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2022

Annual Report

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One. Letter to the Shareholders

Dear Shareholders,

I. Introduction

For the fiscal year of 2022, Coretronic reported a consolidated sales revenue of NT\$49,783 million, drop 0.1% YoY. Consolidated operating income totaled NT\$2,151 million with a pre-tax income of NT\$3,173 million. Net income was reported at NT\$2,413 million. Net income attributable to equity holders of the parent Company was NT\$2,359 million, up 16% YoY, and the EPS in 2022 was NT\$6.03.

II. Business Report for 2022

(I) The sales volume of each major product of the Company in FY 2022 is as follows:

Product	2021	2022	Diff.
Energy Saving Products (unit/pc)	60,844,065	40,008,434	-34%
Visual Solutions Products (unit)	870,491	1,357,622	+56%

(II) Budget Execution: The Company was not required to publish financial forecasts for FY2022.

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

Item	Fiscal Year	2021	2022
Financial structure	Liabilities to assets ratio (%)	60.60	55.10
	Long-term capital to property, plant and equipment ratio (%)	341.77	340.92
Solvency	Liquidity ratio (%)	139.23	155.63
	Current ratio (%)	109.13	112.27
	Interest coverage ratio	31.32	10.30
Profitability	Return on assets (%)	3.87	4.49
	Return on equity (%)	9.02	10.51
	Net income before tax to paid-up capital ratio (%)	71.24	81.15
	Net margin (%)	4.09	4.85
	Earnings per share (dollar) / average weighted number of outstanding shares	5.12	6.03

(IV) Research and Development Status

Reflecting to 2022, in response to the ultra-thin, narrow bezel, high-resolution,

high-contrast 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%~60% 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 9.0 in monitor displays, it has made active deployment in high energy-efficient LGPs of 27 " or below, which are 15-25% 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/ sheet & printing technology has improved optics, picture quality and production stability. In response to the needs of future display technology ESG, we have recently invested in the development of small and medium-sized "front light panel" products, which will no longer need to rely solely on the backlight module to provide light sources, but can mostly use ambient light as the main light source, which is expected to contribute to energy saving.

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 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 2.5~4mm OD with low Halo effect, 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.

The professional display demand for content creator is rising up because of social media, media steaming, and metaverse. Compare to consumer grade display, content creator has higher demand for wide color gamut, color calibration, high sensitive brushstroke and stylus input, even to certificated grade requirement. It's the first time to adopt OLED panel for creators' professional monitor. The rapid-reaction, high-contrast of OLED, with our unique electric flips motor color sensor, and color calibration algorithm automatically performs color calibration to ensure the professional-grade color accuracy for user. After professional-grade color calibration, parameter setting will be input to display MCU IC display, rather than PC. Therefore, no recalibration is required when the user connect to a different device. The user can access the previous color parameter setting thru the hotkey on display. The display is equipped with light source, and motion sensor will detect the user's surrounding to automatically adjust the color temperature, luminance, and shut-off to create the best user experience.

For industrial display application, such as, medical imaging digital transformation, Coretronic upgrades dentistry screen interface. Such as, 21.5 inch display of digital intraoral scanner, and dental treatment chair monitor, 15.6 inch control tablet of full mouth CT will connect to internet, clinic devices, and sync data in the cloud, with AI-assisted to provide more personal dentist treatment experience with ARM SOC. For explosive growth of electric vehicle supply equipment, we also provides high brightness, anti-static, anti-magnetic, waterproof, dust-proof, rust-proof, anti-corrosion, wear-resistant and explosion-proof rugged outdoor display.

Coretronic adopts unique optical and product integration technology to develop special light guide decoration plate which can be custom made and controlled thru software for e-sports product. In 2022, this light guide decoration plate which is equipped in motherboard and graphics card has been in mass production stage. It's also in design-in stage for next product lines of gaming laptop, tablet, and cell phone. This technology is extended to in vehicle infotainment system, to provide a more energy-saving, affordable, customizable and intuitive ambient lighting effects and indication functions. Coretronic will continue to develop display related technology to supply fast, low-cost, high-quality and diverse components, semi-systems and system product to create greater achievement.

In terms of visual solution products, the trend of solid -state light sources

replaced traditional high-pressure bulbs has become the mainstream of projection light sources. With patented laser optical technology and high-efficiency heat dissipation system, Coretronic continues to stabilize DLP#1 in the projector market. In 2022, a new generation of mainstream projectors with energy saving, miniaturization, and efficiency of reached 4000 lm has been announced. In the future, we invest more in pico-projectors segment. In addition to the small volume and high mobility, it also has a high convenience, and it also has a wide color gamut and high contrast to make it strong to the influence of the environmental light and make the application situation more diverse.

The epidemic changes the human/home display application needs and the demand for them arises; the home market will enter the first year of 8K projection display, combined with the new smart/audio/RGB solid laser technology to provide customers with a new audio and video visual experience; the enterprise and the education market take laser technology as the foundation to deepen projection unique value , using smart features to solve the pain points and to provide customers with the best large scale display solution; in terms of flagship image products, Coretronic is mainly using laser light source, and the next -generation light source technology will be introduced to improve efficiency. Breakthrough progress and other breakthroughs in efficiency, size, and color, combined with software and hardware technology are used to reduce the difference of each units to ensure that quality consistency, and Coretronic continues to lead the industry.

From low brightness to high brightness, we use the minimum flow requirements required by the system as the design standard, and then uses quiet, small, lightweight, low temperature, and energy saving as the criterion to carry out the best heat dissipation management. The R & D team also conducts research on heat dissipation components to improve the active and passive heat dissipation counterpart effects. At the same time, through the construction of the vibration digital model, it further reduces the vibration noise of fluorescent wheels and the vibrator, and improves the noise quality of projection products. At the same time, digital simulation technology is used for systemic vibration and optical coupling simulation to improve the light thermal conversion efficiency of the system and improve design accuracy to shorten the project development schedule, extend the service life of the projector and product stability.

Under the consensus of the global advocacy environment, net zero emissions have become a clear goal, and it has been launched one by one in the law. This year's product development has incorporated this important issue into the product design concept; in addition to the performance of standby power consumption, it is lower than the requirements of more than 30 % , and the efficiency density has been greatly improved, which has made the product's volume efficiency significantly improved.

In addition, this year, in response to the issue of material shortage and reducing geographical risks, the selection of parts in the design stage has given priority to alternative materials and diverged to the risks of different places. In recent years it has been substantially beneficial to material management, and effectively improves the operating efficiency of resources.

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 expanded the scope in the fourth quarter, 2021. The overall market is increasingly accepting the related applications of NIR miniature spectrometers, the trend of development is 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.

With strongly affected by repeated epidemics in mainland China, freezing of the global economy, inflation and the war between Russia and Ukraine. Although the sales volume in 2022 decreased slightly compared with last year, due to revenue increase from high-margin new product introduction and modeling services, strict inventory management & expense control, stable precision agriculture and fabric fiber qualitative testing applications demand, and research & development needs of scientific research institutions, all contributed a sustained sales base. In coming 2023, the global economic uncertainties still remains but the overall market acceptance and demand for NIR miniature spectrometer-related applications have increased significantly. Therefore, in addition to continuing to stabilize the basic market, we will also strengthen website upgrades and regular social media to deliver new information, aggressively participating in related exhibitions, strengthening and expanding distribution channels, and improving the sales force of high-margin products to develop new customer sources and markets. It is expected to grow steadily and furtherly make profits in 2023.

For drone business, 2022 is the most important year to build solid foundation for revenue and technology. Teledyne FLIR, one of the leading thermal imaging technology companies in the world, has officially announced the inspection drone ODM product at the Commercial UAV Show in the United States on September 2022, while mass-produced and sold at the end of the year, by aiming the market opportunity of Non-DJI policy in the United State.

In the meanwhile, dual optical payload have also begun mass production and

shipments for military application, which is performing the integration of gimbal & AI technology in both hardware and software. Moreover, with the strength of innovative technology and MIT production capability, we has been selected as leading company for two types of drones for military commercial project, which is expected to mass production in volume by 2024.

For Smart Autonomous Vehicle/Robot application, the team delivered outdoor last mile delivery robot samples to European customer was completed on schedule, and the 3D LiDAR JDM case applied to outdoor logistics distribution robots and self-driving cars was obtained, all of which are expected to be mass-produced in 2023. In terms of smart logistic application, given the team owns rich AMR chassis design and electric-mechanical integration capability, we also acquired the robot chassis JDM project from US customer, and the robot is targeted at smart truck loading/unloading, and will also enter mass production in 4Q23.

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 26,500 AIoT solutions and services have been deployed in Taiwan, including cloud signage, virtual shelf, repeat customer system, skin analysis, and e-label. Apart from earning the favor of leading retailers in Taiwan, these solutions have been implemented in their channels. In addition, we will collect, analyze, use and add value to the offline data and maintain close cooperation with customers, industries, and the academia to develop exclusive field-specific data analysis technology to realize the data-based service platform as well as conduct enterprise digital transformation and cloudification services and unique offline programmatic DOOH.

III. Summary of Business Plan in 2023

- (I) Looking forward to 2023, the company's operations will be directed towards the following management principles and policy.
 1. Continue with the transformation of business profit model and product competitiveness, and promote lean and smart manufacturing to enhance efficiency, improve product quality, and create profit.
 2. Build a sustainable supply chain, cultivating localization while expanding globally to secure competitiveness and enhance global market share.
 3. Cultivating core technologies and key components to provide innovative display systems and total solutions through integration and application of optical/ mechanical/ electrical/ thermal/ software/ material solutions and system design.
 4. Focus on high value-added products and multiple visual solutions, cultivate and develop intelligent service platforms for AI, big data, cloud technology, and intelligent interaction to expand growth momentum as well as lead future growth

trends.

- (II) Furnish a sales volume forecast and the basis thereof.

According to the supply and demand situation, business strategy, and the company's production capacity, market share, etc., it is expected that the sales volume of Energy Saving products and Visual Solutions products under the Display Business Group in 2023 will increase slightly and grow by more than 10% respectively compared with the previous year.

IV. Future Development Strategies

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

- (I) Intensely develop optical core technology to extend the cross-sector application of optical components, system products and semi-system products to increase product add value and price competitiveness and secure global competitiveness in the display and visual technology fields.
- (II) In BLM technology, apart from constantly developing various new type LGPs, direct type LGLs, special optical control films, and Mini-LED BLMs and its related optical diffusion film/plate and printing technology; we will continue to reduce the thickness, bezel width, optical films and LEDs and enhance the optical efficiency of BLMs to develop slim, small, lightweight, energy-efficient, HDR, and high-value added displays with privacy protection, for game consoles, tablets, notebooks, industrial monitors, automotive HUDs and touch screens, advanced monitors for medical and gaming, AIO monitors, slim and smart high-end TVs and smart home display modules. In terms of front light module technology, in response to the needs of different products, combined with our experience in optical design and light guide plate manufacturing, we continue to develop and send samples to potential customers.
- (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) Mainstream product strategy will be focusing on three objectives : (1)Expediting the transition from lamp to SSI. (2)Expanding 4K/FHD display solutions and incorporating smart and streaming features tailored for home market. (3)Improving the products' cost structure to survive and prosper in the economic downturn. The strategy of next-gen light source based on laser technology has in 2022 helped

achieve a tremendous success in both B2C and B2B market. Going forward in 2023, the competitive advantages will be further strengthened to accelerate the growth in sales and revenue by focusing on three paths, deepening the partnership with strategic suppliers and enhancing technological advantages and patent portfolio surrounding laser technology, proactively increasing the presence in the smart pico-market, and tapping into new sectors (Consumer/TV/Gaming) by acquiring new customers.

- (V) To continue the technical advantage of DLP, completed the product line and optimized the advantage in between product, technology and customer. a. To develop the HEP product with TI latest DMD technology, build up and speed up the full 4K product line. b. To build up 3DLP technology with laser phosphor combiner development and also DCI projector EMS business. To continue the smart projector and camera sensing development, build up the barrier and enhance the product value.
- (VI) Diversifying product and technology development, focus on specific applications to enlarge the advantage of projection technology. a. Extending the simulation product to commercial application and also immersive projection applications. b. Investing the automotive projection application, to catch up the EV car technology trend and build up future momentum.
- (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, AI deep learning and digital twin technology for developing 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 outdoor self-driving vehicles in the application fields of smart inspection and logistics, and actively expand the ODM business with international brand name company.
- (VIII) Plan and implement group resources allocation and ensure the information security with Digital optimization technology to enhance overall organizational performance; define information processes and system resource utilization required for business operations and quickly provide integrated information management platforms; design, plan, and implement cloud computing architecture, digital platforms and IoT environments and applications to promote the new business development within the group.
- (IX) In response to the group's operations and growth, raise low-cost funding to support organizational development and develop strength for long-term development.

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

In terms of the external competitive environment, the statistics of a market survey

indicated that the estimated shipments of the large-size LCD panel were 631 million in 2022. The company's overall shipment of Energy Saving products in 2022 was 40 million units, with a global market share of about 6.35%. Looking forward to 2023, the shipments of four major applications, including TV, Monitor/AIO PC applications, NB and large-size Tablet, will show a slightly decline. Among them, TV applications will accelerate the expansion of OLED production lines in South Korea and China as South Korean operators accelerate. It is estimated that the CAGR of global large-size TV LCD panel shipments will be lower than other applications. "Other" applications are expected to have a CAGR of close to 10% because they include automotive panels, digital signage and other relatively high-growth products. In response to the competitive industry environment and the poor outlook of the overall economy, the Company will focus on vehicle integrated privacy products and public display digital signage, large-size vehicle panels and ATM, in the growth area of market demand, and various products with a small amount of variety and highly customized nature products, and will keep technological innovation close to market demand. Technology development is guided by the potential market demand, and will keep technological innovation close to market demand to develop more extreme and forward-looking display products, it is expected to be widely used in various types of display system products such as video splicing system with irregular combination, video wall with the narrowest bezel in the world, interactive conference display, surround-type gaming display, privacy display, vehicle-mounted HUD, and products such as special-shaped backlight modules and high-efficiency energy-saving displays provide customers with one-stop service, and add software development capabilities to integrate software and hardware design for innovative applications to optimize product experience. Provide customers with green design products that are more in line with the ESG trend, aiming at pursuing higher profits and values, and growing steadily.

The statistics of the market survey estimated that, the overall global economy will continue to decline in 2022 due to factors such as the continuous fermentation of the epidemic, China's zero-clearing policy, and the Russian-Ukrainian war, the volume of shipments only increased slightly by 2%, to about 6.15 million units, while the Company's Visual Solutions products shipments in 2022 was 1.36 million units, with a global market share of about 22%. In market segments such as 4K/UHD and laser projectors, it is DLP No. 1. Looking forward to 2023, due to the retaliatory consumption due to the unblocking of the new crown epidemic at home and abroad and the rigid demand supported by the government, the market research data predicts that the shipment of projectors including laser TVs will be about 6.5 million units, with an annual growth of about 6%, of which 4K/UHD, smart projection, and household markets will continue to grow, and the engineering projection market will gradually stabilize due to the unblocking of the epidemic, which will drive the development of the cultural and tourism industry and large-scale public space display. Coretronic will continue to use and integrate core technologies such as Optics, Mechanics, Electronic, Thermal Management, Cloud Service, and materials to create new

interactive video experiences for consumers, such as home entertainment, large-screen splicing, digital signage, large venue display, and smart retail to expand customers and applications in different fields. The overall operation is aimed at pursuing high profit, high value and steady growth.

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

In terms of the macro environment, the IMF released the latest World Economic Outlook report, the Global GDP is expected to grow by 2.8% in 2023, which is slower than the growth rate of 3.4% in 2022, but the situation is improving. The current risk is that the central banks of various countries will raise interest rates in order to combat inflation and the war between Russia and Ukraine will bring heavy damage to the global economy.

With “Brighten the Future” as the visual & goal of the company for sustainable development, we spare no efforts realizing “Developing Technology-oriented and Sustainable Business Operations” to give everyone a prospective and sustainable future. In 2022, apart from being rated eight consecutive years, and one of the top 10% TWSE- and TPEx-listed electronics industry with a market value of NT\$10 billion or more in TWSE’s Corporate Governance Evaluation, we also received the Excellence in Corporate Social Responsibility Award by CommonWealth Magazine for eleven consecutive years, Taiwan Corporate Sustainability Awards and National Enterprise Environmental Protection Award for six consecutive years. In the future, we will be echoing the framework of the global sustainable development initiative with the spirit of active innovation and teamwork, and working with all stakeholders to create a sustainable future.

Looking forward to 2023, in the face of severe global inflation, rising interest rates and geopolitical pressures that continue to affect the international economy, the management team will not only pay close attention to global changes and developments, but also will build a stronger consensus among employees and implement medium- and long-term strategies to accomplish the mission of “Developing Technology-oriented and Sustainable Business Operations” and pursue the best interests for shareholders and employees through teamwork, proactive innovation and professional management. Thank you for your trust over the years, and we are looking forward to your continual support and kind feedbacks.

I wish you all the best.

Sincerely yours,

Chairman: Wade Chang

Two. Company overview

I. Date of establishment: June 30, 1992

II. History

- 06.1992 Established in Hsinchu Science Park with capital of NT\$ 100 million.
- 10.1992 Completed the development of the LCD backlight module technology and started its production.
- 04.1993 Completed the development of the LCD display technology and started its production.
- 03.1995 Established Nano Precision Corporation in Hukou Industrial Park, which produces the light guide plates for LCD backlight modules.
- 10.1995 Our single-panel LCD projector was launched in the market.
- 04.1996 Our LCD projector EzPro500 was awarded the Taiwan Excellence logo by Bureau of Foreign Trade, Ministry of Economic Affairs.
- 04.1997 Securities and Futures Bureau, FSC approved IPO.
- 12.1998 Our self-built factories were completed at Lixing Rd. in Hsinchu Science Park.
- 01.1999 We are listed in Taipei Exchange (TPEX).
- 06.1999 Started mass production of the first DLP projector in the world.
- 07.2000 Established Optoma Display(Kunshan)Co., Ltd., in Kunshan, which is engaged in the manufacturing and production of products related to flat-panel displays.
- 01.2002 Established Optoma Technology Corporation, which is in charge of our own brand marketing.
- 02.2002 Established Young Optics Inc in Hsinchu Science Park, which is in charge of the manufacturing of optical components and parts.
- 09.2002 Established Coretronic(Suzhou) in Suzhou, which is engaged in the manufacturing and production of LCD backlight modules.
- 07.2003 Our self-built factories were completed in Zhunan branch of Hsinchu Science Park.
- 03.2004 Established Nano Precision (Suzhou) Co., Ltd in Suzhou, which produces the light guide plates for LCD backlight modules.
- 06.2004 Established Young Lighting Technology Inc., in Hukou Industrial Park, which is in charge of the manufacturing of optical components and parts.
- 07.2004 Our self-built factories were completed in Southern Taiwan Science Park.
- 05.2005 Established Suzhou Young Ray Optical Company, Limited, Coretronic (Shanghai) Co., Ltd, Coretronic (Nanjing) Co., Ltd., and Coretronic (Ningbo) Co., Ltd in Mainland China, which are in charge of the manufacturing and production of LCD backlight modules, and related optical components and parts.
- 06.2005 Established Coretronic Projection (Kunshan) Co., Ltd., in Kunshan, which is engaged in charge of the manufacturing and production of projectors and related optical components and parts.
- 10.2005 Reinvested in MatriTek, Inc., which is engaged in the manufacturing and production of electronic components and parts, and was renamed Young Green Energy Co., Ltd in May 2009.
- 04.2006 The office was moved to No. 11, Lixing Rd., Hsinchu Science Park, Hsinchu City.
- 05.2006 Established Core-Flex Optical (Suzhou) Co., Ltd in Suzhou which is engaged in the R&D, processing, and manufacturing of LCD backlight modules and optical components and parts, and was renamed Young Bright (Suzhou) Co., Ltd in

November 2011.

- 01.2007 Reinvested in Young Optics Inc, which is listed in the Taiwan Stock Exchange.
- 07.2007 Established Suzhou Nano Display Co., Ltd., in Suzhou, which is engaged in the R&D, manufacturing, and sales of LCD backlight modules.
- 11.2007 Established Coretronic (Guangzhou) Co., LTD., in Guangzhou, which is engaged in the R&D, manufacturing, and sales of LCD backlight modules.
- 06.2008 Established Guangzhou Nano Display Co., Ltd., and Nano Precision (Nanjing) Co., Ltd., in Mainland China, which are engaged in the R&D, manufacturing, and sales of LCD backlight modules.
- 06.2008 Coretronic Display Solution was established in Hsinchu Science-based Industrial Park for manufacturing of digital information display products and niche and medical displays.
- 03.2010 Coretronic has won CSR award as "Grand Survey - OTC Enterprise" from Global Views.
- 04.2010 Established Coretronic System Engineering Corporation, which is engaged in multimedia integration services.
- 12.2010 Established Coretronic Culture and Arts Foundation, which promotes research on lights and shades as well as artistic creations.
- 12.2010 Reinvested in Young Lighting Technology Inc. and YLG Optotech (Guangzhou) Limited, a joint venture invested by Gunze Limited, which is engaged in capacitive touch panel products.
- 03.2011 Established Coretronic Venture Capital Corp., which is engaged in the investment business of the Group.
- 11.2011 Awarded the 1st Golden Cassia Award "Excellence in Market Capitalization & Revenue" and "Excellence in Sustainable Business" by Taipei Exchange.
- 01.2012 To integrate resources of the Group, and improve the operational efficiency, Nano Precision Corporation and Coretronic Display Solution Corporation were merged into Young Lighting Technology, Inc.
- 06.2012 Obtained Rank A+ in the 9th Information Disclosure and Transparency Ranking Evaluation among listed and OTC companies.
- 08.2012 Awarded Excellence in Corporate Social Responsibility Award among large businesses by CommonWealth Magazine.
- 09.2012 Awarded Silver Medal of Taiwan Training Quality System (TTQS) by Workforce Development Agency, Executive Yuan.
- 06.2013 Obtained Rank A++ in the 10th Information Disclosure and Transparency Ranking Evaluation among listed and OTC companies.
- 08.2013 Awarded Excellence in Corporate Social Responsibility Award among large businesses by CommonWealth Magazine.
- 09.2013 Awarded by "Best Companies to Work For in Taipei Award" by Department of Labor, Taipei City Government.
- 07.2014 Obtained Rank A++ in the 11th Information Disclosure and Transparency Ranking Evaluation among listed and OTC companies.
- 08.2014 Obtained the Excellence in Corporate Social Responsibility Award for consecutive three times.
- 11.2014 Awarded the 2nd Golden Cassia Award "Employment Promotion" and "Market Capitalization Contribution" by Taipei Exchange.
- 04.2015 Obtained Rank A++ in the 12th Information Disclosure and Transparency Ranking

- Evaluation among listed and OTC companies.
- 04.2015 Ranked the top 5% of listed and OTC companies in the 1st Corporate Governance Evaluation.
 - 06.2015 Established Coretronic Optotech (Suzhou) Co. Ltd., which is engaged in the R&D, manufacturing, and sales of LCD backlight modules.
 - 08.2015 Obtained the Excellence in Corporate Social Responsibility Award for consecutive four times.
 - 09.2015 Awarded the 12th Arts & Business Award “Most Creative” by Ministry of Culture.
 - 12.2015 Awarded the “Innovative Product Award” of good tenants in Hsinchu Science Park.
 - 04.2016 Ranked the top 5% of listed and OTC companies in the 2nd Corporate Governance Evaluation.
 - 08.2016 Obtained the Excellence in Corporate Social Responsibility Award for consecutive five times.
 - 11.2016 Awarded TCSA’s Corporate Sustainability Report Awards-Gold Award.
 - 12.2016 Awarded the “Innovative Product Award” of good tenants in Hsinchu Science Park.
 - 04.2017 Ranked the top 5% of listed and OTC companies in the 3rd Corporate Governance Evaluation.
 - 06.2017 Established Coretronic Optics (Kunshan) Corporation, which is engaged in the manufacturing and sales of projector module products.
 - 06.2017 Established uCare Medical Electronics Co., Ltd., which is committed to development of motion monitoring, physical fitness, and smart sports technologies, and provision of the system integration for hardware and software.
 - 07.2017 Established Champ Vision Display Inc., which is committed to the development of innovative smart display solutions.
 - 07.2017 Acquire the leading high-end image processing company - Calibre UK Limited.
 - 08.2017 Obtained the Excellence in Corporate Social Responsibility Award for consecutive six times.
 - 10.2017 Coretronic System Engineering Corporation was renamed Coretronic Intelligent Cloud Service Corporation, which is committed to the development of smart cloud services.
 - 10.2017 Awarded “2017 Sports Corporate Certification” by Sports Administration, MOE.
 - 10.2017 Awarded the Bronze Medal of “26th ROC Enterprise Environmental Protection Award” by Environmental Protection Administration, Executive Yuan.
 - 11.2017 Awarded TCSA’s Corporate Sustainability Report Awards-Gold Award.
 - 11.2017 Established Coretronic Intelligent Robotics Corporation, which focuses on the R&D, manufacturing, and sales of the commercial Unmanned Aircraft Systems and smart robots.
 - 11.2017 Established Coretronic Optics(Suzhou) Co., Ltd, which is engaged in the R&D, manufacturing, and sales of LCD backlight modules and related components as well as parts.
 - 12.2017 Awarded first prize of “Buying Power-The New Product and Service of Social Innovation Purchase Reward Program” by Small and Medium Enterprise Administration, Ministry of Economic Affairs.
 - 12.2017 Established InnoSpectra Corporation, which is engaged in the development, design, and sales of spectrometers and related solutions.
 - 12.2017 Awarded the “Innovative Product Award” of good tenants in Hsinchu Science Park.
 - 04.2018 Ranked the top 5% of listed and OTC companies in the 4th Corporate Governance

- Evaluation.
- 08.2018 Obtained the Excellence in Corporate Social Responsibility Award for consecutive seven times.
- 10.2018 Merged Young Lighting Technology Inc., a subsidiary.
Awarded “2018 Sports Corporate Certification - Field Visit” by Sports Administration, MOE.
Established Nano Precision Taiwan Limited, which is committed to the R&D and manufacturing of precision optical components and optical films.
- 11.2018 Awarded No. 1 of TCSA’s Corporate Sustainability Report Awards-”Transparency and Integrity Award” in 2018.
Awarded TCSA’s Corporate Sustainability Award-Corporate Sustainability Report Awards (Gold Award) for consecutive two years.
- 12.2018 Awarded first prize of “Buying Power-The New Product and Service of Social Innovation Purchase Reward Program” by Small and Medium Enterprise Administration, Ministry of Economic Affairs.
- 12.2018 Awarded the Silver Medal and Bronze Medal of “27th ROC Enterprise Environmental Protection Award” by Environmental Protection Administration, Executive Yuan.
- 04.2019 Ranked the top 5% of listed and OTC companies in the 5th Corporate Governance Evaluation, and ranked the top 10% of listed and OTC companies with market capitalization of NT\$ 10 billion.
- 07.2019 Established Coretronic MEMS Corporation, which focuses on the R&D, manufacturing, and sales of the MEMS technology, components, modules, and solutions.
- 08.2019 Obtained the Excellence in Corporate Social Responsibility Award for consecutive eight times.
Awarded “1st Corporate Health Responsibility Award” of Healthy Food Category-Excellence Award.
- 11.2019 Coretronic Reality Incorporation (CRI) was established.
Awarded the Silver Medal and Bronze Medal of “1st National Enterprise Environmental Protection Award” by Environmental Protection Administration, Executive Yuan.
Awarded the Silver Medal of “TTQS (Talent Quality-management System).”
Awarded SGS’s “CSR 2019 Sustainability Elite Award.”
Awarded “Golden Prize” of the 14th Arts & Business Awards by Ministry of Culture.
Awarded TCSA’s Corporate Sustainability Award-Corporate Sustainability Report Awards (Gold Award) for consecutive three years.
Awarded No. 1 of TCSA’s Corporate Sustainability Report Awards-”Transparency and Integrity Award” for consecutive two years.
Awarded TCSA’s Corporate Sustainability Award-”Social Inclusion Award.”
Awarded TCSA’s Corporate Sustainability Awards-”Corporate Sustainability Awards.”
- 12.2019 Awarded second prize of “Buying Power-The New Product and Service of Social Innovation Purchase Reward Program” by Small and Medium Enterprise Administration, Ministry of Economic Affairs.
- 04.2020 Ranked in the top 5% of OTC companies in Corporate Governance Evaluation for six consecutive years and ranked in the top 10% of listed and OTC companies with

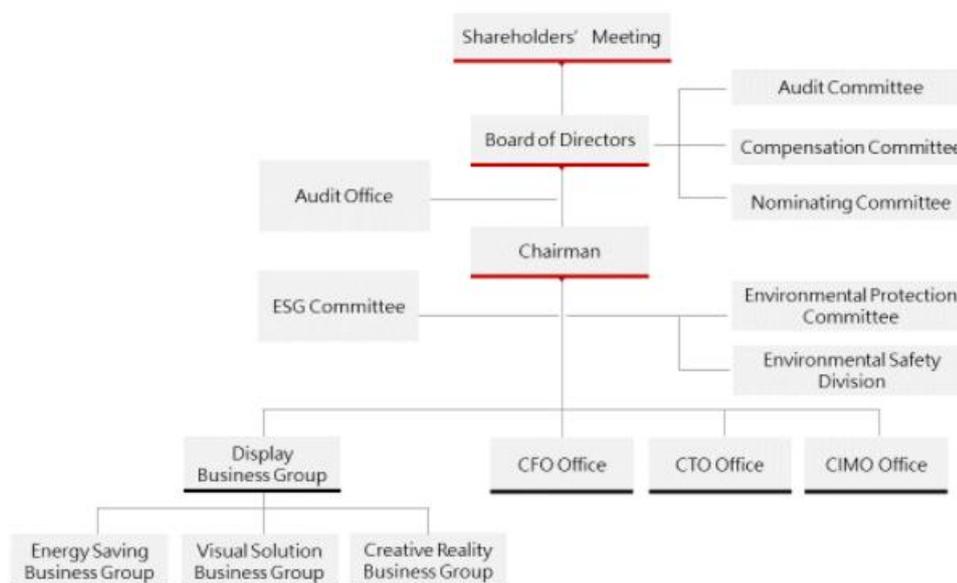
- a market capitalization of NT\$ 10 billion for two consecutive years.
- 08.2020 Obtained the Excellence in Corporate Social Responsibility Award for nine consecutive times.
- 11.2020 Awarded “2020 Sports Corporate Certification” by Sports Administration, MOE.
Awarded TCSA’s Corporate Sustainability Award-Corporate Sustainability Report Awards (Gold Award) for consecutive four times.
Awarded TCSA’s Corporate Sustainability Report Awards-”Transparency and Integrity Award” for three consecutive years.
Awarded TCSA’s Corporate Sustainability Awards-”Corporate Sustainability Awards” for two consecutive years.
Awarded the Silver Medal and Bronze Medal of “2nd National Enterprise Environmental Protection Award” by Environmental Protection Administration, Executive Yuan for four consecutive years.
Awarded the Honorary Environmental Protection Enterprise Award of “2nd National Enterprise Environmental Protection Award” by Environmental Protection Administration, Executive Yuan.
Awarded the Green Action Award of “2nd National Enterprise Environmental Protection Award” by Environmental Protection Administration, Executive Yuan.
- 12.2020 Awarded the second prize of “Buying Power-The New Product and Service of Social Innovation Purchase Reward Program” by Small and Medium Enterprise Administration, Ministry of Economic Affairs for two consecutive years.
Established Coretronic (Vietnam) Co., Ltd., which is engaged in the R&D, manufacturing, and sales of LCD backlight modules and LCD modules.
- 03.2021 Coretronic Intelligent Logistics Solutions Corporation (CiLS) was established.
- 04.2021 Coretronic has been honorably ranked in the top 5% in the Corporate Governance Evaluation from Taiwan Stock Exchange (TWSE) for the 7th consecutive year, and also ranked in the top 10% in the electronics industry corporations (market value is over NTD 10 billion) for the 3rd consecutive year.
- 09.2021 Coretronic was honored 2021 Excellence in Corporate Social Responsibility Award by Taiwan’s CommonWealth Magazine for the 10th consecutive year.
- 11.2021 Coretronic Robotek (Kunshan) Corporation was established to provide intelligent solutions for warehousing and manufacturing.
Coretronic has honorably earned 2021 TCSA “Corporate Sustainability Report Awards-Gold Award” for 5th consecutive year.
Coretronic has honorably earned 2021 TCSA “Transparency and Integrity Leadership Award” for 4th consecutive year.
Coretronic has honorably earned 2021 TCSA “Social Inclusion Leadership Award .”
Coretronic has honorably earned 2021 TCSA “Sustainability Comprehensive Performance Award” for 3rd consecutive year.
Coretronic was honored 2021 National Enterprise Environmental Protection Award-Silver Award.
- 12.2021 Coretronic Technology (BRVT) Company Limited was established to manufacture, R&D and sales of backlight and LCD modules for LCD screens, LCD TVs and new flat-panel displays sector in Vietnam.
Coretronic earned 2021 Arts & Business Awards-Gold Award from Ministry of Culture for two consecutive terms.

- Coretronic has awarded "Buying Power-The New Product and Service of Social Innovation Purchase Reward Program" Third Prize by Small and Medium Enterprise Administration, Ministry of Economic Affairs.
- 04.2022 Coretronic has been honorably ranked in the top 5% in the Corporate Governance Evaluation from Taiwan Stock Exchange (TWSE) for the 8th consecutive year, and also ranked in the top 10% in the electronics industry corporations (market value is over NTD 10 billion) for the 4th consecutive year.
- 06.2022 Coretronic was honored Net Zero Label by TAISE.
- 08.2022 Coretronic awarded HR Asia "Best Companies to Work for in Asia 2022."
- 09.2022 Coretronic was honored 2022 Excellence in Corporate Social Responsibility Award by Taiwan's CommonWealth Magazine for 11 consecutive years.
- 11.2022 Coretronic was honored 2022 Corporate Health Responsibility Award-Silver Award by Common Health Magazine.
Coretronic has honorably earned TCSA "Corporate Sustainability Report Awards-Gold Award" for 6th consecutive year.
Coretronic has honorably earned TCSA "Transparency and Integrity Leadership Award" for 5th consecutive year.
Coretronic has honorably earned TCSA "Social Inclusion Leadership Award" for a third time.
Coretronic has honorably earned TCSA "Top 100 Sustainability Corporation" for 4th consecutive year.
Coretronic was honored 2022 National Enterprise Environmental Protection Award-Silver Award.
- 12.2022 Coretronic has awarded "Buying Power-The New Product and Service of Social Innovation Purchase Reward Program" Second Prize by Small and Medium Enterprise Administration, Ministry of Economic Affairs.

Three. Corporate Governance Report

I. Organization

(I) Organizational structure (as of December 31, 2022)



(II) Responsibilities of main departments

Department	Responsibilities
Chairman's Office	Establish operational strategies and goals.
Internal Audit	The management of internal audit and operating procedures.
Environmental Safety Division	The management of the environment and safety.
Display Business Group	The management of R&D, manufacturing, sales, and customer service of Projection system and Optical module.
	The management of R&D, manufacturing, sales, and customer service of backlight module and panel module.
	The management of R&D, manufacturing, sales, and customer service of AR/MR and embedded application products.
CFO Office	The management of finance, accounting, investor relations, human development, legal, intellectual property rights, etc.
CTO Office	Critical Technology Road-mapping and Plan the Development and Investment of New Technology
CIMO Office	Intelligent Manufacturing, Intelligent Factory Planning and Co-ordination of Automated Equipment, Mechatronics Systems and Advanced Manufacturing Integration Projects.

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

(I) Directors

1. Directors' profile

April 16, 2023

Title	Nationality or place of registration	Name	Gender Age	Date elected /appointed	Service term	Date first elected	Shareholding when elected		Current shareholding		Shares held by spouse and underage children		Shares held in the names of others		Main career (academic) achievements	Concurrent duties in the Company and in other companies (Note 1)	Spouse or relatives of second degree or closer acting as directors, supervisors, or department heads			Remarks (Note 9)
							No. of shares	Shareholding percentage No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	Shareholding percentage			No. of shares	Shareholding percentage	Title	
Chairman	R.O.C.	Wade Chang	Male 61~70	2022.06.10	3 years	1998.06.12	9,345,953	2.39%	9,345,953	2.39%	0	0.00%	0	0.00%	Master of NTU-Fudan EMBA , National Taiwan University; Chairman, Coretronic Corporation	Note 2	None	None	None	None
Director	R.O.C.	Hsun Chieh Investment Co., Ltd.	N/A	2022.06.10	3 years	2001.06.18	15,495,551	3.96%	15,495,551	3.96%	0	0.00%	0	0.00%	N/A	Note 3	None	None	None	None
		Representative: Tai-Shung Ho	Male 61~70			2007.06.15	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Electrical Engineering, National Tsing Hua University; Chairman, Novatek Microelectronics Corporation	Note 4	None	None
Director	R.O.C.	Hanns Prosper Investment Corporation	N/A	2022.06.10	3 years	2022.06.10	4,920,000	1.26%	4,920,000	1.26%	0	0.00%	0	0.00%	N/A	None	None	None	None	None
		Representative: Yu-Chi Chiao	Male 51~60				0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Doctor of Business Administration, City University of Hong Kong Doctor of Business Administration, Fudan University, Chairman and President, HannStar Display Corp.	Note 5	None	None
Director	R.O.C.	Han-Ping Shieh	Male 61~70	2022.06.10	3 years	2022.06.10	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ph.D. in Electrical and Computer Engineering, Carnegie Mellon Univ. Life Chair Professor, National Yang Ming Chiao Tung Univ.(NYCU)	Note 6	None	None	None	None

Title	Nationality or place of registration	Name	Gender Age	Date elected /appointed	Service term	Date first elected	Shareholding when elected		Current shareholding		Shares held by spouse and underage children		Shares held in the names of others		Main career (academic) achievements	Concurrent duties in the Company and in other companies (Note 1)	Spouse or relatives of second degree or closer acting as directors, supervisors, or department heads			Remarks (Note 9)
							No. of shares	Shareholding percentage No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	Shareholding percentage			No. of shares	Title	Name	
Independent Director	R.O.C.	Edward H. Chow	Male 61~70	2022.06.10	3 years	2019.06.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ph.D. in Business, Indiana University-Bloomington, , US Emeritus Professor, Department of Finance, National Chengchi University	Note 7	None	None	None	None
Independent Director	R.O.C.	Audrey Tseng	Female 61~70	2022.06.10	3 years	2022.06.10	0	0.00%	0	0.00%	7,000	0.00%	0	0.00%	Master of Business Administration, Executive MBA of National Taiwan University and Fudan University Advisory member, Bio Taiwan Committee	Note 8	None	None	None	None
Independent Director	R.O.C.	Hung-Pin Ku	Male 41~50	2022.06.10	3 years	2022.06.10	0	0.00%	0	0.00%	0	0.00%	0	0.00%	BS in Law, National Taipei University Lawyer, KU, HUNG PIN Law Firm	None	None	None	None	None

Note 1: Office(s) concurrently held in the Company and other companies as of December 31, 2022.

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

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

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

Note 5: Concurrently serving as chairman and president of HannStar Display Corporation; chairman of HannStar Display (Nanjing) Corporation; chairman (corporate rerepresentative) of Hua Li Investment Corporation, Hannshine Investment Corporation, and Mien Lu Catering Co., Ltd.; director (corporate representative) of HannsTouch Solution Incorporated, Bradford, HannSpirit (BVI) Holding, Brightpro Resources Limited, and Hannspree International Holdings.

Note 6: Concurrently served as director of Silicon Motion, Inc., Ta Liang Technology Co.Ltd.and legal Person Director and Representative of FocalTech Systems Co.,Ltd.,and Independent Director of Dynapack International Technology Corp.and Key Ware Electronics Co.,Ltd..

Note 7: Concurrently served as chairman and President of HannStar Display Corp.and Hannstar Display (Nanjing) Corp.,and legal Person Director and Representative of HannsTouch Solution Inc. ,and Legal Person Chairman and Representative of Huali Investment Corp. and Hannshine Investment Corp.,and Hanns Prosper Investment Corp., Noodle Journey Catering Co., Ltd., and legal Person Director and Representative of Bradford Ltd.,HannSpirit (BVI) Holding Ltd., Brightpro Resources Ltd., Hannspree International Holdings Ltd..

Note 8: Concurrently served as a director of BRIM Biotechnology, Inc., T-E Pharma Holding (Cayman), HanchorBio Inc. (Cayman), Contemporary Legend Theatre Art Foundation, and Chi Po-Lin Foundation; representative of corporate director for AP Biosciences and Bonraybio Co., Ltd.; independent director of Onward Therapeutics SA (Switzerland), ASUSTeK Computer Inc., Delta Electronics, Inc., and Bionime Corporation; and supervisor of Medical and Pharmaceutical Industry Technology and Development Center and Food Industry Research and Development Institute.

Note 9: In the event that the company's chairperson and president (CEO) or role of equivalent duties (highest-level officer) are the same person, spouses of each other, or relatives within the first degree of kinship, state the reasons, fairness, necessity, and counteractions: None.

2. Major shareholders of corporate shareholders

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

3. Major shareholders that are corporate shareholders of the company's corporate shareholders

Major shareholders of corporate shareholders	Major shareholders of corporate shareholders (shareholding percentage)
United Microelectronics Corporation (Shareholding record date March 29, 2022)	JPMorgan Chase Bank, N.A. acting in its capacity as depositary and representative to the holders of ADRs (4.90%) Hsun Chieh Investment Co., Ltd. (3.54%) Fubon Life Insurance Co, Ltd. (2.42%) Silicon Integrated Systems Corp. (2.29%) Taiwan Life Insurance Co, Ltd.(1.76%) CTBC Bank Employee Stock Ownership Trust Account of UNITED MICROELECTRONICS CORP. (1.55%) New Labor Pension Fund (1.50%) Yann Yuan Investment Co., Ltd. (1.28%) China Life Insurance Co, Ltd. (1.17%) JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (1.11%)
Hsie Yung Investment Co., Ltd. (Shareholding record date December 31, 2022) (Note)	Unimicron Corporation (16.67%) Silicon Integrated Systems Corporation (16.67%) Novatek Microelectronics Corp. (15.15%) Faraday Technology Corporation (12.12%) King Yuan Electronics Co., Ltd. (7.58%) Yan Yuan Investment Co., Ltd. (12.20%)

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

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

Name	Criteria	Professional qualifications and experience (Note 1)	Status of independence	Number of positions as independent director in other public companies
Wade Chang		Since taking up office in June 1998, now serving as the Chairman of the Company. Has extensive professional experience in the Company's operations and development, such as board leadership, operating & management, leading decisions and industry trend forecasting.	Not a spouse or relative within the second degree of kinship to any other directors.	0
Hsun Chieh Investment Co., Ltd. Representative: Tai-Shung Ho		Currently serving as chairman of Novatek Microelectronics. Specialize in IC design, operation and management of the semiconductor industry, leading decision, and industry knowledge.		0
Hanns Prosper Investment Corporation Representative: Yu-Chi Chiao		Currently serving as chairman of Hannstar Display Corporation. With rich experience in board leadership, operating & management, leading decision, and industrial knowledge.		0
Han-Ping Shieh		Currently serving as Lifetime Chair Professor of National Yang Ming Chiao Tung University specializing in display technology and micro optoelectronic systems and engaging with board operation and decision-making, functional committees, and semiconductor industry-academia collaboration.		2
Edward H. Chow		Currently serving as Emeritus Professor, Department of Finance, National Cheng Chi University; formerly president of National Cheng Chi University, dean of College of Commerce, National Cheng Chi University, and faculty of the Department of Finance, National Cheng Chi University; supervisor of TPEX, and member of the Financial Restructuring Fund Administration Committee. Currently convener to the Audit Committee, Remuneration Committee, and Nomination Committee. With rich experience in the industry, government, and academia and expertise in operations and management, leading decision, risk management, international finance, investment and venture financial management to help improve the Company's corporate governance and the plan of future business strategies. Professional financial capability that meets the qualifications for committee members.		All independent directors comply with Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. Please refer to Note 2 for details.
Audrey Tseng		Currently serving as a consultative member of Bio Taiwan Committee, Executive Yuan. Formerly deputy chairperson of PwC Taiwan and PwC Greater China Synergies Leader. Also a certified public accountant and part-time professor of the Department of Accounting, National Cheng Chi University. Currently a member of the Audit Committee, Remuneration Committee, and Nomination Committee. With professional experience in financial accounting, international finance, financial planning, industry development, and business strategy planning. Her professional financial and accounting capabilities meet the qualifications for committee members.	3	
Hung-Pin Ku		Currently attorney-at-law of Ku Hung-Bin & Law Firm and formerly an independent director of IDEAL BIKE CORPORATION. Currently a member of the Audit Committee, Remuneration Committee, and Nomination Committee. With special experience in legal affairs.	0	

Note 1: The Company has seven directors, and none of them is in the conditions as stated in Article 30 of the Company Act.

Note 2: Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

- (1) Not an employee of the company or any of its affiliates.
- (2) Not a director, supervisor of the company or any of its affiliates.
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under any other's name, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking in the top ten in shareholding..
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of an officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks in the top five in shareholding, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act..
- (6) Not a director, supervisor, or employee of the other company holding the majority of the company's directorial seats or voting shares and those of any other company are controlled by the same person.
- (7) Not a director, supervisor, or employee of the other company or institution that the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses.
- (8) Not a director, supervisor, officer, or shareholder holding over five percent of the shares of a specific company or institution having financial or business transactions with the company.
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the most recent two years has received cumulative compensation exceeding NT\$500,000, or a spouse of them; except for members of the remuneration committee, public tender offer evaluation committee, or special committee for merger and acquisition, who exercises their powers under the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange or to the Business Mergers and Acquisitions Act or the relevant laws or regulations.

5. Diversity and independence of the Board of Directors

(1) Board of Directors diversity:

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

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

Diversity, including gender, age, expertise, and experience, is emphasized for the 11th Board. All seven directors are ROC nationals, and one of the four new directors is female, accounting 14%. Independent directors account for 43% of all directors. Two independent directors have a seniority under three years, and one between 3-9 years. In terms of age, one director is aged 41-50 years, one aged 51-50 years, and five aged 61-70 years.

The members of the board of directors have diversified professional backgrounds in academic and industrial experience. The experience of the board members includes the president of the National Chengchi University and the tenured professor of the National Yangming Chiao Tung University; the professional background includes experts in the fields of financial accounting and legal affairs, as well as IC design, semiconductor, Professionals in the operation and management of electronics-related industries and financial industries.

Specific management objectives and accomplishments of the Company's diversified policies:

Management Objective	Accomplishment
It is advisable that directors concurrently serving as company's officers should not exceed one third of the total number of directorial seats.	Accomplished.
Addition of one female director.	Accomplished.
The maximum term of office of independent directors should not exceed nine years.	Accomplished.

The accomplishments of board diversity in 2022 are tabulated below:

Core Diversity Item Name of director	Basic Composition					Status of Diversity								
	Gender	Age			Independent Director Seniority		Operations judgment	Financial and accounting analysis	Operating & Management	Crisis management	Industrial knowledge	International market view	Leading decision	Legal
		41~50	51~60	61~70	Under 3 years	3-9 years								
Wade Chang	Male			V			V		V	V	V	V	V	
Hsun Chieh Investment Co., Ltd. Representative: Tai-Shung Ho	Male			V			V		V	V	V	V	V	
Hanns Prosper Investment Corporation Representative: Yu-Chi Chiao	Male		V				V		V	V	V	V	V	
Han-Ping Shieh	Male			V			V		V	V	V	V	V	
Edward H. Chow	Male			V		V	V	V		V		V		
Audrey Tseng	Female			V	V		V	V		V		V		
Hung-Pin Ku	Male	V			V		V			V		V		V

(2) Independence of the Board of Directors:

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

(II) Background information of the president, vice presidents, associate vice presidents, and heads of departments and branches
April 16, 2023

Title	Nationality	Name	Gender	Date elected/ appointed	Shareholding		Spouse and minor children Shareholding		Shares held in the names of others		Main career (academic) achievements	Concurrent positions in other companies (Note 1)	Spouse or relatives of the second degree or closer acting as managers			Remarks (Note 13)
					No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage			Title	Name	Relationship	
President	R.O.C.	Sarah Lin	Female	2010.12.06	1,943,311	0.50%	0	0.00%	0	0.00%	Bachelor in International Business of National Chengchi University. President, Young Lighting Technology, Inc.	Note 2	None	None	None	None
President	R.O.C.	SY Chen	Male	2012.06.01	1,895,483	0.48%	432	0.00%	0	0.00%	EMBA of Cheung Kong Graduate School of Business. President, Optoma Corporation.	Note 3	None	None	None	None
President	R.O.C.	Ann Wu	Female	2020.02.03	1,033,520	0.26%	0	0.00%	0	0.00%	MBA, Fu Jen Catholic University. Chief Strategy Officer, Coretronic Corporation.	Note 4	None	None	None	None
CFO	R.O.C.	Franck Ho	Male	2010.10.21	366,674	0.09%	12,000	0.00%	0	0.00%	MBA, Baruch College, City University of New York, Vice President, Coretronic Corporation.	Note 5	None	None	None	None
CTO	R.O.C.	Robert Hsueh	Male	2017.09.01	280,406	0.07%	0	0.00%	0	0.00%	Master in Electronic Engineering of Chung Yuan Christian University; Vice President, Coretronic Corporation	Note 6	None	None	None	None
CIMO	R.O.C.	CY Lin	Male	2021.03.01	205,947	0.05%	0	0.00%	0	0.00%	Bachelor in Electrical Engineering Department of The University of National Sun Yat-sen. Vice President, Coretronic Corporation.	Note 7	None	None	None	None
CSO	R.O.C.	Wilson Hsu	Male	2016.11.01	264,134	0.07%	0	0.00%	0	0.00%	EMBA of National Cheng Chi University. Vice President, Coretronic Corporation.	Note 8	None	None	None	None
Executive Vice President	R.O.C.	Sara Lin	Female	2016.04.01	231,122	0.06%	800	0.00%	0	0.00%	MBA of Johnson & Wales University. Associate Vice President, Young Lighting Technology, Inc..	Note 9	None	None	None	None
Vice President	R.O.C.	Ken Wang	Male	2022.05.11	650,000	0.17%	0	0.00%	0	0.00%	Master in Electronic and Computer Engineering of National Taiwan University of Science and Technology. Chairman, Nano Precision Taiwan Limited.	Note 10	None	None	None	None
Vice President	R.O.C.	Miranda Wang	Female	2023.01.01	884	0.00%	0	0.00%	0	0.00%	Bachelor in Business Administration Department of National Cheng Kung University. Vice President, Optoma Corporation.	Note 11	None	None	None	None
Associate Vice President	R.O.C.	Mark Yang	Male	2019.11.01	2	0.00%	0	0.00%	0	0.00%	Master in Industrial Design of Tatung University. Associate Vice President, Coretronic Corporation.	None	None	None	None	None
Associate Vice President	R.O.C.	Willy Tsai	Male	2021.06.01	0	0.00%	0	0.00%	0	0.00%	Bachelor in Power Mechanical Engineering Department of National Tsing Hua University. Associate Vice President, Coretronic Corporation.	Note 12	None	None	None	None
Associate Vice President	R.O.C.	Evan Ye	Female	2021.11.08	64	0.00%	0	0.00%	0	0.00%	Master in Management of Technology of NYCU University, Associate Vice President, Coretronic Corporation..	None	None	None	None	None
Senior director	R.O.C.	Daniel Hsiao	Male	2023.01.01	907	0.00%	0	0.00%	0	0.00%	Master in Mechanical Engineering of National Taiwan University. Senior Director, Coretronic Corporation.	None	None	None	None	None

- Note 1: Office(s) concurrently held in the Company and in other companies as of December 31, 2022.
- Note 2: Concurrently served as a chairman of Young Optics Inc. and CHAMP VISION DISPLAY INC. ; a director in affiliated enterprises including Nano Display Hong Kong, Bigshine, Bigshine International Hong Kong, Lead Bright, Lead Bright Hong Kong, Elite View, Elite View Hong Kong, Young Lighting, Masterview Enterprises, Best Alpha, Grace China, uCare Medical Electronics Co., Ltd., RAYS OPTICS INC., Nano Precision Taiwan Limited and Tsen Ming Investment Corp.; person-in-charge of Coretronic Nanke Branch and Korea Office.
- Note 3: Concurrently serving as director to affiliates, including Optoma Technology, Inc., Optoma Deutschland GmbH, Mat Limited, Optoma Europe, Optoma Benelux B.V., Optoma Espana, S.L., Boom Power, Optoma Scandinavia. A.S, Optoma Holding, Coretronic Investment, Young Green Energy Co., Ltd., and Optoma Corporation.
- Note 4: Serving as chairman to affiliates, including Chung Tsen Investment Corporation, Tsen Ming Investment Corporation, Coretronic Venture Capital Co., Ltd., InnoSpectra Corporation, and Coretronic MEMS Corporation.
- Note 5: Concurrently serving as supervisor to affiliates, including Nano Precision (Suzhou) Co., Ltd., Guangzhou Nano Display Co., Ltd., Yang Can Optoelectronics (Suzhou), Coretronic (Shanghai) Co., Ltd., Coretronic Optotech (Suzhou) Co., Ltd., Coretronic (Ningbo) Co., Ltd., Coretronic (Guangzhou) Co., Ltd., Coretronic Venture Capital Co., Ltd., Optoma Display (Kunshan) Co., Ltd., Coretronic Projection (Kunshan) Co., Ltd., Coretronic Optics (Kunshan) Corporation, Vimax (Kunshan) Co., Ltd., Boom Power Electronics (Suzhou) Co., Ltd, Coretronic System Engineering (Shanghai) Co., Ltd., Coretronic Display (Suzhou) Co., Ltd., Coretronic (Suzhou), Young Green Energy Co., Ltd., Chung Tsen Investment Corp. , Tsen Ming Investment Corp. , Coretronic Optics(Suzhou) Co.,Ltd, Coretronic Robotek (Kunshan) Corporation ; director to affiliates including Optoma Holding ,Champ Vision Display Inc, Coretronic Intelligent Cloud Service Corp., Coretronic Intelligent Robotics Corp., InnoSpectra Corporation, Venture, Optoma Technology, Inc., Mordern Smart Technology Ltd., Dynamic Time Investments Ltd., Nano Precision Taiwan, Coretronic Reality Inc., Coretronic Intelligent Logistics Solutions Corporation , , and director to Yann Yuan Investment Co., Ltd.
- Note 6: Concurrently serving as chairman to Coretronic Intelligent Robotics Corporation and Coretronic Reality Incorporation; director to Coretronic MEMS Corporation, Chung Tsen Investment Corporation, Tsen Ming Investment Corporation, Coretronic Venture Capital Co., Ltd., and Coretronic intelligent Cloud Service; president to Chung Tsen Investment Corporation, Tsen Ming Investment Corporation, and Coretronic Reality Incorporation; and person-in-charge of Tainan Branch of Coretronic Intelligent Robotics Corporation.
- Note 7: Concurrently serving as chairman to Coretronic Intelligent Logistics Solutions.
- Note 8: Concurrently serving as director and president to Young Green Energy Co., Ltd..
- Note 9: Concurrently served as director of affiliated enterprises including Coretronic (Shanghai) Co., Ltd, YLG Limited, and Young Optics Inc.; president of Coretronic (Shanghai) Co., Ltd.
- Note 10: Concurrently serving as director to Young Optics Inc.
- Note 11: Concurrently serving as chairman to Nano Precision Taiwan; director to Precision (Suzhou) Co., Ltd., Core-Flex, Yang Can Optoelectronics (Suzhou), Optoma Corporation (Shanghai), and Optoma (China & HK); and president to Nano Precision (Suzhou) Co., Ltd., Yang Can Optoelectronics (Suzhou).
- Note 12: Concurrently serving as director to Calibre UK.
- Note 13: In situations where the Company's President or Chairman of the highest equivalent grade is the same person as or a spouse or first-degree relative of the Chairman, please explain the reasons, rationality and necessity of such an arrangement and any response measures taken; furthermore, disclose whether more than half of directors are involved in concurrent duty as employees or managers: None.

III. Remuneration paid to directors, supervisors, the President, and vice presidents in the last year (2022)

(1) Compensations for non-independent and independent directors

Unit: NTD thousands/thousand shares

Title	Name	Director compensation								Sum of A, B, C, and D as a percentage of income after tax		Compensation received as employee								Sum of A, B, C, D, E, F and G as a percentage of income after tax	Compensations from investees other than subsidiaries or the parent.
		Compensation (A)		Pension (B)		Director remuneration (C)		Fees for services rendered (D)				Salaries, bonuses, special allowances etc (E)		Pension (F)		Employee compensation(G)(Note 1)					
		The Company	All companies included in consolidated statements	The Company	All companies included in consolidated statements	The Company	All companies included in consolidated statements	The Company	All companies included in consolidated statements	The Company	All companies included in consolidated statements	The Company	All companies included in consolidated statements	The Company		All companies included in consolidated statements		The Company	All companies included in consolidated statements		
Director	Chairman and Manager	Wade Chang																		None	
	Director	Shun Chieh Investment Co., Ltd. Representative: Tai-Shung Ho (Note 4)																			
	Director	Ted Tu (Note 2)																			
	Director	Chual-Hsin Teng (Note 2)																			
	Director	Hanns Prosper Investment Corporation Representative: Yu-Chi Chiao (Note 3) (Note 4)																			
Director	Han-Ping Shieh(Note 3)																				
Independent Director	Independent Director	Houn-Gee Chen (Note 2)																			
	Independent Director	Edward H. Chow																			
	Independent Director	Yao Chien (Note 2)																			
	Independent Director	Audrey Tseng (Note 3)																			
		Hung-Pin Ku (Note 3)																			

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

Note 1: Allocation of employee remuneration was approved during the board of directors meeting held in February 2023; this amount has yet to be paid as of the publication date of the annual report. Hence, the figure shown in the above chart represents the proposed amount.

Note 2: Resigned after full re-election at the general meeting of shareholders on June 10, 2022.

Note 3: Shareholders' Meeting Elected Director on June 10, 2022.

Note 4: Remuneration for director was only paid to the corporate representatives of Hsun Chieh Investment Co., Ltd. and Hanns Prosper Investment Corporation.

Note 5: Directors and employees provide small passenger vehicles were provided for business-related use.

Directors' compensation range	Name of director			
	Sum of first 4 compensations (A+B+C+D)		Sum of first 7 compensations (A+B+C+D+E+F+G)	
	The Company	All companies included in consolidated statements	The Company	All companies included in consolidated statements
Below NT\$ 1,000,000	Wade Chang, Hsun Chieh Investment Corporation(Note), Ted Tu, Chual-Hsin Teng, Hanns Prosper Investment Corporation(Note), Han-Ping Shieh, Houn-Gee Chen, Edward H. Chow , Yao Chien, Audrey Tseng, Hung-Pin Ku	Wade Chang, Hsun Chieh Investment Corporation(Note), Ted Tu, Chual-Hsin Teng, Hanns Prosper Investment Corporation(Note), Han-Ping Shieh, Houn-Gee Chen, Edward H. Chow , Yao Chien, Audrey Tseng, Hung-Pin Ku	Hsun Chieh Investment Corporation(Note), Ted Tu, Chual-Hsin Teng, Hanns Prosper Investment Corporation(Note), Han-Ping Shieh, Houn-Gee Chen, Edward H. Chow , Yao Chien, Audrey Tseng, Hung-Pin Ku	Hsun Chieh Investment Corporation(Note), Ted Tu, Chual-Hsin Teng, Hanns Prosper Investment Corporation(Note), Han-Ping Shieh, Houn-Gee Chen, Edward H. Chow , Yao Chien, Audrey Tseng, Hung-Pin Ku
NT\$ 1,000,000 (inclusive) ~ NT\$ 2,000,000 (non-inclusive)	-	-	-	-
NT\$ 2,000,000 (inclusive) ~ NT\$ 3,500,000 (non-inclusive)	-	-	-	-
NT\$ 3,500,000 (inclusive) ~ NT\$ 5,000,000 (non-inclusive)	-	-	-	-
NT\$ 5,000,000 (inclusive) ~ NT\$ 10,000,000 (non-inclusive)	-	-	-	-
NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000 (non-inclusive)	-	-	-	-
NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000 (non-inclusive)	-	-	-	-
NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000 (non-inclusive)	-	-	-	-
NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000 (non-inclusive)	-	-	Wade Chang	Wade Chang
NT\$ 100,000,000 and above	-	-	-	-
Total	11	11	11	11

Note: The Board only remunerated corporate shareholders, including Hsun Chieh Investment Corporation and Hanns Prosper Investment Corporation.

(II) Compensation for the presidents and vice presidents

Unit: NTD thousands/thousand shares

Title	Name	Salary (A)		Pension (B)(Note 1)		Bonuses and allowances (C)		Employee remuneration (D) (Note 2)				Sum of A, B, C, and D as a percentage of income after tax (%)		Compensation from parent company or invested businesses other than subsidiaries
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
President	Sarah Lin (Note 3)	39,660	51,660	996	1,154	150,081	155,481	54,850	0	74,650	0	245,587 10.41%	282,945 11.99%	None
President	SY Chen (Note 3)													
President	Ann Wu (Note 3)													
CFO	Franck Ho													
CTO	Robert Hsueh													
CIMO	CY Lin													
CSO	Wilson Hsu (Note 4)													
Executive Vice President	Sara Lin													
Vice President	Ken Wang (Note 5)													
Vice President	YC Chen (Note 6)													

Increment of pay for the Company's presidents and vice presidents.	Names of President and vice presidents	
	The Company	All companies included in the financial statements All companies included in the consolidated financial statements
Below NT\$ 1,000,000	SY Chen	-
NT\$ 1,000,000 (inclusive) ~ NT\$ 2,000,000 (non-inclusive)	-	-
NT\$ 2,000,000 (inclusive) ~ NT\$ 3,500,000 (non-inclusive)	-	-
NT\$ 3,500,000 (inclusive) ~ NT\$ 5,000,000 (non-inclusive)	-	-
NT\$ 5,000,000 (inclusive) ~ NT\$ 10,000,000 (non-inclusive)	Ken Wang, CY Lin	Ken Wang, CY Lin
NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000 (non-inclusive)	YC Chen	YC Chen
NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000 (non-inclusive)	Robert Hsueh, Wilson Hsu, Sara Lin	Robert Hsueh, Wilson Hsu, Sara Lin
NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000 (non-inclusive)	Ann Wu, Franck Ho	SY Chen, Ann Wu, Franck Ho
NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000 (non-inclusive)	Sarah Lin	Sarah Lin
NT\$ 100,000,000 and above	-	-
Total	10	10

Note 1: In 2022, the amount of pension contributed by the Company was NT\$996,000 in total; and the amount of pension contributed by all companies in the consolidated companies was NT\$1,154,000 in total.

Note 2: The Board passed the proposal for the distribution of rewards for employees in February 2023, and no reward has been distributed by the date of the annual report publication. Hence, the figures in the above table are the proposed amount for distribution.

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

Note 4: Duty adjusted on January 1, 2023.

Note 5: On board since May 11, 2022.

Note 6: Duty adjustment on January 1, 2023.

(III) Names of officers entitled to reward for employees and amount entitled

December 31, 2022
Unit: NTD thousands

Title		Name	Amount paid in shares	Amount paid in cash (Note 1)	Total	Total as a percentage of net income (%)
Manager	Chairman and Manager	Wade Chang	0	99,200	99,200	4.21%
	President	Sarah Lin				
	President	SY Chen				
	President	Ann Wu				
	CFO	Franck Ho				
	CTO	Robert Hsueh				
	CIMO	CY Lin				
	CSO	Wilson Hsu (Note 2)				
	Executive Vice President	Sara Lin				
	Vice President	Ken Wang (Note 3)				
	Vice President	YC Chen (Note 4)				
	Associate Vice President	Mark Yang				
	Associate Vice President	Willy Tsai				
	Associate Vice President	Jerry Cheng				
	Associate Vice President	Evan Ye				

Note 1: The Board passed the proposal for distribution of reward for employees was in February 2023, and no reward has been distributed by the date of annual report publication. Hence, figures in the above table are the proposed amount for distribution.

Note 2: Duty adjusted on January 1, 2023.

Note 3: On board since May 11, 2022.

Note 4: Duty adjusted on January 1, 2023.

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

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

Unit: NT\$ thousand

Item	Fiscal Year 2021				Fiscal Year 2022			
	The Company		Consolidated statements for all companies		The Company		Consolidated statements for all companies	
	Total amount	Proportion after tax ratio to net profit	Total amount	Proportion after tax ratio to net profit	Total amount	Proportion after tax ratio to net profit	Total amount	Proportion after tax ratio to net profit
Director compensation	27,144	1.33%	30,000	1.47%	78,474	3.33%	81,330	3.45%

Item Title	Fiscal Year 2021				Fiscal Year 2022			
	The Company		Consolidated statements for all companies		The Company		Consolidated statements for all companies	
	Total amount	Proportion after tax ratio to net profit	Total amount	Proportion after tax ratio to net profit	Total amount	Proportion after tax ratio to net profit	Total amount	Proportion after tax ratio to net profit
Remuneration of President and vice presidents	147,832	7.28%	160,328	7.89%	245,587	10.41%	282,945	11.99%
Net profit after tax	2,031,625	-	2,031,625	-	2,358,935	-	2,358,935	-

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

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

The policy for remunerating the president, vice presidents, and officers is determined in accordance with the Company's "Regulations for Salary, Remuneration, and Performance Evaluation of Directors and Officers" and with reference to the pay standard of companies in the industry, the responsibility and authority their posts in the company, and their contribution to the company's business targets. The aforementioned remuneration includes salaries and bonuses. Bonuses are highly linked to key performance indicators, including medium- and long-term goals covering financial indicators (such as the achievement in revenue and net profit before tax), non-financial indicators (such as product development and patent layout, legal compliance, risk assessment and prevention, etc.), and actions addressing climate change (such as reducing carbon emissions and increasing the ratio of green electricity use). They are evaluated and reviewed by the Remuneration Committee and the Board regularly. Additionally, the remuneration system is reviewed at any time with respect to the actual operating conditions and the relevant laws and regulations in order to balance the Company's sustainable operations and risk control. The actual amount of remunerations for directors and officers in 2022 was reviewed by the Remuneration Committee and reported to Board for deliberation.

IV. Corporate governance

(I) Board performance: A total of seven (A) board meetings were held in 2022, and the meeting attendance of directors is as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) [B/A]	Remarks (Note 1)
Chairman	Wade Chang	7	0	100%	
Director	Hsun Chieh Investment Co., Ltd. Representative: Tai-Shung Ho	7	0	100%	
Director	Hanns Prosper Investment Corporation Representative: Yu-Chi Chiao	3	0	100%	Note 2

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) [B/A]	Remarks (Note 1)
Director	Han-Ping Shieh	3	0	100%	Note 2
Director	Ted Tu	4	0	100%	Note 3
Director	Chual-Hsin Teng	4	0	100%	Note 3
Independent Director	Edward H. Chow	7	0	100%	
Independent Director	Audrey Tseng	3	0	100%	Note 2
Independent Director	Hung-Pin Ku	3	0	100%	Note 2
Independent Director	Houn-Gee Chen	4	0	100%	Note 3
Independent Director	Chien Yao	4	0	100%	Note 3

Note 1: A total of seven meetings were held in 2022, and all 3 independent directors were present at each meeting.

Note 2: Newly elected as a director/independent director at the AGM on June 10, 2022, and the actual attendance was thus three meetings.

Note 3: All directors retired after the new Board election at the AGM on June 10, 2022, and the actual attendance was thus four meetings.

Attendance of independent directors at each Board meeting in 2022: ◎Attendance in person; ☆Attendance by proxy; △Absence.

Fiscal Year 2022	1st	2nd	3rd	4th	5th	6th	7th
Edward H. Chow	◎	◎	◎	◎	◎	◎	◎
Audrey Tseng					◎	◎	◎
Hung-Pin Ku					◎	◎	◎
Houn-Gee Chen	◎	◎	◎	◎			
Chien Yao	◎	◎	◎	◎			

Other mandatory disclosures:

- I. When any one of the following conditions occurs in a Board meeting, the date and session of the meeting, the content of the proposal, the opinion of independent directors, and the Company's response to the opinion of independent directors:
 - (I) Matters as stated in Article 14-3 of the Securities and Exchange Act: Not applicable. The Company has established the Audit Committee, and Article 14-5 of the Securities and Exchange Act does apply.
 - (II) In addition to the aforementioned matters, other Board resolutions objected by or with qualified opinions from independent directors with records or a written

statement: There was neither objection nor qualified opinion from independent directors in 2022.

- II. If there were proposals involving the avoidance of conflicts of interests of directors, state the name of that directors, the content of that proposal, the reasons for avoidance of conflicts of interest, and the director’s participation in voting:
1. During the resolution of the proposal on the remuneration for officers in 2022 discussed at the 18th meeting of the 10th Board, Director Wade Chang avoided voting due to his involvement with his own interest.
 2. During the resolution of the proposal on investment in Yann Yuan Investment Co., Ltd. discussed at the 18th meeting of the 10th Board, corporate director Hsun Chieh Investment Co., Ltd. and its representative Tai-Shung Ho avoided themselves from the voting due to the involvement with his own interest.
 3. During the resolution of the proposals on issuing new shares for Optoma Holding Limited and the employee stock ownership plan (ESOP), discussed at the 18th meeting of the 10th Board, Director Wade Chang avoided voting due to his involvement with his own interest.
 4. During the resolution of the proposal on the 2022 employee share ownership trust for officers at the 19th meeting of the 10th Board, Director Wade Chang avoided voting due to his involvement with his own interest.
 5. During the resolution of the proposal on rewards for employees for 2021 at the 2nd meeting of the 11th Board, Director Wade Chang avoided voting due to his involvement with his own interest.

III. Board performance evaluation

Assessment cycle	Assessment interval	Scope of assessment:	Assessment method	Details of assessment
One board performance evaluation is implemented each year.	2022/1/1-2022/12/31	The evaluation includes the performance assessment of the Board, individual directors, Audit Committee, Remuneration Committee, and Nomination Committee.	The evaluation items include the internal self-assessment of the Board, director self-assessment, and the internal self-assessment of the Audit Committee, Remuneration Committee, and	(I) The items of the Board performance evaluation cover the following five aspects: Participation in the corporate operations; improvement of the Board’s decision-making quality; composition and structure of the Board; election and continuing education of directors; and internal control. (II) The items of performance evaluation of individual directors cover the following six aspects: Alignment with the corporate goals and missions; awareness of the directorial duties; participation in corporate operations; management of internal relationship and communication; the expertise and continuing education of directors; and internal control.

Assessment cycle	Assessment interval	Scope of assessment:	Assessment method	Details of assessment
			Nomination Committee.	<p>(III) The self-assessment items of the audit committee cover the following five aspects: Participation in the corporate operations; awareness of the committee's duties, improvement of the committee's decision-making quality; committee composition and member selection; and internal control.</p> <p>(IV) The self-assessment items of the remuneration committee cover the following five aspects: Participation in the corporate operations; awareness of the committee's duties, improvement of the committee's decision-making quality; committee composition and member selection; and internal control.</p> <p>(V) The self-assessment items of the Nominating committee cover the following four aspects: Participation in the corporate operations; awareness of the committee's duties, improvement of the committee's decision-making quality; and committee composition and member selection.</p>

IV. Targets of and performance in Board competence improvement in the year and the most recent year:

1. The Company has an Audit Committee, Remuneration Committee, and Nomination Committee in place to assist the Board of Directors in its duties. The aforementioned functional committees each comprises three independent directors, and may engage outside experts for opinions if necessary.
2. The Company has a set of Board of Directors Performance Assessment Policy in place, and conducts internal self-assessments on a yearly basis and external performance evaluations once every three years. In addition, a Corporate Governance Officer has been assigned to oversee corporate governance affairs and to provide the support needed to enhance board performance and assist directors with their duties.
3. The new Board was elected at the AGM on June 10, 2022. Seven directors of different expertise and backgrounds were elected. The new Board includes three independent directors and one female director. Each year the Company arranges various continuing education courses for directors to improve the Board's decision-making quality.
4. To strengthen corporate governance and optimize corporate risk control, we assess

the relevant risks of important issues each year based on the materiality principle. Based on the risk assessment results, we establish the relevant risk management policies and report them to the Board.

