivalents	4, 6(1)	\$ 534,920	1.07	\$ 59,330	0.15
Financial assets at fair value through profit or loss-current	4, 6(2)	154,386	0.31	271,118	0.71
Financial assets at fair value through other comprehensive income-current	4, 6(3)	-	-	1,330	-
Trade receivables, net	4, 6(4), 16	11,261,678	22.49	5,046,503	13.26
Trade receivables-related parties, net	4, 6(4), 7	1,664,779	3.33	2,059,110	5.41
Other receivables	4, 8	100,136	0.20	120,960	0.32
Other receivables-related parties	4, 7	34,032	0.07	113,772	0.30
Inventories, net	4, 5, 6(5)	1,433,447	2.86	577,161	1.52
Prepayments		312,408	0.62	198,424	0.52
Other current assets		30,061	0.06	18,846	0.05
Total current assets		<u>15,525,847</u>	<u>31.01</u>	<u>8,466,554</u>	<u>22.24</u>
Non-current assets					
Financial assets at fair value through other comprehensive income-noncurrent	4, 6(3)	2,752,957	5.50	-	-
Investments accounted for using the equity method	4, 6(6), 6(20)	29,152,845	58.22	26,827,504	70.48
Property, plant and equipment, net	4, 6(7)	1,621,118	3.24	1,691,218	4.44
Right-of-use assests	4, 6(17)	713,562	1.42	743,198	1.95
Intangible assets	4, 6(8)	163,001	0.32	151,957	0.40
Deferred tax assets	4, 6(21)	114,799	0.23	166,431	0.44
Other noncurrent assets		29,928	0.06	19,876	0.05
Total non-current assets		<u>34,548,210</u>	<u>68.99</u>	<u>29,600,184</u>	<u>77.76</u>
Total assets		<u>\$ 50,074,057</u>	<u>100.00</u>	<u>\$ 38,066,738</u>	<u>100.00</u>

(continued)

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

CORETRONIC CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2021 and 2020

(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2021	%	December 31, 2020	%
Current liabilities					
Short-term borrowings	6(9)	\$ 10,289,763	20.55	\$ 4,631,133	12.17
Financial liabilities at fair value through profit or loss-current	4, 6(10)	56,019	0.11	16,068	0.04
Contract liabilities-current	6(15)	107,028	0.21	36,539	0.09
Accounts payable		4,232,717	8.45	1,956,003	5.14
Accounts payable-related parties	7	7,219,889	14.42	3,346,116	8.79
Other payables		1,766,348	3.53	1,393,415	3.66
Other payables-related parties	7	1,561,289	3.12	1,983,581	5.21
Current tax liabilities	4, 6(21)	401,573	0.80	474,221	1.25
Provisions-current	4, 5, 6(13)	143,183	0.29	175,864	0.46
Lease liabilities-current	4, 6(17)	61,560	0.12	58,448	0.15
Other current liabilities		230,716	0.46	212,185	0.56
Total current liabilities		26,070,085	52.06	14,283,573	37.52
Non-current liabilities					
Long-term borrowing	6(11)	991,970	1.98	-	-
Deferred tax liabilities	4, 6(21)	35,538	0.07	49,100	0.13
Lease liabilities-noncurrent	4, 6(17)	668,755	1.34	695,821	1.83
Net defined benefit liabilities-noncurrent	6(12)	57,718	0.12	53,279	0.14
Other noncurrent liabilities	6(6)	97,887	0.19	89,481	0.23
Total non-current liabilities		1,851,868	3.70	887,681	2.33
Total liabilities		27,921,953	55.76	15,171,254	39.85
Equity					
Share capital					
Common stock	6(14)	3,909,811	7.81	4,344,231	11.41
Capital surplus	6(14)	2,893,442	5.78	3,548,559	9.32
Retained earnings	6(14), 6(21)				
Legal reserve		4,046,623	8.08	3,889,871	10.22
Special reserve		2,469,437	4.93	2,469,437	6.49
Unappropriated retained earning		9,650,179	19.27	10,229,840	26.87
Total retained earnings		16,166,239	32.28	16,589,148	43.58
Other equity		(817,388)	(1.63)	(1,586,454)	(4.16)
Total equity		22,152,104	44.24	22,895,484	60.15
Total liabilities and equity		\$ 50,074,057	100.00	\$ 38,066,738	100.00

The accompanying notes are an integral part of parent company only financial statements.

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

CORETRONIC CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2021 and 2020

(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Notes	For the year ended December 31		For the year ended December 31	
		2021	%	2020	%
Net sales	4, 5, 6(15), 7	\$ 24,567,786	100.00	\$ 15,521,518	100.00
Operating costs	4, 6(5), 6(8), 6(12), 6(18), 7	21,988,606	89.50	13,338,302	85.94
Gross profit		2,579,180	10.50	2,183,216	14.06
Unrealized gross profit on sales	6(6)	126,019	0.51	128,637	0.83
Realized gross profit on sales		128,637	0.52	231,000	1.49
Gross profit, net		2,581,798	10.51	2,285,579	14.72
Operating expenses	6(8), 6(12), 6(16), 6(18)				
Selling expenses		277,412	1.13	257,424	1.66
General and administrative expenses		1,120,472	4.56	992,275	6.39
Research and development expenses		1,549,214	6.31	1,595,227	10.28
Expected credit (gain) loss		(1,606)	(0.01)	16,205	0.10
Total operating expenses		2,945,492	11.99	2,861,131	18.43
Operating loss		(363,694)	(1.48)	(575,552)	(3.71)
Non-operating income and expenses					
Interest income	6(19)	343	-	13,948	0.09
Other income	4, 6(19)	213,056	0.87	248,219	1.60
Other gains and losses	6(19)	465,430	1.89	343,386	2.21
Finance costs	6(19)	(76,510)	(0.31)	(128,262)	(0.83)
Share of gain of subsidiaries, associates and joint ventures for using the equity method	4, 6(6)	1,780,930	7.25	1,699,241	10.95
Total non-operating income and expenses		2,383,249	9.70	2,176,532	14.02
Income before income tax		2,019,555	8.22	1,600,980	10.31
Income tax income (expense)	4, 6(21)	12,070	0.05	(40,562)	(0.26)
Net income		2,031,625	8.27	1,560,418	10.05
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit pension plans	6(20)	(10,101)	(0.04)	31,318	0.20
Unrealized gain from equity instrument investments measured at fair value through other comprehensive income	6(20)	698,846	2.84	701	0.01
Remeasurements of defined benefit pension plans of subsidiaries, associates and joint ventures accounted for using the equity method	6(20)	7,466	0.03	(8,141)	(0.05)
Unrealized gain from equity instrument investments measured at fair value through other comprehensive income from share of subsidiaries, associates and joint ventures accounted for using the equity method	6(20)	326,914	1.33	470,156	3.03
Income tax related to items that will not be reclassified	6(20), 6(21)	2,020	0.01	(6,264)	(0.04)
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	6(20)	(255,767)	(1.04)	304,459	1.96
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	6(20)	(2)	-	-	-
Other comprehensive income, net of tax		769,376	3.13	792,229	5.11
Total comprehensive income		\$ 2,801,001	11.40	\$ 2,352,647	15.16
Basic Earnings Per Share (in New Taiwan Dollars)	6(22)	\$ 5.12		\$ 3.59	
Diluted Earnings Per Share (in New Taiwan Dollars)	6(22)	\$ 5.06		\$ 3.54	

The accompanying notes are an integral part of parent company only financial statements.

CORETRONIC CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2021 and 2020

(Amounts in thousands of New Taiwan Dollars)

Description	Common stock	Capital surplus	Retained earnings			Other equity			Total equity
			Legal reserve	Special reserve	Unappropriated retained earning	Exchange differences on translation of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income(loss)	Treasury stock	
Balance as of January 1, 2020	\$ 4,344,231	\$ 3,727,475	\$ 3,774,564	\$ 2,469,437	\$ 9,429,258	\$ (2,324,947)	\$ (36,823)	\$ -	\$ 21,383,195
Share of changes in net of associates and joint ventures accounted for using the equity method	-	1,407	-	-	-	-	-	-	1,407
Acquisition or disposal of the interest of subsidiaries	-	36,889	-	-	(9,808)	-	-	-	27,081
Appropriation and distribution of 2019 earnings: (Note)									
Legal reserve	-	-	115,307	-	(115,307)	-	-	-	-
Cash dividends	-	-	-	-	(651,634)	-	-	-	(651,634)
Cash dividends distributed from capital surplus	-	(217,212)	-	-	-	-	-	-	(217,212)
Net income for the year ended December 31, 2020	-	-	-	-	1,560,418	-	-	-	1,560,418
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	16,913	304,459	470,857	-	792,229
Total comprehensive income	-	-	-	-	1,577,331	304,459	470,857	-	2,352,647
Balance as of December 31, 2020	4,344,231	3,548,559	3,889,871	2,469,437	10,229,840	(2,020,488)	434,034	-	22,895,484
Share of changes in net of associates and joint ventures accounted for using the equity method	-	293	-	-	-	-	-	-	293
Acquisition or disposal of the interest of subsidiaries	-	127,012	-	-	-	-	-	-	127,012
Changes in subsidiaries' ownership	-	(4,815)	-	-	(169)	-	-	-	(4,984)
Appropriation and distribution of 2020 earnings: (Note)									
Legal reserve	-	-	156,752	-	(156,752)	-	-	-	-
Cash dividends	-	-	-	-	(1,172,944)	-	-	-	(1,172,944)
Cash dividends distributed from capital surplus	-	(390,981)	-	-	-	-	-	-	(390,981)
Net income for the year ended December 31, 2021	-	-	-	-	2,031,625	-	-	-	2,031,625
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	310	(255,769)	1,024,835	-	769,376
Total comprehensive income (loss)	-	-	-	-	2,031,935	(255,769)	1,024,835	-	2,801,001
Treasury stock acquired	-	-	-	-	-	-	-	(2,102,777)	(2,102,777)
Treasury stock retired	(434,420)	(386,626)	-	-	(1,281,731)	-	-	2,102,777	-
Balance as of December 31, 2021	\$ 3,909,811	\$ 2,893,442	\$ 4,046,623	\$ 2,469,437	\$ 9,650,179	\$ (2,276,257)	\$ 1,458,869	\$ -	\$ 22,152,104

The accompanying notes are an integral part of parent company only financial statements.

Note : The amounts of employees' compensation was NT\$288,508 thousand and NT\$228,711 thousand for the years ended December 31, 2021 and 2020, respectively.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
CORETRONIC CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended December 31, 2021 and 2020
(Amounts in thousands of New Taiwan Dollars)

Description	For the years ended December 31		Description	For the years ended December 31	
	2021	2020		2021	2020
Cash flows from operating activities :			Cash flows from investing activities :		
Net income before tax	\$ 2,019,555	\$ 1,600,980	Acquisition of investments accounted for using the equity method	\$ (593,400)	\$ (219,972)
Adjustments for:			Proceeds from disposal of investments accounted for using the equity method	55,141	72,518
The profit or loss items which did not affect cash flows:			Acquisition of financial assets at fair value through profit or loss	-	(59,320)
Expected credit (gain) losses	(1,606)	16,205	Acquisition of financial assets at fair value through other comprehensive income	(2,054,000)	-
Depreciation (including right-of-use-assets)	178,692	162,199	Proceeds from disposal of financial assets at fair value through other comprehensive income	1,219	-
Amortization (including other noncurrent assets)	23,039	17,415	Acquisition of property, plant and equipment	(74,656)	(123,468)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	156,683	(228,846)	Proceeds from disposal of property, plant and equipment	3,981	3,918
Interest expenses	76,510	128,262	Acquisition of intangible assets	(33,986)	(142,276)
Interest income	(343)	(13,948)	Proceeds from disposal of intangible assets	15	-
Gain on disposal of Intangible assets	(2)	-	Increase in other noncurrent assets	(1,586)	(2,318)
Share of gain of subsidiaries, associates and joint ventures accounted for using the equity method	(1,780,930)	(1,699,241)	Net cash used in investing activities	<u>(2,697,272)</u>	<u>(470,918)</u>
Gain on disposal of property, plant and equipment	(18)	(174)			
Gain on lease modification	(1)	(389)	Cash flows from financing activities :		
Gain on disposal of other assets (recognized in other income)	(15,500)	(16,558)	Increase (decrease) in short-term borrowings	5,658,630	(2,272,362)
Impairment loss of non-financial assets	-	6,507	(Decrease) increase in other payables-related parties	(437,517)	1,013,337
Unrealized gain from sales	126,019	128,637	Cash payment for the principle portion of lease liabilities	(48,580)	(35,973)
Realized gain from sales	(128,637)	(231,000)	(Decrease) increase in other noncurrent liabilities	(12,686)	158
Changes in operating assets and liabilities:			Increase in long-term borrowings (including current portion of long-term borrowings)	991,970	-
Accounts receivables	(6,213,569)	(2,086,727)	Cash dividends	(1,563,925)	(868,846)
Accounts receivables-related parties	394,331	267,306	Treasury stock acquired	(2,102,777)	-
Other receivables	20,821	(41,936)	Net cash provided by (used in) financing activities	<u>2,485,115</u>	<u>(2,163,686)</u>
Other receivables-related parties	79,740	34,263			
Inventories	(856,286)	164,206	Net increase (decrease) in cash and cash equivalents	475,590	(1,452,472)
Prepayments	(113,984)	(72,620)	Cash and cash equivalents at the beginning of the period	59,330	1,511,802
Other current assets	(11,215)	14,807	Cash and cash equivalents at the end of the period	<u>\$ 534,920</u>	<u>\$ 59,330</u>
Contract liabilities-current	70,489	(55,177)			
Accounts payable	2,276,714	624,046			
Accounts payable-related parties	3,873,773	2,535,067			
Other payables	379,202	(188,559)			
Other payables-related parties	15,225	35,031			
Provisions-current	(32,681)	(84,106)			
Other current liabilities	18,531	(15,680)			
Net defined benefit liabilities	(5,662)	(6,781)			
Cash generated from operating activities	<u>548,890</u>	<u>993,189</u>			
Interest received	346	14,423			
Dividend received	233,990	319,213			
Interest paid	(74,991)	(135,371)			
Income tax paid	(20,488)	(9,322)			
Net cash provided by operating activities	<u>687,747</u>	<u>1,182,132</u>			

The accompanying notes are an integral part of parent company only financial statements.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

1. HISTORY AND ORGANIZATION

Coretronic Corporation (“the Company”) was incorporated at Hsinchu Science-based Industrial Park on June 30, 1992 and set up branch offices at Hsinchu Industrial Park and Tainan Science-based Industrial Park on October 17, 1997 and November 16, 2004, respectively. The Company mainly engages in the R&D, production, manufacturing and marketing of projectors, backlight, and FPD-related products. The Company’s ordinary shares were publicly listed on the Taipei Exchange on January 20, 1999.

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The parent company only financial statements were authorized for issue in accordance with the resolution of the Board of Directors’ meeting on February 14, 2022.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2021. The adoption of these new standards and amendments had no material impact on the Company.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below:

<u>Standards or Interpretations Numbers</u>	<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Dates</u>
IFRS 3, IAS 16, IAS 37	Narrow-scope amendments of IFRS and the Annual Improvements	January 1, 2022

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

A. Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

(a) Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

(b) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting amounts received from selling items produced from the cost of property, plant and equipment while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related costs in profit or loss.

(c) Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

(d) Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1

The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 Financial Instruments

The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee’s leasehold improvements.

Amendment to IAS 41

The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC, and the local effective date, January 1, 2022, is determined by FSC. As the Company is currently determining the potential impact of the standards and interpretations listed above, the remaining new standards and amendments had no material impact on the Company.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not adopted by the Company as at the end of the reporting period are listed below:

Standards or Interpretations Numbers	New, Revised or Amended Standards and Interpretations	Effective Dates
IFRS 10 and IAS 28	Amendments to Consolidated Financial Statements and Investments in Associates and Joint Ventures	To be determined by IASB
IFRS 17	Insurance Contracts	January 1, 2023
IAS 1 Amendment	Classification of Liabilities as Current or Non-current	January 1, 2023
IAS 1 Amendment	Disclosure Initiative - Accounting Policies	January 1, 2023
IAS 8 Amendment	Definition of Accounting Estimates	January 1, 2023
IAS 12 Amendment	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023

A. IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gain or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

B. IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model. Under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfillment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in June 2020. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

C. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

D. Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures to provide more useful information to investors and other primary users of the financial statements.

E. Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

F. Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12, so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The abovementioned standards and interpretations issued by IASB have not yet been endorsed by FSC, and the local effective dates are to be determined by FSC. As the Company is currently determining the potential impact of the standards and interpretations listed above, it is not practicable to estimate their impacts on the Company at this point in time.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The parent company only financial statements of the Company for the years ended December 31, 2021 and 2020 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and standards, interpretations and amendments issued, revised or amended which are endorsed and became effective by FSC (collectively, “TIFRS”).

(2) Basis of Preparation

According to article 21 of the Regulations, the profit or loss and other comprehensive income presented in the parent company only financial reports will be the same as the allocations of profit or loss and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports will be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. Therefore, the investments in subsidiaries will be disclosed under “Investments accounted for using the equity method” in the parent company only financial report and change in value will be adjusted.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

(3) Foreign Currency Transactions

The parent company only financial statements are presented in NT\$.

Transactions in foreign currencies are initially recorded by the Company’s entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of IFRS 9 “Financial Instruments” are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of Foreign Currency Financial Statements

Each foreign operation of the Company determines its function currency upon its primary economic environment and items included in the financial statements of each operation are measured using that functional currency. The assets and liabilities of foreign operations are translated into New Taiwan Dollars at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of foreign operations that result in a loss of control, loss of significant influence or joint control but retain partial equity is considering as disposal.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(5) Current and Non-Current Distinction

An asset is classified as current when:

- A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- B. The Company holds the asset primarily for the purpose of trading
- C. The Company expects to realize the asset within twelve months after the reporting period
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- A. The Company expects to settle the liability in its normal operating cycle
- B. The Company holds the liability primarily for the purpose of trading
- C. The liability is due to be settled within twelve months after the reporting period
- D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, including time deposits with original maturities of six months or less.

