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**Coretronic Corporation**

**2022 Annual Shareholders' Meeting**

**Meeting Agenda**

(Translation)

**June 10, 2022**

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**Coretronic Corporation**  
**2022 Annual General Shareholders' Meeting Procedure**

1. Call the Meeting to Order
2. Chairman's Address
3. Report Items
4. Ratification Items
5. Discussion and Election Items
6. Extraordinary Motions
7. Meeting Adjournment

**Coretronic Corporation**  
**2022 Annual General Shareholders' Meeting Agenda**

Time : 9:00 a.m., June 10 (Friday), 2022

Place : Chunan Science Park (No. 2, Ke Bei 5th Rd., Science Park, Chu-Nan, Miao-Li County)

Convening Method : Shareholders meeting will be held by means of physical shareholders meeting

**I. Chairman's Address**

**II. Report Items**

1. 2021 Annual Business Report.
2. 2021 Audit Committee's Review Report.
3. The distribution of 2021 employees' compensation.
4. The distribution of 2021 Earnings in cash and additional paid-in capital in cash.
5. Coretronic Corporation adopted the short-form merger of the subsidiary Optoma Technology Corporation.

**III. Ratification Items**

1. Ratification of 2021 Annual Business Report and Financial Statements.
2. Ratification of the Proposal for the Distribution of 2021 Earnings.

**IV. Discussion and Election Items**

1. Proposal of Amending the Company's Procedures of Acquisition or Disposal of Assets.
2. Proposal for the Company's election of Directors.
3. Proposal to release the newly-elected Directors and their corporate representatives from non-competition restrictions.

**V. Extraordinary Motions**

**VI. Meeting Adjournment**

## **Report Items**

### **1. 2021 Annual Business Report**

Description: 2021 Annual Business Report is attached as Attachment 1.

### **2. 2021 Audit Committee's Review Report**

Description: 2021 Audit Committee's Report is attached as Attachment 2.

### **3. The distribution of 2021 employees' compensation.**

Description: In accordance with Company Act and the Company Article of Incorporation, 10%~20% of profit of the current year shall be distributed as employees' compensation. The board of directors resolved to distribute NT\$288,507,866 as 2021's employee compensation in cash.

### **4. The distribution of 2021 Earnings in cash and additional paid-in capital in cash.**

Description:

- (1) The Board of Directors had resolved the earning for cash distribution amounting to NT\$1,172,943,330 were distributed at NT\$3.0 per share and additional paid-in capital NT\$390,981,110 were distributed at NT\$1.0 per share.
- (2) Cash distribution ratio is calculated on the basis of whole NT dollar, rounded down to whole NT dollar, for total fractional dollars less than whole NT dollar, arrogant by decimal digit to low and account number from the front to rear adjustment order to meet the total cash.
- (3) In the event that, any change in the number of outstanding common shares, it is proposed the Chairman be authorized to adjust the cash dividend per share based on the number of actual shares outstanding.

### **5. Coretronic Corporation adopted the short-form merger of the subsidiary Optoma Technology Corporation.**

Description:

- (1) To strengthen group brand business, the British Optoma Holding Limited was established in 2021 to facilitate worldwide branding strategy and business. Optoma Corporation, a newly formed subsidiary in Taiwan by Optoma Holding Limited, has been taking over previous Optoma Technology Corporation's Asia Pacific and Taiwan business. All business of Optoma Technology Corporation had been replaced by Optoma Corporation since then.
- (2) Coretronic Corporation conducted short-form merger with its 100%-owned subsidiary Optoma Technology Corporation (hereinafter referred to as Optoma Technology). After the short-form merger, Coretronic Corporation will be the surviving company, and Optoma Technology will be dissolved.
- (3) The merger is the organizational restructuring of the group. Accounting treatment is the adjustment between long-term investment and other assets & liabilities that made by the surviving company, instead of arranging share conversion rates, or distributing cash or other properties.
- (4) The merger has been resolved by the board of directors in accordance with Article 19 of the Business Mergers and Acquisitions Act. The merger record date is indicatively set on July 1, 2022.

- (5) And report as above in accordance with Article 7, Paragraph 2 of the Business Mergers and Acquisitions Act.

### **Ratification Items**

**1. Ratification of 2021 Business Report and Financial Statements. (Proposed by the Board of Directors)**

Description:

- (1)The 2021 financial statements of the Company had been audited by Ernst & Young.
- (2)Please refer to attachment 1 and 3 for 2021 Business Report and financial statements.
- (3)Please resolve.

Resolution:

**2. Ratification of the Proposal for the Distribution of 2021 Earnings. (Proposed by the Board of Directors)**

Description:

- (1)Please refer to attachment 4 for the Distribution of 2021 Earnings Table which was approved by the Board of Directors and reviewed by the Audit Committee.
- (2)Please resolve.

Resolution:

### **Discussion and Election Items**

**1. Proposal of Amending the Company's Procedures of Acquisition or Disposal of Assets. (Proposed by the Board of Directors)**

- (1)To comply with applicable laws, it is proposed to amend the "Procedures of Acquisition or Disposal of Assets".
- (2)The comparison table of amendments to the Procedures of Acquisition or Disposal of Assets is attached as Attachment 5.
- (3)Please resolve.

Resolution:

**2.Proposal for the Company's election of Directors. (Proposed by the Board of Directors)**

- (1)The tenth term of the office of Directors will expire on June 12, 2022, it is planned to cooperate with the general meeting of shareholders to re-elect directors. According to the Company's Articles of Incorporation and the Board resolution, there shall be a board of Directors consisting of seven persons including three Independent Directors. The terms of the new Directors will be three years. The tenth term of the office of Directors start from June 10, 2022 and expire on June 9, 2025, old Directors retiring on the date of election of new Directors.
- (2) The list of candidates for directors and their related information please refer to attachment 6.
- (3) Please elect.

Election Results:

**3.Proposal to release the newly-elected Directors and their corporate representatives from non-competition restrictions. (Proposed by the Board of Directors)**

- (1)According to Article 209 of the Company Act, a director who conducts business within the business scope of the Company for himself or others shall explain at the shareholders' meeting the essential contents of such conduct and obtain the shareholders' approval.
- (2)The newly-elected Directors or their Representatives who may participate in the operations of another company that engages in the same or similar business scope as the Company, it is proposed to release the non-competition restrictions on the directors without prejudice to the interests of the Company. The list of competition restrictions on Directors proposed to be released is attached as attachment 7.
- (3) Please resolve.

Resolution:

**Extraordinary Motions**

**Meeting Adjournment**

## Coretronic Corporation

### 2021 Business Report

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.