(II) Performance of Audit Committee:

1. Annual focus of the Audit Committee:

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

- Ø Establishment or amendment to the internal control system.
- Ø Evaluation over the effectiveness of internal control system.
- Ø Establishment of procedures for major financial and business conducts.
- Ø Matters concerning directors' personal interests.
- Ø Major transaction of assets or derivatives.
- Ø Major lending, endorsement or guarantee to an external party.
- Ø Offering, issuance, or private placement of securities with equity characteristics.
- Ø Appointment, dismissal, or compensation of financial statement auditors.
- Ø Independence of CPA.
- Ø Appointment or discharge of financial, accounting, or internal auditing officers.
- Ø Financial reports that are duly signed or sealed by the chairperson, managerial officer, and accounting officer.
- Ø Other material matters determined by the Company or competent authorities.

2. Performance of Audit Committee in 2022

A total of five (A) Audit Committee meetings were held in 2022, and the attendance of independent directors is as follows:

Title	Name	No. of actual attendance Times (B)	Attendance by proxy	Actual attendance rate (%) [B/A]	Remarks
Independent Director	Edward H. Chow	5	0	100%	
Independent Director	Audrey Tseng	2	0	100%	Note 1
Independent Director	Hung-Pin Ku	2	0	100%	Note 1
Independent Director	Houn-Gee Chen	3	0	100%	Note 2
Independent	Chien Yao	3	0	100%	Note 2

Title	Name	No. of actual attendance Times (B)	Attendance by proxy	Actual attendance rate (%) [B/A]	Remarks
Director					

Note 1: Newly elected as an independent director at the AGM on June 10, 2022, and the actual attendance was thus two meetings.

Note 2: All directors retired after the new board election at the AGM on June 10, 2022, and the actual attendance was thus three meetings.

Other mandatory disclosures:

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

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

Date	Session	Motion	Audit Committee resolution	Company's response to Audit Committee's opinions
2022.02.14	12th meeting of the 4th Committee	1. Assessment of financial statement auditors' independence 2. Individual and consolidated financial statements of 2021 3. Business Report of 2021 4. Declaration of Internal Control System 2021	Passed as proposed without objection from independent directors	Proposed by the board of directors and passed unanimously by all attending members
2022.03.21	13th meeting of the 4th Committee	1. Proposal of earnings distribution for 2021 2. Amendments to the Company's "Asset Acquisition and Disposal Procedures"	Passed as proposed without objection from independent directors	Proposed by the board of directors and passed unanimously by all attending members
2022.04.25	14th meeting of the 4th Committee	1. Consolidated financial statement of 2022Q1 2. Proposal of investment in Yann Yuan Investment Co., Ltd. 3. Proposal of new share issuance and ESOP of	Passed as proposed without objection from independent directors	Reported to the Board meeting and approved by all directors attending the meeting, except for directors avoided voting for conflicts of interest.

Date	Session	Motion	Audit Committee resolution	Company's response to Audit Committee's opinions
		Optoma Holding Limited		
2022.07.25	1st meeting of the 5th Committee	Consolidated financial statement Article 2022Q2	Passed as proposed without objection from independent directors	Proposed by the board of directors and passed unanimously by all attending members
2022.10.31	2nd meeting of the 5th Committee	1. Consolidated financial statement a third 2022Q3 2. Establishment of the Company's 2023 Audit Plan	Passed as proposed without objection from independent directors	Proposed by the board of directors and passed unanimously by all attending members

(II) In addition to the above matters, any resolutions unapproved by the Audit Committee but passed by more than two thirds of all directors: None. No objection or qualified opinion was expressed by independent directors this year.

- II. Avoidance of involvements in interest-conflicting discussions by independent directors; state the names of concerned independent directors, the discussions, the nature of conflicting interests, and the voting process: None.
- III. Communication between independent directors and internal/external auditors (e.g. discussions concerning the Company's financial and business affairs, the method of communication used, and the outcome):
1. The chief internal auditor communicates with independent directors through conferences and Audit Committee meetings. The chief internal auditor reports to independent directors at least once a quarter regarding progress of internal audits performed, and prepares monthly reports for review by independent directors. Meetings can be convened at any time deemed necessary in the occurrence of major event.
 2. Independent directors communicate with CPAs through conference. The CPAs report to independent directors twice a year on the following matters: financial statement audit, accounting estimates and material issues, changes in Statements of Financial Accounting Standards and securities or tax laws etc., and may contact independent directors at any time deemed necessary.
 3. Independent directors communicate with the chief internal auditor and CPAs regularly. Please visit [Investor Relations>Corporate Governance>Internal Audit>Independent Directors](#) of our corporate website for details.

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

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Has the Company prepared and disclosed Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies?	P		The Company has established a set of “Corporate Governance Code of Conduct” with board of directors’ approval based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” to serve as guidelines toward developing sound corporate governance practice. This code of conduct is disclosed over the Company’s website and at Market Observation Post System.	Conforms with the Corporate Governance Best-Practice Principles and no deviation is found
II. Shareholding structure and shareholders’ equity (I) Has the company implemented a set of internal procedures to handle shareholders’ suggestions, queries, disputes and litigations?	P		(I) The Company has implemented “Shareholder Suggestion, Query, Dispute and Litigation Handling Procedures” and appointed spokesperson and acting spokesperson to ensure that material information is disclosed in a timely and fair manner to the best of shareholders’ interest. The Shareholder Affairs Office and Corporate Relations Office are responsible for engaging shareholders on the above issues. The Company has dedicated mailbox (ir@coretronic.com) and hotlines available to gather shareholders’ suggestions, queries and disputes, whereas shareholders’ litigations against the Company are handled by the Legal Affairs Department.	Conforms with the Corporate Governance Best-Practice Principles and no deviation is found
(II) Is the company constantly informed of the identities of its major shareholders and the ultimate controller?	P		(II) Based on the list of shareholders provided by the stock transfer agent on the Company’s date for suspension of share transfer, and the information regarding shareholders holding over five percent of the shares provided by Taiwan Depository & Clearing Corporation after settlement, each year the Company captures a list of the major shareholders actually controlling the Company and the list of major shareholders with ultimate control and discloses the relevant information regularly.	

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(III) Has the company established and implemented risk management practices and firewalls for companies it is affiliated with?	P		(III) The Company has a “Subsidiary Supervision Policy,” internal control and internal audit policies in place to outline boundaries of management duty and authority with affiliated enterprises. All business dealings or transactions with subsidiaries are subject to compliance with laws and procedures for risk management purposes.	
(IV) Has the company established internal policies that prevent insiders from trading securities against non-public information?	P		(IV) The Company has established the “Insider Trading Prevention Policy” to prevent insiders from exploiting information not readily available on the market for inappropriate gains, whether for themselves or others. The Company promotes internal awareness on a yearly basis and discloses information on its website that managers and employees may access at any time. Insiders are constantly reminded of issues concerning material information. On October 18, 2022, the Company produced e-learning education and training courses for officers and employees for education and awareness education purposes. The course contents included topics covering the matters constituting insider trading, the exact time of material information, method and time of disclosure, the penalty of committing insider trading, the prevention of unintended insider trading, and a case study to specifically enforce the awareness education of preventing insider trading. Additionally, the relevant laws and regulations of “insider trading prevention” were outreached to new directors on June 10, 2022, and insiders were informed of the insider trading laws and regulations each month. In 2022, a total of 1,700 officers and employees took the course.	

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>III. Assembly and obligations of the board of directors</p> <p>(I) Has the Board of Directors formulated a diversity policy and specific management objectives, and implemented them?</p> <p>(II) Apart from the Remuneration Committee and Audit Committee, has the company assembled other functional committees at its own discretion?</p> <p>(III) Has the company established a set of policies and assessment tools for evaluating board performance, and conducted performance evaluation on a yearly basis? Are performance evaluation results reported to the board of directors and used as reference for compensation, remuneration and nomination decisions?</p>	P		<p>(I) For the diversity policy of the Board of Directors, specific management objectives, and implementation status, please refer to the annual report for details under “II.Information on directors, the President, vice presidents, associate vice presidents, and supervisors of each department and branch” / “(A) Directors” / “5. Diversity and independence of the Board of Directors.”</p> <p>(II) On October 26, 2020, the Company voluntarily established the “Nomination Committee” with three independent directors. Its duties and functions are subject to the “Charter of Nomination Committee”. Please refer to (IV) if the company has established a remuneration committee or nomination committee, disclose its composition, responsibility and authority, and operations/2. Members and performance of the nomination committee.</p> <p>(III) The Board established the Company’s “Board Performance Assessment Policy” in April 2018 and amended it in October 2019. Each year the Company evaluates the performance of the Board, directors, and functional committees once and reports the results to the Nomination Committee and Board. Additionally, an external evaluation of Board performance is implemented by an independent, professional institution at least once every three years. In 2020 EY Business Advisory Services Inc. was hired to run the external evaluation of Board performance. The Company also reported the results to the Nomination Committee and the Board and disclosed them on the corporate website in February 2021.</p>	Conforms with the Corporate Governance Best-Practice Principles and no deviation is found

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>The Board conducts performance self-assessment once a year using a questionnaire. These assessments are arranged by the meeting organizer, and the most recent assessment covered the period January 1 to December 31, 2022. For more details on performance evaluation of the board, board members and functional committees, please refer to section 4. Corporate governance/Board performance evaluation.</p> <p>Outcome and implication of 2022 internal Board performance self-assessment:</p> <ol style="list-style-type: none"> 1. Overall, board performance was rated “Exceptional” and is indicative of the efforts the Company has committed to enhancing the board’s capacity. 2. Directors’ (self) performance assessment outcome: Directors’ overall performance was rated “Exceptional.” 3. Performance of the Remuneration Committee was rated “Exceptional” and is indicative of the efforts the Company has committed to enhancing Remuneration Committee’s capacity. 4. Performance of the Audit Committee was rated “Exceptional” and is indicative of the efforts the Company has committed to enhancing Audit Committee’s capacity. 5. The performance of the Nomination Committee was rated “Distinguished” to sufficiently show results in enhancing the performance of the Nomination Committee. <p>The Company reported the said evaluation results to the Nomination Committee and Board meetings in February 2023</p>	

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(IV) Are external auditors' independence assessed on a regular basis?	P		<p>and used them as the reference for making continual competence improvement of the Board and functional committees and the salary, remuneration, and nomination of individual directors.</p> <p>(IV) The Audit Committee duly evaluates the independence and competence of the financial statement auditor once a year, and presents assessment results to the board of directors. The financial statement auditor's independence is assessed using the following criteria: After referring to the Audit Quality Indicators (AQIs) announced by the Financial Supervisory Commission (FSC), the Audit Committee and the Board evaluated CPA's Independence in February 2023 with procedures covering the 13 indicators in five aspects: expertise, quality control, independence, supervision, and innovation capability. The Company also obtained the statement of independence issued by CPAs.</p> <p>Except for certifying the Company's finance and tax matters, CPAs have no conflict of interest or business transaction with the Company. Through education and training, internal quality review, periodic e-news and digital audit promotion, CPAs strengthen their innovation capability and improve audit quality. Hence, both CPAs Shao-Pin Kuo and Chih-Chung Chen comply with the independence and suitability criteria. Additionally, the Company also observes the relevant regulations for CPA rotation.</p>	

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
IV. Is the Company equipped with qualified and appropriate number of corporate governance personnel, and appoint a corporate governance director responsible for corporate governance related matters (including but not limited to providing the information needed by directors to carry out business, assisting directors and complying with laws and regulations, handling matters related to meetings of the Board of Directors and shareholders' meeting in accordance with the law, and producing minutes of board meetings and shareholders' meetings)?	P		<p>The board of directors appointed the CFO to assume the role of Corporate Governance Officer during the meeting held in April 2019. Backed by more than 10 years of accounting, finance, shareholder service and meeting arrangement experience in a public company, the CFO works with the CFO's Office to oversee corporate governance-related matters, and their main duties are to arrange board meetings and shareholder meeting affairs, provide directors with the information needed to perform duties, and gather the latest regulatory changes that are relevant to the Company to assist directors with compliance, duties and ongoing education. The education of the Corporate Governance Officer in 2022 has been disclosed on the Company's website.</p> <p>The performance in corporate governance in 2022 is as follows:</p> <ol style="list-style-type: none"> 1. Assist directors in carrying out their duties, provide the required data, and arrange continuing education courses for directors. <ul style="list-style-type: none"> l Informed board members of the latest regulations concerning the Company's operations and corporate governance. l Provided directors with the requested information and maintained communication between directors and senior managers. l Independent directors regularly communicated with the chief internal auditor or financial statement auditor to learn the Company's financial and business performance. l Training courses were arranged for directors based on their highest education & other significant position and changes 	Conforms with the Corporate Governance Best Practice Principles and no deviation is found

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

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>evaluation results to the most recent Nomination Committee and the Board meetings held in 2023.</p> <p>3. Maintenance of investor relations Through quarterly investor seminars, annual general meetings and timely website updates, investors are given insight to the Company's financial, business and corporate governance performance, which also protects shareholders' interest.</p>	
V. Has the company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	P		The Company has an employee mailbox, employee service hotline, spokesperson mailbox and general inquiry hotline available to communicate with customers, suppliers and the general public. Stakeholders may contact specific departments within the Company at any time deemed necessary. The Company has created a dedicated section on its website to disclose information that is relevant to stakeholders. The Company uses a broad range of channels to maintain communication with stakeholders and learn their expectations; these findings provide a useful reference to the Company's corporate social responsibility policies and plans in the future.	Conforms with the Corporate Governance Best Practice Principles and no deviation is found
VI. Does the Company engage a share administration agency to handle shareholder meeting affairs?	P		The Company has engaged the Shareholder Service Department of Taishin Securities Co., Limited to handle matters relating to shareholder meetings.	Conforms with the Corporate Governance Best Practice Principles and no deviation is found
VII. Information disclosure (I) Has the company established a website that discloses financial, business, and corporate governance-related information?	P		(I) The Company maintains a website for disclosing information. Financial/business performance and corporate governance-related information can also be found on Market Observation Post System.	Conforms with the Corporate Governance Best-Practice Principles and no deviation is found

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(II) Has the company adopted other means to disclose information (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the company website)?	P		(II) The Company has set up an English website and assigned dedicated personnel to gather and disclose information about the Company, enforced the spokesperson system, posted the links of live broadcasts and replays of the investor conferences over the corporate website, and carried out the duty and obligation for information disclosure by law in accordance with the laws and regulations of the competent authorities. The dates and venues of investor conferences can be found on the corporate website: Investor Relations/Investor Conferences, Investor Relations/Events” or News/Events section.	
(III) Does the Company publish and make official filing of annual financial report within two months after the end of an accounting period, and publish/file Q1, Q2 and Q3 financial reports along with monthly business performance before the required due dates?	P		(III) Apart from publishing the 2022 financial report following the investor conference on February 14, 2023, Q1 2023 financial report on April 25, 2023, Company also plans to file its Q2 and Q3 financial statements in August and October respectively, and all monthly performance results were announced before the 10th of the following month.	
VIII. Does the company have other information that enables a better understanding of the company’s corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders’ interests, continuing education of directors, implementation of risk management policies and risk measurements, implementation of customer policy, and insuring against liabilities of company directors)?	P		(I) Employee rights and care The Company strives to maintain harmonic employment relationship and caters for employees’ interest by taking a mutually beneficial approach. All management practices and systems are carried out according to labor regulations. The Company has an Employee Welfare Committee to plan welfare measures and recreation activities such as golden week vacations, employee trips, health seminars, and festive events, thereby promoting interaction among colleagues and family members. The Company also invites employees and family members to art and cultural events from time to time, where	Conforms with the Corporate Governance Best Practice Principles and no deviation is found

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>they are exposed to inspirations that may help enrich their lifestyle or improve their characters. The Company has been enforcing an employee assistance program that provides employees and family members with complimentary consultation on issues concerning mental health, legal affairs, healthcare and finance, so that employees may perform their duties with a peace of mind. The Company values employees' mental and physical health, and arranges regular health checkups and health promotion activities to create a satisfying and healthy workplace.</p> <p>(II) Investor relations The Company has spokesperson and acting spokesperson in place to maintain investor relations. The Company also hosts domestic investor seminars regularly and participates in global investor seminars from time to time.</p> <p>(III) Supplier relations and stakeholders' interests The Company adheres strictly to commercial ethics for all business dealings with suppliers and customers. Key suppliers are regularly evaluated for price, quality, technology, delivery and service, and all suppliers are required to sign a letter of commitment to integrity. The Company fully understands customers' needs, helps them resolve problems and strives to deliver more satisfactory products and services. Financial and business dealings with affiliated enterprises are carried out according to rules such as "Lending, Guarantee and Endorsement Procedures," "Asset Acquisition and Disposal Procedures" and "Subsidiary Supervision Policy."</p>	

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>(IV) Director' education The Company actively encourages directors to participate in courses organized by the authority. Please refer to the chart titled Directors' and Managers' Education for details on corporate governance-related training undertaken by directors and managers.</p> <p>(V) Risk management policies and risk assessment standards With respect to the "Risk Management Policy" passed by the Board in 2020, the Company continuously engages with the detection, analysis, and identification of risks within the scope of risk management to strengthen the capability to handle risk prevention and crisis resolution and implement quick recovery for effective risk control. For risk management information, please visit the "Sustainability/Risk Management" section on the Company's website.</p> <p>(VI) Implementation of customer policy The Company has implemented appropriate customer policy given the nature of its business activities. To ensure customers' satisfaction, the Company not only directs attention to the quality, safety and innovation of products delivered, but also addresses complaints in a timely manner and provides customers with complete product information.</p> <p>(VII) Insurance against directors' liabilities The Company has purchased liability insurance to insure itself against liabilities of its directors; insurance policies are reported to the board of directors on a yearly basis.</p>	
IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and				

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>propose enhancement measures for any issues that are yet to be rectified:</p> <p>Apart from being ranked within the top five percent of enterprises at the Corporate Governance Evaluation for eight consecutive years, the Company also reviews and evaluates the feasible improvements based on the evaluation results. At the 2022 Board election, one female independent director was elected alongside three independent directors, with professional backgrounds covering academics, CPA, and attorney-at-law, to accomplish the Board diversity policy. Additionally, the chairman has been relieved from the CEO post to achieve the goal of corporate governance. With an active contribution to the three aspects of sustainable development: economic/governance, environmental, and social, the Company has been awarded the “Excellence in Corporate Social Responsibility” from <i>CommonWealth Magazine</i> for 11 consecutive years; numbers of awards from the Taiwan Corporate Social Responsibility Awards (TCSA): “Corporate Sustainability Report Awards - Gold” for six consecutive years, “Transparency and Integrity Leadership Awards” for five consecutive years, “Social Inclusion Leadership Award” for three times, and “Top 100 Sustainability Exemplary Awards” for four consecutive years; the “National Enterprise Environmental Protection Award-Silver” from the Environmental Protection Administration, Executive Yuan, for five consecutive years; the “Best Companies to Work for in Asia” from HR Asia 2022, and the “2022 Corporate Health Responsibility Award-Silver” from <i>CommonHealth Magazine</i>. In the future, we will continue to uphold the responsibility for the long-term sustainable development of all stakeholders and society with our core corporate values: integrity and impartiality.</p>	

Directors' and managers' ongoing education						
Title	Name	Course date		Organizer	Course name	Training Hours
		Start	End			
Chairman	Wade Chang	2022.10.31	2022.10.31	Taiwan Corporate Governance Association	ESG Tides and Impacts, ESG Industry Trends and Opportunities	6
Representative of corporate director	Tai-Shung Ho	2022.10.28	2022.10.28	Taiwan Corporate Governance Association	Climate Change Response, Building Sustainable Corporate Competitiveness, Towards Net Zero Carbon Management Trend, and Counteractions	6
Representative of corporate director	Yu-Chi Chiao	2022.10.05	2022.10.05	Taiwan Corporate Governance Association	Key to Sustainable Corporate Operations: External Innovation	3
		2022.10.25	2022.10.25	Taiwan Corporate Governance Association	A Study of Important Economic and Trade Issues in 2022 and Prospects	3
		2022.10.31	2022.10.31	Taiwan Corporate Governance Association	ESG Tides and Impacts, ESG Industry Trends and Opportunities	6
Director	Han-Ping Shieh	2022.06.08	2022.06.08	Accounting Research and Development Foundation	Enhancing Internal Control Effectiveness with Robotic Process Automation (RPA)	6
		2022.10.31	2022.10.31	Taiwan Corporate Governance Association	ESG Tides and Impacts, ESG Industry Trends and Opportunities	6
Independent Director	Edward H. Chow	2022.02.17	2022.02.17	Taiwan Securities Association	Ridding Landmine Stocks: Application of Corporate Governance Risks	3
		2022.03.02	2022.03.02	Yuanta Financial Holding Co., Ltd.	Taiwan's Anti-Tax Avoidance System and Analysis of the Impact of Global Minimum Level of Taxation (Pillar Two)	1.5
		2022.06.28	2022.06.28	Taiwan Institute of Directors	Investigating Next-Generation Core Competitiveness in Times of Drastic Changes	3
		2022.07.14	2022.07.14	Taiwan Securities Association	Latest Trends in Anti-Money Laundering and Counter-Terrorist Financing (with Outreach of Mechanism for Insider Trading Prevention)	3
		2022.08.11	2022.08.11	Taiwan Securities Association	Strengthening Information Security Resilience and Risk Management Trends and Practices in Financial Industry	3
		2022.09.22	2022.09.22	Taiwan Securities Association	Equitable and Fair Treatment of Consumers and Financial Consumer Protection and Empowerment	3
		2022.10.31	2022.10.31	Taiwan Corporate Governance Association	ESG Tides and Impacts, ESG Industry Trends and Opportunities	6
Independent Director	Audrey Tseng	2022.02.24	2022.02.24	Taiwan Corporate Governance Association	Latest Development and Amendment Trends of International Tax and Domestic Tax	3
		2022.03.23	2022.03.23	Securities and Futures Institute	Corporate Governance and Securities Laws and Regulations	3
		2022.07.20	2022.07.20	Taiwan Corporate Governance Association	Sustainable Corporate Governance Through Risks: From Corporate Governance to ESG	3
		2022.07.28	2022.07.28	Taiwan Corporate Governance Association	Net Zero Emissions, Carbon Neutrality, and Corporate Legal Compliance	3
		2022.10.31	2022.10.31	Taiwan Corporate Governance Association	ESG Tides and Impacts, ESG Industry Trends and Opportunities	6
		2022.11.10	2022.11.10	Taiwan Corporate Governance Association	Effective Brand Value Protection Through Trademark Cases	3
Independent Director	Hung-Pin Ku	2022.08.25	2022.08.25	Taipei Exchange	TPEX and Emerging Stock Market Insider Shareholding Seminar	3
		2022.10.31	2022.10.31	Taiwan Corporate Governance Association	ESG Tides and Impacts, ESG Industry Trends and Opportunities	6
CFO/ CAO/ Corporate Governance Officer	Franck Ho	2022.09.23	2022.09.23	Taiwan Corporate Governance Association	The Big Band of Virtual World: Future Development of Metaverse and Cryptocurrency Blockchain	3
		2022.09.28	2022.09.28	Independent Director Association of Taiwan	CFO's In-Depth Analysis of Impacts and Risks on Business Operations of Financial Statements: Message Deciphering	3
		2022.10.31	2022.10.31	Taiwan Corporate Governance Association	ESG Tides and Impacts, ESG Industry Trends and Opportunities	6
		2022.11.03	2022.11.04	Accounting Research and Development Foundation	Ongoing Education for Securities Issuers, Securities Firms, and TWSE Chief Accounting Officer	12

(IV) Disclose the composition, duties and functions, and operations of the Remuneration Committee or Nomination Committee, if available.

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

1. Information of Remuneration Committee Members:

December 31, 2022

Identity	Name	Criteria	Professional qualifications and experience	Status of independence	Number of positions as Remuneration Committee member in other public companies
Independent Director (Convener)	Edward H. Chow		(1) Please refer to “II. Information on directors, the president, vice presidents, associate vice president, and heads of departments and branches” / “4. Disclosure of information on the professional qualifications of directors and the independence of independent directors” in the annual report for information regarding professional qualifications and experience and independence.		1
Independent Director	Audrey Tseng				3
Independent Director	Hung-Pin Ku				(2) Compliance with Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies of members two years before the election and during their office. (3) The Company has three independent directors, and none of them is in the conditions as stated in Article 30 of the Company Act.

2. Duties and functions of the Remuneration Committee: To professionally and objectively evaluate the policies and systems for compensation of the Company’s directors and officers, including (1) Periodically reviewing the “Charter of Remuneration Committee” and making recommendations for amendments. (2) Establishing and periodically reviewing the performance assessment standards, annual and long-term performance goals, and the policies, systems, standards, and structure of the compensations for the Company’s directors and officers. (3) Periodically evaluating the performance in goal accomplishment of the Company’s directors and officers and setting the types and amounts of compensation of individual directors and officers. The Remuneration Committee convenes meetings at least twice a year and may do so at any time deemed necessary to provide the board with useful suggestions for decision-making.
3. Functionality of Remuneration Committee: The Company’s Remuneration Committee comprises 3 members; service of the current board begins June 10, 2022 and ends June 9, 2025. In 2022 the Remuneration Committee held three

(A) committee meetings, and the qualifications and attendance of committee members are as follows:

Title	Name	No. of actual attendance Times (B)	Attendance by proxy	Actual attendance rate (%) [B/A]	Remarks
Convener	Edward H. Chow	3	0	100%	
Committee member	Audrey Tseng	1	0	100%	Note 1
Committee member	Hung-Pin Ku	1	0	100%	Note 1
Convener	Houn-Gee Chen	2	0	100%	Note 2
Committee member	Chien Yao	2	0	100%	Note 2

Note 1: Newly elected as an independent director after the new board election at the AGM on June 10, 2022, and the actual attendance was thus one meeting.

Note 2: All directors retired after the new board election at the AGM on June 10, 2022, and the actual attendance was thus two meetings.

4. Other matters to be recorded:

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

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

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

Date	Session	Motion	Resolution of the Remuneration Committee	Company's response to Remuneration Committee's opinions
2022.4.25	7th meeting of the 4th Committee	1. Proposal on the remuneration of directors for 2022 2. Proposal on the remuneration of officers for 2022	Passed as proposed without objection from independent directors	Reported to the Board meeting and approved by the all directors attending the meeting, except for directors avoided themselves from the voting for conflicts of interest.
2022.5.11	8th meeting of the 4th Committee	Proposal of officer ESOT for 2022		
2022.7.25	1st meeting of the 5th Committee	Proposal of officer employee reward for 2021		

II. Information on members of the Nomination Committee and committee operations

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

The Company established a Nomination Committee in October 2020. The Committee consists of three independent directors. Committee member Edward H. Chow, an independent director, specializes in finance and corporate governance, meeting professional competencies required by the committee.

The Nomination Committee has been established for the purpose of enhancing the effectiveness of the Company’s Board of Directors. Its duties and functions include (1)Set the diversified backgrounds covering professional knowledge, skills, experience, and gender and standard of independence for directors and senior officers as the reference for sourcing, reviewing, and nominating candidates for directors and senior officers. (2)Evaluate the performance of the Board, functional committees, and individual directors and the independence of independent directors. (3)Handle other matters assigned by Board resolutions.

2. Professional qualifications and experience of members and operations of the Nomination Committee:

The Nomination Committee is formed with three members with a term commencing on June 10, 2022 and ending on June 9, 2025. In 2022, the Nominating Committee held two (A) meetings, and the professional qualifications, experience, and attendance of members are as follows:

Title	Name	Professional qualifications and experience	No. of actual attendance Times (B)	Attendance by proxy	Actual attendance rate (%) [B/A]	Remarks
Convener	Edward H. Chow	Please refer to “II. Information on directors, the president, vice presidents, associate vice president, and heads of departments and branches” / “4. Disclosure of information on the professional qualifications of directors and the independence of independent directors” in the annual report.	2	0	100%	Note 1
Committee member	Audrey Tseng		0	0	-	
Committee member	Hung-Pin Ku		0	0	-	
Convener	Houn-Gee Chen		2	0	100%	Note 2
Committee member	Chien Yao		2	0	100%	

Note 1: Newly elected as an independent director after the new board election at the AGM on June 10, 2022, and the actual attendance was thus none.

Note 2: All directors retired after the new board election at the AGM on June 10, 2022, and the actual attendance was thus two meetings.

3. Other matters to be recorded:

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

Date	Session	Motion	Content of recommendations or objections of Nomination Committee members	Nomination Committee Resolution	Company's response to Nomination Committee's opinions
2022.2.14	2nd meeting of the 1st Committee	Report on the Company's 2021 performance evaluation of the Board and functional committees.	None	Acknowledged, no other suggestion.	Report at the Board meeting
2022.3.21	3rd meeting of the 1st Committee	Proposal of the Company's 11th Board		Passed as proposed without objection from independent directors	Proposed by the board of directors and passed unanimously by all attending members

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

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

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
			<p>Group meeting.</p> <p>(3) Committee member and executive representative - the CFO reports to the Board of Directors once a year. The content of the report includes the implementation results of sustainable projects, climate change risk management and strategies (TCFD), each environmental indicator, and future sustainable development.</p> <p>(4) The annual ESG report is compiled by the ESG team, then submitted to the management representatives, executive representatives, and committee members for revision in sequence, and then submitted to the Chairman for review and final issue.</p> <p>3. Supervision of sustainable development by the Board of Directors: The management team regularly reports the implementation of ESG to the Board of Directors every year. The management team makes plans and set goals for ESG, and regularly reviews the performance. The Board of Directors also regularly reviews and supervises the implementation of sustainable development, and urges the management team to improve when it is necessary.</p>	
II. Does the Company follow the principle of materiality, conduct risk assessments on environmental, social and corporate governance issues related to company operations, and formulate relevant risk management policies or strategies?	P		Each year the Company distributes a material topic questionnaire to stakeholders to discern the sustainability issues that concern and catch the attention of stakeholders. Then, based on the reporting principles of the GRI Standards, we identify the annual material issues in terms of stakeholder inclusiveness, sustainability context, materiality, and completeness. Next, we classify material issues into the environmental, social, governance, and human rights categories. The boundaries of the aforementioned risk assessment cover Coretronic, Champ Vision Display, Coretronic Intelligent Cloud Service, and Coretronic Intelligent Robotics. The risk assessment items and risk	No material deviation is found.

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof								
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			<p>management policies for the aforementioned material issues are as follows:</p> <table border="1"> <thead> <tr> <th>Major issues</th> <th>Risk Assessment</th> <th>Risk management policy or strategies</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Environment</td> <td>Climate change</td> <td> <p>Support and introduce TCFD, and investigate the financial risks of climate change through the climate change risk questionnaire, and then set and plan annual goals, budgets and plans by the environmental safety and plant management units. After submitting to the Environmental Protection Committee for review, the corresponding plan will be implemented in accordance with ISO 14001 environmental management system, ISO 14064-1 greenhouse gas inventory standard, and ISO 50001 energy management system.</p> <p>In response to the trend of net zero emissions, apart from joining the Taiwan Climate Partnership, making an open commitment to net-zero emissions (carbon reduction by 25% by 2025, 50% by 2030, and net zero by 2050), and actively answering the CDP Climate Change Questionnaire, we have even set the 1.5°C science-based target (SBT) and submitted the commitment letter approved by the SBTi.</p> </td> </tr> <tr> <td>Green process and product management</td> <td>Implemented and passed ISO 14067 product carbon footprint inventory for the reference of green product development in the future.</td> </tr> </tbody> </table>	Major issues	Risk Assessment	Risk management policy or strategies	Environment	Climate change	<p>Support and introduce TCFD, and investigate the financial risks of climate change through the climate change risk questionnaire, and then set and plan annual goals, budgets and plans by the environmental safety and plant management units. After submitting to the Environmental Protection Committee for review, the corresponding plan will be implemented in accordance with ISO 14001 environmental management system, ISO 14064-1 greenhouse gas inventory standard, and ISO 50001 energy management system.</p> <p>In response to the trend of net zero emissions, apart from joining the Taiwan Climate Partnership, making an open commitment to net-zero emissions (carbon reduction by 25% by 2025, 50% by 2030, and net zero by 2050), and actively answering the CDP Climate Change Questionnaire, we have even set the 1.5°C science-based target (SBT) and submitted the commitment letter approved by the SBTi.</p>	Green process and product management	Implemented and passed ISO 14067 product carbon footprint inventory for the reference of green product development in the future.	
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III. Environmental issues (I) Has the company developed an appropriate environmental management system, given its distinctive characteristics?	P		<p>The Company’s Taiwan plants have followed ISO 14001 in establish their environmental management system, and they continue to pass third-party verifications. Furthermore, greenhouse gas inventory is conducted every year in accordance with the ISO 14064-1 standard, and resulting emissions reductions are tracked and disclosed on the Company’s website. Our plants in Taiwan include Lixing Plant, Zhunan Office, Tainan Plant 1, and Tainan Plant 2, covering Coretronic, Young Green Energy, uCare Medical Electronics, Champ Vision Display, Coretronic Intelligent Cloud Service, Coretronic Intelligent Robotics, InnoSpectra, Coretronic MEMS, Coretronic Reality, and Coretronic Intelligent Logistics.</p>	No material deviation is found.				
(II) Has the Company committed itself to improve energy efficiency and using recycled materials with low impact on the environment?	P		<p>Our plants in Taiwan have been actively implementing various energy conservation measures, including using the high energy-efficient active magnetic bearing chiller/compressor, to reduce</p>					

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
			<p>the energy consumption of both the Company and products. We have also expanded the use of renewables to optimize energy efficiency.</p> <p>The target intensity of electricity consumption in 2022 was 13% less over 2019. The actual intensity of electricity consumption in 2022 was 47% less over 2019, accomplishing the short-term target. The medium-term (until 2025) target intensity of electricity consumption is 17% less over 2019. Other measures include the use of solar streetlamps, purchase of renewable energy certificates (RECs), green electricity operation, and PV system construction to enhance renewable efficiency year after year.</p> <p>To effectively enhance energy efficiency, Zhunan Office has taken the lead to implement the ISO 50001 Energy Management System (EnMS) and apply for third-party certification for the effective control of energy use. In 2022 we expanded the scope of EnMS certification, and all plants in Taiwan(Lixing Plant, Zhunan Office, Tainan Plant 1, and Tainan Plant 2) have implemented the ISO 50001 EnMS and passed the certification.</p> <p>With the premise of environmental maintenance and product competitiveness enhancement, we already include the energy conservation and 3R (reduce, recycle, and reuse) design concepts at the product development stage. We also actively promote green product design and green manufacturing process technologies, including (1) design for environment, (2) green supply chain management, (3) RoHS testing for components/semi-finished goods/finished goods, (4) adoption of green production technology, (5) education and training, and (6) voluntary product carbon footprint inventory to reduce environmental impacts.</p> <p>In green manufacturing, to reduce unnecessary resource waste and seek waste reduction and recycling channels, we actively implement measures for hazardous substance control and build the GMPS platform for supplier management. We also request all new suppliers to conform to the hazardous substance free (HSF)</p>	

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
			safety standard, answer the environmental-hazardous substance questionnaire, sign the green product commitment, provide the safety data sheet (SDS), and engage with collaborative recycling and reuse of packaging materials to reduce waste production and production cost so as to achieve the circular economy and environmental protection at the same time.	
(III) Does the Company assess the potential risks and opportunities of climate change for the Company now and in the future, and has it taken relevant countermeasures?	P		<p>To effectively lower the economic, social, and environmental impacts of extreme weather events, we implement the frame recommended by the TCFD and complete the education and training of relevant unit heads and seed staff. Based on the TCFD-recommended framework, in 2022 we assessed the types of potential operational and financial impacts brought by climate-related risks and opportunities and include issues of climate-related risks in the risk management process and material topics of the year.</p> <p>To reduce the above risk factors, we draw up energy conservation strategies featuring low-emission products and green operations. These strategies include measures for the continual development of eco-friendly technologies, implementation of the circular economy in product manufacturing, strengthening waste reduction at the source, and pollution prevention so as to mitigate the greenhouse effect. In climate change adaption and climate-related opportunities, we actively develop solutions to lower the operational and financial impact brought by climate change through four major management strategies: low-emission, green production; innovation of low-emission products; low-emission technology transformation; and clean energy so as to enhance organizational climate resilience. Please refer to Table 1 for the TCFD-recommended framework.</p> <p>Additionally, in response to the “global warming beyond 2°C” set in the Paris Agreement, our plants in Taiwan made a commitment of “Scopes 1 and 2 reduction by 50% in 2032 and net-zero emissions in 2050” in 2021. In our commitment for SBTi in 2022,</p>	

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof																					
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			we set the SBT 1.5°C scenario as our reduction target and the pathway towards net-zero emissions. Hence, we will actively reduce fossil fuel use, increase renewable use, and innovate low-emission technology transformation to make new-zero a reality.																						
(IV) Does the Company count greenhouse gas emissions, water consumption, and total waste volume in the past two years, and formulate policies for greenhouse gas reduction, water reduction, or other waste management?	P		<p>ÿ GHG Reduction</p> <p>The Company’s Taiwan plants promote measures related to greenhouse gas inventory and reduction in order to fulfill our responsibility of protecting the global environment. We regularly carry out greenhouse gas inventory according to ISO 14064-1 every year and obtain third-party (SGS) verification statements. In 2022, our Taiwan plants finished the inventory and verification according to the above-mentioned rules to ensure the control and management of GHG emissions. Our 2022 carbon emission goal was to reduce greenhouse gas emission (category 1 and category 2) intensity by 6% compared with 2019 . To achieve short-term target, our 2022 carbon emission goal was to reduce greenhouse gas emission (category 1 and category 2) intensity by 49% compared with 2019.</p> <p>The mid-term goal (~2025) is to reduce greenhouse gas emission (category 1 and category 2) intensity by 10% compared with 2019. The following shows the information about our Taiwan plants’ greenhouse gas emissions.</p> <p style="text-align: right;">Unit: MT (or t)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Region</th> <th colspan="2" style="width: 50%;">Taiwan</th> </tr> </thead> <tbody> <tr> <td>Year</td> <td style="text-align: center;">110</td> <td style="text-align: center;">111</td> </tr> <tr> <td>Scope 1</td> <td style="text-align: center;">223.1</td> <td style="text-align: center;">246.1</td> </tr> <tr> <td>Scope 2</td> <td style="text-align: center;">7,985.1</td> <td style="text-align: center;">7,726.6</td> </tr> <tr> <td>Scopes 3-6</td> <td style="text-align: center;">7,651.6</td> <td style="text-align: center;">42,818.8</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">15,859.8</td> <td style="text-align: center;">50,791.5</td> </tr> <tr> <td>Intensity of GHG (Scopes 1 and 2) emissions (tCO₂e/NT\$100)</td> <td style="text-align: center;">30.5</td> <td style="text-align: center;">23.9</td> </tr> </tbody> </table>	Region	Taiwan		Year	110	111	Scope 1	223.1	246.1	Scope 2	7,985.1	7,726.6	Scopes 3-6	7,651.6	42,818.8	Total	15,859.8	50,791.5	Intensity of GHG (Scopes 1 and 2) emissions (tCO ₂ e/NT\$100)	30.5	23.9	
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			<p>replaced the relevant equipment. They also adopted electricity consumption management and used renewables and green power wheeling to reduce purchased electricity consumption to achieve emission reduction.</p> <p>ÿ Energy Conservation Measures Our energy conservation and carbon reduction measures cover three domains: air-conditioning system, lighting, and other electricity-using equipment. The short-term (2019-2022) conservation target is reducing the intensity of electricity consumption by 4.3% each year. In 2021 and 2022, all plants reduced electricity consumption by 2,346 MWh and 1,827 MWh, equivalent to reducing emissions by 1,178 tCO₂ and 930 tCO_{2e} respectively, due to the use of active magnetic bearing chillers, smart flow control system, and inverters.</p> <p>ÿ Water Management Climate change has altered weather patterns by a significant degree and droughts and heavy rain have become increasingly common in Taiwan. This requires more proactive management of water resources.</p> <p><u>Water Management Strategy</u> 1. Maximize water efficiency. 2. Raise awareness of and promote water conservation to the top-down value chain. 3. Set and periodically review water conservation targets to ensure their accomplishment. 4. Continuously promote various water conservation programs to ensure effective water conservation. 5. Discover feasible water conservation measures through routine management and patrol. 6. Promote water resource education to enrich the water consumption literacy of stakeholders.</p> <p><u>Water Conservation Measures (Reclamation System and Water-Efficient Devices)</u> Various management measures have been implemented progressively to save water. These measures include the use of water-efficient taps in toilets and pantries and periodic control of</p>	

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof															
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			<p>catering water consumption. Additionally, to increase usable water sources, we reclaim aircon condensate and harvest rainwater for use in cooling water tanks and landscape irrigation.</p> <p><u>Water Conservation Performance</u></p> <table border="1"> <thead> <tr> <th>Item/Year</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Water Reclaimed and Saved Volume (MT)</td> <td>24,076</td> <td>26,538</td> </tr> <tr> <td>Carbon Reduction Volume (tCO₂e) (Note)</td> <td>3.66</td> <td>4.27</td> </tr> </tbody> </table> <p>*The carbon emissions per liter are calculated based on the data, announced by the water company.</p> <table border="1"> <thead> <tr> <th>Item/Year</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Tap Water Consumption of Plants in Taiwan</td> <td>74,171</td> <td>75,562</td> </tr> </tbody> </table> <p><u>Water Conservation Targets</u> The water conservation target for 2022 was 8.4% less than 2019. The actual water conservation in 2022 was 15% less than 2019, reaching the short-term target. The medium-term target (~114 years) water consumption is reduced by 12% compared with 2019.</p> <p>ÿ Waste Management(The boundary of the Taiwan factory does not include Champ Vision Display) The Company has been implementing and promoting its Environmental Sustainability and Occupational Safety and Health Policy and adopting environmental management solutions and waste reduction plans since 2018 out of care for the sustainability of the environment.</p> <p><u>Waste Reduction Targets</u> Plants in both Taiwan and mainland China of Coretronic have set and unfailingly implemented the waste management strategy to lower environmental impact. Based on environmental impact, we classify waste into five categories: domestic waste, recyclable</p>	Item/Year	2021	2022	Water Reclaimed and Saved Volume (MT)	24,076	26,538	Carbon Reduction Volume (tCO ₂ e) (Note)	3.66	4.27	Item/Year	2021	2022	Tap Water Consumption of Plants in Taiwan	74,171	75,562	
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			<p>and reusable waste, general waste, hazardous waste, and electronic industrial waste for management. We implemented process waste reduction during 2015-2022. The measures included scrap management, process waste reduction enhancement, packaging materials reuse, joining the Taiwan Circular Economy 100, and reduction of office paper consumption. The target intensity of waste production in 2022 was 5% less over 2019. The actual intensity of waste production in 2022 was 66% less over 2019, accomplishing the short-term target. In the same year, plants in mainland China implemented the waste sorting management and reduction program to focus on waste sorting and recycling through systematic statistics so as to actively implement waste reduction measures.</p> <p><u>Waste reduction performance</u></p> <p style="text-align: right;">Unit: MT (or t)</p> <table border="1"> <thead> <tr> <th>Region</th> <th colspan="2">Taiwan</th> <th>Mainland China</th> </tr> <tr> <th>Year</th> <th>2021</th> <th>2022</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Non-Toxic Waste</td> <td>432.4</td> <td>491.5</td> <td>6,342.9</td> </tr> <tr> <td>Toxic Waste</td> <td>4.1</td> <td>4.2</td> <td>24.2</td> </tr> <tr> <td>Total</td> <td>436.5</td> <td>495.7</td> <td>6,367.1</td> </tr> <tr> <td>of waste production intensity (Total weight/NT\$100 million)</td> <td>1.7</td> <td>1.6</td> <td>14.6</td> </tr> </tbody> </table> <p>Note 1: The total weight of waste increased because Tainan Plant 2 was established in 2021, and the intensity analysis was thus adopted.</p> <p>Note 2: Description of the coverage of revenues in each year: 2021: Plants in Taiwan include Coretronic, Young Green Energy Co., Coretronic Intelligent Cloud Service, Coretronic Intelligent Robotics, Ucare Medical Electronics Co., Champ Vision Display, InnoSpectra Corporation, Coretronic MEMS Corporation, Coretronic Reality Incorporation, and Coretronic Intelligent</p>	Region	Taiwan		Mainland China	Year	2021	2022	2022	Non-Toxic Waste	432.4	491.5	6,342.9	Toxic Waste	4.1	4.2	24.2	Total	436.5	495.7	6,367.1	of waste production intensity (Total weight/NT\$100 million)	1.7	1.6	14.6	
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			<p>Logistic Solutions Corporation.</p> <p>2022: Plants in Taiwan include Coretronic, Young Green Energy Co., Coretronic Intelligent Cloud Service, Coretronic Intelligent Robotics, Ucare Medical Electronics Co., Champ Vision Display, InnoSpectra Corporation, Coretronic MEMS Corporation, Coretronic Reality Incorporation, and Coretronic Intelligent Logistic Solutions Corporation.</p> <p>Plants in mainland China include Coretronic Display (Suzhou) Co., Ltd., Coretronic Optotech (Suzhou) Co. Ltd., Coretronic Optics (Suzhou) Co., Ltd., Coretronic Projection (Kunshan) Co., Ltd., and Coretronic Optics (Kunshan) Corporation.</p> <p>Motivated by a sustainable business philosophy, the Company is dedicated to preventing pollution and has envisioned itself as “becoming a green enterprise through reduction of power usage, water consumption, waste production and carbon emission.” The Company is committed to making ongoing improvements in terms of environment, sustainability, occupational safety and health, and has made 7 major commitments below to guide its achievement of energy, carbon and greenhouse gas reduction goals:</p> <ol style="list-style-type: none"> 1. It is the primary assignment and responsibility of employees to ensure the quality, safety and health of corporate activities and environment. 2. Business and operating activities must comply with occupational safety, health and environmental protection laws. 3. Minimize business risks through hazard identification, risk assessment and operational control. 4. Prevent occupational hazard and promote health awareness to create a friendly, safe and healthy workplace. 5. Design products with life cycle and circular economy in mind, and strive to minimize environmental impact and address global warming. 6. Encourage green design and clean production to become a model business in energy and carbon reduction. 	

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
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			<p>7. Continually educate and communicate with stakeholders on environmental, sustainability, safety and health issues.</p> <p>8. Energy, carbon and greenhouse gas reduction targets:</p> <p>(1) Power consumption intensity: short-term (2019~2022) to see a 13% decrease from 2019, medium-term (2023~2025) to see a 17% from 2019, and long-term(2026~2028) to see a 20% decrease from 2019.</p> <p>(2) Water consumption: short-term (2019~2022) to see a 8.4% decrease from 2019 , medium-term (2023~2025) to see a 12% from 2019, and long-term(2026~2028) to see a 15% from 2019.</p> <p>(3) Waste output intensity: short-term (2019~2022) to see a 5% decrease from 2019 , medium-term (2023~2025) to see a 9% decrease from 2019, and long-term(2026~2028) to see a 12% decrease from 2019.</p> <p>(4) Renewable energy usage rate as a contribution to overall plant power consumption: short-term (2019-2022) 1% per year, medium-term (2023-2025) 5% per year, and long-term (2026-2028) 6% per year.</p> <p>(5) Greenhouse(item1 and item2) gas emission intensity: short-term (2019~2022) to see a 6% decrease from 2019 , medium-term (2023~2025) to see a 10% from 2019 , and long-term(2026~2028) to see a 14% from 2019.</p> <p>(6) Annual coastal cleanup and environmental education activities: short-term (2019-2022) 6 events per year, medium-term (2023-2025) 7 events per year, and long-term (2026-2028) 8 events per year.</p>	
<p>IV. Social issues</p> <p>(1) Has the company developed its policies and procedures in accordance with laws and International Bill of Human Rights?</p>	P		<p>As an electronic industry citizen, Coretronic agrees to comply with the Responsible Business Alliance (RBA) Code of Conduct, fulfills corporate social responsibility to protect the basic human rights of all employees, and recognizes and abides by various international human rights agreements, including the Universal Declaration of Human Rights (UDHR), The United Nations</p>	No material deviation is found.

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
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			Global Compact (UNGC), The United Nations Guiding Principles on Business and Human Rights (UNGPs), and International Labour Organization (ILO). We further agree to eliminate any acts that infringe upon or violate human rights and state our aim to treat and respect all employees with justice and equality. In 2022, the Company held an online awareness education course on human rights policies and asked employees to answer the code of human rights questionnaire after the class. A total of 1,700 took the course. Please visit “Career>Human Rights Policy” on our corporate website for more information about our human rights policy.	
(II) Has the company developed and implemented reasonable employee welfare measures (including compensation, leave of absence and other benefits), and appropriately reflected business performance or outcome in employees’ compensations?	P		The Company ensures the competitiveness of its salary and compensation policy by taking into consideration its business performance, peer levels, and fairness within the organization. According to Article 25 of the Company’s Articles of Incorporation, profits concluded by the Company in a given year shall be subject to employee remuneration of 10%~20%. Amounts are allocated to individual employees based on personal performance and outcome of the performance management system. Employee remuneration includes the monthly salary, bonuses for three major folk festivals, operational performance bonuses, and employee rewards. Bonuses are calculated based on Company’s operational performance and personal performance evaluation, and employees’ performance reaching the KPIs will receive a minimum of 14 months of their monthly salary each year. Employee benefits include special leave, golden week travel leave, and various allowances. The total length of leave each year is superior to that stipulated by the <i>Labor Standards Act</i> . The Company is dedicated to creating an inspirational, fair and satisfying work environment where talents may thrive. The Company values performance and rewards top performers through the use of an objective performance management system that is capable of distinguishing performers from non-performers.	

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			<p>Not only are employees allowed to set their study plans and work targets, they may also discuss with line managers face-to-face about the skills they need to attain their work targets. Outcomes of performance evaluation are taken into consideration for future decisions such as salary adjustment, bonus allocation and promotion. The Company has a well-defined reward and disciplinary policy that outlines appropriate disciplines and rewards for various conducts. The policy promotes systematic management throughout the organization and raises employees' awareness toward rules and discipline. The policy promotes systematic management throughout the organization and raises employees' awareness toward rules and discipline. The Company also attaches great importance to workplace diversity and equality. Eliminate all forms of forced labor and employment discrimination, ban harassment, and respect privacy rights, dedicating to building a workplace environment with equal opportunity, dignity, safety, equality, and freedom from discrimination and harassment. In 2022, the overall proportion of female employees in Taiwan and China plants (including Coretronic Projection (Kunshan), Coretronic Optics (Kunshan), Coretronic Display (Suzhou), Coretronic Optotech (Suzhou), Coretronic Optics(Suzhou) 41% and the promotion of female senior officers was 21%.</p>	
(III) Has the Company provided a safe and healthy work environment for the employees, and related education on occupational safety and health at regular intervals?	P		<p>In addition to formulating the "Environmental Sustainability and Occupational Safety and Health Policy," the Company ensures the safety of workers by establishing a dedicated occupational safety management unit and an occupational safety and health committee at each plant. Furthermore, occupational safety and health personnel in each plant area are responsible for implementing and obtaining ISO 45001 and CNS 45001 standard certifications, hoping to implement each item of work planning through the management cycle to achieve the purpose of continuous improvement and reduce the occurrence of</p>	

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			<p>occupational incidents. In 2022, one work-related injury was reported at all plants and contractors, and improvement was completed.</p> <p>The Company clearly stipulates the rights and obligations of labor safety, hygiene, and health in the health and safety labor code. It sets 2023-2026 goals for the prevention of occupational incidents: all plants pass ISO 45001 verification, and have fewer than 3 occupational injuries in the plant areas and 0 occupational injuries among contractors.</p> <p>In addition to regularly cooperating with the firefighting teams to carry out fire drills in the plant areas every year, we also conduct environmental safety and health education and training. A total of 12 annual disaster response and fire drills were held in 2022; the total number of participants was 1,528 and total training hours came to 2,599 person-hours.</p> <p>For details on other workplace and employee safety protection measures, please refer to chapter Five. Operational Overview - "V. Labor-management relations/(4) Work environment, employee safety and protection measures."</p>	
(IV)Has the company implemented an effective training program that helps employees develop skills over their careers?	P		<p>The Company has developed its training policies and programs in line with our corporate vision and operational targets to help employees develop competitiveness over the course of their careers. Below is a description of various training courses offered by the Company:</p> <p>(1) Shaping of corporate culture: Core competency training courses have been planned based on Coretronic's R.I.S.E. Culture for each employee to practice responsibility, innovation, excellence, and originality at work. In 2022, the Company continued to hold a series of RISE seminars supplemented with the "CommonWealth Leader Campus Curriculum", "Leadership Study Group", and "Pocket Knowledge. Through the sharing and reading activities, employees can focus on corporate culture and enhance the energy of corporate culture, which can be embodied in work</p>	

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			<p>or life.</p> <p>(2) Professional talent training: The Company offers three main categories of training, namely (i) general knowledge training, (ii) managerial skill training, and (iii) specialist training, for employees of different roles to help them accomplish performance targets.</p> <p>(3) Training courses for international talents: Many sessions of English course are being organized to support the group's globalization initiative. Vietnamese and Korean courses are organized to extend the development of international talents.</p> <p>(4) New recruit training: Through the use of games and diverse learning methods, the corporate culture camp was designed to help new employees understand our corporate culture, the RBA Code of Conduct, avoidance of conflicts of interest with suppliers, ethical corporate management, and the code of ethical behavior. The orientation helps employees develop an appreciation for the corporate culture as well as an understanding of existing rules, welfare policies and administrative guidelines for quicker adaptation.</p> <p>In 2022, a total 21,630 persons participated in our education, training, and development courses for a total of 21,114 hours, with a total training expense exceeded NT\$1.96 million.</p>	
(V) Regarding issues such as customer health and safety, customer privacy, and marketing and labeling of products and services, does the Company comply with relevant regulations and international standards, and formulate relevant consumer and customer protection policies and complaint procedures?	P		<p>All specifications and labeling applied to product exteriors are compliant with laws and international standards, and are backed by valid test reports. The Company values customers' opinions and has product return/repair procedures, customer complaint procedures and relevant policies in place to protect consumers' interests. Through customer service mailbox (ser@coretronic.com), complaint channels, visits, phone interviews, customer service units and satisfaction surveys, the Company communicates with its customers extensively not only</p>	

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			to raise satisfaction, but also to learn their expectations in regards to innovative R&D, product procurement, production quality and operating environment, so that effective responses can be taken immediately.	
(VI) Has the company implemented a supplier management policy that regulates suppliers' conducts with respect to environmental protection, occupational safety and health or work rights/human rights issues, and tracked suppliers' performance on a regular basis?	P		In order to pursue common growth and sustainable operation with suppliers, the company has formulated a complete sustainable supply chain management specification, including following the guidelines (signing a sustainable commitment letter, and following the RBA, green product commitment, conflict minerals policy, integrity commitment, Environmental sustainability and occupational safety and health policy requirements), risk assessment (supplier RBA self-assessment questionnaire, supplier financial risk assessment), audit system (RBA online/field audit, annual audit, quarterly review), training and counseling (through GPMS The platform and the sustainability theme lectures of the annual supplier conference conduct sustainability training, and award outstanding suppliers for sustainable development), Green Alliance (jointly implement the circular economy plan with suppliers). In addition, we have formulated the "Responsible Business Alliance Code of Conduct Management Manual" in accordance with the Responsible Business Alliance Code of Conduct (RBA) to manage suppliers, and strive to urge suppliers to pay attention to issues such as ethics, labor rights, environmental protection, health and safety, and thoroughly implement risk management. and business continuity plan in order to become a green supply chain with sustainable value. Under the corporate social responsibility commitment of fulfilling the global supply chain, if the company's existing suppliers have actual major negative impacts on the environment, labor conditions, human rights, society, etc., the company will immediately remove them from the list of qualified suppliers. The materials and parts supplied by the suppliers are irreplaceable to a considerable extent. The company	

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			will assist in eliminating the aforementioned major negative impacts to maintain the effective operation of the supply chain. Please refer to "Sustainable Development/Supply Chain Management" on the company's website for the relevant implementation conditions.	
V. Does the Company refer to the internationally-prepared reporting standards or guidelines, preparation of ESG Report and other reports that disclose the Company's non-financial information? Are the abovementioned reports supported by assurance or the opinion of a third-party certifier? Are the abovementioned reports supported by assurance or the opinion of a third-party certifier?	P		The Company has regularly issued our Corporate Social Responsibility report every year since 2008. The content and structure of the 2022 ESG Report follow the Core Option of the GRI Standards of the Global Reporting Initiative (GRI Standards 2021), and adopts the sustainability indicators of the Sustainability Accounting Standards Board (SASB). We provide an index table at the end of the report comparing the report content with GRI and SASB standards. In 2016, the Company began to voluntarily engage SGS, a third-party certification body, to verify and assure our reports with respect to the GRI and SASB standards. The reports for 2016 and 2017 reports passed the AA1000AS Type 1 Moderate Level Assurance, and the reports for 2018-2022 passed the AA1000AS Type 2 High Level Assurance. These results successfully improve the reliability of our ESG Report.	No material deviation is found.
VI. If the Company has its own sustainable development code in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe the differences between its operation and the Principles: The Company has established the "Sustainable Development Best Practice Principles", which has been approved by the Board. Each year the Company prepares a "ESG report" and publishes it on the corporate website and the Market Observation Post System (MOPS). As both the report contents and the relevant operation follow the Sustainable Development Best Practice Principles for TWSE Listed Companies, a significant difference has been reported.				
VII. Other important information helpful to understand the implementation of the promotion of sustainable development: (I) Sustainability awards: 1. Ranked in the top 5% of enterprises at the Corporate Governance Evaluation for eight consecutive years (2015-2022); 2. Ranked in the top 10% of enterprises in the electronics listed companies with a market value over NT\$10 billion at the Corporate Governance Evaluation for four consecutive years (2019-2022); 3. Selected as a constituent of the TPEX 50 Index for 13 consecutive years (2010-2022); 4. Selected as a constituent of the TPEX High Dividend Yield Index for nine years (2014-2022); 5. Selected as a constituent of the TPEX Corporate Governance Index and the TPEX Compensation Index for eight consecutive years (2015-2022); 6. Selected as a constituent of the TPEX 200 Index for four consecutive years (2019~2022); 7. Selected as a constituent of the TIP TPEX ESG Index for two years (2021-2022); 8. Selected as a constituent of the TIP Customized TPEX ESG 30 Index, TIP TPEX ESG HD TR Index, and TPEX Labor Employment 88 Index; 9. Awarded the Excellence in Corporate Social Responsibility Award from <i>CommonWealth Magazine</i> for 11 consecutive years (2012-2022);				

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			<p>10. Awarded various awards from TCSA: Awarded the Corporate Sustainability Report Awards–Gold for six consecutive years (2017-2022), Transparency and Integrity Leadership Award for five consecutive years (2018-2022), and Social Inclusion Leadership Award” three times, and Top 100 Sustainability Exemplary Awards for four consecutive years (2019-2022); 11. Awarded second place at the “Buying Power-Social Innovation Products and Services Procurement from the Small and Medium Enterprise Administration; 12. Awarded the “National Enterprise Environmental Protection Award-Silver” from the Environmental Protection Administration, Executive Yuan, for five consecutive years (2018-2022); 13. Awarded the Net Zero Mark from the Taiwan Institute for Sustainable Energy and honorable mention in Group B of the Carbon reduction Excellence Awards from the Hsinchu Science Park; 14. Awarded the Excellent Private Enterprise and Organization in Green Procurement by the Hsinchu City Government for four consecutive years (2019-2022); 15. Headquarters was awarded the Excellence in Water Conservation from the Water Resources Agency, MOEA, and Tainan Plant 1 was awarded the Model Energy Conservation Award; 16. Awarded the “Best Companies to Work for in Asia” from HR Asia 2022 and the 2022 Corporate Health Responsibility Award-Silver from <i>CommonHealth Magazine</i>; 17. Headquarters, Zhunan Office, and Tainan Plant 1 were awarded the Badge of Accredited Healthy Workplace and passed the CPR+AED Safe Workplace certification from the Ministry of Health and Welfare.</p> <p>(II) Social engagement: 1. In 2022, we contributed about NT\$21.95 million to social welfare with the engagement of 785 volunteers for a total of 5,705 hours to help 50,219 vulnerable persons, 40 schools in remote townships, and 93 social welfare groups; 2. Four “High-Tech Adventures”: We invited 83 teachers and students from four elementary schools in remote townships of Miaoli to visit the Company to explore high-tech products and thereby eliminate the urban-rural digital divide; 3. Two “Digital Interactive Classrooms”: We equipped two elementary schools in remote townships of Miaoli with digital interactive classrooms with equipment including ultra-short throw laser projectors, projection screens, and laser pens to enhance the digital teaching capability and e-learning environment in remote townships to benefit 137 teachers and students; 4. Two “Future Light Camps 1.0”: Organizing the one-day technology camp with IT volunteers from National United University, we arranged the self-propelled vehicle programming, DIY rainbow emitter, and green classroom courses for 47 students from two elementary schools in remote townships of Miaoli; 5. Three “Future Light Camps 2.0”: Organizing the one-day technology camp with students of the Department of Electrical Engineering, National Yang Ming Chiao Tung University. At the camps, the Coding Ocean desktop game and Scratch were used to teach programming to 32 fourth-sixth graders from one elementary school in the remote township of Miao to inspire their programming interest, and improve their logical thinking and reasoning ability. Lastly, students were brought to problem-oriented machine programming learning; 6. “Future Light Camps 2.0” 10-hour training courses for volunteers: Courses were arranged for 18 volunteers from the Love for Firefly Light Volunteer Service Team and the Coding Ocean desktop game and Scratch programming for 30 students of the Department of Electrical Engineering, National Yang Ming Chiao Tung University; 7. “From Technology with Warmth”: We donated three advanced projectors and one 120-inch electric cloth screen and sponsored 25 advanced projectors to six art exhibitions; 8. “Fulfill Kids’ Dreams on Children’s Day”: We organized six Rainbow Emitter Workshops and donated popcorn to 141 schoolchildren in remote townships of Miaoli; 9. “Exchange Love and Warm on X’mas”: For nine consecutive years, employees have voluntarily made donations to buy practical backpacks and popcorn for 11 elementary schools in remote townships of Yilan, Hualien, Taitung, and Nantou and sponsored the Breakfast Program under the “Save Kids from Starvation” of the World Peace and the “Love for Seniors and Food for Reunion” reunion dinner dish recruitment for lone seniors of the Huashan Social Welfare Foundation, benefiting a total of 708 vulnerable children and seniors; 10. “Junk to Treasure: Used Chair Regeneration”: We donated 273 office chairs to 19 elementary schools in remote townships of Hsinchu and Miaoli to reduce carbon emissions by 5.061tCO₂e; 11. “Rice Donation”: We have donated over 25MT of Yuanli rice from Miaoli for 11 consecutive years; 12. “Warm Delivery”: For four consecutive years, we have sponsored the reunion dinner dishes for lone seniors under the “Love for Seniors and Food for Reunion” of the Huashan Social Welfare Foundation, 19 volunteers also delivered custom goods boxes, reunion dinner dishes, and thick duvets to 40 seniors living alone in Hengshan Township and Beipu Township in Hsinchu County, and red envelopes were recruited from volunteers through charitable sales to donate to vulnerable seniors; 13. “Love from Remote, Health without Barriers”: Through</p>	

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<p>collaboration with the social enterprise Digital Humanitarian Association, we sponsored the 245 health promotion courses and telecare consultation services and 34 public online health promotion courses for the following six cultural health stations: Miaoli, Fengmei Community, Xiangbi Community, Tiangou Community, Kahoan Community, and Donghe Community; 14. “Warm Canteens”: Through collaboration with the social enterprises Silver Gate and Buy Nearby, we built the meal delivery system for one NPOs to delivery 10,305 boxed meals to seniors living alone, developed and hired 24 persons between jobs to act as the meal delivery ambassador, and further donated 1,560kg of milled rice and brown rice to 20 community elderly canteens in Hsinchu and Miaoli; 15. “Volunteers’ Day”: For five consecutive years, we have collaborated with the social enterprise Give Circle to organize the “Charitable Box Donation: Reduce Carbon Through Sharing” 106 colleagues donated 52 boxes of pre-owned articles to 1,937 person to benefit a total of 29 small and medium charitable groups , schools and carbon reduction 1,261 KG; 16. “The 3rd Light of Love Road Running”: We organized the event with the support of 343 on-service and retired employees and their family, invited four charitable groups including Huashan Social Welfare Foundation, the World Peace, i-Goods Man Fair Workshop, and Hsinchu City Intellectual Disability Welfare Association to set charitable sales stalls, hired Hsinchu County Welfare Association for Visually Impaired to provide message service, invited the dancing team of Taixing Elementary School of Miaoli to give performance, and donated all the proceeds from registration to Huashan Social Welfare Foundation to sponsor the 20th “Love for Seniors and Food for Reunion” program; 17. “Grab Your Bat”: For five consecutive years, we have sponsored the baseball team of Shioulin Elementary School of Minshiung Township in Chiayi County and organized the annual friendship matches with the participation of 90 little players, employees and their family; 18. “Earn Your Future”: Through collaboration with Cheng Shiu University, we offered scholarships, daily expenses, and internship opportunities (paid with free accommodations) for six junior and senior students; 19. “Farm the Hopes”: We purchased over 20MT of organic vegetable for employee meals from the social enterprises Buy Nearby and Earth Friend Organic to support the organic farming in Miaoli and Tainan, purchased 15MT of Yuanli rice from Miali from the social enterprise Buy Nearby as gifts for shareholders to support smallholdings and old farmers in Miaoli and hired 20 persons with intellectual disability from Love Nature Sheltered Workshop in New Taipei City to pack the rice to provide them with job opportunities, and purchased 667.5kg of fair-trade coffee beans from the social enterprise OKOGREEN to build a fair trade pantry; 20. “Charitable Sales Stalls”: We purchased 736 glutinous rice dumplings and 1,320 pieces of mooncake and yolk pastry from Children Are Us Bakery and The Mustard Seed Mission Vocational Training Center for employees during Dragon Boat Festival and Mid-Autumn Festival; and 21. Each year the Company donate to Coretronic Culture and Arts Foundation. The 2022 achievements of Coretronic Culture and Arts Foundation are as follows:</p>												
<table border="1"> <thead> <tr> <th>Culture and art events</th> <th>Event contents</th> <th>Fee (NTD)</th> <th>Event Participants</th> </tr> </thead> <tbody> <tr> <td>“The Taiwan Environment Lighting Award”Project</td> <td> <p>With the vision of creating a platform for lighting, culture, and art, Coretronic Culture and Arts Foundation is dedicated in exploring lighting’s cultural significance and its depth. Over the years, the Foundation has collaborated with many experts and professionals to highlight the history and culture of different places and encouraged the participation of the general public and community members. From working with schools and civil groups, people’s anticipation for a better public environment in Taiwan is fully sensed through the programs organized.</p> <p>The objective of the Taiwan Environment Lighting Award Project is to encourage both public and private sectors to engage in creating good environment lighting design. It is anticipated for more diverse and meaningful lighting designs to be created, and for the general public to live in an environment that’s pleasant and healthy. Through this</p> </td> <td>\$ 4,581,428</td> <td>300 persons</td> </tr> </tbody> </table>					Culture and art events	Event contents	Fee (NTD)	Event Participants	“The Taiwan Environment Lighting Award”Project	<p>With the vision of creating a platform for lighting, culture, and art, Coretronic Culture and Arts Foundation is dedicated in exploring lighting’s cultural significance and its depth. Over the years, the Foundation has collaborated with many experts and professionals to highlight the history and culture of different places and encouraged the participation of the general public and community members. From working with schools and civil groups, people’s anticipation for a better public environment in Taiwan is fully sensed through the programs organized.</p> <p>The objective of the Taiwan Environment Lighting Award Project is to encourage both public and private sectors to engage in creating good environment lighting design. It is anticipated for more diverse and meaningful lighting designs to be created, and for the general public to live in an environment that’s pleasant and healthy. Through this</p>	\$ 4,581,428	300 persons
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			project, we hope to promote expressive endeavors that showcase a balance between technology and art and allow the general public to understand the importance of environment lighting design, which can lead to greater improvement and progress. The projects must be open to the public, including public facilities such as museums, libraries, art museums, music halls, theaters, performance centers, art centers, cultural venues that are open to the public and uphold public spirit and keep public interests in mind. Public spaces that are available for visits, appreciation, exchanges, learning, experience, interaction, and participatory events by the general public are all eligible.	
“Public Sector Environment Lighting Advocacy Seminars”			For the environment lighting concept to affect Taiwan’s society more effectively and to promote the inclusion of environment lighting in policy promotion, two seminars were held in collaboration with the cultural affairs authority of Lienchiang County Government and Kinmen County Government to enhance the concerns about the environment lighting policies of government departments.	\$ 145,708 70 persons
“College and University Environment Lighting Advocacy Event”			Advocacy seminars and workshops were held in collaboration with the Department & Graduate School of Architecture & Interior Design, National Yunlin University of Science and Technology, and the Graduate Institute of Interdisciplinary Art, National Kaohsiung Normal University.	\$ 161,507 75 persons
“Environment Lighting Book Fair and Advocacy Seminar”			The “Reflection of Lighting” book fair and seminars were held in collaboration with Takao Books in Kaohsiung to promote the thoughts of “lighting and design”, “lighting and culture”, and “lighting and environment” to the public.	\$ 60,399 1,200 persons (Including online participants)
“Light Light in Hsinchu: Periscope Workshop”			The “Periscope Workshop” and “Hakka Ground Tea (Lei Cha) DIY Course” were held for 59 employees and their families in collaboration with Club Bing Beng.	\$ 102,872 60 persons

(III) Consumer interests: All of the Company’s products have conformed with international restrictions on hazardous substances and environmental protection requirements. By adopting green design, production, procurement and management practices, the Company strives to prevent and minimize the negative effects its business activities have on the environment and reduce the environmental impact of electronic products.

(IV) Human rights: 1. The Company holds labor-management meetings in accordance with its “Labor-management Conference Policy.” 2. The Company has implemented workplace sexual harassment prevention, grievance and disciplinary measures to protect the rights and privacy of parties involved. 3. The Company has employee opinion mailbox, employee care hotline and discussion forums in place, and assigns accountable units to respond to queries and offer solutions. 4. Conducted the human rights e-course and asked colleagues to sign the “Coretronic Human Rights Code” after the class.