(7) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 “Financial Instruments” are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- (a) the Company's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, at initial recognition, the Company makes an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Amounts presented in other comprehensive income are not being subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and should recorded as financial assets measured at fair value through other comprehensive income on balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Financial asset measured at fair value through profit or loss

Financial assets were measured at amortized cost or measured at fair value through other comprehensive income only if they met particular conditions. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement are recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company is recognized a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired
- (b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- (c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Financial liabilities

Financial liabilities within the scope of IFRS 9 “Financial Instruments” are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in short term;
- (b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- (a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
- (b) a company of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of financial liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When the Company and the creditors have a significant difference between the terms of the debt instruments to exchange, or make significant changes to all or part of the existing financial liabilities (no matter due to financial difficulties or not), deal with the way to exclude original liabilities and recognize new liabilities, when exclude the financial liabilities, the difference between book value and the total amount paid or payable (Including transferred non-cash assets or liabilities assumed) is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Derivative Instrument and Hedging Accounting

The Company uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as assets or liabilities at fair value through profit or loss except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in equity.

(9) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. In the principal market for the asset or liability; or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques which are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are stated at acquisition cost, and the cost is measured by standard cost method. The Company considers the normal level of materials, labors, efficiency and equipment capacity when making regular reviews and adjustments according to the current situation.

Inventories are valued at lower of cost and net realizable value item by item. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated cost necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 but not within the scoping of inventories.

(11) Investments accounted for using the equity method

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro rata basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 "Investments in Associates and Joint Ventures". If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the "share of profit or loss of an associate" in the statement of comprehensive income in accordance with IAS 36 "Impairment of Assets". In determining the value in use of the investment, the Company estimates:

- A. Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment;
or
- B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 "Impairment of Assets".

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(12) Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 "Property, plant and equipment". When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Name	Years
Buildings and facilities	5~50 years
Machinery and equipment	5~6 years
Transportation equipment	6 years
Furniture and fixtures	3~4 years
Leasing assets	based on leasing contracts
Miscellaneous equipment	3~10 years

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate, and are treated as changes in accounting estimates.

(13) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which is increasing the carrying amount to reflect interest on the lease liability by using an effective interest method; and reducing the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and presents interest expense separately from the depreciation charge associate with those leases in the consolidated income statement.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the COVID-19 pandemic, the Company elects to account it for as changes in lease payments, not the lease modification. The Company has applied the practical expedient to such rent concessions.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(14) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each fiscal year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and is treated as changes in accounting estimates.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in other operating income and expenses.

Developing intangible assets - research and development costs

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Company can demonstrate:

- A. The technical feasibility of completing the intangible asset so that it will be available for use or sale
- B. Its intention to complete and its ability to use or sell the asset
- C. How the asset will generate future economic benefits
- D. The availability of resources to complete the asset
- E. The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. During the period of development, the asset is tested for impairment annually. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

Patents

The patents have been granted by the relevant enterprise for fifteen years.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (3 years).

Acquired Special Technology

The acquired special technology has been granted by the relevant enterprise for fourteen years.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(15) Impairment of Non-Financial Assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 “Impairment of Assets” may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset’s or cash-generating unit’s recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or the groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose on construction of a property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Maintenance warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgement and other known factors.

Sales returns and allowances

Sales returns and allowances are accounted in accordance with IFRS 15.

(17) Treasury shares

Acquisitions of the shares of the Company (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration, if reissues, is recognized in capital surplus under equity.

When the retirement of treasury shares, capital surplus – share premiums and share capital are debited proportionately, gains on retirement of treasury shares should be recognized under existing capital surplus arising from similar types of treasury shares; losses on retirement of treasury shares should be offset against existing capital surplus from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings.

(18) Revenue Recognition

The Company's revenue arising from contracts with customers mainly include sale of goods and rendering of services. The accounting policies for the Company's types of revenue are explained as follow:

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Sale of goods

The Company manufactures and sells of merchandise. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. Revenue is recognized based on the consideration stated in the contract. The remaining sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the products expected to be returned.

The Company provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Company's sale of goods is from 30 to 150 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the Company transfers the goods to customers and when the customers pay for that goods is usually short and have no significant financing component to the contract. For a small part of the contracts, the Company has the right to transfer the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

Rendering of services

The Company provides maintenance services of products and customized design services and the revenue is recognized once the contract is completed.

Most of the contractual considerations of the Company are received on average during the contract period after the provision of maintenance services. For some rendering of services contracts, part of the consideration was received from customers upon signing the contract, then the Company has the obligation to provide the services subsequently and it should be recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arisen.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(19) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate.

(20) Post-Employment Benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's parent company only financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Remeasurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- A. The date of the plan amendment or curtailment; and
- B. The date that the Company recognizes related restructuring or termination costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(21) Income Tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

Income tax on unappropriated earnings (excluding earnings from foreign consolidated subsidiaries) is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- B. In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- B. In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The Company has considered the economic implications of COVID-19 on critical accounting estimates and will continue evaluating the impact on its financial position and financial performance as a result of the pandemic. The preparation of the Company's parent company only financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(1) Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

B. Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Company uses judgment and estimates to determine the net realizable value of inventory at the end of each reporting period.

Due to the rapid technological changes, the Company estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventories is mainly determined based on assumptions of future demand within a specific time period, therefore material adjustments may occur. Please refer to Note 6(5).

C. Warranties

The provision of maintenance warranties for goods sold is based on historical experience and the specific ratios determined by other known causes to estimate the possible product warranty and maintenance that may occur. The provision is recognized in the account of cost of goods sold when goods in the selling year. Management of the Company regularly examines the reasonableness of the estimates. Refer to Note 6(13) for more details.

D. Revenue recognition - sales returns and allowance

The Company estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, on the basis of highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Please refer to Note 6 for more details.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and Cash Equivalents

	December 31,	
	2021	2020
Cash on hand, savings and checking accounts	\$534,920	\$59,297
Time deposits	-	33
Total	\$534,920	\$59,300

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(2) Financial Assets at Fair Value through Profit or Loss

	December 31,	
	2021	2020
Financial assets designated at fair value through profit or loss:		
Derivative not designated as hedging instruments		
Forward foreign exchange contracts	\$99,026	\$214,158
Stock option	55,360	56,960
Total	\$154,386	\$271,118
Current	\$154,386	\$271,118
Noncurrent	-	-
Total	\$154,386	\$271,118

Financial assets at fair value through profit and loss were not pledged. Please refer to Note 12 for more details.

(3) Financial Assets at Fair Value through Other Comprehensive Income

	December 31,	
	2021	2020
Equity instruments investments measured at fair value through other comprehensive income		
Unlisted companies' stocks	\$2,752,957	\$1,330
Current	\$-	\$1,330
Noncurrent	2,752,957	-
Total	\$2,752,957	\$1,330

For unlisted equity securities recognized as financial assets at fair value through other comprehensive income – current, due to expiration of trust fund, the unlisted company has completed the liquidation process in December 2021.

Financial assets at fair value through other comprehensive income were not pledged.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(4) Trade Receivables and Trade Receivables-Related Parties

	December 31,	
	2021	2020
Trade receivables	\$11,276,298	\$5,062,985
Less: allowance for doubtful accounts	(14,620)	(16,482)
Subtotal	11,261,678	5,046,503
Trade receivables for related parties	1,664,779	2,059,110
Total	\$12,926,457	\$7,105,613

Trade receivables were not pledged.

Trade receivables are generally on 30-150 day terms. The total carrying amount as of December 31, 2021 and 2020 are NT\$12,941,077 thousand and NT\$7,122,095 thousand, respectively. Please refer to Note 6(16) for more details on impairment of trade receivables. Please refer to Note 12 for more details on credit risk management.

The Company entered into factoring contracts without recourse with a domestic bank. The bank pays the Company 100% of the accounts receivable factored as consideration. According to the arrangement, if the client of the trade receivables factoring delays the payment, the Company shall pay interests to the bank. Upon assignment of the factoring to the bank, the bank undertakes the associated credit risk. However, the Company still issues a promissory note to the bank. If the trade receivables cannot be collected as a result of trade disputes due to factors attributable to the Company, the Company should pay the promissory note in compensation to the bank. As of December 31, 2021, factored trade receivables of NT\$1,660,011 thousand were derecognized and annual interest rates for advances from the bank ranged from 0.68% to 0.75%. As of December 31, 2020, the Company has no outstanding derecognized factored trade receivables. The credit lines of factoring contracts provided by CTBC Bank were US\$60,000 thousand and US\$40,000 thousand as of December 31, 2021 and 2020, respectively.

As of December 31, 2021, trade receivables classified as financial assets measured at fair value through profit or loss due to regular factoring without recourse were NT\$8,694,391 thousand.

(5) Inventories

	December 31,	
	2021	2020
Raw materials and supplies	\$1,096,121	\$433,161
Work in process	80,918	8,574
Finished goods	256,408	135,426
Total	\$1,433,447	\$577,161

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The cost of inventories recognized in expenses amounted to NT\$21,988,606 thousand and NT\$13,338,302 thousand for the years ended December 31, 2021 and 2020, including the write-down of inventories and obsolescence loss of NT\$16,325 thousand and NT\$19,554 thousand, respectively.

The allowance write-down of inventories amounted to NT\$51,263 thousand and NT\$52,729 thousand as of December 31, 2021 and 2020, respectively.

No inventories were pledged.

(6) Investments Accounted for Using the equity method

The following table lists the investments accounted for using the equity method of the Company:

Investee companies	December 31,			
	2021		2020	
	Amount	Percentage of Ownership	Amount	Percentage of Ownership
Investments in subsidiaries :				
Visicorp Limited (“Visicorp”)	\$12,569,639	100.00%	\$11,896,586	100.00%
Coretronic (BVI) Investment Corp. (“Coretronic BVI”)	5,716,259	100.00%	5,239,405	100.00%
Tecpoint Limited (“Tecpoint”)	2,806,949	78.06%	2,724,800	78.06%
Chung Tsen Investment Corp. (“CGT”)	2,566,322	100.00%	2,147,783	100.00%
Sinolink Global Limited (“Sinolink”)	1,323,044	100.00%	1,278,505	100.00%
Young Optics Inc. (“TYO”)	1,100,031	34.60%	1,113,121	34.97%
Optoma Corporation (“Optoma”)	915,836	100.00%	735,259	100.00%
Young Lighting Limited	872,597	100.00%	542,962	100.00%
Coretronic Intelligent Cloud Service Corporation (“CICS”)	315,853	100.00%	182,615	100.00%
Coretronic Venture Capital Co. (“CVC”)	308,059	100.00%	304,458	100.00%
Young Green Energy Co. (“YGE”)	231,223	99.91%	231,407	99.91%
Coretronic Intelligent Robotics Corporation (“CIRC”)	181,381	100.00%	57,194	100.00%

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Investee companies	December 31,			
	2021		2020	
	Amount	Percentage of Ownership	Amount	Percentage of Ownership
Champ Vision Display Inc. ("CVD")	151,622	80.00%	178,019	80.00%
Coretronic Reality Inc. ("CRI")	58,020	100.00%	73,100	100.00%
Coretronic Intelligent Logistics Solutions Corporation ("CILS")	41,316	100.00%	-	-
Coretronic MEMS Corporation("CMC")	40,559	100.00%	110,314	100.00%
Calibre UK Ltd. ("CAL")	25,578	100.00%	-	100.00%
uCare Medical Electronics Co., Ltd. ("UCM")	23,033	60.69%	36,296	60.69%
InnoSpectra Corporation ("ISC")	8,998	80.00%	12,985	80.00%
Coretronic Vietnam Co., Ltd. ("Coretronic Vietnam")	-	100.00%	80,888	100.00%
Coretronic Investment Limited (UK)	-	100.00%	-	-
Unrealised gross profit on sales and gain on disposal of assets	<u>(146,509)</u>		<u>(164,626)</u>	
Subtotal	29,109,810		26,781,071	
Investments in associates:				
Eterge Opto-Electronics Co., LTD ("EOE")	<u>43,035</u>	18.5%	<u>46,433</u>	18.5%
Total	<u>\$29,152,845</u>		<u>\$26,827,504</u>	

- A. The Company recognized share of profit or loss of subsidiaries based on the financial statements of the investee companies audited by the accountants in the amount of NT\$1,784,619 thousand and NT\$1,700,949 thousand for the years ended December 31, 2021 and 2020, respectively.
- B. The Company accounted for its investments in subsidiaries using the equity method and made assessments and adjustments according the current situation.
- C. All subsidiaries are included in the consolidated financial statements of the Company in accordance with the Regulations.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- D. The negative balances of investment in CAL and Coretronic Investment Limited (UK) as of and December 31, 2021 were NT\$81,359 thousand and NT\$15,427 thousand, respectively. The negative balance of investment in CAL as of December 31, 2020 was NT\$75,841 thousand. The abovementioned negative balances are presented in other non-current liabilities. The Company has power over CAL and Coretronic Investment Limited (UK) and therefore, the Company continues to recognize investment losses.
- E. In December 2020, the Company invested US\$3,000 thousand in Coretronic Vietnam in Vietnam, and the ownership percentage was 100%. Coretronic Vietnam is mainly engaged in research and development, manufacturing and sales of optical components such as backlight module, LCD module, LCD TV and panel display.
- F. In April 2021 and June 2020, CIRC carried out capital reductions of NT\$92,831 thousand and NT\$110,600 thousand, respectively; in the meanwhile, the Company invested NT\$245,663 thousand and NT\$110,600 thousand in CIRC, respectively. The ownership percentage of CIRC was maintained 100%.
- G. In March 2021, the Company invested NT\$50,000 thousand to establish 100% held subsidiary in CILS. CILS mainly engages in system integration and application service solutions for intelligent logistics and smart manufacturing.
- H. In August 2021, the Company increased investment of NT\$100,000 thousand in CICS, and the ownership percentage of CICS was maintained 100%.
- I. In November 2021, the Company increased investment of NT\$194,754 thousand in CAL, and the ownership percentage of CAL was maintained 100%.
- J. The Company made an investment of EUR 100 thousand to establish 100% held subsidiary Coretronic Investment Limited (UK) in the United Kingdom in December 2021. Coretronic Investment Limited (UK) is a holding company and invests in Europe.
- K. In August 2020, EOE issued new shares by cash; however, the Group failed to acquire shares newly issued by EOE proportionately to its original ownership interest and therefore, the stockholding percentage in EOE was reduced from 20.00% to 18.50%. The investment of EOE is not significant to the Company. The Company recognized share of loss of associates and joint ventures accounted for using the equity method in EOE in the amount of NT\$(3,689) thousand and NT\$(1,708) thousand for the years ended December 31, 2021 and 2020, respectively.

The abovementioned associates had no contingent liabilities or capital commitments as of December 31, 2021 and 2020. No investments accounted for using the equity method held by the Company was pledged to others.