Sales breakdowns by product lines in 2021 as below: (Consolidated)

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%

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.

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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.

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.

Goals include building consensus through engagement to enable teamwork, innovation and execution, materializing the vision to build a technologies foundation for sustainable business and pursuing the ultimate interest of shareholders and employees.

Sincerely,

Chairman: Wade Chang      President: Sarah Lin, SY Chen, Ann Wu      Accounting Officer: Franck Ho

**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 Corporation

Chairman of the Audit Committee : Houn-Gee Chen

March 21, 2022



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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	%
<b>Current assets</b>					
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		15,525,847	31.01	8,466,554	22.24
<b>Non-current assets</b>					
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 assets	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		34,548,210	68.99	29,600,184	77.76
<b>Total assets</b>		<b>\$ 50,074,057</b>	<b>100.00</b>	<b>\$ 38,066,738</b>	<b>100.00</b>

(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	%
<b>Current liabilities</b>					
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
<b>Non-current liabilities</b>					
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
<b>Equity</b>					
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.

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

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			Exchange differences on translation of foreign operations	Other equity		Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings		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	(2,697,272)	(470,918)
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	2,485,115	(2,163,686)
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	\$ 534,920	\$ 59,330
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	548,890	993,189			
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	687,747	1,182,132			

The accompanying notes are an integral part of parent company only financial statements.

## 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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

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	%
<b>Current assets</b>					
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
<b>Non-current assets</b>					
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
<b>Total assets</b>		<b>\$ 61,470,393</b>	<b>100.00</b>	<b>\$ 47,275,063</b>	<b>100.00</b>

(continued)



English Translation of Consolidated Financial Statements Originally Issued in Chinese

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	%
<b>Current liabilities</b>					
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
<b>Non-current liabilities</b>					
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
<b>Equity attributable to owners of the parent</b>					
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
<b>Non-controlling interests</b>	6(17)	2,064,897	3.36	2,043,951	4.32
Total equity		24,217,001	39.40	24,939,435	52.75
<b>Total liabilities and equity</b>		\$ 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)	\$ 765		\$ (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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

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			Other equity					
			Legal reserve	Special reserve	Unappropriated 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
Balance as of January 1, 2020	\$ 4,344,231	\$ 3,727,475	\$ 3,774,564	\$ 2,469,437	\$ 9,429,258	\$ (2,334,947)	\$ (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)	-	-	-	(651,634)	-	(651,634)
Cash dividends	-	-	-	-	(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	3,548,599	3,889,871	2,469,437	10,229,840	(2,030,488)	434,034	-	21,895,484	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)			
Share of loss of associates and joint ventures accounted for using the equity method	3,689	1,708	Cash flows from financing activities:		
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	214,236	(311,059)	Increase (decrease) in short-term borrowings	6,674,980	(3,383,924)
Impairment of non-financial assets	56,629	28,276	Increase in long-term borrowings (including current portion of long-term borrowings)	1,473,868	486,046
Changes in operating assets and liabilities:			Decrease in guarantee deposits	(5,099)	(8,068)
Note receivables	(2,898)	16,267	Decrease in other noncurrent liabilities	(12,544)	(1,387)
Accounts receivables	(7,278,424)	23,777	Cash dividends	(1,563,925)	(868,846)
Accounts receivables-related parties	(5,842)	201	Cash payment for the principal portion of lease liabilities	(301,528)	(316,294)
Other receivables	(255,236)	(139,770)	Proceeds from disposal of subsidiaries' ownership (without a change of control)	165,445	72,664
Inventories	(4,405,186)	1,177,367	Treasury stock acquired	(2,102,777)	-
Prepayments	(243,751)	(56,642)	Change in non-controlling interests	(7,080)	(5,618)
Other current assets	(44,018)	43,782	Net cash provided by (used in) financing activities	4,321,340	(4,025,427)
Other operating assets	1,892	(37,944)			
Contract liabilities	50,767	(43,677)	Effect of exchange rate changes on cash and cash equivalents	(253,503)	284,603
Notes payable	333	(174)			
Accounts payable	5,317,320	(292,590)	Net decrease in cash and cash equivalents	(7,070,725)	(1,861,299)
Accounts payable-related parties	18,441	(12,062)	Cash and cash equivalents at the beginning of the period	18,300,564	20,161,863
Other payables	1,080,201	127,660	Cash and cash equivalents at the end of the period	\$ 11,229,839	\$ 18,300,564
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**  
**2021's Earnings Distribution Table**

Unit : NTD

Item	Amount	
	Subtotal	Total
Beginning of Unappropriated Retained Earnings		8,900,142,353
Less: Adjustment of Retained Earnings Decreased in Treasury Stocks	(1,281,729,811)	
Less: Actuarial Gain (Loss) on Defined Benefit Plans	(614,813)	
Less: Adjustment of Retained Earnings Accounted for Under the Equity Method	(169,665)	
Plus: Adjustment of Retained Earnings from Disposal of Financial Assets at Fair Value through Other Comprehensive Income	924,620	
Cumulative of Unappropriated Earnings		7,618,552,684
Plus: Reversal of Special Reserve		1,192,827,236
Net income of 2021	2,031,624,576	
Minus: Appropriated For Legal Reserve	(75,003,491)	
2021's Earnings Available For Distribution		1,956,621,085
Earnings Available For Distribution (Cumulative)		10,768,001,005
Cash Dividends To Shareholders (NTD 3.0 per share)		(1,172,943,330)
End of Unappropriated Retained Earnings		9,595,057,675
<p>Note 1 : According to the ruling issued by MOF on April 30, 1998 (Ref. 871941343), when distributing earnings it should be taxed as per the year that the earnings were gained. Coretronic adopts last in first out method when distributing earnings, which is to say, first distribute earnings from the most current year and then the previous year's when not sufficient.</p> <p>Note 2 : Cash dividend distribution ratio is calculated on the basis of whole NT dollar, rounded down to whole NT dollar, for total fractional dollars less than whole NT dollar, arrogant by decimal digit to low and account number from the front to rear adjustment order to meet the total cash dividend.</p>		

Chairman: Wade Chang    President : Sarah Lin, SY Chen, Ann Wu    Accounting Officer: Franck Ho