(V) Safety and health: 1. The Company plans four types of training: “orientation training,” “on-the-job training,” “general training” and “ESH management training” to effectively enhance the employee awareness of the environment, safety, and health. 2. An e-learning website has been created to deliver online ESH courses for employees to inquire, register, and take courses over the system anytime ubiquitously. 3. The Company distributes ESH policy publicity cards for employees to understand the Company’s ESH

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
<p>policy and implement the ESH management system. 4. The Company conducts regular inspections and takes corrective and preventive actions for accidents. In 2022, only one work-related accident was reported by employees and contractors of plans in Taiwan. The accident investigation shows that it was an accidental burn that occurred when employees poured out hot tea in the pantry. Safety education for the case has been completed.</p> <p>(VI) Friendly environment</p> <p>1. A responsible unit with goals and systematic management has been established to periodically check and follow up on the effectiveness of friendly environment promotion.</p> <ul style="list-style-type: none"> Ø The Environmental Protection Committee was established in 2015. Apart from addressing the Company’s sustainable operations, it also plans strategies for environmentally sustainable development, sets short-, medium-, and long-term goals, and periodically reviews their effectiveness. Ø In 2018, we announced the “Environmental Sustainability and Occupational Safety and Health Policy”. In 2020, we implemented the TCFD Recommendations to analyze and make preparations for climate-related risks. In 2021, we drew up the carbon reduction management strategy to achieve net-zero emissions by 2050. Ø All plants in Taiwan have passed the certification of ISO 14064-1 GHG inventory, ISO 14001 environmental management system (EMS), ISO 45001 occupational health and safety (OH&S) management systems, CNS 45001 Taiwan Occupational Safety and Health. Management System (TOSHMS), and ISO 50001 energy management system (EnMS). Ø Air quality monitoring equipment has been equipped and improvement measures have been implemented to monitor the results periodically so as to build a friendly workplace environment. Ø No significant non-compliance with environmental protection was reported by HQ, Zhunan Office, and Tainan Plant 1 for 11 consecutive years and by Tainan Plant 2 for two consecutive years. <p>2. In support of the government’s advocacy of green, low-carbon energy development, all plants in Taiwan invested a total of NT\$21.58 million in reducing carbon by 559tCO₂e in 2022.</p> <ul style="list-style-type: none"> Ø Tainan Plant 1 has installed a 263.19 kWh PV system. In 2022 the system generated a total of 328,136 kWh of electricity, equivalent to reducing emissions by 167 tCO₂e. Ø In 2022, Zhunan Office and Tainan Plant 2 invested a total of NT\$20.6 million in installing 367.41 kWh and 132.44 kWh PV systems respectively. These two systems are expected to generate a total of 594,467 kWh of electricity, equivalent to reducing emissions by 303 tCO₂e. Ø In 2022, each plant purchased the National Renewable Energy Certificate (T-REC) to acquire 171,290 kWh of green electricity through green power wheeling with a total investment of NT\$980,000, equivalent to reducing emissions by 87.2 tCO₂e. <p>3. Engagement with environmental education, expansion of green influence</p> <ul style="list-style-type: none"> Ø Plants in Taiwan have assembled environmental protection volunteers to offer guided tours and green classroom services for teachers and students participating in the High-Tech Adventure and Future Light Camp. In 2022, four sessions of these events were held to offer education of 791 hours in total to 130 participants. Ø Plants in Taiwan also promoted the green point collection for environmental protection to encourage employees to practice green actions so as to build a green enterprise together with employees. In 2022, a total of 4,174 green points (actions) were accumulated. Ø E-learning environmental education courses were also offered to promote green education. In 2022, courses were offered for a total of 1,403 hours. Ø In 2022, we also organized 11 environmental education and green events, including Earth Hour, environmental education video prized quizzes, eco-friendly product redemption, painted pot plant creation, Loongfeng Fishing Harbor clean-up, and visit to environmental education venues such as the Huoyan Mountain Ecology Museum and Taijiang National Park. A total of NT\$105,000 were invested in these events participated by 7,738 persons to provide environmental education for a 				

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
<p>total of 4,355 hours.</p> <p>4. Contribution to local communities and support for environmental protection units to implement sustainable development projects:</p> <ul style="list-style-type: none"> Ø In 2022, HQ sponsored the Environmental Protection Bureau with NT\$470,000 to purchase 2,000 flasks of straw decomposing bacteria for use on 200 hectares of fields, accounting for about 5% of the farmland in Hsinchu County, to reduce emissions by about 1,800 tCO₂e. Ø Zhunan Office and Tainan Plant 1 have supported the government's public toilet adoption program for three consecutive years to adopt five public toilets in the regions where the office and plant are located. In 2022, about NT\$79,000 was spent on supplying water-soluble toilet paper with waste reduction efficiency to benefit a total of 254,000 persons and reduce waste equivalent to 1.9 tCO₂e. Ø For six consecutive years, Zhunan Office has adopted the coast of Longfeng Fishing Harbor within the jurisdiction of the Environmental Protection Bureau of Miaoli County. In 2022, about NT\$31,000 was spent on coastal clean-up with 31 employees who collected total 350kg of waste to reduce carbon by 0.7 tCO₂e. Ø HQ, Zhunan Office, Tainan Plant 1, and Tainan Plant 2 have implemented the green accounting system and prioritized green product procurement. In 2022, NT\$35.47 million was spent on purchasing products with lower environmental impact to encourage green product production and boost the trend of green product consumption to as to achieve environmental protection. <p>(VII) Happy workplace: 1.In 2022, we were awarded the Corporate Health Responsibility Award-Silver (500-1,000 employees category) from <i>CommonHealth Magazine</i> and the Badge of Accredited Healthy Workplace and passed the CPR+AED Safe Workplace certification from the Ministry of Health and Welfare. 2.In 2022, we gave employees a raise averaging 3-5%. 3.A total of 224 opportunities for internship and industry-academia collaboration were offered to employees' children and students of National Yang Ming Chiao Tung University, National Tsing Hua University, National Central University, Fu Jen Catholic University, Chung Yuan Christian University, Tamkang University, Cheng Shiu University, Chung Shan Industrial & Commercial School in Kaohsiung, and Private Dong Wu Senior Industrial Home Economics Vocational High School in Chiayi to students to understand the direction of their future careers. We also continue the Cheng Shiu University Internship Program for Students from Low-Income Families.</p> <p>(VIII) Other CSR events: The Company has developed a system for online reporting of public information and assigned dedicated personnel to gather and disclose information relating to the Company to ensure the timely and fairly disclosure of any information that can affect the decision of shareholders and stakeholders.</p>				

(Table 1) Climate Change Management Framework (TCFD)

Core Elements	Management Strategy and Action	2022 Performance
Governance	<ul style="list-style-type: none"> - The Board reviewed climate-related risks and opportunities periodically. - The ESG Committee reported climate-related strategies and results to the Board periodically. - The Environmental Protection Committee and Sustainable Energy Committee set targets and plans and implemented the relevant strategies with the TCFD Team. - Participation in domestic and overseas initiatives 	<ul style="list-style-type: none"> - <u>The ESG Committee</u> is led by the chairperson. The CFO, Committee member and executive representative, reports to the Board once each year. The content of the report includes the implementation results of sustainable projects, climate change risk management and strategies (TCFD), various environmental indicators, net-zero pathway, renewable strategy, and future sustainable development. - The chairperson signed the group’s Net-Zero Declaration. - <u>Environmental Protection Committee</u> and its <u>Sustainable Energy Committee</u> set short-, medium-, and long-term environmental goals and enhance strategy practice. - <u>The TCFD Team</u> is led by the CFO, with members covering environment and safety, facility, accounting, financial, stock service, investor relations, public relations, purchasing, manufacturing, production management, sales, product management, and R&D departments. - Sign and support <u>TCFD</u>, join the <u>Taiwan Climate Partnership</u>, and <u>Taiwan Alliance for Net Zero Emission</u>.
Strategy	<ul style="list-style-type: none"> - Discuss and identify short-, medium-, and long-term climate-related risks and opportunities across departments. - Assess potential operational and financial impacts brought by significant climate-related risks and opportunities. - Perform scenario analysis and assess Science-based targets. 	<ul style="list-style-type: none"> - After discussion the Environmental Protection Committee and all units set short-, medium-, and long-term environmental sustainability targets; identify short-, medium-, and long-term climate-related risks and opportunities; and present the potential operational and financial impacts on the company of climate change based on the identification results. - Develop low-emission technology and design low-power and energy-efficient green products. - In response to the “global warming beyond 2°C” set in the Paris Agreement, we set targets based on the absolute reduction of SBT 1.5°C scenario. - Set net-zero targets, strategies, and tracks
Risk Management	<ul style="list-style-type: none"> - Identify the Company’s climate risk identification process based on the TCFD framework - Plan counteractions based on the outcomes of climate risk identification and prioritization. - Include climate risk identification and assessment in the business risk management process. 	<ul style="list-style-type: none"> - Assess the types of potential operational and financial impacts brought by climate-related risks and opportunities. - Include climate change risk issues in the risk management process and material sustainability topics of the year.
Metrics and Targets	<ul style="list-style-type: none"> - Set management metrics related to climate change. - Inventory GHG emissions periodically based on ISO 14064-1. - Review and manage energy performance based on ISO 50001. 	<ul style="list-style-type: none"> - Set reduction targets for GHG emission intensity, electricity consumption intensity, and waste production; water conservation targets; renewable use targets; and other climate-related performance targets, and review the status of target accomplishment to lower environmental impact. - Since 2016 we have passed GHG inventory assurance continuously. In 2020 we expanded the scope of GHG inventory to Scopes 3-6 in accordance with ISO 14064-1:2018 and adopted carbon reduction measures based on the inventory results.

Core Elements	Management Strategy and Action	2022 Performance
	<ul style="list-style-type: none"> - Set climate change management targets and periodically review the progress and actual performance of targets. 	<ul style="list-style-type: none"> - All plants in Taiwan have implemented the ISO 50001 EnMS and effectively lower the intensity of GHG emissions with energy-efficient equipment replacement projects and various energy conservation measures. - We have already submitted our commitment to SBTi with the SBT 1.5°C scenario being the baseline to draw up the net-zero emission pathway and set the reduction target of GHG (Scopes 1 and 2) emissions by 50% in 2032 and achieve net-zero emission in 2050. By building solar PV equipment, increasing renewable use, upgrading energy-efficient equipment, and promoting energy-efficient production management, we progressively achieve the SBT reduction and net-zero emission, - In 2022 both the Zhunan Plant and Tainan Plant 2 built the solar PV equipment with an installed capacity of 499.85KW in total. Commercial operation will start in 2023. It is expected that the proportion of renewable use will reach 5%. Alongside green power wheeling and REC purchase, we continue to increase renewable use. - The three EX1 series projectors are the first in class to pass the ISO 14067 carbon footprint inventory certification. In the future, we will set them as the reference for developing sustainable products.

(VI) Performance in ethical corporate management and deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies

Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>I. Establishment of integrity policies and solutions</p> <p>(I) Has the company established ethical corporate management policies approved by the board and stated the policies and practices of ethical corporate management in the regulations and external documents? Are the board of directors and senior management committed to fulfilling the commitment of ethical corporate management?</p> <p>(II) Has the company developed systematic practices for assessing integrity risks? Does the company perform regular analyses and assessments on business activities that are prone to higher risk of dishonesty, and implement preventions against dishonest conducts that include at least the measures mentioned in Paragraph 2, Article 7 of “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?”</p> <p>(III) Has the Company defined and enforced operating procedures, behavioral guidelines, penalties and grievance systems as part of its preventive measures against dishonest conduct, and are the above measures reviewed and revised on a regular basis?</p>	<p>P</p> <p>P</p> <p>P</p>		<p>(I) The Company has implemented the “Business Integrity Code of Conduct” and “Business Integrity Procedures and Behavioral Guidelines” with the board of directors’ approval. These policies require all directors, managers and employees to adhere to integrity principles and standards in all business interactions, and develop sound corporate governance as well as robust risk control measures based on which. The Company has disclosed in its annual report and website the various steps that the board of directors and the management have taken toward enforcing the business integrity policy, which are reported at board meetings on a yearly basis.</p> <p>(II) The Company has a set of “Business Integrity Procedures and Behavioral Guidelines” that prohibits directors, managers and employees from offering, committing, requesting or accepting any illegitimate benefits, or involving in any conduct that would be construed as dishonest, illegal or in breach of trust, whether directly or indirectly, while carrying out their duties. The policy also outlines disciplinary and grievance measures. All related policies have been published on the Company’s Intranet and made available for inquiry by employees at any time.</p> <p>(III) The Company engages in commercial activities out of the utmost fairness, honesty, faithfulness and transparency. It has “Business Integrity Procedures and Behavioral Guidelines” in place to fully enforce integrity management, prevent unethical conducts, and outline areas that require employees’ attention when performing duties. For example: The Company specifically prohibits</p>	<p>No material deviation is found.</p>

Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			insiders from offering or accepting bribes and other illegitimate gains, requires all business transactions to be completed in the utmost transparency and correctly reflected in ledgers and records, and enforces monitoring and enhancement procedures to ensure that integrity requirements are fulfilled.	
<p>II. Enforcing ethical management</p> <p>(I) Does the company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?</p> <p>(II) Does the company have a unit that enforces business integrity directly under the board of directors? Does this unit report its progress (regarding implementation of business integrity policy and prevention against dishonest conducts) to the board of directors on a regular basis?</p>	P		<p>(I) Prior to commencing business relationship, the Company would check its counterparty for history of dishonest conduct, and demand suppliers to sign letter of commitment to integrity in order to ensure fairness and transparency of business dealings between two parties. Suppliers that violate anti-bribery or anti-corruption rules and cause losses to the Company will be subjected to damage claims according to the letter of commitment, and legal actions where necessary.</p> <p>(II) According to board-approved “Business Integrity Code of Conduct” and “Business Integrity Procedures and Behavioral Guidelines,” the human resource unit is responsible for the establishment and execution of business integrity policy as well as preventive measures. The Company reports to the Board on the performance in ethical corporate management once each year. The performance in 2022 is as follows:</p> <p>ÿ Digital training courses were introduced to help promote business integrity within the Company. Besides new recruits, indirect employees were given an online course on “Corporate Integrity and Integrity Principles.” In 2022, a total of 1,700 persons took the courses and signed the “Ethical Corporate Management Best Practice Principle” statement.</p> <p>ÿ Communication channel: Employees are able to</p>	No material deviation is found.

Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(III) Does the company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?	P		<p>express opinions to the management and human resource department through a multitude of channels. The Company has announced its Business Integrity Policy and disclosed integrity progress over its website, annual report and external documents.</p> <p>Y Regular examination: All operations management units of all sales locations conduct a self-assessment of the internal control system and performance in legal compliance to manage and prevent unethical behavior. Through regular internal audit tasks, internal audit units prevent and detect potential fraud or inappropriate conduct. In 2022, no grievance was reported from any plants in Taiwan, while only one grievance was reported from plants in mainland China. Investigation shows that there was no non-compliance with the Company's regulations. In the future, we will continue to implement the anti-corruption policy to create a corporate culture featuring ethical corporate management.</p> <p>(III) The Company's "Board of Directors Conference Policy" contains a conflicting interest clause that requires directors to disassociate from all discussion and voting of any motion that poses a conflict of interest between the Company and themselves or the entities they represent. The Company has a set of "Supplier Conflicting Interest Management Policy" and "RBA Code of Conduct Handbook" in place, and has misconduct reporting hotline (ext.: 8215) and mailbox (8215@coretronic.com) set up to receive misconduct reports from employees and the public. Apart from making note cards publicizing ethical corporate management to employees, the Company has also produced e-learning courses to</p>	

Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(IV) Has the company implemented effective accounting policy and internal control system to maintain business integrity? Has an internal or external audit unit been assigned to devise audit plans based on the outcome of integrity risk assessment, and to audit employees' compliance with various preventions against dishonest conduct?	P		enhance the publicity and implementation of ethical corporate management. (IV) The Company has developed its accounting system and internal control system based on the authority's rules, and prepares financial reports using International Accounting Standards. These systems do not allow secret accounts other than those reported in the financial statements, and their effectiveness is constantly reviewed. Internal audit of the Company Units adhere to the "Internal Control System" to regularly assess risks and develop audit plans, regularly checking compliance with the system in the preceding paragraph while also performing ad hoc audits as needed. Furthermore, an audit report is to be prepared and submitted to the Audit Committee and the Board of Directors. The CPAs, too, review the execution of the Company's accounting system and internal control system on a yearly basis.	
(V) Does the Company organize internal or external training on a regular basis to maintain business integrity?	P		(V) The Company promoted business integrity among its employees. All employees were given an online course on "Corporate Integrity and Integrity Principles." and signs the "honest management code statement" at the same time. In 2022, a total of 1,700 persons participated in the above courses. Speakers from external institutions are invited to share insight on integrity developments locally and abroad during regular manager training courses organized by the Company. Their contributions help build a corporate culture of integrity and support business growth as well as sound commercial practice.	
III. Whistleblowing system (I) Does the company provide incentives and means for employees to report misconducts? Does the company assign dedicated	P		(I) The Company has implemented channels that employees and outsiders may use to report any improper conduct in	No material deviation is found.

Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>personnel to investigate the reported misconducts?</p> <p>(II) Has the company implemented any standard procedures for handling reported misconducts, and subsequent actions and confidentiality measures to be undertaken upon completion of an investigation?</p> <p>(III) Has the company provided proper whistleblower protection?</p>	P		<p>violation of integrity standards. A misconduct reporting hotline (ext. 8215) and mailbox (8215@coretronic.com) have been set up while dedicated personnel have been assigned to accept and process reports.</p> <p>(II) We have established the “Procedures for Ethical Management and Guidelines for Conduct” to specify the standard operating procedures (SOP) for investigating a reported case and the relevant confidentiality protection mechanisms. After receiving a report of unethical behavior, we will investigate the report according to the said SOP and Procedures and keep all information confidential.</p> <p>(III) The Company keeps confidential the identity of informants and the content of the report to protect informants against unfair treatment due to reporting.</p>	
<p>IV. Enhanced information disclosure</p> <p>Has the company disclosed its integrity principles and progress onto its website and MOP?</p>	P		<p>(I) Details and implementation progress of the Company’s “Business Integrity Code of Conduct” and “Business Integrity Procedures and Behavioral Guidelines” have been disclosed on website and Market Observation Post System. The Company enforces integrity principles as part of its corporate governance, and in doing so protects shareholders’ interest while fulfilling its goal of becoming a sustainable business.</p>	No material deviation is found.
<p>V. If the company has established business integrity policies in accordance with “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies,” please describe its current practices and any deviations from the Best Practice Principles:</p> <p>The Company has “Business Integrity Code of Conduct” and “Business Integrity Procedures and Behavioral Guidelines” in place, and uses “Integrity Cards” and digital training courses to help employees comply. We have also established and implemented the “ Sustainable Development Best Practice Principles”, “Corporate Governance Best Practice Principles”, and “Codes of Ethical Conduct” that are related to ethical corporate management. Please refer to the Company’s annual report and (VI) Performance in ethical corporate management and deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies of the corporate governance report for the details regarding our performance in ethical corporate management.</p>				
<p>VI. Other information relevant to understanding the company’s business integrity (e.g. review of business integrity principles)</p>				

Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>The Company has been introducing new policies such as “Business Integrity Code of Conduct,” “Ethical Behavior Guidelines” and “Business Integrity Procedures and Behavioral Guidelines” since 2014 that specifically require all employees to uphold high level of integrity when conducting business-related activities, and to refrain from exploiting company assets or their vested authority for personal gains or engaging in any conduct that competes with the Company or undermines interests of the Company or its customers. In order to establish the integrity spirit deep within employees, all new recruits are required to undergo training courses on ethical conducts, during which they are taught the best practices to be expected in the given industry.</p> <p>To further convey the Company’s integrity philosophy, a “Behavior” section containing information including the integrity code of conduct, misconduct reporting channels and case studies has been created on the Intranet. Additionally, to facilitate employees to keep up with the Company’s ethical corporate management concept, we issue the “Ethical Corporate Management Note” to employees, ask them to sign the “Ethical Corporate Management” statement, and set the ethical corporate management e-learning course a required course for all employees each year to publicize ethical corporate management through different channels.</p>				

(VII) If the company has established the corporate governance best practice principles and the relevant regulations, state their access: The relevant information is accessible from “Investor Relations>Governance” on the corporate website.

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

1. The Company continues to enhance corporate governance practices. Policies on corporate governance and major resolutions of the board of directors have been disclosed in the Investor Relations section of the Company’s website.
2. The Company ranks in the top 5% among TWSE and TPEX listed companies in corporate governance evaluation for 8 consecutive years, which strongly recognizes the progress the Company has made.
3. The Company actively informs directors of training programs that are relevant to improving corporate governance. All 7 directors of the Company have completed training courses in accordance with “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies.”

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

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

Coretronic Corporation
Declaration of Internal Control System

Date: February 13, 2023

The following declaration has been made in respect of the 2022 self-assessment of the Company's internal control system:

1. The Company acknowledges and understands that establishment, implementation and maintenance of the internal control system are the responsibility of the Board and managers, and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security etc), reliable, timely and transparent financial reporting, and regulatory compliance.
2. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, the internal control system of the Company features a self-monitoring mechanism that rectifies any deficiencies immediately upon discovery.
3. The Company evaluates the design and execution of its internal control system based on the criteria specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Governing Principles") to determine whether the existing system continues to be effective. Assessment criteria introduced by "The Governing Principles" consisted of five main elements, each representing a different stage of internal control: 1. Control environment; 2. Risk evaluation and response; 3. Procedural control; 4. Information and communication; and 5. Supervision. Each element further encompasses several sub-elements. Please refer to "The Governing Principles" for more details.
4. The Company has adopted the abovementioned criteria to validate the effectiveness of its system design and execution.
5. With respect to the results of the above assessments, the Company considers the control (including the supervision and management of subsidiaries) of internal control system by December 31, 2022 has been effectively designed and implemented to ensure the accomplishment of the following goals: understanding the effectiveness and efficiency of operations; the level of target achievement; and the reliability, timeliness, transparency, and legal compliance of reports as required by the control.
6. This declaration constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or concealment in the public statement above are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This declaration was passed unanimously without objection by all seven directors present at the Board meeting on February 13, 2023.

Coretronic Corporation

Chairman: Wade Chang signature/seal

President: Sarah Lin signature/seal

SY Chen signature/seal

Ann Wu signature/seal

- (X) Penalties imposed against the Company for regulatory violation, or penalties against employees for violation of internal control system, in the most recent year up till the publication date of annual report that may significantly impact shareholders' interest or security price; describe details of the penalty, areas of weakness and any corrective actions taken: None.
- (XI) Major resolutions passed in shareholder meetings and board of directors meetings held in the last year up till the publication date of annual report: Please refer to announcements and material information published on Market Observation Post System and disclosures made over the Company's website.
- (XII) Documented opinions or declarations made by directors against board resolutions in the most recent year and by the date of report publication: None.
- (XIII) Resignation or dismissal of the Chairman, President, head of accounting, head of finance, chief internal auditor, corporate governance officer or head of R&D in the most recent year up till the publication date of the annual report:

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

- (XIV) Procedures for material insider information handling: The Company has established its own "Insider Trading Prevention Policy" based on "Sample Procedures for Handling Material Inside Information" and "Insider Trading Prevention" goal of its internal control system to support the development of insider trading control practices that not only prevent information leakage, but also ensure the consistency and accuracy of information disclosed to the public. This policy has been approved by the board of directors and published over the Company's website, and applies to managers and general staff. Furthermore, the Company promotes internal awareness on a yearly basis and constantly reminds insiders of issues concerning material information. On October 18, 2022, the Company already produced e-learning education and training courses for the awareness education of officers and employees. The course contents included the facts (*Tatbestand*) constituting insider trading; the exact time of establishment of material information, the method and time of disclosure, penalty for committing insider trading, avoidance of unintended insider trading, and case study. With such courses, the Company aims at publicizing the prevention of insider trading. On June 10, 2022, laws and regulations related to "insider trading prevention" was outreached to new directors. Additionally, awareness education on the laws and regulations of insider trading is arranged for insiders each month.

V. Information about CPA professional fees

1. The amount of audit fees and non-audit fees paid to CPAs and their affiliated firms and affiliates and the content of non-audit services:

Monetary unit: NT\$ thousand

Name of accounting firm	Name of CPA	Audit period	Audit fees	Non-audit fee	Total	Remarks
Ernst & Young Global Limited	Shao-Pin Kuo	2022.1.1-2022.12.31	3,523	715	4,238	Non-audit fees included NT\$605,000 for tax certification, NT\$50,000 for stock take of impaired inventory, NT\$40,000 for bonded inventory, and NT\$20,000 for auditing of business tax
	Chih-Chung Chen	2022.1.1-2022.12.31				

2. Change of accounting firm that resulted in the reduction of audit remuneration from the previous year; disclose audit remuneration before and after the change and the cause of such change: None.
3. Any reduction in audit remuneration by more than 10% compared to the previous year; state the amount, the percentage and reason of such variation: None.

VI. Change of CPA:

(I) On the predecessor CPAs

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

		Audit scope or step
		Other
	None	Ü
	Explanation	None
Other matters for disclosure (Matters covered in items 1-4 to 1-7, subparagraph 6, Article 10 of the regulations should be disclosed)	None	

(II) Information of succeeding CPAs

Name of accounting firm	Ernst & Young Global Limited
Name of CPA	Shao-Pin Kuo
Date of commissioning	2021.02.08
Matters regarding which the successor CPAs were consulted, and which were related to the accounting treatment or accounting principles of specific transactions; matters regarding which the successor CPAs were consulted, and which were related to the opinions that might be issued on financial reports; results of these matters.	None
Written opinions of CPA in succession different from the opinions of previous CPA	None

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

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

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

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

Unit: shares

Title	Name	2022 and		by April 16 in 2023.	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Wade Chang	0	0	0	0
Director	Hsun Chieh Investment Co., Ltd.	0	0	0	0
	Representative: Tai-Shung Ho	0	0	0	0
Director	Ted Tu	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Director	Chual-Hsin Teng	(Note 1)	(Note 1)	(Note 1)	(Note 1)

Title	Name	2022 and		by April 16 in 2023.	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Director	Hanns Prosper Investment Corporation(Note 2)	0	0	0	0
	Representative: Yu-Chi Chiao(Note 2)	0	0	0	0
Director	Han-Ping Shieh (Note 2)	0	0	0	0
Independent Director	Houn-Gee Chen	(Note1)	(Note 1)	(Note 1)	(Note 1)
Independent Director	Edward H. Chow	0	0	0	0
Independent Director	Yao Chien	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Independent Director	Audrey Tseng (Note 2)	0	0	0	0
Independent Director	Hung-Pin Ku (Note 2)	0	0	0	0
President	Sarah Lin	0	0	0	0
President	SY Chen	0	0	0	0
President	Ann Wu	0	0	0	0
CFO	Franck Ho	0	0	0	0
CTO	Robert Hsueh	0	0	0	0
CIMO	CY Lin	0	0	0	0
CSO	Wilson Hsu (Note 3)	0	0	0	0
Executive Vice President	Sara Lin	0	0	0	0
Vice President	Ken Wang (Note 4)	0	0	0	0
Vice President	YC Chen	0	0	(Note 5)	(Note 5)
Vice President	Miranda Wang	(Note 6)	(Note 6)	0	0
Associate Vice President	Mark Yang	0	0	0	0
Associate Vice President	Willy Tsai	0	0	0	0
Associate Vice President	Jerry Cheng	0	0	(Note 5)	(Note 5)
Associate Vice President	Evan Ye	0	0	0	0
Senior director	Daniel Hsiao	(Note 6)	(Note 6)	0	0
Major Shareholders	Taiwei Advanced Technology Corporation	229,000	0	(590,000)	(11,500,000)

Note 1: Resignation on June 10, 2022.

Note 2: Inauguration on June 10, 2022.

Note 3: Duty adjustment January 1, 2023.

Note 4: Inauguration on May 11, 2022.

Note 5: Duty adjustment January 1, 2023.

Note 6: Inauguration on January 1, 2023.

(II) Shares transferred to related parties: None.

(III) Shares pledged to related parties: None.

IX. Top ten shareholders by shareholding who are related parties or spouses, relatives within the second degree of kinship.

April 16, 2023

Name	Self Shareholding		Shares held by spouse and underage children		Shares held in the names of others		Relationship Characterized As Spouse or Relative of Second Degree or Closer Among the Top-10 Shareholders.		Remarks
	shares	Shareholding percentage	shares	Shareholding percentage	shares	Shareholding percentage	Name	Relationship	
Taiwei Advanced Technology Co., Ltd.	44,199,196	11.30%	0	0.00%	0	0.00%	None	None	None
Taiwei Advanced Technology Co., Ltd. Representative: Tai-Wei Chang	0	0.00%	0	0.00%	0	0.00%	Wade Chang	Father and son	None
Yann Yuan Investment Co., Ltd	32,825,000	8.40%	0	0.00%	0	0.00%	None	None	None
Yann Yuan Investment Co., Ltd Representative: Chun Kuan	0	0.00%	0	0.00%	0	0.00%	Hsun Chieh Investment Co., Ltd. Representative: Chun Kuan	Representative the same	None
HannStar Display Corporation	16,395,000	4.19%	0	0.00%	0	0.00%	Hauli Investment Corporation	Hauli Investment Corporation is subsidiaries of HannStar Display Corporation	None
HannStar Display Corporation Representative: Yu-Chi Chiao	0	0.00%	0	0.00%	0	0.00%	Hauli Investment Corporation Representative: Yu-Chi Chiao	Representative the same	None
Hsun Chieh Investment Co., Ltd.	15,495,551	3.96%	0	0.00%	0	0.00%	Yann Yuan Investment Co., Ltd	Hsun Chieh Investment Co., Ltd. is the Director of the Yann Yuan Investment Co., Ltd	None
Hsun Chieh Investment Co., Ltd. Representative: Chun Kuan	0	0.00%	0	0.00%	0	0.00%	Yann Yuan Investment Co., Ltd Representative: Chun Kuan	Representative the same	None
Investment account of Norges Bank managed by Citibank Taiwan	12,429,274	3.18%	0	0.00%	0	0.00%	None	None	None

Name	Self Shareholding		Shares held by spouse and underage children		Shares held in the names of others		Relationship Characterized As Spouse or Relative of Second Degree or Closer Among the Top-10 Shareholders.		Remarks
	shares	Shareholding percentage	shares	Shareholding percentage	shares	Shareholding percentage	Name	Relationship	
Hauli Investment Corporation	11,900,000	3.04%	0	0.00%	0	0.00%	HannStar Display Corporation	Subsidiaries of HannStar Display Corporation	None
Hauli Investment Corporation Representative: Yu-Chi Chiao	0	0.00%	0	0.00%	0	0.00%	HannStar Display Corporation Representative: Yu-Chi Chiao	Representative the same	None
Wade Chang	9,345,953	2.39%	0	0.00%	0	0.00%	Taiwei Advanced Technology Co., Ltd. Representative: Tai-Wei Chang	Father and son	None
Coretronic Corp. trust property account for employees' equity entrusted to CBTC Bank	8,822,000	2.26%	0	0.00%	0	0.00%	None	None	None
Chunghwa Post Co., Ltd.	8,659,800	2.21%	0	0.00%	0	0.00%	None	None	None
Chunghwa Post Co., Ltd. Representative: Hong-Mo Wu	Note	Note	Note	Note	Note	Note	Note	Note	None
Coretronic Corp. trust property account for employees' equity entrusted to CBTC Bank	7,632,000	1.95%	0	0.00%	0	0.00%	None	None	None

Note: As of the publication date of this annual report, relevant information has not been obtained.

- X. The number of shares and the consolidated shareholding of the same investee invested by the company, directors and/or officers of the company, and the businesses directly or indirectly controlled by the company.

December 31, 2022 Unit: shares; %

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

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

Four. Capital Overview

I. Source of capital

Unit: NTD; shares

Year / month	Issued price	Authorized capital		Paid-up capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Sources of share capital	Paid in properties other than cash	Others
2004.11	10	650,000,000	6,500,000,000	437,796,953	4,377,969,530	Conversion of convertible bonds into common shares - \$28,840,460	None	Note 1
2005.08	10	810,000,000	8,100,000,000	520,205,466	5,202,054,660	Capitalization of earnings \$ 700,475,130, and capitalization of employee profit sharing \$ 123,610,000.	None	Note 2
2005.12	10	810,000,000	8,100,000,000	520,895,389	5,208,953,890	Conversion of convertible bonds into common shares - \$6,899,230	None	Note 3
2006.03	10	810,000,000	8,100,000,000	547,830,363	5,478,303,630	Conversion of convertible bonds into common shares - \$269,349,740	None	Note 4
2006.04	10	810,000,000	8,100,000,000	564,348,375	5,643,483,750	Conversion of convertible bonds into common shares - \$165,180,120	None	Note 5
2006.08	10	1,000,000,000	10,000,000,000	667,375,738	6,673,757,380	Capitalization of earnings \$ 829,915,470; conversion of convertible bonds into common shares \$ 200,358,160	None	Note 6
2007.08	10	1,000,000,000	10,000,000,000	694,463,253	6,944,632,530	Capitalization of earnings at NT\$133,475,150, and capitalization of employee profit sharing at NT\$ 137,400,000	None	Note 7
2008.08	10	1,000,000,000	10,000,000,000	724,038,518	7,240,385,180	Capitalization of earnings \$ 138,892,650, and capitalization of employee profit sharing \$ 156,860,000	None	Note 8
2014.07	10	1,000,000,000	10,000,000,000	543,028,888	5,430,288,880	Capital reduction for cash \$ 1,810,096,300	None	Note 9
2016.07	10	1,000,000,000	10,000,000,000	434,423,110	4,344,231,100	Capital reduction for cash \$ 1,086,057,780	None	Note 10
2021.03	10	1,000,000,000	10,000,000,000	390,981,110	3,909,811,100	Retirement of treasury stock NT\$434,420,000	None	Note 11

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

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

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

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

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

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

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

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

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

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

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

April 16, 2023

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

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

II. Shareholder structure

April 16, 2023

Shareholder structure Count	Government agencies	Financial institutions	Other corporate entities	Natural persons	Foreign institutions and foreigners	Total
Count	4	24	200	54,100	250	54,578
Shares held	605,088	32,922,532	136,868,565	138,629,438	81,955,487	390,981,110
Shareholding percentage	0.15%	8.42%	35.01%	35.46%	20.96%	100.00%

III. Diversity of ownership

(I) Information on common shares

April 16, 2023

Shareholding range	Shareholder count	Shares held	Shareholding percentage
1~999	31,201	3,251,202	0.83%
1,000 ~5,000	19,085	37,801,506	9.67%
5,001~10,000	2,337	17,952,434	4.59%
10,001~15,000	670	8,518,129	2.18%
15,001~20,000	392	7,221,506	1.85%
20,001~30,000	282	7,249,327	1.85%
30,001~40,000	162	5,758,113	1.47%
40,001~50,000	85	3,892,418	1.00%
50,001~100,000	153	11,219,994	2.87%
100,001~200,000	84	11,722,424	3.00%
200,001~400,000	50	14,178,503	3.62%
400,001~600,000	19	9,572,006	2.45%
600,001~800,000	8	5,711,200	1.46%
800,001~1,000,000	11	9,883,644	2.53%
1,000,001 and above	39	237,048,704	60.63%
Total	54,578	390,981,110	100.00%

(II) Information of preferred shares: Not applicable.

IV. Major shareholders:

If less than ten shareholders holding over 5% of ownership interest, disclose the names, the number of shares held, and shareholding percentage of the top ten shareholders

April 16, 2023

Name of major shareholder	Share	Shareholding percentage
	Shares held	
Taiwei Advanced Technology Co., Ltd.	44,199,196	11.30%

Name of major shareholder	Share	Shareholding percentage
	Shares held	
Yann Yuan Investment Co., Ltd	32,825,000	8.40%
HannStar Display Corporation	16,395,000	4.19%
Hsun Chieh Investment Co., Ltd.	15,495,551	3.96%
Investment account of Norges Bank managed by Citibank Taiwan	12,429,274	3.18%
Hauli Investment Corporation	11,900,000	3.04%
Wade Chang	9,345,953	2.39%
Coretronic Corp. trust property account for employees' equity entrusted to CBTC Bank	8,822,000	2.26%
Chunghwa Post Co., Ltd.	8,659,800	2.21%
Coretronic Corp. trust property account for employees' equity entrusted to CBTC Bank	7,632,000	1.95%

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

Item	Year		2021	2022	Year-to-date March 31, 2023 (Note 7)
Market price per share (Note 1)	High		96	93	85.6
	Low		37.35	46.55	55.6
	Average		64.76	62.62	68.92
Net worth per share	Before dividend		56.66	58.13	56.23
	After dividend		52.66 (Note 2)	53.63 (Note 3)	—
Earnings per share	Weighted average outstanding shares		397,179,869	390,981,110	390,981,110
	Earnings per share		5.12	6.03	0.65
Dividends per share (Note 3)	Cash dividend		4.0	4.5	—
	Stock dividends	From	—	—	—
		From capital reserves	—	—	—
Cumulative unpaid dividends		—	—	—	
Analysis of investment returns	P/E ratio (Note 4)		12.65	10.38	—
	Price to dividend ratio (Note 5)		16.19	13.92	—
	Cash dividend yield (Note 6)		6.18%	7.19%	—

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

Note 2: Cash dividend from 2021 earnings was resolved and passed during the board of directors meeting dated March 21, 2022.

Note 3: Cash dividend from 2022 earnings was resolved and passed during the board of directors meeting dated March 13, 2023.

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

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

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

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

VI. Dividend policy and implementation

(I) The Company's dividend policy

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

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

(II) Implementation: At the 2023 AGM, the Board reported that the cash dividend for 2022 was NT\$4.0 in total. The sum included the earnings distribution for 2022 at NT\$1,368,433,885, or NT\$3.5 per share, plus the additional paid-in capital (APIC) amounting to NT\$390,981,110, or NT\$1.0 per share, from issuing the Company's common shares at premium. Hence, the cash distributed to shareholders was NT\$1,759,414,995 in total.

(III) Expected change in dividend policy: None.

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

VIII. Employee and director remuneration

(I) Percentage or scope of remuneration for employees and directors as stated in the articles of incorporation:

Profits concluded from a financial year are subject to employee remuneration of 10% to 20%. However, profits must first be taken to offset against cumulative losses if any. Remunerations intended for the Company's employees, including employees of affiliates meeting the relevant requirements, can be made in stock or in cash.

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

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

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

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

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

During the Board of Directors meeting held on February 13, 2023, a resolution was passed on distributing the 2022 employee remuneration at NT\$360,059,656. This amount is the same as the amount in expenses previously recognized in the 2022 financial statements.

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

Unit: NTD

Item	Amount
Employee remuneration - in cash	360,059,656
Employee remuneration - in shares	0
Percentage of employee remuneration paid in shares, relative to current net income and total employee remuneration	0.00%
Director remuneration:	0

- (IV) Actual payment of previous year's (2021) employee and director remuneration

Unit: NTD

Item	Amount
Employee remuneration - in cash	288,507,866
Employee remuneration - in shares	0
Director remuneration	0
The amount of 2021 earnings distribution resolved and proposed by the Board of Directors was identical to the amount approved during the shareholders' meeting.	

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

Five. Overview of operation

I. Business Activities

(I) Business scope

1. Principal business activities

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

2. Revenue distribution

Unit: NT\$ thousand

Item	Year	2021		2022	
		Amount	%	Amount	%
Energy Saving products		27,158,039	54.50%	22,589,976	45.38%
Visual Solutions products		12,862,709	25.81%	19,319,984	38.81%
Others		9,812,620	19.69%	7,873,197	15.81%
Total		49,833,368	100.00%	49,783,157	100.00%

3. Current product (service) items

- (1) Energy Saving products: High brightness backlight modules for automobile displays, tablets, notebooks, LCD displays, and LCD TVs; and assembly of panel modules, electronic whiteboard modules, customized notebooks, LCD displays, and LCD TV semi-system, system, or set; system solutions for medical, educational, ATM, POS and public digital splicing displays. In response to the market trend, green design concepts have been implemented in product parts and components in recent years to provide customers with energy-efficient and low-emission products.
- (2) Visual Solutions products: Including various digital projectors, Laser TV, AiO LED displays, which project large screens via various video signals, and interactive modules, smart connectors, edge blending and image warping processors, and image signal processing boxes; the system is integrated with software to provide the user-friendly complete visual solutions via smart service platform for diverse applications.

4. New products (services) planned for development:

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

(II) Industry Overview

1. Current industry situation and development

We position ourselves as the innovative display solution provider, and our product lineup includes two main product categories under the Display Business Group: Energy Saving products and Visual Solutions products. The following shows the current status and development of each main product category:

(1) Energy Saving products

In the panel industry, the inventory of both retailers and branded manufacturers soared due to the influence of the Russo-Ukrainian (Russia-Ukraine) War, the over-consumption of consumer products in the past two years, the repeated orders, and rapid decline of overall demand in Q2 of the industry's supply chain. After price reduction, production cut, and inventory closeout for two to three quarters, the stock of retailers and branded manufacturers gradually reduced from a high point back to normal position lately. Additionally, as the global political and economic instability continued in 2023 Q1, the panel demand is expected to hit the bottom and the peak before the outbreak of COVID19 will not revive. However, the fall of the panel price will lead to a gradual panel demand recovery in 2023, according to various branded manufacturers and market surveys. Particularly, the significant demand increase after the traditional high season in Q3 will further drive the panel demand back to normal. Following the gradual inventory closeout, which was slower than expected, both the demand revival at the end of 2022 and seasonal promotions did facilitate inventory closeout, and the gradual consumption of large-sized TV panels is expected to return the inventory to normal in 2023 Q1. The six-month-long inventory closeout of laptops will end soon. However, as the demand is influenced by the unfavorable macroeconomic factors, laptop shipping will reduce slightly by 4.2%. Although the global inflation will slow in 2023, a high point is still inevitable, bringing a high influence to the sales of consumer models. A bigger decline is expected in the European market and then the North American market, while a rebound is expected in the Chinese market after the gradual lockdown lift. The sales of business laptops will also decline, but at a rate lower than that of the consumer models. The education market, where the decline started first, is expected to rebound due to the machine upgrade trend. Looking ahead to 2024, the economic recovery and intensifying processor platform competition are expected to increase the price-to-performance ratio of laptops, bringing slight growth to the market. The support discontinuation of Windows 10 during 2025-2026 and the popularization of OLED are expected to start an upgrade trend to keep laptop growth on the right track. The expected slowdown of the global economic expansion in 2026 will reduce laptop shipping growth by 2.4%. The macroscopic prospect of the future TV

demand shows that there are various unfavorable factors in the market in the next 1-2 years, bringing much uncertainty in the long run. The macroeconomic fluctuation will directly influence the consumption structure in regional markets. As TV is a highly mature product, the underlying demand is always there. It is expected that the overall demand will be steady at a scale of NT\$200 million to NT\$220 million in the next few years. The proportion in the total TV displays of advanced-level TV displays will increase from 7% in 2021 to 17% in 2027. The demand for mini LED backlighting TV panels will increase from 2 million pieces in 2021 to 27 million pieces in 2027, including low-density (low-cost) mini LED backlighting panels. In the long run, the demand for QLED TV + Mini LED back light will be higher than that of WOLED TV. The demand for QD LED TV will increase because of supply.

Facing the changing trend of industry development and the unfavorable macroeconomic condition, apart from expanding the scale of operations of the current product ranges and introducing smart manufacturing to boost performance and enhance cost competitiveness, the Energy Saving product BU also focuses on integrated automotive privacy display products with ongoing demands and low-volume high-mix products with high customization, such as digital signage for public displays, large automotive panels, and ATMs. The technology development focuses on the market trend for ultra-slim, narrow-bezel, high-resolution, high-contrast, and energy-saving displays, to provide a flexible business mode in response to the market changes and customer needs. For our product development, in addition to the shipments of the backlight modules, product design of the tablet/notebook, as well as TV, and manufacturing of the system/barebone product, not only do we provide key components and parts for ultra-fine display technology HDR, LCD module, free shape backlight module, tiled video wall, and privacy display applications, but also provide the combination platform of the touch module, mechanism design, and electronic solutions to provide a comprehensive, diverse, and customized display solution. In 2023, we will actively disperse the risk of single-range, LCD, operations with the EMS model of emerging panel technologies, such as OLED and mini LED and QLED, increase revenue with more higher value-added products in the ODM service, and apply our core technologies more extensively, such as applying the privacy display technology to the passenger information display system (PID) to develop the ODM service for privacy display products and the automotive back light products with curved and round surfaces to increase revenues and provide customers with value-added services.

(2) Visual Solutions products

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

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

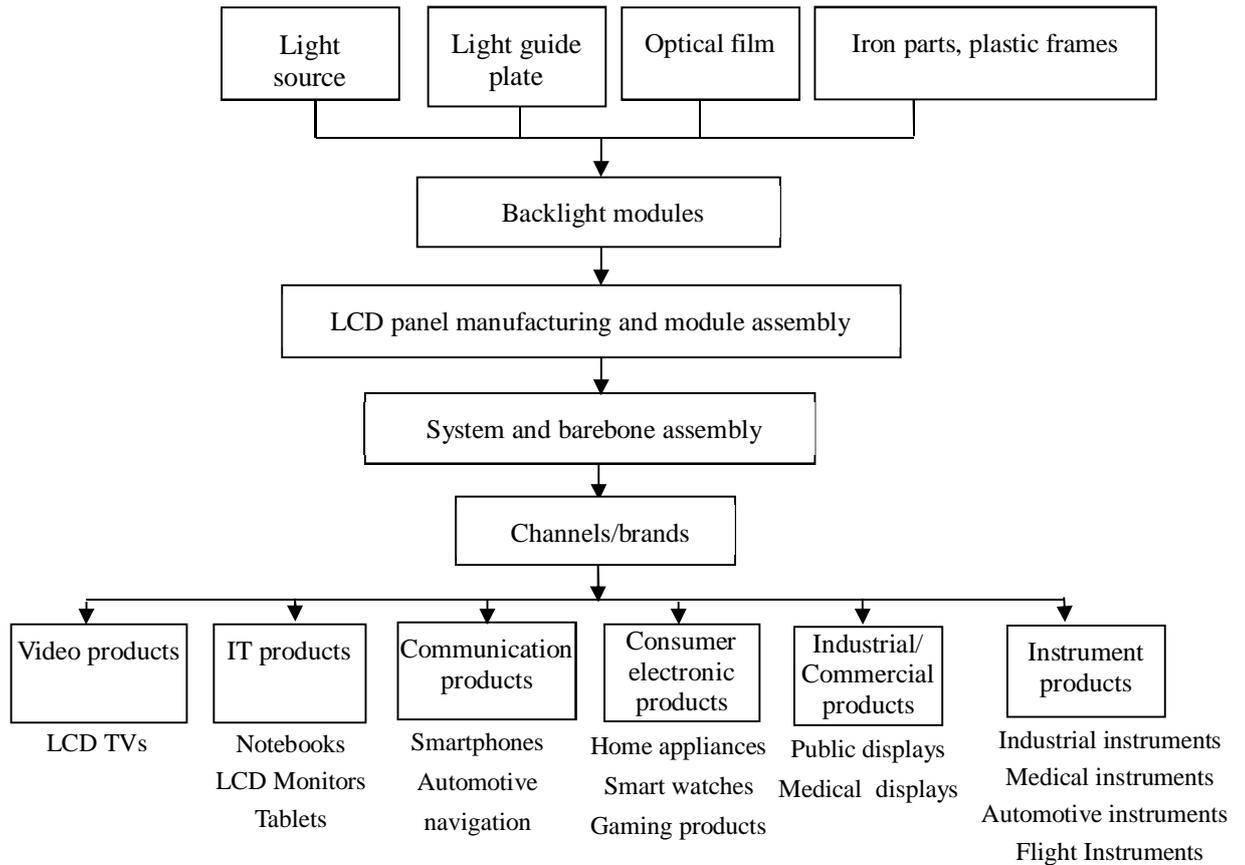
Currently, the projector technologies are mainly divided into LCD and DLP. Both have different advantages. A LCD projector has softer and saturated colors while a DLP projector is smaller in size with better projection brightness, contrast, sharpness, as well as longer lifetime. The DLP technology dominates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

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

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

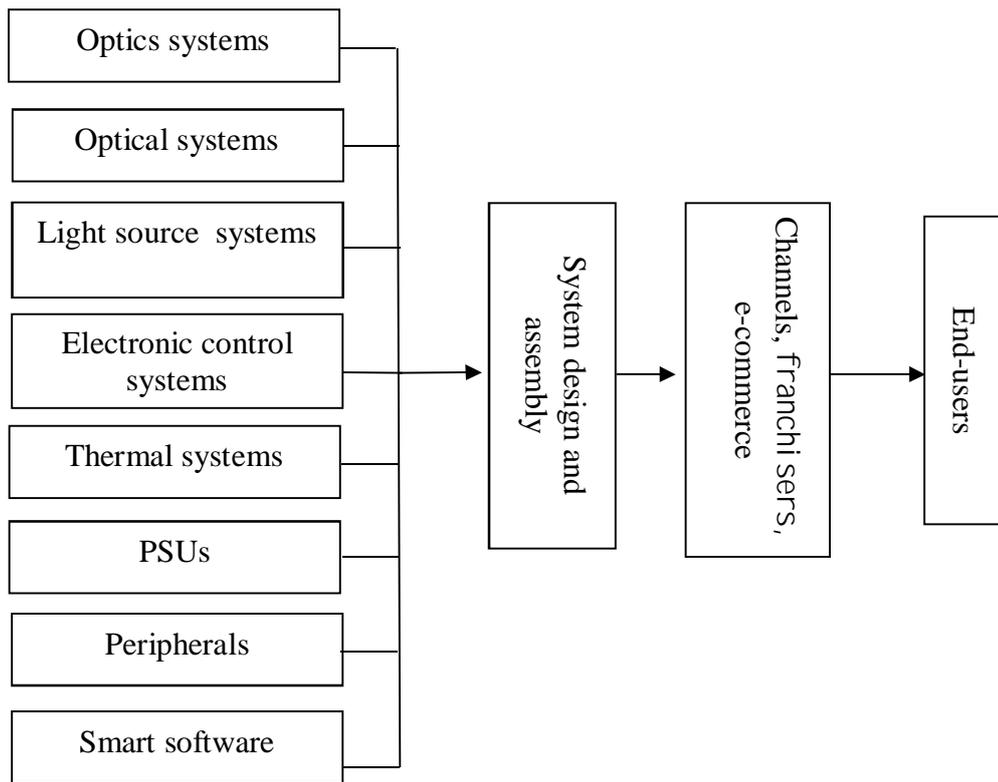
- (1) Energy Saving products: The backlight module is part of the LCD industry. Figure 1 shows the relevance between the upstream, middle stream, and downstream industries. The upstream industries involves the products such as the light source, light guide plate, optical film, iron pieces, and rubber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

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



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

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



3. Various development trends of products and their industry trends

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

For application-specific demands, we will focus on the demand for TV panels, game consoles, and IT devices. In addition to the LCD TV, we will focus on the development trend of of the high-end OLED, Mini LED, and automotive products. We will also work with customers to improve product gross margin for development and production. In the PC market, the demand for education models is expected to rebound when the market recovers after the pandemic that has declined for a while. The commercial models and models for emerging applications will develop toward higher specifications directed by branded and panel manufacturers. It is hoped that the overall market demand will return to normal in 2023H2 and normal growth will revive in 2024. The gaming

consoles and IT devices benefit from the development of 5G and the rise of metaverse applications integrating virtual and real coupled with the help of semiconductor technology, which enables smaller products with higher performance. It is expected that the product applications will have high growth over the next 10 years.

- (2) Visual Solutions products: Business and education applications have always been the mainstream for projectors. In response to the demand for large screens and high resolution in the home market, 1080P/4K home projectors have also become an important product line. By integrating our mature technology in LED, laser light source, and new projection components with the development trend emphasizing smart/intelligent and Internet connection features, we have developed the unique multi-color mixing technology to significantly enhance color saturation and expand the scope of application to create infinite possibilities for projector use, regardless of mobile use, screen-less TVs, digital signage, and large venue applications. After winning numbers of awards at the US InfoComm 2021, we introduced various customized models of projectors in 2022, including portable projectors, ultrashort throw (UST) low-latency projectors, 9,800lm high-brightness high-performance large enterprise projectors, and the 20,000lm smart control projector solutions. These models also won the Best of the Show Award at the InfoComm 2022 and Highly Recommended Award and Best of the Year Award at the ProjectorCentral 2022.

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

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

4. Competition

- (1) Energy Saving products

Due to the rising geopolitical risk as a result of the US-China trade conflicts in recent years, branded manufacturers and panel manufacturers began to move their projection lines out of China for risk considerations. Production line transfer and supply chain restructuring from long to short chain took place in Taiwan, Southeast Asia, and Mexico. Back light making is a labor-intensive industry that provides proximate services to manufacturers. Compared to other competitors, apart from investment and deployment in mainland China, we began to supply back light to production lines in Vietnam through plant rental in 2021. We also

purchased land and built our Vietnam Plant 2 in 2022. The plant is expected to start mass production in Q4 2023 to become a faster mover in southbound deployment among Taiwan’s leading back light suppliers. In energy-efficient product design and ESG practice, we are also ahead of competitors in BLM green design technology to help customers implement specific product carbon reduction plans. With quick response capability and the efficiency from the scale of economics, we maintain competitiveness. The main manufacturers in Taiwan include Coretronic, Radiant Opto-Electronics Corp. and Darwin Precisions Corp. In addition to the service and technological competition, the scale and integrity of the Group's supply chain integration are important factors affecting the operation. As a whole, the flat panel display backlight industry has gradually evolved into a “winner takes it all” type of situation.

(2) Visual Solutions products

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

(III) Technology and R&D Overview

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

Unit: NT\$ thousand

Item \ Year	2022	As of March 31 st , 2023
Research and development expenses	3,056,452	663,260
Operating revenue	49,783,157	9,570,785
Ratio of R&D expenses to revenue (%)	6.14%	6.93%

2. Technologies or products successfully developed in the most recent year and as of March 31st, 2023

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

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

1. Short-term Business Development Plans

- (1) Marketing: The Company will increase product market share, expand

product portfolio and flexible production planning to provide existing customers with comprehensive product lines and more flexible and efficient services to continuously expand new markets. The Company will also provide customized product design options to customers and create value-added services for high-end and niche products as well as providing one-stop solution from design to production.

- (2) Research and development: Strengthening the training of R&D personnel, developing a common R&D platform, and establishing a design platform for key component designs for R&D personnel in China and Taiwan. Reducing the number of components and standardizing components to increase the price competitiveness of products while reducing production costs. Improving the mass production and maintainability of the product to cater to a small variety of product combinations. We extend and expand forward technology and cooperate with international technology partners in R&D in order to establish a long-term technology leadership in the global market!
- (3) Operational management: Continuously improving the ERP system and supply chain management. Apart from optimizing the domestic-overseas collaborative production model and enhancing the flexibility in component procurement and manufacturing, we also integrate group resources to engage with the smart factory practice, as production line assembly automation, automation adjustment and test, and intelligent inspection to reduce labor demand and production costs and enhance competitiveness to pursue better operational performance. The start of operations of our Vietnam plant in 2021 has diverted the supply chain risks from the US-China trade war. With respect to the framework of the medium- and long-term capital demand plans, the Company will make financial planning based on the principles of safety and stability, establish trust and reciprocity with the trading banks, grasp the trend of the financial market, and improve the performance of financial operations.

2. Long-term Business Development Plans

- (1) Marketing: Cultivating customer relations and establishing a long-term cooperative marketing model for proprietary technologies. The Company works with internationally renowned brand customers and regional leading brands as strategic alliance partners to provide a full range of display product solutions, collect the latest market and technology trends, provide customers with the best product solutions and after-sales service, continue to strengthen the global after-sales service capabilities and quality.
- (2) Research and development: Focusing on research and development of high-profit and forward-looking products, integrating resource investment to develop new technologies and new products, continuously integrating upstream and downstream supply chains to develop key components to enhance the value of proprietary products

and reduce costs, as well as improving production autonomy. Actively cooperating with procurement, quality assurance, engineering, manufacturing and other departments to develop new product platforms, continuing to introduce modular design, production and production automation, and developing smart manufacturing to reduce production and service costs and increasing competitiveness. In 2023, we will focus more on implementing green design technology.

- (3) Operational management: Integrating the Group's resource allocation and application efficiency, promoting the performance of joint venture businesses, structuring an international operation plan system, strengthening the functions and preparation of overseas organizations, improving overall performance, and taking advantage of capital market and money market instruments to raise low-cost working capital to build long-term strength. The Vietnam Plant 2 will start operations in Q4 2023.
- (4) Strategic alliance: With the rapid development of science and technology and the promotion of high-tech and complex industries and markets, the Group actively develops strategic alliances or mergers and acquisitions of potential startups to reduce the development costs and achieve the complement of internal and external resources, while achieving economies of scale in the short term. The Company aims at integrating, accelerating research and development capabilities, expanding the business landscape, and bringing synergy of different corporate cultures to enhance long-term competitiveness.

II. Market and Production Overview

(I) Market Analysis

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

Unit: NT\$ thousand

Year/Amount Item		2021		2022	
		Amount	%	Amount	%
Domestic Sales		11,742,577	23.56%	10,741,794	21.58%
Overseas sales	America	3,230,416	6.48%	3,746,966	7.53%
	Europe	5,464,154	10.97%	5,622,675	11.29%
	Asia	29,176,704	58.55%	29,392,916	59.04%
	Others	219,517	0.44%	278,806	0.56%
	Subtotal	38,090,791	76.44%	39,041,363	78.42%
Total		49,833,368	100.00%	49,783,157	100.00%

2. Market Share

The main products of the Company are Energy Saving and Visual Solutions products. According to market survey statistics, the estimated global shipping volume of large-sized LCD panels (laptop, TV, and PID) in

2022 was 631 million piece. The Company's overall shipping volume of Energy Saving products in 2022 was 40 million pieces, with a global market share of about 6.35%. According to market survey estimates, as a result of the continued spread of COVID-19, China's Zero-COVID policy, and the Russo-Ukrainian (Russia-Ukraine) War, the global macroeconomic recession continued and businesses and consumers cut expenses in 2022. Despite the stimulation of the FIFA World Cup Qatar, only a slight growth of 2%, roughly 6.15 million sets, was seen in the projector shipping volume. The shipping volume of our Visual Solutions products in 2022 was 1.36 million sets, with a global market share of 22%. In the 4K/UHD and laser projector sector, our shipping volume was world top of the DLP.

3. Future supply and demand of the market and its growth
(1) Energy Saving products

In the laptop market where we have a higher market share, in addition to the demand saturation in the post-COVID era, Black swan incidents including the global inflation, Russo-Ukrainian (Russia-Ukraine) War, and aggressive interest rate rises of developed countries, as well as the continued supply chain instability, the shipping volume began to fall rapidly from Q2 2022, leading to a decline by over 20% in the annual shipping volume. In 2023, unfavorable macroeconomic factors are everywhere on the demand side, and a slight decline is foreseeable in the laptop shipping volume. It is expected that upward momentum will be regained in H2 after the sluggish demand in Q1. In 2024, the economic recovery and intensifying processor platform competition are expected to favor the enhancement of the laptop's price-to-performance ratio, and a slight market growth is foreseeable. The support discontinuation of Windows 10 during 2025-2026 and the popularization of OLED are expected to start an upgrade trend to keep laptop growth on the right track.

In the 2023 shipping performance of major brands, among all five leading brands, a slight growth is only expected in Apple, while a reduction by one percent is foreseeable in the first three leading brands. A further decline by 4.2% is expected in the global laptop shipping volume in 2023. Unfavorable factors are everywhere on the demand side. Although the global inflation will slow, a high point is still inevitable, bringing a high influence to the sales of consumer models. Particularly, a bigger decline is expected in the European market and then the North American market, while a rebound is expected in the Chinese market after the gradual lockdown lift. The sales of business laptops will also decline, but at a rate lower than that of the consumer models. The education market, where the decline started first, is expected to rebound due to the machine upgrade trend. There are more favorable factors on the supply side. Both the increasing stability of the

global supply chain and the launch of the new processor platforms can help strengthen the shipping confidence of laptop brands. However, a closeout of the high stock of components and parts by the end of 2022 is expected in H1 2023. After two years of rectification, a slight growth in laptop shipping volume is expected in 2024.

In the TV sector, the mature LCD TV panel market with a higher supply suffered more from the economic impact. It is expected that the 2023 shipping volume of the LCD TV panel will reach 256 million pieces, a decline by 3.1% from the previous year. Despite the conservative demand capacity, the gradual return to normal of the shipping and logistic fees and the reach of the “sweet spot” of the oversized TV panel quotation will favor panel manufacturers to promote oversized products. Hence, TrendForce holds an optimistic view on the LCD TV panel in 2023, with an average growth by 1.5 inch toward 50 inches.

Benefited from the huge capacity and competitiveness in LCD products, Chinese panel manufacturers will further expand the market share of their LCD TV panels to 70.4% in 2023. The three leading panel manufacturers, including BOE, TCL, and HKC will still dominate the top three LCD TV panel shipping volumes in 2023. The continued supply concentration also increases the influence of Chinese panel manufacturers. In Taiwanese manufacturers, benefited from the transfer of orders for 38.5-inch panels from CEC-Panda, Innolux is expected to seize a 14.1% market share in 2023. Due to the order increase of major clients, AUO will experience a slight market share increase to 5.2%. Following the closure of the P7 plant in South Korea in December 2022, LG of South Korea will face a market share decline to 4.6% in 2023 of its LCD TV panels. Despite the reducing product demand of its production lines in Japan, Sharp is expected to gain a market share of 5.7% due to the active new product introduction its Gen 10.5 plant in Guangzhou. According to TrendForce, the 2023 supply-demand imbalance of LCD TV panels will be lower than that of IT panels. As LCD TV panels can consume more capacity for their larger size, it is possible that IT panel capacity will be used to produce LCD TV panels after a prolonged idle from the supply-demand imbalance. This will also influence the LCD TV panels to an extent. Additionally, the operational strategy of panel plant availability is the most important. Once suppliers fail to maintain market discipline, it will be difficult to regain the panel market balance this year.

In the outlook of the large-sized LCD panel demand in 2023, a slight shipping volume decline is seen in all four major applications:

TV, monitor/AIO PC, laptop, and large-sized pads. Following the rapid expansion of the OLED production lines in South Korea and

mainland China of South Korean manufacturers, it is expected that the CAGR of the global shopping volume of large-sized LCD TV panels will be lower than that of other applications, while a CAGR of 10% is expected in “other” applications including more prospective products, such as PID and digital signage.

Due to the unexpected demand decline in 2022, it is expected that the 2023 shipping volume of the Coretronic-related two major display applications, TV and laptop, will be maintained at the same level through continuous efforts. However, the annual demand will be characterized by a higher demand in H1 and a lower demand in H2. Looking back at 2021, we were making technological breakthroughs in the emerging application: automotive products. The mass production of privacy protection panels and large-sized panels for automotive products starting in 2023 is expected to significantly increase the revenue from automotive application in 2024. The growth of new service in 2023 and 2024 is expected to bring more stable operations to reduce the operational risk and impact of a single product.

(2) Visual Solutions products

Due to the gradual lockdown lift at home and abroad in 2023, a more impressive “post-COVID era” is expected. The crisis of the European and US inflations and the global circulation crisis of the international currency triggered by the interest rate rises will traumatize the economic growth potential of most countries. However, from the viewpoint of the display industry, the opportunity for an upward turn is foreseeable in 2023 in the personal, home, cultural tourism markets. Additionally, more capital for utilization is expected in businesses and the government.

Overall, according to the 2023 market survey estimates, as a result of the revenge shopping and the government-supported rigid demand after the post-COVID lockdown lift, the shipping volume of projectors, including laser TV, will reach 6.5 million sets. The 4K/UHD, smart projection, and home markets will continue to grow. The engineering project market will regain stability due to the development of the cultural tourism industry and large venue displays after the lockdown lift.

4. Competitive Niches

(1) Solid R&D capabilities

The Company is committed to the research and development of technology. In addition to designing and developing products that meet customer needs, the Company will also continuously develop key components for vertical integration to enhance competitiveness in the industry. Up until the end of March 2023, the Company has a total of

1,098 pending patents at home and abroad. The Company has over 600 R&D personnel, which shows the Company's emphasis on research and development.

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

Mutual growth with the display panel industry and the projector industry is the Company's main operational strategy. Hence, the new product development schedule, the implementation of flexible production planning strategies, and the production scheduling for emergency orders are the focus of our production strategy. Strengthening the operation mechanism of the supply chain platform and establishing the standardization of procedures maximize production efficiency and reduce production costs.

(3) Flexible marketing methods

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

5. Favorable and unfavorable factors for future development and counteractions

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

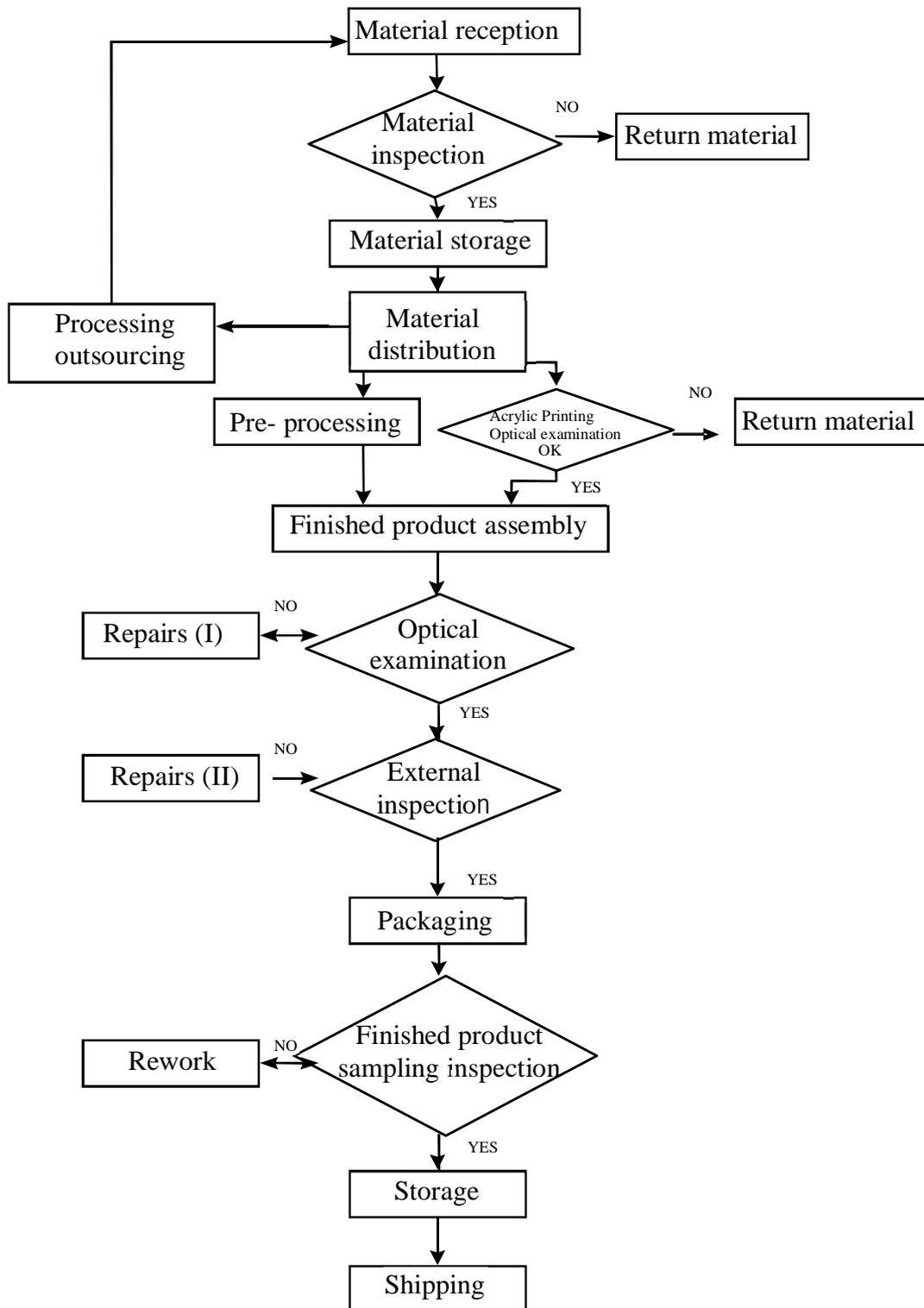
Item	Favorable Factors	Unfavorable Factors and Countermeasures
	<p>source technology, brightness is increased and market applications are expanded. Due to the pandemic, the demand for home entertainment products has significantly increased.</p> <p>6. With the active development of new applications such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

Item	Favorable Factors	Unfavorable Factors and Countermeasures
Conditions	the process time with lean management, and continuously introduces the automation process, which can meet the customers' small-amount demands as well as fulfilling the multi-line production at the same time to meet a large number of orders.	strengthened. <u>Corresponding countermeasures:</u> – Hiring senior professionals to engage with the Company's operational planning. – Establishing a comprehensive talent training and incentive system. – Automation and smart operation of internal matters with well-established digital systems
Product and Technology Development	1.The product line is complete and competitive on the market. 2.The R&D team is strong enough to master key technologies as well as critical components, and makes the Company a market leader. 3.The Company has the technology to design and manufacture large-size LCD backlight modules. 4.The Company has the advanced technology and products based on the integration of light, mechanical, electricity, and software. 5.The Company has the advanced technology and products with ultra-short throw machine and solid state light source. 6.The R&D team continues to innovate and provides customers with comprehensive projection solutions.	Industry sales change rapidly, and customer cost control has become increasingly stringent. <u>Corresponding countermeasures:</u> – Maintaining close relationships with key component suppliers to understand their capacity and adjust lead time. – Presenting optimal products through developing innovation technology, enhance self-manufacturing capability of parts, and collaborate with suppliers. – Actively carrying out technical cooperation or strategic alliance with major domestic and foreign manufacturers to facilitate the launch of new products or the acquisition of new technologies.
Sales overview and market capabilities	1.The strategy is focusing on ODM and continuing to innovate as our advantages. 2.Committed to the improvement of production technology and quality assurance system. The products have been recognized by domestic and foreign customers, and maintaining good customer relationships will help to improve market stability.	Science and technology are advancing rapidly, and some markets may be replaced by big screens or other new technologies. Traditional business models are also affected by e-commerce platforms. <u>Corresponding countermeasures:</u> – Taking advantage of key market components and brand customers to capture pre-market information and market trends. Investing in the research and development of technologies that can compete with alternative technologies, as well as incorporating technologies such as HDR and LGP film into the Company's research and development. – Using existing overseas subsidiaries to collect market information in order to understand market trends. The Group will also develop potential, and may replace the existing product market in the current product market, and incorporate the technology of the Company in the R&D projects, such as laser/LED source and the ultra-short-throw interactive technology, multi-screen blending technology, and the immersive curve blending interaction technology. – Leveraging technology and customer access to build new retail trends and expand market applications.

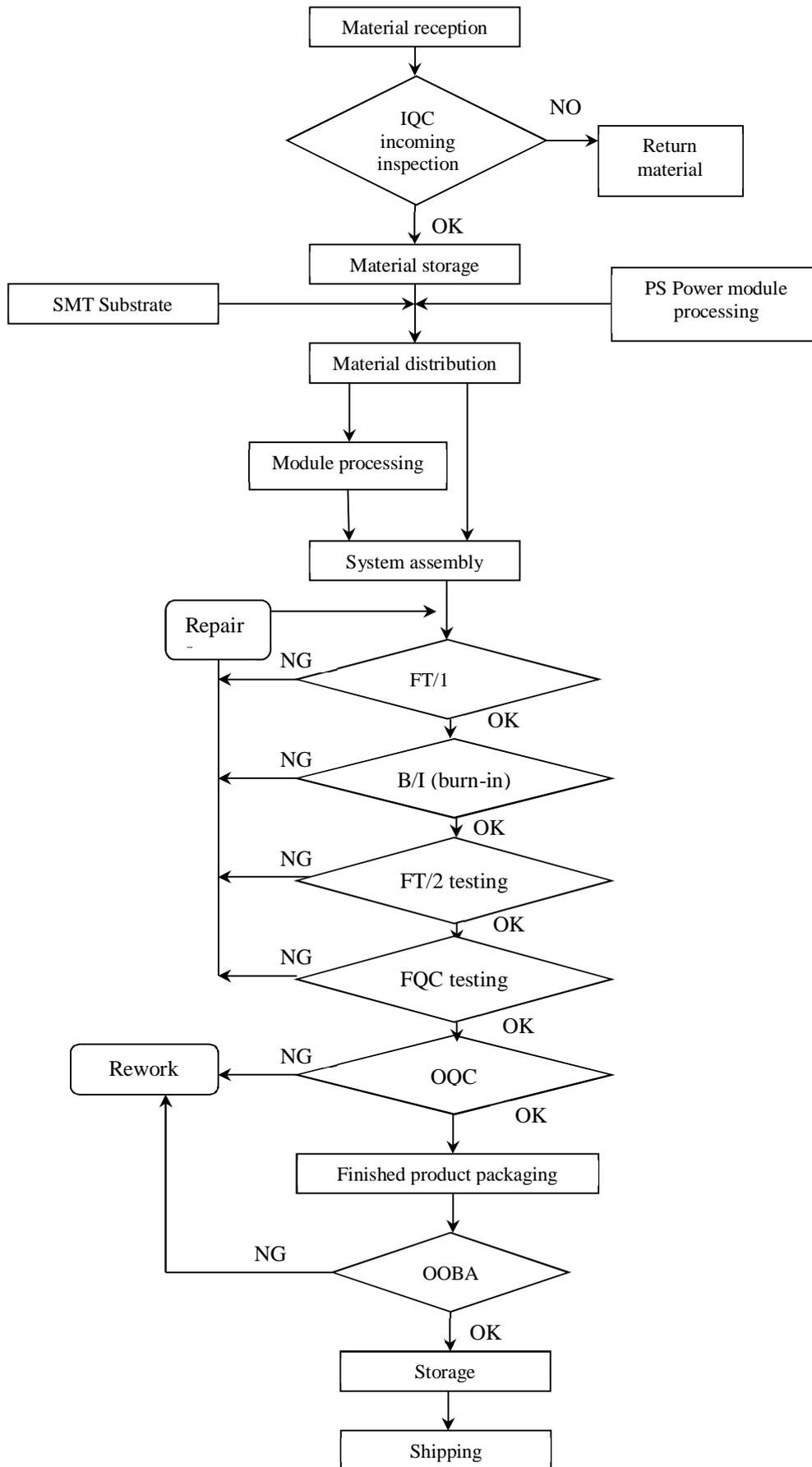
(II) Usage and production process of the primary products

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

(1) Backlight plate production process



(2) Projector production process



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

(IV) Name and purchase (sales) amount and proportion of suppliers (customers) accounting for over 10% of the total purchase (sales) amount in the most recent two years:

1. Information on major suppliers in the most recent 2 years:

Unit: NT\$ thousand

Item	2021				2022				As of March 31 st ,2023			
	Name (note)	Amount	Year net Net purchase ratio (%)	Relationship with the issuer	Name (note)	Amount	Year net Net purchase ratio (%)	Relationship with the issuer	Name (note)	Amount	Net purchase ratio of the first quarter of 2023(%)	Relationship with the issuer
1	Supplier A	3,678,861	10.34	-	Supplier A	5,012,521	15.31	-	Supplier A	541,079	12.30	-
2	Others	31,912,856	89.66	-	Others	27,717,206	84.69	-	Others	3,856,879	87.70	-
3	Total net purchase	35,591,717	100.00	-	Total net purchase	32,729,727	100.00	-	Total net purchase	4,397,958	100.00	-

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

Reasons for changes: Due to product portfolio adjustment, the proportion of purchase from supplier A exceeded 10% in the last two years, and the proportion of purchases from other suppliers were all below 10%.