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(7) Property, Plant and Equipment

Property, plant and equipment for own-use

	Land	Buildings	Machinery and equipment	Office fixtures	Leasehold improvement	Other equipment	Construction in progress and equipment awaiting inspection	Total
Cost:								
As of January 1, 2021	\$23,901	\$2,127,743	\$219,464	\$8,897	\$4,070	\$122,909	\$11,937	\$2,518,921
Additions	-	6,316	17,402	12,187	-	11,634	10,753	58,292
Disposals	-	(27,286)	(26,540)	(2,321)	(373)	(27,526)	(491)	(84,537)
Transfers	-	1,645	16,125	-	-	2,178	(19,948)	-
As of December 31, 2021	<u>\$23,901</u>	<u>\$2,108,418</u>	<u>\$226,451</u>	<u>\$18,763</u>	<u>\$3,697</u>	<u>\$109,195</u>	<u>\$2,251</u>	<u>\$2,492,676</u>
As of January 1, 2020	\$23,901	\$1,954,867	\$246,167	\$4,322	\$3,763	\$89,844	\$449,585	\$2,772,449
Additions	-	17,092	1,965	4,575	307	13,584	93,244	130,767
Disposals	-	(333,486)	(35,635)	-	-	(13,305)	-	(382,426)
Transfers	-	489,270	6,967	-	-	32,786	(530,892)	(1,869)
As of December 31, 2020	<u>\$23,901</u>	<u>\$2,127,743</u>	<u>\$219,464</u>	<u>\$8,897</u>	<u>\$4,070</u>	<u>\$122,909</u>	<u>\$11,937</u>	<u>\$2,518,921</u>
Depreciation and Impairment:								
As of January 1, 2021	\$-	\$661,088	\$113,914	\$2,848	\$1,929	\$47,924	\$-	\$827,703
Depreciation	-	65,149	32,584	1,505	824	24,367	-	124,429
Disposals	-	(27,286)	(26,540)	(2,321)	(373)	(24,054)	-	(80,574)
As of December 31, 2021	<u>\$-</u>	<u>\$698,951</u>	<u>\$119,958</u>	<u>\$2,032</u>	<u>\$2,380</u>	<u>\$48,237</u>	<u>\$-</u>	<u>\$871,558</u>
As of January 1, 2020	\$-	\$937,229	\$100,534	\$1,671	\$1,159	\$39,087	\$-	\$1,079,680
Depreciation	-	57,332	38,764	1,177	770	22,155	-	120,198
Disposals	-	(333,486)	(31,891)	-	-	(13,305)	-	(378,682)
Transfers	-	13	-	-	-	(13)	-	-
Impairment Losses	-	-	6,507	-	-	-	-	6,507
As of December 31, 2020	<u>\$-</u>	<u>\$661,088</u>	<u>\$113,914</u>	<u>\$2,848</u>	<u>\$1,929</u>	<u>\$47,924</u>	<u>\$-</u>	<u>\$827,703</u>
Net carrying amounts as of:								
December 31, 2021	<u>\$23,901</u>	<u>\$1,409,467</u>	<u>\$106,493</u>	<u>\$16,731</u>	<u>\$1,317</u>	<u>\$60,958</u>	<u>\$2,251</u>	<u>\$1,621,118</u>
December 31, 2020	<u>\$23,901</u>	<u>\$1,466,655</u>	<u>\$105,550</u>	<u>\$6,049</u>	<u>\$2,141</u>	<u>\$74,985</u>	<u>\$11,937</u>	<u>\$1,691,218</u>

The Company evaluated the economic benefits for machinery and equipment, and recognized impairment loss of NT\$6,507 thousand for the year ended December 31, 2020, which was recorded in the statement of comprehensive income.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(8) Intangible Assets

	Patents	Software	IPs	Total
Cost:				
As of January 1, 2021	\$145,225	\$36,220	\$49,820	\$231,265
Additions	-	33,986	-	33,986
Disposals	-	(5,432)	-	(5,432)
As of December 31, 2021	<u>\$145,225</u>	<u>\$64,774</u>	<u>\$49,820</u>	<u>\$259,819</u>
As of January 1, 2020	\$15,500	\$37,380	\$46,569	\$99,449
Additions	129,725	9,300	3,251	142,276
Disposals	-	(10,460)	-	(10,460)
As of December 31, 2020	<u>\$145,225</u>	<u>\$36,220</u>	<u>\$49,820</u>	<u>\$231,265</u>
Amortization and Impairment:				
As of January 1, 2021	\$15,066	\$17,576	\$46,666	\$79,308
Amortization	10,698	11,999	232	22,929
Disposals	-	(5,419)	-	(5,419)
As of December 31, 2021	<u>\$25,764</u>	<u>\$24,156</u>	<u>\$46,898</u>	<u>\$96,818</u>
As of January 1, 2020	\$9,974	\$15,865	\$46,569	\$72,408
Amortization	5,092	12,171	97	17,360
Disposals	-	(10,460)	-	(10,460)
As of December 31, 2020	<u>\$15,066</u>	<u>\$17,576</u>	<u>\$46,666</u>	<u>\$79,308</u>
Net carrying amount as of:				
December 31, 2021	<u>\$119,461</u>	<u>\$40,618</u>	<u>\$2,922</u>	<u>\$163,001</u>
December 31, 2020	<u>\$130,159</u>	<u>\$18,644</u>	<u>\$3,154</u>	<u>\$151,957</u>

Amortization expense of intangible assets:

	Years ended December 31,	
	2021	2020
Operating Cost	\$19	\$32
General and administrative expense	3,134	2,650
Research and development expenses	19,776	14,678
Total	<u>\$22,929</u>	<u>\$17,360</u>

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(9) Short-Term Borrowings

	December 31,	
	2021	2020
Unsecured bank loans	\$10,289,763	\$4,631,133
Interest rates (%)	0.33%~0.57%	0.55%~0.69%

The Company's unused short-term lines of credits amounted to NT\$19,882,649 thousand and NT\$23,193,884 thousand as of December 31, 2021 and 2020, respectively.

(10) Derivative Financial Liabilities

Financial liabilities at fair value through profit or loss

	December 31,	
	2021	2020
Derivatives not designated as hedging Instruments - Current		
Forward exchange contracts	\$56,019	\$16,068

(11) Long-Term Borrowings

Details of long-term borrowings are as follows:

Lenders	December 31, 2021	Interest Rate (%)	Maturity date and terms of repayment
Syndicated loan of 9 Banks - Commercial paper loans	\$1,000,000	0.978%	Revolving credit. Renewable every three months. Credit has not been fully utilized.
Less :			
Arrangement Fee	(6,037)		
Amortization of commercial paper discount	(1,993)		
	\$991,970		

The Company's unused long-term lines of credits amounted to NT\$5,600,000 thousand as of December 31, 2021.

(12) Post-Employment Benefits

Defined contribution plan

The Company adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Pension expenses under the defined contribution plan for the years ended December 31, 2021 and 2020 were NT\$97,010 thousand and NT\$106,147 thousand, respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one appropriation before the end of March in the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT\$7,553 thousand to its defined benefit plan in the next year beginning from December 31, 2021.

The weighted average duration of the defined benefits plan obligation was 15.37 years and 16.08 years as of December 31, 2021 and 2020, respectively.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Pension costs recognized in profit or loss are as follows:

	Years ended December 31,	
	2021	2020
Current service costs	\$79	\$661
Net interest on the net defined benefit liabilities	2,502	4,425
Expect return on plan assets	(2,132)	(3,447)
Total	\$449	\$1,639

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	December 31,		January 1,
	2021	2020	2020
Present value of defined benefit obligation	\$349,434	\$334,854	\$394,849
Plan assets at fair value	(291,716)	(281,575)	(303,471)
Other non-current liabilities – Carrying amount on the net defined benefit liabilities	\$57,718	\$53,279	\$91,378

Reconciliations of net defined benefit liabilities (assets) are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
As of January 1, 2020	\$394,849	\$303,471	\$91,378
Current service cost	661	-	661
Interest expense	4,425	3,447	978
Subtotal	399,935	306,918	93,107
Remeasurements of the defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	16,127	-	16,127
Experience adjustments	(38,790)	8,655	(47,445)
Subtotal	(22,663)	8,655	(31,318)
Benefits paid	(42,418)	(41,965)	(453)
Contributions by employer	-	7,967	(7,967)
As of December 31, 2020	\$334,854	\$281,575	\$53,279

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
As of January 1, 2021	\$334,854	\$281,575	\$53,279
Current service cost	79	-	79
Interest expense	2,502	2,132	370
Subtotal	337,435	283,707	53,728
Remeasurements of the defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	9,561	-	9,561
Experience adjustments	(3,703)	(4,243)	540
Subtotal	5,858	(4,243)	10,101
Benefits paid	(4,220)	(2,806)	(1,414)
Contributions by employer	-	7,790	(7,790)
Other Transfer	10,361	7,268	3,093
As of December 31, 2021	\$349,434	\$291,716	\$57,718

The principal assumptions used in determining the Company's defined benefit plan are as follows:

	December 31,	
	2021	2020
Discount rate	0.750%	0.750%
Expected rate of salary increases	4.00%	4.00%

Sensitivity analysis of significant assumptions is as follows:

	Years ended December 31,			
	2021		2020	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increase by 0.25%	\$-	\$10,666	\$-	\$10,844
Discount rate decrease by 0.25%	11,089	-	11,325	-
Future salary increase by 0.25%	10,495	-	10,717	-
Future salary decrease by 0.25%	-	10,153	-	10,346

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The sensitivity analysis above is based on a change in one significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

(13) Provisions

	Warranties
As of January 1, 2021:	\$175,864
Reversal during the period	71,154
Utilized during the period	(103,835)
As of December 31, 2021	\$143,183

As of December 31, 2021:	
Current	\$143,183
Non-current	-
	\$143,183

	Warranties
As of January 1, 2020:	\$259,970
Reversal during the period	(51,271)
Utilized during the period	(32,835)
As of December 31, 2020	\$175,864

As of December 31, 2020:	
Current	\$175,864
Non-current	-
	\$175,864

Warranties

Provision is recognized for expected warranty claims on products sold, based on past experience, management's judgement and other known factors.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(14) Equities

A. Common stock

The Company's authorized capital was NT\$10,000,000 thousand as of December 31, 2021 and 2020, respectively (including NT\$700,000 thousand reserved for exercise of share warrant, preferred shares with warrants and corporate bonds with warrants), each at a par value of NT\$10. The Company's issued capital was NT\$3,909,811 thousand and NT\$4,344,231 thousand divided into 390,981 thousand shares and 434,423 thousand shares as of December 31, 2021 and 2020, respectively. Each share has one voting right and a right to receive dividends.

On March 15, 2021, the Board of Directors resolved to retire 43,442 thousand treasury shares and determined that the date of capital reduction was March 15, 2021. The related registration processes have been completed on March 17, 2021.

B. Capital surplus

	December 31,	
	2021	2020
Additional paid-in capital	\$2,039,161	\$2,700,154
Treasury stock transactions	-	116,614
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	758,483	631,471
Changes in ownership interests in subsidiaries	93,948	98,763
Changes in investments in associates and joint ventures accounted for using the equity method	1,850	1,557
Total	\$2,893,442	\$3,548,559

According to the Company Act, the capital reserve shall not be used except for covering losses of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the Company. The distribution could be made in cash to its shareholders in proportion to the number of shares being held by each of them.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

C. Treasury shares

In order to maintain the Company's credit and shareholders' equity, the Board of Directors resolved to purchase common shares on February 8, 2021. During the period from February 17, 2021 to April 8, 2021, the Company planned to purchase 43,442 thousand shares, and the price ranged from NT\$30.10 to NT\$60.74 per share. As of March 3, 2021, the Company purchased 43,442 thousand shares in the amount of NT\$2,102,777 thousand.

On March 15, 2021, the Board of Directors resolved to retire 43,442 thousand treasury shares and determined that the date of capital reduction was March 15, 2021. The related registration processes have been completed on March 17, 2021.

D. Retained earnings and dividend policies:

According to the Articles of Incorporation, current year's earnings shall be distributed in the following order:

- (a) Payment of all taxes and dues;
- (b) Offset accumulated losses in previous years, if any;
- (c) Legal reserve, which is 10% of leftover profits. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds the Company's total capital stock;
- (d) Allocation or reverse of special reserve as required by law or government authorities;
- (e) The remaining net profits and the retained earnings from previous years will be allocated as shareholders' dividend. The Board of Directors will prepare a distribution proposal and submit the same to the shareholders' meeting for review and approval by a resolution.

The Company authorizes the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The Company authorizes the distributable legal reserve and capital reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

According to the Company Act and the Company's Article of Incorporation, the policy of the dividend distribution should reflect factors such as the capital and financial structures, operating, earnings, the industrial features and cycles etc. The dividend could be paid in the form of shares or cash. In the consideration of the factors such as financial, sales and operating conditions, if the distribution of cash dividends is determined, the cash dividends should account for at least 10% of the total distribution based on the Company's Article of Incorporation. If the Company incurs no earning or considers the factors such as financial conditions, sales and operations, the dividend could be paid by whole or partial legal reserve in accordance with the Company Act and the Company's Article of Incorporation.

According to Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to offset the deficit of the Company. If the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Following the adoption of TIFRS, the FSC issued Order No. Financial-Supervisory-Securities-Corporate-1010012865 on April 6, 2012, which sets out the following provisions for compliance:

Once upon a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the Company shall set aside an equal amount of special reserve. Following the Company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

The special reserve of the first adoption of the TIFRS as of December 31, 2021 and 2020 amounted to NT\$1,276,610 thousand.

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Details of the 2020 and 2019 earnings distribution and dividends per share as resolved respectively by the shareholders' meeting on July 30, 2021 and June 12, 2020 are as follows:

	Appropriation of earnings		Dividends per share (NT\$)	
	2020	2019	2020	2019
Legal reserve	\$156,752	\$115,307		
Common stock -cash dividend	1,172,944	651,634	\$3	\$1.5

In addition, shareholders' meeting resolved to distribute the paid-in capital in excess of par-common stock by cash in the amount of NT\$390,981 thousand (NT\$1 per share) and NT\$217,212 thousand (NT\$0.5 per share) in 2021 and 2020, respectively.

Please refer to Note 6(18) for further details on employees' compensation and remuneration to directors and supervisors.

(15) Operating Income

	Years ended December 31,	
	2021	2020
Contract revenue from customers		
Sale of goods	\$24,011,406	\$14,898,311
Revenue arising from rendering of services	37,990	25,958
Other operating revenues	518,390	597,249
Total	\$24,567,786	\$15,521,518

Analysis of revenue from contracts with customers during the period is as follows:

A. Revenue of Segments

For the year ended December 31, 2021

	Energy – saving products segment	Image products and brand segment	Other segment	Total
	Sale of goods	\$14,684,866	\$9,300,599	\$25,941
Revenue arising from rendering of services	35,611	2,379	-	37,990
Other operating revenues	38,555	479,585	250	518,390
Total	\$14,759,032	\$9,782,563	\$26,191	\$24,567,786
The timing of revenue recognition:				
At a point in time	\$14,759,032	\$9,782,563	\$26,191	\$24,567,786

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

For the year ended December 31, 2020

	Energy – saving products segment	Image products and brand segment	Other segment	Total
Sale of goods	\$6,904,589	\$7,993,591	\$131	\$14,898,311
Revenue arising from rendering of services	23,416	2,542	-	25,958
Other operating revenues	150,215	447,034	-	597,249
Total	\$7,078,220	\$8,443,167	\$131	\$15,521,518
The timing of revenue recognition:				
At a point in time	\$7,078,220	\$8,443,167	\$131	\$15,521,518

B. Contract balance

Contract liabilities-current

	December 31,		January 1,
	2021	2020	2020
Sale of goods	\$16,622	\$9,603	\$54,938
Other operating revenues	90,406	26,936	36,778
Total	\$107,028	\$36,539	\$91,716

The Company recognized NT\$36,539 thousand and NT\$91,716 thousand in revenues for the years ended December 31, 2021 and 2020, respectively, from the current contract liabilities balance at the beginning of the period as performance obligations were satisfied during the year.

C. Transaction price allocated to unsatisfied performance obligations

As of December 31, 2021 and 2020, there is no need to provide relevant information of the unsatisfied performance obligations, as all the contracts with customers about the sales of goods are within one year.

D. Asset recognized from the cost to fulfill a contract with customer

None.

(16) Expected Credit (Gain) Losses

	Years ended December 31,	
	2021	2020
Operating expenses – expected credit (gain) losses		
Trade Receivables	(\$1,606)	\$16,205

The Company measures trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of December 31, 2021 and 2020 is as follows:

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The Company needs to consider the companying of trade receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix. Details is as below:

As of December 31, 2021

	Past due						Total
	Not past due	1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 121 days	
Gross carrying amount	\$10,868,956	\$372,378	\$17,191	\$5,593	\$-	\$12,180	\$11,276,298
Loss ratio	0%	0%	5%	30%	50%	100%	
Expected credit losses	-	-	(762)	(1,678)	-	(12,180)	(14,620)
Subtotal	\$10,868,956	\$372,378	\$16,429	\$3,915	\$-	\$-	\$11,261,678

As of December 31, 2020

	Past due						Total
	Not past due	1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 121 days	
Gross carrying amount	\$4,797,187	\$230,706	\$19,492	\$41	\$-	\$15,559	\$5,062,985
Loss ratio	0%	0%	5%	30%	50%	100%	
Expected credit losses	-	-	(911)	(12)	-	(15,559)	(16,482)
Subtotal	\$4,797,187	\$230,706	\$18,581	\$29	\$-	\$-	\$5,046,503

The movement of provision for impairment of trade receivables during the periods is as follows:

	<u>Trade receivables</u>
As of January 1, 2021	\$16,482
Reversal for the current period	(1,606)
Write off	(256)
As of December 31, 2021	<u>\$14,620</u>
	<u>Trade receivables</u>
As of January 1, 2020	\$277
Allowance for the current period	16,205
As of December 31, 2020	<u>\$16,482</u>

(17) Leases

A. The Company as lessee

The Company leases various property (land and buildings), machinery, equipment, and transportation equipment. These leases have terms between one and fifty years.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The effects that leases have on the financial position, financial performance and cash flows of the Company are as follows:

(a) Amounts recognized in the balance sheet

i. Right-of-use asset

The carrying amount of right-of-use assets

	December 31,	
	2021	2020
Land	\$684,452	\$720,444
Buildings	18,393	13,252
Transportation equipment	8,917	7,162
Office fixtures	1,800	2,340
Total	\$713,562	\$743,198

During the years ended December 31, 2021 and 2020, the additions to right-of-use assets of the Company amounted to NT\$24,822 thousand and NT\$74,615 thousand, respectively.

ii. Lease liability

	December 31,	
	2021	2020
Lease liability		
Current	\$61,560	\$58,448
Non-current	668,755	695,821
Total	\$730,315	\$754,269

Please refer to Note 6(19)4. for the interest on lease liability recognized during the years ended December 31, 2021 and 2020. Please refer to Note 12(5) for the maturity analysis for lease liabilities as of December 31, 2021 and 2020.

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	Years ended December 31	
	2021	2020
Land	\$37,350	\$26,529
Buildings	11,389	10,183
Transportation equipment	4,984	4,929
Office fixtures	540	360
Total	\$54,263	\$42,001

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(c)Income and costs relating to leasing activities

	Years ended December 31	
	2021	2020
The expense relating to short-term leases	\$2,642	\$3,741
The expense relating to leases of low-value assets (not including the expense relating to short-term leases of low-value assets)	526	518
The expense relating to variable lease payments not included in the measurement of lease liabilities	-	-
Total	\$3,168	\$4,259

For the rent concession arising as a direct consequence of the COVID-19 pandemic, the Company recognized in profit or loss for the year ended December 31, 2020 was NT\$2,215 thousand, to reflect changes in lease payments that arose from such rent concessions to which the Company has applied the practical expedient.

(d)Cash outflow relating to leasing activities

During the years ended December 31, 2021 and 2020, the Company's total cash outflows for leases amounted to NT\$66,362 thousand and NT\$54,769 thousand, respectively.