## Comparison Table of Amendments to the Procedures of Acquisition or Disposal of Assets

Current Provisions	Proposed Amendments
<p>6.1 Procedures for the acquisition or disposal of assets</p> <p>6.1.1 Appraisal procedures :</p> <p>1) (skip)</p> <p>2) The means of price determination and supporting reference materials and data acquisition :</p> <p>a. To acquire or dispose of securities, the Company or the Subsidiary shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the Company shall, prior to the date of occurrence of the event, also engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price. <u>If a certified public accountant needs to use the report of an expert as evidence, the certified public accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (as RARDF).</u> This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise by regulations of the Procedures Article 6.11.,2.,b.</p> <p>b~d(skip)</p> <p>6.1.2 and 6.1.3(skip)</p>	<p>6.1 Procedures for the acquisition or disposal of assets</p> <p>6.1.1 Appraisal procedures :</p> <p>1) (skip)</p> <p>2) he means of price determination and supporting reference materials and data acquisition :</p> <p>a. To acquire or dispose of securities, the Company or the Subsidiary shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the Company shall, prior to the date of occurrence of the event, also engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise by regulations of the Procedures Article 6.11.,2.,b.</p> <p>b~d(skip)</p> <p>6.1.2 and 6.1.3(skip)</p>
<p>6.2 Procedures for the acquisition or disposal of real property, equipment, or its' right-of-use asset</p> <p>6.2.1~6.2.2 、 6.2.4(skip)</p> <p>6.2.3 Obtain professional appraisal report and expert opinion :</p> <p>In acquiring or disposing of real property, equipment, or its' right-of-use asset where the transaction amount reaches 20 percent of the</p>	<p>6.2 Procedures for the acquisition or disposal of real property, equipment, or its' right-of-use asset</p> <p>6.2.1~6.2.2 、 6.2.4(skip)</p> <p>6.2.3 Obtain professional appraisal report and expert opinion :</p> <p>In acquiring or disposing of real property, equipment, or its' right-of-use asset where the transaction amount reaches 20 percent of the</p>

Current Provisions	Proposed Amendments
<p>paid-in capital or NT\$300 million, the Company, unless dealing with domestic government, building on its own land, building on rented land, or acquiring or disposing equipment or its' right-of-use asset for business use, should obtain an appraisal report prior to the date of occurrence from a professional appraiser and should further comply with the following provisions :</p> <p>1) 、 2) and 4) (skip)</p> <p>3)Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall <u>be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price :</p> <p>(skip)</p>	<p>paid-in capital or NT\$300 million, the Company, unless dealing with domestic government, building on its own land, building on rented land, or acquiring or disposing equipment or its' right-of-use asset for business use, should obtain an appraisal report prior to the date of occurrence from a professional appraiser and should further comply with the following provisions :</p> <p>1) 、 2) and 4) (skip)</p> <p>3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price :</p> <p>(skip)</p>
<p>6.3 Procedures for related party transactions 6.3.1 、 6.3.3~6.3.5(skip)</p> <p>6.3.2 When the company intends to acquire or dispose real property or its' right-of-use asset from a related party or acquire or dispose assets other than real property or its' right-of-use asset from a related party and the transaction amount reaches 20 percent of the paid-in capital, 10 percent of the total assets, or NT\$300 million, except for those trading of domestic government bonds, repurchase agreements or reverse purchase agreements, or purchasing or buying back domestic money market fund issued by securities, the following materials should be submitted to the Audit Committee and the Board of Directors for approval. The contract then can be signed and paid thereafter :</p> <p>1)~7) (skip)</p> <p><u>The calculation of the transaction amounts in the preceding paragraph should be in accordance with Article 6.7.1, paragraph 2. The term "within the</u></p>	<p>6.3 Procedures for related party transactions 6.3.1 、 6.3.3~6.3.5(skip)</p> <p>6.3.2 When the company intends to acquire or dispose real property or its' right-of-use asset from a related party or acquire or dispose assets other than real property or its' right-of-use asset from a related party and the transaction amount reaches 20 percent of the paid-in capital, 10 percent of the total assets, or NT\$300 million, except for those trading of domestic government bonds, repurchase agreements or reverse purchase agreements, or purchasing or buying back domestic money market fund issued by securities, the following materials should be submitted to the Audit Committee and the Board of Directors for approval. The contract then can be signed and paid thereafter :</p> <p>1)~7) (skip)</p> <p>The board of directors may authorize the chairman to settle within NTD\$500 million and report at the next board meeting for the following transactions</p>

Current Provisions	Proposed Amendments
<p><u>preceding year" refers to the year before the date of the current transaction. The amount approved by the audit committee and board of directors in accordance with this procedure is exempted.</u></p> <p>The board of directors may authorize the chairman to settle within NTD\$500 million and report at the next board meeting for the following transactions made between the Company and its subsidiaries or made between subsidiaries that are 100% directly or indirectly held by the Company in terms of issued shares or total capital :</p> <p>1)Acquire or dispose equipment or its' right-of-use asset for business use.</p> <p>2)Acquire or dispose real property right-of-use asset for business use.</p>	<p>made between the Company and its subsidiaries or made between subsidiaries that are 100% directly or indirectly held by the Company in terms of issued shares or total capital :</p> <p>1)Acquire or dispose equipment or its' right-of-use asset for business use.</p> <p>2)Acquire or dispose real property right-of-use asset for business use.</p> <p><u>When the company or its subsidiary that is not a domestic public company has the transaction of paragraph 1, and the transaction amount reaches 10% of the company's total assets, the company shall submit the materials listed in paragraph 1 to the shareholders' meeting for approval. The contract then can be signed and paid. However, the transaction between the company and its subsidiaries, or between the company's subsidiaries, is not subject to this limitation. The calculation of the transaction amounts in the paragraph 1 and preceding paragraph should be in accordance with Article 6.7.1, paragraph 2. The term "within the preceding year" refers to the year before the date of the current transaction. The amount approved by the audit committee, board of directors and the shareholders' meeting in accordance with this procedure is exempted.</u></p>
<p>6.4 Procedures for the acquisition or disposal of intangible assets, its' right-of-use assets, or membership cards</p> <p>6.4.1 、6.4.2 and 6.4.4(skip)</p> <p>6.4.3 Expert Opinion :</p> <p>In acquiring or disposing of intangible assets, its' right-of-use assets, or membership cards where the transaction amount reaches 20 percent of the paid-in capital or NT\$300 million, the Company, unless dealing with the domestic government, should obtain an opinion prior to the date of occurrence from a certified public accountant <u>and the certified public accountant should comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u></p>	<p>6.4 Procedures for the acquisition or disposal of intangible assets, its' right-of-use assets, or membership cards</p> <p>6.4.1 、6.4.2 and 6.4.4(skip)</p> <p>6.4.3 Expert Opinion :</p> <p>In acquiring or disposing of intangible assets, its' right-of-use assets, or membership cards where the transaction amount reaches 20 percent of the paid-in capital or NT\$300 million, the Company, unless dealing with the domestic government, should obtain an opinion prior to the date of occurrence from a certified public accountant.</p>
<p>6.7 Public Disclosure of Information</p> <p>6.7.1 If the Company acquires or disposes assets in</p>	<p>6.7 Public Disclosure of Information</p> <p>6.7.1 If the Company acquires or disposes assets in</p>