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

Unit: NT\$ thousand

Item	2021				2022				As of March 31 st ,2023			
	Name	Amount	Year net sales ratio (%)	Relationship with the issuer	Name (note)	Amount	Year net sales ratio (%)	Relationship with the issuer	Name (note)	Amount	Net sales ratio of the first quarter of 2023 (%)	Relationship with the issuer
1	Customer A	6,587,940	13.22	-	Customer D	5,953,677	11.96	-	Customer A	1,035,984	10.82	-
2	Customer B	5,015,984	10.07	-	-	-	-	-	-	-	-	-
3	Customer C	4,992,252	10.02	-	-	-	-	-	-	-	-	-
4	Others	33,237,192	66.69	-	Others	43,829,480	88.04	-	Others	8,534,801	89.18	-
5	Total net sales	49,833,368	100.00	-	Total net sales	49,783,157	100.00	-	Total net sales	9,570,785	100.00	-

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

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

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

Unit: NT\$ thousand /pcs/unit

Product \ Year	2021			2022		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Energy saving products	97,368,840	63,482,940	23,476,238	82,357,033	43,462,422	23,006,064
Visual Solutions products	2,733,600	940,603	10,173,975	2,358,000	1,410,655	15,336,739
Total	—	—	33,650,213	—	—	38,342,803

(VI) Sales volume in the last 2 years

Unit: NT\$ thousand /pcs/unit

Primary Products \ Year	2021				2022			
	Domestic Sales		Overseas sales		Domestic Sales		Overseas sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Energy Saving products	20,803,298	9,079,395	40,040,767	18,078,644	14,753,776	7,344,968	25,254,658	15,245,008
Visual Solutions products	170,117	1,383,980	700,374	11,478,730	196,154	1,632,703	1,161,468	17,687,281
Others	—	1,279,202	—	8,533,417	—	1,764,123	—	6,109,074
Total	—	11,742,577	—	38,090,791	—	10,741,794	—	39,041,363

III. Employees

Year		2021	2022	As of March 31 st ,2023
Number of employees	Technical personnel	2,794	2,889	2,763
	Management personnel	1,962	2,050	1,943
	Operating personnel	11,965	6,374	6,729
	Total	16,721	11,313	11,435
Average age		39.08	39.16	39.22
Average Years of Service		7.02	8.59	9.05
Education Distribution Ratio (%)	PhD	0.45	0.65	0.66
	Graduate School	6.27	10.94	11.49
	University/Coll	21.71	35.24	35.43
	High school (and below)	71.57	53.17	52.42

IV. Environmental protection expenditure

- (I) Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.
- (II) Future countermeasures (including improvement measures) and possible expenditures: The Company has a dedicated unit to promote the ISO 14001 environmental management system, ISO 45001 occupational safety and health management system, CNS 15506 Taiwan occupational safety and health management system, ISO14064-1 greenhouse gas inventory certificate, ISO50001 energy management system at Chunan Plant, and implement the environmental protection and operation safety. There has been no loss or penalties due to environmental pollution or work safety incidents by the competent authorities.
- (III) In order to conform to the trend of green consumption in the 21st century, the Executive Yuan promulgated the “Organization Green Procurement Plan” in July 2001. In line with government policies, the Company has added environmentally-friendly products to priority procurement. In 2022, the total purchase amount was about NT\$35,480,000.

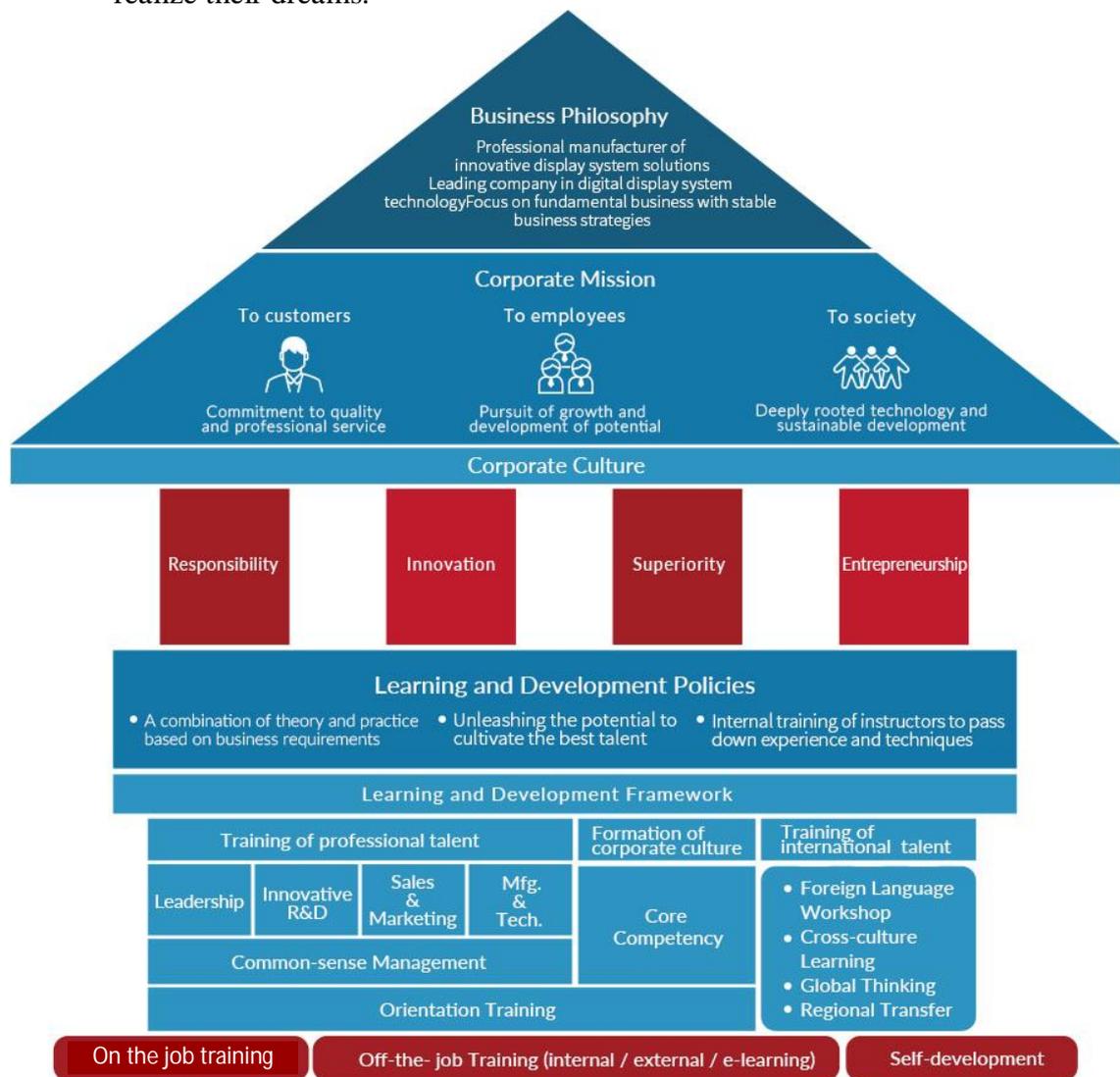
V. Labor relations

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

Employee welfare measures	
Operating profit sharing (Applicable to full-time employees in Taiwan)	<ul style="list-style-type: none"> • Employee bonus (depending on the annual operational and individual performance) • Performance bonus, operating performance bonus, and R&D patent bonus, special position bonuses • Award ceremony for excellent R&D personnel, senior employees and outstanding employees • Employee shares (when possible)
Comprehensive Employee Care	<ul style="list-style-type: none"> • Employees enjoy free group insurance, expatriate and family accident insurance, travel insurance for overseas travel, consulting services of group security personnel regularly stationed in the factory. • Regular health checkups, employee health management, comfortable leisure space and professional medical consultation • Comprehensive retirement system, Working conditions with gender equality • Flexible working hours and shuttle buses • Friendly parking spaces for the injured and ill.
Diversified Welfare Design	<ul style="list-style-type: none"> • Gift vouchers for Labor Day, Mid-Autumn Festival, Dragon Boat Festival and birthdays • Wedding gift, childbirth gift, hospitalization subsidies, condolences money, travel subsidy, funding for clubs • Funding for employee clubs and reward for club competitions. • Family day, club activities, year-end party, domestic • Restaurant, smart cafe, convenience store, employee leisure center, multi-functional employee fitness center, and yoga classroom • One free breakfast and afternoon tea and two movie tickets each month per person. • Periodic supply or organic vegetable box
Women's Care	<ul style="list-style-type: none"> • Parental leave, family care leave, maternity leave, paternity leave, menstrual leave, and prenatal checkup leave • Breastfeeding (lactation) room • Pregnant women's garage parking spaces • Contracted nursery and kindergarten (preschool) • Priority meal collection for pregnant women
Leave better than legal requirements	<ul style="list-style-type: none"> • Golden Week: 5-day full-pay leave • Volunteering leave: Employees participating in the volunteer events organized by the Company may apply for the volunteering leave equivalent to the event length. There is no upper limit for volunteering leave each year.

2. Upholding the belief that “human resources are the company’s most important asset”, we offer multifaceted and flexible learning environments to enrich the professional skills and literacy of employees and achieve the mutual support of work and learning to lay a foundation for the self-development. We offer systematic training courses to employees based on their career planning and learning roadmap to develop their expertise in management or other professions. Based on the course category, internal and external instructors are hired to share knowledge, experience, and skills to improve the competencies and career development of employees. The Company organized training courses in 2022 with a total number of participants of 21,630. The total number of training hours was 21,114 hours, costing exceeded NT\$1,960,000. We also support innovation learning and devote to creating a sustainable learning workplace environment. Through a job-oriented learning development system, e-learning, and vivid

practical training, as well as combining regional job rotation and foreign language learning, we help employees wishing to experience the world to realize their dreams.



- The company's retirement system is handled in accordance with the Labor Standards Act. Since July 1, 2005, the Company has complied with the regulations to implement a new system of labor pensions. For employees choosing the new pension system, each month we contribute 6% of their salary by law as their pension, and employees may contribute 0-6% of their salary and deposit the sum to their personal account at the Bureau of Labor Insurance. Those who choose the old pension system or the new one but started working before the new system came into force will allocate 2% of the retirement reserve to the Company account of the Bank of Taiwan on a monthly basis. The Company has a sound retirement system to ensure that employees' pension funds and benefits are not being compromised. The pension funds will be paid within 30 days after the date of employee's retirement. In 2022, nine employees applied for retirement, and all applications were completed by law. After senior employees with excellent work performance apply for retirement, we will invite them to serve as consultants to share their rich experience with other employees. Apart from providing professional consulting services for the Company, this policy also creates another stage for retired employees to continue their contribution to the Company.

- (II) Labor-management agreement and employee rights maintenance measures: The Company hosts labor-management meetings regularly with senior managers present at the meeting to listen to the voices of employees and represent the management to interact and communicate with the employees. In order to protect the rights of employees, the Company has set up physical and digital employee suggestion boxes (8585 mailbox), and a delegated hotline (ext. 8585), serving as a private and safe channel for receiving suggestions from employees. The suggestions from employees are handled by designated personnel.
- (III) Any losses suffered by the company in the most recent years and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.
- (IV) Work environment and employee personal safety protection measures

The Company adheres to the philosophy of “pursuing excellence and valuing customers.” In order to protect employee health, maintain the work environment as well as protecting the environment, the Company promotes ISO14001 - *Environmental Management Systems* / ISO45001 *Occupational Health and Safety* / CNS 45001 - *Taiwan Occupational Safety and Health Management System* and obtained certification. In order to “implement risk management, prevent disasters and unhealthy occurrences, enhance employees' safety and hygiene awareness, create a safe and comfortable working environment, prevent pollution, reduce waste and recycle, and improve resource use efficiency, and becoming a green enterprise,” we are committed to the continuous improvement of environmental and safety management performance, to preventing occupational disasters, to improving the working environment, to maintaining peer safety and reducing accident losses, and to regularly implementing regular inspections. In the process of regular inspection and improvement, all departments pay more attention to the safety of the work environment, gradually improve the safety awareness of personnel and reduce the risk of environmental hazards. The guards patrol 24 hours a day, and a surveillance system has been set up. In order to promote disaster prevention and enhance the crisis awareness and emergency response capability of the emergency response team members, the Company regularly reviews emergency contingency plans.

The Company adheres to the core principle “disaster prevention,” utilizes the proper management tools and available resources, identifies occupational safety and health issues within the factories, puts forth effective measures, and promotes the occupational safety culture. In addition, we also improve the protection management for operators and invest resources in the prevention of occupational illness to create a zero-disaster environment. To decrease the occurrence of occupational incidents and systematically manage the occupational disaster risks, in addition to the establishment of the Occupational Injuries and Accident Management Regulations, the “Accident Report/Staff Occupational Injuries/EHS Incident Handling Record” platform has been established to record and track the possible reasons of the accidents and corrective actions. When any occupational injury occurs, we will review the danger factors, evaluate risks, and enhance disaster prevention while implementing the incident analysis and improvement through regular internal inspection, incident management regulations, and reporting system investigation mechanism to ensure a safe working environment.

To take good care of the physical, mental, and spiritual health of employees and endeavor to inculcate the health management concept into employees, we have established the health management unit in each plant to promote total health management and have been consecutively awarded the Badge of Accredited Healthy Workplace for many years. By assessing health risk based on the results of the annual health checkup and integrating the four implementation plans of the Occupational Safety and Health Act, we identify and assess high-risk groups, hire medical specialists to give on site consultation and health instruction services and arrange necessary referrals. With the support of senior executives, actively promote various health promotion activities, organize Golden Tourism Week and Sports Family Day, and promote the digital gym - "i Health Plan", through customized personal exercise prescriptions, encourage colleagues to develop good exercise habits, establish a good lifestyle and create a healthy workplace.

In response to COVID-19, the internal "Epidemic Response Team" kept track on the epidemic control policies and epidemic information published by the Central Epidemic Control Command (CECC), made rolling management, and implemented employee health monitoring and anomaly follow-up. Besides providing employees with a healthy and safety workplace environment, the team also lowered the impact of the pandemic.

(V) Has Company established a code of employees conduct or ethics

To maintain our commitment of business ethics and integrity, we have set up the "Code of Conduct" section on the employee portal to ensure that employees engaging with the Company's business activities comply with the requirements of the ethics, customers and stakeholders. The "Code of Conduct" section includes the Code of Ethical Conduct/Ethical Corporate Management Best Practice Principles/Procedures for Ethical Management and Guidelines for Conduct/RBA Code of Conduct/Instructions for Management of Avoidance of Conflicts of Interest with Suppliers/Occupational Safety and Health Best Practice Principles. The above-mentioned regulations regulate the behavior of all employees. The main content is as follows:

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

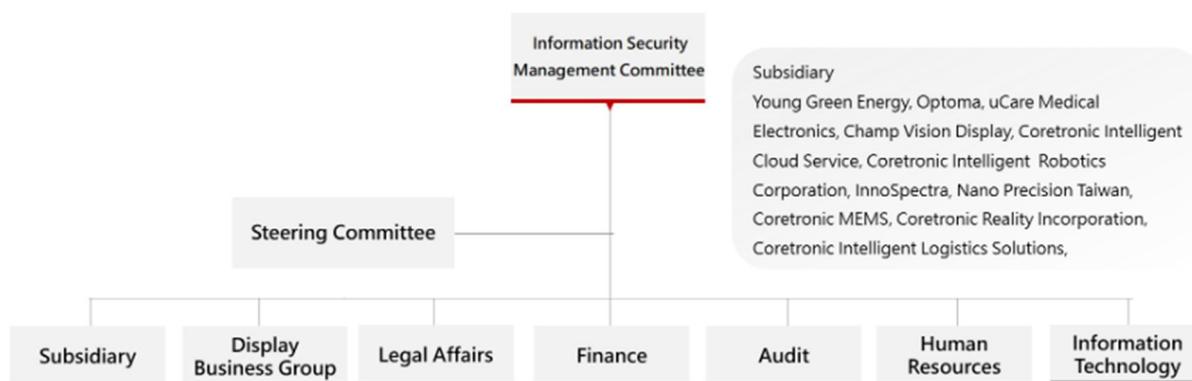
VI. Information, communication, and security management

(I) Information, communication, and risk management framework

In December 2012, the Company established the "Information Security Committee," which is responsible for reviewing the information security governance policies, monitoring the information security management, building the comprehensive information protection mechanisms, raising colleagues' awareness about information security, and evaluating the information security risks

on a regular basis. Since 2020, it has reported the implementation status to the Board of Directors.

Organizational chart of the Information Security Committee



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

(II) Cybersecurity Policy

The Company has obtained ISO 27001 certification from SGS, with the certificate issued in April 2023. We will use it as the reference standard and formulate our information security policy based on the actual management needs. The main information security management needs are the basis for the establishment, and the relevant information services provided by the Information Management Center and the relevant departments of the Company are the main scope.

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

promote information security management operations to enhance the quality of security services for the Coretronic Group.

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

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

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

All information security matters within the Group are planned, managed, and supervised by the Information Security Committee. Dedicated information security engineers are appointed to take charge of information security.

• Annual Information Security Objectives

Information Security Objectives	CIAL	KPI	Control measures
Undisrupted network service of the server room	A	4 times	The cybersecurity incident automatic alarm system is established to send real-time warnings for specific cybersecurity incidents to facilitate taking effective preventive measures so as to reduce cybersecurity incidents.
Undisrupted service of key business systems	A	2 times	Abnormal incident logs are retrieved to ensure undisrupted service of key business systems.
Annual review of the cybersecurity policy	L	1 times	The cybersecurity policy should be reviewed each year to ensure compliance with the Group's policy goals, ISMS standard, and legal compliance.
Annual review management meeting of information security	L	1 times	A review management meeting of information security should be held each year to ensure all information security measures are unflinchingly implemented and continual improvement is achieved.
Accomplishment rate of cybersecurity education and training for employees	CIA	100%	A minimum of three hours of general education and training on information security or personal data should be arranged for employees.
Annual review of system access privileges	C	1 times	OTP management of privileged accounts.
Annual vulnerability scan of important systems	CIA	1 times	Vulnerability scan is implemented periodically on important systems each year to ensure the timely fixing of high-risk loopholes.

Information Security Objectives	CIAL	KPI	Control measures
Backup copies of important system data are made periodically each year to ensure compliance with the RPO requirements.	IA	2 times	Backup and restoration drills of important system data are conducted each year, and records are maintained.
Signing of the non-disclosure agreement (NDA) of all personnel of information service contractors.	C	2 contracts.	To ensure contractor supervision and management, personnel of contractors providing information service are requested to sign the NDA.
Spot check of drilling on the service continuity of important systems each year	A	1 times	To ensure the service continuity of important systems, business continuity drills should be scheduled each year.
Success rate of social engineering in drills	CIA	10%	Do not open emails of unknown origins and click the links and open the attachments contained. After receiving emails of unknown origins, immediately delete or notify the IT unit.
Number of installed illegal or unlicensed software found in annual random check	L	None.	To ensure all software used within the Group is legally licensed to avoid copyright infringement and malware attacks.

C: Confidentiality

I: Availability

A: Integrity

L: Legal

- Review and continuous improvements

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

• Results by investing resources

Enhance the information security system	<ul style="list-style-type: none"> • Build the gateway security monitoring system to monitor and control all domains within the group
	<ul style="list-style-type: none"> • Introduce the all-time information security threat monitoring and defense system to monitor the networking behaviors within the group
Information security inspection services	<ul style="list-style-type: none"> • 1 email social engineering exercise and more than 2,000 employees finished the exercise
	<ul style="list-style-type: none"> • 1 scans of the vulnerabilities of external websites to detect all vulnerabilities and fix all of them
Education, training, and promotion	<ul style="list-style-type: none"> • All new recruits finished the education and training courses on information security and more than 100 recruits
	<ul style="list-style-type: none"> • Finished 1 education and training course on information security. Over 100 employees participated in
	<ul style="list-style-type: none"> • 2 information security lectures, information security rules, and notes

(IV) Damage, potential impacts, and counteractions caused by significant cybersecurity incidents in the most recent years and by the date of report publication. State the reasons for failure of reasonable estimation, if any: None.

VII. Important contracts

Nature of Contract	Parties	Contract Start/End Date	Main Content	Restrictive Provisions
Land lease	Hsinchu Science Park Administration Office	2017.07.01~2036.12.31	Science Section of Hsinchu Science Park 9,047.95 square meters of land	Sublease and sublease conditions should be approved by the Science Park Bureau
Land lease	Hsinchu Science Park Administration Office	2021.01.01~ 2040.12.31	12,236.13 square meters of land in Nanke Section, Miaoli County	Sublease and sublease conditions should be approved by the Science Park Bureau
Land lease	Southern Taiwan Science Park Administration Office	2023.01.01~2043.12.31	The land in the Southern Taiwan Science Park occupies a total area of 24,940m ² .	Sublease and sublease conditions should be approved by the Science Park Bureau
Land lease	Southern Taiwan Science Park	2019.06.20~2039.06.19	The land in the Southern Taiwan Science Park occupies	Sublease and sublease conditions

Nature of Contract	Parties	Contract Start/End Date	Main Content	Restrictive Provisions
	Administration Office		a total area of 20,000m ² .	should be approved by the Science Park Bureau
Trademark Licensing	HDBaseT Alliance	January 20th, 2015 till the end of the Company's membership in the technology alliance	The Alliance has granted its trademark licensing to the Company	Not transferrable
Technology licensing	Dolby Laboratories Licensing Corporation	December 19th, 2002 ~ the termination of the patent	The Company's technology licensing is authorized and the royalty is paid by the Company	None
Technology licensing	A Technology Alliance	January 20th, 2015~ expiration of the last patent.	This technology license is granted and the royalty is paid by the Company	Confidentiality agreement
Supply Contract	A U.S. company	Three years starting from July 31st, 2002 with automatic renewal	Projector Supply Contract	Confidentiality agreement
Supply Contract	A Japanese company	January 6th, 2004~January 5th, 2005: Automatic renewal are expiration.	Projector Purchase/Sales Contract	Confidentiality agreement
Supply Contract	A major Japanese company	April 1st, 2004 ~ March 31st, 2005 with automatic renewal	Projector Purchase/Sales Contract	Confidentiality agreement
Supply Contract	A Japanese household appliance and consumer electronic product brand	January 6th, 2005 ~ January 5th, 2006 with automatic renewal upon expiration. May 25th, 2005 ~ May 24th, 2006 with automatic renewal upon expiration.	Projector Purchase/Sales Contract	Confidentiality agreement
Supply Contract	A U.S. company	November 1st, 2006 till any party terminates the contract	Projector Supply Contract	Confidentiality agreement
Supply Contract	A Japanese company	Effective from December 1st, 2007	Projector Supply Contract	Confidentiality agreement
Supply Contract	A Japanese company	One year from August 26th, 2009 with automatic renewal	Projector Supply Contract	Confidentiality agreement/ Non-transferrable
Supply Contract	A Canadian company	Signed in 2010 but effective from October 21, 2008 until	Projector Supply Contract	Confidentiality agreement

Nature of Contract	Parties	Contract Start/End Date	Main Content	Restrictive Provisions
		termination by any party of the contract		
Supply Contract	A U.S. company	March 8th, 2010 until any party terminates the contract	Optical Product Supply Contract	Confidentiality agreement
Supply Contract	A Japanese company	June 1st, 2010 ~ May 31st, 2011 (automatic renewal upon expiration)	Backlight Module Supply Contract	Confidentiality agreement
Supply Contract	A U.S. company	Signed on November 17th, 2010 but effective from November 1st, 2006 until terminated by any party the contract	Projector Supply Contract	Confidentiality agreement
Supply Contract	An American company	From March 15 th , 2011 with automatic renewal upon expiration	Projector Supply Contract	Confidentiality agreement
Supply Contract	A Japanese company	1 year from August 1st, 2011 with automatic renewal	Projector Supply Contract	Confidentiality agreement
Supply Contract	A Korean company	July 20th, 2011 ~ July 19th, 2012 with automatic renewal upon expiration	LCD Module Supply Contract	Confidentiality agreement
Supply Contract	A U.S. company	Five years from November 23rd, 2012 with automatic renewal upon expiration	Projector Supply Contract	Confidentiality agreement
Supply Contract	A Indian company	September 25th, 2014 until any party terminates the contract	Backlight Module Supply Contract	Confidentiality agreement
Supply Contract	A Korean company	One year from June 1st, 2015 with automatic renewal upon expiration	LCD Module Supply Contract	Confidentiality agreement/ Non-transferrable
Supply Contract	A Taiwanese company	Effective from January 1st, 2016	Projector Supply Contract	None
Supply Contract	A U.S. company	Effective from April 25th, 2022 until the contractual date of expiration.	Lithography Supply Contract	Confidentiality agreement/ Non-transferrable
Supply Contract	A U.S. company	Effective from October 1st, 2019 until the contractual date of expiration.	Lithography Supply Contract	Confidentiality agreement
Land Lease	An industrial park in Vietnam	2022.02.11-2077.12.21	1.13 hectares in Phu My town, Ba Ria-	Confidentiality agreement

Nature of Contract	Parties	Contract Start/End Date	Main Content	Restrictive Provisions
			Vung Tau Province, Vietnam	
Construction Contract	A Vietnamese company	2022.04.01~2024.04.20	A construction project in Phu My town, Ba Ria-Vung Tau Province, Vietnam.	Confidentiality agreement

Six. Financial Summary

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

(I) Condensed Statement of Financial Position in Last 5 Years

1. IFRS-compliance (consolidated)

Unit: NT\$ thousand

Item	Year	Financial information for the latest 5 years (Note 1)					Year-to-date March 31, 2023(Note 2)
		12.31.2018	12.31.2019	12.31.2020	12.31.2021	12.31.2022	
Current assets		39,983,296	38,979,695	36,285,583	46,956,304	40,336,072	35,251,511
Long-term investments (Note 3)		379,924	505,815	958,183	4,031,839	3,945,126	4,595,918
Property, plant and equipment		6,551,312	6,930,269	7,158,625	7,513,806	8,092,453	8,185,664
Intangible assets		156,402	281,674	408,646	330,634	358,509	342,465
Other assets		966,271	2,625,667	2,464,026	2,637,810	3,125,655	3,006,612
Total assets		48,037,205	49,323,120	47,275,063	61,470,393	55,857,815	51,382,170
Current liabilities	Before dividend	23,195,844	23,872,451	20,153,862	33,725,462	25,918,110	22,345,460
	After dividend	24,716,325	24,741,297	21,717,787	35,289,386	27,677,525 (Note 4)	22,345,460 (Note 4)
Non-current liabilities		575,708	1,898,109	2,181,766	3,527,930	4,859,221	4,724,714
Total liabilities	Before dividend	23,771,552	25,770,560	22,335,628	37,253,392	30,777,331	27,070,174
	After dividend	25,292,033	26,639,406	23,899,553	38,817,316	32,536,746 (Note 4)	27,070,174 (Note 4)
Equity attributable to parent company shareholders		22,205,213	21,383,195	22,895,484	22,152,104	22,729,545	21,985,793
Share capital		4,344,231	4,344,231	4,344,231	3,909,811	3,909,811	3,909,811
Capital reserve		4,072,808	3,727,475	3,548,559	2,893,442	2,808,225	2,476,069
Retained earnings	Before dividend	15,401,992	15,673,259	16,589,148	16,166,239	17,422,638	16,306,850
	After dividend	14,533,146	15,021,624	15,416,204	14,993,296	16,054,204 (Note 4)	16,306,850 (Note 4)
Other equity items		(1,613,818)	(2,361,770)	(1,586,454)	(817,388)	(1,411,129)	(706,937)
Treasury stock		—	—	—	—	—	—
Non-controlling interests		2,060,440	2,169,365	2,043,951	2,064,897	2,350,939	2,326,203
Total equity	Before dividend	24,265,653	23,552,560	24,939,435	24,217,001	25,080,484	24,311,996
	After dividend	22,745,172	22,683,714	23,375,510	22,653,077	23,321,069 (Note 4)	24,311,996 (Note 4)

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

Note 2: Consolidated financial information for the first quarter of 2023 was auditor-reviewed.

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

Note 4: Cash dividend of earnings distribution for 2022 was passed by resolution of the Board meeting on March 13, 2023.

2. IFRS-compliance (individual)

Unit: NT\$ thousand

Item \ Year		Financial information for the latest 5 years (Note 1)				
		12.31.2018	12.31.2019	12.31.2020	12.31.2021	12.31.2022
Current assets		12,109,159	8,011,769	8,466,554	15,525,847	11,677,291
Long-term investments (Note 2)		24,441,658	24,385,495	26,827,504	31,905,802	36,038,886
Property, plant and equipment		1,338,638	1,692,769	1,691,218	1,621,118	1,614,882
Intangible assets		33,653	27,041	151,957	163,001	213,268
Other assets		173,966	902,789	929,505	858,289	945,484
Total assets		38,097,074	35,019,863	38,066,738	50,074,057	50,489,811
Current liabilities	Before dividend	15,428,197	12,785,192	14,283,573	26,070,085	23,730,122
	After dividend	16,948,678	13,654,038	15,847,497	27,634,009	25,489,537 (Note 3)
Non-current liabilities		463,664	851,476	887,681	1,851,868	4,030,144
Total liabilities	Before dividend	15,891,861	13,636,668	15,171,254	27,921,953	27,760,266
	After dividend	17,412,342	14,505,514	16,735,178	29,485,877	29,519,681 (Note 3)
Equity attributable to parent company shareholders		22,205,213	21,383,195	22,895,484	22,152,104	22,729,545
Share capital		4,344,231	4,344,231	4,344,231	3,909,811	3,909,811
Capital reserve		4,072,808	3,727,475	3,548,559	2,893,442	2,808,225
Retained earnings	Before dividend	15,401,992	15,673,259	16,589,148	16,166,239	17,422,638
	After dividend	14,533,146	15,021,624	15,416,205	14,993,296	16,054,204 (Note 3)
Other equity items		(1,613,818)	(2,361,770)	(1,586,454)	(817,388)	(1,411,129)
Treasury stock		—	—	—	—	—
Non-controlling interests		—	—	—	—	—
Total equity	Before dividend	22,205,213	21,383,195	22,895,484	22,152,104	22,729,545
	After dividend	20,684,732	20,514,349	21,331,560	20,588,180	20,970,130 (Note 3)

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

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

Note 3: Cash dividend of earnings distribution for 2022 was passed by resolution of the Board meeting on March 13, 2023.

(II) Condensed Statement of Comprehensive Income in Last 5 Years

1. IFRS-compliance (consolidated)

Unit: NT\$ thousand

Item \ Year	Financial information for the latest 5 years (Note 1)					
	2018	2019	2020	2021	2022	Year-to-date March 31, 2023 (Note 2)
Operating revenue	55,672,933	48,711,259	42,438,336	49,833,368	49,783,157	9,570,785
Gross profit	10,369,870	8,806,446	7,406,757	8,730,982	9,454,196	1,602,781
Operating profit (loss)	2,301,619	1,201,103	692,089	1,646,426	2,150,622	64,062
Non-operating income and expenses	565,702	500,809	1,144,607	1,138,893	1,022,358	215,785
Profit before tax	2,867,321	1,701,912	1,836,696	2,785,319	3,172,980	279,847
Continuing operations - current net income	—	—	—	—	—	—
Loss from discontinued operations	—	—	—	—	—	—
Current net income (loss)	2,128,184	1,158,307	1,395,156	2,039,280	2,413,434	193,347
Other current comprehensive income	(359,410)	(800,822)	794,333	753,630	(470,802)	705,772
Total comprehensive income/loss for the current period	1,768,774	357,485	2,189,489	2,792,910	1,942,632	899,119
Net income attributable to parent company shareholders	2,020,219	1,153,070	1,560,418	2,031,625	2,358,935	252,646
Net income attributable to non-controlling interest	107,965	5,237	(165,262)	7,655	54,499	(59,299)
Comprehensive income attributable to Owners of parent	1,649,136	392,161	2,352,647	2,801,001	1,835,602	956,838
Comprehensive income attributable to Non-controlling interests	119,638	(34,676)	(163,158)	(8,091)	107,030	(57,719)
Earnings per share (\$)	4.65	2.65	3.59	5.12	6.03	0.65

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

Note 2: Consolidated financial information for the first quarter of 2023 was auditor-reviewed.

2. IFRS-compliance (standalone)

Unit: NT\$ thousand

Item \ Year	Financial information for the latest 5 years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenue	19,698,298	17,837,272	15,521,518	24,567,786	30,567,680
Gross profit (Note 2)	2,995,651	2,727,735	2,183,216	2,579,180	3,392,179
Operating profit (loss)	(259,401)	(447,700)	(575,552)	(363,694)	378,841
Non-operating income and expenses	2,292,184	1,677,599	2,176,532	2,383,249	2,141,576
Profit before tax	2,032,783	1,229,899	1,600,980	2,019,555	2,520,417
Continuing operations - current net income	2,020,219	1,153,070	1,560,418	2,031,625	2,358,935
Loss from discontinued operations	—	—	—	—	—
Net income (loss) for current period	2,020,219	1,153,070	1,560,418	2,031,625	2,358,935
Other current comprehensive income	(371,083)	(760,909)	792,229	769,376	(523,333)
Total comprehensive income/loss for the current period	1,649,136	392,161	2,352,647	2,801,001	1,835,602
Net income attributable to parent company shareholders	—	—	—	—	—
Net income attributable to non-controlling interest	—	—	—	—	—
Comprehensive income attributable to Owners of parent	—	—	—	—	—
Comprehensive income attributable to Non-controlling interests	—	—	—	—	—
Earnings per share (\$)	4.65	2.65	3.59	5.12	6.03

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

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

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

Year	Name of accounting firm	Name of CPA	Audit opinion
2018	Ernst & Young	Hsin-Min Hsu, Chih-Chung Chen	Unqualified opinion
2019	Ernst & Young	Hsin-Min Hsu, Chih-Chung Chen	Unqualified opinion
2020	Ernst & Young	Hsin-Min Hsu, Chih-Chung Chen	Unqualified opinion
2021 (note)	Ernst & Young	Shao-Pin Kuo, Chih-Chung Chen	Unqualified opinion
2022	Ernst & Young	Shao-Pin Kuo, Chih-Chung Chen	Unqualified opinion

Note: In response to the internal organizational adjustment of Ernst & Young Global Limited, the previous CPAs were replaced by CPA Shao-Pin Kuo and CPA Chih-Chung Chen on February 8, 2021.

II. Financial analysis for the last 5 years

1. IFRS-compliance (consolidated)

Analysis		Year	Financial analysis for the last 5 years (Note 1)					Year-to-date March 31, 2023(Note 2)
		2018	2019	2020	2021	2022		
Financial position (%)	Debt to assets ratio	49.49	52.25	47.25	60.60	55.10	52.68	
	Long-term capital to property, plants and equipment	347.73	335.94	350.31	341.77	340.92	326.31	
Solvency (%)	Current ratio	172.37	163.28	180.04	139.23	155.63	157.76	
	Quick ratio	136.31	135.66	152.86	109.13	112.27	114.32	
	Interest coverage ratio	12.70	5.90	13.70	31.32	10.30	2.83	
Operating efficiency	Accounts receivable turnover (times)	3.66	3.81	3.61	3.24	3.40	3.89	
	Average cash collection days	100	96	101	113	107	93.83	
	Inventory turnover (times)	5.36	5.24	5.70	5.30	3.85	3.12	
	Accounts payable turnover (times)	4.08	4.49	4.21	3.80	3.87	5.01	
	Average inventory turnover days	68	70	64	69	95	116.98	
	Property, plant and equipment turnover (times)	8.37	7.23	6.02	6.79	6.38	4.70	
	Total asset turnover (times)	1.11	1.00	0.88	0.92	0.85	0.71	
Profitability (%)	Return on assets	4.43	2.94	3.47	3.87	4.49	2.80	
	Return on equity	9.24	5.29	7.05	9.02	10.51	4.52	
	Pre-tax profit to paid-up capital	66.00	39.18	42.28	71.24	81.15	28.63	
	Net profit margin	3.82	2.38	3.29	4.09	4.85	2.02	
	Earnings per share (\$)	4.65	2.65	3.59	5.12	6.03	0.65	
Cash flow (%)	Cash flow ratio	15.54	21.08	16.71	—	18.93	—	
	Cash flow adequacy ratio	153.42	132.86	176.48	82.95	85.30	62.37	
	Cash reinvestment ratio	7.54	13.17	8.18	—	10.30	—	
Degree of leverage	Operating leverage	1.63	2.25	3.07	1.91	1.73	7.05	
	Financial leverage	1.12	1.31	1.26	1.06	1.19	—	

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

- Inventory turnover decreased and average inventory turnover days increased due to the increase in average inventory.
- Interest coverage ratio decreased mainly due to the increase in interest expense.
- Cash flow ratio increased mainly due to the higher net cash inflow from operating activities.
- Cash reinvestment ratio increased ed mainly due to the higher net cash inflow from operating activities.

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

Note 2: Consolidated financial information for the first quarter of 2023 was auditor-reviewed.

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

2. IFRS-compliance (standalone)

Analysis		Year	Financial analysis for the last 5 years (Note 1)				
		2018	2019	2020	2021	2022	
Financial position (%)	Debt to assets ratio	41.71	38.94	39.85	55.76	54.98	
	Long-term capital to property, plants and equipment	1,693.43	1,313.51	1,406.27	1,480.70	1,657.07	
Solvency (%)	Current ratio	78.49	62.66	59.27	59.55	49.21	
	Quick ratio	69.51	55.90	53.84	52.86	32.55	
	Interest coverage ratio	12.01	5.87	15.08	33.63	11.02	
Operating efficiency	Accounts receivable turnover (times)	2.61	2.80	2.50	2.45	3.07	
	Average cash collection days	140	130	146	149	119	
	Inventory turnover (times)	12.70	14.51	18.84	14.81	10.25	
	Accounts payable turnover (times)	3.14	3.85	3.58	2.62	2.91	
	Average inventory turnover days	29	25	19	10	36	
	Property, plant and equipment turnover (times)	15.43	11.77	9.17	14.83	18.89	
	Total asset turnover (times)	0.54	0.49	0.42	0.56	0.61	
Profitability (%)	Return on assets	5.93	3.71	4.52	4.72	5.09	
	Return on equity	9.24	5.29	7.05	9.02	10.51	
	Pre-tax profit to paid-up capital	46.79	28.31	36.85	51.65	64.46	
	Net profit margin	10.26	6.48	10.05	8.27	7.72	
	Earnings per share (\$)	4.65	2.65	3.59	5.12	6.03	
Cash flow (%)	Cash flow ratio	16.57	—	8.28	2.64	4.89	
	Cash flow adequacy ratio	91.94	57.08	71.66	73.92	65.87	
	Cash reinvestment ratio	5.46	—	1.81	—	—	
Degree of leverage	Operating leverage	—	—	—	—	2.26	
	Financial leverage	—	—	—	—	2.98	

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

- Quick ratio decreased mainly due to increased net inventories.
- Interest coverage ratio decreased mainly due to an increase in interest expense.
- Average collection turnover increased and average cash collection days reduced mainly due to increased net sales income.
- Average inventory turnover reduced and average inventory turnover days increased mainly due to increased average inventory.
- Property, plant and equipment (PP&E) turnover increased mainly due to increased operating revenue.
- Ratio of earnings before taxes (EBT) in paid-in capital increased mainly due to increased EBT.
- Cash flow ratio increased mainly due to the higher net cash inflow from operating activities.
- Degree of operating leverage (DOL) increased mainly due to the increased net operating revenue.
- Degree of financial leverage (DFL) increased mainly due to the increased operating income.

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

Note 2: The negative symbol “-” is used to indicate negative cash flow and degree of leverage.

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

1. Financial structure

(1) Debt to asset ratio = total liabilities/ total assets.

(2) Ratio of long-term capital in PP&E = (total equity + non-current liabilities) / net PP&E value.

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

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

Audit Report of Audit Committee

The Audit Committee has completed reviewing the 2022 financial statements prepared by the board of directors and audited and certified by CPA Shao-Pin Kuo and CPA Chih-Chung Chen of Ernst & Young, along with the business report and earnings distribution proposal. The Audit Committee finds no inappropriate disclosure with respect to the above, and hereby issues this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of The Company Act.

For

2023 Annual General Meeting of Shareholders of Coretronic Corporation

Coretronic Corporation

Chairman of the Audit Committee: Edward H. Chow

Date: March 13, 2023

IV. Latest financial statements: Please refer to pp. 165-296.

IV. Latest audited individual financial statements: Please refer to pp. 297-399.

VI. Impacts on the company's financial position of financial distress on the company and its affiliates in the most recent year and by the date of report publication: None.

VII. Attainment of mandatory certification by personnel involved in financial information transparency: The Company has six licensed CPAs of the Republic of China in its organization.

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

I. Financial position

Unit: NT\$ thousand

Item \ Year	2022	2021	Variation	
			Amount	%
Current assets	40,336,072	46,956,304	(6,620,232)	(14.10%)
Property, plant and equipment	8,092,453	7,513,806	578,647	7.70%
Long-term investments (Note)	3,945,126	4,031,839	(86,713)	(2.15%)
Intangible assets	358,509	330,634	27,875	8.43%
Other assets	3,125,655	2,637,810	487,845	18.49%
Total assets	55,857,815	61,470,393	(5,612,578)	(9.13%)
Current liabilities	25,918,110	33,725,462	(7,807,352)	(23.15%)
Long-term liabilities	3,412,106	1,826,901	1,585,205	86.77%
Other liabilities	1,447,115	1,701,029	(253,914)	(14.93%)
Total liabilities	30,777,331	37,253,392	(6,476,061)	(17.38%)
Share capital	3,909,811	3,909,811	—	—
Capital reserve	2,808,225	2,893,442	(85,217)	(2.95%)
Retained earnings	17,422,638	16,166,239	1,256,399	7.77%
Other equity items	(1,411,129)	(817,388)	(593,741)	72.64%
Non-controlling interests	2,350,939	2,064,897	286,042	13.85%
Total equity	25,080,484	24,217,001	863,483	3.57%
Explanation of major variations: (unnecessary if the variation was less than 20%)				
1. Current liabilities decreased mainly due to decreased payables.				
2. Long-term liabilities increased mainly due to increased syndicated loans.				
3. Other equity interest increased mainly due to reduced exchange differences on translation of foreign financial statements (EXDF).				

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

II. Financial performance

(I) Comparative analysis of operating performance

Unit: NT\$ thousand

Item \ Year	2022	2021	Variation	Variation %
Operating revenue	49,783,157	49,833,368	(50,211)	(0.10%)
Operating costs	40,328,961	41,102,386	(773,425)	(1.88%)
Gross profit	9,454,196	8,730,982	723,214	8.28%
Operating expenses	7,303,574	7,084,556	219,018	3.09%
Operating profit	2,150,622	1,646,426	504,196	30.62%
Non-operating income and expenses	1,022,358	1,138,893	(116,535)	(10.23%)
Profit before tax	3,172,980	2,785,319	387,661	13.92%
Income tax benefits (expenses)	(759,546)	(746,039)	(13,507)	1.81%
Current net income	2,413,434	2,039,280	374,154	18.35%
Explanation of major variations: (unnecessary if the variation was less than 20%)				
1. Operating profits increased mainly due decreased operating costs.				

(II) Expected sales volume and its basis:

Please refer to the 2023 Business Plan Overview and Impact of External Competition, Legal, and Macro Environments in the Report to Shareholders for details.

III. Cash flow

(I) Analysis of cash flow variations in the most recent year

Item \ Year	2022	2021	Variation (%)
Cash flow ratio	18.93	(6.34)	25.27
Cash flow adequacy ratio	85.30	82.95	2.35
Cash reinvestment ratio	10.30	(9.91)	20.21
Explanation of major variations:			
1. Cash flow ratio increased mainly due to the increase in net cash inflow from operating activities and the decrease in current liabilities.			
2. Cash flow adequacy ratio increased mainly due to the increase in net cash inflows from operating activities in the last five years.			
3. Cash reinvestment ratio increased mainly due to the increase in net cash inflow from operating activities.			

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

(III) Liquidity analysis for the next year

Unit: NT\$ thousand

Beginning cash balance •	Projected net cash flow from operating activities for the year,	Expected cash outflow for the year <i>f</i>	Expected cash surplus (deficit) • +, - <i>f</i>	Financing of expected cash deficits	
				Investment plans	Financing plans
240,074	2,940,484	2,261,563	918,995	–	–

Analysis of cash flow variation in the next year :

Net cash inflow from operating activities will arise mainly due to the profits generated from operations. The expected annual cash outflow mainly comprises cash dividends and long-term investments, which the Company can support with the proprietary capital.

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

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

All of the Company's investments are long-term in nature. The Company realized NT\$1,645,311 thousand of gains from investment in 2022, which was attributed to the strong profitability of its invested businesses. The Company will continue making careful assessment of its investment projects in the future.

VI. Risk management

(I) future counteractions

1. Impact on the Company's earnings

- (1) Interest rate: Interest expenses accounted for 0.87% of net sales in 2022, hence interest rate changes do not have significant impact on the Company. If interest rate changes by 1%, the Company will incur additional interest expenses of NT\$111,406,000.
- (2) Exchange rate: Gain on exchange and net gain on valuation of financial assets totaled NT\$592,360,000 in 2022, which accounted for 1.9% of net sales. If NTD strengthens against USD by 1%, the Company's gross profit margin will be affected by approximately 0.11%.
- (3) Inflation: A 1% rise in inflation rate will increase the Company's expenses by about NT\$28,756,000.

2. Future response measures:

- (1) Interest rate: The Company maintains banking relationships with numerous financial institutions and has been able to secure borrowings at advantageous rates. The Company also has dedicated personnel assigned to interact closely with financial institutions.
- (2) Exchange rate: The Company has dedicated personnel assigned to monitor exchange rate changes and assess how these changes affect the Company.
- (3) Inflation: The Company constantly monitors market price changes and maintains sound interaction with suppliers and customers.

(II) Policies on high-risk and highly leveraged investments, loans to external parties,

endorsements / guarantees, and trading of derivatives; describe the main causes of profit or loss incurred and future response measures

1. The Company did not engage in any transaction in 2022 that was characterized as high risk, high leverage or external party lending. The Company did, however, trade derivatives for hedging purpose, and assigned dedicated personnel and implemented systems to monitor, manage and assess risks on a regular basis.
2. The Company offered endorsements and guarantees mainly for subsidiaries in 2022, and all transactions were carried out according to “Lending, Endorsement and Guarantee Procedures.” The Company may offer endorsements/guarantees up to a maximum of NT\$22,531,092,000, and outstanding balance at the end of 2022 amounted to NT\$3,179,365,000.
3. For details on external party lending, endorsement, guarantee and derivative transactions conducted in 2022, please refer to the 2022 audited financial statements and footnote disclosures.

(III) Future research and development plans and projected expenses

1. Future R&D plans

- (1) With respect to energy-saving solutions, the Company will be focusing on products that offer distinctive features and continue investing in the development of specialized LCD displays to capitalize on their increasingly diverse applications. Furthermore, the Company will be researching new technologies closely in line with the market’s demands to enable more advanced solutions and broader display applications such as: non-standardized display array, world’s thinnest bezel display array, interactive conference display, curved gaming display, peep-proof display, in-car unit display modules, special-shaped backlight modules and energy-efficient display. Furthermore, the Company will enhance software development capabilities and incorporate creative software and applications into hardware design for optimal user experience and provide customers with the ultimate one-stop service, and add software development capabilities to integrate software and hardware design for innovative applications, optimize product experience; provide customers with green design products that are more in line with ESG trends.
 - (2) The Company will be developing core technologies primarily to address market demand and solve customers' pain points. In addition to creating a comprehensive lineup of display products featuring stationary light source (laser and LED), short throw design, 4K UHD and motion flow technology, products will also be enhanced with multimedia applications, touch controls and Internet connectivity as well as useful functions such as image recognition, AI, cloud-based service and smart software. In general, the Company aims to improve system integration capabilities to create convenient user environment and new interactive experience, and promote image projection as solution for a wide range of applications from business, home entertainment, education, commercial display, digital signboard, public information display, smart retail to healthcare.
2. Expected R&D expenses: The Company incurred approximately NT\$1.45 billion of R&D expense in 2022, representing 4.76% of net sales. R&D expenses

for 2023 are estimated at NT\$1.53 billion, up about 5.5% from the year before.

- (IV) Financial impacts and response measures in the event of changes in local and foreign regulations: None.
- (V) Financial impacts and response measures in the event of technological (including information security risks) or industrial changes

Demand for LCD panels is growing not only in volume, but also in terms of technology and application. Since 2017, new technologies such as AMOLED and Mini /Micro LED have emerged to pose direct competition to LCD in the future. Apart from strengthening relationships with panel manufacturers and brands and targeting applications such as laptops, TV, healthcare and vehicles, the Company will also invest in the development of new markets and products as the competitive landscape changes. Non-standardized display array, world's thinnest bezel display array, commercial peep-proof display, curved gaming monitor, in-car unit display, special-shaped backlight modules, energy-saving blue light display, HDR (Local Dimming) display and LCM module are some examples of high-value adding and high entry barrier products that the Company has targeted as means to differentiate, expand and thrive in the competitive display market.

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

Setting information security as one the long-term development foci, the Company's Information Security Committee has defined targets for continuous information security development. In response to the actual needs and development trends, the Committee has established the corresponding information security strategies and visions as follows:

1. A secure and trusted information environment: Strengthen information security protection capabilities through corporate digital transformation and the introduction of new technologies such as AI.
2. Robust information security protection system: Make continual improvement of information infrastructure to optimize the integrity of information security protection.
3. Risk-based security protection: Adopt and renew protection measures for critical information facilities in response to new security threats.
4. Development of information security awareness in employees: Publicize the importance of information security and safety risks to employees and raise their

awareness of information security.

A complete network and cybersecurity protection have been established for the behavior of computer use at work of employees. Facing ever-changing cyberattacks, we have introduced a full-time cybersecurity threat monitoring and defense system to cope with hacking, social engineering, web Trojans, computer viruses, and other rapidly increasing cybersecurity threats. To enhance cybersecurity protections, the Company is actively implementing ISO 27001 certification to ensure more accurate inspections and more advanced approaches by setting the relevant standards, reviewing the relevant regulations, and quantifying various cybersecurity targets. In doing so, we aim at standing firm and pursuing high operational development when cyberthreats are increasingly serious around the globe.

(VI) Impacts on corporate crisis management of market presence change and counteractions: None.

(VII) Expected benefits and potential risks of mergers and acquisitions: None.

(VIII) Expected benefits and risks and associated with plant expansions

Our second plant in Vietnam will be completed in 2023H2, and small-scale trial production follow suit in 2024 Q4. Risk factors, such as capital, project progress, and operational condition, have been assumed in pre-investment assessments to reduce the unfavorable impacts on the company's operations, and the capital expenditure plan will be timely adjusted according to the actual condition in the future.

(IX) Risks associated with concentrated sales or purchases

Purchases from the largest supplier accounted for 15.31% of total purchases for the Company and subsidiaries in 2022. In 2022, the Company maintained a strong and long-term relationship with its main suppliers and therefore is not prone to the risk of concentrated purchase. The largest seller of the Company and its subsidiaries accounted for 11.96% of the total sales of the Company and its subsidiaries in 2022. The change in the proportion of sales to major customers in 2022 was due to the growth in shipping volume of home entertainment and smart micro-projector products, as well as the boom of the shipping volume in high-end engineering models after the pandemic lockdown lift.

(X) Impacts and risks associated with a major transfer of shareholding by directors or shareholders with more than 10% ownership interest: None.

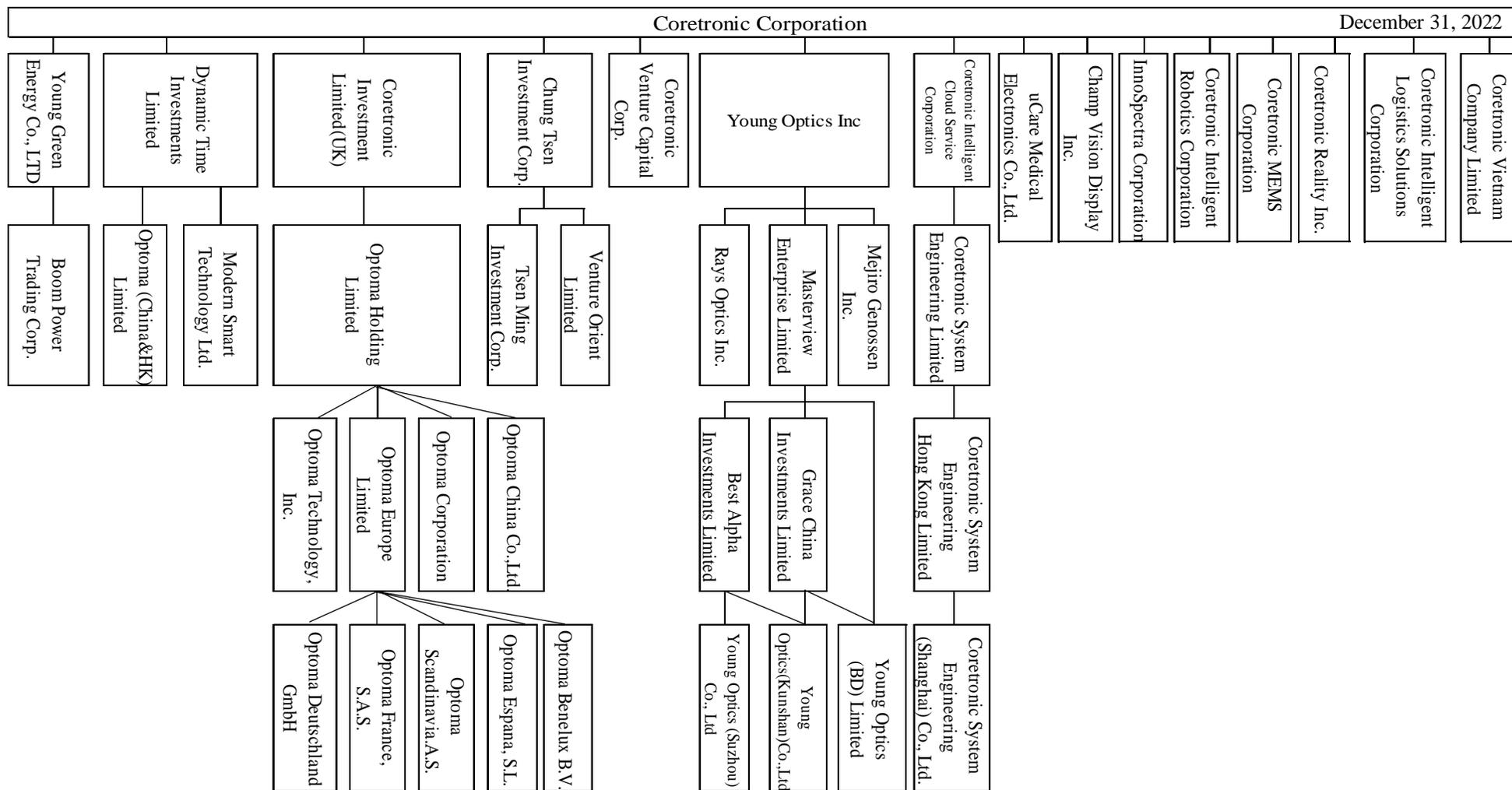
(XI) Impacts and risks associated with a change of management: None.

(XII) Litigation and non-litigation activities

The Company did not encounter any litigation or non-contentious case in 2022 and up till the publication date of annual report that was material to shareholders' equity or security price, whether concluded or pending judgment.

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

VII. Other important disclosures: None.



Note1 : Tecpoint Limited is held 78.06% share holding by Coretronic Corporation and held 9.83% share holding by Venture Orient Limited and held 12.11% share holding by Viscorp Limited, total share holding 100%.

Note2 : Coretronic Robotek (Kunshan) Corporation is held 70% share holding by Coretronic(Suzhou) Co., Ltd and held 30% share holding by Coretronic Projection (Kunshan) Co., Ltd, total share holding 100%.

Note3 : Consolidated shareholding in affiliated enterprises was entirely 100% except for Young Optics Inc. 33.86%, Ray Optics Inc. 92.50%, Mejiro Genossen Inc. 99%, Core-Flex Limited 99.36%, Optoma Holding Limited 96.21% ,Young Green Energy Co., LTD 99.91%, uCare Medical Electronics 60.69%, Champ Vision Display Inc. 80%, InnoSpectra Corporation 80%. The remaining consolidated shareholding ratios stand at 100%.

2. Profile of affiliated enterprises

December 31, 2022

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Tecpoint Limited	January 8, 2004	OMC Chambers, P.O. Box 3152, Road Town, Tortola, British Virgin Islands	US\$ 42,988,000	Holding company
Great Pride Inc.	October 28, 2003	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 11,800,000	Holding company
Great Pride Hong Kong Limited	December 15, 2008	Room 2702-03, C.C. Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	US\$ 11,000	Holding company
Nano Precision (Suzhou) Co., Ltd	March 1, 2004	No. 69, Qunxingsan Road, Suzhou Industrial Park, Suzhou	US\$ 13,300,000	Manufacturing and sale of acrylic sheets and light guides
Nano Precision Taiwan Limited	October 29, 2018	No. 5, Wenhua Road, Fengshan Village, Hukou Township, Hsinchu County	NT\$ 300,000,000	Manufacturing, research, development, sales, import and export of plastic casing of high-end and precision electronics, plastic components and frames, plastic injection molding of internal precision opto-mechanics
Nano Display Hong Kong Limited	April 11, 2008	1501 Capital Centre, 151 Gloucester Road, Wan Chai, Hong Kong	US\$ 7,800,000	Holding company
Core-Flex Limited	May 24, 2006	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, 1205 Cayman Islands	US\$ 36,000,000	Holding company
Yang Bright Optical (Suzhou) Co., Ltd.	July 20, 2006	No. 69, Qunxingsan Road, Suzhou Industrial Park, Suzhou, Jiangsu	US\$ 36,000,000	Research, development, processing and manufacturing of optical films for backlight modules
Visicorp Limited	January 18, 2002	P.O. Box 3152, Road Town, Tortola, British Virgin Islands	US\$ 41,000	Holding company
Bigshine International Limited	September 22, 2004	Offshore Chambers, P.O. Box 217, Apia, Samoa	US\$ 3,000	Holding company
Bigshine International Hong Kong Limited	December 15, 2008	Room 2702-03, C.C. Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	US\$ 8,000	Holding company
Coretronic (Shanghai) Co., Ltd	May 30, 2005	Building E, No. 68, Rongjiang Road, Songjiang Export Processing Area	US\$ 8,000,000	Research, development and manufacturing of backlight modules and related parts; sale of self-produced products and offering of related after-sale and maintenance service
Wisdom Success Limited	January 2, 2002	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, 1205 Cayman Islands	US\$ 43,000	Holding company
Wisdom Success Hong Kong Limited	December 15, 2008	Room 2702-03, C.C. Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	US\$ 18,000	Holding company

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Coretronic (Suzhou) Co., Ltd.	September 2, 2002	No. 68, Qunxingsan Road, Suzhou Industrial Park, Suzhou	US\$ 20,000,000	Research, development and manufacturing of backlight modules and related parts; sale of self-produced products and offering of related after-sale and maintenance service
Coretronic Technology (HK) Limited	August 9, 2021	Room 2702-03 CC Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	US\$ 78,000,000	Holding company
Coretronic Technology (BRVT) Company Limited	December 10, 2021	Lot F8, D2 road, Phu My 3 Specialized Industrial Park, Phuoc Hoa ward, Phu My Town, Ba Ria - Vung Tau Province, Vietnam	US\$ 78,000,000	Manufacture, R&D and sales of backlight and LCD modules for LCD screens, LCD TVs and new flat-panel displays sector in Vietnam
Coretronic Optotech (Suzhou) Co. Ltd.	June 19, 2015	No. 688, Pangjin Road, Wujiang Economic and Technological Development Zone, Suzhou	US\$ 12,000,000	Research, development, production and processing of backlight modules, LCD modules, LCD TV new flat panel displays and optical components; sale of self-produced products and offering of related after-sale and maintenance service
Coretronic Optics(Suzhou) Co.,Ltd	November 23, 2017	No. 688, Pangjin Road, Wujiang Economic and Technological Development Zone, Suzhou	US\$ 10,000,000	Research, development and manufacturing of backlight modules and related parts; sale of self-produced products and offering of related after-sale and maintenance service
Coretronic Display (Suzhou) Co., Ltd.	February 22, 2002	No. 828, Pangjin Road, Wujiang Economic and Technological Development Zone, Suzhou	US\$ 51,758,000	Research, development and manufacturing of display modules and related parts; sale of self-produced products and offering of related after-sale and maintenance service
Lead Bright International Limited	August 8, 2005	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 5,000	Holding company
Lead Bright Hong Kong Limited	December 15, 2008	Room 2702-03, C.C. Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	US\$ 18,000	Holding company
Coretronic (Ningbo) Co., Ltd	January 11, 2006	No. 5, Guanshan Road, Export Processing Zone, Beilun District, Ningbo, Zhejiang	US\$ 20,000,000	Research, development and manufacturing of backlight modules and related parts; sale of self-produced products and offering of related after-sale and maintenance service
Elite View Limited	August 8, 2007	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 5,000	Holding company
Elite View Hong Kong Limited	December 15, 2008	Room 2702-03, C.C. Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	US\$ 13,000	Holding company
Coretronic (Guangzhou) Co., LTD.	November 27, 2007	Building 1, No. 2, Guoyuan 1st Road, East District, Guangzhou Economic and Technological Development Zone	US\$ 13,000,000	Research, development and manufacturing of backlight modules and related parts; sale of self-produced products and offering of related after-sale and maintenance service
Guangzhou Nano Display Co., Ltd.	June 27, 2008	1F, Building 1, No. 2, Guoyuan 1st Road, East District North Section, Guangzhou Economic and Technological Development Zone	US\$ 7,800,000	Research, development, processing and manufacturing of light guides for LCD display; sale of products produced and offering of related services

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
YLG Optotech (Guangzhou) Limited	January 24, 2011	2F, Unit A, No. 2, Guoyuan 1st Road, East District, Guangzhou Economic and Technological Development Zone	US\$ 6,000,000	Research, development, processing and manufacturing of display components; sale of self-produced products and offering of after-sale service
Young Lighting Limited	March 8, 2010	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 3,907,000	Holding company
YLG Limited	October 29, 2010	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 6,000,000	Holding company
Coretronic (BVI) Investment Corp.	June 16, 2000	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	US\$ 38,220,000	Holding company
Greendale Investments Limited	February 2, 2005	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 46,000	Holding company
Kunshan Yiteng Technology Service Co., Ltd.	June 17, 2003	No. 20, Third Avenue, Kunshan Comprehensive Free Trade Zone, Kunshan, Jiangsu	US\$ 400,000	Maintenance and technical service of LCD monitors
Coretronic Projection (Kunshan) Co., Ltd	June 10, 2005	No. 20, Third Avenue, Kunshan Comprehensive Free Trade Zone, Kunshan, Jiangsu	US\$ 46,000,000	Research, development, processing and manufacturing of digital projectors, LCD monitors and related parts; sale of self-produced products and offering of after-sale and maintenance service
Coretronic Optics (Kunshan) Corporation	June 2, 2017	No. 18, Third Avenue, Kunshan Comprehensive Free Trade Zone, Kunshan, Jiangsu	RMB 42,000,000	Production and sale of projector modules products and spectrometers
Boom Power Electronics (Suzhou) Co., Ltd.	December 19, 2000	No. 388, Sanjia Road, Zhangpu Town, Kunshan City, Jiangsu Province, China	US\$ 1,000,000	Research, development, production and sale of CCFL drivers and related products
Coretronic Robotek (Kunshan) Corporation	November .22 ,2021	No. 20, Third Avenue, Kunshan Comprehensive Free Trade Zone, Kunshan, Jiangsu	RMB 12,000,000	Provide intelligent solutions for warehousing and manufacturing
Sinolink Global Limited	July 12, 2002	P.O. Box 3152, Road Town, Tortola, British Virgin Islands	US\$ 1,000	Holding company
Mat Limited	October 8, 2002	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 1,000	Holding company
Vimax (Kunshan) Co., LTD.	June 13, 2001	No. 388, Sanjia Road, Zhangpu Town, Kunshan City, Jiangsu Province, China	US\$ 1,800,000	Design, research, development and production of projectors; sale of self-produced products and offering of after-sale and maintenance service for self-produced and non-self produced products

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Young Green Energy Co., LTD	December 14, 1999	No. 5, Wenhua Road, Fengshan Village, Hukou Township, Hsinchu County	NT\$ 188,500,000	Manufacturing, wholesaling and retailing of electronic components, battery, PC and accessories, and electronic materials
Boom Power Trading Corporation	June 9, 2000	P.O. Box 3152, Road Town, Tortola, British Virgin Islands	US\$ 1,000,000	Holding company
Calibre UK Limited	October 18, 1990	Cornwall House, Cornwall Terrace, Bradford, West Yorkshire, BD8 7JS	GBP 6,173,000	Research, development, design, manufacturing and sale of image control products
Dynamic Time Investments Limited	January 2, 2002	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	US\$ 15,000	Holding company
Optoma (China & H.K.) Limited	September 23, 1996	Unit 901, 9/F., Chai Wan Industrial City, Phase 1, No.60 Wing Tai Road, Chai Wan, Hong Kong	HKD 2,400,000	Marketing and after-sale service
Modern Smart Technology Ltd.	February 12, 2002	Vistra Corporate Service Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	US\$ 1,200,000	Holding company
Optoma China Co.,Ltd.	June 6, 2002	Room 302, Xin Kang Building, No. 28, Jia Feng Road Wai Gao Qiao Free Trade Zone, Shanghai 200131	US\$ 1,200,000	Marketing and after-sale service
Coretronic Investment Limited	December 06,2021	1 Bourne End Mills, Upper Bourne End Lane, Hemel Hempstead, England, HP1 2UJ	EUR 100,000	Holding company
Optoma Holding Limited	July 02, 2021	1 Bourne End Mills, Upper Bourne End Lane, Hemel Hempstead, England, HP1 2UJ	EUR 32,620,000	Holding company
Optoma Technology, Inc.	May 31, 1995	47697 Westinghouse Drive Fremont, CA 94539, USA	US\$ 8,250,000	Marketing and after-sale service
Optoma Corporation	November.23, 2021	12F, No. 213, Section 3, Beixin Road, Xindian District, New Taipei City	NT\$30,000,000	Engaged in the production and marketing of Data Storage and Processing Equipment, Electronic Components, Optical Devices, Wireless Communications Equipment and Electronic Appliances
Optoma Europe Limited	July 7, 1997	1 Bourne End Mills, Hemel Hempstead, England, HP1 2UJ	GBP 1,200,000	Marketing and after-sale service
Optoma Deutschland GmbH	October 7, 1997	Wiesenstrasse 21, A1, D40549 Düsseldorf, Germany	EUR 958,000	Marketing and after-sale service
Optoma France, S.A.S.	July 1, 2002	Batiment E, 81-83 Avenue Edouard Vaillant,	EUR 100,000	Marketing and after-sale service

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
		Boulogne Billancourt, France 92100		
Optoma Scandinavia.A.S.	March 17, 2003	Kniveveien 29, Postboks 9515, 3036 Drammen, Norway	NOK 100,000	Marketing and after-sale service
Optoma Espana, S.L.	June 5, 2008	Avd. Jose Hierro, 36. Edificio Atrio. Ofic.1C. 28522 Rivas Vaciamadrid. Madrid. España	EUR 103,000	Marketing and after-sale service
Optoma Benelux B.V.	October 15, 2009	Europalaan 770-D, 1363 BM in Almere, The Netherlands	EUR 18,000	Marketing and after-sale service
Chung Tsen Investment Corp.	June 7, 2004	12F, No. 225, Section 3, Beixin Road, Xindian District, New Taipei City	NT\$ 1,270,997,000	Strategic alliance and investment activities within group
Tsen Ming Investment Corp.	November 9, 2005	12F, No. 225, Section 3, Beixin Road, Xindian District, New Taipei City	NT\$ 324,432,000	Strategic alliance and investment activities within group
Venture Orient Limited	October 18, 2002	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 6,000	Holding company
Coretronic Venture Capital Corp.	March 2, 2011	12F, No. 225, Section 3, Beixin Road, Xindian District, New Taipei City	NT\$ 300,000,000	Investment activities relating to business expansion
Young Optics Inc.	February 18, 2002	No. 7, Xinan Road, Hsinchu Science Park, Hsinchu City	NT\$ 1,140,598,000	Research, design, manufacturing and sale of optical components, optical engines and key parts
Mejiro Genossen Inc.	June 24, 2016	2-10-12, Akatsuka Shinmachi, Itabashi-ku, Tokyo	JPY 65,000,000	Research, development, manufacturing and sale of optical machinery
Rays Optics Inc.	July 22, 2004	6F-1, No. 168, Section 2, Fuxing 3rd Road, Zhongxing Li, Zhubei City, Hsinchu County	NT\$ 100,000,000	Manufacturing and trading of optical instruments and electronic components
Masterview Enterprises Limited	July 1, 2003	Clarence Thomas Building P.O. Box 4649 Road Town Tortola Virgin Islands, British	US\$ 6,000,000	Holding company
Best Alpha Investments Limited	January 8, 2003	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 1,000,000	Holding company
Young Optics (Suzhou) Co., Ltd	September 3, 2003	2F-A209,B209,#6 Building,No.80,Tong-Yuan Rd., Suzhou Industrial Park	US\$ 1,000,000	Research, development and manufacturing of optical engines and optical/electronic instruments
Grace China Investments Limited	February 2, 2001	P.O.Box 712, Grand Cayman, KY1-9006, Cayman Islands	US\$ 8,156,000	Holding company
Young Optics (Kunshan) Co., Ltd	April 26, 2001	No. 20, Third Avenue, Kunshan Comprehensive Free Trade Zone, Jiangsu	US\$ 12,200,000	Research, development and manufacturing of optical engines and optical/electronic instruments

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Young Optics (BD) Limited	December 12, 2011	Plot#104, 105, 124 & 125, DEPZ (Extension Area) Ashulia, Savar-1349, Dhaka, Bangladesh	BDT 1,256,940,000	Manufacturing of optical components
Coretronic Intelligent Cloud Service Corporation	April 15, 2010	4F, No. 11, Lixing Road, Hsinchu Science Park, Hsinchu City	NT\$ 250,000,000	Platform development for cloud computing, IT, new media and smart applications
Coretronic System Engineering Limited	May 4, 2010	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 1,500,000	Holding company
Coretronic System Engineering Hong Kong Limited	May 11, 2010	1501 Capital Centre, 151 Gloucenser Road, Wan Chai, Hong Kong	US\$ 1,500,000	Holding company
Coretronic System Engineering (Shanghai) Co., Ltd.	September 1, 2010	Room 502, 5F, Building 1, No. 1205, Kaixuan Road, Changning District, Shanghai	US\$ 1,500,000	Engaging in smart construction engineering and supporting measures as a professional engineering contractor
uCare Medical Electronics Co., Ltd.	June 9, 2017	3F, No. 2, Ke Bei 5th Road (Hsinchu Science Park), Chunan Township, Miaoli County	NT\$ 131,820,000	Research, development, design, manufacturing and sale of smart fitness/healthcare system, hardware and software
Champ Vision Display Inc.	July 11, 2017	3F, No. 2, Ke Bei 5th Road (Hsinchu Science Park), Chunan Township, Miaoli County	NT\$ 180,000,000	Research, development, design, manufacturing and sale of innovative smart displays and integrated software/hardware solutions
Coretronic Intelligent Robotics Corporation	November 10, 2017	4F, No. 11, Lixing Road, Hsinchu Science Park, Hsinchu City	NT\$ 180,000,000	Research, development, manufacturing and sale of commercial unmanned aircraft system and intelligent robots
InnoSpectra Corporation	December 1, 2017	4F, No. 11, Lixing Road, Hsinchu Science Park, Hsinchu City	NT\$ 60,000,000	Research, development and sale of spectrometers and related solutions
Coretronic MEMS Corporation	July 23, 2019	3F, No. 2, Ke Bei 5th Road (Hsinchu Science Park), Chunan Township, Miaoli County	NT\$ 180,000,000	Research, development, design, manufacturing and sale of MEMS sensors, sensor modules and solutions
Coretronic Reality Inc.	November 12, 2019	No. 5, Wenhua Road, Fengshan Village, Hukou Township, Hsinchu County	NT\$ 100,000,000	Research, development, manufacturing and sale of wearable and embedded projector display, system solutions and related technologies and products
Coretronic Vietnam Company Limited	December 10, 2020	3rd/5th Floor of Factory No.03, Lot I-3B-1, N6 Road, Saigon Hi-Tech Park, Tan Phu Ward, Thu Duc City, Ho Chi Minh City, Vietnam	US\$ 3,000,000	Research, development, and sales of backlight modules, LCD modules, LCD TV, new flat panel displays and related components
Coretronic Intelligent Logistics Solutions Corporation	March 18, 2021	No. 5, Wenhua Road, Fengshan Village, Hukou Township, Hsinchu County	NT\$ 150,000,000	System integration and application service solutions for intelligent logistics and smart manufacturing