(e)Other information relating to leasing activities

i.Variable lease payments

Some of the Company's building lease agreements contain variable payment terms that are linked to actual usage condition. The amount links to certain percentage of actual usage of underlying asset. The changes in variable lease payments are linked to actual usage and it is very common for entering contract with variable lease payments in the industry of the Company. As such variable lease payments do not meet the definition of lease payments, and those payments are not included in the measurement of the assets and liabilities.

ii. Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Company's property rental agreement. In determining the lease term, the non-cancellable period for which the Company has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The Company would reassess the lease term when significant issue or change occur.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

iii. Residual value guarantees

To optimize lease costs during the contract period, the Company doesn't provide residual value guarantees in relation to rental agreement, and therefore no residual value guarantees are recorded in lease liability.

(18) Summary Statement of Employee Benefits, Depreciation and Amortization Expenses by Function

Function Items	Years ended December 31					
	2021			2020		
	Operating Cost	Operating expenses	Total amount	Operating Cost	Operating expenses	Total amount
Employee benefits expense	\$485,359	\$2,151,789	\$2,637,148	\$535,471	\$1,976,418	\$2,511,889
Salaries	415,233	1,885,400	2,300,633	468,478	1,702,645	2,171,123
Labor and health insurance	29,063	116,526	145,589	26,696	121,500	148,196
Pension	14,340	83,119	97,459	17,724	90,062	107,786
Directors' remuneration	-	4,680	4,680	-	4,530	4,530
Other employee benefits expense	26,723	62,064	88,787	22,574	57,680	80,254
Depreciation	48,565	130,127	178,692	47,757	114,442	162,199
Amortization	19	23,020	23,039	32	17,383	17,415

The average numbers of employees were 1,611 and 1,716 as of December 31, 2021 and 2020, respectively. The number of directors who are not concurrent employees was 5 in 2021 and 2020. The average amounts of employee benefits expense were NT\$1,637 thousand and NT\$1,464 thousand for the years ended December 31, 2021 and 2020, respectively. The average employee salary expenses were NT\$1,428 thousand and NT\$1,265 thousand for the years ended December 31, 2021 and 2020, respectively. The average variable ratio of employee salary expense was 13%.

From June 2000, the Company has established Audit Committee in replace of Supervisors, and therefore the Supervisors' remuneration for the years ended December 31, 2021 and 2020 was nil. The Company's employee compensation policy, including monthly fixed salary, holiday bonus, year-end bonus and other allowance, is based on its employee compensation administration regulations, level of same trade, job authority and the degree of participation in the Company's operations.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

According to the Articles of Incorporation of the Company, 10% to 20% of profit of the current year is distributable as employees' compensation. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and thereto a report of such distribution is submitted to the shareholders' meeting. The Articles of Incorporation are to be amended in the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company accrued employees' compensation based on a specific rate of profit for the years ended December 31, 2021 and 2020. The amounts of employees' compensation were NT\$288,508 thousand and NT\$228,711 thousand for the years ended December 31, 2021 and 2020, respectively. If the Board of Directors resolved to distribute employees' compensation in the form of stocks, the number of stocks distributed was calculated based on the closing price one day earlier than the date of resolution. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, the Company will recognize the change as an adjustment in the profit or loss in the subsequent period.

A resolution was approved at a Board of Directors' meeting held on February 14, 2022 to distribute NT\$288,508 thousand in cash as employees' compensation. No material differences exist between the resolution and the estimated amount for the year ended December 31, 2021.

No material differences exist between the estimated amount and the actual distribution of the employee' bonuses for the year ended December 31, 2020.

(19) Non-Operating Income and Expenses

A. Interest income

	Years ended December 31,	
	2021	2020
Financial assets measured at amortized cost	\$343	\$13,948

B. Other income

	Years ended December 31,	
	2021	2020
Government grants income	\$29,878	\$93,616
Rental income	34,024	29,843
Other	149,154	124,760
Total	\$213,056	\$248,219

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

C. Other gains and losses

	Years ended December 31,	
	2021	2020
Gain on disposal of property, plant and equipment	\$20	\$174
Gain on lease modification	2	389
Foreign exchange gain, net	92,229	227,373
Gain (loss) on financial assets (liabilities) at fair value through profit or loss (Note)	373,179	121,957
Impairment loss	-	(6,507)
Total	\$465,430	\$343,386

Note: Balances were arising from financial assets mandatorily measured at fair value through profit or loss.

D. Finance cost

	Years ended December 31,	
	2021	2020
Interest on borrowings from bank	\$61,896	\$113,725
Interest on lease liabilities	14,614	14,537
Total	\$76,510	\$128,262

(20) Components of Other Comprehensive Income

For the year ended December 31, 2021

	Arising during the period	Income tax income (expense)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:			
Remeasurements of defined benefit plans	\$(10,101)	\$2,020	\$(8,081)
Remeasurements of defined benefit plans of subsidiaries, associates and joint ventures accounted for using the equity method	7,466	-	7,466
Unrealized gain from equity instrument investments measured at fair value through other comprehensive income	698,846	-	698,846
Unrealized gain from equity instrument investments measured at fair value through other comprehensive income from share of subsidiaries, associates and joint ventures accounted for using the equity method	326,914	-	326,914

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Arising during the period	Income tax income (expense)	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	(255,767)	-	(255,767)
Share of the other comprehensive (loss) income of associates accounted for using the equity method	(2)	-	(2)
Total of other comprehensive income	\$767,356	\$2,020	\$767,356
For the year ended December 31, 2020			
	Arising during the period	Income tax income (expense)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:			
Remeasurements of defined benefit plans	\$31,318	\$(6,264)	\$25,054
Remeasurements of defined benefit plans of subsidiaries, associates and joint ventures accounted for using the equity method	(8,141)	-	(8,141)
Unrealized gain from equity instrument investments measured at fair value through other comprehensive income	701	-	701
Unrealized gain from equity instrument investments measured at fair value through other comprehensive income from share of subsidiaries, associates and joint ventures accounted for using the equity method	470,156	-	470,156
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	304,459	-	304,459
Total of other comprehensive income	\$798,493	\$(6,264)	\$792,229

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(21) Income Tax

The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	Years ended December 31,	
	2021	2020
Current income tax (income) expense	\$(52,160)	\$25,061
Deferred tax expense	40,090	15,501
Total income tax (income) expense	\$(12,070)	\$40,562

Income tax relating to components of other comprehensive income

	Years ended December 31,	
	2021	2020
Deferred income tax expense (income):		
Remeasurements of defined benefit plans	\$(2,020)	\$6,264
Income tax related to components of other comprehensive income	\$(2,020)	\$6,264

Reconciliation of income tax expense and the accounting profit multiplied by applicable tax rates is as follows:

	Years ended December 31,	
	2021	2020
Accounting profit before tax from continuing operations	\$2,019,555	\$1,600,980
Tax calculated by statutory tax rate	\$403,911	\$320,196
Tax effect of expenses not deductible for tax purposes	(424,949)	(278,440)
Tax effect of deferred tax assets/liabilities	2,718	(14,254)
10 % surtax on undistributed retained earnings	11,891	18,658
Investment tax credits	(5,641)	(5,598)
Total income tax expense recognized in profit or loss	\$(12,070)	\$40,562

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Deferred tax assets (liabilities) related to the following:

For the year ended December 31, 2021

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized allowance for inventory obsolescence	\$10,546	\$(293)	\$-	\$10,253
Unrealized inter company profits and losses	25,796	(524)	-	25,272
Provision-sales returns and allowances	12,311	2,130	-	14,441
Impairment on property, plant and equipment	6,287	-	-	6,287
Defined benefit liabilities-noncurrent	19,981	(1,132)	2,020	20,869
Accrued expense of tax differences	12,788	(194)	-	12,594
Operating loss carry forward	96,166	(60,125)	-	36,041
Others	(66,544)	20,048	-	(46,496)
Deferred tax (expense) income		<u>\$(40,090)</u>	<u>\$2,020</u>	
Net deferred tax assets (liabilities)	<u>\$117,331</u>			<u>\$79,261</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$166,431</u>			<u>\$114,799</u>
Deferred tax liabilities	<u>\$(49,100)</u>			<u>\$(35,538)</u>

For the year ended December 31, 2020

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized allowance for inventory obsolescence	\$8,879	\$1,667	\$-	\$10,546
Unrealized inter company profits and losses	46,268	(20,472)	-	25,796
Provision-sales returns and allowances	15,973	(3,662)	-	12,311
Impairment on property, plant and equipment	6,241	46	-	6,287
Defined benefit liabilities-noncurrent	27,602	(1,357)	(6,264)	19,981
Accrued expense of tax differences	14,505	(1,717)	-	12,788
Operating loss carry forward	-	96,166	-	96,166
Others	19,628	(86,172)	-	(66,544)
Deferred tax (expense) income		<u>\$(15,501)</u>	<u>\$(6,264)</u>	
Net deferred tax assets (liabilities)	<u>\$139,096</u>			<u>\$117,331</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$147,742</u>			<u>\$166,431</u>
Deferred tax liabilities	<u>\$(8,646)</u>			<u>\$(49,100)</u>

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Unrecognized deferred tax assets

As of December 31, 2021 and 2020, deferred tax assets that have not been recognized amounted to NT\$147,800 thousand and NT\$118,522 thousand, respectively.

Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Company does not recognize deferred tax liabilities associated with tax payable for unremitted earnings of the Company's overseas subsidiaries, as the Company determines that not all distributed profits of its subsidiaries will be distributed in the foreseeable future. As of December 31, 2021 and 2020, the amounts of taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities were NT\$20,346,640 thousand and NT\$18,591,765 thousand, respectively.

The assessment of income tax returns

As of December 31, 2021, the tax authorities have assessed and approved income tax returns of the Company through 2018.

(22) Earnings Per Share

Basic earnings per share amounts are calculated by dividing net income for the year attributable to ordinary equity holders by the weighted-average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	Years ended December 31,	
	2021	2020
A. Basic earnings per share		
Profit attributable to ordinary shareholders (in thousand NT\$)	\$2,031,625	\$1,560,418
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	397,180	434,423
Basic earnings per share (NT\$)	\$5.12	\$3.59

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Years ended December 31,	
	2021	2020
B. Diluted earnings per share		
Profit attributable to ordinary shareholders after dilution (in thousand NT\$)	\$2,031,625	\$1,560,418
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	397,180	434,423
Effect of dilution:		
Employees' bonus – stock (in thousand)	4,046	6,400
Weighted average number of ordinary shares outstanding after dilution (in thousand)	401,226	440,823
Diluted earnings per share (NT\$)	\$5.06	\$3.54

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

7. Related Party Transactions

(1) Related Party Name and Categories

Related Party Name	Related Party Categories
Optoma Corporation (“Optoma”)	Subsidiary
Young Optics Inc. (“TYO”)	Subsidiary
Young Green Energy Co. (“YGE”)	Subsidiary
Coretronic Intelligent Cloud Service Corporation (“CICS”)	Subsidiary
uCare Medical Electronics Co., Ltd. (“UCM”)	Subsidiary
Champ Vision Display Inc. (“CVD”)	Subsidiary
Caliber UK Ltd (“CAL”)	Subsidiary
InnoSpectra Corporation (“ISC”)	Subsidiary
Coretronic Intelligent Robotics Corporation (“CIRC”)	Subsidiary
Coretronic MEMS Corporation (“CMC”)	Subsidiary
Coretronic Reality Inc. (“CRI”)	Subsidiary
Coretronic Vietnam Co., Ltd. (“Coretronic Vietnam”)	Subsidiary
Coretronic Intelligent Logistics Solutions Corporation (“CILS”)	Subsidiary
Coretronic Investment Limited (UK) (“Coretronic Investment”)	Subsidiary
Rays Optics Limited (“Rays Optics”)	Sub-subsubsidiary

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Related Party Name	Related Party Categories
Greendale Investments Limited (“Greendale”)	Sub-subsidiary
Lead Bright Hong Kong Limited (“Lead Bright (HK) ”)	Sub-subsidiary
Optoma Technology, Inc. (“Optoma USA”)	Sub-subsidiary
Optoma Europe Limited (“Optoma Europe”)	Sub-subsidiary
Optoma (China&HK) Limited (“Optoma China&HK”)	Sub-subsidiary
Venture Orient Limited (“Venture”)	Sub-subsidiary
Wisdom Success Limited (“Wisdom Success”)	Sub-subsidiary
Wisdom Success Hong Kong Limited (“Wisdom Success (HK)”)	Sub-subsidiary
Coretronic Projection (Kunshan) Co., Ltd (“CPC”)	Sub-subsidiary
Technology Service (Kunshan) (“TSC”)	Sub-subsidiary
Nano Precision (Suzhou) Co., Ltd. (“NPS”)	Sub-subsidiary
Nano Precision Taiwan Limited (“NPT”)	Sub-subsidiary
YLG Optotech Limited (“YLG”)	Sub-subsidiary
Optoma China Co.,Ltd. (“Optoma China”)	Sub-subsidiary
Coretronic (Ningbo) Co., Ltd. (“NBB”)	Sub-subsidiary
Coretronic (Suzhou) Co., Ltd (“SZB”)	Sub-subsidiary
Coretronic Optotech (Suzhou) Co., Ltd. (“SZT”)	Sub-subsidiary
Coretronic Optics (Suzhou) Co.,Ltd. (“WJB”)	Sub-subsidiary
Coretronic Display (Suzhou) Co., Ltd. (“SZW”)	Sub-subsidiary
Bigshine International Hong Kong Limited. (“Bigshine (HK) ”)	Sub-subsidiary
Great Pride Hong Kong Limited (“Great Pride (HK) ”)	Sub-subsidiary
Dynamic Time Investment Limited (“Dynamic Time”)	Sub-subsidiary
Eterge Opto-Electronics Co., LTD(“EOE”)	Associate
All directors, general managers, deputy general managers and accounting supervisors	Key management personnel

(2) Significant transactions with related parties

A. Sales

	Years ended December 31,	
	2021	2020
Optoma	\$2,292,883	\$(Note)
Optoma Europe	1,434,879	2,372,685
Optoma USA	523,842	1,239,600
Other subsidiaries	232,090	478,282
Total	<u>\$4,483,694</u>	<u>\$4,090,567</u>

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Note: Since individual amounts did not exceed 10% sales of the Company. Disclosure was not required.

The Company purchases materials on behalf of related parties in 2021 and 2020. Since the Company has no substantially all risks and rewards of ownership of the purchased materials, only gross profit was recognized as operating revenue for this transaction.

The sales price to third party was determined through market positioning of brands, sales channels and sales strategies of the Company and the pricing method is different from related parties. The collection period for sales to related parties was month-end 60 to 120 days, while the collection period for third parties was month-end 30 to 150 days, except for new clients with advance receipt.

The receivables-related parties were not pledged, bearing no interest and were paid in cash. The receivables-related parties also were not guaranteed.

B. Purchases

	Years ended December 31,	
	2021	2020
Subsidiaries	\$1,344,360	\$548,338
Associates	24,486	2,400
Total	\$1,368,846	\$550,738

The purchase price to the above related parties was determined through mutual agreement based on the market rates. The payment terms from the related party suppliers are comparable with third party suppliers and are between 60-90 days.

C. Accounts Receivable from Related Parties

	December 31,	
	2021	2020
Optoma	\$1,133,038	\$653,752
Coretronic Vietnam	257,061	-
Optoma Europe	197,450	820,260
Optoma USA	(Note)	532,920
Other subsidiaries	77,230	52,178
Total	\$1,664,779	\$2,059,110

Note: Since individual balances did not exceed 10% transaction of the Company. Disclosure was not required.

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

D. Other Accounts Receivable from Related Parties

	December 31,	
	2021	2020
NPT	\$5,681	\$(Note)
CVD	5,141	(Note)
CIRC	4,271	(Note)
Optoma	3,809	(Note)
CRI	3,410	(Note)
YLG	(Note)	77,120
Other subsidiaries	11,720	36,652
Total	\$34,032	\$113,772

Note: Since individual balances did not exceed 10% transaction of the Company.
Disclosure was not required.

E. Accounts Payable to Related Parties

	December 31,	
	2021	2020
Greendale	\$2,172,918	\$1,665,854
WJB	2,161,825	-
SZT	2,080,226	614,067
SZW	(Note)	597,615
NBB	(Note)	467,227
Other subsidiaries	804,920	1,353
Total	\$7,219,889	\$3,346,116

F. Other Accounts Payable to Related Parties (excluding borrowing from related parties)

	December 31,	
	2021	2020
CICS	\$93,800	\$110,518
NPT	37,793	37,864
CVD	28,433	27,475
Other subsidiaries	62,458	31,502
Associate	6,290	6,190
Total	\$228,774	\$213,549

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

G. Borrowing from related parties

	December 31,	
	2021	2020
Dynamic Time	\$858,080	(Note)
Bigshine (HK)	173,830	-
Wisdom Success (HK)	(Note)	1,409,760
Other subsidiaries	300,605	360,272
Total	\$1,332,515	\$1,770,032

Note : Since individual balances did not exceed 10% transaction of the Company. Disclosure was not required.

H. Others

Maintenance and processing fees paid by the Company to subsidiaries amounted to NT\$318,281 thousand and NT\$358,864 thousand for the years ended December 31, 2021 and 2020, respectively.

Rent and other revenue arose from leasing buildings and rendering of management services to subsidiaries, amounting to NT\$59,046 thousand and NT\$57,422 thousand for the years ended December 31, 2021 and 2020, respectively.

The Company purchased products from its subsidiaries for the years ended December 31, 2021 and 2020, amounting to NT\$19,262,535 thousand and NT\$11,900,799 thousand, respectively. The Company purchased manufacturing materials on behalf of subsidiaries, amounting to NT\$44,025,253 thousand and NT\$14,301,543 thousand for the years ended December 31, 2021 and 2020, respectively.