Current Provisions	Proposed Amendments
<p>accordance with any of the following circumstances, it should publicly announce relevant information on the FSC's designated website in the appropriate format as prescribed within 2 days counting inclusively from the date of the event :</p> <p>1)~ 5) (skip)</p> <p>6)The transaction amount in asset trading or Mainland China investment other than the above five paragraphs reaches 20% of the Company's paid-in capital or NT\$300 million. However, the following circumstances are not restricted :</p> <p>a. Trading of domestic government bonds.</p> <p>b. Investment professionals trade securities on <u>foreign or domestic</u> securities exchanges or over-the-counter markets, or subscribe ordinary corporate bonds or no-equity general bank debentures (excluding Subordinated Debt) issued in the domestic primary market, or purchasing or buying back securities investment trust or futures trust fund.</p> <p>c. Trading of bonds under repurchase/resale agreements and purchase or buy back of the domestic money market fund issued by securities investment trust enterprises.</p> <p>(skip)</p> <p>6.7.2~6.7.5(skip)</p>	<p>accordance with any of the following circumstances, it should publicly announce relevant information on the FSC's designated website in the appropriate format as prescribed within 2 days counting inclusively from the date of the event :</p> <p>1)~ 5) (skip)</p> <p>6)The transaction amount in asset trading or Mainland China investment other than the above five paragraphs reaches 20% of the Company's paid-in capital or NT\$300 million. However, the following circumstances are not restricted :</p> <p>a. Trading of domestic government bonds <u>or foreign bonds with a sovereign rating not lower than the sovereign rating of the ROC.</u></p> <p>b. Investment professionals trade securities on securities exchanges or over-the-counter markets, or <u>foreign government bonds or</u> subscribe ordinary corporate bonds or no-equity general bank debentures (excluding Subordinated Debt) issued in the domestic primary market, or purchasing or buying back securities investment trust or futures trust fund <u>or to purchase or sell back index investment securities.</u></p> <p>c. Trading of bonds under repurchase/resale agreements and purchase or buy back of the domestic money market fund issued by securities investment trust enterprises.</p> <p>(skip)</p> <p>6.7.2~6.7.5(skip)</p>
<p>6.9 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions should meet the following requirements : (skip)</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph should comply with the following:</p> <p>1.Before taking a case, the personnel should prudently assess their own professional</p>	<p>6.9 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions should meet the following requirements : (skip)</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph should comply with <u>the self-discipline regulations of their respective trade associations and the</u> following:</p>

Current Provisions	Proposed Amendments
<p>competence, practical experience, and independence.</p> <p>2. During case <u>review</u>, the personnel should appropriately plan and execute adequate working procedures to draw a conclusion as the basis for issuing the report or opinion. The related work procedures, collected data, and conclusion should be fully and accurately stated in the working papers.</p> <p>3. The data source, parameters and information used should be evaluated item by item for <u>completeness, correctness</u> and reasonableness as the basis for the issuance of appraisal reports or opinions.</p> <p>4. The statement should include the professionalism and independence of the relevant personnel, the information used for evaluation is reasonable <u>and accurate</u>, and the relevant laws and regulations are followed.</p> <p>(skip)</p>	<p>1. Before taking a case, the personnel should prudently assess their own professional competence, practical experience, and independence.</p> <p>2. During case <u>execution</u>, the personnel should appropriately plan and execute adequate working procedures to draw a conclusion as the basis for issuing the report or opinion. The related work procedures, collected data, and conclusion should be fully and accurately stated in the working papers.</p> <p>3. The data source, parameters and information used should be evaluated item by item for <u>appropriateness</u> and reasonableness as the basis for the issuance of appraisal reports or opinions.</p> <p>4. The statement should include the professionalism and independence of the relevant personnel, the information used for evaluation is <u>appropriate and</u> reasonable, and the relevant laws and regulations are followed.</p> <p>(skip)</p>

**Coretronic Corporation**  
**List of Director Candidates**

Candidates Category	No.	Gender	Name	Education	Current/Selected Past Positions	Current Position	Number of Shares
Director	1	Male	Wade Chang	Master of NTU-Fudan EMBA , National Taiwan University	Chairman&CEO, Coretronic Corporation	Chairman, Coretronic Corporation	9,345,953
	2	Male	Hsun Chieh Investment Ltd. Legal Representative: Tai-Shung Ho	Master of Electrical Engineering, National Tsing Hua University	Chairman, Novatek Microelectronics Corporation	Chairman, Novatek Microelectronics Corporation	15,495,551
	3	Male	Hanns Prosper Investment Corporation Legal Representative: Yu-Chi Chiao	Doctor of Business Administration, City University of Hong Kong Doctor of Business Administration, Fudan University.	<ul style="list-style-type: none"> <li>• Director and President, Walsin Lihwa Corp.</li> <li>• Supervisor, Winbond Electronics Corp.</li> <li>• Chairman, HannsTouch Solution Inc.</li> <li>• Director, HannStar Board Corp.</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman and President, HannStar Display Corp.</li> <li>• Chairman, Hannstar Display (Nanjing) Corp.</li> <li>• Legal Person Chairman and Representative of Huali Investment Corp., Hannshine Investment Corp., Hanns Prosper Investment Corp., Noodle Journey Catering Co., Ltd.</li> <li>• Legal Person Director and Representative of HannsTouch Solution Inc., Bradford Ltd., HannSpirit (BVI) Holding Ltd., Brightpro Resources Ltd., and Hannspree International Holdings Ltd.</li> </ul>	4,920,000
	4	Male	Han-Ping D.Shieh	BS in Physics, National Taiwan Univ., Ph.D. in Electrical and Computer Engineering, Carnegie Mellon Univ.	<ul style="list-style-type: none"> <li>• Research Staff Member, IBM TJ Watson Research Center</li> <li>• Professor, founding Director of Display Institute, Dean of College of Electrical and Computer Eng., Chair Professor and Senior Vice President, National Chiao Tung University, Vice Chancellor, Taiwan University System.</li> </ul>	Life Chair Professor, National Yang Ming Chiao Tung Univ. (NYCU).	0