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

4. Businesses covered by affiliated enterprises

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

5. Directors, supervisors, and President of affiliated enterprises

December 31, 2022

Company name	Position	Name or name of representative	Shareholding	
			Shares	Shareholding percentage
Tecpoint Limited	Director	Wade Chang	42,987,900	100.00%
Great Pride Inc.	Director	Wade Chang	11,800,000	100.00%
Great Pride Hong Kong Limited	Director	Wade Chang	11,800	100.00%
Nano Precision (Suzhou) Co., Ltd	Director Supervisor	Miranda Wang Franck Ho	—	100.00%
Nano Precision Taiwan Limited	Director	Miranda Wang (Representative of Nano Precision (Suzhou) Co., Ltd)	30,000,000	100.00%
	Director	Sarah Lin (Representative of Nano Precision (Suzhou) Co., Ltd)		
	Director	Franck Ho (Representative of Nano Precision (Suzhou) Co., Ltd)		
	Supervisor	Daisy Lin (Representative of Nano Precision (Suzhou) Co., Ltd)		
Nano Display Hong Kong Limited	Director	Sarah Lin	7,800,000	100.00%
Core-Flex Limited	Director	Miranda Wang	224,560,000	99.36%
Yang Bright Optical (Suzhou) Co., Ltd.	Director Supervisor	Miranda Wang Franck Ho	—	100.00%
Visicorp Limited	Director	Wade Chang	40,781	100.00%
Bigshine International Limited	Director	Sarah Lin	3,000	100.00%
Bigshine International Hong Kong Limited	Director	Sarah Lin	8,000	100.00%
Coretronic (Shanghai) Co., Ltd	Director Supervisor	Sara Lin Franck Ho	—	100.00%
Wisdom Success Limited	Director	Wade Chang	43,300	100.00%
Wisdom Success Hong Kong Limited	Director	Wade Chang	18,000	100.00%
Coretronic (Suzhou) Co. Ltd.	Director Supervisor	Dino Wang Franck Ho	—	100.00%
Coretronic Technology (HK) Limited	Director	Dino Wang	78,000,000	100.00%
Coretronic Technology (BRVT) Company Limited	Legal representative	Dino Wang	—	100.00%
Coretronic Optotech (Suzhou) Co. Ltd.	Director Supervisor	Dino Wang Franck Ho	—	100.00%
Coretronic Optics(Suzhou) Co.,Ltd	Director Supervisor	Dino Wang Franck Ho	—	100.00%
Coretronic Display (Suzhou) Co., Ltd.	Director Supervisor	Dino Wang Franck Ho	—	100.00%
Lead Bright International Limited	Director	Sarah Lin	4,700	100.00%
Lead Bright Hong Kong Limited	Director	Sarah Lin	18,000	100.00%
Coretronic (Ningbo) Co., Ltd	Director Supervisor	Dino Wang Franck Ho	—	100.00%
Elite View Limited	Director	Sarah Lin	5,000	100.00%
Elite View Hong Kong Limited	Director	Sarah Lin	13,000	100.00%
Coretronic (Guangzhou) Co., LTD.	Director Supervisor	Dino Wang Franck Ho	—	100.00%
Guangzhou Nano Display Co., Ltd.	Director Supervisor	Dino Wang Franck Ho	—	100.00%
YLG Optotech (Guangzhou) Limited	Director	Dino Wang	—	100.00%
Young Lighting Limited	Director	Sarah Lin	3,907,000	100.00%
YLG Limited	Director	Sara Lin	6,000,000	100.00%
Coretronic (BVI) investment Corp.	Director	Wade Chang	38,220,000	100.00%
Greendale Investments Limited	Director	Wade Chang	46,400	100.00%
Kunshan Yiteng Technology Service Co., Ltd.	Director Supervisor	Dino Wang Franck Ho	—	100.00%

Company name	Position	Name or name of representative	Shareholding	
			Shares	Shareholding percentage
Coretronic Projection (Kunshan) Co., Ltd	Director Supervisor	Dino Wang Franck Ho	—	100.00%
Coretronic Optics (Kunshan) Corporation	Director Supervisor	Dino Wang Franck Ho	—	100.00%
Coretronic Robotek (Kunshan) Corporation	Director Supervisor	Andy Hsin Franck Ho	—	100.00%
Boom Power Electronics (Suzhou) Co., Ltd.	Director Supervisor	Dino Wang Franck Ho	—	100.00%
Sinolink Global Limited	Director	Wade Chang	980	100.00%
Mat Limited	Director	SY Chen	980	100.00%
Vimax (Kunshan) Co., LTD.	Director Supervisor	Yunu Lin Franck Ho	—	100.00%
Young Green Energy Co., LTD	Chairman Director Director Supervisor	SY Chen (Representative of the Company) Teddy Chuang (Representative of the Company) Wilson Hsu (Representative of the Company) Franck Ho	18,833,220	99.91%
Boom Power Trading Corporation	Director	SY Chen	10,000	100.00%
Calibre UK Ltd.	Director Director	Willy Tsai Peter Fosh	52,701,042	100.00%
Dynamic Time Investments Limited	Director	Franck Ho	14,856	100.00%
Optoma (China & H.K.) Limited	Director	Gordon Wu	2,400,000	100.00%
Mordern Smart Technology Ltd.	Director	Franck Ho	1,200,000	100.00%
Coretronic Investment Limited	Director Director	Wade Chang SY Chen	100,000	100.00%
Optoma Holding Limited	Chairman Executive Director Director Executive Director Director Director Director	Jan Ward Shih Yuan Chen Hsin-Pin Ho Michelle Chu Jeremy Earnshaw Nicola Frayne Taiwei Chang	32,620,000	96.21%
Optoma China Co.,Ltd.	Director	Gordon Wu	—	100.00%
Optoma Technology, Inc.	Executive Director Director Director	SY Chen Robert Tick Franck Ho	825,000	100.00%
Optoma Corporation	Chairman	SY Chen (Representative of Optoma Holding Limited)	3,000,000	100.00%
Optoma Europe Limited	Executive Director Director Director	Thierry Millet Wade Chang SY Chen	1,200,000	100.00%
Optoma Deutschland GmbH	Executive Director Director	SY Chen Thierry Millet	—	100.00%
Optoma France, S.A.S.	Executive Director	Thierry Millet	—	100.00%
Optoma Scandinavia.A.S	Executive Director Director	Thierry Millet SY Chen	100	100.00%
Optoma Espana, S.L.	Executive Director Director	SY Chen Thierry Millet	5,150,280	100.00%
Optoma Benelux B.V.	Executive Director Director	Thierry Millet SY Chen	18,000	100.00%
Chung Tsen Investment Corp.	Chairman Director Director Supervisor President	Ann Wu (Representative of the Company) Wade Chang (representative of the Company) Robert Hsueh (Representative of the Company) Franck Ho (Representative of the	127,099,664	100.00%

Company name	Position	Name or name of representative	Shareholding	
			Shares	Shareholding percentage
		Company)Robert Hsueh		
Tsen Ming Investment Corp.	Chairman Director Director Supervisor	Ann Wu (Representative of Chung Tsen Investment Corp.) Robert Hsueh (Representative of Chung Tsen Investment Corp.) Sarah Lin (Representative of Chung Tsen Investment Corp.) Franck Ho (Representative of Chung Tsen Investment Corp.)	32,443,180	100.00%
Venture Orient Limited	Director	Franck Ho	5,550	100.00%
Coretronic Venture Capital Corp.	Chairman Director Director Supervisor	Ann Wu (representative of the Company) Wade Chang (Representative of the Company) Robert Hsueh (Representative of the Company) Franck Ho (Representative of the Company)	30,000,000	100.00%
Young Optics Inc.	Chairman Director Director Director Independent Director Independent Director Independent Director President	Sarah Lin (Representative of the Company) Sara Lin (Representative of the Company) Ken Wang (Representative of the Company) Claude Hsu Hsiang-hsun Wu Chih-Hun Huang Wan-Ting Yuan Claude Hsu	38,623,903	33.86%
Mejiro Genossen Inc.	Chairperson	Sam Chen	4,950	99.00%
Rays Optics Inc.	Chairman Director Director Supervisor President	Claude Hsu Sarah Lin YC Wang Cynthia Chang Claude Hsu	9,250,000	92.50%
Best Alpha Investments Limited	Director	Sarah Lin	1,000,000	100.00%
Young Optics (Suzhou) Co., Ltd	Executive Director Supervisor President	Claude Hsu Cynthia Chang Daniel Huang	—	100.00%
Masterview Enterprises Limited	Director	Sarah Lin	6,000,000	100.00%
Grace China Investments Limited	Director	Sarah Lin z	8,156,458	100.00%
Young Optics (Kunshan) Co., Ltd	Executive Director Supervisor President	Claude Hsu Cynthia Chang Daniel Huang	—	100.00%
Young Optics (BD) Limited	Director Executive Director	Juice Liao Ericwd Huang	12,569,396	100.00%
Coretronic Intelligent Cloud Service Corporation	Chairman Director Director Supervisor	Yunu Lin (Representative of the Company) Rober Hsueh (Representative of the Company) Franck Ho (Representative of the Company) Daisy Lin (Representative of the Company)	25,000,000	100.00%
Coretronic System Engineering Limited	Director	Yunu Lin	1,500,000	100.00%
Coretronic System Engineering Hong Kong Limited	Director	Yunu Lin	1,500,000	100.00%
Coretronic System Engineering (Shanghai) Co., Ltd.	Director Supervisor	Yunu Lin Franck Ho	—	100.00%
uCare Medical Electronics Co., Ltd.	Chairman Director	Sarah Lin Franck Ho (Representative of the Company)	8,000,000	60.69%

Company name	Position	Name or name of representative	Shareholding	
			Shares	Shareholding percentage
	Director Supervisor	Tzu-Ruei Lien (Representative of Chi Hua Fitness Co., Ltd.) Daisy Lin		
Champ Vision Display Inc.	Chairman Director Director Supervisor	Sarah Lin (Representative of the Company) Franck Ho (Representative of the Company) Nick Lu (Representative of the Company) Daisy Lin	14,400,000	80.00%
Coretronic Intelligent Robotics Corporation	Chairman Director Director Supervisor	Robert Hsueh (Representative of the Company) Jeffrey Hsieh(Representative of the Company) Franck Ho (Representative of the Company) Daisy Lin (Representative of the Company)	18,000,000	100.00%
InnoSpectra Corporation	Chairman Director Director Supervisor	Ann Wu (Representative of the Company) William Hsu (Representative of the Company) Franck Ho (Representative of the Company) Daisy Lin	4,800,000	80.00%
Coretronic MEMS Corporation	Chairman Director Director Supervisor	Ann Wu (Representative of the Company) Robert Hsueh (Representative of the Company) Eric Wu (Representative of the Company) Daisy Lin (Representative of the Company)	18,000,000	100.00%
Coretronic Reality Inc.	Chairman Director Director Supervisor	Robert Hsueh (Representative of the Company) Nore Chen (Representative of the Company) Franck Ho (Representative of the Company) Daisy Lin (Representative of the Company)	10,000,000	100.00%
Coretronic Vietnam Company Limited	Legal representative	Dino Wang	—	100.00%
Coretronic Intelligent Logistics Solutions Corporation	Chairman Director Director Supervisor	CY Lin (Representative of the Company) Mark Wen (Representative of the Company) Franck Ho (Representative of the Company) Daisy Lin (Representative of the Company)	15,000,000	100.00%

(II) Performance of affiliated companies

1. Financial position and business performance of affiliated enterprises

December 31, 2022
Unit: NTD thousands

Company name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Current net profit (loss)
Tecpoint Limited	1,364,866	3,476,592	0	3,476,592	0	0	(197,674)
Great Pride Inc.	374,650	2,734,273	0	2,734,273	0	0	(165,729)
Great Pride Hong Kong Limited	375	3,572,505	839,409	2,733,096	66,986	0	(165,730)
Nano Precision (Suzhou) Co., Ltd	426,839	3,012,898	395,693	2,617,205	999,321	(137,683)	(177,821)
Nano Precision Taiwan Limited	300,000	237,355	250,862	(13,507)	211,182	(126,976)	(115,712)
Nano Display Hong Kong Limited	247,650	496,840	0	496,840	0	0	(33,308)
Core-Flex Limited	1,143,000	392,162	132,913	259,249	0	0	1,100
Yang Bright Optical (Suzhou) Co., Ltd.	1,178,240	390,722	(1,409)	392,131	100	(7,551)	1,100
Visicorp Limited	484	12,853,241	0	12,853,241	0	0	565,849
Bigshine International Limited	95	208,808	0	208,808	0	0	(6,032)
Bigshine International Hong Kong Limited	254	552,275	0	552,275	0	0	(16,111)
Coretronic (Shanghai) Co., Ltd	257,829	224,097	1,615	222,482	0	(2,433)	(19,873)
Investdragon Limited(Note1)	6,731	0	0	0	0	0	2
Wisdom Success Limited	1,375	10,752,825	37,206	10,715,619	0	0	553,030
Wisdom Success Hong Kong Limited	572	6,730,961	0	6,730,961	0	(5,429)	456,181
Coretronic (Suzhou) Co., Ltd	271,297	4,590,428	100,354	4,490,074	20,988	(10,014)	46,991
Coretronic Technology (HK) Limited	2,476,500	2,368,638	0	2,368,638	0	0	19,935
Coretronic Technology (BRVT) Company Limited	2,476,500	2,369,078	526	2,368,552	0	(5,731)	19,857
Coretronic Optotech (Suzhou) Co. Ltd.	390,000	6,336,062	4,863,530	1,472,532	3,745,074	246,215	245,670
Coretronic Optics(Suzhou) Co.,Ltd	307,100	7,261,856	7,074,540	187,316	6,427,796	185,602	141,972
Coretronic Display (Suzhou) Co., Ltd.	1,547,564	2,168,623	1,601,332	567,291	6,670,311	26,180	84,261
Lead Bright International Limited	149	962,301	0	962,301	0	0	31,075
Lead Bright Hong Kong Limited	572	3,685,564	0	3,685,564	0	0	119,015
Coretronic (Ningbo) Co., Ltd	650,050	3,953,327	267,934	3,685,393	1,136,042	30,322	119,013
Elite View Limited	159	552,946	0	552,946	0	0	11,705
Elite View Hong Kong Limited	413	1,437,709	0	1,437,709	0	0	30,435
Coretronic (Guangzhou) Co., LTD.	417,580	1,992,305	559,510	1,432,795	481,635	(821)	30,435
Guangzhou Nano Display Co., Ltd.	238,740	278,596	28,730	249,866	163,999	(14,523)	(7,825)
YLG Optotech (Guangzhou) Limited	184,260	394,886	286,063	108,823	1,011,186	96,602	84,650
Young Lighting Limited	124,047	1,682,235	0	1,682,235	0	0	164,274
YLG Limited	190,500	110,268	0	110,268	0	0	78,483
Brightbridge Resources Limited(Note2)	936,625	0	0	0	0	0	0
Crystal World Finance Limited(Note3)	706,692	0	0	0	0	0	0
Coretronic (BVI) Investment Corp.	12,135	6,833,058	15,325	6,817,733	0	0	1,022,541
Greendale Investments Limited	1,473	11,415,505	4,582,464	6,833,041	0	0	1,022,539
Kunshan Yiteng Technology Service Co., Ltd.	13,259	35,038	4,383	30,655	28,741	1,596	3,113
Coretronic Projection (Kunshan) Co., Ltd	1,525,064	9,294,797	2,492,303	6,802,494	18,287,771	755,827	1,009,278
Coretronic Optics (Kunshan) Corporation	185,196	2,991,695	2,210,947	780,748	8,497,445	409,743	270,057
Coretronic Robotek (Kunshan) Corporation	52,913	56,680	3,045	53,635	16,894	(71)	727
Boom Power Electronics (Suzhou) Co., Ltd.	30,710	52,366	1,548	50,818	13,737	3,118	3,937

Company name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Current net profit (loss)
Sinolink Global Limited	31	1,390,192	0	1,390,192	0	0	45,963
Mat Limited	31	1,390,180	0	1,390,180	0	0	45,963
Vimax (Kunshan) Co., LTD.	65,252	1,437,851	56,302	1,381,549	68,196	20,781	45,870
Calibre UK Limited	3,557	45,876	158	45,718	244	(1,709)	20,098
Young Green Energy Co., LTD	188,500	219,687	8,994	210,693	0	1,767	(5,048)
Boom Power Trading Corp.	31,750	119,161	71	119,090	0	(71)	(7,009)
Optoma Thchnology Corporation(Note4)	584,620	0	0	0	0	0	0
Dynamic Time Investments Limited	472	2,459,323	32,443	2,426,880	0	0	(4,007)
Optoma (China & H.K.) Limited	9,708	9,336	0	9,336	0	(3)	15
Mordern Smart Technology Ltd.	38,100	32,443	0	32,443	0	(43)	(4,005)
Coretronic Investment Limited	3,111	1,876,142	1,368,722	507,420	0	(758)	461,718
Optoma Holding Limited	1,014,935	1,944,456	859	1,943,597	0	(23,061)	490,105
Optoma Technology,Inc.	251,247	1,476,423	769,595	706,828	2,338,167	280,462	264,547
Optoma Corporation	30,000	1,639,489	1,428,229	211,260	6,084,630	189,228	171,732
Optoma China Co.,Ltd.	92,130	336,726	257,714	79,012	661,203	(12,639)	(11,998)
Optoma Europe Limited	42,638	2,170,423	1,283,472	886,951	4,622,748	215,627	178,463
Optoma Deutschland GmbH	29,807	88,096	27,854	60,242	75,882	19,038	12,948
Optoma France, S.A.S.	3,111	85,630	48,497	37,133	88,663	17,006	12,527
Optoma Scandinavia.A.S.	293	8,940	4,116	4,824	20,762	(302)	(334)
Optoma Espana,S.L.	3,205	19,609	3,678	15,930	25,055	3,740	3,317
Optoma Benelux B.V.	560	27,916	7,454	20,462	30,226	4,410	3,615
Chung Tsen Investment Corp.	1,270,997	2,319,137	6,581	2,312,556	0	(298)	(7,177)
Tsen Ming Investment Corp.	324,432	550,487	5,460	545,027	0	(2,755)	(2,923)
Venture Orient Limited	176	515,361	0	515,361	0	(26,981)	(27,284)
Coretronic Venture Capital Corp.	300,000	306,045	0	306,045	0	1,901	1,520
Young Optics Inc.	1,140,598	5,600,080	2,298,252	3,301,828	4,669,237	97,901	64,650
Mejiro Genossen Inc.	14,307	69,000	25,020	43,980	132,165	12,730	8,440
Rays Optics Inc.	100,000	281,853	146,184	135,669	520,508	21,206	21,842
Best Alpha Investments Limited	31,750	516,502	0	516,502	0	(34)	(2,071)
Young Optics (Suzhou) Co., Ltd	33,951	273,297	26,947	246,350	262,487	2,919	5,486
Masterview Enterprises Limited	190,500	1,649,592	0	1,649,592	0	(75)	(86,770)
Grace China Investments Limited	258,968	1,159,709	922	1,158,787	553	(78)	(35,625)
Young Optics (Kunshan) Co., Ltd	440,619	1,206,348	238,445	967,903	2,369,990	(66,513)	(31,490)
Young Optics Europe GmbH(Note5)	778	(109)	0	0	36	10	0
Young Optics (BD) Limited	202,079	421,835	455,087	(33,252)	235,177	(53,321)	(17,958)
Coretronic Intelligent Cloud Service Corporation	250,000	572,438	287,476	284,962	810,533	17,119	21,528
Coretronic System Engineering Limited	47,625	27,769	0	27,769	0	0	715
Coretronic System Engineering Hong Kong Limited	47,625	27,769	0	27,769	0	0	715
Coretronic System Engineering (Shanghai) Co., Ltd.	46,065	73,159	45,390	27,769	0	287	715
uCare Medical Electronics Co., Ltd.	131,820	29,815	13,041	16,774	20,055	(22,400)	(21,072)
Champ Vision Display Inc.	180,000	810,963	590,595	220,368	1,486,102	29,113	28,863
InnoSpectra Corporation	60,000	23,549	10,079	13,470	38,190	1,006	2,241
Coretronic Intelligent Robotics Corporation	180,000	208,826	118,761	90,065	205,937	(121,942)	(94,302)
Coretronic MEMS Corporation	180,000	309,097	165,610	143,487	83,858	(113,509)	(106,239)

Company name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Current net profit (loss)
Coretronic Reality Inc.	100,000	33,723	15,646	18,077	17,147	(40,213)	(39,942)
Coretronic Intelligent Logistics Solutions Corporation	150,000	235,815	149,689	86,126	93,099	(76,979)	(76,502)
Coretronic Vietnam Company Limited	92,130	796,529	1,134,151	(337,622)	550,164	(191,018)	(244,183)

Note 1 : Investdragon has deregistered in November 2022.

Note 2 : Brightbridge Resources Limited has deregistered in November 2022.

Note 3 : Crystal World Finance Limited has deregistered in November 2022.

Note 4 : Optoma Technology Corporation has merged by Coretronic Corporation in July 1,2022.

Note 5 : The Group has disposed investments of Young Optics Europe GmbH and completed registration in the first half year of 2022.

2. Declaration concerning consolidated financial statements of affiliated companies:
Please see page 164.

(III) Relationship report: Not applicable.

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

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

IV. Other supplementary information:

(I) Execution of 2022 shareholder meeting resolution:

1. Passed 2021 business report and financial statements.
2. Passed 2021 earnings appropriation proposal.
Progress: August 2, 2022 was set as the dividend baseline date, whereas August 19, 2022 was set as the payment date.
(Cash dividends: NTD 3 per share)
3. Passed amendments to the Company's "Procedures of Acquisition or Disposal of Assets."
Progress: Have been published on the MOPS and the Company's website on June 10, 2022
4. Election of the Company's 11th board of directors.
Elected directors: Wade Chang, Hsun Chieh Investment Ltd. Legal Representative Tai-Shung Ho, Hanns Prosper Investment Corporation Legal Representative Yu-Chi Chiao and Han-Ping D.Shieh.
Elected independent directors: Edward H. Chow, Audrey Tseng and Hung-Pin Ku.
Progress: Changes were approved by Hsinchu Science Park Administration, Ministry of Science and Technology, on June 17, 2022, and have since been published on the Company's website.
5. Passed removal of restrictions against involvements in competing business activities for newly elected directors and their corporate representatives.
Progress: Announcements were made over Market Observation Post System on June 10, 2022 about the removal of restrictions on competing business involvement for Directors Hsun Chieh Investment Ltd., Hsun Chieh Investment Ltd. Legal Representative Tai-Shung Ho, Hanns Prosper Investment Corporation Legal Representative Yu-Chi Chiao, Han-Ping D.Shieh and Independent Director Audrey Tseng.

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

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

IV. Financial report for the most recent year

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Coretronic Corporation as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Coretronic Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

CORETRONIC CORPORATION

By

Wade Chang
Chairman

February 13, 2023



安永聯合會計師事務所

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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, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, and its consolidated financial performance and cash flows for the years ended December 31, 2022 and 2021, 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 the Standards on Auditing of 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 2022 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\$567,494 thousand for the year ended December 31, 2022, 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\$49,783,157 thousand for the year ended December 31, 2022. 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, representing 0.08% of consolidated total assets as of December 31, 2021; and total operating revenues amounted to NT\$20,434 thousand, representing 0.04% of the consolidated total operating revenues for the year ended December 31, 2021. 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\$50,117 thousand and NT\$43,035 thousand, representing 0.09% and 0.07% of consolidated total assets as of December 31, 2022 and 2021, respectively. The related shares of gain (loss) from the associates and joint ventures under the equity method amounted to NT\$7,071 thousand and NT\$(3,689) thousand, representing 0.22% and (0.13)% of the consolidated net income before tax for the years ended December 31, 2022 and 2021, 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 the Standards on Auditing of 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 the Standards on Auditing of 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 2022 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, 2022 and 2021.

Kuo, Shao-Pin

Chen, Chih-Chung

Ernst & Young, Taiwan

February 13, 2023

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, 2022 and 2021

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Note	December 31, 2022	%	December 31, 2021	%
Current assets					
Cash and cash equivalents	4, 6(1)	\$ 12,364,999	22.14	\$ 11,229,839	18.27
Financial assets at fair value through profit or loss - current	4, 6(2)	155,286	0.28	180,759	0.29
Financial assets at amortized cost - current	4, 6(4)	4,722,945	8.46	5,483,485	8.92
Notes receivable, net	4, 6(5), 6(21)	29,671	0.05	28,098	0.05
Trade receivables, net	4, 6(6), 6(21)	10,235,833	18.32	18,937,127	30.81
Trade receivables - related parties, net	4, 6(6), 6(21), 7	530	-	5,842	0.01
Other receivables	4, 8	1,358,812	2.43	722,000	1.17
Current tax assets	4, 6(26)	35,699	0.06	77,866	0.13
Inventories, net	4, 5, 6(7)	10,444,982	18.70	9,301,377	15.13
Prepayments		792,007	1.42	850,479	1.38
Other current assets		195,308	0.35	139,432	0.23
Total current assets		40,336,072	72.21	46,956,304	76.39
Non-current assets					
Financial assets at fair value through other comprehensive income - noncurrent	4, 6(3)	3,895,009	6.97	3,988,804	6.49
Investments accounted for using the equity method	4, 6(8)	50,117	0.09	43,035	0.07
Property, plant and equipment, net	4, 6(9), 8	8,092,453	14.49	7,513,806	12.22
Right-of-use assets	4, 6(22)	2,206,646	3.95	1,938,026	3.15
Investment property, net	4, 6(10), 8	144,231	0.26	152,301	0.25
Intangible assets	4, 6(11)	358,509	0.64	330,634	0.54
Deferred tax assets	4, 6(26)	342,533	0.61	270,147	0.44
Net defined benefit assets - noncurrent	4, 6(16)	33,703	0.06	18,385	0.03
Other noncurrent assets	8	398,542	0.72	258,951	0.42
Total non-current assets		15,521,743	27.79	14,514,089	23.61
Total assets		\$ 55,857,815	100.00	\$ 61,470,393	100.00

(continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2022 and 2021

(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Note	December 31, 2022	%	December 31, 2021	%
Current liabilities					
Short-term borrowings	6(12)	\$ 9,823,849	17.59	\$ 11,812,397	19.22
Financial liabilities at fair value through profit or loss - current	4, 6(13)	450,431	0.81	57,060	0.09
Hedging financial liabilities - current	4, 6(14)	1,483	-	-	-
Contract liabilities - current	6(20)	529,246	0.95	301,242	0.49
Notes payable		881	-	666	-
Accounts payable		7,284,148	13.04	13,465,920	21.90
Accounts payable - related parties	7	49,010	0.09	29,824	0.05
Other payables	7	4,520,234	8.09	5,297,433	8.62
Current tax liabilities	4, 6(26)	999,196	1.79	895,552	1.46
Provisions - current	4, 6(17)	651,105	1.16	578,084	0.94
Lease liabilities - current	4, 6(22)	321,631	0.58	331,267	0.54
Other current liabilities		872,025	1.56	639,571	1.04
Current portion of long-term borrowings	6(15)	414,871	0.74	316,446	0.51
Total current liabilities		25,918,110	46.40	33,725,462	54.86
Non-current liabilities					
Long-	6(15)	3,412,106	6.11	1,826,901	2.97
Deferred tax liabilities	4, 6(26)	61,665	0.11	78,069	0.13
Lease liabilities - noncurrent	4, 6(22)	1,291,459	2.31	1,439,893	2.34
Net defined benefit liabilities - noncurrent	4, 6(16)	70,509	0.13	156,435	0.26
Other noncurrent liabilities		23,482	0.04	26,632	0.04
Total non-current liabilities		4,859,221	8.70	3,527,930	5.74
Total liabilities		30,777,331	55.10	37,253,392	60.60
Equity attributable to owners of the parent					
Share capital					
Common stock	6(18)	3,909,811	7.00	3,909,811	6.36
Capital surplus	4, 6(18)	2,808,225	5.03	2,893,442	4.71
Retained earnings	6(18)				
Legal reserve		4,121,627	7.38	4,046,623	6.58
Special reserve		1,276,610	2.28	2,469,437	4.02
Unappropriated retained earning		12,024,401	21.53	9,650,179	15.70
Total retained earnings		17,422,638	31.19	16,166,239	26.30
Other equity		(1,411,129)	(2.53)	(817,388)	(1.33)
Total equity attributable to owners of the parent		22,729,545	40.69	22,152,104	36.04
Non-controlling interests	6(18)	2,350,939	4.21	2,064,897	3.36
Total equity		25,080,484	44.90	24,217,001	39.40
Total liabilities and equity		\$ 55,857,815	100.00	\$ 61,470,393	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, 2022 and 2021

(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	
		2022	%	2021	%
Net sales	4, 5, 6(20), 7	\$ 49,783,157	100.00	\$ 49,833,368	100.00
Operating costs	4, 6(7), 6(11), 6(16), 6(22), 6(23), 7	40,328,961	81.01	41,102,386	82.48
Gross profit		9,454,196	18.99	8,730,982	17.52
Operating expenses	6(11), 6(16), 6(21), 6(22), 6(23)				
Selling expenses		1,952,260	3.92	1,925,275	3.87
General and administrative expenses		2,282,457	4.58	2,149,263	4.31
Research and development expenses		3,056,452	6.14	3,008,812	6.04
Expected credit loss		12,405	0.03	1,206	-
Total operating expenses		7,303,574	14.67	7,084,556	14.22
Operating income		2,150,622	4.32	1,646,426	3.30
Non-operating income and expenses					
Interest income	6(24)	342,036	0.69	385,149	0.77
Other income	4, 6(24)	332,218	0.67	412,234	0.84
Other gains and losses	6(24)	737,479	1.48	494,137	0.99
Finance costs	6(24)	(396,446)	(0.80)	(148,938)	(0.30)
Share of gain (loss) of associates and joint ventures accounted for using the equity method	4, 6(8)	7,071	0.01	(3,689)	(0.01)
Total non-operating income and expenses		1,022,358	2.05	1,138,893	2.29
Income before income tax		3,172,980	6.37	2,785,319	5.59
Income tax expense	4, 6(26)	(759,546)	(1.52)	(746,039)	(1.50)
Net income		2,413,434	4.85	2,039,280	4.09
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit pension plans	6(25)	89,306	0.18	6	-
Unrealized (loss) gain from equity instrument investments measured at fair value through other comprehensive income	6(25)	(1,400,799)	(2.81)	1,025,700	2.06
Income tax related to items that will not be reclassified subsequently to profit or loss	6(25), 6(26)	(22,687)	(0.05)	59	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	6(25)	856,307	1.72	(272,133)	(0.55)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	6(25)	7,071	0.01	(2)	-
Other comprehensive (loss) income, net of tax		(470,802)	(0.95)	753,630	1.51
Total comprehensive income		\$ 1,942,632	3.90	\$ 2,792,910	5.60
Net income for the periods attributable to:					
Shareholders of the parent	6(27)	\$ 2,358,935		\$ 2,031,625	
Non-controlling interests	6(18), 6(28)	\$ 54,499		\$ 7,655	
Total comprehensive income (loss) for the periods attributable to:					
Shareholders of the parent		\$ 1,835,602		\$ 2,801,001	
Non-controlling interests		\$ 107,030		\$ (8,091)	
Basic Earnings Per Share (in New Taiwan Dollars)	6(27)	\$ 6.03		\$ 5.12	
Diluted Earnings Per Share (in New Taiwan Dollars)	6(27)	\$ 5.92		\$ 5.06	

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, 2022 and 2021

(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			Total		
			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			
Balance as of January 1, 2021	\$ 4,344,231	\$ 3,548,559	\$ 3,889,871	\$ 2,469,437	\$ 10,229,840	\$ (2,020,488)	\$ 434,034	\$ -	\$ 22,895,484	\$ 2,043,951	\$ 24,939,435
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	293	-	-	-	-	-	-	293	-	293
Acquisition or disposal of the interest of subsidiaries	-	127,012	-	-	-	-	-	-	127,012	36,117	163,129
Changes in subsidiaries' ownership	-	(4,815)	-	-	(169)	-	-	-	(4,984)	-	(4,984)
Appropriation and distribution of 2020 earnings:											
Legal reserve	-	-	156,752	-	(156,752)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,172,944)	-	-	-	(1,172,944)	-	(1,172,944)
Cash dividends distributed from capital surplus	-	(390,981)	-	-	-	-	-	-	(390,981)	-	(390,981)
Net income for the year ended December 31, 2021	-	-	-	-	2,031,625	-	-	-	2,031,625	7,655	2,039,280
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	310	(255,769)	1,024,835	-	769,376	(15,746)	753,630
Total comprehensive income (loss)	-	-	-	-	2,031,935	(255,769)	1,024,835	-	2,801,001	(8,091)	2,792,910
Treasury stock acquired	-	-	-	-	-	-	-	(2,102,777)	(2,102,777)	-	(2,102,777)
Treasury stock retired	(434,420)	(386,626)	-	-	(1,281,731)	-	-	2,102,777	-	-	-
Decrease of non-controlling interests	-	-	-	-	-	-	-	-	-	(7,080)	(7,080)
Balance as of December 31, 2021	3,909,811	2,893,442	4,046,623	2,469,437	9,650,179	(2,276,257)	1,458,869	-	22,152,104	2,064,897	24,217,001
Acquisition or disposal of the interest of subsidiaries	-	334,824	-	-	-	-	-	-	334,824	123,856	458,680
Changes in subsidiaries' ownership	-	(29,060)	-	-	-	-	-	-	(29,060)	(24,300)	(53,360)
Appropriation and distribution of 2021 earnings:											
Legal reserve	-	-	75,004	-	(75,004)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,172,944)	-	-	-	(1,172,944)	-	(1,172,944)
Reversal of special reserve	-	-	-	(1,192,827)	1,192,827	-	-	-	-	-	-
Cash dividends distributed from capital surplus	-	(390,981)	-	-	-	-	-	-	(390,981)	-	(390,981)
Net income for the year ended December 31, 2022	-	-	-	-	2,358,935	-	-	-	2,358,935	54,499	2,413,434
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	70,408	811,884	(1,405,625)	-	(523,333)	52,531	(470,802)
Total comprehensive income (loss)	-	-	-	-	2,429,343	811,884	(1,405,625)	-	1,835,602	107,030	1,942,632
Increase of non-controlling interests	-	-	-	-	-	-	-	-	-	79,456	79,456
Balance as of December 31, 2022	\$ 3,909,811	\$ 2,808,225	\$ 4,121,627	\$ 1,276,610	\$ 12,024,401	\$ (1,464,373)	\$ 53,244	\$ -	\$ 22,729,545	\$ 2,350,939	\$ 25,080,484

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, 2022 and 2021

(Amounts in thousands of New Taiwan Dollars)

Description	For the years ended December 31		Description	For the years ended December 31	
	2022	2021		2022	2021
Cash flows from operating activities :			Cash flows from investing activities :		
Net income before tax	\$ 3,172,980	\$ 2,785,319	Acquisition of financial assets at fair value through profit or loss	(41,610)	(130,578)
Adjustments for:			Proceeds from disposal of financial assets at fair value through profit or loss	-	129,648
The profit or loss items which did not affect cash flows:			Acquisition of financial assets at fair value through other comprehensive income	(1,238,610)	(2,054,000)
Expected credit loss	12,405	1,206	Proceeds from disposal of financial assets at fair value through other comprehensive income	-	1,219
Depreciation (including investment property and right-of-use assets)	1,453,547	\$ 1,325,377	Decrease (increase) in financial assets at amortized cost - current	760,540	(5,483,485)
Amortization (including other noncurrent assets)	91,464	115,440	Disposal of subsidiary	860	-
Interest expenses	396,446	148,938	Acquisition of property, plant and equipment	(1,631,104)	(1,465,671)
Interest income	(342,036)	(385,149)	Proceeds from disposal of property, plant and equipment	46,918	140,912
Dividend income	(70,475)	(34,640)	Acquisition of intangible assets	(113,938)	(85,129)
Transfer of property, plant and equipment to expense	4	4,683	Proceeds from disposal of intangible assets	103	381
Gain on disposal of property, plant and equipment	(7,922)	(93,351)	Acquisition of land use rights	(453,177)	-
Gain on disposal of Intangible assets	-	(2)	Increase in prepayment of land use rights	(155,479)	-
Gain on disposal of other noncurrent assets	-	(43)	Increase in other noncurrent assets	(10,003)	(52,620)
Share-based payment expense	6,218	-	Net cash used in investing activities	(2,835,500)	(8,999,323)
Gain on disposal of investments	(531)	-			
Share of (gain) loss of associates and joint ventures accounted for using the equity method	(7,071)	3,689	Cash flows from financing activities:		
Net loss on financial assets and liabilities at fair value through profit or loss	404,814	214,236	(Decrease) increase in short-term borrowings	(1,988,548)	6,674,980
Impairment of non-financial assets	4,991	56,629	Increase in long-term borrowings (including current portion of long-term borrowings)	2,003,193	1,591,869
Changes in operating assets and liabilities:			Decrease in long-term borrowings	(319,563)	(118,001)
Notes receivable	(1,573)	(2,898)	Decrease in guarantee deposits	(3,516)	(5,099)
Trade receivables	8,688,495	(7,278,424)	Increase (decrease) in other noncurrent liabilities	366	(12,544)
Trade receivables - related parties	5,312	(5,842)	Cash dividends	(1,563,925)	(1,563,925)
Other receivables	(648,547)	(255,236)	Cash payment for the principal portion of lease liabilities	(328,525)	(301,528)
Inventories	(1,155,824)	(4,405,186)	Proceeds from disposal of subsidiaries' ownership (without a change of control)	398,598	165,445
Prepayments	59,809	(243,751)	Treasury stock acquired	-	(2,102,777)
Other current assets	(55,876)	(44,018)	Change in non-controlling interests	79,456	(7,080)
Other operating assets	14,084	1,892	Net cash (used in) provided by financing activities	(1,722,464)	4,321,340
Contract liabilities	228,004	50,767			
Notes payable	215	333	Effect of exchange rate changes on cash and cash equivalents	787,571	(253,503)
Accounts payable	(6,181,772)	5,317,320			
Accounts payable - related parties	19,186	18,441	Net increase (decrease) in cash and cash equivalents	1,135,160	(7,070,725)
Other payables	(788,169)	1,080,201	Cash and cash equivalents at the beginning of the period	11,229,839	18,300,564
Provisions - current	73,021	(122,880)	Cash and cash equivalents at the end of the period	\$ 12,364,999	\$ 11,229,839
Other current liabilities	232,454	97,772			
Net defined benefit assets/liabilities	(11,938)	(11,922)			
Cash provided by (used in) operating activities	5,591,715	(1,661,099)			
Dividend received	70,475	34,640			
Interest received	354,051	256,421			
Interest paid	(385,476)	(144,935)			
Income tax paid	(725,212)	(624,266)			
Net cash provided by (used in) operating activities	4,905,553	(2,139,239)			

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

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

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

1. HISTORY AND ORGANIZATION

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

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

The consolidated financial statements of CORE and its subsidiaries (“the Group”) were authorized for issue in accordance with the resolution of the Board of Directors’ meeting on February 13, 2023.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended, which are recognized by the Financial Supervisory Commission (“the FSC”) and become effective for annual periods beginning on or after January 1, 2022. The adoption of these new standards and amendments had no material impact on the Group.

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

Standards or Interpretations Numbers	New, Revised or Amended Standards and Interpretations	Effective Dates
IAS 1 Amendment	Disclosure Initiative - Accounting Policies	January 1, 2023
IAS 8 Amendment	Definition of Accounting Estimates	January 1, 2023
IAS 12 Amendment	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023

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

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

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

B. Definition of Accounting Estimates – Amendments to IAS 8

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

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

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

The abovementioned standards and interpretations issued by the IASB have been endorsed by the FSC, and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments had no material impact on the Group.

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

Standards or Interpretations Numbers	New, Revised or Amended Standards and Interpretations	Effective Dates
IFRS 10 and IAS 28	Amendments to Consolidated Financial Statements and Investments in Associates and Joint Ventures	To be determined by the IASB
IFRS 17	Insurance Contracts	January 1, 2023
IAS 1 Amendment	Classification of Liabilities as Current or Non-current	January 1, 2024
IFRS 16 Amendment	Lease Liability in a Sale and Leaseback	January 1, 2024
IAS 1 Amendment	Non-current Liabilities with Covenants	January 1, 2024

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

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

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

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

B. IFRS 17 “Insurance Contracts”

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

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

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

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

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

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

D. Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessee’s additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

E. Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The consolidated financial statements of the Group for the years ended December 31, 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and standards, interpretations, and amendments issued, revised, or amended which are endorsed and became effective by the FSC (collectively, “the TIFRS”).

(2) Basis of Preparation

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

(3) General Description of Reporting Entity

Principles of consolidation

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

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

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

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

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

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

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

If loses control of a subsidiary, it:

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

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

The consolidated entities are as follows:

Entity name	Relationship	Business nature	Percentage of Ownership	
			December 31, 2022	December 31, 2021
Tecpoint Limited (“Tecpoint”) and its subsidiaries	Subsidiary	Tecpoint is a holding company and invests in Mainland China. Tecpoint’s joint ventures are the production, manufacturing, marketing and R&D of acrylic plate, light guide plate and backlight module. The joint ventures also provide the after-sales services.	100.00%	100.00%
Visicorp Limited (“Visicorp”) and its subsidiaries	Subsidiary	Visicorp is a holding company and invests in Mainland China. Visicorp’s joint ventures are the R&D, production and marketing of backlight module and components. The joint ventures also provide after-sales services.	100.00%	100.00%
Coretronic (BVI) Investment Corp. (“Coretronic BVI”) and its subsidiaries	Subsidiary	BVI is a holding company and invests in Mainland China. BVI’s joint ventures are the R&D, production, manufacturing and marketing of digital projector, LCD monitor and components. The joint ventures also provide after-sales services.	100.00%	100.00%

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

Entity name	Relationship	Business nature	Percentage of Ownership	
			December 31, 2022	December 31, 2021
Sinolink Global Limited (“Sinolink”) and its subsidiaries	Subsidiary	Sinolink is a holding company and invests in Mainland China. Sinolink’s joint ventures are the design, R&D, production and marketing of projectors. The joint ventures also provide the after-sales services for self-produced and non-self-produced products.	100.00%	100.00%
Young Green Energy Co. (“YGE”) and its subsidiaries	Subsidiary	YGE is engaged in the production, wholesale and retail trade of electronic components, battery, computer and peripheral devices, and electronic material. YGE’s joint ventures are the R&D, production and marketing of transformers, inductors and power supply related products.	99.91%	99.91%
Young Optics Inc. (“TYO”) and its subsidiaries	Subsidiary	TYO is engaged in the production, marketing and R&D of electronic components and optical engines and key components. TYO’s joint ventures are the R&D, the production and after-sales services of electronic components, optical modules and components.	33.86%	37.61%

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

Entity name	Relationship	Business nature	Percentage of Ownership	
			December 31, 2022	December 31, 2021
Young Lighting Limited (YLL) and its subsidiaries	Subsidiary	YLL is a holding company and invests in Mainland China. YLL's joint ventures are the R&D, production, manufacturing and marketing of backlight module, touch module, LCD module, other optical components and lighting application. YLL's joint ventures also provide after-sales services.	100.00%	100.00%
Optoma Technology Corporation ("Optoma") and its subsidiaries (Note)	Subsidiary	Optoma is engaged in the production and marketing of data storage and processing equipment, electronic components, optical devices, wireless communications equipment, electronic appliances. Optoma's joint ventures are engaged in the marketing and after-sales services of products of the brand Optoma in America, Canada, Europe, Hong Kong, and Mainland China.	-	100.00%
Dynamic Time Investments Limited ("Dynamic Time")	Subsidiary	Holding Company	100.00%	100.00%

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

Entity name	Relationship	Business nature	Percentage of Ownership	
			December 31, 2022	December 31, 2021
Chung Tsen Investment Corp. (“CGT”) and its subsidiaries	Subsidiary	CGT is an investment company for strategic purposes.	100.00%	100.00%
Coretronic Intelligent Cloud Service Corporation (“CICS”) and its subsidiaries	Subsidiary	CICS is engaged in intelligent cloud, IT information, intelligent applications of new media and platform development. CICS’s joint ventures are contractor in intelligent building engineering and provide services to customers from various domains.	100.00%	100.00%
Coretronic Venture Capital Co. (“CVC”)	Subsidiary	The investment activities of business expansion.	100.00%	100.00%
uCare Medical Electronics Co., Ltd. (“UCM”)	Subsidiary	UCM is engaged in R&D, design, production and marketing of intelligent exercise and medical care related software and hardware products.	60.69%	60.69%
Champ Vision Display Inc. (“CVD”)	Subsidiary	CVD is engaged in R&D, design, production and marketing of innovative intelligent display products and system integration solution.	80.00%	80.00%

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

Entity name	Relationship	Business nature	Percentage of Ownership	
			December 31, 2022	December 31, 2021
Calibre UK Ltd. ("CAL")	Subsidiary	CAL is engaged in R&D, design, production and marketing of image processing products.	100.00%	100.00%
InnoSpectra Corporation ("ISC")	Subsidiary	ISC is engaged in R&D and marketing of near-infrared spectrum and corresponding solutions.	80.00%	80.00%
Coretronic Intelligent Robotics Corporation ("CIRC")	Subsidiary	CIRC is engaged in R&D, production and marketing of unmanned aerial vehicle and intelligent robotics.	100.00%	100.00%
Coretronic MEMS Corporation ("CMC")	Subsidiary	CMC is engaged in R&D, production and marketing of MEMS sensor, module and corresponding solutions.	100.00%	100.00%
Coretronic Reality Inc. ("CRI")	Subsidiary	CRI is engaged in R&D, and marketing of AR (Augmented reality) and MR (Mixed reality) wearable display solutions.	100.00%	100.00%
Coretronic Vietnam Co., Ltd.	Subsidiary	Research and development, manufacturing and sales of optical components such as backlight module, LCD module, LCD TV and panel display.	100.00%	100.00%

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

Entity name	Relationship	Business nature	Percentage of Ownership	
			December 31, 2022	December 31, 2021
Coretronic Intelligent Logistics Solutions Corporation (“CILS”)	Subsidiary	System integration and application service solutions for intelligent logistics and smart manufacturing.	100.00%	100.00%
Coretronic Investment Limited and its subsidiaries	Subsidiary	Coretronic Investment Limited is a holding company and invests in Europe. Coretronic Investment Limited’s joint ventures are engaged in R&D, design, production and marketing of image processing products.	100.00%	100.00%

Note: Originally Optoma Corporation has changed its English legal name to Optoma Technology Corporation in 2022. Therefore, in the notes to the consolidated financial statements, Optoma Corporation refers to the newly established sub-subsidiary starting November 2021.

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

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

- (a) CORE made an investment to establish 100% held subsidiary Coretronic Intelligent Logistics Solutions Corporation (“CILS”) and had completed registration of establishment in March 2021. CILS has been fully consolidated since the investment date.
- (b) Dynamic Time Investments Limited made an investment to establish 100% held subsidiary Optoma Holding Limited (“Optoma Holding”) and had completed registration of establishment in June 2021. Optoma Holding has been fully consolidated since the investment date.
- (c) CORE made an investment of EUR 100 thousand to establish 100% held subsidiary Coretronic Investment Limited in the United Kingdom in December 2021. Coretronic Investment Limited is a holding company and invests in Europe.

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

(d) In consideration of group business strategy, Coretronic Investment Limited acquired 100% ownership of Optoma Holding from Dynamic Time Investment Limited in December 2021.

(e) CORE's Board of Directors resolved to absorb Optoma Technology Corporation through simplified acquisition procedures on July 1, 2022. Ownership of Dynamic Time originally held by Optoma Technology Corporation was transferred to CORE as a result of the acquisition.

(4) Foreign Currency Transactions

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

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

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

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

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

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

(5) Translation of Foreign Currency Financial Statements

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

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

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

(6) Current and Non-Current Distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

- A. The Group expects to settle the liability in its normal operating cycle

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

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

All other liabilities are classified as non-current.

(7) Cash and Cash Equivalents

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

(8) Financial Instruments

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

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

A. Financial instruments: Recognition and Measurement

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

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

Financial assets measured at amortized cost

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

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

Financial asset measured at fair value through other comprehensive income

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

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

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

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

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

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

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

Financial asset measured at fair value through profit or loss

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

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

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

B. Impairment of financial assets

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

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

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

The loss allowance is measures as follow:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

C. Derecognition of financial assets

A financial asset is derecognized when:

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

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

D. Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

CORETRONIC CORPORATION AND SUBSIDIARIES
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(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

A financial liability is classified as held for trading if:

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

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

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

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

E. Offsetting of financial instruments

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

(9) Derivative Instrument and Hedging Accounting

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

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

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value through profit or loss.

With the adoption of IFRS 9, the Group designates a hedging relationship between the hedging instrument and the hedged item with the existence of an economic relationship. The accounting policies are as follows:

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

A. Fair value hedges

Gains or losses on derivatives that are designated and qualified as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The changes in the fair value of the hedging instrument and the changes in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item. The Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

B. Cash flow hedges

The effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gains or losses relating to the ineffective portion are recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as reclassification adjustments in the line items relating to the related hedged item in the same period in which the hedged item affects profit or loss. If a hedge of a forecasted transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and included in the initial cost of the non-financial asset or non-financial liability.

The Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that was previously recognized in other comprehensive income (from the year in which the hedge was effective) remains separately in equity until the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the gains or losses accumulated in equity are recognized immediately in profit or loss.

C. Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized in other comprehensive income and accumulated under the heading of foreign currency translation reserve. The gains or losses relating to the ineffective portion are recognized immediately in profit or loss. The gains and losses on the hedging instrument relating to the effective portion of the hedge, which were accumulated in the foreign currency translation reserve, are reclassified to profit or loss on the disposal or partial disposal of a foreign operation.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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(10) Fair Value Measurement

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

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

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

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

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

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

(11) Inventories

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

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

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

(12) Investments accounted for using the equity method

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

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

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

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

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

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

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

(13) Property, Plant and Equipment

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

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

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

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

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

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

(14) Investment Property

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

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

Name	Years
Buildings	10~30 years

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

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

(15) Leases

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

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

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

Group as a lessee

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

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

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

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

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

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

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

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

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

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

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

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

Group as a lessor

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

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

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

(16) Intangible Assets

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

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

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

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

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

Developing intangible assets - research and development costs

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

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

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

Patent rights and trademark rights

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

Computer software

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

Acquired Special Technology

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

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(17) Impairment of Non-Financial Assets

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

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

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

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

(18) Provisions

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

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

Provision for decommissioning, restoration and rehabilitation costs

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

Maintenance warranties

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

Sales returns and allowances

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

(19) Treasury shares

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

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

(20) Revenue Recognition

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

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Sale of goods

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

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

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

Rendering of services

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

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

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

CORETRONIC CORPORATION AND SUBSIDIARIES

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

(21) Government grants

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

(22) Post-Employment Benefits

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

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

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

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

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

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(23) Share-based payment plans

The cost of equity-settled transactions between the Group and its employees is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of the equity-settled share-based payment transaction is gradually recognized when service terms and performance conditions are met, and the equity recognized increases relatively. The accumulated expense from equity-settled share-based payment transactions before the end of every reporting period before the vesting date is a reflection on the passing of the vesting period at the best estimate for the number of equity instruments that will ultimately vest. The cumulative cost changes for the share-based payment transactions will be recognized in profit or loss for the period.

If ultimately, the instruments do not meet the vesting criteria, no expense shall be recognized. However, if the vesting conditions of the equity settled transaction are related to market conditions or non-vested conditions, when all service or performance conditions are met, related expenses shall be recognized irrespective of whether the market conditions or non-vested conditions have been met.

(24) Income Tax

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

Current income tax

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

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

Deferred tax

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

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

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

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

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

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

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

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5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Estimates and Assumptions

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

A. Fair value of financial instruments

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

B. Valuation of inventory

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

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

C. Maintenance warranties

The provision of maintenance warranties for goods sold is based on historical experience and the specific ratios determined by other known causes to estimate the possible product warranty and maintenance that may occur. The provision is recognized in the account of cost of goods sold when goods in the selling year. Management of the Group regularly examines the reasonableness of the estimates. Refer to Note 6(17) for more details.

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D. Revenue recognition - sales returns and allowance

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

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and Cash Equivalents

	December 31,	
	2022	2021
Cash on hand, savings and checking accounts	\$4,836,956	\$4,993,183
Time deposits	7,389,043	6,078,756
Cash equivalents - repurchase agreements	139,000	157,900
Total	\$12,364,999	\$11,229,839

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

	December 31,	
	2022	2021
Financial assets mandatorily measured at fair value through profit or loss:		
Derivatives not designated as hedging instruments		
Forward foreign exchange contracts	\$155,286	\$125,399
Stock option	-	55,360
Total	\$155,286	\$180,759
Current	\$155,286	\$180,759
Non-current	-	-
Total	\$155,286	\$180,759

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

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(3) Financial Assets at Fair Value through Other Comprehensive Income

	December 31,	
	2022	2021
Equity instruments investments measured at fair value through other comprehensive income		
Unlisted companies stocks	\$3,895,009	\$3,988,804
Current	\$-	\$-
Non-current	3,895,009	3,988,804
Total	\$3,895,009	\$3,988,804

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

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

(4) Financial assets measured at amortized cost

	December 31,	
	2022	2021
Time deposits (with original maturities of more than six months)	\$4,722,945	\$5,483,485
Current	\$4,722,945	\$5,483,485
Non-current	-	-
Total	\$4,722,945	\$5,483,485

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

(5) Notes Receivable

	December 31,	
	2022	2021
Notes receivable - arose from operating activities	\$29,671	\$28,098

Notes receivable were not pledged.

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

The Group adopted IFRS 9 for impairment assessment. Please refer to Note 6(21) for more details on accumulated impairment and refer to Note 12 for more details on credit risk disclosure.

(6) Trade Receivables and Trade Receivables - Related Parties

	December 31,	
	2022	2021
Trade receivables	\$10,278,196	\$18,966,690
Less: allowance for doubtful accounts	(42,363)	(29,563)
Subtotal	10,235,833	18,937,127
Trade receivables from related parties	530	5,842
Total	\$10,236,363	\$18,942,969

Trade receivables were not pledged.

Trade receivables are generally on 30 to 150 day terms. The total carrying amounts as of December 31, 2022 and 2021, were NT\$10,278,726 thousand and NT\$18,972,532 thousand, respectively. Please refer to Note 6(21) for more details on impairment of trade receivables. Please refer to Note 12 for more details on credit risk management.

The Group entered into factoring contracts without recourse with domestic banks. The bank pays the Group 100% of the accounts receivable factored as consideration. According to the arrangement, if the client of the trade receivables factored delays the payment, the Group shall pay interests to the bank. Upon assignment of the factoring to the bank, the bank undertakes the associated credit risk. However, the Group still issues a promissory note to the bank. If the trade receivables cannot be collected as a result of trade disputes due to factors attributable to the Group, the Group should pay the promissory note in compensation for the bank. As of December 31, 2022 and 2021, factored trade receivables of NT\$483,486 thousand and NT\$1,660,011 thousand were derecognized, and annual interest rates for advances from banks was 5.05% and 0.68% to 0.75%, respectively. The credit lines of factoring contracts provided by banks were US\$110,000 thousand and US\$60,000 thousand as of December 31, 2022 and December 31, 2021, respectively.

As of December 31, 2022 and 2021, trade receivables classified as financial assets measured at fair value through profit or loss due to regular factoring without recourse were NT\$4,074,948 thousand and NT\$8,694,391 thousand, respectively.

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(7) Inventories

	December 31,	
	2022	2021
Raw materials and supplies	\$6,916,832	\$6,555,737
Work in process	233,584	405,578
Finished goods	3,294,566	2,340,062
Total	\$10,444,982	\$9,301,377

The cost of inventories recognized in expenses amounted to NT\$40,328,961 thousand and NT\$41,102,386 thousand for the years ended December 31, 2022 and 2021, respectively, including the write-down of inventories and obsolescence loss of NT\$210,050 thousand and NT\$59,087 thousand, respectively.

The allowance of inventories write-down amounted to NT\$567,494 thousand and NT\$629,953 thousand as of December 31, 2022 and 2021, respectively.

No inventories were pledged.

(8) Investments Accounted for using the Equity Method

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

Investees	December 31, 2022	
	Carrying amount	Percentage of ownership (%)
Investments in associates:		
Eterge Opto-Electronics Co., LTD (“EOE”)	\$50,117	18.50%
Investees	December 31, 2021	
	Carrying amount	Percentage of ownership (%)
Investments in associates:		
Eterge Opto-Electronics Co., LTD (“EOE”)	\$43,035	18.50%

The Group recognized share of gain (loss) of associates and joint ventures accounted for using the equity method in the amount of NT\$7,071 thousand and NT\$(3,689) thousand for the years ended December 31, 2022 and December 31, 2021, respectively.

The abovementioned associate had no contingent liabilities or capital commitments as of December 31, 2022 and 2021. No investments accounted for using the equity method held by the Company were pledged to others.

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

(9) Property, Plant and Equipment

Property, plant and equipment for own-use

	Land	Buildings	Machinery and equipment	Office fixtures	Transportation equipment	Leasehold improvement	Other equipment	Construction in progress and equipment awaiting inspection	Total
Cost:									
As of January 1, 2022	\$25,680	\$8,134,122	\$4,978,854	\$427,227	\$44,195	\$788,434	\$1,582,090	\$441,630	\$16,422,232
Additions	-	266,880	396,382	43,345	5,384	12,983	91,998	822,034	1,639,006
Disposals	-	(67,333)	(311,879)	(7,166)	(2,592)	(142,147)	(148,745)	(369)	(680,231)
Transfers	-	185,721	296,064	(3,283)	(40)	4,462	(16,198)	(585,710)	(118,984)
Exchange differences	(60)	68,276	72,022	6,828	1,571	28,123	23,476	11,213	211,449
As of December 31, 2022	<u>\$25,620</u>	<u>\$8,587,666</u>	<u>\$5,431,443</u>	<u>\$466,951</u>	<u>\$48,518</u>	<u>\$691,855</u>	<u>\$1,532,621</u>	<u>\$688,798</u>	<u>\$17,473,472</u>
As of January 1, 2021	\$39,039	\$7,466,949	\$4,779,933	\$438,802	\$37,440	\$710,212	\$1,615,620	\$810,952	\$15,898,947
Additions	-	100,153	255,636	28,843	1,028	23,339	145,715	901,670	1,456,384
Disposals	(13,190)	(136,396)	(115,603)	(23,168)	(2,891)	(5,906)	(204,672)	-	(501,826)
Transfers	-	727,304	90,063	(14,001)	9,075	69,676	35,546	(1,255,668)	(338,005)
Exchange differences	(169)	(23,888)	(31,175)	(3,249)	(457)	(8,887)	(10,119)	(15,324)	(93,268)
As of December 31, 2021	<u>\$25,680</u>	<u>\$8,134,122</u>	<u>\$4,978,854</u>	<u>\$427,227</u>	<u>\$44,195</u>	<u>\$788,434</u>	<u>\$1,582,090</u>	<u>\$441,630</u>	<u>\$16,422,232</u>
Depreciation and Impairment:									
As of January 1, 2022	\$-	\$3,566,409	\$3,269,963	\$304,536	\$33,424	\$594,020	\$1,140,074	\$-	\$8,908,426
Depreciation	-	398,166	460,616	44,056	3,014	51,536	142,781	-	1,100,169
Disposals	-	(55,831)	(295,672)	(7,120)	(1,278)	(134,905)	(147,619)	-	(642,425)
Transfers	-	(3,558)	(79,081)	(5,657)	(16)	837	(30,503)	19	(117,959)
Impairment	-	-	4,991	-	-	-	-	-	4,991
Exchange differences	-	32,556	47,537	5,620	970	21,439	19,695	-	127,817
As of December 31, 2022	<u>\$-</u>	<u>\$3,937,742</u>	<u>\$3,408,354</u>	<u>\$341,435</u>	<u>\$36,114</u>	<u>\$532,927</u>	<u>\$1,124,428</u>	<u>\$19</u>	<u>\$9,381,019</u>
As of January 1, 2021	\$-	\$3,331,098	\$3,223,509	\$305,503	\$33,244	\$613,346	\$1,233,622	\$-	\$8,740,322
Depreciation	-	354,487	415,963	37,058	3,293	45,945	135,059	-	991,805
Disposals	-	(119,137)	(100,485)	(22,987)	(2,891)	(5,706)	(198,287)	-	(449,493)
Transfers	-	11,158	(251,992)	(12,651)	-	(41,228)	(21,684)	-	(316,397)
Impairment	-	-	874	139	-	-	294	-	1,307
Exchange differences	-	(11,197)	(17,906)	(2,526)	(222)	(18,337)	(8,930)	-	(59,118)
As of December 31, 2021	<u>\$-</u>	<u>\$3,566,409</u>	<u>\$3,269,963</u>	<u>\$304,536</u>	<u>\$33,424</u>	<u>\$594,020</u>	<u>\$1,140,074</u>	<u>\$-</u>	<u>\$8,908,426</u>
Net carrying amounts as of:									
December 31, 2022	<u>\$25,620</u>	<u>\$4,649,924</u>	<u>\$2,023,089</u>	<u>\$125,516</u>	<u>\$12,404</u>	<u>\$158,928</u>	<u>\$408,193</u>	<u>\$688,779</u>	<u>\$8,092,453</u>

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	Land	Buildings	Machinery and equipment	Office fixtures	Transportation equipment	Leasehold improvement	Other equipment	Construction in progress and equipment awaiting inspection	Total
December 31, 2021	\$25,680	\$4,567,713	\$1,708,891	\$122,691	\$10,771	\$194,414	\$442,016	\$441,630	\$7,513,806

The Group evaluated the economic benefits for property, plant and equipment, and recognized impairment losses of NT\$4,991 thousand and for NT\$1,307 thousand for the years ended December 31, 2022 and December 31, 2021, respectively.

Please refer to Note 8 for more details on property, plant and equipment under pledge.

(10) Investment Property

Investment property held by the group is for own-use. The Group signed the commercial property lease contracts with periods of 3 years, which included clauses to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

	<u>Buildings</u>
Cost:	
As of January 1, 2022	\$244,538
Additions from acquisitions	-
As of December 31, 2022	<u>\$244,538</u>
As of January 1, 2021	\$244,538
Additions from acquisitions	-
As of December 31, 2021	<u>\$244,538</u>
Depreciation and Impairment:	
As of January 1, 2022	\$92,237
Depreciation	8,070
As of December 31, 2022	<u>\$100,307</u>
As of January 1, 2021	\$84,184
Depreciation	8,053
As of December 31, 2021	<u>\$92,237</u>
Net carry amount as of:	
December 31, 2022	<u>\$144,231</u>
December 31, 2021	<u>\$152,301</u>

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	Years ended December 31,	
	2022	2021
Rental income from investment property	\$12,783	\$12,784
Less: Direct operating expenses from investment property generating rental income	(8,070)	(8,053)
Total	\$4,713	\$4,731

Information about the investment property that was pledged to others as collaterals is provided in Note 8.

Investment properties held by the Group are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized with Level 3. The fair value has been determined based on valuations performed by an independent appraiser. The valuation method used is discount cash-flow analysis method, and the inputs used are discount rates and growth rates:

	December 31,	
	2022	2021
Fair value of the investment property	\$200,400	\$212,800
Discount rates	4.345%	3.845%
Growth rates	0.4%	0.4%

(11) Intangible Assets

	Trademarks	Patents	Software	IPs	Goodwill	Other	Total
Cost:							
As of January 1, 2022	\$103,621	\$179,451	\$284,391	\$87,123	\$5,940	\$225,050	\$885,576
Additions	-	73,716	25,231	7,819	-	7,172	113,938
Disposals	(103,621)	(10,376)	(29,917)	-	-	(181,867)	(325,781)
Transfers	-	-	1,200	-	-	-	1,200
Exchange differences	-	(16)	(544)	-	-	(3,648)	(4,208)
As of December 31, 2022	\$-	\$242,775	\$280,361	\$94,942	\$5,940	\$46,707	\$670,725
As of January 1, 2021	\$103,677	\$179,522	\$228,722	\$87,123	\$5,940	\$260,930	\$865,914
Additions	-	-	84,344	-	-	785	85,129
Disposals	-	-	(24,353)	-	-	(29,640)	(53,993)
Exchange differences	(56)	(71)	(4,322)	-	-	(7,025)	(11,474)
As of December 31, 2021	\$103,621	\$179,451	\$284,391	\$87,123	\$5,940	\$225,050	\$885,576

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	Trademarks	Patents	Software	IPs	Goodwill	Other	Total
Amortization and Impairment:							
As of January 1, 2022	\$103,621	\$41,846	\$140,738	\$60,929	\$5,940	\$201,868	\$554,942
Amortization	-	17,504	47,430	10,414	-	12,005	87,353
Disposals	(103,621)	(10,376)	(29,814)	-	-	(181,867)	(325,678)
Exchange differences	-	(11)	(705)	-	-	(3,685)	(4,401)
As of December 31, 2022	<u>\$-</u>	<u>\$48,963</u>	<u>\$157,649</u>	<u>\$71,343</u>	<u>\$5,940</u>	<u>\$28,321</u>	<u>\$312,216</u>

Amortization and Impairment:							
As of January 1, 2021	\$101,601	\$24,379	\$119,851	\$56,770	\$5,940	\$148,727	\$457,268
Amortization	2,076	17,511	48,555	4,159	-	33,454	105,755
Disposals	-	-	(23,974)	-	-	(29,640)	(53,614)
Impairment	-	-	-	-	-	55,322	55,322
Exchange differences	(56)	(44)	(3,694)	-	-	(5,995)	(9,789)
As of December 31, 2021	<u>\$103,621</u>	<u>\$41,846</u>	<u>\$140,738</u>	<u>\$60,929</u>	<u>\$5,940</u>	<u>\$201,868</u>	<u>\$554,942</u>

Net carrying amount as of:

December 31, 2022	<u>\$-</u>	<u>\$193,812</u>	<u>\$122,712</u>	<u>\$23,599</u>	<u>\$-</u>	<u>\$18,386</u>	<u>\$358,509</u>
December 31, 2021	<u>\$-</u>	<u>\$137,605</u>	<u>\$143,653</u>	<u>\$26,194</u>	<u>\$-</u>	<u>\$23,182</u>	<u>\$330,634</u>

Amortization expense of intangible assets:

	Years ended December 31,	
	2022	2021
Operating Cost	\$17,133	\$7,569
Selling expenses	8,895	17,151
General and administrative expenses	20,101	24,447
Research and development expenses	41,224	56,588
Total	<u>\$87,353</u>	<u>\$105,755</u>

(12) Short-Term Borrowings

	December 31,	
	2022	2021
Unsecured bank loans	<u>\$9,823,849</u>	<u>\$11,812,397</u>
Interest rates (%)	<u>1.70%~5.07%</u>	<u>0.33%~1.00%</u>

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The Group's unused short-term lines of credits amounted to NT\$37,254,987 thousand and NT\$35,699,280 thousand as of December 31, 2022 and 2021, respectively.

(13) Financial Liabilities at Fair Value through Profit or Loss

	December 31,	
	2022	2021
Financial liabilities mandatorily measured at fair value through profit or loss:		
Derivative not designated as hedging instruments		
Forward exchange contracts	\$450,431	\$57,060
Current	\$450,431	\$57,060
Non-current	-	-
Total	\$450,431	\$57,060

(14) Hedging financial liabilities:

	December 31,	
	2022	2021
Forward exchange contracts	\$1,483	\$-
Current	\$1,483	\$-
Non-current	-	-
Total	\$1,483	\$-

Please refer to Note 12(8) for more details on hedging financial liabilities.

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(15) Long-Term Borrowings

Details of long-term borrowings are as follows:

Lenders	December 31, 2022	Interest Rate (%)	Maturity date and terms of repayment
Secured long-term borrowings from First bank	\$599,900	1.73%	Principle is repaid in 8 quarterly payments from February 19, 2023.
Secured long-term borrowings from Hua Nan Commercial bank	68,571	1.55%	Principle is repaid in 14 quarterly payments from July 25, 2021.
Secured long-term borrowings from Hua Nan Commercial bank	142,857	1.53%	Principle is repaid in 14 quarterly payments from July 25, 2021.
Secured long-term borrowings from Hua Nan Commercial bank	14,286	1.55%	Principle is repaid in 14 quarterly payments from July 25, 2021.
Long-term borrowings from Sumitomo Mitsui Bank	6,200	1.60%	Government subsidizes interest for the first three years. Principle is repaid in 54 monthly payments from July 20, 2021.
Syndicated loan of 9 Banks - unsecured bank loans	3,000,000	1.95%~1.96 %	Revolving credit. Renewable every three months. Credit has not been fully utilized.
Less: Arrangement Fee	(4,837)		
Current portion	(414,871)		
Total	<u>\$3,412,106</u>		

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
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Lenders	December 31, 2021	Interest Rate (%)	Maturity date and terms of repayment
Secured long-term borrowings from First bank	\$599,900	1.10%	Principle is repaid in 8 quarterly payments from February 19, 2023.
Secured long-term borrowings from First bank	69	1.10%	Principle is repaid in 16 quarterly payments from December 20, 2020.
Secured long-term borrowings from Hua Nan Commercial bank	4,286	1.02%	Principle is repaid in 14 quarterly payments from July 25, 2021.
Secured long-term borrowings from Hua Nan Commercial bank	102,857	1.02%	Principle is repaid in 14 quarterly payments from July 25, 2021.
Secured long-term borrowings from Hua Nan Commercial bank	214,285	1.00%	Principle is repaid in 14 quarterly payments from July 25, 2021.
Secured long-term borrowings from Hua Nan Commercial bank	21,428	1.02%	Principle is repaid in 14 quarterly payments from July 25, 2021.
Long-term borrowings from Export-Import Bank of the Republic of China	105,000	0.62%	Principle will be repaid once at maturity on May 8, 2022.
Long-term borrowings from Export-Import Bank of the Republic of China	95,000	0.62%	Principle will be repaid once at maturity on May 13, 2022.
Long-term borrowings from Sumitomo Mitsui Bank	8,552	1.60%	Government subsidizes interest for the first three years. Principle is repaid in 54 monthly payments from July 20, 2021.
Syndicated loan of 9 Banks - Commercial paper loans	1,000,000	0.978%	Revolving credit. Renewable every three months. Credit

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

Lenders	December 31, 2021	Interest Rate (%)	Maturity date and terms of repayment
			has not been fully utilized.
Less: Arrangement Fee	(6,037)		
Amortization of commercial paper discount	(1,993)		
Current portion	(316,446)		
Total	<u>\$1,826,901</u>		

The Group's unused long-term lines of credits amounted to NT\$3,893,800 thousand and NT\$5,600,000 thousand as of December 31, 2022 and 2021, respectively. Please refer to Note 8 for property, plant, and equipment and investment properties pledged as collateral for long-term loans.

(16) Post-Employment Benefits

Defined contribution plan

The Group and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Group and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Group and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of Mainland China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Pension expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 were NT\$421,014 thousand and NT\$369,186 thousand, respectively.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

Defined benefits plan

The Group and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Group and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Group and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Group and its domestic subsidiaries will make up the difference in one appropriation before the end of March in the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority.

As the Group does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT\$9,907 thousand to its defined benefit plan during the 12 months beginning after December 31, 2022.