For the years ended December 31, 2021 and 2020, the Company sold property, plant and equipment, molds and computer software to its subsidiaries, amounting to NT\$3,505 thousand and NT\$3,918 thousand, respectively. The amount that subsidiaries sold molds and property, plant and equipment to the Company was NT\$492 thousand for the year ended December 31, 2020.

The Company purchased molds from associates, amounting to NT\$10,320 thousand and NT\$16,238 thousand for the years ended December 31, 2021 and 2020, respectively.

I. Key Management Personnel Compensation

	Years ended December 31,	
	2021	2020
Short-term employee benefits	\$140,833	\$170,574
Post-employment benefits	1,932	1,802
Total	\$142,765	\$172,376

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

8. Assets Pledged as Collateral

The following assets of the Company pledged as collateral:

Assets pledged as collateral	Carrying amount		Purpose of pledge
	December 31, 2021	December 31, 2020	
Time deposits (presented as "other receivables")	\$34,985	\$34,985	Lease execution deposits
Time deposits (presented as "other receivables")	2,037	2,082	Customs import guarantee
Total	\$37,022	\$37,067	

9. Commitments and Contingencies

Amounts available under unused letters of credit as of December 31, 2021 are NT\$ 3,207 thousand.

10. Losses due to Major Disasters

None.

11. Significant Subsequent Events

None.

12. Others

(1) Categories of Financial Instruments

	December 31,	
	2021	2020
<u>Financial assets</u>		
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss (Note 1)	\$8,848,777	\$271,118
Financial assets at fair value through other comprehensive income	2,752,957	1,330
Financial assets measured at amortized cost (Note 2)	4,897,290	7,395,811
Total	\$16,499,024	\$7,668,259
<u>Financial liabilities</u>		
Financial liabilities at amortized cost:		
Short-term and long-term borrowings	\$11,281,733	\$4,631,133
Accounts payables (including related parties)	11,452,606	5,302,119
Other payables (including related parties)	3,327,637	3,376,996
Lease liabilities	730,315	754,269
Subtotal	26,792,291	14,064,517

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	December 31,	
	2021	2020
Financial liabilities at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss-current	56,019	16,068
Total	\$26,848,310	\$14,080,585

Note 1: As of December 31, 2021, the financial assets measured at fair value through profit or loss, including accounts receivable, was NT\$8,694,391 thousand. Please refer to Note 6(4) for more details.

Note 2 : Including cash and cash equivalents (excluding cash on hand), trade receivables (including related parties), and other receivables (including related parties).

(2) Financial Risk Management Objectives and Policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD. The information of the sensitivity analysis is as follows:

When NTD appreciates or depreciates against USD by 1%, the profit for the years ended December 31, 2021 and 2020 is decreased/increased by NT\$43,457 thousand and NT\$37,086 thousand, while equity is decreased/increased by NT\$240,774 thousand and NT\$224,481 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's loans and receivables at variable interest rates, bank borrowings with fixed and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments and bank borrowings with variable interest rate swaps. At the reporting date, an increase/decrease of 1% of interest rate in a reporting period could cause the profit for the years ended December 31, 2021 and 2020 to decreased/increased by NT\$112,817 thousand and NT\$46,311 thousand, respectively.

Equity price risk

The fair value of the Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's listed equity securities are classified under financial assets at fair value through profit or loss or financial assets at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, an increase/decrease of 1% in the price of the unlisted equity securities and stock options classified as equity instrument at fair value through profit or loss could cause profit for the years ended December 31, 2021 and 2020 to decrease/increase by NT\$554 thousand and NT\$570 thousand, respectively.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

For the years ended December 31, 2021 and 2020, an increase/decrease of 1% in the price of the unlisted equity securities classified as equity instrument at fair value through other comprehensive income could have an impact of NT\$27,530 thousand and NT\$13 thousand on the equity attributable to the Company, respectively.

(4) Credit Risk Management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for trade receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria, etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of December 31, 2021 and 2020, receivables from top ten customers represented 89% and 90% of the total trade receivables of the Company, respectively. The credit concentration risk of other accounts receivables was insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity Risk Management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings and convertible bonds. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Non-derivative financial liabilities

	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
As of December 31, 2021					
Borrowings	\$10,294,382	\$-	\$1,000,000	\$-	\$11,294,382
Accounts payables (including related parties)	11,452,606	-	-	-	11,452,606
Other payables	3,327,637	-	-	-	3,327,637
Lease liabilities	61,560	79,463	57,556	777,369	975,948
As of December 31, 2020					
Borrowings	\$4,632,841	\$-	\$-	\$-	\$4,632,841
Accounts payables (including related parties)	5,302,119	-	-	-	5,302,119
Other payables	3,376,996	-	-	-	3,376,996
Lease liabilities	58,448	96,760	54,381	804,013	1,013,602

Derivative Financial liabilities

	Less than 1 year	1 to 3 years	Total
As of December 31, 2021			
Inflows	\$-	\$-	\$-
Outflows	56,019	-	56,019
Net	<u>\$56,019</u>	<u>\$-</u>	<u>\$56,019</u>
As of December 31, 2020			
Inflows	\$-	\$-	\$-
Outflows	16,068	-	16,068
Net	<u>\$16,068</u>	<u>\$-</u>	<u>\$16,068</u>

The table above contains the undiscounted net cash flows of derivative financial liabilities.

(6) Reconciliation of Liabilities Arising from Financing Activities:

Reconciliation of liabilities for the year ended December 31, 2021:

	Short-term borrowings	Other payables -related parties	Lease liabilities	Guarantee deposits received	Other liabilities- noncurrent	Long-term borrowings	Total liabilities from financing activities
As of January 1, 2021	\$4,631,133	\$1,770,032	\$754,269	\$1,192	\$12,595	\$-	\$7,169,221
Cash flows	5,658,630	(437,517)	(48,580)	(91)	(12,595)	991,970	6,151,817
Additional Leases	-	-	24,626	-	-	-	24,626
As of December 31, 2021	<u>\$10,289,763</u>	<u>\$1,332,515</u>	<u>\$730,315</u>	<u>\$1,101</u>	<u>\$-</u>	<u>\$991,970</u>	<u>\$13,345,664</u>

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Reconciliation of liabilities for the year December 31, 2019:

	Short-term borrowings	Other payables -related parties	Lease liabilities	Guarantee deposits received	Other liabilities- noncurrent	Total liabilities from financing activities
As of January 1, 2020	\$6,903,495	\$756,695	\$742,866	\$1,034	\$12,595	\$8,416,685
Cash flows	(2,272,362)	1,013,337	(35,973)	158	-	(1,294,840)
Additional Leases	-	-	47,376	-	-	47,376
As of December 31, 2020	<u>\$4,631,133</u>	<u>\$1,770,032</u>	<u>\$754,269</u>	<u>\$1,192</u>	<u>\$12,595</u>	<u>\$7,169,221</u>

Note: The amount of other liabilities-noncurrent does not include credit balance reclassified from investments accounted for using the equity method.

(7) Fair Value of Financial Instruments

A. The methods and assumptions applied in determining the fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- (a) The carrying amount of cash and cash equivalents, trade receivables, short-term borrowings, trade payable and other current liabilities approximate their fair value due to their short maturities.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price at the reporting date.
- (c) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model or other valuation method.
- (d) The fair value of long-term borrowings without active market is determined by using valuation techniques. Therefore, the fair value is estimated using the present value of the expected cash flows. The assumption of interest rate and discount rate mainly is measured by similar financial instruments.

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and liabilities measured at amortized cost approximate their fair value.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Company.

(8) Derivative Instruments

The related information for derivative financial instruments not yet settled as follows:

Forward currency contracts and cross currency contracts

The Company entered into forward currency contracts and cross currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to forward currency contracts:

Item (by contract)	Notional Amount	Contract Period
As of December 31, 2021		
Forward currency contract		
Selling forward currency contracts	USD 435,000 thousand	From January 2022 to April 2022
Buying forward currency contracts	USD 699,500 thousand	From January 2022 to June 2022
As of December 31, 2020		
Forward currency contract		
Selling forward currency contracts	USD 281,000 thousand	From January 2021 to March 2021
Buying forward currency contracts	USD 411,500 thousand	From January 2021 to March 2021

(9) Fair Value Measurement Hierarchy

A. Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

B. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward currency contract	\$-	\$99,026	\$-	\$99,026
Stock option	-	-	55,360	55,360
Equity instrument measured at fair value through other comprehensive income				
	-	-	2,752,957	2,752,957

Liabilities measured at fair value:

Financial liabilities at fair value through profit or loss

Forward currency contract	-	56,019	-	56,019
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	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward currency contract	\$-	\$214,158	\$-	\$214,158
Stock option	-	-	56,960	56,960
Equity instrument measured at fair value through other comprehensive income				
	-	-	1,330	1,330

Liabilities measured at fair value:

Financial liabilities at fair value through profit or loss

Forward currency contract	-	16,068	-	16,068
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Transfers between the Level 1 and Level 2 during the period

During the years ended December 31, 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Change in reconciliation for fair value measurements in Level 3

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets		Total
	At fair value through profit or loss	At fair value through other comprehensive income	
	Stock option	Stock	
As of January 1, 2021:	\$56,960	\$1,330	\$58,290
Total gains and losses recognized for the year ended December 31, 2021:			
Amount recognized in profit or loss (presented in “other profit or loss”)	(1,600)	-	(1,600)
Amount recognized in OCI (presented in “unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	-	698,846	698,846
Acquisition	-	2,054,000	2,054,000
Other	-	(1,219)	(1,219)
As of December 31, 2021	<u>\$55,360</u>	<u>\$2,752,957</u>	<u>\$2,808,317</u>

	Assets		Total
	At fair value through profit or loss	At fair value through other comprehensive income	
	Stock and stock option	Stock	
As of January 1, 2020:	\$35,412	\$628	\$36,040
Total gains and losses recognized for the year ended December 31, 2020:			
Amount recognized in profit or loss (presented in “other profit or loss”)	(37,772)	-	(37,772)
Amount recognized in OCI (presented in “unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	-	701	701
Acquisition	59,320	-	59,320
Other	-	1	1
As of December 31, 2020	<u>\$56,960</u>	<u>\$1,330</u>	<u>\$58,290</u>

Total gains and losses recognized in profit or loss for the years ended December 31, 2021 and 2020 in the amount of NT\$(1,600) thousand and NT\$(37,772) thousand, respectively.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2021

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets :					
At fair value					
through profit					
or loss					
Stock option	Market approach	P/E ratio of similar companies	0.43	The higher the P/E ratio of similar companies is, the higher the fair value estimated	10% increase (decrease) in the P/E ratio of similar companies would result in increase/decrease in equity by NT\$6,110 thousand /NT\$6,110 thousand.
Stock	Asset-based Approach	Not applicable	-	-	-

As of December 31, 2020

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets :					
At fair value					
through profit					
or loss					
Stock option	Market approach	P/E ratio of similar companies	0.44	The higher the P/E ratio of similar companies is, the higher the fair value estimated	10% increase (decrease) in the P/E ratio of similar companies would result in increase/decrease in equity by NT\$6,286 thousand /NT\$6,286 thousand.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's Assets Management Center (AMC) is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. AMC analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

C. Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value is disclosed: None.

(10) Significant Assets and Liabilities Denominated in Foreign Currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	December 31, 2021		
	Foreign currencies	Exchange rate	NTD thousand
<u>Financial assets</u>			
Monetary item:			
USD	\$440,617	27.68	\$12,196,279
JPY	3,050	0.2405	734
 <u>Financial liabilities</u>			
Monetary items:			
USD	\$597,616	27.68	\$16,542,012
EUR	100	31.32	3,132
GBP	11	37.30	412
 Investments accounted for using the equity method:			
USD	\$869,848	27.68	\$24,077,398
EUR	(493)	31.32	(15,427)
GBP	686	37.30	25,578
VND	(68,029,115)	0.0012	(81,359)

	December 31, 2020		
	Foreign currencies	Exchange rate	NTD thousand
<u>Financial assets</u>			
Monetary item:			
USD	\$401,271	28.48	\$11,428,205
JPY	6,630	0.276	1,832

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	December 31, 2020		
	Foreign currencies	Exchange rate	NTD thousand
<u>Financial liabilities</u>			
Monetary items:			
USD	\$531,491	28.48	\$15,136,850
GBP	320	38.90	12,448
Investments accounted for using the equity method:			
USD	\$788,205	28.48	\$22,448,081
GBP	(1,950)	38.90	(75,841)
VND	65,695,726	0.0012	80,887

The Company's entities functional currency are various, and hence is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gain was NT\$92,229 thousand and NT\$227,373 thousand for years ended December 31, 2021 and 2020, respectively.

(11) Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(12) Other Items

Due to the impact of the COVID-19 pandemic, local governments of certain subsidiaries are implementing measures such as quarantine, tourism bans, or temporary shutdowns of shops and facilities, and there is no material impact on the Group's sales in 2021.

In response to the impact of the pandemic, the Company took the following actions:

A. Adjust operating strategies

Inspect internal production capacity and conditions of supply chain to manage various resources effectively.

B. Government relief measures

The Company has successively applied to governments for various subsidies such as salaries, working capital, rents, etc.

13. Additional Disclosures

(1) The following are additional disclosures for the Company and its affiliates:

A. Financing provided to others for the year ended December 31, 2021: None

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- B. Endorsement/Guarantee provided to others for the year ended December 31, 2021: Please refer to Attachment 1.
 - C. Securities held as of December 31, 2021 (excluding subsidiaries, associates and joint venture): Please refer to Attachment 2.
 - D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2021: None.
 - E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2021: None.
 - F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2021: None.
 - G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2021: Please refer to Attachment 3.
 - H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of December 31, 2021: Please refer to Attachment 4.
 - I. Financial instruments and derivative transactions: Please refer to Note 6(2), 6(3), 6(10), Note 12(1), 12(8) and Attachment 7.
- (2) Information on Investees
- A. Relevant information on investees when the investees have significant influence or direct or indirect control. Please refer to Attachments 5, 5-1, 5-2, and 5-3.
 - B. When the investees have significant influence or direct or indirect control, the above items from A to I shall be disclosed. Please refer to Attachments 1-1, 1-2, 2-1, 3-1,4-1 and 9.
 - C. Financial instruments and derivative transactions: Please refer to Attachment 7.
- (3) Investment in Mainland China
- A. Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, percentage of ownership, investment income (loss), carrying amount of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 6, 6-1 and 6-2.
 - B. Directly or indirectly significant transactions with the investees in Mainland China, please refer to Note 9.
- (4) Information on major shareholders
- Please refer to Attachment 8.

ATTACHMENT 1 (Endorsement/Guarantee provided to others for the year ended December 31, 2021)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorsor/guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party	Maximum balance for the period	Ending balance	Actual amount provided	Amount of endorsement/guarantee collateralized by properties	Percentage of accumulated guarantee amount to net worth from the latest financial statement	Limit of total guarantee/endorsement amount	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiary in Mainland China
		Company name	Relationship										
0	Coretronic Corporation	Coretronic Vietnam	Subsidiary	\$ 10,459,357 (Note)	\$ 943,930	\$ 934,477	\$ 491,597	-	4.47%	\$ 20,918,713 (Note)	Yes	No	No
0	Coretronic Corporation	Coretronic MEMS Corporation	Subsidiary	10,459,357 (Note)	164,000	164,000	8,118	-	0.78%	20,918,713 (Note)	Yes	No	No
0	Coretronic Corporation	Nano Precision Taiwan Limited	Sub-subsiary	10,459,357 (Note)	350,000	350,000	102,843	-	1.67%	20,918,713 (Note)	Yes	No	No
0	Coretronic Corporation	Coretronic Intelligent Robotics Corporation	Subsidiary	10,459,357 (Note)	260,000	260,000	12,600	-	1.24%	20,918,713 (Note)	Yes	No	No
0	Coretronic Corporation	YLG Optotech	Sub-subsiary	10,459,357 (Note)	256,815	249,120	69,200	-	1.19%	20,918,713 (Note)	Yes	No	Yes
0	Coretronic Corporation	Optoma USA	Sub-subsiary	10,459,357 (Note)	14,268	13,840	13,840	-	0.07%	20,918,713 (Note)	Yes	No	No
0	Coretronic Corporation	Calibre UK Ltd.	Subsidiary	10,459,357 (Note)	434,630	-	-	-	-%	20,918,713 (Note)	Yes	No	No
	Total				<u>\$ 2,423,643</u>	<u>\$ 1,971,437</u>							

Note : Based on the procedures of endorsement/guarantee provided to others, the amount of endorsements/guarantees for any single entity shall not exceed 50% of the Company's net worth from the latest financial statement.
Based on the procedures of endorsement/guarantee provided to others, the total amount of endorsements/guarantees shall not exceed 100% of the Company's net worth from the latest financial statement.