Candidates Category	No.	Gender	Name	Education	Current/Selected Past Positions	Current Position	Number of Shares
Independent Director	1	Male	Hsing-Yi Chow	Ph.D. in Business, Indiana University-Bloomington, US	<ul style="list-style-type: none"> <li>• Professor, Department of Finance, National Chengchi University</li> <li>• President, National Chengchi University</li> <li>• Dean , College of Commerce, National Chengchi University</li> <li>• Associate Dean , College of Commerce, National Chengchi University</li> <li>• Chairman, Department of Finance, National Chengchi University</li> <li>• Director of Investor Research Center of the College of Commerce of National Chengchi University</li> <li>• Director of CTCI Education Foundation</li> <li>• Supervisor of Taipei Exchange</li> <li>• Director of C.F. Koo Foundation</li> </ul>	<ul style="list-style-type: none"> <li>• Emeritus Professor, Department of Finance, National Chengchi University</li> <li>• Independent Director of Yuanta Securities</li> <li>• Independent Director of Yuanta Financial Holdings</li> <li>• Director of ESG World Citizens &amp; Digital Governance Foundation</li> <li>• Director of Global Views Educational Foundation</li> <li>• Chairman of Financial Literacy &amp; Education Association</li> <li>• Chairman of NCCU Griffins</li> </ul>	0
	2	Female	Audrey Tseng	<ul style="list-style-type: none"> <li>• Master of Business Administration, Executive MBA of National Taiwan University and Fudan University</li> <li>• Master of Commerce, Department of Accounting, National Chengchi University</li> </ul>	<ul style="list-style-type: none"> <li>• Deputy Chairman / Assurance Leader/ Market Leader of PwC Taiwan</li> <li>• Synergies Leader of PwC CaTSH (Greater China)</li> </ul>	<ul style="list-style-type: none"> <li>• Advisory member, Bio Taiwan Committee</li> <li>• Advisory member , Biotechnology Regulatory Strategy Advisory Council of the Ministry of Health and Welfare</li> <li>• Consultant, Biomedical Translation Research Center , Academia Sinica</li> </ul>	0
	3	Male	Hung-Pin Ku	BS in Law, National Taipei University	<ul style="list-style-type: none"> <li>• Independent Director ,IDEAL BIKE CORPORATION</li> <li>• Lawer , KU, HUNG PIN Law Firm</li> </ul>	Lawer , KU, HUNG PIN Law Firm	0

## List of competition restrictions on Directors proposed to be released

Position	Name	Released restriction
Director	Hsun Chieh Investment Ltd.	Director, Harvatek Corporation Director, United Microelectronics Corporation Director, PixArt Imaging Inc. Director, Unimicron Technology Corp. Director, Silicon Integrated Systems Corporation Director, SUBTRON TECHNOLOGY CO., LTD.
	Hsun Chieh Investment Ltd. Legal Representative: Tai-Shung Ho	Chairman, Novatek Microelectronics Corporation Chairman, NTK International Limited Chairman, Novatek Japan Kabushiki-Kaisha Chairman, Novatek International(BVI)Ltd. Chairman, Novatek International(Samoa)Ltd. Chairman, Cheertek International Inc.
	Hanns Prosper Investment Corporation Legal Representative: Yu-Chi Chiao	Chairman and President, HannStar Display Corp. Chairman, Hannstar Display (Nanjing) Corp. Legal Person Director and Representative, HannsTouch Solution Inc. Legal Person Chairman and Representative of Huali Investment Corp., Hannshine Investment Corp., Hanns Prosper Investment Corp., Noodle Journey Catering Co., Ltd. Legal Person Director and Representative of Bradford Ltd., HannSpirit (BVI) Holding Ltd., Brightpro Resources Ltd., Hannspree International Holdings Ltd.
	Han-Ping Shieh	Director, Silicon Motion, Inc. Director, Ta Liang Technology Co.Ltd. Legal Person Director and Representative, FocalTech Systems Co.,Ltd. Independent Director, Dynapack International Technology Corp. Independent Director, Key Ware Electronics Co.,Ltd.
Independent Director	Audrey Tseng	Director, BRIM Biotechnology Inc. Director, T-E Pharma Holding(Cayman) Director, HanchorBio Inc.(Cayman) Legal Person Director and Representative, AP Biosciences Inc Legal Person Director and Representative, Bonraybio Co.,Ltd. Independent Director, Onward Therapeutics SA (Switzerland)

## Coretronic Corporation

### Articles of Incorporation

#### CHAPTER 1 : General Provisions

Article 1: The Company is incorporated under those provisions of the Company Law relating to companies limited by shares, and is named as "Coretronic Corporation". The Company's English name is named as Coretronic Corporation.

Article 2: The business engaged in by the Company shall be as follows :

1. CC01110 Computers and Computing Peripheral Equipments Manufacturing
2. CC01080 Electronic Parts and Components Manufacturing
3. CD01060 Aircraft and Parts Manufacturing
4. CE01030 Photographic and Optical Equipment Manufacturing
5. CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacture
6. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
7. CC01990 Electrical Machinery, Supplies Manufacturing (can only be manufactured outside Hsinchu Science Park)
8. Research, develop, produce, manufacture and sale the following products :
  - (1) Various LCDs/TVs, projections and the backlight modules
  - (2) Multimedia presentation system equipments and software
  - (3) LCD internet personal computer, LCD Windows base terminal, digital transmission, LCD monitors
  - (4) LED displays and modules
  - (5) Wearable device projection system
  - (6) Commercial unmanned aerial vehicle system
  - (7) All kinds of consigned design and develop and examination and consulting services regarding above products
  - (8) Import and export trading business related to the above businesses (except the businesses requiring permit)
9. Design, manufacturing and sales of Acrylics 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)

Article 3: Upon consent of the board of directors, the Company may provide guarantees for third parties in accordance with its Operational Measures Governing Guarantees and Endorsements which shall be separately enacted.

Article 4: When the Company invests in another company due to the need of operation, the total investments could exceed a specified percentage of the total paid-in capital, and the Company authorizes the board of directors to execute.

Article 5: The Company's principal executive offices shall be located in the Science-Based Industrial Park in Hsinchu, Taiwan, R.O.C. The Company may, upon approval of the board of directors and competent authority, establish branch offices in Taiwan or abroad. After the public offerings, the Company shall not go private without the

resolution of the shareholder meeting. The article shall not be changed in the period of the Company lists in OTC or Taiwan Stock Market.

Article 6: The Company's processing rules of announcement affairs shall fully comply with pertinent laws and regulations promulgated by the authorities concerned.

## CHAPTER 2 : Shares

Article 7: The total authorized capital of the Company shall be NT\$10 billion, divided into 1 billion(includes 70 million shares for the use of stock option certificates, preferred stock with warrants or corporate bonds with warrants) shares with a par value of NT\$10 each. Subject to practical need, the board of the directors is authorized to issue such shares by installments.