The weighted average duration of the defined benefits plan obligation was 12.52 to 15.71 years and 12.44 to 17.61 years as of December 31, 2022 and 2021, respectively.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

Pension costs recognized in profit or loss are as follows:

	Years ended December 31,	
	2022	2021
Current service costs	\$68	\$152
Net interest on the net defined benefit liabilities (assets)	3,765	3,810
Expected return on plan assets	(2,744)	(2,747)
Total	\$1,089	\$1,215

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	December 31,		January 1,
	2022	2021	2021
Present value of defined benefit obligation	\$433,963	\$513,258	\$520,493
Plan assets at fair value	(397,157)	(375,208)	(370,515)
Net defined benefit Liabilities (assets)	\$36,806	\$138,050	\$149,978
Other non-current liabilities			
— Carrying amount on the net defined benefit liabilities	\$70,509	\$156,435	\$165,113
Other non-current assets			
— Carrying amount on the net defined benefit assets	\$(33,703)	\$(18,385)	\$(15,135)

Reconciliations of net defined benefit liabilities (assets) are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
As of January 1, 2021	\$520,493	\$370,515	\$149,978
Current service cost	152	-	152
Interest expense (revenue)	3,810	2,747	1,063
Subtotal	524,455	373,262	151,193

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

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Remeasurements of the defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	14,471	-	14,471
Actuarial gains and losses arising from changes in financial assumptions	795	-	795
Experience adjustments	(18,670)	(3,398)	(15,272)
Subtotal	(3,404)	(3,398)	(6)
Benefits paid	(7,793)	(4,972)	(2,821)
Contributions by employer	-	10,316	(10,316)
As of December 31, 2021	\$513,258	\$375,208	\$138,050

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
As of January 1, 2022	\$513,258	\$375,208	\$138,050
Current service cost	68	-	68
Interest expense (revenue)	3,765	2,744	1,021
Subtotal	517,091	377,952	139,139

Remeasurements of the defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	(41,207)	-	(41,207)
Experience adjustments	(19,368)	28,731	(48,099)
Subtotal	(60,575)	28,731	(89,306)
Benefits paid	(22,553)	(19,435)	(3,118)
Contributions by employer	-	9,909	(9,909)
As of December 31, 2022	\$433,963	\$397,157	\$36,806

The principal assumptions used in determining the Group's defined benefit plan are as follows:

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	December 31,	
	2022	2021
Discount rate	1.75%	0.625%~0.75%
Expected rate of salary increases	3.00%~5.00%	1.00%~4.00%

Sensitivity analysis of significant assumptions is as follows:

	Years ended December 31,			
	2022		2021	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increase by 0.25%	\$-	\$12,845	\$-	\$16,163
Discount rate decrease by 0.25%	13,389	-	16,819	-
Future salary increase by 0.25%	12,813	-	15,994	-
Future salary decrease by 0.25%	-	12,385	-	15,460

The sensitivity analysis above is based on a change in one significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

(17) Provisions

	Warranties
As of January 1, 2022	\$578,084
Arising during the period	657,124
Utilized during the period	(598,453)
Exchange differences	14,350
As of December 31, 2022	\$651,105

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

	Warranties
Current	\$651,105
Non-current	-
As of December 31, 2022	\$651,105
As of January 1, 2021	\$700,964
Arising during the period	282,239
Utilized during the period	(385,902)
Exchange differences	(19,217)
As of December 31, 2021	\$578,084
	Warranties
Current	\$578,084
Non-current	-
As of December 31, 2021	\$578,084

Warranties

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

(18) Equities

A. Common stock

CORE's authorized capital was NT\$10,000,000 thousand as of December 31, 2022, and December 31, 2021, respectively (including NT\$700,000 thousand reserved for exercise of share warrants, preferred shares with warrants and corporate bonds with warrants), each at a par value of NT\$10. CORE's issued capital was NT\$3,909,811 thousand divided into 390,981 thousand shares, as of December 31, 2022, and December 31, 2021. Each share has one voting right and a right to receive dividends.

On March 15, 2021, the Board of Directors resolved to retire 43,442 thousand treasury shares and determined that the date of capital reduction was March 15, 2021. The related registration processes have been completed on March 17, 2021.

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B. Capital surplus

	December 31,	
	2022	2021
Additional paid-in capital	\$1,648,180	\$2,039,161
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	1,093,307	758,483
Changes in ownership interests in subsidiaries	64,888	93,948
Changes from investments in associates and joint ventures accounted for using the equity method	1,850	1,850
Total	\$2,808,225	\$2,893,442

According to the Company Act, the capital reserve shall not be used except for covering losses of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the Company. The distribution could be made in cash to its shareholders in proportion to the number of shares being held by each of them.

C. Treasury shares

In order to maintain CORE's credit and shareholders' equity, the Board of Directors resolved to purchase common shares on February 8, 2021. During the period from February 17, 2021 to April 8, 2021, CORE planned to purchase 43,442 thousand shares, and the price ranged from NT\$30.10 to NT\$60.74 per share. As of March 3, 2021, CORE purchased 43,442 thousand shares in the amount of NT\$2,102,777 thousand.

On March 15, 2021, Board of Directors resolved to retire 43,442 thousand treasury shares and determined that the date of capital reduction was March 15, 2021. The related registration processes have been completed on March 17, 2021.

D. Retained earnings and dividend policies:

According to the Articles of Incorporation, current year's earnings shall be distributed in the following order:

- (a) Payment of all taxes and dues;
- (b) Offset accumulated losses in previous years, if any;

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- (c) Legal reserve, which is 10% of leftover profits. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds CORE's total capital stock;
- (d) Allocation or reverse of special reserve as required by law or government authorities;
- (e) The remaining net profits and the retained earnings from previous years will be allocated as shareholders' dividend. The Board of Directors will prepare a distribution proposal and submit the same to the shareholders' meeting for review and approval by a resolution.

CORE authorizes the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. CORE authorizes the distributable legal reserve and capital reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

According to the Company Act and CORE's Article of Incorporation, the policy of the dividend distribution should reflect factors such as the capital and financial structures, operating, earnings, the industrial features and cycles etc. The dividend could be paid in the form of shares or cash. In the consideration of the factors such as financial, sales and operating conditions, if the distribution of cash dividends is determined, the cash dividends should account for at least 10% of the total distribution based on the CORE's Article of Incorporation. If CORE incurs no earnings or considers the factors such as financial conditions, sales and operations, the dividend could be paid by whole or partial legal reserve in accordance with the Company Act and CORE's Article of Incorporation.

According to Company Act, CORE needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to offset the deficit of CORE. If CORE incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Following the adoption of TIFRS, the FSC issued Order No. Financial-Supervisory-Securities-Corporate-1010012865 on April 6, 2012, which sets out the following provisions for compliance:

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Once upon a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, CORE shall set aside an equal amount of special reserve. Following a company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

The special reserve of the first adoption of the TIFRS as of December 31, 2022 and 2021 amounted to NT\$1,276,610 thousand.

Details of the 2022 and 2021 earnings distribution and dividends per share as resolved by the shareholders' meeting on June 10, 2022 and July 30, 2021, respectively, are as follows:

	<u>Appropriation of earnings</u>		<u>Dividends per share (NT\$)</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Legal reserve	\$75,004	\$156,752		
Common stock -cash dividend	1,172,944	1,172,944	\$3	\$3

In addition, the shareholders in the meetings on June 10, 2022, and on July 30, 2021 both proposed and resolved to distribute the paid-in capital in excess of par-common stock by cash in the amount of NT\$390,981 thousand (NT\$1 per share).

Please refer to Note 6(23) for further details on employees' compensation and remuneration to directors and supervisors.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
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E. Non-controlling interests:

	Years ended December 31,	
	2022	2021
Beginning balance	\$2,064,897	\$2,043,951
Profit attributable to non-controlling interests	54,499	7,655
Other comprehensive income (loss) attributable to non-controlling interests, net of tax:		
Exchange differences on translation of foreign operations	51,494	(16,366)
Remeasurements of defined benefit plans	1,037	620
Acquisition or disposal of the interest of subsidiaries	123,856	36,117
Changes in subsidiaries' ownership	(24,300)	-
Share-based payment plans	79,895	-
Cash dividends	(439)	(7,080)
Ending balance	<u>\$2,350,939</u>	<u>\$2,064,897</u>

(19) Share-based payment plans

Certain employees of the Group are entitled to share-based payments as part of their remuneration. Services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

Share-based payment plans of subsidiaries

On April 28, 2022, Board of Directors of Optoma Holding Limited resolved to issue 4,624,008 common shares for the exercise of employee stock options and restricted stocks plan for employees of Optoma Holding Limited and its subsidiaries.

Each unit of employee stock options is eligible to subscribe for one common share of Optoma Holding Limited. New shares will be issued when employees exercise such options. Holders may exercise the stock options for a certain period of time and proportion two years after the employee stock options are granted. The total outstanding granted stock options were 2,997,700 units as of December 31, 2022. The fair value of options granted was EUR 1,289 thousand, and the grant date was April 28, 2022.

CORETRONIC CORPORATION AND SUBSIDIARIES

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

The fair value of each new common share granted for the restricted stocks plan is EUR2.02 with exercise price of EUR1.99. The restricted stocks plan for employee allows the new shares released in proportion according to the vesting condition. As of December 31, 2022, total outstanding granted stock options were 1,283,308 shares with the fair value of EUR 38 thousand. The issued but unvested employee restricted shares are still entitled to dividend distribution. If employees resign during the vesting period, the Optoma Holding Limited will redeem unvested shares with the consideration of the original issuing price, and employees have to pay back dividends obtained.

The compensation cost was recognized under the fair value method and the Black-Scholes Option Pricing model to estimate the fair value of options granted. Assumptions used in calculating the fair value are disclosed as follows:

	Share-based payment plan of subsidiaries
Expected dividend yield (%)	0.00%
Expected volatility (%)	35.1%
Risk free interest rate (%)	2.96%
Expected life (Years)	2 years

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

Share-based compensation expenses recognized for the year ended December 31, 2022 was NT\$6,218 thousand.

(20) Sales

	Years ended December 31,	
	2022	2021
Contract revenue from customers		
Sale of goods	\$48,236,614	\$48,424,134
Revenue arising from rendering of services	1,214,059	1,122,052
Other operating revenues	332,484	287,182
Total	<u>\$49,783,157</u>	<u>\$49,833,368</u>

CORETRONIC CORPORATION AND SUBSIDIARIES
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Analysis of contracts revenue from customers during the periods is as follows:

A.Revenue of Segments

For the year ended December 31, 2022

	Energy – saving products segment	Image products and brand segment	Optical component segment	Other segment	Elimination	Total
Sale of goods	\$22,051,010	\$21,767,002	\$4,632,205	\$3,017,535	\$(3,231,138)	\$48,236,614
Revenue arising from						
rendering of services	516,753	95,393	51,298	911,969	(361,354)	1,214,059
Other operating						
revenues	114,079	56,633	-	164,946	(3,174)	332,484
Total	\$22,681,842	\$21,919,028	\$4,683,503	\$4,094,450	\$(3,595,666)	\$49,783,157
The timing of revenue recognition:						
At a point in time	\$22,681,842	\$21,919,028	\$4,683,503	\$4,094,450	\$(3,595,666)	\$49,783,157

For the year ended December 31, 2021

	Energy – saving products segment	Image products and brand segment	Optical component segment	Other segment	Elimination	Total
Sale of goods	\$26,456,630	\$15,925,446	\$4,545,210	\$3,277,635	\$(1,780,787)	\$48,424,134
Revenue arising from						
rendering of services	758,892	10,660	17,456	698,516	(363,472)	1,122,052
Other operating						
revenues	67,651	102,984	-	130,170	(13,623)	287,182
Total	\$27,283,173	\$16,039,090	\$4,562,666	\$4,106,321	\$(2,157,882)	\$49,833,368
The timing of revenue recognition:						
At a point in time	\$27,283,173	\$16,039,090	\$4,562,666	\$4,106,321	\$(2,157,882)	\$49,833,368

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B. Contract balance

Contract liabilities - current

	December 31,		January 1,
	2022	2021	2021
Sale of goods	\$276,621	\$173,726	\$152,133
Revenue arising from rendering of services	7,451	112	1,813
Other operating revenues	245,174	127,404	96,529
Total	<u>\$529,246</u>	<u>\$301,242</u>	<u>\$250,475</u>

The contract liabilities balances resulted from the difference between the satisfaction of the performance obligation and the customers' payment. The Group recognized NT\$301,242 thousand and NT\$250,475 thousand, respectively, in revenues from the contract liabilities balance at the beginning of the period as performance obligations were satisfied for the years ended December 31, 2022 and 2021.

C. Transaction price allocated to unsatisfied performance obligations

As of December 31, 2022 and 2021, there is no need to provide relevant information of the unsatisfied performance obligations as the contracts with customers about the sales of goods are all satisfied within one year.

D. Cost of assets from acquisition or performance of customer contracts.

None.

(21) Expected credit losses

	Years ended	
	December 31,	
	2022	2021
Operating expenses – expected credit losses		
Trade receivables	<u>\$12,405</u>	<u>\$1,206</u>

The Group measures trade receivables (including notes receivable and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of December 31, 2022 and 2021 is as follows:

The Group considers the grouping of trade receivables by counterparties' credit rating, geographical and industry. Its loss allowance is measured by using a provision matrix. Details are as below:

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As of December 31, 2022

Group A

	Not past due	Past due					Total
		1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 121 days	
Gross carrying amount	\$1,043,607	\$186,712	\$27,450	\$15,637	\$1,562	\$32,585	\$1,307,553
Loss ratio	0%	0.2%	0.5%	3%	5%	10%	
Expected credit losses	-	(325)	(267)	(481)	(167)	(8,248)	(9,488)
Subtotal	\$1,043,607	\$186,387	\$27,183	\$15,156	\$1,395	\$24,337	\$1,298,065

Group B

	Not past due	Past due					Total
		1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 121 days	
Gross carrying amount	\$8,558,872	\$347,929	\$34,723	\$29,692	\$6,651	\$22,977	\$9,000,844
Loss ratio	0%	0-2%	5%	30%	50%	100%	
Expected credit losses	-	(266)	(1,425)	(2,952)	(5,260)	(22,972)	(32,875)
Subtotal	\$8,558,872	\$347,663	\$33,298	\$26,740	\$1,391	\$5	\$8,967,969

As of December 31, 2021

Group A

	Not past due	Past due					Total
		1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 121 days	
Gross carrying amount	\$1,053,171	\$208,805	\$16,591	\$2,153	\$1,735	\$18,061	\$1,300,516
Loss ratio	0%	0-2%	5%	30%	50%	100%	
Expected credit losses	-	(392)	(93)	(117)	(87)	(3,436)	(4,125)
Subtotal	\$1,053,171	\$208,413	\$16,498	\$2,036	\$1,648	\$14,625	\$1,296,391

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Group B

	Not past due	Past due				More than 121 days	Total
		1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days		
Gross carrying amount	\$16,989,926	\$610,291	\$65,998	\$16,550	\$1,056	\$16,293	\$17,700,114
Loss ratio	0%	0-2%	5%	30%	50%	100%	
Expected credit losses	-	(752)	(3,308)	(4,965)	(120)	(16,293)	(25,438)
Subtotal	\$16,989,926	\$609,539	\$62,690	\$11,585	\$936	\$-	\$17,674,676

The movement of provision for impairment of trade receivables during the period is as follows:

	Trade receivables
As of January 1, 2022	\$29,563
Addition for the current period	12,405
Exchange differences	395
As of December 31, 2022	<u>\$42,363</u>
	Trade receivables
As of January 1, 2021	\$42,430
Addition for the current period	1,206
Write off	(13,726)
Exchange differences	(347)
As of December 31, 2021	<u>\$29,563</u>

(22) Leases

A. Group as lessee

The Group leases various properties including land and land use rights, buildings, machinery, equipment, and transportation equipment. These leases have terms between one and fifty-five years.

The effects that leases have on the financial position, financial performance and cash flows of the Group are as follows:

(a) Amounts recognized in the balance sheet

i. Right-of-use asset

The carrying amount of right-of-use assets

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

	December 31,	
	2022	2021
Land (including land use rights)	\$1,669,059	\$1,258,689
Buildings	504,286	648,590
Transportation equipment	30,971	27,529
Office fixtures	2,330	3,212
Other equipment	-	6
Total	<u>\$2,206,646</u>	<u>\$1,938,026</u>

During the years ended December 31, 2022 and 2021, the additions to right-of-use assets of the Group amounted to NT\$630,902 thousand and NT\$564,264 thousand, respectively.

ii. Lease liability

	December 31,	
	2022	2021
Lease liability		
Current	\$321,631	\$331,267
Non-current	1,291,459	1,439,893
Total	<u>\$1,613,090</u>	<u>\$1,771,160</u>

Please refer to Note 6(24)D. for the interest on lease liability recognized during the years ended December 31, 2022 and 2021, and Note 12(5) for the maturity analysis for lease liabilities.

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	Years ended December 31,	
	2022	2021
Land	\$62,526	\$61,487
Buildings	261,014	243,196
Transportation equipment	20,434	19,620
Office fixtures	1,328	1,150
Other equipment	6	66
Total	<u>\$345,308</u>	<u>\$325,519</u>

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

(c)Income and costs relating to leasing activities

	Years ended December 31,	
	2022	2021
The expense relating to short-term leases	\$60,496	\$61,662
The expense relating to leases of low-value assets (excluding the expense relating to short-term leases of low-value assets)	13,743	28,321
Total	\$74,239	\$89,983

(d)Cash outflow relating to leasing activities

During the years ended December 31, 2022 and 2021, the Group's total cash outflows for leases amounted to NT\$458,047 thousand and NT\$448,568 thousand, respectively.

(e)Other information relating to leasing activities

i. Variable lease payments

Some of the Group's building lease agreements contain variable payment terms that are linked to actual usage condition. The amount links to certain percentage of actual usage of underlying asset. The changes in variable lease payments are linked to actual usage and it is very common for entering contracts with variable lease payments in the industry of the Group. As such variable lease payments do not meet the definition of lease payments, and those payments are not included in the measurement of the assets and liabilities.

ii. Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group's property rental agreements. In determining the lease term, the non-cancellable period for which the Group has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The Group would reassess the lease term when significant issue or change occur.

iii. Residual value guarantees

To optimize lease costs during the contract period, the Group doesn't provide residual value guarantees in relation to rental agreements, and therefore no residual value guarantees are recorded in lease liability.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

B.Group as lessor

Please refer to Note 6(10) for details on the Group's owned investment properties and investment properties held by the Group as right-of-use assets. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

No financing lease contracts were signed.

	Years ended December 31,	
	2022	2021
The expense relating to short-term leases	\$60,496	\$61,662
The expense relating to leases of low-value assets (excluding the expense relating to short-term leases of low-value assets)	13,743	28,321
Total	\$74,239	\$89,983

	For the year ended December 31,	
	2022	2021
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$42,782	\$46,388
Income relating to variable lease payments that do not depend on an index or a rate	-	-
Total	\$42,782	\$46,388

Please refer to Note 6(10) for relevant disclosure of investment properties for operating leases which is required by IFRS 16. For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining periods are as follows:

	December 31, 2022	December 31, 2021
Not later than one year	\$37,298	\$36,817
Later than one year but not later than two years	1,504	35,270
Later than two years but not later than three years	778	286
Later than three years but not later than four years	492	286
Later than four years but not later than five years	492	-
Over than five years	492	-
Total	\$41,056	\$72,659

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

(23) Summary Statement of Employee Benefits, Depreciation and Amortization Expenses by Function

Function Items	Years ended December 31					
	2022			2021		
	Operating Cost	Operating expenses	Total amount	Operating Cost	Operating expenses	Total amount
Employee benefits expense	\$3,989,897	\$4,982,885	\$8,972,782	\$3,731,888	\$4,916,266	\$8,648,154
Salaries	3,294,758	4,302,029	7,596,787	3,101,404	4,301,468	7,402,872
Labor and health insurance	176,114	332,275	508,389	147,984	306,491	454,475
Pension	218,143	203,906	422,049	175,740	194,661	370,401
Other employee benefits expense	300,882	144,675	445,557	306,760	113,646	420,406
Depreciation	1,032,076	391,858	1,423,934	896,788	400,835	1,297,623
Amortization	12,717	68,876	81,593	7,787	98,281	106,068

According to the Articles of Incorporation of the Company, 10% to 20% of profit of the current year is distributable as employees' compensation. However, the Company's accumulated losses shall have been covered. CORE may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and thereto a report of such distribution is submitted to the shareholders' meeting. The Articles of Incorporation are to be amended in the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

CORE accrued employees' compensation based on a specific rate of profit for the years ended December 31, 2022 and 2021. The amounts of employees' compensation were NT\$360,060 thousand and NT\$288,508 thousand for the years ended December 31, 2022 and 2021, respectively. If the Board of Directors resolved to distribute employees' compensation in the form of stocks, the number of stocks distributed was calculated based on the closing price one day earlier than the date of resolution. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, CORE will recognize the change as an adjustment in the profit or loss in the subsequent period.

A resolution was approved at a Board of Directors' meeting held on February 13, 2023 to distribute NT\$360,060 thousand in cash as employees' compensation. No material differences exist between the resolution and the estimated amount for the year ended December 31, 2022.

No material differences exist between the estimated amount and the actual distribution of the employee bonuses for the year ended December 31, 2021.

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

(24) Non-Operating Income and Expenses

A. Interest income

	Years ended December 31	
	2022	2021
Financial assets measured at amortized cost	\$342,036	\$385,149

B. Other income

	Years ended December 31	
	2022	2021
Government grants income	\$110,394	\$159,218
Dividend income	70,475	34,640
Rental income	42,782	46,388
Other	108,567	171,988
Total	\$332,218	\$412,234

C. Other gains and losses

	Years ended December 31	
	2022	2021
Net gain on financial assets at fair value through profit or loss (Note)	\$1,708,310	\$481,987
Foreign exchange (loss) gain, net	(899,361)	26,055
Gain on disposal of property, plant and equipment	7,922	93,351
Non-financial assets impairment losses	(4,991)	(56,629)
Gain on lease modification	726	523
Gain on disposal of investments	531	-
Other losses	(75,658)	(51,150)
Total	\$737,479	\$494,137

Note: Balances were arising from financial assets mandatorily measured at fair value through profit or loss.

D. Finance cost

	Years ended December 31	
	2022	2021
Interest on borrowings from bank	\$341,163	\$91,866
Interest on lease liabilities	55,283	57,072
Total	\$396,446	\$148,938

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

(25) Components of Other Comprehensive Income

For the year ended December 31, 2022

	Arising during the period	Income tax income (expense)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:			
Remeasurements of defined benefit plans	\$89,306	\$(17,861)	\$71,445
Unrealized loss from equity instrument investments measured at fair value through other comprehensive income	(1,400,799)	(4,826)	(1,405,625)
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	856,307	-	856,307
Share of the other comprehensive income of associates accounted for using the equity method	7,071	-	7,071
Total of other comprehensive income	<u>\$ (448,115)</u>	<u>\$ (22,687)</u>	<u>\$ (470,802)</u>

For the year ended December 31, 2021

	Arising during the period	Income tax income (expense)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:			
Remeasurements of defined benefit plans	\$6	\$(1)	\$5
Unrealized gains from equity instrument investments measured at fair value through other comprehensive income	1,025,700	60	1,025,760
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	(272,133)	-	(272,133)
Share of the other comprehensive loss of associates accounted for using the equity method	(2)	-	(2)
Total of other comprehensive income	<u>\$753,571</u>	<u>\$59</u>	<u>\$753,630</u>

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

(26) Income Tax

The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	<u>Years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Current income tax expense	\$855,257	\$694,884
Deferred tax expense (income)	(95,711)	51,155
Total income tax expense	<u>\$759,546</u>	<u>\$746,039</u>

Income tax relating to components of other comprehensive income

	<u>Years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Deferred income tax expense (income):		
Remeasurements of defined benefit plans	\$17,861	\$1
Unrealized loss (gain) from equity instruments investments measured at fair value through other comprehensive income	4,826	(60)
Total	<u>\$22,687</u>	<u>\$(59)</u>

Reconciliation of income tax expense and the accounting profit multiplied by applicable tax rates is as follows:

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Accounting profit before tax from continuing operations	<u>\$3,172,980</u>	<u>\$2,785,319</u>
Tax at the domestic rates applicable to profits in the country concerned	\$993,459	\$1,200,589
Tax effect of expenses not deductible for tax purposes	(294,783)	(496,192)
Tax effect of deferred tax assets/liabilities	(28,061)	(9,637)
Surtax on undistributed retained earnings	70,806	11,891
Operating loss carry forward	81,007	51,337
Investment tax credits	(62,882)	(11,949)
Total income tax expense recognized in profit or loss	<u>\$759,546</u>	<u>\$746,039</u>

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

Deferred tax assets (liabilities) related to the following:

For the year ended December 31, 2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Temporary differences					
Unrealized allowance for inventory obsolescence	\$46,630	\$(862)	\$-	\$1,594	\$47,362
Depreciation difference for tax purpose	(335)	3,914	-	312	3,891
Unrealized intragroup profits and losses	28,513	29,618	-	147	58,278
Net unrealized exchange (gains) or losses	(11,869)	58,203	-	(4)	46,330
Provisions - maintenance warranties	24,223	6,729	-	1,526	32,478
Provision-sales returns and allowances	24,965	7,465	-	521	32,951
Impairment on property, plant and equipment	6,287	-	-	-	6,287
Defined benefit liabilities-non-current	25,669	(2,704)	(17,861)	(29)	5,075
Investments accounted for using the equity method	(24,032)	2,227	-	-	(21,805)
Accrued expense of tax differences	47,584	(3,913)	-	1,816	45,487
Allowance for bad debts	2,360	(290)	-	212	2,282
Others	(11,624)	11,786	(4,826)	8,557	3,893
Unused tax losses	22,955	(18,246)	-	-	4,709
Foreign unused tax losses	10,752	1,784	-	1,114	13,650
Deferred tax (expense) income		<u>\$95,711</u>	<u>\$(22,687)</u>	<u>\$15,766</u>	
Net deferred tax assets (liabilities)	<u>\$192,078</u>				<u>\$280,868</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$270,147</u>				<u>\$342,533</u>
Deferred tax liabilities	<u>\$(78,069)</u>				<u>\$(61,665)</u>

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

For the year ended December 31, 2021

	<u>Beginning balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Exchange differences</u>	<u>Ending balance</u>
Temporary differences					
Unrealized allowance for inventory obsolescence	\$51,315	\$(4,282)	\$-	\$(403)	\$46,630
Depreciation difference for tax purpose	581	(1,174)	-	258	(335)
Unrealized intragroup profits and losses	28,601	(85)	-	(3)	28,513
Net unrealized exchange gains or losses	(38,677)	26,742	-	66	(11,869)
Provisions - maintenance warranties	23,060	1,533	-	(370)	24,223
Provision-sales returns and allowances	22,149	2,950	-	(134)	24,965
Impairment on property, plant and equipment	6,287	-	-	-	6,287
Defined benefit liabilities-noncurrent	27,202	(1,533)	(1)	1	25,669
Investments accounted for using the equity method	(21,783)	(2,249)	-	-	(24,032)
Accrued expense of tax differences	45,506	3,313	-	(1,235)	47,584
Allowance for bad debts	2,288	131	-	(59)	2,360
Others	28,510	(41,753)	60	1,559	(11,624)
Unused tax losses	44,118	(21,163)	-	-	22,955
Foreign unused tax losses	24,771	(13,581)	-	(438)	10,752
Deferred tax (expense) income		<u>\$(51,151)</u>	<u>\$59</u>	<u>\$(758)</u>	
Net deferred tax assets (liabilities)	<u>\$243,928</u>				<u>\$192,078</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$338,374</u>				<u>\$270,147</u>
Deferred tax liabilities	<u>\$(94,446)</u>				<u>\$(78,069)</u>

The following table contains information of the unused tax losses of the Company and its domestic subsidiaries:

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December 31, 2022

Accumulated loss	Unutilized accumulated loss	Expiration Year
\$4,114	\$4,114	2023
1,443	1,443	2024
1,125	1,125	2025
61,931	8,205	2026
38,259	31,248	2027
98,791	70,192	2028
222,906	199,471	2029
1,018,610	371,596	2030
330,468	330,468	2031
308,979	308,979	2032 (expected)
<u>\$2,086,626</u>	<u>\$1,326,841</u>	

December 31, 2021

Accumulated loss	Unutilized accumulated loss	Expiration Year
\$18,929	\$18,929	2022
4,114	4,114	2023
1,443	1,443	2024
1,125	1,125	2025
417,699	49,035	2026
63,833	32,703	2027
96,558	73,124	2028
126,756	126,756	2029
1,033,545	548,794	2030
238,190	238,190	2031(expected)
<u>\$2,002,192</u>	<u>\$1,094,213</u>	

Unrecognized deferred tax assets

As of December 31, 2022 and 2021, deferred tax assets that have not been recognized amounted to NT\$870,070 thousand and NT\$416,836 thousand, respectively.

Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Group did not recognize deferred tax liabilities associated with tax payable for unremitted earnings of the Group's overseas subsidiaries, as the Group has determined that not all distributed profits of its subsidiaries will be distributed in the foreseeable future. As of December 31, 2022 and 2021, the amounts of taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities were NT\$23,854,518 thousand and NT\$22,547,638 thousand, respectively.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

The assessment of income tax returns

As of December 31, 2022, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	<u>The assessment of income tax returns</u>
CORE	Except for 2019, assessed and approved up to 2020
TYO	Assessed and approved up to 2020
Optoma Technology Corporation	Assessed and approved up to 2020
CGT	Assessed and approved up to 2020
Tsen Ming Investment Corp.	Assessed and approved up to 2020
YGE	Assessed and approved up to 2020
Rays Optics	Assessed and approved up to 2020
CICS	Assessed and approved up to 2020
CVC	Assessed and approved up to 2020
UCM	Assessed and approved up to 2020
ISC	Assessed and approved up to 2020
CVD	Assessed and approved up to 2020
CIRC	Assessed and approved up to 2020
CRI	Assessed and approved up to 2020
CMC	Assessed and approved up to 2020
NPT	Assessed and approved up to 2020
CILS	Established in 2021 and has not yet completed the assessment of 2021
Optoma Corporation	Established in 2021 and has not yet completed the assessment of 2021

(27)Earnings Per Share

Basic earnings per share amounts are calculated by dividing net income for the period attributable to ordinary equity holders of the parent company by the weighted-average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

	Years ended December 31	
	2022	2021
A. Basic earnings per share		
Profit attributable to ordinary shareholders of the parent (in thousand NT\$)	\$2,358,935	\$2,031,625
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	390,981	397,180
Basic earnings per share (NT\$)	\$6.03	\$5.12
B. Diluted earnings per share		
Profit attributable to ordinary shareholders of the parent after dilution (in thousand NT\$)	\$2,358,935	\$2,031,625
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	390,981	397,180
Effect of dilution:		
Employee bonus—stock (in thousand)	7,180	4,046
Weighted average number of ordinary shares outstanding after dilution (in thousand)	398,161	401,226
Diluted earnings per share (NT\$)	\$5.92	\$5.06

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

(28) Subsidiaries that have Material Non-Controlling Interests

Financial information of subsidiaries that have material non-controlling interests is provided below:

Percentage of equity interest held by non-controlling interests:

Subsidiary	Country of incorporation and operation	December 31,	
		2022	2021
Young Optics Inc.	Taiwan	66.14%	62.39%
		December 31,	
		2022	2021
Accumulated balance of material non-controlling interests			
Young Optics, Inc.		\$2,194,352	\$1,989,816

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

	Years ended December 31	
	2022	2021
Profit allocated to material non-controlling interest		
Young Optics, Inc.	\$42,030	\$16,880

The summarized financial information of these subsidiaries is provided below. This information is based on the amount before inter-company transactions.

Summarized information of profit or loss for the year ended December 31, 2022:

	Young Optics Inc.
Operating revenue	\$4,683,503
Profit for the period from continuing operations	66,371
Total comprehensive income for the period	128,721

Summarized information of profit or loss for the year ended December 31, 2021:

	Young Optics Inc.
Operating revenue	\$4,562,666
Profit for the period from continuing operations	26,974
Total comprehensive income for the period	2,073

Summarized information of financial position as of December 31, 2022:

	Young Optics Inc.
Current assets	\$2,908,506
Non-current assets	2,657,752
Current liabilities	(1,481,347)
Non-current liabilities	(772,464)

Summarized information of financial position as of December 31, 2021:

	Young Optics Inc.
Current assets	\$3,186,858
Non-current assets	2,753,280
Current liabilities	(1,550,402)
Non-current liabilities	(1,205,901)

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

Summarized cash flow information for the year ended December 31, 2022:

	Young Optics Inc.
Operating activities	\$662,295
Investing activities	(201,097)
Financing activities	(441,495)
Net increase in cash and cash equivalents	58,980

Summarized cash flow information for the year ended December 31, 2021:

	Young Optics Inc.
Operating activities	\$(145,405)
Investing activities	(130,959)
Financing activities	275,163
Net decrease in cash and cash equivalents	(9,466)

7. Related Party Transactions

(1) Related Party Name and Categories

Related Party Name	Related Party Categories
Etergo Opto-Electronics Co., LTD (“EOE”)	Associate
Chi Hua Fitness Co., LTD. (“CHI HUA”)	Substantive related party
Dongtai Qidian Electronic Technology Co.,Ltd (“DONGTAI QIDIAN”)	Substantive related party
Hannstar Display Corporation (“HANNSTAR”)	The Group became an associate of the entity starting from the second quarter of 2022

(2) Significant transactions with related parties

A. Sales

	Years ended December 31	
	2022	2021
DONGTAI QIDIAN	\$630	\$11,206
CHI HUA	24	71
Total	\$654	\$11,277

The sales price to the above related parties was determined by mutual agreement based on the market rates. The payment terms are not significantly different between related parties and third-party customers. The receivables-related parties were not pledged, bearing no interest and were paid in cash. The receivables-related parties also were not guaranteed.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

B. Purchases

	Years ended December 31	
	2022	2021
EOE	\$253,596	\$113,812
HANNSTAR	148,896	-
DONGTAI QIDIAN	294	-
Total	\$402,786	\$113,812

The purchase price to the above related parties was determined by mutual agreement based on the market rates. The payment terms from the related party suppliers are comparable with third party suppliers and are between 60-90 days.

C. Accounts Receivable from Related Parties

	December 31,	
	2022	2021
DONGTAI QIDIAN	\$530	\$5,842

D. Accounts Payable to Related Parties

	December 31,	
	2022	2021
EOE	\$13,573	\$29,824
HANNSTAR	35,437	-
Total	\$49,010	\$29,824

E. Other Payable to Related Parties

	December 31,	
	2022	2021
EOE	\$5,345	\$6,440
HANNSTAR	452	-
Total	\$5,797	\$6,440

F. Others

For years ended December 31, 2022 and 2021, the Group purchased molds from EOE, amounting to NT\$3,946 thousand and NT\$10,320 thousand.

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

G. Key Management Personnel Compensation

	Years ended December 31	
	2022	2021
Short-term employee benefits	\$544,930	\$239,566
Post-employment benefits	3,800	5,806
Share-based payment	2,929	-
Total	<u>\$551,659</u>	<u>\$245,372</u>

8. Assets Pledged as Collateral

The following assets of the Group pledged as collateral:

Assets pledged as collateral	Carrying amount		Purpose of pledge
	December 31, 2022	December 31, 2021	
Buildings (including investment property)	\$754,100	\$795,875	Collateral for long-term borrowings
Time deposits (presented as "Other receivables")	36,885	34,985	Lease execution deposits
Time deposits (presented as "Other non-current assets")	20,784	20,781	Lease execution deposits
Time deposits (presented as "Other receivables")	4,057	2,037	Customs import guarantee
Time deposits (presented as "Other non-current assets")	1,094	1,087	Customs import guarantee
Bank deposits (presented as "Other receivables")	14	13	Export tax guarantee
Total	<u>\$816,934</u>	<u>\$854,778</u>	

9. Commitments and Contingencies

- A. Amount available under unused letters of credit as of December 31, 2022 was NT\$5,857 thousand.
- B. The Group entered into contracts to acquire two land use rights by two stages in the amount of VND340,275,000 thousand (approximately NT\$453,177 thousand) and VND340,155,904 thousand (approximately NT\$421,513 thousand), respectively. As of December 31, 2022, the prepayment of VND136,287,283 thousand (approximately NT\$155,479 thousand) was recognized under non-current assets, and the outstanding payable is VND203,868,621 thousand (approximately NT\$271,511 thousand).

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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- C. The Group appointed contractors to build a new plant in Phu My 3 Specialized Industrial Park in Vietnam, and the total construction contract cost was VND1,125,600,000 thousand (approximately NT\$1,412,628 thousand). As of December 31, 2022, the Group has paid VND 349,278,927 thousand (approximately NT\$454,603 thousand) and recognized it under construction in progress and equipment awaiting inspection.

10. Losses due to Major Disasters

None.

11. Significant Subsequent Events

None.

12. Others

(1) Categories of Financial Instruments

<u>Financial assets</u>	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss (Note 1)	\$4,230,234	\$8,875,150
Financial assets at fair value through other comprehensive income	3,895,009	3,988,804
Financial assets measured at amortized cost (Note 2)	24,655,305	27,729,328
Total	\$32,780,548	\$40,593,282
	December 31, 2022	December 31, 2021
<u>Financial liabilities</u>		
Financial liabilities at amortized cost:		
Short-term borrowings	\$9,823,849	\$11,812,397
Accounts payable (including related parties)	7,334,039	13,496,410
Other payables	4,520,234	5,297,433
Lease liability (including current and noncurrent)	1,613,090	1,771,160
Long-term borrowings (including current portion)	3,826,977	2,143,347
Subtotal	27,118,189	34,520,747

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	December 31, 2022	December 31, 2021
Financial liabilities at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	450,431	57,060
Hedging financial liabilities-current	1,483	-
Total	\$27,570,103	\$34,577,807

Note 1: As of December 31, 2022 and 2021, the financial assets measured at fair value through profit or loss, including trade receivables, were NT\$4,074,948 thousand and NT\$8,694,391 thousand, respectively. Please refer to Note 6(6) for more details.

Note 2: Include cash and cash equivalents (excluding cash on hand), notes receivable, trade receivables (including related parties), other receivables and non-current assets.

(2) Financial Risk Management Objectives and Policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

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Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD. The information of the sensitivity analysis is as follows:

When NTD appreciates or depreciates against USD by 1%, the profit for the years ended December 31, 2022 and 2021 is decreased/increased by NT\$3,857 thousand and NT\$17,308 thousand, while equity is decreased/increased by NT\$291,256 thousand and NT\$265,971 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans, bank borrowings with fixed and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments and bank borrowings with variable interest rate, and interest rate swaps. At the reporting date, an increase/decrease of 1% of interest rate in a reporting period could cause the profit for the years ended December 31, 2022 and 2021 to decreased/increased by NT\$141,120 thousand and NT\$142,774 thousand, respectively.

Equity price risk

The fair value of the Group's listed and unlisted equity securities is susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed equity securities are classified under held for trading financial assets or available-for-sale financial assets. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

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For the years ended December 31, 2021, an increase/decrease of 1% in the price of the unlisted equity securities and stock options classified as equity instruments at fair value through profit or loss could increase/decrease by NT\$554 thousand on income attributable to the Group.

For the years ended December 31, 2022 and 2021, an increase/decrease of 1% in the price of the unlisted equity securities classified as equity instruments at fair value through other comprehensive income could increase/decrease by NT\$38,950 thousand and NT\$39,888 thousand on the equity attributable to the Group, respectively.

(4) Credit Risk Management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for trade receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria, etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of December 31, 2022, and 2021, receivables from top ten customers represented 71% and 73% of the total trade receivables of the Group, respectively. The credit concentration risk of other accounts receivables was insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity Risk Management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings and convertible bonds. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

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Non-derivative financial liabilities

	Less than 1			Over 5	
	year	1 to 3 years	3 to 5 years	years	Total
As of December 31, 2022					
Borrowings	\$10,316,720	\$3,815,001	\$-	\$-	\$14,131,721
Accounts payable					
(including related parties)	7,334,039	-	-	-	7,334,039
Other payables					
(including related parties)	4,520,234	-	-	-	4,520,234
Lease liability	352,468	422,985	153,541	1,099,545	2,028,539
As of December 31, 2021					
Borrowings	\$12,144,575	\$841,785	\$1,002,164	\$-	\$13,988,524
Accounts payable					
(including related parties)	13,496,410	-	-	-	13,496,410
Other payables					
(including related parties)	5,297,433	-	-	-	5,297,433
Lease liability	360,261	469,545	220,501	1,130,865	2,181,172

Derivative financial liabilities

	Less than 1 year			1 to 3 years		Total	
As of December 31, 2022							
Inflows	\$-			\$-		\$-	
Outflows	451,914			-		451,914	
Net	\$451,914			\$-		\$451,914	
As of December 31, 2021							
Inflows	\$-			\$-		\$-	
Outflows	57,060			-		57,060	
Net	\$57,060			\$-		\$57,060	

The table above contains the undiscounted net cash flows of derivative financial liabilities.

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(6) Reconciliation of Liabilities Arising from Financing Activities:

Reconciliation of liabilities for the year ended December 31, 2022:

	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits received	Other liabilities- noncurrent	Total liabilities from financing activities
As of January 1, 2022	\$11,812,397	\$2,143,347	\$1,771,160	\$23,291	\$3,341	\$15,753,536
Cash flows	(1,988,548)	1,683,630	(328,525)	(3,516)	366	(636,593)
Additional leases	-	-	160,813	-	-	160,813
Exchange differences	-	-	9,642	-	-	9,642
As of December 31, 2022	<u>\$9,823,849</u>	<u>\$3,826,977</u>	<u>\$1,613,090</u>	<u>\$19,775</u>	<u>\$3,707</u>	<u>\$15,287,398</u>

Reconciliation of liabilities for the year ended December 31, 2021:

	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits received	Other liabilities- noncurrent	Total liabilities from financing activities
As of January 1, 2021	\$5,137,417	\$669,479	\$1,554,422	\$28,390	\$15,885	\$7,405,593
Cash flows	6,674,980	1,473,868	(301,528)	(5,099)	(12,544)	7,829,677
Additional leases	-	-	538,466	-	-	538,466
Exchange differences	-	-	(20,200)	-	-	(20,200)
As of December 31, 2021	<u>\$11,812,397</u>	<u>\$2,143,347</u>	<u>\$1,771,160</u>	<u>\$23,291</u>	<u>\$3,341</u>	<u>\$15,753,536</u>

(7) Fair Value of Financial Instruments

A. The methods and assumptions applied in determining the fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- (a) The carrying amount of cash and cash equivalents, trade receivables, short-term borrowings, trade payable and other current liabilities approximate their fair value due to their short maturities.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price at the reporting date.

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(c) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model or other valuation method.

(d) The fair value of long-term borrowings without active market is determined by using valuation techniques. Therefore, the fair value is estimated using the present value of the expected cash flows. The assumption of interest rate and discount rate mainly is measured by similar financial instruments.

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative Instruments

The related information for derivative financial instruments not yet settled as follows:

Forward currency contracts

The Group entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to forward currency contracts:

Item (by contract)	Notional Amount	Contract Period
As of December 31, 2022		
Forward currency contract		
Selling forward currency contracts	USD 570,500 thousand	From January 2023 to March 2023
Buying forward currency contracts	USD 755,500 thousand	From January 2023 to April 2023
Selling forward currency contracts	CAD 1,500 thousand	From January 2023 to April 2023
Selling forward currency contracts	EUR 27,000 thousand	January 2023

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Item (by contract)	Notional Amount	Contract Period
As of December 31, 2021		
Forward currency contract		
Selling forward currency contracts	USD 627,000 thousand	From January 2022 to October 2022
Buying forward currency contracts	USD 713,500 thousand	From January 2022 to June 2022
Selling forward currency contracts	CAD 2,100 thousand	From January 2022 to April 2022
Selling forward currency contracts	EUR 35,000 thousand	January 2022

Hedging forward currency contracts

Group's partial net investments in foreign operations were in EUR. The Group entered into forward currency contracts to manage its exposure to currency exchange rate risk, and these contracts are designated as hedging instruments. The table below lists the information related to hedging forward currency contracts:

Hedging instruments	Notional Amount	Contract Period
As of December 31, 2022		
Forward currency contract		
Selling forward currency contracts	EUR 27,000 thousand	January 2023

Hedging instruments/ Hedged items	Line Item in Balance Sheet	Carrying Amount of the Hedging Instrument	
		Assets	Liabilities
Hedges of net investments in foreign operations	Hedging financial liabilities - current	\$-	\$1,483

Hedging instruments/ Hedged items	Changes in Fair Value of Hedging Instruments Used for Calculating Hedge Ineffectiveness for the Current Period	Changes in Fair Value of Hedged items Used for Calculating Hedge Ineffectiveness for the Current Period	Carrying Amount of Other Equity		Change in the Value of the Hedging Instrument Recognized in Other Comprehensive Income	Hedge Ineffectiveness Recognized in Profit or Loss
			Hedge Accounting Is Continuously Applicable	Hedge Accounting Is No Longer Applicable		
Hedges of net investments in foreign operations	\$-	\$-	(\$1,483)	\$-	(\$41,032)	\$-

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(9) Fair Value Measurement Hierarchy

A. Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward currency contract	\$-	\$155,286	\$-	\$155,286
Equity instrument measured at fair value through other comprehensive income				
	-	-	3,985,009	3,985,009

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	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward currency contract	-	450,431	-	450,431
Hedging financial liabilities				
Forward currency contract	-	1,483	-	1,483
	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward currency contract	\$-	\$125,399	\$-	\$125,399
Stock option	-	-	55,360	55,360
Equity instrument measured at fair value through other comprehensive income				
	-	-	3,988,804	3,988,804
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward currency contract	-	57,060	-	57,060

Transfers between the Level 1 and Level 2 during the period

During the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

Change in reconciliation for fair value measurements in Level 3

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

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	Assets			
	At fair value through profit or loss		At fair value through other comprehensive income	
	Stock option	Convertible bond	Stock	Total
As of January 1, 2022:	\$55,360	\$-	\$3,988,804	\$4,044,164
Total gains and losses recognized for the year ended December 31, 2022:				
Amount recognized in profit or loss (presented in “other profit or loss”)	280	(41,610)	-	(41,330)
Amount recognized in OCI (presented in “unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”)	-	-	(1,405,625)	(1,405,625)
Transfers	(55,640)	-	55,640	-
Acquisition	-	41,610	1,238,610	1,280,220
Tax effect	-	-	4,826	4,826
Exchange differences	-	-	12,754	12,754
As of December 31, 2022	\$-	\$-	\$3,895,009	\$3,895,009

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	Assets		
	At fair value through profit or loss	At fair value through other comprehensive income	Total
	Stock option	Stock	Total
As of January 1, 2021:	\$56,960	\$913,080	\$970,040
Total gains and losses recognized for the year ended December 31, 2021:			
Amount recognized in profit or loss (presented in “other profit or loss”)	(1,600)	-	(1,600)
Amount recognized in OCI (presented in “unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”)	-	1,025,760	1,025,760
Acquisition	-	2,054,000	2,054,000
Settlement	-	(1,219)	(1,219)
Tax effect	-	(60)	(60)
Exchange differences	-	(2,757)	(2,757)
As of December 31, 2021	\$55,360	\$3,988,804	\$4,044,164

Total gains and (losses) recognized in profit or loss for the years ended December 31, 2022 and 2021 were in the amount of NT\$41,330 thousand and NT\$1,600 thousand, respectively.

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

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As of December 31, 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Stock	Asset-Based Approach	Not Applicable	-	-	-
	Market Approach	P/E ratio of similar companies	1.81	The higher the P/E ratio of similar companies, the higher the fair value estimated	10% increase (decrease) in the P/E ratio of similar entities would result in increase /decrease in equity by NT\$5,297 thousand/ NT\$5,297 thousand.
	Market Approach	P/E ratio of similar companies	2.39	The higher the P/E ratio of similar companies, the higher the fair value estimated	10% increase (decrease) in the P/E ratio of similar entities would result in increase /decrease in equity by NT\$3,235 thousand/ NT\$3,235thousand

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As of December 31, 2021

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Stock	Asset-Based Approach	Not Applicable	-	-	-
	Market Approach	P/E ratio of similar companies	1.73	The higher the P/E ratio of similar companies, the higher the fair value estimated	10% increase (decrease) in the P/E ratio of similar entities would result in increase /decrease in equity by NT\$4,494 thousand/ NT\$4,494 thousand.
At fair value through profit or loss					
Stock option	Market Approach	P/E ratio of similar companies	0.43	The higher the P/E ratio of similar companies, the higher the fair value estimated	10% increase (decrease) in the P/E ratio of similar companies would result in increase /decrease in equity by NT\$6,110 thousand/ NT\$6,110 thousand.

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

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The Group's Assets Management Center (AMC) is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. AMC analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

- C. Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (please refer to Note 6(10))	\$-	\$-	\$200,400	\$200,400

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (please refer to Note 6(10))	\$-	\$-	\$212,800	\$212,800

(10) Significant Assets and Liabilities Denominated in Foreign Currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	December 31, 2022		
	Foreign currencies	Exchange rate	NTD thousand
Financial assets			
Monetary item:			
USD	\$762,907	30.71	\$23,428,874
JPY	217,151	0.2324	50,466
GBP	1,237	37.09	45,878
CNY	223	4.4094	983

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	December 31, 2022		
	Foreign currencies	Exchange rate	NTD thousand
<u>Financial assets</u>			
Non-monetary items:			
USD	\$3,104	30.71	\$95,333
<u>Financial liabilities</u>			
Monetary items:			
USD	\$750,349	30.71	\$23,043,218
EUR	184	32.72	6,021
JPY	90,170	0.2324	20,956
GBP	13	37.09	482
CNY	508	4.4094	2,240
	December 31, 2021		
	Foreign currencies	Exchange rate	NTD thousand
<u>Financial assets</u>			
Monetary item:			
USD	\$968,740	27.68	\$26,814,723
JPY	167,318	0.2405	40,240
GBP	338	37.30	12,607
EUR	83	31.32	2,600
Non-monetary items:			
USD	\$7,001	27.68	\$193,800
<u>Financial liabilities</u>			
Monetary items:			
USD	\$1,031,268	27.68	\$28,545,498
JPY	86,369	0.2405	20,772
GBP	119	37.30	4,439
EUR	183	31.32	5,732

The Group's functional currencies are various, and hence is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange (loss) gain was NT\$(899,361) thousand and NT\$26,055 thousand for the years ended December 31, 2022 and 2021, respectively.

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(11) Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(12) Other Items

Due to the impact of the COVID-19 pandemic, local governments of certain subsidiaries are implementing measures such as quarantine, tourism bans, or temporary shutdowns of shops and facilities. In a response to the pandemic, the Group took the following actions:

A. Adjust operating strategies

Inspect internal production capacity and conditions of supply chain to manage various resources effectively.

B. Government relief measures

The Group has successively applied to governments for various subsidies such as salaries, working capital, rents, etc.

13. Additional Disclosures

(1) The following are additional disclosures for the Group and its affiliates:

A. Financing provided to others for the year ended December 31, 2022: Attachment 1-2.

B. Endorsement/Guarantee provided to others for the year ended December 31, 2022: Please refer to Attachment 1, 1-1.

C. Securities held as of December 31, 2022 (excluding subsidiaries, associates and joint venture): Please refer to Attachment 2, 2-1.

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2022: Attachment 10.

E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2022: None.

F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2022: None.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

- G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2022: Please refer to Attachment 3, 3-1.
- H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of December 31, 2022: Please refer to Attachment 4, 4-1.
- I. The business relationship between the parent and the subsidiaries and significant transactions between them: Please refer to Attachment 5.
- J. Financial instruments and derivative transactions: Please refer to Note 6(2), Note 6(14), Note 12(1), Note 12(5), Note 12(8) and Attachment 8.

(2) Information on Investees

- A. Relevant information on investees when the investees have significant influence or direct or indirect control: Please refer to Attachments 6, 6-1, 6-2 and 6-3.
- B. When the investees have significant influence or direct or indirect control, the above items from A to I shall be disclosed: Please refer to Attachments 1-1, 1-2, 2-1, 3-1, 4-1.
- C. Financial instruments and derivative transactions: Please refer to Attachment 8.

(3) Investment in Mainland China

- A. Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, percentage of ownership, investment income (loss), carrying amount of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 7, 7-1.
- B. Directly or indirectly significant transactions with the investees in Mainland China: please refer to Attachment 5.

(4) Information on major shareholders

Please refer to Attachment 9.

14. Segment information

(1) General Information

- A. The Group's reportable segments are organized into business units based on their products and services, and that they will be available for managing units to earn revenues and incur expense. Every unit needs unique technologies and marketing strategies, and the Group's chief operating decision maker manages every unit individually. The Group determined its reportable segments based on the Group's internal reports.

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

B. The Group has three reportable segments:

- (a) Energy-saving products segments: mainly engaged in the R&D design, manufacturing and marketing of backlighting, panel modules, medical displays and energy-efficient lighting equipment.
- (b) Image products and brand segments: mainly engaged in the R&D design, manufacturing and marketing of projector and brand management.
- (c) Optical components segments: mainly engaged in the R&D, production and marketing of projection-related applications of optics related components.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements. However, financial cost, income and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

(2) Segment Income, Assets and Liabilities Information

	For the year ended December 31, 2022						
	Energy - saving products segment	Image products and brand segment	Optical components segment	Subtotal	Other segment (Note A)	Adjustment and elimination (Note B)	Total
Revenue							
Net revenue from							
external customers	\$22,589,976	\$21,261,851	\$2,974,781	\$46,826,608	\$2,956,549	\$-	\$49,783,157
Net revenue from sales							
among intersegments	91,866	657,177	1,708,722	2,457,765	1,137,901	(3,595,666)	-
Total revenue	<u>\$22,681,842</u>	<u>\$21,919,028</u>	<u>\$4,683,503</u>	<u>\$49,284,373</u>	<u>\$4,094,450</u>	<u>(3,595,666)</u>	<u>\$49,783,157</u>
Segment income (loss)	<u>\$813,869</u>	<u>\$2,804,004</u>	<u>\$34,088</u>	<u>\$3,651,961</u>	<u>\$(735,231)</u>	<u>\$256,250</u>	<u>\$3,172,980</u>
Segment Assets (Note C)	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$55,857,815</u>	<u>\$55,857,815</u>

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

	For the year ended December 31, 2021						
	Energy - saving products segment	Image products and brand segment	Optical components segment	Subtotal	Other segment (Note A)	Adjustment and elimination (Note B)	Total
Revenue							
Net revenue from							
external customers	\$27,158,039	\$15,947,933	\$3,912,729	\$47,018,701	\$2,814,667	\$-	\$49,833,368
Net revenue from sales							
among intersegments	125,134	91,157	649,937	866,228	1,291,654	(2,157,882)	-
Total revenue	<u>\$27,283,173</u>	<u>\$16,039,090</u>	<u>\$4,562,666</u>	<u>\$47,884,929</u>	<u>\$4,106,321</u>	<u>\$(2,157,882)</u>	<u>\$49,833,368</u>
Segment income (loss)	<u>\$1,160,648</u>	<u>\$1,583,567</u>	<u>\$55,588</u>	<u>\$2,799,803</u>	<u>\$(353,311)</u>	<u>\$338,827</u>	<u>\$2,785,319</u>
Segment Assets (Note C)	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$61,470,393</u>	<u>\$61,470,393</u>

Note A: Nine operating segments did not meet the quantitative thresholds for reportable segments for the years ended December 31, 2022 and 2021, respectively. They have been combined into other segments.

Note B: Inter-segment revenue is eliminated on consolidation and recorded under the “adjustment and elimination” column, all other adjustments and eliminations are disclosed below.

Note C: If the measurements of the asset were not provided to the decision makers, the amount of the assets to be disclosed by every segment may be expressed as zero and listed as group assets.

	Years ended December 31	
	2022	2021
Net income of reportable segments	\$3,651,961	\$2,799,803
Income of other segments	(735,231)	(353,311)
Unallocated amount:		
Interest income	342,036	385,149
Interest expense	(396,446)	(148,938)
Financial assets (liabilities) at fair value through profit or loss	1,708,310	481,987
Exchange (losses) gains	(899,361)	26,055
Others	<u>(498,289)</u>	<u>(405,426)</u>
Income before income tax	<u>\$3,172,980</u>	<u>\$2,785,319</u>

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

(3) Geographical information

A. Sales to other than consolidated entities

	Years ended December 31,	
	2022	2021
Mainland China (including Hong Kong)	\$18,391,556	\$23,533,259
Taiwan	10,741,794	11,742,577
South Korea	7,686,653	1,930,845
United Kingdom	4,235,774	4,299,270
United States	3,531,745	3,008,504
Japan	2,607,421	2,904,317
Malaysia	707,287	532,644
Others	1,880,927	1,881,952
Total	<u>\$49,783,157</u>	<u>\$49,833,368</u>

Sales are classified by customers' country.

B. Non-current assets

	December 31,	
	2022	2021
Taiwan	\$4,875,748	\$5,176,343
Mainland China (including Hong Kong)	4,388,670	4,296,916
Vietnam	1,273,867	-
Bangladesh	319,145	338,539
United States	95,769	97,411
Europe	92,012	114,621
Total	<u>\$11,045,211</u>	<u>\$10,023,830</u>

(4) Major customers information

For the years ended December 31, 2022 and 2021, major customers representing at least 10% of net revenue:

	Years ended December 31,	
	2022	2021
Customer A	\$5,953,677	(Note)

Note: Since individual amounts did not exceed 10% net sales of the Group, disclosure was not required.

ATTACHMENT 1 (Endorsement/Guarantee provided to others for the year ended December 31, 2022)
(Amounts in Thousands of New Taiwan Dollars)

No.	Endorsor/guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party	Maximum balance for the period	Ending balance	Actual amount provided	Amount of endorsement/guarantee collateralized by properties	Percentage of accumulated guarantee amount to net worth from the latest financial statements	Limit of total guarantee/endorsement amount	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiary in Mainland China
		Company name	Relationship										
0	Coretronic Corporation	Coretronic Technology (BRVT)	Sub-subsiidiary	\$ 11,265,546 (Note)	\$ 1,228,400	\$ 1,228,400	\$ -	\$ -	5.45%	\$ 22,531,092 (Note)	Yes	No	No
0	Coretronic Corporation	Coretronic Vietnam	Subsidiary	11,265,546 (Note)	1,179,661	883,220	545,410	-	3.92%	22,531,092 (Note)	Yes	No	No
0	Coretronic Corporation	Coretronic MEMS Corporation	Subsidiary	11,265,546 (Note)	164,000	164,000	4,550	-	0.73%	22,531,092 (Note)	Yes	No	No
0	Coretronic Corporation	Nano Precision Taiwan	Sub-subsiidiary	11,265,546 (Note)	350,000	350,000	124,268	-	1.55%	22,531,092 (Note)	Yes	No	No
0	Coretronic Corporation	Coretronic Intelligent Robotics Corporation	Subsidiary	11,265,546 (Note)	260,000	260,000	10,027	-	1.15%	22,531,092 (Note)	Yes	No	No
0	Coretronic Corporation	YLG Optotech	Sub-subsiidiary	11,265,546 (Note)	289,935	276,390	-	-	1.23%	22,531,092 (Note)	Yes	No	Yes
0	Coretronic Corporation	Optoma USA	Sub-subsiidiary	11,265,546 (Note)	16,108	15,355	15,355	-	0.07%	22,531,092 (Note)	Yes	No	No
0	Coretronic Corporation	Optoma Corporation	Sub-subsiidiary	11,265,546 (Note)	2,000	2,000	2,000	-	0.01%	22,531,092 (Note)	Yes	No	No
	Total				\$ 3,490,104	\$ 3,179,365							

Note : Based on the procedures of endorsement/guarantee provided to others, the amount of endorsements/guarantees for any single entity shall not exceed 50% of the Company's net worth from the latest financial statements.
Based on the procedures of endorsement/guarantee provided to others, the total amount of endorsements/guarantees shall not exceed 100% of the Company's net worth from the latest financial statements.

ATTACHMENT 1-1 (Endorsement/Guarantee provided to others for the year ended December 31, 2022)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorsor/ guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party	Maximum balance for the period	Ending balance	Actual amount provided	Amount of endorsement/ guarantee collateralized by properties	Percentage of accumulated guarantee amount to net worth from the latest financial statements	Limit of total guarantee/ endorsement amount	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiary in Mainland China
		Company name	Relationship										
1	Optoma Technology (Note c)	Optoma Corporation	Associate	\$ 476,551	\$ 2,000	\$ -	\$ -	-	-%	\$ 953,102 (Note a - b)	No	No	No

Note a : Based on the procedures of endorsement/guarantee provided to others, the amount of endorsements/guarantees for any single entity shall not exceed 50% of the Company's net worth from the latest financial statements.

Note b : Based on the procedures of endorsement/guarantee provided to others, the total amount of endorsements/guarantees shall not exceed 100% of the Company's net worth from the latest financial statements.

Note c : Coretronic Corporation absorbed Optoma Technology from July 1, 2022. Therefore, endorsor was changed to Coretronic Corporation.

ATTACHMENT 1-2 (Financing provided to others for the year ended December 31, 2022)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Lender	Counter-party	Financial statement account	Related party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for expected credit losses	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
1	Bigplane (HK)	Core-Flex	Trade receivables - related parties	Yes	\$ 120,427	\$ -	\$ -	-%	The need for short-term financing	-	Business turnover	-	None	-	\$ 236,220	\$ 236,220
1	Bigplane (HK)	Coretronic Investment Limited	Trade receivables - related parties	Yes	341,479	325,526	325,526	1.25%	The need for short-term financing	-	Business turnover	-	None	-	590,549	590,549
1	Bigplane (HK)	Coretronic Corporation	Trade receivables - related parties	Yes	174,741	-	-	-%	The need for short-term financing	-	Business turnover	-	None	-	590,549	590,549
2	Great Pride (HK)	Coretronic Investment Limited	Trade receivables - related parties	Yes	979,336	933,584	933,584	1.25%	The need for short-term financing	-	Business turnover	-	None	-	3,142,428	3,142,428
2	Great Pride (HK)	Coretronic Corporation	Trade receivables - related parties	Yes	94,605	-	-	-%	The need for short-term financing	-	Business turnover	-	None	-	3,142,428	3,142,428
3	Teopoint	Brightbridge	Trade receivables - related parties	Yes	2,706	-	-	-%	The need for short-term financing	-	Business turnover	-	None	-	3,989,481	3,989,481
4	Venture Orient	Coretronic Investment Limited	Trade receivables - related parties	Yes	96,645	92,130	92,130	1.25%	The need for short-term financing	-	Business turnover	-	None	-	651,383	651,383
4	Venture Orient	Coretronic Corporation	Trade receivables - related parties	Yes	115,752	24,568	24,568	-%	The need for short-term financing	-	Business turnover	-	None	-	651,383	651,383
5	Wisdom Success (HK)	Coretronic Investment Limited	Trade receivables - related parties	Yes	64,430	-	-	-%	The need for short-term financing	-	Business turnover	-	None	-	7,395,510	7,395,510
5	Wisdom Success (HK)	Coretronic Corporation	Trade receivables - related parties	Yes	605,642	577,348	577,348	-%	The need for short-term financing	-	Business turnover	-	None	-	7,395,510	7,395,510
6	Wisdom Success	Coretronic Investment Limited	Trade receivables - related parties	Yes	25,772	-	-	-%	The need for short-term financing	-	Business turnover	-	None	-	11,626,724	11,626,724
6	Wisdom Success	Coretronic Corporation	Trade receivables - related parties	Yes	32,215	30,710	30,710	-%	The need for short-term financing	-	Business turnover	-	None	-	11,626,724	11,626,724
7	Chuang Tsen Investment	Coretronic Intelligent Logistics Solutions Corporation	Trade receivables - related parties	Yes	70,000	70,000	70,000	0.6%	The need for short-term financing	-	Business turnover	-	None	-	1,026,529	1,026,529
7	Chuang Tsen Investment	Coretronic Corporation	Trade receivables - related parties	Yes	366,000	366,000	366,000	0.55%	The need for short-term financing	-	Business turnover	-	None	-	1,026,529	1,026,529
7	Chuang Tsen Investment	Optima Technology	Trade receivables - related parties	Yes	246,000	-	-	-%	The need for short-term financing	-	Business turnover	-	None	-	1,026,529	1,026,529
8	Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)	Trade receivables - related parties	Yes	477,970	467,400	467,400	0.5%	The need for short-term financing	-	Business turnover	-	None	-	5,787,031	5,787,031
9	Young Green Energy	Coretronic MEMS Corporation	Trade receivables - related parties	Yes	70,000	-	-	-%	The need for short-term financing	-	Business turnover	-	None	-	89,702	89,702
10	Tsen Ming Investment	Coretronic MEMS Corporation	Trade receivables - related parties	Yes	186,000	136,000	136,000	0.55%	The need for short-term financing	-	Business turnover	-	None	-	186,970	186,970
10	Tsen Ming Investment	Nano Precision Taiwan	Trade receivables - related parties	Yes	30,000	30,000	30,000	0.35%	The need for short-term financing	-	Business turnover	-	None	-	186,970	186,970
10	Tsen Ming Investment	Optima Technology	Trade receivables - related parties	Yes	140,000	-	-	-%	The need for short-term financing	-	Business turnover	-	None	-	186,970	186,970
11	Coretronic (Suzhou)	Coretronic Optotech (Suzhou)	Trade receivables - related parties	Yes	1,832,903	-	-	-%	The need for short-term financing	-	Business turnover	-	None	-	4,910,132	4,910,132
11	Coretronic (Suzhou)	Coretronic Display (Suzhou)	Trade receivables - related parties	Yes	1,485,120	202,686	202,686	0.5%	The need for short-term financing	-	Business turnover	-	None	-	4,910,132	4,910,132
11	Coretronic (Suzhou)	Coretronic Optics (Suzhou)	Trade receivables - related parties	Yes	2,247,176	1,243,461	1,243,461	0.5%	The need for short-term financing	-	Business turnover	-	None	-	4,910,132	4,910,132
12	Dynamic Time	Core-Flex	Trade receivables - related parties	Yes	139,427	132,913	132,913	-%	The need for short-term financing	-	Business turnover	-	None	-	974,664	974,664
12	Dynamic Time	Great Pride (HK)	Trade receivables - related parties	Yes	869,805	829,170	829,170	-%	The need for short-term financing	-	Business turnover	-	None	-	2,436,661	2,436,661
12	Dynamic Time	Coretronic Corporation	Trade receivables - related parties	Yes	1,520,548	1,449,512	1,449,512	-%	The need for short-term financing	-	Business turnover	-	None	-	2,436,661	2,436,661
13	Boom Power Trading Corp.	Coretronic Corporation	Trade receivables - related parties	Yes	116,944	116,944	116,944	-%	The need for short-term financing	-	Business turnover	-	None	-	135,394	135,394
13	Boom Power Trading Corp.	Coretronic (BV) Investment	Trade receivables - related parties	Yes	2,180	2,180	2,180	-%	The need for short-term financing	-	Business turnover	-	None	-	135,394	135,394
14	Nano Display (HK)	Coretronic Corporation	Trade receivables - related parties	Yes	266,700	233,396	233,396	-%	The need for short-term financing	-	Business turnover	-	None	-	560,123	560,123
15	Young Lighting Limited	Coretronic Corporation	Trade receivables - related parties	Yes	1,639,744	1,563,139	1,563,139	-%	The need for short-term financing	-	Business turnover	-	None	-	3,323,484	3,323,484
16	Nano Precision (Suzhou)	Coretronic Optics (Suzhou)	Trade receivables - related parties	Yes	300,748	295,432	295,432	0.5%	The need for short-term financing	-	Business turnover	-	None	-	2,779,477	2,779,477
17	Young Bright Optical (Suzhou)	Coretronic Optics (Suzhou)	Trade receivables - related parties	Yes	260,349	255,747	255,747	0.5%	The need for short-term financing	-	Business turnover	-	None	-	389,213	389,213
18	Coretronic (Ningbo)	Coretronic Optics (Suzhou)	Trade receivables - related parties	Yes	299,841	299,841	299,841	0.5%	The need for short-term financing	-	Business turnover	-	None	-	3,572,357	3,572,357
19	Coretronic Display (Suzhou)	Coretronic Corporation	Trade receivables - related parties	Yes	203,874	202,686	202,686	0.5%	The need for short-term financing	-	Business turnover	-	None	-	481,910	481,910
20	Best Alpha	Young Optics (BD)	Other receivables - related parties	Yes	32,215	30,710	30,710	-%	The need for short-term financing	-	Business turnover	-	None	-	533,137	537,137

Note a : Limit of financing amount for individual counter-party and total financing amount should not exceed 100% of lender's net worth from the latest financial statements, including Bigplane (HK), Great Pride (HK), Venture Orient,

Coretronic Projection (Kunshan), Coretronic (Suzhou), Dynamic Time, Nano Precision (Suzhou), Young Bright Optical (Suzhou), Coretronic (Ningbo) and Boom Power Trading Corp.

The above restriction only applies to the foreign subsidiaries whose shares are 100% owned by the Company.

Note b : Limit of financing amount for individual counter-party and total financing amount should not exceed 100% of lender's net worth from the latest financial statements, including Dynamic Time, Boom Power Trading Corp., Nano Display (HK), Wisdom Success (HK), Venture Orient, Wisdom Success and Coretronic Display (Suzhou).

The above restriction only applies to the foreign subsidiaries whose shares are 100% owned, directly or indirectly, by the Company.

Note c : Young Lighting Limited provided financing to Coretronic Corporation. Limit of total financing amount for individual counter-party should not exceed 200% of lender's net worth from the latest financial statements, and limit of financing amount should not exceed 200% of the latest financial statements.

Note d : Limit of total financing amount for individual counter-party should not exceed 40% of lender's net worth from the latest financial statements, and limit of financing amount should not exceed 100% of the latest financial statements of lender, including Tsen Ming Investment, Dynamic Time, Chuang Tsen Investment.

Note e : Best Alpha provided financing to the foreign subsidiaries whose shares are 100% owned by Young Optics Inc. Limit of total financing amount for individual counter-party should not exceed 40% of Best Alpha's or Young Optics' net worth from the latest financial statements.

ATTACHMENT 2 (Securities held as of December 31, 2022)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Held company name	Marketable securities type and name	Relationship with the company	Financial statement account	December 31, 2022				Note
				Shares/Units	Carrying amount	Percentage of ownership (%)	Fair value(Note a)	
Coretronic Corporation	Nightingale Intelligent Systems, Inc.	-	Financial assets at fair value through profit or loss-noncurrent	1,148,617	\$ -	0.84%	\$ -	
Coretronic Corporation	Nanosys Inc.	-	Financial assets at fair value through profit or loss-noncurrent	9,007	(Note b) -	0.003%	-	
Coretronic Corporation	Flexenable Limited-preferred shares	-	Financial assets at fair value through other comprehensive income-noncurrent	4,087,335,661	-	16.80%	-	
Coretronic Corporation	Yann Yuan Investment Co., Ltd.	Coretronic Corporation was Yann Yuan Investment's director.	Financial assets at fair value through other comprehensive income-noncurrent	(Note c) 57,000,000	3,014,975	11.06%	3,014,975	
Coretronic Corporation	Liuligongfang	-	Financial assets at fair value through other comprehensive income-noncurrent	242,094	8,497	3.06%	8,497	
Coretronic Corporation	Excel Global	-	Financial assets at fair value through other comprehensive income-noncurrent	812,506	44,476	19.90%	44,476	
Coretronic Corporation	Eterge Opto-Electronics	Coretronic Corporation was Eterge Opto-Electronics' director.	Investments accounted for using the equity method- noncurrent	1,850,000	50,117	18.50%	-	

Note a : The Group measured the fair value of investments in accordance with IFRS 9.

Note b : The impairment loss was recognized as the difference between the recoverable amount of the security and its carrying value.

Note c : Includes the original investment of Flexenable Limited - options which were converted into 2,335,620,378 preferred shares in February 2022, and the increased investment of 1,751,715,283 preferred shares in March 2022 with amount of USD 1,500,000.

ATTACHMENT 2-1 (Securities held as of December 31, 2022)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Held company name	Marketable securities type and name	Relationship with the company	Financial statement account	December 31, 2022				Note
				Shares/Units	Carrying amount	Percentage of ownership (%)	Fair value (Note a)	
Coretronic Venture Capital	GeneJet Biotech	-	Financial assets at fair value through other comprehensive income-noncurrent	315,000	\$ -	5.85%	\$ -	
Coretronic Intelligent Cloud Service Corp.	GateWeb	-	Financial assets at fair value through other comprehensive income-noncurrent	900,000	(Note b) 32,355	18.54%	32,355	
Venture Orient	Unitech Capital	-	Financial assets at fair value through other comprehensive income-noncurrent	2,500,000	USD 1,656,040	5.00%	USD 1,656,040	
Chung Tsen Investment	Shieh Yong Investment	-	Financial assets at fair value through other comprehensive income-noncurrent	98,556,488	743,849	4.47%	743,849	

Note a : The Group measured the fair value of investments in accordance with IFRS 9.

Note b : The impairment loss was recognized as the difference between the recoverable amount of the security and its carrying value.