ATTACHMENT 1-1 (Financing provided to others for the year ended December 31, 2021)

(The certain information is based on the unreviewed financial statements)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Lender	Counter-party	Financial statement account	Related party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for expected credit losses	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
1	Bigshine (HK)	Core-Flex	Trade receivables - related parties	Yes	\$ 123,499	\$ 119,799	\$ 119,799	-	The need for short-term financing	-	Business turnover	-	None	-	\$ 218,953	\$ 218,953
1	Bigshine (HK)	Optoma USA	Trade receivables - related parties	Yes	175,490	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	547,381	547,381
1	Bigshine (HK)	Coretronic Corporation	Trade receivables - related parties	Yes	173,830	173,830	173,830	-	The need for short-term financing	-	Business turnover	-	None	-	547,381	547,381
2	Bigshine	Brightbridge	Trade receivables - related parties	Yes	2,537	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	220,637	220,637
3	Great Pride (HK)	Coretronic Corporation	Trade receivables - related parties	Yes	97,019	94,122	94,122	-	The need for short-term financing	-	Business turnover	-	None	-	2,671,696	2,671,696
4	Venture Orient	Coretronic Corporation	Trade receivables - related parties	Yes	124,413	115,149	115,149	-	The need for short-term financing	-	Business turnover	-	None	-	535,898	535,898
5	Wisdom Success (HK)	Coretronic Corporation	Trade receivables - related parties	Yes	1,405,305	63,664	63,664	-	The need for short-term financing	-	Business turnover	-	None	-	6,393,737	6,393,737
6	Chung Tsen Investment	Calibre UK Ltd.	Trade receivables - related parties	Yes	180,320	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	859,113	859,113
6	Chung Tsen Investment	Optoma Corporation	Trade receivables - related parties	Yes	246,000	246,000	246,000	0.43%	The need for short-term financing	-	Business turnover	-	None	-	859,113	859,113
7	Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)	Trade receivables - related parties	Yes	906,086	460,199	460,199	0.5%	The need for short-term financing	-	Business turnover	-	None	-	5,197,829	5,197,829
8	Tsen Ming Investment	Optoma Corporation	Trade receivables - related parties	Yes	140,000	140,000	140,000	0.43%	The need for short-term financing	-	Business turnover	-	None	-	173,818	173,818
9	Coretronic (Suzhou)	Coretronic Optotech (Suzhou)	Trade receivables - related parties	Yes	1,980,997	1,843,025	1,843,025	0.5%	The need for short-term financing	-	Business turnover	-	None	-	4,754,377	4,754,377
9	Coretronic (Suzhou)	Coretronic Display (Suzhou)	Trade receivables - related parties	Yes	1,286,924	477,565	477,565	0.5%	The need for short-term financing	-	Business turnover	-	None	-	4,754,377	4,754,377
9	Coretronic (Suzhou)	Coretronic Optics (Suzhou)	Trade receivables - related parties	Yes	2,235,160	2,235,160	2,235,160	0.5%	The need for short-term financing	-	Business turnover	-	None	-	4,754,377	4,754,377
10	Dynamic Time	Optoma Corporation	Trade receivables - related parties	Yes	632,050	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	735,977	735,977
10	Dynamic Time	Coretronic Corporation	Trade receivables - related parties	Yes	861,800	858,080	858,080	-	The need for short-term financing	-	Business turnover	-	None	-	1,839,942	1,839,942
11	Modern Smart Ltd.	Optoma Corporation	Trade receivables - related parties	Yes	35,669	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	46,077	46,077
12	Coretronic (Ningbo)	Coretronic Display (Suzhou)	Trade receivables - related parties	Yes	21,702	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	3,438,997	3,438,997
13	Young Green Energy	CMC	Trade receivables - related parties	Yes	70,000	70,000	70,000	0.3-0.33%	The need for short-term financing	-	Business turnover	-	None	-	89,776	89,776
14	Coretronic Display (Suzhou)	Coretronic Corporation	Trade receivables - related parties	Yes	279,600	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	760,396	760,396
15	Teepoint	Brightbridge	Trade receivables - related parties	Yes	2,476	2,461	2,461	-	The need for short-term financing	-	Business turnover	-	None	-	3,392,571	3,392,571
16	Wisdom Success	Coretronic Corporation	Trade receivables - related parties	Yes	27,850	27,680	27,680	-	The need for short-term financing	-	Business turnover	-	None	-	10,113,359	10,113,359
17	Best Alpha Investments	Young Optics (BD)	Trade receivables - related parties	Yes	27,810	27,680	27,680	1%	The need for short-term financing	-	Business turnover	-	None	-	670,951	670,951

Note a : Limit of financing amount for individual counter-party and total financing amount should not exceed 100% of lender's net worth from the latest financial statement, including Dynamic Time, Bigshine(HK), Great Pride (HK), Venture Orient, Wisdom Success, and Wisdom Success (HK).

The above restriction only applies to the foreign subsidiaries whose shares are 100% owned by the Company.

Note b : Limit of financing amount for individual counter-party and total financing amount should not exceed 100% of lender's net worth from the latest financial statement, including Teepoint, Coretronic Projection (Kunshan) and Coretronic (Suzhou).

The above restriction only applies to the foreign subsidiaries whose shares are 100% owned, directly or indirectly, by the Company.

Note c : Limit of total financing amount for individual counter-party should not exceed 40% of lender's net worth from the latest financial statement, and limit of financing amount should not exceed 100% of the latest financial statements of lender, including Bigshine (HK), Chung Tsen Investment, Young Green Energy, Tsen Ming Investment.

ATTACHMENT 1-2 (Endorsement/Guarantee provided to others for the year ended December 31, 2021)
(The certain information is based on the unreviewed financial statements)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorsor/ guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party	Maximum balance for the period	Ending balance	Actual amount provided	Amount of endorsement/ guarantee collateralized by properties	Percentage of accumulated guarantee amount to net worth from the latest financial statement	Limit of total guarantee/ endorsement amount	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiary in Mainland China
		Company name	Relationship										
1	Coretronic (Suzhou)	Coretronic Display (Suzhou)	Associate	\$ 2,377,188 (Note)	\$ 2,854	\$ -	\$ -	-	-	\$ 4,754,377 (Note)	No	No	Yes
2	Coretronic Optotech (Suzhou)	Coretronic Optics (Suzhou)	Associate	472,886 (Note)	109,683	-	-	-	-	945,772 (Note)	No	No	Yes
2	Coretronic Optotech (Suzhou)	Coretronic Display (Suzhou)	Associate	472,886 (Note)	219,367	-	-	-	-	945,772 (Note)	No	No	Yes
	Total				<u>\$ 331,904</u>	<u>\$ -</u>							

Note : Based on the procedures of endorsement/guarantee provided to others, the amount of endorsements/guarantees for any single entity shall not exceed 50% of the Company's net worth from the latest financial statement.
Based on the procedures of endorsement/guarantee provided to others, the total amount of endorsements/guarantees shall not exceed 100% of the Company's net worth from the latest financial statement.

ATTACHMENT 2 (Securities held as of December 31, 2021)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Held company name	Marketable securities type and name	Relationship with the company	Financial statement account	December 31, 2021				Note
				Shares/Units	Carrying amount	Percentage of ownership (%)	Fair value (Note a)	
Coretronic Corporation	Yann Yuan Investment Co., Ltd.	-	Financial assets at fair value through other comprehensive income-noncurrent	13,000,000	\$ 2,752,957	7.98%	\$ 2,752,957	
Coretronic Corporation	Nightingale Intelligent Systems, Inc.	-	Financial assets at fair value through profit or loss-noncurrent	1,148,617	-	4.17%	-	
Coretronic Corporation	Nanosys Inc.(Note c)	-	Financial assets at fair value through profit or loss-noncurrent	6,708	(Note b) -	0.002%	-	
Coretronic Corporation	Flexenable Limited	-	Financial assets at fair value through profit or loss-current	-	55,360	-	55,360	
Coretronic Corporation	Etergo Opto-Electronics	-	Investments accounted for using the equity method	1,850,000	43,035	18.50%	-	

Note a : The Group measured the fair value of investments in accordance with IFRS9.

Note b : The impairment loss was recognized as the difference between the recoverable amount of the security and its carrying value.

Note C : Nanosys Inc. made a stock swap transaction to acquire GLO AB in September 2021. Therefore, Coretronic Corporation holds 6,708 shares of Nanosys Inc., and the ownership percentage is 0.002%.

ATTACHMENT 2-1 (Securities held as of December 31, 2021)
 (The certain information is based on the unreviewed financial statements)
 (Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Held company name	Marketable securities type and name	Relationship with the company	Financial statement account	December 31, 2021				Note
				Shares/Units	Carrying amount	Percentage of ownership (%)	Fair value (Note a)	
Venture Orient	Unitech Capital	-	Financial assets at fair value through other comprehensive income-noncurrent	2,500,000	USD 4,209,163.25	5.00%	USD 4,209,163	
Chung Tsen Investment	Shieh Yong Investment	-	Financial assets at fair value through other comprehensive income-noncurrent	71,885,854	1,094,472	4.47%	1,094,472	
Optoma Corporation	Liuligongfang	-	Financial assets at fair value through other comprehensive income-noncurrent	242,094	4,519	3.06%	4,519	
Optoma Corporation	Excel Global	-	Financial assets at fair value through other comprehensive income-noncurrent	812,506	20,346	19.90%	20,346	
Coretronic Venture Capital	GeneJet Biotech	-	Financial assets at fair value through other comprehensive income-noncurrent	315,000	-	5.85%	-	

Note a : The Group measured the fair value of investments in accordance with IFRS9.

Note b : Impairment loss was recognized by Coretronic Venture Capital for the difference between the recoverable amount of the security and its carrying value. In October 2021, Coretronic Venture Capital failed to acquire shares newly issued by GeneJet Biotech proportionately to its original ownership interest, which reduced its stockholding percentage from 19.51% to 5.85%. Since Coretronic Venture Capital lost significant influence over it, investment in GeneJet Biotech was reclassified to financial assets at fair value through other comprehensive income-noncurrent.

ATTACHMENT 3 (Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended December 31, 2021)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and Trade receivables (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
Coretronic Corporation	Optoma Corporation	Subsidiary	Sales	\$ 2,292,883	9.33%	90 days	-	-	\$ 1,133,038	8.77%	
Coretronic Corporation	Optoma USA	Sub-subsidiary	Sales	523,842	2.13%	90 days	-	-	332	0.00%	
Coretronic Corporation	Optoma Europe	Sub-subsidiary	Sales	1,434,879	5.84%	90 days	-	-	197,450	1.53%	
Coretronic Corporation	Coretronic (Ningbo)	Sub-subsidiary	Purchases	1,309,721	5.93%	120 days	-	-	(434,055)	(3.79%)	

ATTACHMENT 3-1 (Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended December 31, 2021)
(The certain information is based on the unreviewed financial statements)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and Trade receivables (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
Optoma Corporation	Optoma USA	Associate	Sales	\$ 809,933	25.10%	90 days	-	-	\$ 353,977	27.28%	
Optoma Corporation	Optoma Europe	Associate	Sales	1,730,227	53.61%	90 days	-	-	820,027	63.21%	
Young Optics	Coretronic Projection (Kunshan)	Associate	Sales	164,735	4.22%	60 days	-	-	163,857	20.00%	
Young Optics	Rays Optics	Associate	Sales	226,091	5.79%	60 days	-	-	47,435	5.79%	
Young Optics (Kunshan)	Young Optics	Associate	Sales	1,402,983	69.58%	60 days	-	-	488,235	76.95%	
Young Optics (Kunshan)	Young Optics (Suzhou)	Associate	Sales	111,103	5.50%	90 days	-	-	33,564	5.29%	
Young Optics (Kunshan)	Coretronic Optics (Kunshan)	Associate	Sales	452,445	22.44%	90 days	-	-	95,530	15.06%	
Young Optics (Suzhou)	Young Optics	Associate	Sales	100,216	36.00%	60 days	-	-	35,890	56.13%	
Nano Precision (Suzhou)	Coretronic Display (Suzhou)	Associate	Sales	164,495	10.78%	60 days	-	-	28,959	5.83%	
Nano Precision (Suzhou)	Coretronic Optotech (Suzhou)	Associate	Sales	307,821	20.17%	60 days	-	-	115,182	23.21%	
Nano Precision (Suzhou)	Coretronic Optics (Suzhou)	Associate	Sales	327,842	21.48%	60 days	-	-	58,753	11.84%	
Coretronic Projection (Kunshan)	Optoma China	Associate	Sales	859,889	6.81%	90 days	-	-	256,246	7.64%	
Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)	Associate	Sales	355,655	2.82%	60 days	-	-	91,174	2.72%	
Coretronic Optotech (Suzhou)	Coretronic Display (Suzhou)	Associate	Sales	423,404	1.83%	60 days	-	-	152,718	2.06%	
Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	Associate	Sales	7,055,578	99.93%	60 days	-	-	1,140,310	99.81%	

ATTACHMENT 4 (Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of December 31, 2021)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company name	Counter-party	Relationship	Trade receivables - related parties balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for expected credit losses
					Amount	Collection status		
Trade receivables :								
Coretronic Corporation	Optoma Corporation	Subsidiary	\$ 1,133,038	2.57	\$ -	-	\$ -	\$ -
Coretronic Corporation	Optoma Europe	Sub-Subsidiary	197,450	2.82	-	-	-	-
Coretronic Corporation	Coretronic Vietnam	Subsidiary	257,061	-	-	-	-	-

ATTACHMENT 4-1 (Receivables from related parties with amounts exceeding the lower of NTS100 million or 20 percent of capital stock as of December 31, 2021)
(The certain information is based on the unreviewed financial statements)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company name	Counter-party	Relationship	Trade receivables - related parties balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for expected credit losses
					Amount	Collection status		
Trade receivables :								
Optoma Corporation	Optoma USA	Associate	\$ 353,977	4.40	\$ -	-	\$ -	\$ -
Optoma Corporation	Optoma Europe	Associate	820,027	3.85	-	-	-	-
Young Optics	Coretronic Projection (Kunshan)	Associate	163,857	2.01	-	-	-	-
Young Optics (Kunshan)	Young Optics	Associate	488,235	2.34	-	-	-	-
Nano Precision (Suzhou)	Coretronic Optotech (Suzhou)	Associate	115,182	3.75	-	-	-	-
Coretronic Projection (Kunshan)	Optoma China	Associate	256,246	3.04	-	-	-	-
Coretronic Optotech (Suzhou)	Coretronic Display (Suzhou)	Associate	152,718	3.14	-	-	-	-
Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	Associate	1,140,310	5.54	-	-	-	-
Other receivables :								
Grace China	Young Optics (BD)	Associate	455,004	-	-	-	-	-
Dynamic Time	Coretronic Corporation	Parent	858,080	-	-	-	-	-
Dynamic Time	Coretronic Investment	Associate	1,274,122	-	-	-	-	-
Chung Tsen Investment	Optoma Corporation	Associate	246,000	-	-	-	-	-
Tsen Ming Investment	Optoma Corporation	Associate	140,000	-	-	-	-	-
Coretronic (Suzhou)	Coretronic Display (Suzhou)	Associate	479,303	-	-	-	-	-
Coretronic (Suzhou)	Coretronic Optotech (Suzhou)	Associate	1,844,965	-	-	-	-	-
Coretronic (Suzhou)	Coretronic Optics (Suzhou)	Associate	2,238,206	-	-	-	-	-
Venture Orient	Coretronic Corporation	Parent	115,149	-	-	-	-	-
Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)	Associate	463,902	-	-	-	-	-
Bigshine (HK)	Coretronic Corporation	Parent	173,830	-	-	-	-	-
Bigshine (HK)	Core-Flex	Associate	119,799	-	-	-	-	-

ATTACHMENT 5 : (Names, locations and related information of investee companies as of and for year ended December 31, 2021) (Not including investment in Mainland China)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor company	Investee company	Address	Main businesses and products	Initial Investment		Investment as of year ended December 31, 2021			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
Coretronic Corporation	Coretronic (BVI) Investment Corp.	B.V.I.	Holding company	\$1,566,475	\$1,566,475	47,220,000	100.00%	\$5,716,259	\$503,147	\$503,147	Subsidiary
Coretronic Corporation	Optoma Corporation	New Taipei City, Taiwan	Engaged in the production and marketing of data storage and processing equipment, electronic components, optical devices, wireless communications equipment and electronic appliances	518,465	518,465	58,462,000	100.00%	915,836	461,617	461,617	Subsidiary
Coretronic Corporation	Young Optics Inc.	Hsinchu City, Taiwan	Engaged in the production, marketing and R&D of electronic components and optics.	526,482	532,219	39,461,586	34.60%	1,100,031	26,361	7,525	Subsidiary
Coretronic Corporation	Viscorp Limited	B.V.I.	Holding company	467,241	467,241	40,781	100.00%	12,569,639	743,372	743,372	Subsidiary
Coretronic Corporation	Sinolink Global Limited	B.V.I.	Holding company	34,100	34,100	980	100.00%	1,323,044	51,638	51,638	Subsidiary
Coretronic Corporation	Chung Tsen Investment Corp.	New Taipei City, Taiwan	Investing company for strategic purposes	692,696	692,696	127,099,664	100.00%	2,566,322	32,585	32,585	Subsidiary
Coretronic Corporation	Tecpoint Limited	B.V.I.	Holding company	1,064,802	1,064,802	33,556,599	78.06%	2,806,949	121,213	94,620	Subsidiary
Coretronic Corporation	Young Green Energy Co., LTD.	Hsinchu County, Taiwan	Engaged in the production, wholesale and retail trade of electronic components, battery, computer and its peripheral devices, and electronic material	214,620	214,620	18,833,220	99.91%	231,223	13,975	13,961	Subsidiary
Coretronic Corporation	Young Lighting Limited	Samoa	Holding company	118,134	118,134	3,907,000	100.00%	872,597	332,623	332,623	Subsidiary
Coretronic Corporation	Coretronic Intelligent Cloud Service Corp.	Hsinchu County, Taiwan	Engaged in intelligent cloud, IT information, intelligent applications of new media and platform development related business of new media.	354,990	254,990	25,000,000	100.00%	315,853	49,730	49,730	Subsidiary
Coretronic Corporation	Coretronic Venture Capital Corp.	New Taipei City, Taiwan	The investment activities of company's business expansion	300,000	300,000	30,000,000	100.00%	308,059	3,927	3,927	Subsidiary
Coretronic Corporation	Champ Vision Display Inc.	Miaoli County, Taiwan	Engaged in R&D, design, production and marketing of innovative intelligent display products and system integration solution.	144,000	144,000	14,400,000	80.00%	151,622	1,554	1,243	Subsidiary
Coretronic Corporation	uCare Medical Electronics Co., Ltd.	Miaoli County, Taiwan	Engaged in the R&D, design, production and marketing of intelligent movement and medical care related software and hardware products.	80,000	80,000	8,000,000	60.69%	23,033	(21,853)	(13,263)	Subsidiary
Coretronic Corporation	Calibre UK Limited	UK	Engaged in R&D, design, production and marketing of image processing products.	238,841	44,088	52,701,042	100.00%	25,578	(93,594)	(93,594)	Subsidiary
Coretronic Corporation	Coretronic Intelligent Robotics Corporation	Hsinchu City, Taiwan	Engaged in R&D, production and marketing of unmanned aerial vehicle and intelligent robotics.	506,263	260,600	18,000,000	100.00%	181,381	(126,233)	(126,233)	Subsidiary
Coretronic Corporation	InnoSpectra Corporation	Hsinchu City, Taiwan	Engaged in R&D and marketing of near-infrared spectrum and corresponding solutions	48,000	48,000	4,800,000	80.00%	8,998	(4,983)	(3,987)	Subsidiary
Coretronic Corporation	Coretronic MEMS Corporation	Hsinchu County, Taiwan	Engaged in R&D, production and marketing of MEMS sensor, module and corresponding solutions.	180,000	180,000	18,000,000	100.00%	40,559	(69,755)	(69,755)	Subsidiary
Coretronic Corporation	Coretronic Reality Inc.	Hsinchu County, Taiwan	Engaged in R&D, production and marketing of wearable and embedded projector, system, and display solutions.	100,000	100,000	10,000,000	100.00%	58,020	(15,080)	(15,080)	Subsidiary
Coretronic Corporation	Coretronic Vietnam Co., Ltd.	Vietnam	Research and development, manufacturing and sales of optical components such as backlight module, LCD module, LCD TV and panel display.	USD 3,000,000	USD 3,000,000	-	100.00%	(81,359)	(161,179)	(161,179)	Subsidiary
Coretronic Corporation	Coretronic Intelligent Logistics Solutions Corporation	Hsinchu County, Taiwan	System integration and application service solutions for intelligent logistics and smart manufacturing	50,000	-	5,000,000	100.00%	41,316	(8,684)	(8,684)	Subsidiary
Coretronic Corporation	Coretronic Investment Limited	U.K.	Holding company	EUR 100,000 (Note a)	-	100,000	100.00%	(15,427)	(19,594)	(19,594)	Subsidiary

Note a : As of December 31, 2021, Coretronic Investment Limited completed the company registration processes, while its capital of EUR 100,000 has not yet been paid by Coretronic Corporation.