The Company buy back its shares according to Company Act. Qualification requirements of entitled employees, including the employees of the controlled companies meeting certain specific requirements.

The company's employee stock option certificate is issued to including the employees of the controlled companies meeting certain specific requirements.

When the company issues new shares, new shares reserved for employees of the controlled companies meeting certain specific requirements.

The company issuing restricted stock for employees including the employees of the controlled companies meeting certain specific requirements.

Article 8: The share certificate of the Company may adopt the issuance of non-physical, while shall be issued in registered form, as well as with other securities of the Company.

Article 9: The Company shall handle share matters in accordance with the Guidelines Governing Stock Matters of Public Offering Companies.

Article 10: No transfer of shares shall be handled within sixty days prior to a shareholder regular meeting, or within thirty days prior to a shareholder extraordinary meeting, or within five days prior to allocation of dividend bonus or any other benefits.

The period mentioned in the previous clause is calculated from the meeting date of the base date.

## CHAPTER 3 : Shareholder Meeting

Article 11: Shareholder meetings shall be convened as follows:

- (1) General shareholder meetings shall be convened by the board of directors within six (6) months following the end of each fiscal year.
- (2) Special shareholder meetings may be convened according to the laws whenever it is necessary.

Directors may not convene the shareholders' meeting, the shareholders who own shares exceeds three percent (3%) of the total issued shares may convene the shareholder meeting by themselves with the permission of the authority.

Article 12: The chairman of the board shall preside at shareholder meetings if the shareholder

meeting is convened by the board of directors. When the chairman of the board is unable to preside at a meeting, the directors present shall elect one from among themselves as proxy.

If the shareholder meeting is convened by others with legitimate right, the one who convenes it shall preside at the meeting. When more than one conveners are present, they shall elect one from among themselves to preside.

Article 13: Notice shall be provided to each shareholder at least thirty (30) days prior to a general shareholder meeting. Notice shall be provided to each shareholder at least ten (10) days prior to an extraordinary shareholder meeting. The notice shall state the date and venue of the meeting and the purpose or purposes for which the meeting is called.

Article 14: A shareholder of the Company shall be entitled to one vote for each share held except the shares provided by laws.

Article 15: Except as otherwise provided by the laws and regulations, a resolution may be adopted by the shareholders or proxy of a simple majority of the votes of the issued and outstanding capital stocks represented at a shareholder meeting at which the shareholders of a majority of issued and outstanding capital are present or by proxy.

Shareholders' meeting will adopt electronic voting as one of the method to exercise the right to vote, and its related operation rules shall follow the competent authority regulations..

Article 16: When a shareholder of the Company is unable to attend a shareholder meeting for any reason, the shareholder may appoint proxies to attend the shareholder meeting published by the Company. Unless otherwise stipulated by the Company Act, attendance of shareholder's proxies shall be in accordance with the provisions of "Regulation Governing the Use of Proxies For Attendance of Shareholder Meeting of Public Companies".

Article 17: The resolution adopted at the shareholder meeting shall be recorded in the minutes of the meetings and be signed or sealed by the chairman. The minutes shall be issued to all shareholders within 20 days after the shareholder meeting.

The Company may provide the minutes via an announcement.

#### CHAPTER 4 : Directors, Audit Committee and Managers

Article 18: The Company will have a board of directors consisting of seven to nine directors, who will be elected by the shareholder meeting from persons with disposing capacity. Each director will serve an office term of three years and may be re-elected. The board of directors is authorized to approve the number of directors. Compensation for the directors shall be determined by the board of directors in accordance with the domestic and international business standards. The Company shall establish at least three (3) independent directors to be included in the number of directors. Election of directors shall adopt the candidate nomination measure and

elected by shareholders' meeting from previous candidates. Matters regarding professional qualification, restrictions on shareholdings, concurrent positions held, determination of independency, method of nomination and election and other matters for compliance with respect to independent directors shall be subject to the rules prescribed by the securities governing authorities.

Article 18-1: The Company's audit committee is formed by all independent directors and one of whom shall serve as the convener. Effective from the establish date of the audit committee, the Audit Committee or the members of Audit Committee shall be responsible for those responsibilities of Supervisors specified under the relevant regulations.

Article 19: The directors' meeting shall be convened by the chairman of the board. The initial directors' meeting of each term shall be convened by the director who receives the number of ballots representing the largest number of votes. If a director is unable to attend a directors' meeting, the director may appoint another director to attend the meeting as proxy; provided, however, that the proxy shall accept the appointment of one director only.

The reasons for calling a board of directors meeting and audit committee meeting shall be notified to each director at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice.

The aforesaid meeting notice may be prepared in either written, fax or electronic format.

Article 20: The chairman of the board shall preside at directors' meeting. When the chairman is on leave or unable to exercise his/her official functions for whatever the reason, the acting chairman shall be designated in accordance with the relevant regulations.

Article 21: Except as otherwise provided in the relevant laws or this Articles of Incorporation, any resolution of a board of directors' meeting shall be adopted at a meeting which at least general majority of the directors attend and at which meeting more than 50% of the directors present vote in favor of such resolution.

Minutes of meetings shall be prepared for all resolutions adopted at a board of directors' meeting.

If the directors' meeting is conducted in a manner of digital videoconference, the Directors who participate in such conference via digital video shall be deemed be present in person.

Article 22: The Company may has managers, all of whom shall be duly appointed, discharged and paid by the board of directors through a majority vote in the meeting which is attended by a majority of the total number of of directors.

Subject to the authority prescribed by the board of directors, the officers shall be empowered or not to manage the operation of the company and to sign relevant business documents for the company.

## CHAPTER 5 : Accounting

Article 23: The fiscal year of this Company shall commence on the first day of January each year and shall end on the thirty-first day of December. A year-end accounting statement shall be prepared at the end of each fiscal year.

Article 24: Upon the close of each fiscal year, the board of directors shall work out the following documents to be audited by supervisors within thirty days prior to the regular meeting of shareholders before being acknowledged by the shareholder meeting:

- (1) Business report
- (2) Financial statements
- (3) Proposals of profit allocation or loss coverage

Article 25: 10%~20% of profit of the current year shall be distributed as employees' compensation. If the Company have losses from previous year, the losses shall be compensated in advance. Employee compensation distributed shall be made in stocks or cash including employees of the Company and may include employees of the controlled companies.