ATTACHMENT 3 (Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended December 31, 2022)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and Trade receivables (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
Coretronic Corporation	Coretronic (Ningbo)	Sub-subsidiary	Purchases	\$ 1,068,775	1.92%	120 days	-	-	\$ (278,806)	3.86%	
Coretronic Corporation	Optoma Corporation	Sub-subsidiary	Sales	4,998,334	16.35%	90 days	-	-	965,186	13.92%	
Coretronic Corporation	HANNSTAR	Entity with significant influence over the Company	Purchases	148,896	0.27%	90 days	-	-	(35,437)	0.49%	

ATTACHMENT 3-1 (Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended December 31, 2022)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and Trade receivables (payables)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payables)	
Young Optics	Coretronic Projection (Kunshan)	Associate	Sales	\$ 1,339,160	28.47%	90 days	-	-	\$ 63,072	11.01 %	Note
Young Optics	Rays Optics	Associate	Sales	462,507	9.83%	30 days	-	-	121,431	21.20%	
Young Optics (Kunshan)	Young Optics	Associate	Sales	1,872,564	79.01%	90 days	-	-	409,850	83.15 %	
Young Optics (Kunshan)	Young Optics (Suzhou)	Associate	Sales	100,887	4.27%	60 days	-	-	12,640	2.56%	
Young Optics (Kunshan)	Coretronic Optics (Kunshan)	Associate	Sales	362,143	15.30%	90 days	-	-	73,375	14.89 %	
Nano Precision (Suzhou)	Coretronic Display (Suzhou)	Associate	Sales	128,311	12.84%	60 days	-	-	3,178	1.44%	
Nano Precision (Suzhou)	Coretronic Optotech (Suzhou)	Associate	Sales	301,270	30.15%	60 days	-	-	89,715	40.73 %	
Nano Precision (Suzhou)	Coretronic Optics (Suzhou)	Associate	Sales	211,166	21.13%	60 days	-	-	35,326	16.04 %	
Coretronic Projection (Kunshan)	Young Optics (Kunshan)	Associate	Sales	653,255	3.57%	90 days	-	-	32,198	0.79 %	Note
Coretronic Projection (Kunshan)	Optoma China	Associate	Sales	540,811	2.96%	60 days	-	-	188,248	4.60 %	
Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)	Associate	Sales	522,213	2.86%	60 days	-	-	100,127	2.45 %	
Young Optics (BD)	Young Optics	Associate	Sales	184,071	78.27%	30 days	-	-	1,077	100 %	
Coretronic Optotech (Suzhou)	Coretronic Display (Suzhou)	Associate	Sales	266,509	7.12%	60 days	-	-	7,551	0.28 %	
Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	Associate	Sales	8,494,234	99.96%	60 days	-	-	848,174	99.91 %	
Optoma Corporation	Optoma USA	Associate	Sales	1,661,156	27.30%	90 days	-	-	323,571	29.92 %	
Optoma Corporation	Optoma Europe	Associate	Sales	3,404,269	55.95%	90 days	-	-	602,165	55.68 %	

Note : All transactions among Young Optics, Young Optics (Kunshan) and Coretronic Projection (Kunshan) were presented as gross amounts, and the percentage of total receivables (payables) were calculated accordingly. Related receivables and payables also included Other payables and Other receivables.

ATTACHMENT 4 (Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of December 31, 2022)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company name	Counter-party	Relationship	Trade receivables - related parties balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for expected credit losses
					Amount	Collection status		
Trade receivables :								
Coretronic Corporation	Optoma Corporation	Sub-subsiary	\$ 965,186	4.76	\$ -	-	\$ -	\$ -

ATTACHMENT 4-1 (Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of December 31, 2022)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company name	Counter-party	Relationship	Trade receivables - related parties balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for expected credit losses
					Amount	Collection status		
Trade receivables :								
Young Optics	Rays Optics	Associate	\$ 121,431	5.48	\$ -	-	\$ -	\$ -
Young Optics (Kunshan)	Young Optics	Associate	409,850	4.17	-	-	-	-
Coretronic Projection (Kunshan)	Optoma China	Associate	188,248	2.43	-	-	-	-
Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)	Associate	100,127	5.46	-	-	-	-
Coretronic (Ningbo)	Coretronic Corporation	Parent	278,806	3.00	-	-	-	-
Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	Associate	848,174	8.54	-	-	-	-
Optoma Corporation	Optoma USA	Associate	323,571	4.90	-	-	-	-
Optoma Corporation	Optoma Europe	Associate	602,165	4.79	-	-	-	-
Other receivables :								
Grace China	Young Optics (BD)	Associate	289,440 (Note)	-	-	-	-	-
Dynamic Time	Coretronic Corporation	Parent	1,449,512	-	-	-	-	-
Dynamic Time	Core-Flex	Associate	132,913	-	-	-	-	-
Dynamic Time	Great Pride (HK)	Associate	829,170	-	-	-	-	-
Coretronic (Suzhou)	Coretronic Display (Suzhou)	Associate	202,803	-	-	-	-	-
Coretronic (Suzhou)	Coretronic Optics (Suzhou)	Associate	1,244,611	-	-	-	-	-
Chung Tsen Investment	Coretronic Corporation	Parent	366,860	-	-	-	-	-
Nano Precision (Suzhou)	Coretronic Optics (Suzhou)	Associate	295,826	-	-	-	-	-
Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)	Associate	471,099	-	-	-	-	-
Boom Power	Coretronic Corporation	Parent	116,944	-	-	-	-	-
Tsen Ming Investment	Coretronic MEMS Corporation	Associate	136,324	-	-	-	-	-
Coretronic (Ningbo)	Coretronic Optics (Suzhou)	Associate	300,052	-	-	-	-	-
Young Bright Optical (Suzhou)	Coretronic Optics (Suzhou)	Associate	256,082	-	-	-	-	-
Nano Display	Coretronic Corporation	Parent	233,396	-	-	-	-	-
Nano Display	Coretronic (Guangzhou)	Associate	262,657	-	-	-	-	-
Great Pride (HK)	Coretronic Investment Limited	Associate	944,638	-	-	-	-	-
Wisdom Success (HK)	Coretronic Corporation	Parent	577,348	-	-	-	-	-
Bigshine (HK)	Coretronic Investment Limited	Associate	329,380	-	-	-	-	-
Young Lighting Limited	Coretronic Corporation	Parent	1,563,139	-	-	-	-	-
YLG Limited	Coretronic (Guangzhou)	Associate	110,236	-	-	-	-	-
Coretronic Display (Suzhou)	Coretronic Corporation	Parent	202,686	-	-	-	-	-

Note : Includes Other receivables.

ATTACHMENT 5 (Significant intercompany transactions between consolidated entities)
 (Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No. (Note a)	Related party	Counter-party	Relationship with Coretronic Corporation (Note b)	Transactions			
				Accounts	Amount	Collection periods (Note c)	Percentage of consolidated operating revenues or consolidated total assets (Note d)
0	Coretronic Corporation	Optoma Technology	1	Sales	72,648	—	0.15%
		Optoma USA	1	Sales	54,239	—	0.11%
		Optoma Europe	1	Sales	71,101	—	0.14%
		Greendale	1	Accounts receivable	1,417,375	—	2.54%
			1	Sales	6,579,167	—	13.22%
		Coretronic Projection (Kunshan)	1	Sales	46,641	—	0.09%
		YLG Optotech	1	Accounts receivable	253,769	—	0.45%
			1	Sales	667,639	—	1.34%
		Coretronic Display (Suzhou)	1	Sales	2,118,460	—	4.26%
			1	Accounts receivable	3,643,069	—	6.52%
		Coretronic Optotech (Suzhou)	1	Sales	8,772,951	—	17.62%
			1	Accounts receivable	2,529,458	—	4.53%
		Coretronic Optics (Suzhou)	1	Sales	9,574,424	—	19.23%
1	Young Optics	Coretronic Vietnam	1	Accounts receivable	539,705	—	0.97%
			1	Sales	805,148	—	1.62%
		Optoma Corporation	1	Accounts receivable	965,186	—	1.73%
			1	Sales	4,998,334	—	10.04%
		Rays Optics	3	Other receivables	3,014	—	0.01%
			3	Accounts receivable	121,431	—	0.22%
		Young Optics (Suzhou)	3	Sales	462,507	—	0.93%
			3	Accounts receivable	420	—	0.00%
		Mejiro	3	Sales	67,903	—	0.14%
			3	Accounts receivable	645	—	0.00%
		Young Optics (Kunshan)	3	Sales	9,140	—	0.02%
			3	Sales	15,737	—	0.03%
		Young Optics (BD)	3	Other income	22	—	0.00%
3	Other receivables		8,096	—	0.01%		
3	Accounts receivable		60,952	—	0.11%		
3	Sales		60,952	—	0.11%		
Coretronic Projection (Kunshan)	3	Sales	3,031	—	0.01%		
	3	Other income	915	—	0.00%		
	3	Other receivables	32,061	—	0.06%		
	3	Accounts receivable	31,011	—	0.06%		
	3	Sales	1,339,160	—	2.69%		

No. (Note a)	Related party	Counter-party	Relationship with Coretronic Corporation (Note b)	Transactions			
				Accounts	Amount	Collection periods (Note c)	Percentage of consolidated operating revenues or consolidated total assets (Note d)
2	Grace China	Young Optics	3	Sales	56	—	0.00%
		Young Optics (BD)	3	Other receivables	135,032	—	0.24%
		Young Optics (Kunshan)	3	Accounts receivable	154,408	—	0.28%
3	Young Optics (Kunshan)	Young Optics (Suzhou)	3	Sales	496	—	0.00%
		Young Optics (Suzhou)	3	Accounts receivable	12,640	—	0.02%
		Young Optics (BD)	3	Sales	100,887	—	0.20%
		Young Optics (BD)	3	Accounts receivable	458	—	0.00%
		Young Optics (BD)	3	Sales	10,224	—	0.02%
		Coretronic Optics (Kunshan)	3	Accounts receivable	73,375	—	0.13%
		Coretronic Optics (Kunshan)	3	Sales	362,143	—	0.73%
		Young Optics	3	Other receivables	8,236	—	0.01%
		Young Optics	3	Accounts receivable	409,850	—	0.73%
4	Dynamic Time	Young Optics	3	Sales	1,872,564	—	3.76%
		Young Optics	3	Other income	8,236	—	0.02%
		Coretronic Corporation	2	Other receivables	1,449,512	—	2.60%
5	Wisdom Success	Core-Flex	3	Other receivables	132,913	—	0.24%
		Great Pride (HK)	3	Other receivables	829,170	—	1.48%
		Coretronic Corporation	2	Other receivables	30,710	—	0.05%
6	Coretronic (Suzhou)	Coretronic Optics (Suzhou)	3	Other receivables	37,206	—	0.07%
		Coretronic Display (Suzhou)	3	Other receivables	202,803	—	0.36%
7	Chung Tsen Investment Corp.	Coretronic Optics (Suzhou)	3	Other receivables	1,244,611	—	2.23%
		Coretronic Corporation	2	Other receivables	366,860	—	0.66%
8	Venture Orient	CILS	3	Other receivables	70,112	—	0.13%
9	Best Alpha	Coretronic Investment Limited	3	Other receivables	93,221	—	0.17%
		Young Optics (BD)	3	Other receivables	30,710	—	0.05%
10	Young Optics (Suzhou)	Young Optics (BD)	3	Other income	186	—	0.00%
		Young Optics	3	Sales	49,883	—	0.10%
		Young Optics (Kunshan)	3	Sales	314	—	0.00%

No. (Note a)	Related party	Counter-party	Relationship with Coretronic Corporation (Note b)	Transactions			
				Accounts	Amount	Collection periods (Note c)	Percentage of consolidated operating revenues or consolidated total assets (Note d)
11	Nano Precision (Suzhou)	Coretronic Corporation	2	Sales	31,372	—	0.06%
		Coretronic Projection (Kunshan)	3	Sales	48,316	—	0.10%
		Great Pride (HK)	3	Sales	67,061	—	0.13%
		Coretronic Display (Suzhou)	3	Sales	128,311	—	0.26%
		Coretronic Optotech (Suzhou)	3	Accounts receivable	89,715	—	0.16%
			3	Sales	301,270	—	0.61%
			3	Other receivables	295,826	—	0.53%
		Coretronic Optics (Suzhou)	3	Accounts receivable	35,326	—	0.06%
3	Sales		211,166	—	0.42%		
12	Greendale	Coretronic Corporation	2	Other receivables	3,165,090	—	5.67%
		Coretronic Projection (Kunshan)	3	Other receivables	41,762	—	0.07%
		Coretronic Optics (Kunshan)	3	Other receivables	1,375,613	—	2.46%
13	Coretronic Projection (Kunshan)	Young Optics (Kunshan)	3	Other receivable	32,198	—	0.06%
			3	Sales	653,255	—	1.31%
		Optoma China	3	Accounts receivable	188,248	—	0.34%
			3	Sales	540,811	—	1.09%
		Greendale	3	Accounts receivable	3,164,499	—	5.67%
			3	Sales	13,898,900	—	27.92%
		Champ Vision Display	3	Accounts receivable	354,473	—	0.63%
			3	Sales	869,438	—	1.75%
		Coretronic Optics (Kunshan)	3	Other receivables	471,099	—	0.84%
3	Accounts receivable		100,127	—	0.18%		
3	Sales	522,213	—	1.05%			
14	Boom Power	Coretronic Corporation	2	Other receivables	116,944	—	0.21%
15	Tsen Ming Investment	Nano Precision (Suzhou)	3	Other receivables	50,029	—	0.09%
		Coretronic MEMS Corporation	3	Other receivables	136,324	—	0.24%
16	Coretronic (Ningbo)	Coretronic Corporation	2	Accounts receivable	278,806	—	0.50%
			2	Sales	1,068,775	—	2.15%
		Coretronic Optics (Suzhou)	3	Other receivables	300,052	—	0.54%
			3	Accounts receivable	33,463	—	0.06%
			3	Sales	35,566	—	0.07%
17	Young Bright Optical (Suzhou)	Coretronic Optics (Suzhou)	3	Other receivables	256,082	—	0.46%
18	Nano Display	Coretronic Corporation	2	Other receivables	233,396	—	0.42%
		Coretronic (Guangzhou)	3	Other receivables	262,657	—	0.47%
19	Nano Display (Guangzhou)	Coretronic (Guangzhou)	3	Sales	63,099	—	0.13%

No. (Note a)	Related party	Counter-party	Relationship with Coretronic Corporation (Note b)	Transactions			
				Accounts	Amount	Collection periods (Note c)	Percentage of consolidated operating revenues or consolidated total assets (Note d)
20	Great Pride (HK)	Coretronic Investment Limited	3	Other receivables	944,638	—	1.69%
21	Wisdom Success (HK)	Coretronic Corporation	2	Other receivables	577,348	—	1.03%
22	Bigshine (HK)	Coretronic Investment Limited	3	Other receivables	329,380	—	0.59%
23	CICS	Coretronic Corporation	2	Accounts receivable	64,151	—	0.11%
			2	Sales	187,114	—	0.38%
24	Young Lighting Limited	Coretronic Corporation	2	Other receivables	1,563,139	—	2.80%
25	YLG Limited	Coretronic (Guangzhou)	3	Other receivables	110,236	—	0.20%
26	YLG Optotech	Coretronic Corporation	2	Accounts receivable	288,148	—	0.52%
			2	Sales	961,548	—	1.93%
		3	Champ Vision Display	Sales	37,410	—	0.08%
27	Coretronic Display (Suzhou)	Coretronic Corporation	2	Other receivables	202,686	—	0.36%
			2	Accounts receivable	96,006	—	0.17%
			2	Sales	2,526,566	—	5.08%
		3	Wisdom Success	Accounts receivable	37,205	—	0.07%
		3	Coretronic Optics (Suzhou)	Sales	31,290	—	0.06%
28	Coretronic Optotech (Suzhou)	Coretronic Corporation	2	Accounts receivable	2,662,697	—	4.77%
			2	Sales	3,475,006	—	6.98%
		Coretronic Display (Suzhou)	3	Accounts receivable	7,551	—	0.01%
			3	Sales	266,509	—	0.54%
29	Champ Vision Display	Coretronic Projection (Kunshan)	3	Accounts receivable	39,688	—	0.07%
			3	Sales	355,521	—	0.71%
30	Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	3	Accounts receivable	848,174	—	1.52%
			3	Sales	8,494,234	—	17.06%
31	CIRC	CILS	3	Sales	40,887	—	0.08%
32	Coretronic Optics (Suzhou)	Coretronic Corporation	2	Accounts receivable	2,647,040	—	4.74%
			2	Sales	3,992,717	—	8.02%

No. (Note a)	Related party	Counter-party	Relationship with Coretronic Corporation (Note b)	Transactions			
				Accounts	Amount	Collection periods (Note c)	Percentage of consolidated operating revenues or consolidated total assets (Note d)
33	Nano Precision Taiwan	Coretronic Corporation	2	Other receivables	30,632	—	0.05%
			2	Sales	43,773	—	0.09%
		Nano Precision (Suzhou)	3	Sales	136,451	—	0.27%
		Coretronic (Ningbo)	3	Sales	45,971	—	0.09%
34	Coretronic Vietnam	Coretronic Corporation	2	Accounts receivable	71,715	—	0.13%
			2	Sales	550,164	—	1.11%
35	CILS	Coretronic Corporation	2	Sales	67,394	—	0.14%
36	Optoma Holding Limited	Optoma Europe	3	Other receivables	95,615	—	0.17%
37	Optoma Corporation	Optoma USA	3	Accounts receivable	323,571	—	0.58%
			3	Sales	1,661,156	—	3.34%
		Optoma Europe	3	Accounts receivable	602,165	—	1.08%
			3	Sales	3,404,269	—	6.84%
38	Young Optics (BD)	Young Optics	3	Accounts receivable	1,077	—	0.00%
			3	Sales	184,071	—	0.37%
		Young Optics (Kunshan)	3	Sales	50,620	—	0.10%
			3	Advanced receipts	2,798	—	0.01%
39	Rays Optics	Grace China	3	Sales	529	—	0.00%
		Young Optics	3	Other receivables	19	—	0.00%
40	Mejiro	Young Optics	3	Other receivables	685	—	0.00%
			3	Accounts receivable	144	—	0.00%
			3	Sales	10,972	—	0.02%
		Young Optics (BD)	3	Accounts receivable	8	—	0.00%
			3	Sales	785	—	0.00%

Note a: Coretronic Corporation and its subsidiaries are coded as follows:

1. Coretronic Corporation is coded "0"
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note b: Transactions are categorized as follows:

1. The holding company to subsidiary.
2. The subsidiary to holding company.
3. Subsidiaries to subsidiaries.

Note c: In principle, the received/payment terms were month-end 90 days or 30-150 days.

Note d: The percentage with respect to the consolidated asset/liability for transactions of balance sheet items are based on each item's balance at period-end.

For profit or loss items, cumulative balances are used as basis.

ATTACHMENT 6 : (Names, locations and related information of investee companies as of December 31, 2022) (Not including investment in Mainland China)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor company	Investee company	Address	Main businesses and products	Initial Investment		Investment as of December 31, 2022			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
Coretronic Corporation	Coretronic (EVI) Investment Corp.	B.V.I.	Holding company	\$1,563,709	\$1,566,475	38,220,000	100.00%	\$6,817,733	\$1,022,541	\$1,022,541	Subsidiary
Coretronic Corporation	Young Optics Inc.	Hsinchu City, Taiwan	Engaged in the production, marketing and R&D of electronic components and optics.	506,416	526,482	37,957,586	33.28%	1,100,133	64,650	22,095	Subsidiary
Coretronic Corporation	Viscorp Limited	B.V.I.	Holding company	467,241	467,241	40,781	100.00%	12,853,241	565,849	565,849	Subsidiary
Coretronic Corporation	Sinolink Global Limited	B.V.I.	Holding company	34,100	34,100	980	100.00%	1,390,192	45,963	45,963	Subsidiary
Coretronic Corporation	Chung Tsen Investment Corp.	New Taipei City, Taiwan	Investing company for strategic purposes	692,696	692,696	127,099,664	100.00%	2,312,556	(7,177)	(7,177)	Subsidiary
Coretronic Corporation	Tecpoint Limited	B.V.I.	Holding company	1,064,802	1,064,802	33,556,599	78.06%	2,713,848	(197,674)	(154,305)	Subsidiary
Coretronic Corporation	Young Green Energy Co., LTD.	Hsinchu County, Taiwan	Engaged in the production, wholesale and retail trade of electronic components, battery, computer and its peripheral devices, and electronic material	214,620	214,620	18,833,220	99.91%	217,673	(5,048)	(5,044)	Subsidiary
Coretronic Corporation	Young Lighting Limited	Samoa	Holding company	118,134	118,134	3,907,000	100.00%	1,682,235	164,274	164,274	Subsidiary
Coretronic Corporation	Coretronic Intelligent Cloud Service Corp.	Hsinchu County, Taiwan	Engaged in intelligent cloud, IT information, intelligent applications of new media and platform development related business of new media	354,990	354,990	25,000,000	100.00%	284,962	21,448	21,448	Subsidiary
Coretronic Corporation	Coretronic Venture Capital Corp.	New Taipei City, Taiwan	The investment activities of company's business expansion	300,000	300,000	30,000,000	100.00%	306,045	1,520	1,520	Subsidiary
Coretronic Corporation	Champ Vision Display Inc.	Miaoли County, Taiwan	Engaged in R&D, design, production and marketing of innovative intelligent display products and system integration solution.	144,000	144,000	14,400,000	80.00%	176,443	29,004	23,203	Subsidiary
Coretronic Corporation	uCare Medical Electronics Co., Ltd.	Miaoли County, Taiwan	Engaged in the R&D, design, production and marketing of intelligent movement and medical care related software and hardware products.	80,000	80,000	8,000,000	60.69%	10,224	(21,105)	(12,809)	Subsidiary
Coretronic Corporation	Calibre UK Limited	U.K.	Engaged in R&D, design, production and marketing of image processing products.	238,841	238,841	52,701,042	100.00%	45,718	20,098	20,098	Subsidiary
Coretronic Corporation	Coretronic Intelligent Robotics Corporation	Hsinchu City, Taiwan	Engaged in R&D, production and marketing of unmanned aerial vehicle and intelligent robotics.	506,263	506,263	18,000,000	100.00%	90,071	(94,342)	(94,342)	Subsidiary
Coretronic Corporation	InnoSpectra Corporation	Hsinchu City, Taiwan	Engaged in R&D and marketing of near-infrared spectrum and corresponding solutions	48,000	48,000	4,800,000	80.00%	10,776	2,223	1,778	Subsidiary
Coretronic Corporation	Coretronic MEMS Corporation	Hsinchu County, Taiwan	Engaged in R&D, production and marketing of MEMS sensor, module and corresponding solutions.	389,178	180,000	18,000,000	100.00%	143,524	(106,213)	(106,213)	Subsidiary
Coretronic Corporation	Coretronic Reality Inc.	Hsinchu County, Taiwan	Engaged in R&D, production and marketing of wearable and embedded projector, system, and display solutions.	100,000	100,000	10,000,000	100.00%	18,077	(39,943)	(39,943)	Subsidiary
Coretronic Corporation	Coretronic Vietnam Co., Ltd.	Vietnam	Research and development, manufacturing and sales of optical components such as backlight module, LCD module, LCD TV and panel display.	USD 3,000,000	USD 3,000,000	-	100.00%	(337,622)	(244,183)	(244,183)	Subsidiary
Coretronic Corporation	Coretronic Intelligent Logistics Solutions Corporation	Hsinchu County, Taiwan	System integration and application service solutions for intelligent logistics and smart manufacturing.	170,000	50,000	15,000,000	100.00%	86,127	(76,502)	(76,502)	Subsidiary
Coretronic Corporation	Coretronic Investment Limited	U.K.	Holding company	EUR 100,000	EUR 100,000	100,000	100.00%	507,420	461,718	461,718	Subsidiary
Coretronic Corporation	Dynamic Time	Cayman Islands	Holding company	USD 14,122,230 (Note a)	-	14,856	100.00%	2,426,880	(4,007)	(4,007)	Subsidiary
Coretronic Corporation	Optoma Technology	New Taipei City, Taiwan	Engaged in the production and marketing of data storage and processing equipment, electronic components, optical devices, wireless communications equipment and electronic appliances.	-	518,465	-	-	-	-	-	Subsidiary (Note a)

Note a: Coretronic Corporation absorbed Optoma Technology from July 1, 2022. Ownership of Dynamic Time originally held by Optoma Technology were transferred to Coretronic Corporation as a result of the acquisition.

ATTACHMENT 6-1 : (Names, locations and related information of investee companies as of December 31, 2022) (Not including investment in Mainland China)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor company	Investee company	Address	Main businesses and products	Initial Investment		Investment as of December 31, 2022			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
Coretronic EVI	Greendale	Samoa	Holding company	USD 46,400,000	USD 46,400,000	46,400	100.00 %	USD 222,502,137	USD 33,923,929	(Note a)	Sub-subsidiary
Visi corp	Wisdom Success	Cayman Islands	Holding company	USD 10,176,000	USD 10,176,000	43,300	100.00 %	USD 348,929,316	USD 18,256,793	(Note a)	Sub-subsidiary
Visi corp	Bigshine	Samoa	Holding company	USD 3,000,000	USD 3,000,000	3,000	100.00 %	USD 6,799,349	(USD 204,198)	(Note a)	Sub-subsidiary
Visi corp	Investragon	Samoa	Holding company	(Note b)	USD 636,000	-	100.00 %	-	USD 59	(Note a)	Sub-subsidiary
Visi corp	Lead Bright	Samoa	Holding company	USD 4,700,000	USD 4,700,000	4,700	100.00 %	USD 31,335,115	USD 1,053,589	(Note a)	Sub-subsidiary
Visi corp	Elite View	Samoa	Holding company	USD 5,000,400	USD 5,000,400	5,000	100.00 %	USD 18,005,395	USD 392,622	(Note a)	Sub-subsidiary
Visi corp	Tecpoint	B.V.I.	Holding company	USD 5,204,902	USD 5,204,902	5,204,902	12.11 %	USD 13,706,894	(USD 6,344,372)	(Note a)	Subsidiary
Wisdom Success	Wisdom Success (HK)	HK	Holding company	USD 18,000,000	USD 18,000,000	18,000	100.00 %	USD 219,178,151	USD 14,979,376	(Note a)	Sub-subsidiary
Wisdom Success	Lead Bright (HK)	HK	Holding company	USD 13,300,000	USD 13,300,000	13,300	73.89 %	USD 88,676,751	USD 4,035,195	(Note a)	Sub-subsidiary
Wisdom Success	Elite View (HK)	HK	Holding company	USD 7,999,600	USD 7,999,600	8,000	61.54 %	USD 28,810,353	USD 1,020,857	(Note a)	Sub-subsidiary
Wisdom Success	Bigshine (HK)	HK	Holding company	USD 5,000,000	USD 5,000,000	5,000	62.50 %	USD 11,239,727	(USD 545,363)	(Note a)	Sub-subsidiary
Coretronic (Suzhou)	Coretronic Technology (HK)	HK	Holding company	USD 78,000,000	USD 1,000,000	78,000,000	100.00 %	RMB 537,175,026	RMB 4,211,907	(Note a)	Sub-subsidiary
Coretronic Technology (HK)	Coretronic Technology (BRVT) Company	Vietnam	Research and development, manufacturing and sales of optical components such as backlight module, LCD module, LCD TV and panel display in Vietnam	USD 78,000,000	USD 30,000,000	-	100.00 %	USD 77,126,420	USD 581,940	(Note a)	Sub-subsidiary
Bigshine	Bigshine (HK)	HK	Holding company	USD 3,000,000	USD 3,000,000	3,000	37.50 %	USD 6,743,836	(USD 545,363)	(Note a)	Sub-subsidiary
Lead Bright	Lead Bright (HK)	HK	Holding company	USD 4,700,000	USD 4,700,000	4,700	26.11 %	USD 31,335,092	USD 4,035,195	(Note a)	Sub-subsidiary
Elite View	Elite View (HK)	HK	Holding company	USD 5,000,400	USD 5,000,400	5,000	38.46 %	USD 18,005,300	USD 1,020,857	(Note a)	Sub-subsidiary
Sinolink	Mat Limited	Samoa	Holding company	USD 980,000	USD 980,000	980	100.00 %	USD 45,267,987	USD 1,537,127	(Note a)	Sub-subsidiary
Tecpoint	Great Pride	Samoa	Holding company	USD 11,800,000	USD 11,800,000	11,800,000	100.00 %	USD 89,035,280	(USD 5,353,946)	(Note a)	Sub-subsidiary
Tecpoint	Core-Flex	Cayman Islands	Holding company	USD 23,260,000	USD 23,260,000	213,260,000	94.36 %	USD 7,965,724	USD 43,577	(Note a)	Sub-subsidiary
Tecpoint	Nano Display	HK	Holding company	USD 7,800,000	USD 7,800,000	7,800,000	100.00 %	USD 16,178,456	(USD 1,042,020)	(Note a)	Sub-subsidiary
Great Pride	Great Pride (HK)	HK	Holding company	USD 11,800,000	USD 11,800,000	11,800	100.00 %	USD 88,996,945	(USD 5,353,964)	(Note a)	Sub-subsidiary
Nano Precision (Suzhou)	Nano Precision Taiwan	Hsinchu County, Taiwan	Engaged in the production, R&D, marketing and imports/exports of high-end electronic devices' plastic enclosures, frames, and optical component injection	300,000	300,000	30,000,000	100.00 %	(RMB 6,378,238)	(RMB 26,586,236)	(Note a)	Sub-subsidiary
Chung Tsen Investment	Venture Orient	Samoa	Holding company	USD 5,550,000	USD 5,550,000	5,550	100.00 %	515,361	(27,284)	(Note a)	Sub-subsidiary

Note a : The share of profits/losses of investee company is not reflected herein, as such amount is already included in the share of profits/losses of the investor company.

Note b : Investragon has deregistered in November 2022.

ATTACHMENT 6-2 : (Names, locations and related information of investee companies as of December 31, 2022) (Not including investment in Mainland China)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor company	Investee company	Address	Main businesses and products	Initial investment		Investment as of December 31, 2022			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
Chung Tsen Investment	Young Optics	Hsinchu City, Taiwan	Engaged in the production, marketing and R&D of electronic components and optics	\$9,013	\$29,596	666,317	0.58%	\$19,289	\$64,650	(Note a)	Subsidiary
Chung Tsen Investment	Tsen Ming Investment	New Taipei City, Taiwan	Investing company for strategic purposes	102,000	102,000	32,443,180	100.00 %	545,027	(2,923)	(Note a)	Sub-subsi diary
Chung Tsen Investment	Core-Flex	Cayman Islands	Holding company	USD 3,130,000	USD 3,130,000	3,130,000	1.39 %	3,604	1,100	(Note a)	Sub-subsi diary
Venture Orient	Teqpoint	B. V. I.	Holding company	USD 4,226,399	USD 4,226,399	4,226,399	9.83 %	USD 11,130,073	(USD 6,344,372)	(Note a)	Subsidiary
Tsen Ming Investment	Young Optics	Hsinchu City, Taiwan	Engaged in the production, marketing and R&D of electronic components and optics	-	23,842	-	-	-	64,650	(Note a)	Subsidiary
Tsen Ming Investment	Core-Flex	Cayman Islands	Holding company	USD 1,718,289	USD 1,718,289	8,170,000	3.61 %	9,359	1,100	(Note a)	Sub-subsi diary
Young Green Energy	Boom Power	B. V. I.	Holding company	USD 1,000,000	USD 1,000,000	10,000	100.00 %	119,090	(USD 212,434)	(Note a)	Sub-subsi diary
Young Lighting Limited	YLG Limited	Samoa	Holding company	USD 3,060,001	USD 3,060,001	6,000,000	100.00 %	USD 3,590,630	USD 2,649,531	(Note a)	Sub-subsi diary
Young Lighting Limited	Brightbridge	Samoa	Holding company	(Note b)	USD 1	-	-	-	-	(Note a)	Sub-subsi diary
Young Lighting Limited	Crystal World	Samoa	Holding company	(Note b)	USD 1	-	-	-	-	(Note a)	Sub-subsi diary
Coretronic Intelligent Cloud Service	Coretronic System Engineering Limited	Samoa	Holding company	USD 1,500,000	USD 1,500,000	1,500,000	100.00 %	27,769	715	(Note a)	Sub-subsi diary
Coretronic System Engineering Limited	Coretronic System Engineering (HK)	HK	Holding company	USD 1,500,000	USD 1,500,000	1,500,000	100.00 %	USD 904,223	USD 23,988	(Note a)	Sub-subsi diary
Coretronic Investment Limited	Optoma Holding Limited	U.K.	Holding company	EUR 40,680,793	EUR 30,630,000	32,620,000	96.21 %	USD 60,890,103	USD 15,196,443	(Note a)	Sub-subsi diary

Note a : The share of profits/losses of investee company is not reflected herein, as such amount is already included in the share of profits/losses of the investor company.

Note b : Brightbridge and Crystal World has deregistered in November 2022.

ATTACHMENT 6 -3 : (Names, locations and related information of investee companies as of December 31, 2022) (Not including investment in Mainland China)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor company	Investee company	Address	Main businesses and products	Initial investment		Investment as of December 31, 2022			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
Dynamic Time	Modern Smart	B.V.I.	Holding company	USD 1,200,000	USD 1,200,000	1,200,000	100.00 %	USD 1,056,441	(USD 133,213)	(Note a)	Sub-subsidiary
Dynamic Time	Optoma (China & HK) Ltd.	HK	Marketing and after-sales service of Optoma in Hong Kong and the Asia-Pacific region	USD 309,546	USD 309,546	2,400,000	100.00 %	USD 303,991	USD 541	(Note a)	Sub-subsidiary
Optoma Holding	Optoma USA	USA	Marketing and after-sales service of Optoma in Americas region	EUR 6,328,202	EUR 6,328,202	825,000	100.00 %	EUR 21,600,515	EUR 8,477,932	(Note a)	Sub-subsidiary
Optoma Holding	Optoma Europe	U.K.	Marketing and after-sales service of Optoma in European region	EUR 24,911,549	EUR 24,911,549	1,200,000	100.00 %	EUR 27,105,041	EUR 5,796,661	(Note a)	Sub-subsidiary
Optoma Holding	Optoma Corporation	New Taipei City, Taiwan	Marketing and after-sales service of Optoma in the Asia-Pacific region	EUR 931,677	EUR 931,677	3,000,000	100.00 %	EUR 6,456,068	EUR 5,469,853	(Note a)	Sub-subsidiary
Optoma Europe	Optoma Deutschland GmbH	Germany	Marketing and after-sales service of Optoma in European region	EUR 958,000	EUR 958,000	-	100.00 %	EUR 1,840,994	EUR 413,189	(Note a)	Sub-subsidiary
Optoma Europe	Optoma France	France	Marketing and after-sales service of Optoma in European region	GBP 67,376	GBP 67,376	-	100.00 %	EUR 1,134,790	EUR 399,739	(Note a)	Sub-subsidiary
Optoma Europe	Optoma Scandinavia A.S.	Norway	Marketing and after-sales service of Optoma in European region	GBP 8,260	GBP 8,260	100	100.00 %	EUR 147,430	(EUR 10,654)	(Note a)	Sub-subsidiary
Optoma Europe	Optoma Espana, S.L.	Spain	Marketing and after-sales service of Optoma in European region	EUR 103,006	EUR 103,006	5,150,280	100.00 %	EUR 486,825	EUR 105,854	(Note a)	Sub-subsidiary
Optoma Europe	Optoma Bendux B.V.	Netherlands	Marketing and after-sales service of Optoma in European region	EUR 18,000	EUR 18,000	18,000	100.00 %	EUR 625,305	EUR 115,371	(Note a)	Sub-subsidiary
Young Optics	Masterview	B.V.I.	Holding company	USD 6,000,000	USD 6,000,000	6,000,000	100.00 %	1,649,592	(86,770)	(Note a)	Sub-subsidiary
Young Optics	Rays Optics	Hsinchu County, Taiwan	Manufacturing and selling of optics instruments and electronic components	298,140	298,140	9,250,000	92.50 %	125,494	21,842	(Note a)	Sub-subsidiary
Young Optics	Mejiro Genossen	Japan	Researching, developing, manufacturing and selling of optics machines	JPY 161,200,908	JPY 161,200,908	4,950	99.00 %	43,980	8,440	(Note a)	Sub-subsidiary
Masterview	Best Alpha	Samoa	Holding company	USD 1,000,000	USD 1,000,000	1,000,000	100.00 %	USD 16,818,680	(USD 58,787)	(Note a)	Sub-subsidiary
Masterview	Grace China	Cayman Islands	Holding company	USD 8,156,458	USD 8,156,458	8,156,458	100.00 %	USD 37,733,226	(USD 1,210,420)	(Note a)	Sub-subsidiary
Masterview	Young Optics (BD)	Bengal	Manufacturing of optics components	USD 12,000,000 (Note b)	USD 12,000,000	10,089,436	80.00 %	(USD 866,231)	(USD 2,197,147)	(Note a)	Sub-subsidiary
Masterview	Young Optics Europe GmbH	Germany	Manufacturing and selling of 3D printer	(Note c)	EUR 18,750	-	-	-	-	-	Sub-subsidiary
Grace China	Young Optics (BD)	Bengal	Manufacturing of optics components	USD 3,000,000	USD 3,000,000	2,479,960	20.00 %	(USD 216,558)	(USD 2,197,147)	(Note a)	Sub-subsidiary

Note a : The share of profits/losses of investee company is not reflected herein, as such amount is already included in the share of profits/losses of the investor company.

Note b : Young Optics (BD) has completed the capital increase process in March 2022.

Note c : The Group has disposed investments of Young Optics Europe GmbH and completed registration in the first half year of 2022.

ATTACHMENT 7 : (Investment in Mainland China as of December 31, 2022)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized	Carrying value as of December 31, 2022	Accumulated inward remittance of earnings as of December 31, 2022
					Outflow	Inflow						
Coretronic Projection (Kunshan)	Digital projectors, LCD monitors and related components of the research and development, processing, manufacturing and sales of the company's products and engaged in after-sales maintenance services	\$ 1,525,064 (USD 46,000,000)	Indirect investment from the third region (Greenland)	\$ 1,525,064 (USD 46,000,000)	-	-	\$ 1,525,064 (USD 46,000,000)	1,009,278	100.00%	1,009,278	6,802,494	\$ 428,855 (USD 14,065,436) (Note a and Note c)
Technology Service (Kunshan)	LCD monitor maintenance and technical services	13,259 (USD 400,000)	Indirect investment from the third region (Greenland)	13,259 (USD 400,000)	-	-	13,259 (USD 400,000)	3,113	100.00%	3,113	30,655	-
Boom Power Electronics (Suzhou)	Research and development, production and sales of cold cathode tube drive and related products	USD 1,000,000	Indirect investment from the Mainland China subsidiary (Coretronic Projection (Kunshan))	USD 1,000,000	-	-	USD 1,000,000	3,937	100.00%	3,937	50,818	-
Coretronic Optics (Kunshan)	Production and sales of projector module products and spectrometer	RMB 42,000,000	Indirect investment from the Mainland China subsidiary (Coretronic Projection (Kunshan))	-	-	-	-	270,057	100.00%	270,057	780,748	-
Vimax (Kunshan)	Design, research and development and production of projector, sales of the company's own products and provide after-sales maintenance services for self-produced and non-self-produced products	62,252 (USD 1,800,000)	Indirect investment from the third region (Mad I limited)	62,252 (USD 1,800,000)	-	-	62,252 (USD 1,800,000)	45,870	100.00%	45,870	1,381,549	-
Coretronic (Suzhou)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	89,157 (USD 2,000,000)	Indirect investment from the third region (Wisdom Success HK)	271,297 (USD 8,000,000)	-	-	271,297 (USD 8,000,000)	46,991	100.00%	46,991	4,490,074	-
Coretronic Optics (Suzhou)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	USD 10,000,000	Indirect investment from the third region (Wisdom Success HK)	-	-	-	-	141,972	100.00%	141,972	187,316	-
Coretronic Optotech (Suzhou)	Research and development, manufacturing and processing optical components such as backlight module, LCD module, LCD TV and panel display Sales of the company's own products and after-sales maintenance services	390,000 (USD 12,000,000)	Indirect investment from the third region (Wisdom Success HK)	-	-	-	-	245,670	100.00%	245,670	1,472,532	-
Coretronic (Shanghai)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	257,829 (USD 8,000,000)	Indirect investment from the third region (Bigshine HK)	95,254 (USD 3,000,000)	-	-	95,254 (USD 3,000,000)	(19,873)	100.00%	(19,873)	222,482	81,790 (USD 2,800,000) (Note a, Note d and Note j)
Coretronic Display (Suzhou)	Research and development, manufacturing panel modules and related components of the business, sales of the company's own products and provide related after-sales maintenance services	1,547,564 (USD 51,758,000)	Indirect investment from the Mainland China subsidiary (Coretronic Optics (Suzhou))	88,972 (USD 2,967,283)	-	-	88,972 (USD 2,967,283)	84,261	100.00%	84,261	567,291	-
Coretronic (Ningbo)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	650,030 (USD 20,000,000)	Indirect investment from the third region (Lead Bright HK)	151,490 (USD 4,700,000)	-	-	151,490 (USD 4,700,000)	119,013	100.00%	119,013	3,685,393	139,650 (USD 4,619,805) (Note a and Note j)
Young Bright Optical (Suzhou)	Research and development, processing, manufacturing backlight optical film products	1,178,240 (USD 36,000,000)	Indirect investment from the third region (Core-Flex)	739,827 (USD 23,260,000)	-	-	739,827 (USD 23,260,000)	1,100	100.00%	1,100	392,131	-
Nano Precision (Suzhou)	Manufacture and sales of acrylic panels and light guide plate	426,239 (USD 13,300,000)	Indirect investment from the third region (Great Pride HK)	330,478 (USD 10,392,880)	-	-	330,478 (USD 10,392,880)	(177,821)	100.00%	(177,821)	2,617,205	85,228 (USD 2,795,270) (Note a and Note c)
Coretronic (Guangzhou)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	417,580 (USD 13,000,000)	Indirect investment from the third region (Elite View HK)	29,020 (USD 1,000,000)	-	-	29,020 (USD 1,000,000)	30,435	100.00%	30,435	1,432,795	-
Nano Display (Guangzhou)	Research and development, processing, manufacture of liquid crystal display light guide plate, sales of the company's products and provide related services	238,740 (USD 7,800,000)	Indirect investment from the third region (Coretronic (Guangzhou))	9,820 (USD 308,797)	-	-	9,820 (USD 308,797)	(7,825)	100.00%	(7,825)	249,866	-
YLG Optotech	Research and development, processing, manufacturing display components, sales of the company's products and provide related services	USD 6,000,000	Indirect investment from the third region (Coretronic (Guangzhou))	USD 3,060,000	-	-	USD 3,060,000	84,650	100.00%	84,650	108,823	-
Coretronic System Engineering (Shanghai)	Contractor in intelligent building engineering and provide related services to customers	USD 1,500,000	Indirect investment from the third region (Coretronic System Engineering HK)	USD 1,500,000	-	-	USD 1,500,000	715	100.00%	715	27,769	-
Optoma China	Marketing and after-sales service of Optoma's technology products in Mainland China	USD 3,000,000	Indirect investment from the third region (Modern Smart)	USD 1,200,000	-	-	USD 1,200,000	(11,998)	96.21%	(11,543)	79,012	-
Coretronic Robotics (Kunshan)	Provide intelligent solutions for warehousing and manufacturing	RMB 12,000,000	Indirect investment from the third region (Coretronic Projection (Kunshan) and Coretronic (Suzhou))	-	-	-	-	727	100.00%	727	53,635	-

Accumulated investment in Mainland China as of December 31, 2022 (Note a, b)	Investment amounts authorized by Investment Commission, MOEA (Note b ~ Note j)	Upper limit on investment
\$2,493,349 (USD 77,191,338)	\$2,149,269 (USD 77,191,338)	\$13,637,727

Note a : To use historical currency rates.

Note b : The investment amounts in Flying Success and Coretronic (Nanjing) has not been remitted to Coretronic Corporation in the event of liquidation in December 2012 and June 2018, and related registration processes for Investment Commission, MOEA were not applicable.

Note c : Greenland Investments Limited received cash dividends amounting to USD 14,065,436.4 from Coretronic Projection (Kunshan) from 2006 to 2007 and had remitted those back to Coretronic Corporation.

Note d : Bigshine (HK) Limited received cash dividends amounting to USD 8,735,525.72 for distribution profits from Coretronic (Shanghai) in 2006 and had remitted it back USD 1,000,000 to Coretronic Corporation.

Note e : Terpoint received USD 2,795,270 in 2019 from Nano Precision (Suzhou), which was from the liquidation of Nano Precision (Nanjing) in 2006. Terpoint had remitted it back to Coretronic Corporation.

Note f : Great Pride (HK) Investments Limited received cash dividends amounting to USD 3,565,645 for distribution profits from Nano Display (Suzhou) in 2018 and had remitted USD 3,215,142 back to Coretronic Corporation.

Note g : Nano Precision Investments Limited received cash dividends amounting to USD 2,290,604 for distribution profits from Nano Precision (Nanjing) in 2018 and had remitted USD 2,065,438 back to Coretronic Corporation.

Note h : The dissolution of Nano Display (Suzhou) and its merger with Coretronic (Suzhou) were approved by regulatory authority in August 2019.

Note i : Includes the investment of USD 2,966,301 from Nano Precision (Nanjing) which was liquidated in April 2019. The investment amount cancellation was approved by MOEA.

Note j : In 2020, Vimax received cash dividends amounting to USD 1,800,000 and USD 4,619,805 from Coretronic (Shanghai) and Coretronic (Ningbo), respectively, and had remitted totally USD 6,419,805 to Coretronic Corporation.

Besides, the rest of the capital of Nano Precision (Nanjing) amounting to USD 460,098 and the income from the liquidation of Coretronic (Nanjing) amounting to USD 490,094 had been remitted back to Coretronic Corporation.

Therefore, Coretronic Corporation has applied for the cancellation for investment in the amount of USD 7,369,997 in China, which was approved by MOEA.

Note k : Young Lighting Limited acquired 49% of shares of YLG Limited in December 2020. The ownership percentage of YLG Optotech was increased to 100%.

Note l : To use the currency rate 1 USD = 30.71 NTD as of December 31, 2022.

ATTACHMENT 7-1 (Investment in Mainland China as of December 31, 2022)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note a)	Carrying value as of December 31, 2022 (Note a)	Accumulated inward remittance of earnings as of December 31, 2022
					Outflow	Inflow						
Young Optics (Kunshan)	Researching and developing, manufacturing of optics engine and related optics electronic equipment	\$440,619 (USD 12,200,000) (Note d, e and m)	Indirect investment from the third region (Best Alpha and Grace China)	\$164,450 (USD 5,000,000)	\$-	\$-	\$164,450 (USD 5,000,000)	\$(31,490) (-USD 1,079,465)	100.00%	\$(31,490) (-USD 1,079,465)	\$967,903 (USD 31,517,535)	\$74,505 (USD 2,457,289) (Note b and Note j–Note k)
Young Optics (Suzhou)	Researching and developing, manufacturing of optics engine and related optics electronic equipment	33,951 (USD 1,000,000)	Indirect investment from the third region (Best Alpha)	33,951 (USD 1,000,000)	-	-	33,951 (USD 1,000,000)	5,486 (USD 200,320)	100.00%	5,486 (USD 200,320)	246,350 (USD 8,021,803)	1,328,957 (USD 31,295,415 and RMB 80,635,502) (Note b, Note f–Note i and Note l)

Accumulated investment in Mainland China as of December 31, 2022 (Note b)	Investment amounts authorized by Investment Commission, MOEA (Note b)	Upper limit on investment
\$198,401 (USD 6,000,000)	\$233,101 (USD 7,020,000)	Note c

Note a : The investments were fully consolidated in accordance with the Regulations.

Note b : To use historical currency rates.

Note c : Young Optics Company has obtained the certificate of being qualified for operating headquarters issued by Industrial Development Bureau, MOEA in June 2018, therefore the upper limit on investment in mainland China pursuant to "Principle of Investment or Technical Cooperation in Mainland China" is not applicable.

Note d : Young Optics (Kunshan) invested USD 9,800,000 through capitalization of earnings in 2007. Best Alpha Investments Limited invested USD 2,300,000.

Note e : Young Optics (Kunshan) invested USD 1,300,000 through capitalization of earnings in April 2009. Grace China Investments Limited invested USD 824,850. Best Alpha Investments Limited invested USD 2,975,150.

Note f : Best Alpha Investments Limited received cash dividends amounting to USD 20,235,299 for distribution profits from Young Optics (Suzhou) in 2011 and had remitted it back to Young Optics.

Note g : Best Alpha Investments Limited received cash dividends amounting to RMB 27,691,452 and USD 4,509,641 for distribution profits from Young Optics (Suzhou) in 2014. The RMB 24,922,307 of them had been remitted back to Young Optics.

Note h : Best Alpha Investments Limited received cash dividends amounting to RMB 52,944,050 for distribution profits from Young Optics (Suzhou) in 2015 and had remitted it back to Young Optics.

Note i : Best Alpha Investments Limited received cash dividends amounting to USD 4,528,402 for distribution profits from Young Optics (Suzhou) in 2017 and had remitted it back to Young Optics.

Note j : Best Alpha Investments Limited received cash dividends amounting to USD 603,264 for distribution profits from Young Optics (Kunshan) in 2017 and had remitted it back to Young Optics.

Note k : Grace China Investments Limited received cash dividends amounting to USD 1,854,025 for distribution profits from Young Optics (Kunshan) in 2017 and had remitted it back to Young Optics.

Note l : Best Alpha Investments Limited received cash dividends amounting to USD 6,531,714 for distribution profits from Young Optics (Suzhou) in 2018 and had remitted it back to Young Optics.

Note m : Young Optics (Kunshan) conducted capital reduction amounting to USD 10,000,000 in December 2020.

ATTACHMENT 8 (Financial instrument and derivative transaction as of December 31, 2022)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investment company	Financial statement account	Financial product	Type	Contract expiry date	Contract amount	Book value	Fair value	Note
Coretronic Corporation	Financial assets (liabilities) at fair value through profit or loss - current	Forward foreign exchange contract	Selling USD	From January, 2023 to March, 2023	USD 498,500,000	\$ 4,049	\$ 4,049	Note a
Coretronic Corporation	Financial assets (liabilities) at fair value through profit or loss - current	Forward foreign exchange contract	Buying USD	From January, 2023 to April, 2023	USD 742,000,000	(296,402)	(296,402)	Note a
Coretronic Investment Limited	Hedging financial assets (liabilities) - current	Forward foreign exchange contract	Selling EUR	January, 2023	EUR 27,000,000	(1,483)	(1,483)	Note b
Champ Vision Display	Financial assets (liabilities) at fair value through profit or loss - current	Forward foreign exchange contract	Selling USD	January, 2023	USD 4,000,000	(531)	(531)	Note c
Nano Precision (Suzhou)	Financial assets (liabilities) at fair value through profit or loss - current	Forward foreign exchange contract	Selling USD	From January, 2023 to February, 2023	USD 2,000,000	217	217	Note e
Coretronic Projection (Kunshan)	Financial assets (liabilities) at fair value through profit or loss - current	Forward foreign exchange contract	Selling USD	From January, 2023 to February, 2023	USD 34,000,000	9,803	9,803	Note f
Coretronic Display (Suzhou)	Financial assets (liabilities) at fair value through profit or loss - current	Forward foreign exchange contract	Selling USD	January, 2023	USD 4,000,000	5,151	5,151	Note h
Coretronic Optotech (Suzhou)	Financial assets (liabilities) at fair value through profit or loss - current	Forward foreign exchange contract	Selling USD	From January, 2023 to March, 2023	USD 9,000,000	4,474	4,474	Note i
Coretronic Optics (Suzhou)	Financial assets (liabilities) at fair value through profit or loss - current	Forward foreign exchange contract	Selling USD	From January, 2023 to March, 2023	USD 17,000,000	138	138	Note j
Optoma Europe	Financial assets (liabilities) at fair value through profit or loss - current	Forward foreign exchange contract	Buying USD	From January, 2023 to March, 2023	USD 13,500,000	(21,799)	(21,799)	Note k
Optoma USA	Financial assets (liabilities) at fair value through profit or loss - current	Forward foreign exchange contract	Buying USD	From January, 2023 to March, 2023	CAD 1,500,000	(443)	(443)	Note l
Young Optics (Kunshan)	Financial assets (liabilities) at fair value through profit or loss - current	Forward foreign exchange contract	Selling USD	March, 2023	USD 2,000,000	196	196	Note m

Note a : Coretronic Corporation entered into forward foreign exchange contracts and realized a profit amounting to NT\$1,993,786 thousands for the year ended December 31, 2022.

Note b : Coretronic Investment Limited entered into forward foreign exchange contracts and realized a profit amounting to NT\$87,454 thousands for the year ended December 31, 2022.

Note c : Champ Vision Display entered into forward foreign exchange contracts and realized a loss amounting to NT\$3,742 thousands for the year ended December 31, 2022.

Note d : Nano Precision Taiwan entered into forward foreign exchange contracts and realized a loss amounting to NT\$643 thousands for the year ended December 31, 2022.

Note e : Nano Precision (Suzhou) entered into forward foreign exchange contracts and realized a loss amounting to NT\$19,769 thousands for the year ended December 31, 2022.

Note f : Coretronic Projection (Kunshan) entered into forward foreign exchange contracts and realized a profit amounting to NT\$14,373 thousands for the year ended December 31, 2022.

Note g : Coretronic (Ningbo) entered into forward foreign exchange contracts and realized a loss amounting to NT\$1,242 thousands for the year ended December 31, 2022.

Note h : Coretronic Display (Suzhou) entered into forward foreign exchange contracts and realized a profit amounting to NT\$2,705 thousands for the year ended December 31, 2022.

Note i : Coretronic Optotech (Suzhou) entered into forward foreign exchange contract and realized a loss amounting to NT\$17,392 thousands for the year ended December 31, 2022.

Note j : Coretronic Optics (Suzhou) entered into forward foreign exchange contracts and realized a loss amounting to NT\$7,131 thousands for the year ended December 31, 2022.

Note k : Optoma Europe entered into forward foreign exchange contracts and realized a profit amounting to NT\$52,093 thousands for the year ended December 31, 2022.

Note l : Optoma USA entered into forward foreign exchange contracts and realized a profit amounting to NT\$2,418 thousands for the year ended December 31, 2022.

Note m : Young Optics (Kunshan) entered into forward foreign exchange contracts and realized a loss amounting to NT\$4,779 thousands for the year ended December 31, 2022.

ATTACHMENT 9 (The information of Major shareholder as of December 31, 2022)

Name	Number of shares (Units/shares)	Percentage of ownership (%)
Yann Yuan Investment Co., Ltd.	32,825,000	8.39%
Taiwei Advanced Technology Co., Ltd.	44,807,196	11.46%

ATTACHMENT 10 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2022.)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee company	Marketable securities type and name	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal			December 31, 2022		
					Units / shares	Amount (Note b)	Units / shares	Amount	Units / shares	Selling Price	Carrying amount	Gain (Loss) from disposal (Note c)	Units / shares (Note a)	Amount (Note b)
Coretronic Corporation	Yann Yuan Investment Co., Ltd.	Financial assets at fair value through other comprehensive income-noncurrent	-	-	13,000,000	\$ 2,752,957	18,000,000	\$ 1,170,000	-	\$ -	\$ -	\$ -	57,000,000	\$ 3,014,975
Young Optics (Kunshan)	Structured Deposits	Financial assets at amortised cost-current	Kunshan Rural Commercial bank	-	-	-	RMB 130,000,000	-	-	-	RMB 130,000,000	RMB 944,405	-	-
Young Optics (Kunshan)	Structured Deposits	Financial assets at amortised cost-current	China CITIC Bank	-	-	-	RMB 120,000,000	-	-	-	RMB 120,000,000	RMB 741,544	-	-
Young Optics (Suzhou)	Structured Deposits	Financial assets at amortised cost-current	Kunshan Rural Commercial bank	-	-	-	RMB 130,000,000	-	-	-	RMB 130,000,000	RMB 943,215	-	-

Note a : The number of shares of Yann Yuan Investment at the end of the period includes stock dividends of 26,000,000 shares for 2021.

Note b : Equity instruments investments measured at fair value through other comprehensive income include unrealised valuation gains or losses on investments measured through other comprehensive profit or loss.

Note c : To be recognized in interest income.

V. Individual financial report audited by CPAs for the most recent year



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Independent Auditors' Report

To Coretronic Corporation

Opinion

We have audited the accompanying parent company only balance sheets of Coretronic Corporation (“the Company”) as of December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, and its financial performance and cash flows for the years ended December 31, 2022 and 2021, 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 the Standards on Auditing of 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 2022 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\$34,210 thousand for the year ended December 31, 2022, 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\$30,567,680 thousand for the year ended December 31, 2022. 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\$50,117 thousand and NT\$68,613 thousand, representing 0.10% and 0.14% of total assets as of December 31, 2022 and 2021, respectively. The related shares of gains (losses) from the associates and joint ventures under the equity method amounted to NT\$7,071 thousand and NT\$(97,283) thousand, representing 0.28% and (4.82)% of the net income before tax for the years ended December 31, 2022 and 2021, 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 the Standards on Auditing of 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 the Standards on Auditing of 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 2022 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 13, 2023

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, 2022 and 2021

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Notes	December 31, 2022	%	December 31, 2021	%
Current assets					
Cash and cash equivalents	4, 6(1)	\$ 240,074	0.48	\$ 534,920	1.07
Financial assets at fair value through profit or loss-current	4, 6(2)	134,752	0.27	154,386	0.31
Trade receivables, net	4, 6(4), 16	5,912,317	11.71	11,261,678	22.49
Trade receivables - related parties, net	4, 6(4), 7	1,019,690	2.02	1,664,779	3.33
Other receivables	4, 8	116,350	0.23	100,136	0.20
Other receivables - related parties	4, 7	273,256	0.54	34,032	0.07
Inventories, net	4, 5, 6(5)	3,784,421	7.50	1,433,447	2.86
Prepayments		169,272	0.33	312,408	0.62
Other current assets		27,159	0.05	30,061	0.06
Total current assets		<u>11,677,291</u>	<u>23.13</u>	<u>15,525,847</u>	<u>31.01</u>
Non-current assets					
Financial assets at fair value through other comprehensive income-noncurrent	4, 6(3)	3,067,948	6.08	2,752,957	5.50
Investments accounted for using the equity method	4, 6(6), 6(20)	32,970,938	65.30	29,152,845	58.22
Property, plant and equipment, net	4, 6(7)	1,614,882	3.20	1,621,118	3.24
Right-of-use assests	4, 6(17)	701,071	1.39	713,562	1.42
Intangible assets	4, 6(8)	213,268	0.42	163,001	0.32
Deferred tax assets	4, 6(21)	168,880	0.33	114,799	0.23
Net defined benefit assets - noncurrent, net	4, 6(12)	13,254	0.03	-	-
Other noncurrent assets		62,279	0.12	29,928	0.06
Total non-current assets		<u>38,812,520</u>	<u>76.87</u>	<u>34,548,210</u>	<u>68.99</u>
Total assets		<u>\$ 50,489,811</u>	<u>100.00</u>	<u>\$ 50,074,057</u>	<u>100.00</u>

(continued)

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

CORETRONIC CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2022 and 2021

(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2022	%	December 31, 2021	%
Current liabilities					
Short-term borrowings	6(9)	\$ 8,145,511	16.13	\$ 10,289,763	20.55
Financial liabilities at fair value through profit or loss - current	4, 6(10)	427,105	0.85	56,019	0.11
Contract liabilities-current	6(15)	282,330	0.56	107,028	0.21
Accounts payable		2,561,416	5.07	4,232,717	8.45
Accounts payable - related parties	7	4,657,290	9.23	7,219,889	14.42
Other payables		1,731,815	3.43	1,766,348	3.53
Other payables - related parties	7	4,762,327	9.43	1,561,289	3.12
Current tax liabilities	4, 6(21)	636,885	1.26	401,573	0.80
Provisions - current	4, 5, 6(13)	197,660	0.39	143,183	0.29
Lease liabilities - current	4, 6(17)	55,567	0.11	61,560	0.12
Other current liabilities		272,216	0.54	230,716	0.46
Total current liabilities		<u>23,730,122</u>	<u>47.00</u>	<u>26,070,085</u>	<u>52.06</u>
Non-current liabilities					
Long-term borrowing	6(11)	2,995,163	5.93	991,970	1.98
Deferred tax liabilities	4, 6(21)	29,097	0.06	35,538	0.07
Lease liabilities - noncurrent	4, 6(17)	667,403	1.32	668,755	1.34
Net defined benefit liabilities - noncurrent	6(12)	-	-	57,718	0.12
Other noncurrent liabilities	6(6)	338,481	0.67	97,887	0.19
Total non-current liabilities		<u>4,030,144</u>	<u>7.98</u>	<u>1,851,868</u>	<u>3.70</u>
Total liabilities		<u>27,760,266</u>	<u>54.98</u>	<u>27,921,953</u>	<u>55.76</u>
Equity					
Share capital					
Common stock	6(14)	3,909,811	7.74	3,909,811	7.81
Capital surplus	6(14)	2,808,225	5.56	2,893,442	5.78
Retained earnings	6(14), 6(20)				
Legal reserve		4,121,627	8.16	4,046,623	8.08
Special reserve		1,276,610	2.53	2,469,437	4.93
Unappropriated retained earning		12,024,401	23.82	9,650,179	19.27
Total retained earnings		<u>17,422,638</u>	<u>34.51</u>	<u>16,166,239</u>	<u>32.28</u>
Other equity		(1,411,129)	(2.79)	(817,388)	(1.63)
Total equity		<u>22,729,545</u>	<u>45.02</u>	<u>22,152,104</u>	<u>44.24</u>
Total liabilities and equity		<u>\$ 50,489,811</u>	<u>100.00</u>	<u>\$ 50,074,057</u>	<u>100.00</u>

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, 2022 and 2021
(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	
		2022	%	2021	%
Net sales	4, 5, 6(15), 7	\$ 30,567,680	100.00	\$ 24,567,786	100.00
Operating costs	4, 6(5), 6(8), 6(12), 6(18), 7	27,175,501	88.90	21,988,606	89.50
Gross profit		3,392,179	11.10	2,579,180	10.50
Unrealized gross profit on sales	6(6)	263,735	0.86	126,019	0.51
Realized gross profit on sales		126,019	0.41	128,637	0.52
Gross profit, net		3,254,463	10.65	2,581,798	10.51
Operating expenses	6(8), 6(12), 6(16), 6(18)				
Selling expenses		284,176	0.93	277,412	1.13
General and administrative expenses		1,137,729	3.72	1,120,472	4.56
Research and development expenses		1,454,873	4.76	1,549,214	6.31
Reversal of expected credit loss		(1,156)	-	(1,606)	(0.01)
Total operating expenses		2,875,622	9.41	2,945,492	11.99
Operating loss		378,841	1.24	(363,694)	(1.48)
Non-operating income and expenses					
Interest income	6(19)	2,379	0.01	343	-
Other income	4, 6(19)	169,228	0.56	213,056	0.87
Other gains and losses	6(19)	590,813	1.93	465,430	1.89
Finance costs	6(19)	(266,155)	(0.87)	(76,510)	(0.31)
Share of gain of subsidiaries, associates and joint ventures for using the equity method	4, 6(6)	1,645,311	5.38	1,780,930	7.25
Total non-operating income and expenses		2,141,576	7.01	2,383,249	9.70
Income before income tax		2,520,417	8.25	2,019,555	8.22
Income tax (expense) benefit	4, 6(21)	(161,482)	(0.53)	12,070	0.05
Net income		2,358,935	7.72	2,031,625	8.27
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit pension plans	6(20)	53,568	0.18	(10,101)	(0.04)
Unrealized loss from equity instrument investments measured at fair value through other comprehensive income	6(20)	(997,657)	(3.27)	698,846	2.84
Remeasurements of defined benefit pension plans of subsidiaries, associates and joint ventures accounted for using the equity method	6(20)	27,554	0.09	7,466	0.03
Unrealized (loss) 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)	(406,786)	(1.33)	326,914	1.33
Income tax related to items that will not be reclassified	6(20), 6(21)	(11,896)	(0.04)	2,020	0.01
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	6(20)	811,873	2.66	(255,767)	(1.04)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	6(20)	11	-	(2)	-
Other comprehensive income, net of tax		(523,333)	(1.71)	769,376	3.13
Total comprehensive income		\$ 1,835,602	6.01	\$ 2,801,001	11.40
Basic Earnings Per Share (in New Taiwan Dollars)	6(22)	\$ 6.03		\$ 5.12	
Diluted Earnings Per Share (in New Taiwan Dollars)	6(22)	\$ 5.92		\$ 5.06	

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, 2022 and 2021

(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, 2021	\$ 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
Acquisition or disposal of the interest of subsidiaries	-	334,824	-	-	-	-	-	-	334,824
Changes in subsidiaries' ownership	-	(29,060)	-	-	-	-	-	-	(29,060)
Appropriation and distribution of 2021 earnings: (Note)									
Legal reserve	-	-	75,004	-	(75,004)	-	-	-	-
Cash dividends	-	-	-	-	(1,172,944)	-	-	-	(1,172,944)
Reversal of special reserve	-	-	-	(1,192,827)	1,192,827	-	-	-	-
Cash dividends distributed from capital surplus	-	(390,981)	-	-	-	-	-	-	(390,981)
Net income for the year ended December 31, 2022	-	-	-	-	2,358,935	-	-	-	2,358,935
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	70,408	811,884	(1,405,625)	-	(523,333)
Total comprehensive income (loss)	-	-	-	-	2,429,343	811,884	(1,405,625)	-	1,835,602
Balance as of December 31, 2022	\$ 3,909,811	\$ 2,808,225	\$ 4,121,627	\$ 1,276,610	\$ 12,024,401	\$ (1,464,373)	\$ 53,244	\$ -	\$ 22,729,545

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

Note : The amounts of employees' compensation was NT\$360,060 thousand and NT\$228,508 thousand for the years ended December 31, 2022 and 2021, 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, 2022 and 2021
(Amounts in thousands of New Taiwan Dollars)

Description	For the years ended December 31		Description	For the years ended December 31	
	2022	2021		2022	2021
Cash flows from operating activities :			Cash flows from investing activities :		
Net income before tax	\$ 2,520,417	\$ 2,019,555	Acquisition of financial assets at fair value through profit or loss	\$ (41,610)	\$ -
Adjustments for:			Acquisition of investments accounted for using the equity method	(328,277)	(593,400)
The profit or loss items which did not affect cash flows:			Proceeds from disposal of investments accounted for using the equity method	139,971	55,141
Reversal of expected credit loss	(1,156)	(1,606)	Capital reduction from associates and joint ventures accounted for using the equity method	2,766	-
Depreciation (including right-of-use-assets)	181,801	178,692	Acquisition of financial assets at fair value through other comprehensive income	(1,211,610)	(2,054,000)
Amortization (including other noncurrent assets)	29,318	23,039	Proceeds from disposal of financial assets at fair value through other comprehensive income	-	1,219
Net loss on financial assets and liabilities at fair value through profit or loss	376,690	156,683	Acquisition of property, plant and equipment	(146,920)	(74,656)
Interest expenses	266,155	76,510	Proceeds from disposal of property, plant and equipment	1,745	3,981
Interest income	(2,379)	(343)	Acquisition of intangible assets	(79,578)	(33,986)
Dividend income	(26,000)	-	Proceeds from disposal of intangible assets	103	15
Gain on disposal of Intangible assets	-	(2)	Acquisition through business combination	1,193	-
Share of gain of subsidiaries, associates and joint ventures accounted for using the equity method	(1,645,311)	(1,780,930)	Decrease (increase) in other noncurrent assets	307	(1,586)
Gain on disposal of property, plant and equipment	-	(18)	Net cash used in investing activities	(1,661,910)	(2,697,272)
Gain on lease modification	(23)	(1)			
Gain on disposal of other assets (recognized in other income)	(12,067)	(15,500)	Cash flows from financing activities :		
Unrealized gain from sales	263,735	126,019	(Decrease) increase in short-term borrowings	(3,025,252)	5,658,630
Realized gain from sales	(126,019)	(128,637)	Increase (decrease) in other payables - related parties	2,844,965	(437,517)
Changes in operating assets and liabilities:			Cash payment for the principle portion of lease liabilities	(51,271)	(48,580)
Trade receivables	5,350,517	(6,213,569)	Decrease in other noncurrent liabilities	(242)	(12,686)
Trade receivables - related parties	645,089	394,331	Increase in long-term borrowings (including current portion of long-term borrowings)	2,003,193	991,970
Other receivables	(16,260)	20,821	Cash dividends	(1,563,925)	(1,563,925)
Other receivables - related parties	(237,224)	79,740	Treasury stock acquired	-	(2,102,777)
Inventories	(2,350,974)	(856,286)	Net cash provided by financing activities	207,468	2,485,115
Prepayments	143,136	(113,984)			
Other current assets	2,902	(11,215)	Net (decrease) increase in cash and cash equivalents	(294,846)	475,590
Contract liabilities - current	175,302	70,489	Cash and cash equivalents at the beginning of the period	534,920	59,330
Accounts payable	(1,671,301)	2,276,714	Cash and cash equivalents at the end of the period	\$ 240,074	\$ 534,920
Accounts payable - related parties	(2,562,599)	3,873,773			
Other payables	(52,365)	379,202			
Other payables - related parties	(399,747)	15,225			
Provisions - current	54,477	(32,681)			
Other current liabilities	41,500	18,531			
Net defined benefit liabilities	(17,404)	(5,662)			
Cash generated from operating activities	930,210	548,890			
Interest received	2,427	346			
Dividend received	497,001	233,990			
Interest paid	(255,643)	(74,991)			
Income tax paid	(14,399)	(20,488)			
Net cash provided by operating activities	1,159,596	687,747			

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

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

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

1. HISTORY AND ORGANIZATION

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

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

The parent company only financial statements were authorized for issue in accordance with the resolution of the Board of Directors’ meeting on February 13, 2023.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended, which are recognized by the Financial Supervisory Commission (“the FSC”) and become effective for annual periods beginning on or after January 1, 2022. The adoption of these new standards and amendments had no material impact on the Company.

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

<u>Standards or Interpretations Numbers</u>	<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Dates</u>
IAS 1 Amendment	Disclosure Initiative - Accounting Policies	January 1, 2023
IAS 8 Amendment	Definition of Accounting Estimates	January 1, 2023
IAS 12 Amendment	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

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

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

B. Definition of Accounting Estimates – Amendments to IAS 8

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

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

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

The abovementioned standards and interpretations issued by the IASB have been endorsed by the FSC, and become effective for annual periods beginning on or after January 1, 2023. Other than the impact listed above, the adoption of these new standards and amendments had no material impact on the Company.

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

Standards or Interpretations Numbers	New, Revised or Amended Standards and Interpretations	Effective Dates
IFRS 10 and IAS 28	Amendments to Consolidated Financial Statements and Investments in Associates and Joint Ventures	To be determined by the IASB
IFRS 17	Insurance Contracts	January 1, 2023
IAS 1 Amendment	Classification of Liabilities as Current or Non-current	January 1, 2024
IFRS 16 Amendment	Lease Liability in a Sale and Leaseback	January 1, 2024
IAS 1 Amendment	Non-current Liabilities with Covenants	January 1, 2024

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

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

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

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

B. IFRS 17 “Insurance Contracts”

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

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

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

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

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

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

D. Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessee's additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

E. Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The parent company only financial statements of the Company for the years ended December 31, 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and standards, interpretations and amendments issued, revised or amended which are endorsed and became effective by the FSC (collectively, “TIFRS”).

(2) Basis of Preparation

According to article 21 of the Regulations, the profit or loss and other comprehensive income presented in the parent company only financial reports will be the same as the allocations of profit or loss and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports will be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. Therefore, the investments in subsidiaries will be disclosed under “Investments accounted for using the equity method” in the parent company only financial report and change in value will be adjusted.

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

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

(3) Foreign Currency Transactions

The parent company only financial statements are presented in NT\$.