ATTACHMENT 5 -1 : (Names, locations and related information of investee companies as of and for year ended December 31, 2021) (Not including investment in Mainland China)
(The certain information is based on the unreviewed financial statements)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor company	Investee company	Address	Main businesses and products	Initial Investment		Investment as of year ended December 31, 2021			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
Coretronic BVI	Greendale	Samoa	Holding company	USD 46,400,000	USD 46,400,000	46,400	100.00 %	USD 206,920,779	USD 18,011,223	(Note a)	Sub-subsiary
Visicorp	Wisdom Success	Cayman Islands	Holding company	USD 10,176,000	USD 10,176,000	43,300	100.00 %	USD 378,597,342	USD 24,694,729	(Note a)	Sub-subsiary
Visicorp	Bigshine	Samoa	Holding company	USD 3,000,000	USD 3,000,000	3,000	100.00 %	USD 7,266,399	(USD 781,610)	(Note a)	Sub-subsiary
Visicorp	Investdragon	Samoa	Holding company	USD 636,000	USD 636,000	212,000	100.00 %	USD 18,621	USD 30	(Note a)	Sub-subsiary
Visicorp	Lead Bright	Samoa	Holding company	USD 4,700,000	USD 4,700,000	4,700	100.00 %	USD 33,134,351	USD 731,344	(Note a)	Sub-subsiary
Visicorp	Elite View	Samoa	Holding company	USD 5,000,400	USD 5,000,400	5,000	100.00 %	USD 19,359,227	USD 1,432,201	(Note a)	Sub-subsiary
Visicorp	Teepoint	B.V.I.	Holding company	USD 5,204,902	USD 5,204,902	5,204,902	12.11 %	USD 15,729,025	USD 4,339,843	(Note a)	Subsidiary
Coretronic (Suzhou)	Coretronic Technology (HK)	HK	Holding company	USD 1,000,000 (Note b)	-	1,000,000	100.00 %	-	-	(Note a)	Sub-subsiary
Coretronic Technology (HK)	Coretronic Technology (BRVT) Company	Vietnam	Research and development, manufacturing and sales of optical components such as backlight module, LCD module, LCD TV and panel display in Vietnam	USD 30,000,000 (Note c)	-	-	100.00 %	-	-	(Note a)	Sub-subsiary
Coretronic Investment Limited	Optoma Holding Limited	U.K.	Holding company	EUR 32,620,000	(Note d)	32,620,000	100.00 %	EUR 40,088,220	(EUR 624,326)	(Note a)	Sub-subsiary
Wisdom Success	Wisdom Success (HK)	HK	Holding company	USD 18,000,000	USD 18,000,000	18,000	100.00 %	USD 240,817,643	USD 20,801,402	(Note a)	Sub-subsiary
Wisdom Success	Lead Bright (HK)	HK	Holding company	USD 13,300,000	USD 13,300,000	13,300	73.89 %	USD 93,768,501	USD 2,801,012	(Note a)	Sub-subsiary
Wisdom Success	Elite View (HK)	HK	Holding company	USD 7,999,600	USD 7,999,600	8,000	61.54 %	USD 30,976,624	USD 3,723,871	(Note a)	Sub-subsiary
Wisdom Success	Bigshine (HK)	HK	Holding company	USD 5,000,000	USD 5,000,000	5,000	62.50 %	USD 12,018,665	(USD 750,841)	(Note a)	Sub-subsiary
Bigshine	Bigshine (HK)	HK	Holding company	USD 3,000,000	USD 3,000,000	3,000	37.50 %	USD 7,211,199	(USD 750,841)	(Note a)	Sub-subsiary
Lead Bright	Lead Bright (HK)	HK	Holding company	USD 4,700,000	USD 4,700,000	4,700	26.11 %	USD 33,134,329	USD 2,801,012	(Note a)	Sub-subsiary
Elite View	Elite View (HK)	HK	Holding company	USD 5,000,400	USD 5,000,400	5,000	38.46 %	USD 19,359,132	USD 3,723,871	(Note a)	Sub-subsiary
Sinolink	Mat Limited	Samoa	Holding company	USD 980,000	USD 980,000	980	100.00 %	USD 47,797,434	USD 1,841,473	(Note a)	Sub-subsiary
Teepoint	Great Pride	Samoa	Holding company	USD 11,800,000	USD 11,800,000	11,800,000	100.00 %	USD 102,364,218	USD 3,575,378	(Note a)	Sub-subsiary
Teepoint	Core-Flex	Cayman Islands	Holding company	USD 23,260,000	USD 23,260,000	213,260,000	94.36 %	USD 9,031,991	USD 218,802	(Note a)	Sub-subsiary
Teepoint	Nano Display	HK	Holding company	USD 7,800,000	USD 7,800,000	7,800,000	100.00 %	USD 18,239,110	USD 557,611	(Note a)	Sub-subsiary
Great Pride	Great Pride (HK)	HK	Holding company	USD 11,800,000	USD 11,800,000	11,800	100.00 %	USD 102,325,901	USD 3,575,375	(Note a)	Sub-subsiary
Nano Precision (Suzhou)	Nano Precision Taiwan	Hsinchu County, Taiwan	Engaged in the production, R&D, marketing and imports/exports of high-end electronic devices' plastic enclosures, frames, and optical component injection	300,000	300,000	30,000,000	100.00 %	RMB 16,799,798	(RMB 16,717,106)	(Note a)	Sub-subsiary
Chung Tsen Investment	Venture Orient	Samoa	Holding company	USD 5,550,000	USD 5,550,000	5,550	100.00 %	587,114	22,365	(Note a)	Sub-subsiary
Chung Tsen Investment	Young Optics	Hsinchu City, Taiwan	Engaged in the production, marketing and R&D of electronic components and optics	35,471	35,471	2,166,317	1.90 %	60,299	26,361	(Note a)	Subsidiary
Chung Tsen Investment	Tsen Ming Investment	New Taipei City, Taiwan	Investing company for strategic purposes	102,000	102,000	32,443,180	100.00 %	467,424	(9,882)	(Note a)	Sub-subsiary

Note a : The share of profits/losses of investee company is not reflected herein, as such amount is already included in the share of profits/losses of the investor company.

Note b : As of December 31, 2021, Coretronic Technology (HK) completed the company registration processes, while its capital of USD 1,000,000 has not yet been paid by Coretronic (Suzhou).

Note c : As of December 31, 2021, Coretronic Technology (BRVT) Company completed the company registration processes, while its capital of USD 30,000,000 has not yet been paid by Coretronic Technology (HK).

Note d : In consideration of group business strategy, Coretronic Investment Limited acquired 100% ownership of Optoma Holding Limited from Dynamic Time in December 2021.

ATTACHMENT 5 -2 : (Names, locations and related information of investee companies as of and for year ended December 31, 2021) (Not including investment in Mainland China) (The certain information is based on the unreviewed financial statements)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor company	Investee company	Address	Main businesses and products	Initial investment		Investment as of year ended December 31, 2021			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
Chung Tsen Investment	Core-Flex	Cayman Islands	Holding company	USD 3,130,000	USD 3,130,000	3,130,000	1.39 %	\$3,782	\$6,131	(Note)	Sub-subsiary
Venture Orient	Tecpoint	B.V.I.	Holding company	USD 4,226,399	USD 4,226,399	4,226,399	9.83 %	USD 12,772,055	USD 4,339,843	(Note)	Subsidiary
Tsen Ming Investment	Young Optics	Hsinchu City, Taiwan	Engaged in the production, marketing and R&D of electronic components and optics	31,921	31,921	1,268,886	1.11 %	36,028	26,361	(Note)	Subsidiary
Tsen Ming Investment	Core-Flex	Cayman Islands	Holding company	USD 1,718,289	USD 1,718,289	8,170,000	3.61 %	6,880	6,131	(Note)	Sub-subsiary
Young Green Energy	Boom Power	B.V.I.	Holding company	USD 1,000,000	USD 1,000,000	10,000	100.00 %	122,036	USD 245,314	(Note)	Sub-subsiary
Young Lighting Limited	YLG Limited	Samoa	Holding company	USD 3,060,001	USD 3,060,001	6,000,000	100.00 %	USD 874,605	USD 983,581	(Note)	Sub-subsiary
Young Lighting Limited	Brightbridge	Samoa	Holding company	USD 1	USD 1	29,500,000	100.00 %	USD 17,296,432	USD 6,202,392	(Note)	Sub-subsiary
Young Lighting Limited	Crystal Word	Samoa	Holding company	USD 1	USD 1	22,258,000	100.00 %	USD 13,109,786	USD 4,678,998	(Note)	Sub-subsiary
Coretronic Intelligent Cloud Service	Coretronic System Engineering Limited	Samoa	Holding company	USD 1,500,000	USD 1,500,000	1,500,000	100.00 %	26,641	3,222	(Note)	Sub-subsiary
Coretronic System Engineering Limited	Coretronic System Engineering (HK)	HK	Holding company	USD 1,500,000	USD 1,500,000	1,500,000	100.00 %	USD 962,473	USD 115,564	(Note)	Sub-subsiary

Note : The share of profits/losses of investee company is not reflected herein, as such amount is already included in the share of profits/losses of the investor company.

ATTACHMENT 5 -3 : (Names, locations and related information of investee companies as of and for year ended December 31, 2021) (Not including investment in Mainland China)
(The certain information is based on the unreviewed financial statements)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor company	Investee company	Address	Main businesses and products	Initial investment		Investment as of year ended December 31, 2021			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
Optoma Corporation	Dynamic Time	Cayman Islands	Holding company	USD 14,122,230	USD 14,122,230	14,856	100.00 %	\$2,200,280	USD 19,296,078	(Note a)	Sub-subsiary
Dynamic Time	Optoma Europe	U.K.	Marketing and after-sales service of Optoma in European region	(Note c)	USD 2,451,350	(Note c)	(Note c)	(Note e)	(Note c)	(Note a, c)	Sub-subsiary
Dynamic Time	Optoma USA	USA	Marketing and after-sales service of Optoma in Americas region	(Note c)	USD 8,821,889	(Note c)	(Note c)	(Note e)	(Note c)	(Note a, c)	Sub-subsiary
Dynamic Time	Modern Smart	B.V.I.	Holding company	USD 1,200,000	USD 1,200,000	1,200,000	100.00 %	USD 1,519,475	USD 1,289,517	(Note a)	Sub-subsiary
Dynamic Time	Optoma (China & HK) Ltd.	HK	Marketing and after-sales service of Optoma in Hong Kong and the Asia-Pacific region	USD 309,546	USD 309,546	2,400,000	100.00 %	USD 303,452	(USD 43,916)	(Note a)	Sub-subsiary
Optoma Holding	Optoma USA	USA	Marketing and after-sales service of Optoma in Americas region	EUR 6,328,202 (Note c)	-	5,807,233	100.00 %	EUR 12,483,631	EUR 8,949,073	(Note a)	Sub-subsiary
Optoma Holding	Optoma Europe	U.K.	Marketing and after-sales service of Optoma in European region	EUR 24,911,549 (Note c)	-	23,826,934	100.00 %	EUR 24,125,193	EUR 5,939,086	(Note a)	Sub-subsiary
Optoma Holding	Optoma Co., Ltd.	New Taipei City, Taiwan	Marketing and after-sales service of Optoma in the Asia-Pacific region	EUR 931,677	-	3,000,000	100.00 %	EUR 957,024	(USD 828)	(Note a)	Sub-subsiary
Optoma Europe	Optoma Deutschland GmbH	Germany	Marketing and after-sales service of Optoma in European region	EUR 958,000	EUR 958,000	-	100.00 %	EUR 1,427,806	EUR 357,843	(Note a)	Sub-subsiary
Optoma Europe	Optoma France	France	Marketing and after-sales service of Optoma in European region	GBP 67,376	GBP 67,376	-	100.00 %	EUR 735,051	EUR 272,559	(Note a)	Sub-subsiary
Optoma Europe	Optoma Scandinavia. A.S.	Norway	Marketing and after-sales service of Optoma in European region	GBP 8,260	GBP 8,260	100	100.00 %	EUR 164,444	NOK 6,818	(Note a)	Sub-subsiary
Optoma Europe	Optoma Espana, S.L.	Spain	Marketing and after-sales service of Optoma in European region	EUR 103,006	EUR 103,006	5,150,280	100.00 %	EUR 380,971	EUR 7,178	(Note a)	Sub-subsiary
Optoma Europe	Optoma Benelux B.V.	Netherlands	Marketing and after-sales service of Optoma in European region	EUR 18,000	EUR 18,000	18,000	100.00 %	EUR 509,934	EUR 128,305	(Note a)	Sub-subsiary
Young Optics	Masterview	B.V.I.	Holding company	USD 6,000,000	USD 6,000,000	6,000,000	100.00 %	1,672,822	(45,920)	(Note a)	Sub-subsiary
Young Optics	Rays Optics	Hsinchu County, Taiwan	Manufacturing and selling of optics instruments and electronic components	298,140	298,140	9,250,000	92.50 %	105,290	11,048	(Note a)	Sub-subsiary
Young Optics	Mejiro Genossen	Japan	Researching, developing, manufacturing and selling of optics machines	JPY 161,200,908	JPY 161,200,908	4,950	99.00 %	37,097	8,641	(Note a)	Sub-subsiary
Masterview	Best Alpha	Samoa	Holding company	USD 1,000,000	USD 1,000,000	1,000,000	100.00 %	USD 18,346,591	USD 844,845	(Note a)	Sub-subsiary
Masterview	Grace China	Cayman Islands	Holding company	USD 8,156,458	USD 8,156,458	8,156,458	100.00 %	USD 38,650,463	(USD 584,516)	(Note a)	Sub-subsiary
Masterview	Young Optics (BD)	Bengal	Manufacturing of optics components	USD 12,000,000	USD 5,000,000	4,149,936	62.50 %	(USD 3,587,998)	(USD 2,908,809)	(Note a)	Sub-subsiary
Masterview	Young Optics Europe GmbH	Germany	Manufacturing and selling of 3D printer	EUR 18,750	EUR 18,750	-	75.00 %	USD 11,913	(USD 41,899)	(Note a)	Sub-subsiary
Grace China	Young Optics (BD)	Bengal	Manufacturing of optics components	USD 3,000,000	USD 3,000,000 (Note b)	2,479,960	37.50 %	(USD 2,152,799)	(USD 2,908,809)	(Note a)	Sub-subsiary

Note a : The share of profits/losses of investee company is not reflected herein, as such amount is already included in the share of profits/losses of the investor company.

Note b : In December 2021, Masterview made a capital injection of USD 7,000,000 into Young Optics (BD), and accounted it as prepayments for long-term investment. However, as of December 31, 2021, Young Optics (BD) has not completed capital verification procedures yet.

Note c : In consideration of group business strategy, Coretronic Investment Limited acquired 100% ownership of Optoma USA and Optoma Europe from Dynamic Time in July 2021.