In the case that the annual final accounts audit results in surplus, funds shall be appropriated first for income tax payments and to compensate for losses from previous year; 10% of the surplus shall then be appropriated for the legal reserve, except when the accumulated amount of such legal reserve equals to the Company's total paid-in capital, and to contribute or reserve certain surplus in accordance with applicable laws. The retained profits from previous years, and the BOD should propose the dividends distribution and determined by shareholders' meeting.

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.

The Company's dividends policy is ordered by the Company Law and the Articles of Incorporation and decided according to the Company's capital and financial structure, operation situation, profits and the characters of the industry and business cycle. Distributions shall be made in cash dividends or in stock dividends. However, due to the Company is in expansion in its industry, the

Company shall, in consideration of the financial, business and administrative needs, distribute more than ten percent (10%) of the total dividends if the Company decides to distribute cash dividends.

When the Company has no profits to distribute to the shareholders, the Company may, in consideration of the financial, business and administrative needs, to distribute all or partial reserve according to the relevant laws or regulations of authorities.

The board of directors of the Company may resolve to purchase liability insurance for the directors.

Article 26: If the Company issue employee stock option certificates or buy back shares to transfer to employees, and the subscription price or transferred price is lower than the limited price of the relevant laws, it shall be proposed to the shareholder meeting according to the relevant laws.

Article 27: Dividends and bonuses shall be distributed to those shareholders whose names are listed on the registrar of shareholders as of the record date set for purposes of the distribution.

#### CHAPTER 6 : Supplementary Provisions

Article 28: Any rules or measures related to the Articles of Incorporation shall be stipulated separately by the board of directors.

Article 29: Matters not prescribed under the Articles of Incorporation shall be in accordance with the Company Law.

Article 30: This Articles of Incorporation adopted on June 18, 1992; 1st amended on September 6, 1993; 2nd amended on April 7th, 1994; 3rd amended on September 25th, 1995; 4th amended on November 8, 1996; 5th amended on September 26, 1997; 6th amended on June 12, 1998; 7th amended on April 20, 1999; 8th amended on April 25, 2010; 9th amended on June 18, 2001; 10th amended on May 29, 2002; 11th amended on May 29, 2002; 12th amended on May 25, 2004; 13th amended on May 26, 2005; 14th amended on June 2, 2006; 15th amended on June 16, 2007; 16th amended on June 13, 2008; 17th amended on June 15, 2010; 18th amended on June 12, 2012; 19th amended on June 17, 2014; 20th amended on June 15, 2016; 21st amended on June 13, 2019; 22nd amended on June 12, 2020; The Articles of Incorporation shall be effective from the date they are approved by the shareholders meeting. The same applies in case of amendments.

Coretronic Corporation

Chairman : Wade Chang



**Coretronic Corporation**  
**Rules of Procedure for Shareholders' Meetings**

**Article 1**

The Company's procedure of meeting of shareholders shall be conducted in accordance with these Rules. Matters not specified in these Rules shall be handled in accordance with relevant laws and regulations.

**Article 2**

The meeting of shareholders shall be held at the registered office of the Company or at a venue convenient for shareholders to attend and suitable for holding the meeting of shareholders. The starting time of the meeting may not be earlier than 9 a.m. or later than 3 p.m.

**Article 3**

The Company shall prepare an attendance book for shareholders present to sign in, or the shareholders present may hand in a sign-in card in lieu of signing on the attendance book.

When a government agency or a juristic person acts as a shareholder, its representatives to attend the meeting of shareholders may not be limited to one person. When a juristic person is appointed to attend a meeting of shareholders by proxy, it may designate only one representative to attend the meeting.

**Article 4**

If the meeting of shareholders is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or unable to exercise his/her powers and authority for any cause, the chairman of the board shall designate one of the directors to act on his/her behalf. Where the chairman of the board does not make such a designation, the directors shall elect from among themselves one person to serve as the chairman.

If the meeting of shareholders is convened by any other person having the convening right other than the board of directors, the chairman shall be acted by such person having the convening right. If there are two or more persons having the convening right, one chairman of the meeting shall be elected from among themselves.

The Company may designate lawyers, certified public accountants or related personnel appointed by it to attend the meeting of shareholders.

**Article 5**

The Company shall conduct a continuously and uninterrupted audio and video recording of the procedures of shareholders' sign-in at the reception, the progress of the meeting, and voting and counting of votes, beginning from the time of accepting the sign-in of shareholders.

The audio-visual materials stated in the preceding Paragraph shall be kept for at least one year. However, if a shareholder files a lawsuit in accordance with Article 189 of the Company Act, it shall be kept until the conclusion of the lawsuit.

**Article 6**

Attendance at a meeting of shareholders shall be calculated on the basis of number of shares. The number of shares in attendance is calculated in accordance with the number of shares specified on the attendance book or the sign-in cards handed in, plus the number of shares whose voting rights are exercised in writing or by electronic means.

At the scheduled meeting time, the chairman shall immediately call the meeting to order and announce the relevant information, such as the number of non-voting rights and the number of shares present. However, when the attending shareholders do not represent more than half of the

total issued shares, the chairman may announce the postponement of the meeting. The number of postponements shall be limited to twice, and the total postponement time may not exceed one hour in aggregate. After the second postponement, if the attending shareholders still represent less than one-third of the total issued shares, the chairman shall announce the meeting adjourned.

If the quorum is still not met after the second postponement stated in the preceding Paragraph while the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted in accordance with Paragraph 1, Article 175 of the Company Act; a notice of such tentative resolution shall be given to each of the shareholders, and a meeting of shareholders shall be reconvened within one month.

Before the conclusion of the meeting, if the shareholders present represent a majority of the total number of issued shares, the chairman may resubmit the tentative resolution to the meeting of shareholders for voting in accordance with Article 174 of the Company Act.

#### Article 7

If the meeting of shareholders is convened by the board of directors, the agenda shall be set by the board of directors. The meeting shall proceed in the order set by agenda, which may not be altered without a resolution of the meeting of shareholders.

The provisions stated in the preceding Paragraph shall apply *mutatis mutandis* to the meeting of shareholders convened by any other person having the convening right.

Before concluding the meeting discussions (including provisional motions) set in the agenda under the preceding two Paragraphs, the chairman may not arbitrarily announce the meeting adjourned without a resolution; if the chairman violates the rules of procedure and announces the meeting adjourned, other members of the board of directors shall promptly assist the attending shareholders in electing a new chairman by a majority of votes represented by attending shareholders in accordance with the statutory procedure, and continue the meeting.

The chairman shall give ample opportunities for full explanations and discussions of the proposals and the amendments or provisional motions proposed by shareholders. When the chairman believes that a proposal has been discussed sufficiently and may be put to vote, he may announce the cessation of discussion, put it forward for voting, and arrange adequate and sufficient time for voting.

#### Article 8

An attending shareholder shall complete a speaker's slip stating the main points of the speech, shareholder account number (or attendance certificate number) and account name, and the sequence of speeches by shareholders shall be determined by the chairman.

An attending shareholder who has only submitted a speaker's slip but does not actually speak shall not be deemed to have spoken. If the contents of the speech are inconsistent with that stated on the speaker's slip, the contents of the speech shall prevail.

Without the consent of the chairman, each shareholder's speech on the same proposal shall not exceed twice, and each time may not exceed five minutes. However, if the shareholder's speech violates the rules or exceeds the scope of the discussion topic, the chairman may stop his/her speech.

When an attending shareholder is speaking, other shareholders may not speak or interfere except with the consent of the chairman and the shareholder having the floor. The chairman shall stop any such violations.

When a juristic person shareholder designates two or more representatives to attend a meeting of shareholders, only one person may speak on the same proposal.

After an attending shareholder has spoken, the chairman may respond personally or designate relevant personnel to respond.

#### Article 9

The voting at a shareholders meeting shall be calculated on the basis of shares.

The shares held by shareholders having no voting right shall not be counted in the total number of issued shares while adopting a resolution at a meeting of shareholders.

Shareholders shall have one voting right per share, except when shares are restricted shares or have no voting rights stated in Paragraph 2, Article 179 of the Company Act.

#### Article 10

Unless otherwise provided in the Company Act or the Company's Articles of Incorporation, the voting of proposal shall be passed by a majority of the total number of the attending shareholders. In case of a voting, the chairman or his/her designated person shall announce the total number of voting rights of the attending shareholders, and then the shareholders shall vote. And on the same day of the meeting of shareholders is held, the results of shareholders' approval, opposition and waiver shall be entered into the MOPS. If the total number of voting rights of the shareholders present does not reach the statutory or stipulated number of shares stated in the Articles of Incorporation, the chairman may declare that the proposal is not approved, and it is unnecessary to vote.

Where there is an amendment or alternative to the same proposal, the chairman shall combine the amended or alternative proposal with the original proposal and decide the order of voting. If one of the proposals has been passed, the other proposals shall be deemed rejected and no further voting shall be required.

The monitors and ballot counters for voting shall be designated by the chairman; however, only such persons who are shareholders may serve as monitors.

The counting of votes for meeting of shareholders or election proposals shall be conducted in a public place at the venue of the meeting of shareholders; after the counting of votes is completed, the voting results shall be immediately announced on the spot, including statistical weights, and shall be recorded.

#### Article 11

The chairman may direct monitors or security guards to help maintain order in the venue of meeting.

If the venue of meeting is equipped with sound amplifying equipment, the chairman may stop the shareholder who does not use the equipment configured by the company to speak.

If a shareholder violates the rules of procedure and disobey the chairman's correction, obstructs the progress of the meeting and still disobeys despite being stopped, the chairman may direct the scrutineers or security guards to ask him/her to leave the venue of meeting.

#### Article 12

During the progress of the meeting, the chairman may announce an appropriate time of break at his/her discretion. In the event of force majeure, the chairman may rule to suspend the meeting temporarily and announce a time when the meeting will be resumed, depending on the circumstances.

Before concluding all the meeting discussions (including provisional motions) set on the agenda set by the meeting of shareholders, if the venue of meeting is no longer available for continued use at that time, the meeting of shareholders may adopt a resolution to find another venue to resume the meeting.

The meeting of shareholders may resolve to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

#### Article 13

These Rules shall be implemented after a resolution is adopted at the meeting of shareholders, and the same shall apply when any amendment is made thereto.

## **Coretronic Corporation**

### **Rules Governing Election of Directors**

#### **Article 1**

The election of the Company's directors shall be handled in accordance with these Rules. Matters not stipulated in these Rules shall be handled in accordance with relevant laws and regulations.

#### **Article 2**

The election of the Company's directors shall adopt cumulative voting system. The number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for electing a single candidate or may be split for electing multiple candidates.

#### **Article 3**

The board of directors shall prepare separate ballots for directors in number identical to that of the directors to be elected, and the number of voting rights associated with each ballot shall be specified on the ballots. The ballots shall be distributed to the shareholders present at the meeting of shareholders. The recording of the name of a voter may be replaced by the attendance card number printed on the ballots.

#### **Article 4**

The voting rights of independent directors and non-independent directors shall be separately calculated in accordance with number of directors stated in the Company's Articles of Incorporation. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a director elect. If two or more candidates obtain the same number of votes, but the number of positions exceeds the required number, they shall draw lots to decide the winner. The chair shall conduct the drawing for the candidates who are absent.

#### **Article 5**

Before the election begins, the chair shall appoint a number of monitors and ballot counters with shareholder status to perform various related duties. The ballot box shall be prepared by the Company and publicly opened and exhibited by the monitor before voting begins.

#### **Article 6**

Ballots shall be invalid under any of the following circumstances:

1. The ballot used is not that prepared by the person having the convening right.
2. A blank ballot is placed in the ballot box.
3. The writing on the ballot is illegible and unrecognizable or is altered.
4. The verification indicates that the name of the candidate entered on the ballot is inconsistent with that appeared on the list of director candidates.
5. Other words are entered on the ballot in addition to entering the number of voting rights allotted.

#### **Article 7**

Ballots shall be calculated on the spot after the voting, and the results of the balloting, the list of elected directors, shall be announced on the spot by the chair.

The ballots for the election matters stated in the preceding Paragraph shall be properly kept in custody and for at least one year. However, if a shareholder files a lawsuit in accordance with Article 189 of the Company Act, it shall be kept until the conclusion of the lawsuit.

#### **Article 8**

These Rules shall be implemented after a resolution is adopted at the meeting of shareholders, and the same shall apply when any amendment is made thereto.

### Status of all Directors' Shareholding

1. Total shares issued are 390,981,110.
2. As of April 12, 2022, the total shares of all directors as below :

Title	Name	Number of shares	Shareholding ratio
Director	Mr. Wade Chang	9,345,953	2.39%
Director	Hsun Chieh Investment Ltd.	15,495,551	3.96%
Director	Mr. Ted Tu	0	0.00%
Director	Mr. Chual-Hsin Teng	0	0.00%
Independent Director	Mr. Houn-Gee Chen	0	0.00%
Independent Director	Mr. Edward H. Chow	0	0.00%
Independent Director	Mr. Yao Chien	0	0.00%
Number of shares held by all directors		24,841,504	6.35%

3. According to legal rules the minimum number of shares that may be held by all directors is 15,639,244 shares.