ATTACHMENT 6 : (Investment in Mainland China for year ended December 31, 2021)
(Except for Coretronic Display (Suzhou), the information is based on the unreviewed financial statements)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized	Carrying value as of year ended December 31, 2021	Accumulated inward remittance of earnings as of year ended December 31, 2021
				Outflow	Inflow						
Coretronic Projection (Kunshan)	Digital projectors, LCD monitors and related components of the research and development, processing, manufacturing and sales of the company's products and engaged in after-sales maintenance services	\$ 1,525,064 (USD 46,000,000)	Indirect investment from the third region (Greendale)	\$ 1,525,064 (USD 46,000,000)	-	\$ 1,525,064 (USD 46,000,000)	\$ 498,668	100.00%	\$ 498,668	\$ 5,702,104	\$ 428,855 (USD 14,065,436)
Technology Service (Kunshan)	LCD monitor maintenance and technical services	13,259 (USD 400,000)	Indirect investment from the third region (Greendale)	13,259 (USD 400,000)	-	13,259 (USD 400,000)	2,371	100.00%	2,371	27,154	-
Coretronic Optics (Kunshan)	Production and sales of projector module products and spectrometer	RMB 42,000,000	Indirect investment from the Mainland China subsidiary (CPC)	-	-	-	81,423	100.00%	81,423	503,279	-
Vimax (Kunshan)	Design, research and development and production of projectors, sales of the company's own products and provide after sales maintenance services for self-produced and non-self-produced products	62,252 (USD 1,800,000)	Indirect investment from the third region (Mat Limited)	62,252 (USD 1,800,000)	-	62,252 (USD 1,800,000)	54,720	100.00%	54,720	1,315,337	-
Coretronic (Suzhou)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	660,657 (USD 20,000,000)	Indirect investment from the third region (Wisdom Success HK)	271,297 (USD 8,000,000)	-	271,297 (USD 8,000,000)	80,227	100.00%	80,227	4,806,502	-
Coretronic Optics (Suzhou)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	USD 10,000,000	Indirect investment from the third region (Wisdom Success HK)	-	-	-	243,545	100.00%	243,545	618,312	-
Coretronic Optotech (Suzhou)	Research and development, manufacturing and processing optical components such as backlight module, LCD module, LCD TV and panel display. Sales of the company's own products and after-sales maintenance services	390,000 (USD 12,000,000)	Indirect investment from the third region (Wisdom Success HK)	-	-	-	262,685	100.00%	262,685	1,208,917	-
Coretronic (Shanghai)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	257,829 (USD 8,000,000)	Indirect investment from the third region (Bigshine HK)	95,254 (USD 3,000,000)	-	95,254 (USD 3,000,000)	(21,400)	100.00%	(21,400)	238,507	81,790 (USD 2,800,000)
Coretronic Display (Suzhou)	Research and development, manufacturing panel modules and related components of the business, sales of the company's own products and provide related after-sales maintenance services	1,547,564 (USD 51,758,000)	Indirect investment from the third region (Brightbridge and Crystal Word)	88,972 (USD 2,967,283)	-	88,972 (USD 2,967,283)	101,142	100.00%	101,142	844,007	-
Coretronic (Ningbo)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	650,050 (USD 20,000,000)	Indirect investment from the third region (Lead Bright HK)	151,490 (USD 4,700,000)	-	151,490 (USD 4,700,000)	78,032	100.00%	78,032	3,512,518	139,650 (USD 4,619,805)
Young Bright Optical (Suzhou)	Research and development, processing, manufacturing backlight optical film products	1,178,240 (USD 36,000,000)	Indirect investment from the third region (Core-Flex)	759,827 (USD 23,260,000)	-	759,827 (USD 23,260,000)	6,131	100.00%	6,131	392,220	-
Nano Precision (Suzhou)	Manufacture and sales of acrylic panels and light guide plate	426,839 (USD 13,300,000)	Indirect investment from the third region (Great Pride HK)	330,478 (USD 10,392,880)	-	330,478 (USD 10,392,880)	99,805	100.00%	99,805	2,737,893	85,228 (USD 2,795,270)
Coretronic (Guangzhou)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	417,580 (USD 13,000,000)	Indirect investment from the third region (Elite View HK)	29,020 (USD 1,000,000)	-	29,020 (USD 1,000,000)	104,210	100.00%	104,210	1,393,280	-
Nano Display (Guangzhou)	Research and development, processing, manufacture of liquid crystal display light guide plate, sales of the company's products and provide related services	238,740 (USD 7,800,000)	Indirect investment from the third region (Nano Display)	9,820 (USD 308,797)	-	9,820 (USD 308,797)	15,611	100.00%	15,611	504,841	-
YLG Optotech	Research and development, processing, manufacturing display components, sales of the company's products and provide related services	USD 6,000,000	Indirect investment from the third region (YLG Limited)	USD 3,060,000	-	USD 3,060,000	27,574	100.00% (Note k)	27,574	24,180	-
Coretronic System Engineering (Shanghai)	Contractor in intelligent building engineering and provide related services to customers	USD 1,500,000	Indirect investment from the third region (Coretronic System Engineering HK)	USD 1,500,000	-	USD 1,500,000	3,222	100.00%	3,222	26,641	-
Boom Power Electronics (Suzhou)	Research and development, production and sales of cold cathode tube drive and related products	USD 1,000,000	Indirect investment from the third region (Boom Power)	USD 1,000,000	-	USD 1,000,000	6,870	100.00%	6,870	122,018	-
Coretronic Robotek (Kunshan)	Provide intelligent solutions for warehousing and manufacturing	RMB 12,000,000	Indirect investment from the third region(Coretronic Projection (Kunshan) and Coretronic (Suzhou))	-	-	-	12	100.00%	12	52,110	-

Accumulated investment in Mainland China as of year ended December 31, 2021 (Note a, b)	Investment amounts authorized by Investment Commission, MOEA (Note b~ Note j)	Upper limit on investment
\$2,350,309 (USD 74,191,338)	\$2,066,229 (USD 74,191,338)	\$13,291,262

Note a : To use historical currency rates.

Note b : The investment amounts in Flying Success and Coretronic (Nanjing) has been not remitted to Coretronic Corporation in the event of liquidation in December, 2012 and June 2018, and related registration processes for Investment Commission, MOEA were not applicable.

Note c : Greendale Investments Limited received cash dividends amounted to USD 14,065,436.4 for distribution profits from Coretronic Projection (Kunshan) from 2006 to 2007 and had remitted it back to Coretronic Corporation.

Note d : Bigshine (HK) Limited received cash dividends amounted to USD 8,735,525.72 for distribution profits from Coretronic (Shanghai) in 2006 and had remitted it back USD 1,000,000 to Coretronic Corporation.

Note e : Teepoint received USD 2,795,270 in 2019 from Nano Precision (Suzhou), which was from the liquidation of Nano Precision (Nanjing) in 2006. Teepoint had remitted it back to Coretronic Corporation.

Note f : Great Pride (HK) Investments Limited received cash dividends amounted to USD 3,565,645 for distribution profits from Nano Display (Suzhou) in 2018 and had remitted USD 3,215,142 back to Coretronic Corporation.

Note g : Nano Precision Investments Limited received cash dividends amounted to USD 2,290,604 for distribution profits from Nano Precision (Nanjing) in 2018 and had remitted USD 2,065,438 back to Coretronic Corporation.

Note h : Dissolution of Nano Display (Suzhou) and merger with Coretronic (Suzhou) were approved by regulatory authority in August, 2019.

Note i : Include the investment amount USD2,966,301 of Nano Precision (Nanjing) which company's registration was cancelled in April, 2019. The investment amount cancellation was approved by MOEA.

Note j : Viscorp received cash dividends amounted to USD 1,800,000 for distribution profits from Coretronic (Shanghai) and USD 4,619,805 from Coretronic (Ningbo) in 2020 and remitted it back USD 6,419,805 to Coretronic Corporation. Besides, the rest capital of Nano Precision (Nanjing) USD 460,098 and the liquidation income of Coretronic (Nanjing) USD 490,094 were already remitted back to Coretronic Corporation. Therefore, Coretronic Corporation has applied for the cancellation for investment amount of USD 7,369,997 in China, which was approved by MOEA.

Note k : Young Lighting Limited acquired 49% of shares of YLG Limited in December 2020. The ownership percentage of YLG Optotech was increased to 100%.

Note l : To use the currency rate 1 USD =27.68NTD as of year ended December 31, 2021.

ATTACHMENT 6-1 (Investment in Mainland China for year ended December 31, 2021)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note a)	Carrying value as of year ended December 31, 2021 (Note a)	Accumulated inward remittance of earnings as of year ended December 31, 2021
					Outflow	Inflow						
Young Optics (Kunshan)	Researching and developing, manufacturing of optics engine and related optics electronic equipment	\$440,619 (USD 12,200,000) (Note d, e and m)	Indirect investment from the third region (Best Alpha and Grace China)	\$164,450 (USD 5,000,000)	\$-	\$-	\$164,450 (USD 5,000,000)	\$19,027 (USD 674,351)	100.00%	\$19,027 (USD 674,351)	\$983,849 (USD 35,543,683)	\$74,505 (USD 2,457,289) (Note b and Note j~Note k)
Young Optics (Suzhou)	Researching and developing, manufacturing of optics engine and related optics electronic equipment	33,951 (USD 1,000,000)	Indirect investment from the third region (Best Alpha)	33,951 (USD 1,000,000)	-	-	33,951 (USD 1,000,000)	18,474 (USD 663,308)	100.00%	18,474 (USD 663,308)	237,140 (USD 8,567,196)	1,328,957 (USD 31,295,415 and RMB 80,635,502) (Note b, Note f~Note i and Note l)

Accumulated investment in Mainland China as of December 31, 2021 (Note b)	Investment amounts authorized by Investment Commission, MOEA (Note b)	Upper limit on investment
\$198,401 (USD 6,000,000)	\$233,101 (USD 7,020,000)	Note c

Note a : The investments were fully consolidated in accordance with the Regulations.

Note b : To use historical currency rates.

Note c : Young Optics Company has obtained the certificate of being qualified for operating headquarters issued by Industrial Development Bureau, MOEA in June 2018, the upper limit on investment in mainland China pursuant to "Principle of Investment or Technical Cooperation in Mainland China" is not applicable.

Note d : Young Optics (Kunshan) invested USD 9,800,000 through capitalization of earnings in 2007. Best Alpha Investments Limited invested USD 2,300,000.

Note e : Young Optics (Kunshan) invested USD 1,300,000 through capitalization of earnings in April 2009. Grace China Investments Limited invested USD 824,850. Best Alpha Investments Limited invested USD 2,975,150.

Note f : Best Alpha Investments Limited received cash dividends amounted to USD 20,235,299 for distribution profits from Young Optics (Suzhou) in 2011 and had remitted it back to Young Optics.

Note g : Best Alpha Investments Limited received cash dividends amounted to RMB 27,691,452 and USD 4,509,641 for distribution profits from Young Optics (Suzhou) in 2014. The RMB 24,922,307 of them had been remitted back to Young Optics.

Note h : Best Alpha Investments Limited received cash dividends amounted to RMB 52,944,050 for distribution profits from Young Optics (Suzhou) in 2015 and had remitted it back to Young Optics.

Note i : Best Alpha Investments Limited received cash dividends amounted to USD 4,528,402 for distribution profits from Young Optics (Suzhou) in 2017 and had remitted it back to Young Optics.

Note j : Best Alpha Investments Limited received cash dividends amounted to USD 603,264 for distribution profits from Young Optics (Kunshan) in 2017 and had remitted it back to Young Optics.

Note k : Grace China Investments Limited received cash dividends amounted to USD 1,854,025 for distribution profits from Young Optics (Kunshan) in 2017 and had remitted it back to Young Optics.

Note l : Best Alpha Investments Limited received cash dividends amounted to USD 6,531,714 for distribution profits from Young Optics (Suzhou) in 2018 and had remitted it back to Young Optics.

Note m : Young Optic (Kunshan) conducted capital reduction amounted to USD10,000,000 in December 2020.

ATTACHMENT 6-2 (Investment in Mainland China for year ended December 31, 2021)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note a, b)	Carrying value as of year ended December 31, 2021	Accumulated inward remittance of earnings as of year ended December 31, 2021
					Outflow	Inflow						
Optoma China	Marketing and after-sales service of Optoma's technology products in Mainland China	\$38,412 (USD1,200,000)	Indirect investment from the third region (Modern Smart)	\$38,412 (USD1,200,000)	\$-	\$-	\$38,412 (USD1,200,000)	\$38,681 RMB 8,929,160	100.00%	\$38,681 RMB 8,929,160 (Note a (2) · e)	\$92,169 RMB 21,229,879	\$-

Accumulated investment in Mainland China as of December 31, 2021 (Note b)	Investment amounts authorized by Investment Commission, MOEA (Note b)	Upper limit on investment (Note c)
\$38,412 (USD1,200,000)	\$176,798 (USD5,900,000) (Note d)	\$571,861

Note a : The investment income (loss) were determined based on the following basis:

- (1).The financial report was audited and certified by an international accounting firm in cooperation with an R.O.C. accounting firm.
- (2).The financial statements was certified by the CPA of the parent company in Taiwan.
- (3).Other: The financial statements were not audited by the CPA.

Note b : To use historical currency rates.

Note c : Based on Regulations Governing the Approval of Investment or Technical Cooperation in Mainland Chian promulgated by Investment Commission, MOEA.

Note d : LIULI and LIULI(HK) had disposed the shares of Tou Ming Si Kao (Shanghai) on March 21, 2011. The related registration processes were completed on September 13, 2011, and reported to Investment Commission, MOEA.

The investment amounts have no change when the amounts had been not remitted to Optoma.

Note e : The investments were fully consolidated in accordance with the Regulations.

ATTACHMENT 7 (Financial instrument and derivative transaction as of December 31, 2021)

(The certain information is based on the unreviewed financial statements)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investment company	Financial statement account	Financial product	Type	Contract expiry date	Contract amount	Book value	Fair value	Note
Coretronic Corporation	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From January, 2022 to April, 2022	USD 435,000,000	\$ 81,604	\$ 81,604	Note a
Coretronic Corporation	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Buying USD	From January, 2022 to June, 2022	USD 699,500,000	(38,597)	(38,597)	Note a
Champ Vision Display	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From January, 2022 to March, 2022	USD 7,000,000	349	349	Note b
Nano Precision Taiwan	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From January, 2022 to March, 2022	USD 2,500,000	(25)	(25)	Note c
Nano Precision (Suzhou)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From January, 2022 to October, 2022	USD 21,000,000	11,060	11,060	Note e
Coretronic Projection (Kunshan)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From January, 2022 to May, 2022	USD 32,000,000	1,963	1,963	Note f
Coretronic Display (Suzhou)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From January, 2022 to February, 2022	USD 8,000,000	548	548	Note h
Coretronic Optotech (Suzhou)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From January, 2022 to May, 2022	USD 79,000,000	6,224	6,224	Note i
Coretronic Optics (Suzhou)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From January, 2022 to April, 2022	USD 39,500,000	2,904	2,904	Note j
Young Optics (Kunshan)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From February, 2022 to March, 2022	USD 3,000,000	1,093	1,093	Note k
Dynamic Time	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Buying USD	January, 2022	EUR 35,000,000	1,800	1,800	Note l
Optoma Europe	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Buying USD	From January, 2022 to February, 2022	USD 14,000,000	(740)	(740)	Note m
Optoma USA	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Buying USD	From January, 2022 to April, 2022	CAD 2,100,000	156	156	Note n

Note a : Coretronic Corporation entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$531,587 thousands for the year ended December 31, 2021.

Note b : Champ Vision Display entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$103 thousands for the year ended December 31, 2021.

Note c : Nano Precision Taiwan entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$879 thousands for the year ended December 31, 2021.

Note d : Coretronic (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$44,110 thousands for the year ended December 31, 2021.

Note e : Nano Precision (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$51,089 thousands for the year ended December 31, 2021.

Note f : Coretronic Projection (Kunshan) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$18,962 thousands for the year ended December 31, 2021.

Note g : Coretronic (Ningbo) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$6,581 thousands for the year ended December 31, 2021.

Note h : Coretronic Display (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$10,891 thousands for the year ended December 31, 2021.

Note i : Coretronic Optotech (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$28,954 thousands for the year ended December 31, 2021.

Note j : Coretronic Optics (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$12,893 thousands for the year ended December 31, 2021.

Note k : Young Optics (Kunshan) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$15,061 thousands for the year ended December 31, 2021.

Note l : Dynamic Time entered into forward Forward cross currency contract and acquired realized loss amounted to NT\$136 thousands for the year ended December 31, 2021.

Note m : Optoma Europe entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$4,975 thousands for the year ended December 31, 2021.

Note n : Optoma USA entered into forward foreign exchange contracts and acquired realized loss amounted to NT\$3,186 thousands for the year ended December 31, 2021.

Note o : Optoma Corporation entered into forward cross currency contracts and acquired realized loss amounted to NT\$28,320 thousands for the year ended December 31, 2021.

ATTACHMENT 8 (The information of Major shareholder as of December 31, 2021)

Name	Number of shares (Units/shares)	Percentage of ownership (%)
Yann Yuan Investment Co., Ltd.	27,300,000	6.98%
Taiwei Advanced Technology Co., Ltd.	44,010,196	11.25%

ATTACHMENT 9 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2021.)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee company	Marketable securities type and name	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal			December 31, 2021		
					Units / shares	Amount	Units / shares	Amount	Units / shares	Selling Price	Carrying amount	Gain (Loss) from disposal (Note)	Units / shares	Amount
Young Optics (Kunshan)	Structured Deposits	Financial assets measured at amortized cost-current	Shanghai Pudong Development Bank	-	-	-	-	RMB 80,000,000	-	-	RMB 80,000,000	RMB 575,647	-	-
Young Optics (Kunshan)	Structured Deposits	Financial assets measured at amortized cost-current	China CITIC Bank	-	-	-	-	RMB 120,000,000	-	-	RMB 120,000,000	RMB 846,844	-	-

Note : To be recognized in interest income.



Coretronic Corporation

Chairman : Wade Chang