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

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

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

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

(4) Translation of Foreign Currency Financial Statements

Each foreign operation of the Company determines its function currency upon its primary economic environment and items included in the financial statements of each operation are measured using that functional currency. The assets and liabilities of foreign operations are translated into New Taiwan Dollars at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of foreign operations that result in a loss of control, loss of significant influence or joint control but retain partial equity is considering as disposal.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

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

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

(5) Current and Non-Current Distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

(6) Cash and Cash Equivalents

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

(7) Financial Instruments

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

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

A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

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

Financial assets measured at amortized cost

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

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

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

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

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

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

Financial asset measured at fair value through other comprehensive income

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

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

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

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

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

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

Financial asset measured at fair value through profit or loss

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

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

B. Impairment of financial assets

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

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

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

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

C. Derecognition of financial assets

A financial asset is derecognized when:

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

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

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

D. Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

A financial liability is classified as held for trading if:

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

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

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

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

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

E. Offsetting of financial instruments

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

(8) Derivative Instrument and Hedging Accounting

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

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

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

(9) Fair Value Measurement

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

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

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

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

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

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

(10) Inventories

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

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

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

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
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(11) Investments accounted for using the equity method

The Company's investment in subsidiaries is presented, valued and adjusted in accordance with the "Investment Accounted for using the equity method" as defined in Article 21 of the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" in order to have had the current profit and loss and other comprehensive profit and loss in the financial statements equivalent to the amortization amount of the current profit and loss and other comprehensive profit and loss in the individual financial statements that is attributable to the shareholders of the parent company; also, the shareholder's equity amount in the financial statements is same as the equity attributable to the shareholders of the parent company in the individual financial statements. Such adjustments are mainly based on the difference between having the "investment in subsidiaries" processed in accordance with IAS 27 "individual Financial Statements" and IFRSs that is for different reporting entities; also, the said difference is debited or credited to the account of "Investment Accounted for using the equity method," "Profit and loss of the subsidiaries under the equity method, associates, and Joint Ventures" or "Other comprehensive profit and loss of the subsidiaries under the equity method, associates and Joint Ventures.

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

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

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

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

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

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

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

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

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

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

(12) Property, Plant and Equipment

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

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

Asset category	Years
Buildings and facilities	5~50 years
Machinery and equipment	5~6 years
Transportation equipment	6 years
Furniture and fixtures	3~4 years
Leasing assets	based on leasing contracts
Miscellaneous equipment	3~10 years

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

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

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

(13) Leases

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

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

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

Company as a lessee

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

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

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

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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

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

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

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

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

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

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

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

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

Company as a lessor

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

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

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

(14) Intangible Assets

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

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

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

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

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

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
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Developing intangible assets - research and development costs

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

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

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

Patents

The patents have been granted by the relevant enterprise for fifteen years.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (3 years).

Acquired Special Technology

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

(15) Impairment of Non-Financial Assets

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

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

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

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

(16) Provisions

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

Provision for decommissioning, restoration and rehabilitation costs

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

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Maintenance warranties

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

Sales returns and allowances

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

(17) Treasury Shares

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

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

(18) Revenue Recognition

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

Sale of goods

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

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

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

Rendering of services

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

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

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

(19) Government grants

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

(20) Post-Employment Benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's parent company only financial statements.

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For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

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

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

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

(21) Income Tax

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

Current income tax

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

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

Deferred tax

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

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

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A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

B. In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

B. In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
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5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Estimates and Assumptions

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

A. Fair value of financial instruments

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

B. Valuation of inventory

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

Due to the rapid technological changes, the Company estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventories is mainly determined based on assumptions of future demand within a specific time period, therefore material adjustments may occur. Please refer to Note 6(5).

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

C. Warranties

The provision of maintenance warranties for goods sold is based on historical experience and the specific ratios determined by other known causes to estimate the possible product warranty and maintenance that may occur. The provision is recognized in the account of cost of goods sold when goods in the selling year. Management of the Company regularly examines the reasonableness of the estimates. Refer to Note 6(13) for more details.

D. Revenue recognition - sales returns and allowance

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

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and Cash Equivalents

	December 31,	
	2022	2021
Cash on hand, savings and checking accounts	\$240,074	\$534,920

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

	December 31,	
	2022	2021
Financial assets mandatorily measured at fair value through profit or loss:		
Derivatives not designated as hedging instruments		
Forward foreign exchange contracts	\$134,752	\$99,026
Stock option	-	55,360
Total	\$134,752	\$154,386
Current	\$134,752	\$154,386
Noncurrent	-	-
Total	\$134,752	\$154,386

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

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(3) Financial Assets at Fair Value through Other Comprehensive Income

	December 31,	
	2022	2021
Equity instruments investments measured at fair value through other comprehensive income		
Unlisted companies' stocks	\$3,067,948	\$2,752,957
Current	\$-	\$-
Noncurrent	3,067,948	2,752,957
Total	\$3,067,948	\$2,752,957

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

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

(4) Trade Receivables and Trade Receivables - Related Parties

	December 31,	
	2022	2021
Trade receivables	\$5,925,781	\$11,276,298
Less: allowance for doubtful accounts	(13,464)	(14,620)
Subtotal	5,912,317	11,261,678
Trade receivables from related parties	1,019,690	1,664,779
Total	\$6,932,007	\$12,926,457

Trade receivables were not pledged.

Trade receivables are generally on 30 to 150 day terms. The total carrying amount as of December 31, 2022 and 2021 are NT\$6,945,471 thousand and NT\$12,941,077 thousand, respectively. Please refer to Note 6(16) for more details on impairment of trade receivables. Please refer to Note 12 for more details on credit risk management.

The Company entered into factoring contracts without recourse with domestic banks. The bank pays the Company 100% of the accounts receivable factored as consideration. According to the arrangement, if the client of the trade receivables factored delays the payment, the Company shall pay interests to the bank. Upon assignment of the factoring to the bank, the bank undertakes the associated credit risk. However, the Company still issues a promissory note to the bank. If the trade receivables cannot be collected as a result of trade disputes due to factors attributable to the Company, the Company should pay the promissory note in compensation to the bank. As of December 31, 2022 and 2021, factored trade

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

receivables of NT\$483,486 thousand and NT\$1,660,011 thousand were derecognized, and annual interest rates for advances from banks was 5.05% and 0.68% to 0.75%, respectively. The credit lines of factoring contracts provided by banks were US\$110,000 thousand and US\$60,000 thousand as of December 31, 2022 and 2021, respectively.

As of December 31, 2022 and 2021, trade receivables classified as financial assets measured at fair value through profit or loss due to regular factoring without recourse were NT\$4,074,948 thousand and NT\$8,694,391 thousand, respectively.

(5) Inventories

	December 31,	
	2022	2021
Raw materials and supplies	\$3,111,433	\$1,096,121
Work in process	34,545	80,918
Finished goods	638,443	256,408
Total	\$3,784,421	\$1,433,447

The cost of inventories recognized in expenses amounted to NT\$27,175,501 thousand and NT\$21,988,606 thousand for the years ended December 31, 2022 and 2021, including the write-down of inventories and obsolescence loss of NT\$17,138 thousand and NT\$16,325 thousand, respectively.

The allowance of inventories write-down amounted to NT\$34,210 thousand and NT\$51,263 thousand as of December 31, 2022 and 2021, respectively.

No inventories were pledged.

(6) Investments Accounted for using the Equity Method

The following table lists the investments accounted for using the equity method of the Company:

	December 31,			
	2022		2021	
Investee companies	Amount	Percentage of Ownership	Amount	Percentage of Ownership
Investments in subsidiaries :				
Visicorp Limited (“Visicorp”)	\$12,853,241	100.00%	\$12,569,639	100.00%
Coretronic (BVI) Investment Corp. (“Coretronic BVI”)	6,817,733	100.00%	5,716,259	100.00%
Tecpoint Limited (“Tecpoint”)	2,713,848	78.06%	2,806,949	78.06%

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Investee companies	December 31,			
	2022		2021	
	Amount	Percentage of Ownership	Amount	Percentage of Ownership
Dynamic Time Investments Limited	2,426,880	100.00%	-	100.00%
Chung Tsen Investment Corp. (“CGT”)	2,312,556	100.00%	2,566,322	100.00%
Young Lighting Limited	1,682,235	100.00%	872,597	100.00%
Sinolink Global Limited (“Sinolink”)	1,390,192	100.00%	1,323,044	100.00%
Young Optics Inc. (“TYO”)	1,100,133	33.28%	1,100,031	34.60%
Coretronic Investment Limited	507,420	100.00%	-	100.00%
Coretronic Venture Capital Co. (“CVC”)	306,045	100.00%	308,059	100.00%
Coretronic Intelligent Cloud Service Corporation (“CICS”)	284,962	100.00%	315,853	100.00%
Young Green Energy Co. (“YGE”)	217,673	99.91%	231,223	99.91%
Champ Vision Display Inc. (“CVD”)	176,443	80.00%	151,622	80.00%
Coretronic MEMS Corporation (“CMC”)	143,524	100.00%	40,559	100.00%
Coretronic Intelligent Robotics Corporation (“CIRC”)	90,071	100.00%	181,381	100.00%
Coretronic Intelligent Logistics Solutions Corporation (“CILS”)	86,127	100.00%	41,316	100.00%
Calibre UK Ltd. (“CAL”)	45,718	100.00%	25,578	100.00%
Coretronic Reality Inc. (“CRI”)	18,077	100.00%	58,020	100.00%
InnoSpectra Corporation (“ISC”)	10,776	80.00%	8,998	80.00%
uCare Medical Electronics Co., Ltd. (“UCM”)	10,224	60.69%	23,033	60.69%
Optoma Technology Corporation (“Optoma”) (Note)	-	-	915,836	100.00%

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Investee companies	December 31,			
	2022	Percentage of	2021	Percentage of
	Amount	Ownership	Amount	Ownership
Coretronic Vietnam Co., Ltd. ("Coretronic Vietnam")	-	100.00%	-	100.00%
Unrealised gross profit on sales and gain on disposal of assets	<u>(273,057)</u>		<u>(146,509)</u>	
Subtotal	32,920,821		29,109,810	
Investments in associates:				
Eterge Opto-Electronics Co., LTD ("EOE")	<u>50,117</u>	18.5%	<u>43,035</u>	18.5%
Total	<u>\$ 32,970,938</u>		<u>\$29,152,845</u>	

Note: Originally Optoma Corporation has changed its English legal name to Optoma Technology Corporation in 2022. Therefore, in the notes to the consolidated financial statements, Optoma Corporation refers to the newly established sub-subsidiary starting November 2021.

- A. The Company recognized share of profit or loss of subsidiaries based on the financial statements of the investee companies audited by the accountants in the amount of NT\$1,638,240 thousand and NT\$1,784,619 thousand for the years ended December 31, 2022 and 2021, respectively.
- B. The Company accounted for its investments in subsidiaries using the equity method and made assessments and adjustments according the current situation.
- C. All subsidiaries are included in the consolidated financial statements of the Company in accordance with the Regulations.
- D. As of and December 31, 2022, the negative balance of investment in Coretronic Vietnam was NT\$337,622 thousand. The Company has power over Coretronic Vietnam, and, therefore, continues to recognize investment losses. As of and December 31, 2021, the negative balance of investment in Coretronic Vietnam and Coretronic Investment Limited were NT\$81,359 thousand and NT\$15,427 thousand, respectively. The Company has power over Coretronic Vietnam and Coretronic Investment Limited and, therefore, continues to recognize investment losses. The above negative balances of investment presented in other non-current liabilities

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- E. The investment of EOE is not significant to the Company. The Company recognized share of gain (loss) of associates and joint ventures accounted for using the equity method in EOE in the amount of NT\$7,071 thousand and NT\$(3,689) thousand for the years ended December 31, 2022 and 2021, respectively.
- F. In March 2021, the Company invested NT\$50,000 thousand to establish 100% held subsidiary in CILS. CILS mainly engages in system integration and application service solutions for intelligent logistics and smart manufacturing.
- G. In April 2021, CIRC carried out capital reductions of NT\$92,831 thousand; in the meanwhile, the Company invested NT\$245,663 thousand in CIRC. The ownership percentage of CIRC was maintained 100%.
- H. In August 2021, the Company increased investment of NT\$100,000 thousand in CICS, and the ownership percentage of CICS was maintained 100%.
- I. In November 2021, the Company increased investment of NT\$194,754 thousand in CAL, and the ownership percentage of CAL was maintained 100%.
- J. The Company made an investment of EUR 100 thousand to establish 100% held subsidiary Coretronic Investment Limited in the United Kingdom in December 2021. Coretronic Investment Limited is a holding company and invests in Europe.
- K. CORE's Board of Directors resolved to absorb Optoma Technology Corporation through simplified acquisition procedures on July 1, 2022. Ownership of Dynamic Time originally held by Optoma Technology Corporation was transferred to the Company as a result of the acquisition.
- L. In November 2022, the Company increased investment of NT\$120,000 thousand in CILS, and the ownership percentage of CILS was maintained 100%.
- M. In November 2022, CMC carried out capital reductions of NT\$139,452 thousand; in the meanwhile, the Company invested NT\$348,630 thousand in CMC. The ownership percentage of CMC was maintained 100%.
- N. Coretronic BVI carried out capital reductions of USD 90 thousand. The ownership percentage of Coretronic BVI was maintained 100%.

The abovementioned associates had no contingent liabilities or capital commitments as of December 31, 2022 and 2021. No investments accounted for using the equity method held by the Company was pledged to others.

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(7) Property, Plant and Equipment

Property, plant and equipment for own-use

	Land	Buildings	Machinery and equipment	Office fixtures	Transportation equipment	Leasehold improvement	Other equipment	Construction in progress and equipment awaiting inspection	Total
Cost:									
As of January 1, 2022	\$23,901	\$2,108,418	\$226,451	\$18,763	\$-	\$3,697	\$109,195	\$2,251	\$2,492,676
Additions	-	43,306	50,348	2,128	1,100	-	15,802	8,186	120,870
Disposals	-	(35,740)	(40,138)	(2,009)	-	-	(14,482)	-	(92,369)
Transfers	-	2,250	3,915	-	-	-	1,560	(7,725)	-
As of December 31, 2022	\$23,901	\$2,118,234	\$240,576	\$18,882	\$1,100	\$3,697	\$112,075	\$2,712	\$2,521,177
As of January 1, 2021	\$23,901	\$2,127,743	\$219,464	\$8,897	\$-	\$4,070	\$122,909	\$11,937	\$2,518,921
Additions	-	6,316	17,402	12,187	-	-	11,634	10,753	58,292
Disposals	-	(27,286)	(26,540)	(2,321)	-	(373)	(27,526)	(491)	(84,537)
Transfers	-	1,645	16,125	-	-	-	2,178	(19,948)	-
As of December 31, 2021	\$23,901	\$2,108,418	\$226,451	\$18,763	\$-	\$3,697	\$109,195	\$2,251	\$2,492,676
Depreciation and Impairment:									
As of January 1, 2022	\$-	\$698,951	\$119,958	\$2,032	\$-	\$2,380	\$48,237	\$-	\$871,558
Depreciation	-	62,439	35,654	4,298	168	780	22,022	-	125,361
Disposals	-	(35,740)	(40,138)	(1,246)	-	-	(13,500)	-	(90,624)
As of December 31, 2022	\$-	\$725,650	\$115,474	\$5,084	\$168	\$3,160	\$56,759	\$-	\$906,295
As of January 1, 2021	\$-	\$661,088	\$113,914	\$2,848	\$-	\$1,929	\$47,924	\$-	\$827,703
Depreciation	-	65,149	32,584	1,505	-	824	24,367	-	124,429
Disposals	-	(27,286)	(26,540)	(2,321)	-	(373)	(24,054)	-	(80,574)
As of December 31, 2021	\$-	\$698,951	\$119,958	\$2,032	\$-	\$2,380	\$48,237	\$-	\$871,558
Net carrying amounts as of:									
December 31, 2022	\$23,901	\$1,392,584	\$125,102	\$13,798	\$932	\$537	\$55,316	\$2,712	\$1,614,882
December 31, 2021	\$23,901	\$1,409,467	\$106,493	\$16,731	\$-	\$1,317	\$60,958	\$2,251	\$1,621,118

Please refer to Note 8 for more details on property, plant and equipment under pledge.

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(8) Intangible Assets

	Patents	Software	IPs	Total
Cost:				
As of January 1, 2022	\$145,225	\$64,774	\$49,820	\$259,819
Additions	73,716	5,862	-	79,578
Disposals	-	(22,864)	-	(22,864)
As of December 31, 2022	<u>\$218,941</u>	<u>\$47,772</u>	<u>\$49,820</u>	<u>\$316,533</u>
As of January 1, 2021	\$145,225	\$36,220	\$49,820	\$231,265
Additions	-	33,986	-	33,986
Disposals	-	(5,432)	-	(5,432)
As of December 31, 2021	<u>\$145,225</u>	<u>\$64,774</u>	<u>\$49,820</u>	<u>\$259,819</u>
Amortization and Impairment:				
As of January 1, 2022	\$25,764	\$24,156	\$46,898	\$96,818
Amortization	10,697	18,278	233	29,208
Disposals	-	(22,761)	-	(22,761)
As of December 31, 2022	<u>\$36,461</u>	<u>\$19,673</u>	<u>\$47,131</u>	<u>103,265</u>
As of January 1, 2021	\$15,066	\$17,576	\$46,666	\$79,308
Amortization	10,698	11,999	232	22,929
Disposals	-	(5,419)	-	(5,419)
As of December 31, 2021	<u>\$25,764</u>	<u>\$24,156</u>	<u>\$46,898</u>	<u>\$96,818</u>
Net carrying amount as of:				
December 31, 2022	<u>\$182,480</u>	<u>\$28,099</u>	<u>\$2,689</u>	<u>\$213,268</u>
December 31, 2021	<u>\$119,461</u>	<u>\$40,618</u>	<u>\$2,922</u>	<u>\$163,001</u>

Amortization expense of intangible assets:

	Years ended December 31,	
	2022	2021
Operating Cost	\$-	\$19
General and administrative expense	4,884	3,134
Research and development expenses	24,324	19,776
Total	<u>\$29,208</u>	<u>\$22,929</u>

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(9) Short-Term Borrowings

	December 31,	
	2022	2021
Unsecured bank loans	\$8,145,511	\$10,289,763
Interest rates (%)	1.7%~5.07%	0.33%~0.57%

The Company's unused short-term lines of credits amounted to NT\$22,175,558 thousand and NT\$19,882,649 thousand as of December 31, 2022 and 2021, respectively.

(10) Financial Liabilities at Fair Value through Profit or Loss

	December 31,	
	2022	2021
Financial liabilities mandatorily measured at fair value through profit or loss:		
Derivatives not designated as hedging instruments		
Forward foreign exchange contracts	\$427,105	\$56,019
Current	\$427,105	\$56,019
Noncurrent	-	-
Total	\$427,105	\$56,019

(11) Long-Term Borrowings

Details of long-term borrowings are as follows:

Lenders	December 31, 2022	Interest Rate (%)	Maturity date and terms of repayment
Syndicated loan of 9 Banks - unsecured bank loans	\$3,000,000	1.95%~ 1.96%	Revolving credit. Renewable every three months. Credit has not been fully utilized.
Less: Arrangement Fee	(4,837)		
	\$2,995,163		

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

Lenders	December 31, 2021	Interest Rate (%)	Maturity date and terms of repayment
Syndicated loan of 9 Banks - Commercial paper loans	\$1,000,000	0.978%	Revolving credit. Renewable every three months. Credit has not been fully utilized.
Less :			
Arrangement Fee	(6,037)		
Amortization of commercial paper discount	(1,993)		
	<u>\$991,970</u>		

The Company's unused long-term lines of credits amounted to NT\$3,600,000 and NT\$5,600,000 thousand as of December 31, 2022 and 2021, respectively.

(12) Post-Employment Benefits

Defined contribution plan

The Company adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Pension expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 were NT\$95,592 thousand and NT\$97,010 thousand, respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one appropriation before the end of March in the following year.

CORETRONIC CORPORATION
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The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT\$7,397 thousand to its defined benefit plan in the next year beginning from December 31, 2022.

The weighted average duration of the defined benefits plan obligation was 14.85 years and 15.37 years as of December 31, 2022 and 2021, respectively.

Pension costs recognized in profit or loss are as follows:

	Years ended December 31,	
	2022	2021
Current service costs	\$68	\$79
Net interest on the net defined benefit liabilities	2,600	2,502
Expect return on plan assets	(2,195)	(2,132)
Total	<u>\$473</u>	<u>\$449</u>

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	December 31,		January 1,
	2022	2021	2021
Present value of defined benefit obligation	\$294,034	\$349,434	\$334,854
Plan assets at fair value	(307,288)	(291,716)	(281,575)
Other non-current liabilities — Carrying amount on the net defined benefit liabilities	<u>\$(13,254)</u>	<u>\$57,718</u>	<u>\$53,279</u>

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
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Reconciliations of net defined benefit liabilities (assets) are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
As of January 1, 2021	\$334,854	\$281,575	\$53,279
Current service cost	79	-	79
Interest expense	2,502	2,132	370
Subtotal	<u>337,435</u>	<u>283,707</u>	<u>53,728</u>
Remeasurements of the defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	9,561	-	9,561
Experience adjustments	(3,703)	(4,243)	540
Subtotal	<u>5,858</u>	<u>(4,243)</u>	<u>10,101</u>
Benefits paid	(4,220)	(2,806)	(1,414)
Contributions by employer	-	7,790	(7,790)
Other Transfer	10,361	7,268	3,093
As of December 31, 2021	<u>\$349,434</u>	<u>\$291,716</u>	<u>\$57,718</u>
As of January 1, 2022	\$349,434	\$291,716	\$57,718
Current service cost	68	-	68
Interest expense	2,600	2,195	405
Subtotal	<u>352,102</u>	<u>293,911</u>	<u>58,191</u>
Remeasurements of the defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	(38,309)	-	(38,309)
Experience adjustments	6,975	22,234	(15,259)
Subtotal	<u>(31,334)</u>	<u>22,234</u>	<u>(53,568)</u>
Benefits paid	(16,331)	(16,231)	(100)
Contributions by employer	-	7,374	(7,374)
Other Transfer	(10,403)	-	(10,403)
As of December 31, 2022	<u>\$294,034</u>	<u>\$307,288</u>	<u>\$(13,254)</u>

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The principal assumptions used in determining the Company's defined benefit plan are as follows:

	December 31,	
	2022	2021
Discount rate	1.750%	0.750%
Expected rate of salary increases	4.00%	4.00%

Sensitivity analysis of significant assumptions is as follows:

	Years ended December 31,			
	2022		2021	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increase by 0.25%	\$-	\$8,676	\$-	\$10,666
Discount rate decrease by 0.25%	9,037	-	11,089	-
Future salary increase by 0.25%	8,623	-	10,495	-
Future salary decrease by 0.25%	-	8,339	-	10,153

The sensitivity analysis above is based on a change in one significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

(13) Provisions

	Warranties
As of January 1, 2022:	\$143,183
Addition during the period	92,870
Utilized during the period	(38,393)
As of December 31, 2022	\$197,660
As of December 31, 2022:	
Current	\$197,660
Non-current	-
	\$197,660

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
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	Warranties
As of January 1, 2021:	\$175,864
Addition during the period	71,154
Utilized during the period	(103,835)
As of December 31, 2021	\$143,183
As of December 31, 2021:	
Current	\$143,183
Non-current	-
	\$143,183

Warranties

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

(14) Equities

A. Common stock

The Company's authorized capital was NT\$10,000,000 thousand as of December 31, 2022 and 2021, respectively (including NT\$700,000 thousand reserved for exercise of share warrant, preferred shares with warrants and corporate bonds with warrants), each at a par value of NT\$10. The Company's issued capital was NT\$3,909,811 thousand divided into 390,981 thousand shares as of December 31, 2022 and 2021. Each share has one voting right and a right to receive dividends.

On March 15, 2021, the Board of Directors resolved to retire 43,442 thousand treasury shares and determined that the date of capital reduction was March 15, 2021. The related registration processes have been completed on March 17, 2021.

B. Capital surplus

	December 31,	
	2022	2021
Additional paid-in capital	\$1,648,180	\$2,039,161
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	1,093,307	758,483
Changes in ownership interests in subsidiaries	64,888	93,948
Changes in investments in associates and joint ventures accounted for using the equity method	1,850	1,850
Total	\$2,808,225	\$2,893,442

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
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According to the Company Act, the capital reserve shall not be used except for covering losses of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the Company. The distribution could be made in cash to its shareholders in proportion to the number of shares being held by each of them.

C. Treasury shares

In order to maintain the Company's credit and shareholders' equity, the Board of Directors resolved to purchase common shares on February 8, 2021. During the period from February 17, 2021 to April 8, 2021, the Company planned to purchase 43,442 thousand shares, and the price ranged from NT\$30.10 to NT\$60.74 per share. As of March 3, 2021, the Company purchased 43,442 thousand shares in the amount of NT\$2,102,777 thousand.

On March 15, 2021, the Board of Directors resolved to retire 43,442 thousand treasury shares and determined that the date of capital reduction was March 15, 2021. The related registration processes have been completed on March 17, 2021.

D. Retained earnings and dividend policies:

According to the Articles of Incorporation, current year's earnings shall be distributed in the following order:

- (a) Payment of all taxes and dues;
- (b) Offset accumulated losses in previous years, if any;
- (c) Legal reserve, which is 10% of leftover profits. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds the Company's total capital stock;
- (d) Allocation or reverse of special reserve as required by law or government authorities;
- (e) The remaining net profits and the retained earnings from previous years will be allocated as shareholders' dividend. The Board of Directors will prepare a distribution proposal and submit the same to the shareholders' meeting for review and approval by a resolution.

The Company authorizes the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The Company authorizes the distributable legal reserve and capital reserve in whole or in part

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may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

According to the Company Act and the Company's Article of Incorporation, the policy of the dividend distribution should reflect factors such as the capital and financial structures, operating, earnings, the industrial features and cycles etc. The dividend could be paid in the form of shares or cash. In the consideration of the factors such as financial, sales and operating conditions, if the distribution of cash dividends is determined, the cash dividends should account for at least 10% of the total distribution based on the Company's Article of Incorporation. If the Company incurs no earning or considers the factors such as financial conditions, sales and operations, the dividend could be paid by whole or partial legal reserve in accordance with the Company Act and the Company's Article of Incorporation.

According to Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to offset the deficit of the Company. If the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Following the adoption of TIFRS, the FSC issued Order No. Financial-Supervisory-Securities-Corporate-1010012865 on April 6, 2012, which sets out the following provisions for compliance:

Once upon a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the Company shall set aside an equal amount of special reserve. Following the Company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

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The special reserve of the first adoption of the TIFRS as of December 31, 2022 and 2021 amounted to NT\$1,276,610 thousand.

Details of the 2021 and 2020 earnings distribution and dividends per share as resolved by the shareholders' meeting on June 10, 2022 and July 30, 2021, respectively, are as follows:

	Appropriation of earnings		Dividends per share (NT\$)	
	2021	2020	2021	2020
Legal reserve	\$75,004	\$156,752		
Common stock -cash dividend	1,172,944	1,172,944	\$3	\$3

In addition, the shareholders in the meetings on June 10, 2022, and on July 30, 2021 both proposed and resolved to distribute the paid-in capital in excess of par-common stock by cash in the amount of NT\$390,981 thousand (NT\$1 per share).

Please refer to Note 6(18) for further details on employees' compensation and remuneration to directors and supervisors.

(15) Operating revenue

	Years ended December 31,	
	2022	2021
Contract revenue from customers		
Sale of goods	\$30,129,304	\$ 24,011,406
Revenue arising from rendering of services	39,241	37,990
Other operating revenues	399,135	518,390
Total	<u>\$30,567,680</u>	<u>\$ 24,567,786</u>

Analysis of contracts revenue from customers during the periods is as follows:

A. Revenue of Segments

For the year ended December 31, 2022

	Energy-saving products segment	Image products and brand segment	Other segments	Total
Sale of goods	\$ 13,755,372	\$ 16,351,173	\$ 22,759	\$ 30,129,304
Revenue arising from rendering of services	33,545	5,696	-	39,241
Other operating revenues	111,629	287,506	-	399,135
Total	<u>\$ 13,900,546</u>	<u>\$ 16,644,375</u>	<u>\$ 22,759</u>	<u>\$ 30,567,680</u>
The timing of revenue recognition:				
At a point in time	<u>\$ 13,900,546</u>	<u>\$ 16,644,375</u>	<u>\$ 22,759</u>	<u>\$ 30,567,680</u>

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For the year ended December 31, 2021

	Energy-saving products segment	Image products and brand segment	Other segments	Total
Sale of goods	\$14,684,866	\$9,300,599	\$25,941	\$24,011,406
Revenue arising from rendering of services	35,611	2,379	-	37,990
Other operating revenues	38,555	479,585	250	518,390
Total	\$14,759,032	\$9,782,563	\$26,191	\$24,567,786
The timing of revenue recognition:				
At a point in time	\$14,759,032	\$9,782,563	\$26,191	\$24,567,786

B. Contract balance

Contract liabilities-current

	December 31,		January 1,
	2022	2021	2021
Sale of goods	\$77,014	\$16,622	\$9,603
Other operating revenues	205,316	90,406	26,936
Total	\$ 282,330	\$107,028	\$36,539

The Company recognized NT\$107,028 thousand and NT\$36,539 thousand, respectively, in revenues from the contract liabilities balance at the beginning of the period as performance obligations were satisfied for the years ended December 31, 2022 and 2021.

C. Transaction price allocated to unsatisfied performance obligations

As of December 31, 2022 and 2021, there is no need to provide relevant information of the unsatisfied performance obligations as the contracts with customers about the sales of goods are all satisfied within one year.

D. Cost of Assets from acquisition or performance of customer contracts.

None.

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

(16) Expected credit losses

	Years ended December 31,	
	2022	2021
Operating income – reversal of expected credit losses		
Trade receivables	\$1,156	\$1,606

The Company measures trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of December 31, 2022 and 2021 is as follows:

The Company considers the grouping of trade receivables by counterparties' credit rating, geographical and industry. Its loss allowance is measured by using a provision matrix. Details are as below:

As of December 31, 2022

	Not past due	Past due					Total
		1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 121 days	
Gross carrying amount	\$5,768,471	\$131,234	\$12,723	\$-	\$-	\$13,353	\$5,925,781
Loss ratio	0%	0%	5%	30%	50%	100%	
Expected credit losses	-	-	(111)	-	-	(13,353)	(13,464)
Subtotal	\$5,768,471	\$131,234	\$12,612	\$-	\$-	\$-	\$5,912,317

As of December 31, 2021

	Not past due	Past due					Total
		1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 121 days	
Gross carrying amount	\$10,868,956	\$372,378	\$17,191	\$5,593	\$-	\$12,180	\$11,276,298
Loss ratio	0%	0%	5%	30%	50%	100%	
Expected credit losses	-	-	(762)	(1,678)	-	(12,180)	(14,620)
Subtotal	\$10,868,956	\$372,378	\$16,429	\$3,915	\$-	\$-	\$11,261,678

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The movement of provision for impairment of trade receivables during the period is as follows:

	Trade receivables
As of January 1, 2022	\$14,620
Reversal for the current period	(1,156)
As of December 31, 2022	\$13,464
As of January 1, 2021	\$16,482
Reversal for the current period	(1,606)
Write off	(256)
As of December 31, 2021	\$14,620

(17) Leases

A. The Company as lessee

The Company leases various property (land and buildings), machinery, equipment, and transportation equipment. These leases have terms between three and forty-three years.

The effects that leases have on the financial position, financial performance and cash flows of the Company are as follows:

(a) Amounts recognized in the balance sheet

i. Right-of-use asset

The carrying amount of right-of-use assets

	December 31,	
	2022	2021
Land	\$672,194	\$684,452
Buildings	13,637	18,393
Transportation equipment	13,980	8,917
Office fixtures	1,260	1,800
Total	\$701,071	\$713,562

During the years ended December 31, 2022 and 2021, the additions to right-of-use assets of the Company amounted to NT\$47,091 thousand and NT\$24,822 thousand, respectively.

ii. Lease liability

	December 31,	
	2022	2021
Lease liability		
Current	\$55,567	\$61,560
Non-current	667,403	668,755
Total	\$722,970	\$730,315

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Please refer to Note 6(19)4. for the interest on lease liability recognized during the years ended December 31, 2022 and 2021. Please refer to Note 12(5) for the maturity analysis for lease liabilities as of December 31, 2022 and 2021.

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	Years ended December 31	
	2022	2021
Land	\$ 38,062	\$37,350
Buildings	12,024	11,389
Transportation equipment	5,814	4,984
Office fixtures	540	540
Total	<u>\$ 56,440</u>	<u>\$54,263</u>

(c) Income and costs relating to leasing activities

	Years ended December 31	
	2022	2021
The expense relating to short-term leases	\$ 3,404	\$2,642
The expense relating to leases of low-value assets (excluding the expense relating to short-term leases of low-value assets)	503	526
Total	<u>\$ 3,907</u>	<u>\$3,168</u>

(d) Cash outflow relating to leasing activities

During the years ended December 31, 2022 and 2021, the Company's total cash outflows for leases amounted to NT\$69,700 thousand and NT\$66,362 thousand, respectively.

(e) Other information relating to leasing activities

i. Variable lease payments

Some of the Company's building lease agreements contain variable payment terms that are linked to actual usage condition. The amount links to certain percentage of actual usage of underlying asset. The changes in variable lease payments are linked to actual usage and it is very common for entering contract with variable lease payments in the industry of the Company. As such variable lease payments do not meet the definition of lease payments, and those payments are not included in the measurement of the assets and liabilities.

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
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ii. Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Company's property rental agreement. In determining the lease term, the non-cancellable period for which the Company has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The Company would reassess the lease term when significant issue or change occur.

iii. Residual value guarantees

To optimize lease costs during the contract period, the Company doesn't provide residual value guarantees in relation to rental agreement, and therefore no residual value guarantees are recorded in lease liability.

(18) Summary Statement of Employee Benefits, Depreciation and Amortization Expenses by Function

Function Items	Years ended December 31					
	2022			2021		
	Operating Cost	Operating expenses	Total amount	Operating Cost	Operating expenses	Total amount
Employee benefits expense	\$641,012	\$2,006,504	\$2,647,516	\$485,359	\$2,151,789	\$2,637,148
Salaries	555,635	1,737,768	2,293,403	415,233	1,885,400	2,300,633
Labor and health insurance	34,370	122,106	156,476	29,063	116,526	145,589
Pension	16,811	79,254	96,065	14,340	83,119	97,459
Directors' remuneration	-	4,770	4,770	-	4,680	4,680
Other employee benefits expense	34,196	62,606	96,802	26,723	62,064	88,787
Depreciation	69,084	112,717	181,801	48,565	130,127	178,692
Amortization	-	29,318	29,318	19	23,020	23,039

The average numbers of employees were 1,652 and 1,611 as of December 31, 2022 and 2021, respectively. The number of directors who are not concurrent employees was 6 in 2022 and 2021. The average amounts of employee benefits expense were NT\$1,606 thousand and NT\$1,637 thousand for the years ended December 31, 2022 and 2021, respectively. The average employee salary expenses were NT\$1,393 thousand and NT\$1,428 thousand for the years ended December 31, 2022 and 2021, respectively. The average variable ratio of employee salary expense was reduced by 2.45%.

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

From June 2000, the Company has established Audit Committee in replace of Supervisors, and therefore the Supervisors' remuneration for the years ended December 31, 2022 and 2021 was nil. The Company's employee compensation policy, including monthly fixed salary, holiday bonus, year-end bonus and other allowance, is based on its employee compensation administration regulations, level of same trade, job authority and the degree of participation in the Company's operations.

According to the Articles of Incorporation of the Company, 10% to 20% of profit of the current year is distributable as employees' compensation. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and thereto a report of such distribution is submitted to the shareholders' meeting. The Articles of Incorporation are to be amended in the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company accrued employees' compensation based on a specific rate of profit for the years ended December 31, 2022 and 2021. The amounts of employees' compensation were NT\$360,060 thousand and NT\$288,508 thousand for the years ended December 31, 2022 and 2021, respectively. If the Board of Directors resolved to distribute employees' compensation in the form of stocks, the number of stocks distributed was calculated based on the closing price one day earlier than the date of resolution. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, the Company will recognize the change as an adjustment in the profit or loss in the subsequent period.

A resolution was approved at a Board of Directors' meeting held on February 13, 2023 to distribute NT\$360,060 thousand in cash as employees' compensation. No material differences exist between the resolution and the estimated amount for the year ended December 31, 2022.

No material differences exist between the estimated amount and the actual distribution of the employee' bonuses for the year ended December 31, 2021.

(19) Non-Operating Income and Expenses

A. Interest income

	Years ended December 31,	
	2022	2021
Financial assets measured at amortized cost	\$2,379	\$343

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B. Other income

	Years ended December 31,	
	2022	2021
Management service income	\$ 43,241	\$ 22,325
Rental income	30,774	34,024
Dividend income	26,000	-
Gain on disposal of other assets	12,067	15,500
Government grants income	-	29,878
Other	57,146	111,329
Total	<u>\$169,228</u>	<u>\$213,056</u>

C. Other gains and losses

	Years ended December 31,	
	2022	2021
Net gain on financial assets (liabilities) at fair value through profit or loss (Note)	\$1,617,096	\$373,179
Foreign exchange gain, net	(1,024,736)	92,229
Gain on lease modification	23	2
Gain on disposal of property, plant and equipment	-	20
Other	(1,570)	-
Total	<u>\$590,813</u>	<u>\$465,430</u>

Note: Balances were arising from financial assets and liabilities mandatorily measured at fair value through profit or loss.

D. Finance cost

	Years ended December 31,	
	2022	2021
Interest on borrowings from bank	\$251,633	\$61,896
Interest on lease liabilities	14,522	14,614
Total	<u>\$266,155</u>	<u>\$76,510</u>

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(20) Components of Other Comprehensive Income

For the year ended December 31, 2022

	Arising during the period	Income tax income (expense)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:			
Remeasurements of defined benefit plans	\$53,568	\$(10,714)	\$42,854
Remeasurements of defined benefit plans of subsidiaries, associates and joint ventures accounted for using the equity method	27,554	-	27,554
Unrealized loss from equity instrument investments measured at fair value through other comprehensive income	(997,657)	(1,182)	(998,839)
Unrealized loss 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	(406,786)	-	(406,786)
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	811,873	-	811,873
Share of the other comprehensive income of associates accounted for using the equity method	11	-	11
Total of other comprehensive income	<u>\$(511,437)</u>	<u>\$(11,896)</u>	<u>\$(523,333)</u>

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For the year ended December 31, 2021

	Arising during the period	Income tax income (expense)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:			
Remeasurements of defined benefit plans	\$(10,101)	\$2,020	\$(8,081)
Remeasurements of defined benefit plans of subsidiaries, associates and joint ventures accounted for using the equity method	7,466	-	7,466
Unrealized gain from equity instrument investments measured at fair value through other comprehensive income	698,846	-	698,846
Unrealized gain from equity instrument investments measured at fair value through other comprehensive income from share of subsidiaries, associates and joint ventures accounted for using the equity method	326,914	-	326,914
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	(255,767)	-	(255,767)
Share of the other comprehensive loss of associates accounted for using the equity method	(2)	-	(2)
Total of other comprehensive income	<u>\$767,356</u>	<u>\$2,020</u>	<u>\$769,376</u>

(21) Income Tax

The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	Years ended December 31,	
	2022	2021
Current income tax expense (income)	\$ 234,494	\$(52,160)
Deferred tax expense (income)	(73,012)	40,090
Total income tax expense (income)	<u>\$161,482</u>	<u>\$(12,070)</u>

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Income tax relating to components of other comprehensive income

	Years ended December 31,	
	2022	2021
Deferred income tax expense (income):		
Remeasurements of defined benefit plans	\$10,714	\$(2,020)
Unrealized loss from equity instruments investments measured at fair value through other comprehensive income	1,182	-
Income tax related to components of other comprehensive income	<u>\$11,896</u>	<u>\$(2,020)</u>

Reconciliation of income tax expense and the accounting profit multiplied by applicable tax rates is as follows:

	Years ended December 31,	
	2022	2021
Accounting profit before tax from continuing operations	<u>\$2,520,417</u>	<u>\$2,019,555</u>
Tax calculated by statutory tax rate	\$504,083	\$403,911
Tax effect of expenses not deductible for tax purposes	(316,617)	(424,949)
Tax effect of deferred tax assets/liabilities	(2,634)	2,718
Surtax on undistributed retained earnings	27,434	11,891
Investment tax credits	(50,784)	(5,641)
Total income tax expense recognized in profit or loss	<u>\$161,482</u>	<u>\$(12,070)</u>

Deferred tax assets (liabilities) related to the following:

For the year ended December 31, 2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Business combination with subsidiary	Ending balance
Temporary differences					
Unrealized allowance for inventory obsolescence	\$10,253	\$(3,411)	\$-	\$-	\$6,842
Unrealized inter company profits and losses	25,272	27,543	-	-	52,815
Provision-sales returns and allowances	14,441	5,279	-	-	19,720
Impairment on property, plant and equipment	6,287	-	-	-	6,287

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	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Business combination with subsidiary	Ending balance
Defined benefit liabilities- noncurrent	20,869	(1,440)	(10,714)	-	8,715
Accrued expense of tax differences	12,594	(12,594)	-	-	-
Operating loss carry forward	36,041	(36,041)	-	-	-
Others	(46,496)	93,676	(1,182)	(594)	45,404
Deferred tax income (expense)		<u>\$73,012</u>	<u>\$(11,896)</u>	<u>\$(594)</u>	
Net deferred tax assets (liabilities)	<u>\$79,261</u>				<u>\$139,783</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$114,799</u>				<u>\$168,880</u>
Deferred tax liabilities	<u>\$(35,538)</u>				<u>\$(29,097)</u>

For the year ended December 31, 2021

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized allowance for inventory obsolescence	\$10,546	\$(293)	\$-	\$10,253
Unrealized inter company profits and losses	25,796	(524)	-	25,272
Provision-sales returns and allowances	12,311	2,130	-	14,441
Impairment on property, plant and equipment	6,287	-	-	6,287
Defined benefit liabilities-noncurrent	19,981	(1,132)	2,020	20,869
Accrued expense of tax differences	12,788	(194)	-	12,594
Operating loss carry forward	96,166	(60,125)	-	36,041
Others	(66,544)	20,048	-	(46,496)
Deferred tax (expense) income		<u>\$(40,090)</u>	<u>\$2,020</u>	
Net deferred tax assets (liabilities)	<u>\$117,331</u>			<u>\$79,261</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$166,431</u>			<u>\$114,799</u>
Deferred tax liabilities	<u>\$(49,100)</u>			<u>\$(35,538)</u>

Unrecognized deferred tax assets

As of December 31, 2022 and 2021, deferred tax assets that have not been recognized amounted to NT\$153,337 thousand and NT\$147,800 thousand, respectively.

Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Company does not recognize deferred tax liabilities associated with tax payable for unremitted earnings of the Company's overseas subsidiaries, as the Company determines that not all distributed profits of its subsidiaries will be distributed in the foreseeable future. As of

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December 31, 2022 and 2021, the amounts of taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities were NT\$23,784,274 thousand and NT\$20,346,640 thousand, respectively.

The assessment of income tax returns

As of December 31, 2022, except for 2019, the tax authorities have assessed and approved income tax returns of the Company through 2020.

(22) Earnings Per Share

Basic earnings per share amounts are calculated by dividing net income for the year attributable to ordinary equity holders by the weighted-average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
A. Basic earnings per share		
Profit attributable to ordinary shareholders (in thousand NT\$)	<u>\$2,358,935</u>	<u>\$2,031,625</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>390,981</u>	<u>397,180</u>
Basic earnings per share (NT\$)	<u>\$6.03</u>	<u>\$5.12</u>
B. Diluted earnings per share		
Profit attributable to ordinary shareholders after dilution (in thousand NT\$)	<u>\$2,358,935</u>	<u>\$2,031,625</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	390,981	397,180
Effect of dilution:		
Employees' bonus — stock (in thousand)	<u>7,180</u>	<u>4,046</u>
Weighted average number of ordinary shares outstanding after dilution (in thousand)	<u>398,161</u>	<u>401,226</u>
Diluted earnings per share (NT\$)	<u>\$5.92</u>	<u>\$5.06</u>

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
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There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

7. Related Party Transactions

(1) Related Party Name and Categories

Related Party Name	Related Party Categories
Optoma Technology Corporation (“Optoma”)	The Company absorbed Optoma from July 1, 2022.
Young Optics Inc. (“TYO”)	Subsidiary
Young Green Energy Co. (“YGE”)	Subsidiary
Coretronic Intelligent Cloud Service Corporation (“CICS”)	Subsidiary
uCare Medical Electronics Co., Ltd. (“UCM”)	Subsidiary
Champ Vision Display Inc. (“CVD”)	Subsidiary
Caliber UK Ltd (“CAL”)	Subsidiary
InnoSpectra Corporation (“ISC”)	Subsidiary
Coretronic Intelligent Robotics Corporation (“CIRC”)	Subsidiary
Coretronic MEMS Corporation (“CMC”)	Subsidiary
Coretronic Reality Inc. (“CRI”)	Subsidiary
Coretronic Vietnam Co., Ltd. (“Coretronic Vietnam”)	Subsidiary
Coretronic Intelligent Logistics Solutions Corporation (“CILS”)	Subsidiary
Coretronic Investment Limited (UK) (“Coretronic Investment”)	Subsidiary
Rays Optics Limited (“Rays Optics”)	Sub-subsidiary
Greendale Investments Limited (“Greendale”)	Sub-subsidiary
Lead Bright Hong Kong Limited (“Lead Bright (HK)”)	Sub-subsidiary
Optoma Technology, Inc. (“Optoma USA”)	Sub-subsidiary
Optoma Europe Limited (“Optoma Europe”)	Sub-subsidiary
Optoma (China&HK) Limited (“Optoma China&HK”)	Sub-subsidiary
Venture Orient Limited (“Venture”)	Sub-subsidiary
Wisdom Success Limited (“Wisdom Success”)	Sub-subsidiary
Wisdom Success Hong Kong Limited (“Wisdom Success (HK)”)	Sub-subsidiary
Coretronic Projection (Kunshan) Co., Ltd (“CPC”)	Sub-subsidiary
Technology Service (Kunshan) (“TSC”)	Sub-subsidiary
Nano Precision (Suzhou) Co., Ltd. (“NPS”)	Sub-subsidiary

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Related Party Name	Related Party Categories
Nano Precision Taiwan Limited (“NPT”)	Sub-subsidiary
YLG Optotech Limited (“YLG”)	Sub-subsidiary
Optoma China Co.,Ltd. (“Optoma China”)	Sub-subsidiary
Coretronic (Ningbo) Co., Ltd. (“NBB”)	Sub-subsidiary
Coretronic (Suzhou) Co., Ltd (“SZB”)	Sub-subsidiary
Coretronic Optotech (Suzhou) Co., Ltd. (“SZT”)	Sub-subsidiary
Coretronic Optics (Suzhou) Co., Ltd. (“WJB”)	Sub-subsidiary
Coretronic Display (Suzhou) Co., Ltd. (“SZW”)	Sub-subsidiary
Bigshine International Hong Kong Limited. (“Bigshine (HK)”)	Sub-subsidiary
Great Pride Hong Kong Limited (“Great Pride (HK) ”)	Sub-subsidiary
Dynamic Time Investment Limited (“Dynamic Time”)	Subsidiary
Young Lighting Limited (“Young Lighting”)	Subsidiary
Optoma Corporation (“Optoma Corporation”)	Sub-subsidiary
Eterge Opto-Electronics Co., LTD(“EOE”)	Associate
Hannstar Display Corporation(“HANNSTAR”)	The entity has significant influence over the Company starting from the second quarter of 2022.
All directors, general managers, deputy general managers and accounting supervisors	Key management personnel

(2) Significant transactions with related parties

A. Sales

	Years ended December 31,	
	2022	2021
Optoma Corporation	\$4,998,334	\$-
Optoma	(Note)	2,292,883
Optoma Europe	(Note)	1,434,879
Optoma USA	(Note)	523,842
Other subsidiaries	369,666	232,090
Total	<u>\$5,368,000</u>	<u>\$4,483,694</u>

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Note: Since individual amounts did not exceed 10% sales of the Company. Disclosure was not required.

The Company purchases materials on behalf of related parties in 2022 and 2021. Since the Company has no substantial risks and rewards of ownership of the purchased materials, only gross profit was recognized as operating revenue for this transaction. Therefore, no comparable third party in the market.

The sales price to third party was determined through market positioning of brands, sales channels and sales strategies of the Company, and the pricing method is different from related parties. The collection period for sales to related parties was month-end 60 to 120 days, while the collection period for third parties was month-end 30 to 150 days, except for new clients with advance receipt.

The receivables-related parties were not pledged, bearing no interest and required to be paid in cash. The receivables-related parties also were not guaranteed.

B. Purchases

	Years ended December 31,	
	2022	2021
Subsidiaries	\$1,126,791	\$1,344,360
Associate has significant influence over the Company	148,896	-
Associates	19,734	24,486
Total	\$1,295,421	\$1,368,846

The purchase price to the above related parties was determined through mutual agreement based on the market rates. The payment terms from the related party suppliers are comparable with third party suppliers and are between 60 to 90 days.

C. Accounts Receivable from Related Parties

	December 31,	
	2022	2021
Optoma Corporation	\$965,186	\$-
Optoma	(Note)	1,133,038
Optoma Europe	(Note)	197,450
Optoma USA	(Note)	(Note)
Coretronic Vietnam	-	257,061
Other subsidiaries	54,504	77,230
Total	\$ 1,019,690	\$1,664,779

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
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Note: Since individual balances did not exceed 10% transaction of the Company, disclosure was not required.

D. Other Accounts Receivable from Related Parties

	December 31,	
	2022	2021
Coretronic Vietnam	\$215,267	\$-
NPT	(Note)	5,681
CVD	(Note)	5,141
CIRC	(Note)	4,271
CRI	(Note)	3,410
Optoma	-	3,809
Other subsidiaries	57,989	11,720
Total	\$ 273,256	\$34,032

Note: Since individual balances did not exceed 10% transaction of the Company, Disclosure was not required.

E. Accounts Payable to Related Parties

	December 31,	
	2022	2021
Greendale	\$3,359,402	\$2,172,918
SZT	562,952	2,080,226
WJB	(Note)	2,161,825
Associate has significant influence over the Company	35,437	-
Other subsidiaries	699,499	804,920
Total	\$4,657,290	\$7,219,889

Note: Since individual balances did not exceed 10% transaction of the Company, disclosure was not required.

F. Other Accounts Payable to Related Parties (excluding borrowing from related parties)

	December 31,	
	2022	2021
CICS	\$71,553	\$93,800
NPT	34,928	37,793
CVD	28,950	28,433
CILS	22,512	(Note)
Optoma Corporation	22,260	(Note)
Other subsidiaries	12,024	62,458

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	December 31,	
	2022	2021
Associate	5,345	6,290
Associate has significant influence over the Company	452	-
Total	\$198,024	\$228,774

Note: Since individual balances did not exceed 10% transaction of the Company, disclosure was not required.

G. Borrowing from related parties

	December 31,	
	2022	2021
Young Lighting	\$1,563,139	\$-
Dynamic Time	1,449,512	858,080
Wisdom Success (HK)	577,348	(Note)
Bigshine (HK)	-	173,830
Other subsidiaries	974,304	300,605
Total	\$4,564,303	\$1,332,515

Note : Since individual balances did not exceed 10% transaction of the Company, disclosure was not required.

H. Others

Maintenance and processing fees paid by the Company to subsidiaries amounted to NT\$235,512 thousand and NT\$318,281 thousand for the years ended December 31, 2022 and 2021, respectively.

Rent and other revenue arose from leasing buildings and rendering of management services to subsidiaries, amounting to NT\$84,285 thousand and NT\$59,046 thousand for the years ended December 31, 2022 and 2021, respectively.

The Company purchased products from its subsidiaries for the years ended December 31, 2022 and 2021, amounting to NT\$25,340,261 thousand and NT\$19,262,535 thousand, respectively. The Company purchased manufacturing materials on behalf of subsidiaries, amounting to NT\$28,430,682 thousand and NT\$44,025,253 thousand for the years ended December 31, 2022 and 2021, respectively.

For the years ended December 31, 2022 and 2021, the Company sold property, plant and equipment, molds and computer software to its subsidiaries, amounting to NT\$1,745 thousand and NT\$3,505 thousand, respectively. The amount that subsidiaries sold molds to the Company was NT\$4,148 thousand for the year ended December 31, 2022.

CORETRONIC CORPORATION
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The Company purchased machinery and equipment from subsidiary, amounting to NT\$1,492 thousand for the year ended December 31, 2022

The Company purchased molds from associates, amounting to NT\$3,946 thousand and NT\$10,320 thousand for the years ended December 31, 2022 and 2021, respectively.

I. Key Management Personnel Compensation

	Years ended December 31,	
	2022	2021
Short-term employee benefits	\$380,078	\$140,833
Post-employment benefits	1,988	1,932
Total	<u>\$382,066</u>	<u>\$142,765</u>

8. Assets Pledged as Collateral

The following assets of the Company pledged as collateral:

Assets pledged as collateral	Carrying amount		Purpose of pledge
	December 31, 2022	December 31, 2021	
Time deposits (presented as "other receivables")	\$36,885	\$34,985	Lease execution deposits
Time deposits (presented as "other receivables")	2,052	2,037	Customs import guarantee
Total	<u>\$38,937</u>	<u>\$37,022</u>	

9. Commitments and Contingencies

Amounts available under unused letters of credit as of December 31, 2022 are NT\$1,589 thousand.

10. Losses due to Major Disasters

None.

11. Significant Subsequent Events

None.

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

12. Others

(1) Categories of Financial Instruments

	December 31,	
	2022	2021
<u>Financial assets</u>		
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss (Note 1)	\$4,209,700	\$8,848,777
Financial assets at fair value through other comprehensive income	3,067,948	2,752,957
Financial assets measured at amortized cost (Note 2)	3,482,875	4,897,290
Total	\$10,760,523	\$16,499,024
 <u>Financial liabilities</u>		
Financial liabilities at amortized cost:		
Short-term and long-term borrowings	\$11,140,674	\$11,281,733
Accounts payable (including related parties)	7,218,706	11,452,606
Other payables (including related parties)	6,494,142	3,327,637
Lease liabilities	722,970	730,315
Subtotal	25,576,492	26,792,291
 Financial liabilities at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss - current	427,105	56,019
Total	\$26,003,597	\$26,848,310

Note 1 : As of December 31, 2022 and 2021, the financial assets measured at fair value through profit or loss, including accounts receivable, were NT\$4,074,948 thousand and NT\$8,694,391 thousand, respectively. Please refer to Note 6(4) for more details.

Note 2 : Including cash and cash equivalents (excluding cash on hand), trade receivables (including related parties), and other receivables (including related parties).

(2) Financial Risk Management Objectives and Policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD. The information of the sensitivity analysis is as follows:

When NTD appreciates or depreciates against USD by 1%, the profit for the years ended December 31, 2022 and 2021 is decreased/increased by NT\$75,248 thousand and NT\$43,457 thousand, while equity is decreased/increased by NT\$291,503 thousand and NT\$240,774 thousand, respectively.

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
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Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's loans and receivables at variable interest rates, bank borrowings with fixed and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments and bank borrowings with variable interest, and rate swaps. At the reporting date, an increase/decrease of 1% of interest rate in a reporting period could cause the profit for the years ended December 31, 2022 and 2021 to decreased/increased by NT\$157,050 thousand and NT\$112,817 thousand, respectively.

Equity price risk

The fair value of the Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's listed equity securities are classified under financial assets at fair value through profit or loss or financial assets at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, an increase/decrease of 1% in the price of the unlisted equity securities and stock options classified as equity instrument at fair value through profit or loss could cause profit for the year ended December 31, 2022 to decrease/increase by NT\$554 thousand.

For the years ended December 31, 2022 and 2021, an increase/decrease of 1% in the price of the unlisted equity securities classified as equity instrument at fair value through other comprehensive income could have an impact of NT\$30,679 thousand and NT\$27,530 thousand on the equity attributable to the Company, respectively.

(4) Credit Risk Management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for trade receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria, etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of December 31, 2022 and 2021, receivables from top ten customers represented 86% and 89% of the total trade receivables of the Company, respectively. The credit concentration risk of other accounts receivables was insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity Risk Management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments and bank borrowings. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
As of December 31, 2022					
Borrowings	\$8,177,621	\$3,394,602	\$-	\$-	\$11,572,223
Accounts payables (including related parties)	7,218,706	-	-	-	7,218,706
Other payables	6,494,142	-	-	-	6,494,142
Lease liabilities	55,567	70,297	58,491	780,667	965,022

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
As of December 31, 2021					
Borrowings	\$10,294,382	\$-	\$1,000,000	\$-	\$11,294,382
Accounts payables (including related parties)	11,452,606	-	-	-	11,452,606
Other payables	3,327,637	-	-	-	3,327,637
Lease liabilities	61,560	79,463	57,556	777,369	975,948

Derivative Financial liabilities

	Less than 1 year	1 to 3 years	Total
As of December 31, 2022			
Inflows	\$-	\$-	\$-
Outflows	427,105	-	427,105
Net	\$427,105	\$-	\$427,105
As of December 31, 2021			
Inflows	\$-	\$-	\$-
Outflows	56,019	-	56,019
Net	\$56,019	\$-	\$56,019

The table above contains the undiscounted net cash flows of derivative financial liabilities.

(6) Reconciliation of Liabilities Arising from Financing Activities:

Reconciliation of liabilities for the year ended December 31, 2022:

	Short-term borrowings	Other payables -related parties	Lease liabilities	Guarantee deposits received	Long-term borrowings	Total liabilities from financing activities
As of January 1, 2022	\$10,289,763	\$1,332,515	\$730,315	\$1,101	\$991,970	\$13,345,664
Cash flows	(3,025,252)	2,844,965	(51,271)	(242)	2,003,193	1,771,393
Acquisition from						
Business combination						
with subsidiary	881,000	386,823	-	-	-	1,267,823
Additional Leases	-	-	43,926	-	-	43,926
As of December 31, 2022	\$8,145,511	\$4,564,303	\$722,970	\$859	\$2,995,163	\$16,428,806

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

Reconciliation of liabilities for the year December 31, 2021:

	Short-term borrowings	Other payables -related parties	Lease liabilities	Guarantee deposits received	Other liabilities- noncurrent	Long-term borrowings	Total liabilities from financing activities
As of January 1, 2021	\$4,631,133	\$1,770,032	\$754,269	\$1,192	\$12,595	\$-	\$7,169,221
Cash flows	5,658,630	(437,517)	(48,580)	(91)	(12,595)	991,970	6,151,817
Additional Leases	-	-	24,626	-	-	-	24,626
As of December 31, 2021	<u>\$10,289,763</u>	<u>\$1,332,515</u>	<u>\$730,315</u>	<u>\$1,101</u>	<u>\$-</u>	<u>\$991,970</u>	<u>\$13,345,664</u>

Note : The amount of other liabilities-noncurrent does not include credit balance reclassified from investments accounted for using the equity method.

(7) Fair Value of Financial Instruments

A. The methods and assumptions applied in determining the fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- (a) The carrying amount of cash and cash equivalents, trade receivables, short-term borrowings, trade payable and other current liabilities approximate their fair value due to their short maturities.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price at the reporting date.
- (c) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model or other valuation method.
- (d) The fair value of long-term borrowings without active market is determined by using valuation techniques. Therefore, the fair value is estimated using the present value of the expected cash flows. The assumption of interest rate and discount rate mainly is measured by similar financial instruments.

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and liabilities measured at amortized cost approximate their fair value.

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
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C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Company.

(8) Derivative Instruments

The related information for derivative financial instruments not yet settled as follows:

Forward currency contracts and cross currency contracts

The Company entered into forward currency contracts and cross currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to forward currency contracts:

Item (by contract)	Notional Amount	Contract Period
As of December 31, 2022		
Forward currency contract		
Selling forward currency contracts	USD 498,500 thousand	From January 2023 to March 2023
Buying forward currency contracts	USD 742,000 thousand	From January 2023 to April 2023
As of December 31, 2021		
Forward currency contract		
Selling forward currency contracts	USD 435,000 thousand	From January 2022 to April 2022
Buying forward currency contracts	USD 699,500 thousand	From January 2022 to June 2022

(9) Fair Value Measurement Hierarchy

A. Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

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

B. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward currency contract	\$-	\$134,752	\$-	\$134,752
Equity instrument measured at fair value through other comprehensive income				
	-	-	3,067,948	3,067,948

Liabilities measured at fair value:

Financial liabilities at fair value through profit or loss

Forward currency contract	-	427,105	-	427,105
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	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward currency contract	\$-	\$99,026	\$-	\$99,026
Stock option	-	-	55,360	55,360
Equity instrument measured at fair value through other comprehensive income				
	-	-	2,752,957	2,752,957

Liabilities measured at fair value:

Financial liabilities at fair value through profit or loss

Forward currency contract	-	56,019	-	56,019
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CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
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Transfers between the Level 1 and Level 2 during the period

During the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

Change in reconciliation for fair value measurements in Level 3

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets			
	At fair value through profit or loss		At fair value through other comprehensive income	
	Stock option	Convertible bond	Stock	Total
As of January 1, 2022:	\$55,360	\$-	\$2,752,957	\$2,808,317
Total gains and losses recognized for the year ended December 31, 2022:				
Amount recognized in profit or loss (presented in “other profit or loss”)	280	(41,610)	-	(41,330)
Amount recognized in OCI (presented in “unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”)	-	-	(998,839)	(998,839)
Transfers	(55,640)	-	55,640	-
Acquisition	-	41,610	1,211,610	1,253,220
Acquisition from business combination with subsidiary	-	-	45,398	45,398
Tax effect	-	-	1,182	1,182
As of December 31, 2022	\$-	\$-	\$3,067,948	\$3,067,948

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Assets		
	At fair value through profit or loss	At fair value through other comprehensive income	Total
	Stock option	Stock	Total
As of January 1, 2021:	\$56,960	\$1,330	\$58,290
Total gains and losses recognized for the year ended December 31, 2021:			
Amount recognized in profit or loss (presented in “other profit or loss”)	(1,600)	-	(1,600)
Amount recognized in OCI (presented in “unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	-	698,846	698,846
Acquisition	-	2,054,000	2,054,000
Derecognition	-	(1,219)	(1,219)
As of December 31, 2021	\$55,360	\$2,752,957	\$2,808,317

Total gains and losses recognized in profit or loss for the years ended December 31, 2022 and 2021 were in the amount of NT\$41,330 thousand and NT\$1,600 thousand, respectively.

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets :					
At fair value through other comprehensive income					
Stock	Market approach	P/E ratio of similar companies	1.81	The higher the P/E ratio of similar companies is, the higher the fair value estimated	10% increase (decrease) in the P/E ratio of similar companies would result in increase/decrease in equity by NT\$5,297 thousand /NT\$5,297 thousand.

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Asset-based Approach	Not applicable	-	-	-
As of December 31, 2021					
	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets :					
At fair value					
through profit or loss					
Stock option	Market approach	P/E ratio of similar companies	0.43	The higher the P/E ratio of similar companies is, the higher the fair value estimated	10% increase (decrease) in the P/E ratio of similar companies would result in increase/decrease in equity by NT\$6,110 thousand /NT\$6,110 thousand.
At fair value					
through other comprehensive income					
Stock	Asset-based Approach	Not applicable	-	-	-

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's Assets Management Center (AMC) is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. AMC analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

- C. Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value is disclosed: None.

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(10) Significant Assets and Liabilities Denominated in Foreign Currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	December 31, 2022		
	Foreign currencies	Exchange rate	NTD thousand
<u>Financial assets</u>			
Monetary item:			
USD	\$501,238	30.71	\$15,393,011
JPY	16,066	0.2324	3,734
<u>Financial liabilities</u>			
Monetary items:			
USD	\$746,267	30.71	\$22,917,848
Investments accounted for using the equity method:			
USD	\$949,211	30.71	\$29,150,260
GBP	1,233	37.09	45,718
VND	(259,400,374)	0.0013	(337,622)
	December 31, 2021		
	Foreign currencies	Exchange rate	NTD thousand
<u>Financial assets</u>			
Monetary item:			
USD	\$440,617	27.68	\$12,196,279
JPY	3,050	0.2405	734
<u>Financial liabilities</u>			
Monetary items:			
USD	\$597,616	27.68	\$16,542,012
EUR	100	31.32	3,132
GBP	11	37.30	412
Investments accounted for using the equity method:			
USD	\$869,848	27.68	\$24,077,398
EUR	(493)	31.32	(15,427)
GBP	686	37.30	25,578
VND	(68,029,115)	0.0012	(81,359)

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

The Company's entities functional currencies are various, and hence is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gain (loss) was NT\$(1,024,736) thousand and NT\$92,229 thousand for years ended December 31, 2022 and 2021, respectively.

(11) Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(12) Other Items

Due to the impact of the COVID-19 pandemic, local governments of certain subsidiaries are implementing measures such as quarantine, tourism bans, or temporary shutdowns of shops and facilities, and there is no material impact on the Company's sales in 2022.

In response to the impact of the pandemic, the Company took the following actions:

A. Adjust operating strategies

Inspect internal production capacity and conditions of supply chain to manage various resources effectively.

B. Government relief measures

The Company has successively applied to governments for various subsidies such as salaries, working capital, rents, etc.

13. Additional Disclosures

(1) The following are additional disclosures for the Company and its affiliates:

A. Financing provided to others for the year ended December 31, 2022: Please refer to Attachment 1-1.

B. Endorsement/Guarantee provided to others for the year ended December 31, 2022: Please refer to Attachment 1, 1-2.

C. Securities held as of December 31, 2022 (excluding subsidiaries, associates and joint venture): Please refer to Attachment 2, 2-1.

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2022: Please refer to Attachment 9.

E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2022: None.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

- F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2022: None.
- G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2022: Please refer to Attachment 3. 3-1.
- H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of December 31, 2022: Please refer to Attachment 4, 4-1.
- I. Financial instruments and derivative transactions: Please refer to Note 6(2), 6(10), Note 12(1), 12(8) and Attachment 7.

(2) Information on Investees

- A. Relevant information on investees when the investees have significant influence or direct or indirect control. Please refer to Attachments 5, 5-1, 5-2, and 5-3.
- B. When the investees have significant influence or direct or indirect control, the above items from A to I shall be disclosed. Please refer to Attachments 1-1, 1-2, 2-1, 3-1, 4-1 and 9.
- C. Financial instruments and derivative transactions: Please refer to Attachment 7.

(3) Investment in Mainland China

- A. Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, percentage of ownership, investment income (loss), carrying amount of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 6 and 6-1.
- B. Directly or indirectly significant transactions with the investees in Mainland China, please refer to Note 9.

(4) Information on major shareholders

Please refer to Attachment 8.

ATTACHMENT 1 (Endorsement/Guarantee provided to others for the year ended December 31, 2022)
(Amounts in Thousands of New Taiwan Dollars)

No.	Endorsor/guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party	Maximum balance for the period	Ending balance	Actual amount provided	Amount of endorsement/guarantee collateralized by properties	Percentage of accumulated guarantee amount to net worth from the latest financial statements	Limit of total guarantee/endorsement amount	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiary in Mainland China
		Company name	Relationship										
0	Coretronic Corporation	Coretronic Technology (BRVT)	Sub-subsiary	\$ 11,265,546 (Note)	\$ 1,228,400	\$ 1,228,400	\$ -	\$ -	5.45%	\$ 22,531,092 (Note)	Yes	No	No
0	Coretronic Corporation	Coretronic Vietnam	Subsidiary	11,265,546 (Note)	1,179,661	883,220	545,410	-	3.92%	22,531,092 (Note)	Yes	No	No
0	Coretronic Corporation	Coretronic MEMS Corporation	Subsidiary	11,265,546 (Note)	164,000	164,000	4,550	-	0.73%	22,531,092 (Note)	Yes	No	No
0	Coretronic Corporation	Nano Precision Taiwan	Sub-subsiary	11,265,546 (Note)	350,000	350,000	124,268	-	1.55%	22,531,092 (Note)	Yes	No	No
0	Coretronic Corporation	Coretronic Intelligent Robotics Corporation	Subsidiary	11,265,546 (Note)	260,000	260,000	10,027	-	1.15%	22,531,092 (Note)	Yes	No	No
0	Coretronic Corporation	YLG Optotech	Sub-subsiary	11,265,546 (Note)	289,935	276,390	-	-	1.23%	22,531,092 (Note)	Yes	No	Yes
0	Coretronic Corporation	Optoma USA	Sub-subsiary	11,265,546 (Note)	16,108	15,355	15,355	-	0.07%	22,531,092 (Note)	Yes	No	No
0	Coretronic Corporation	Optoma Corporation	Sub-subsiary	11,265,546 (Note)	2,000	2,000	2,000	-	0.01%	22,531,092 (Note)	Yes	No	No
	Total				<u>\$ 3,490,104</u>	<u>\$ 3,179,365</u>							

Note : Based on the procedures of endorsement/guarantee provided to others, the amount of endorsements/guarantees for any single entity shall not exceed 50% of the Company's net worth from the latest financial statements.
Based on the procedures of endorsement/guarantee provided to others, the total amount of endorsements/guarantees shall not exceed 100% of the Company's net worth from the latest financial statements.

ATTACHMENT 1-1 (Financing provided to others for the year ended December 31, 2022)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Lender	Counter-party	Financial statement account	Related party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Limit of financing amount for individual counter-party	Limit of total financing amount
1	Bigehine (HK)	Core-Flex	Trade receivables - related parties	Yes	\$ 120,427	\$ -	\$ -	-%	\$ 236,220	\$ 236,220
1	Bigehine (HK)	Coretronic Investment Limited	Trade receivables - related parties	Yes	341,479	325,526	325,526	1.25%	590,549	590,549
1	Bigehine (HK)	Coretronic Corporation	Trade receivables - related parties	Yes	174,741	-	-	-%	590,549	590,549
2	Great Pride (HK)	Coretronic Investment Limited	Trade receivables - related parties	Yes	979,336	933,584	933,584	1.25%	3,142,428	3,142,428
2	Great Pride (HK)	Coretronic Corporation	Trade receivables - related parties	Yes	94,605	-	-	-%	3,142,428	3,142,428
3	Teepoint	Brightbridge	Trade receivables - related parties	Yes	2,706	-	-	-%	3,989,481	3,989,481
4	Venture Orient	Coretronic Investment Limited	Trade receivables - related parties	Yes	96,645	92,130	92,130	1.25%	651,383	651,383
4	Venture Orient	Coretronic Corporation	Trade receivables - related parties	Yes	115,752	24,568	24,568	-%	651,383	651,383
5	Wisdom Success (HK)	Coretronic Investment Limited	Trade receivables - related parties	Yes	64,430	-	-	-%	7,395,510	7,395,510
5	Wisdom Success (HK)	Coretronic Corporation	Trade receivables - related parties	Yes	605,642	577,348	577,348	-%	7,395,510	7,395,510
6	Wisdom Success	Coretronic Investment Limited	Trade receivables - related parties	Yes	25,772	-	-	-%	11,626,724	11,626,724
6	Wisdom Success	Coretronic Corporation	Trade receivables - related parties	Yes	32,215	30,710	30,710	-%	11,626,724	11,626,724
7	Chung Tsen Investment	Coretronic Intelligent Logistics Solutions Corporation	Trade receivables - related parties	Yes	70,000	70,000	70,000	0.6%	1,026,529	1,026,529
7	Chung Tsen Investment	Coretronic Corporation	Trade receivables - related parties	Yes	366,000	366,000	366,000	0.55%	1,026,529	1,026,529
7	Chung Tsen Investment	Optoma Technology	Trade receivables - related parties	Yes	246,000	-	-	-%	1,026,529	1,026,529
8	Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)	Trade receivables - related parties	Yes	477,970	467,400	467,400	0.5%	5,787,031	5,787,031
9	Young Green Energy	Coretronic MEMS Corporation	Trade receivables - related parties	Yes	70,000	-	-	-%	89,702	89,702
10	Tsen Ming Investment	Coretronic MEMS Corporation	Trade receivables - related parties	Yes	186,000	136,000	136,000	0.55%	186,970	186,970
10	Tsen Ming Investment	Nano Precision Taiwan	Trade receivables - related parties	Yes	50,000	50,000	50,000	0.55%	186,970	186,970
10	Tsen Ming Investment	Optoma Technology	Trade receivables - related parties	Yes	140,000	-	-	-%	186,970	186,970
11	Coretronic (Suzhou)	Coretronic Optotech (Suzhou)	Trade receivables - related parties	Yes	1,852,903	-	-	-%	4,910,132	4,910,132
11	Coretronic (Suzhou)	Coretronic Display (Suzhou)	Trade receivables - related parties	Yes	1,485,120	202,686	202,686	0.5%	4,910,132	4,910,132
11	Coretronic (Suzhou)	Coretronic Optics (Suzhou)	Trade receivables - related parties	Yes	2,247,176	1,243,461	1,243,461	0.5%	4,910,132	4,910,132
12	Dynamic Time	Core-Flex	Trade receivables - related parties	Yes	139,427	132,913	132,913	-%	974,664	974,664
12	Dynamic Time	Great Pride (HK)	Trade receivables - related parties	Yes	869,805	829,170	829,170	-%	2,436,661	2,436,661
12	Dynamic Time	Coretronic Corporation	Trade receivables - related parties	Yes	1,520,548	1,449,512	1,449,512	-%	2,436,661	2,436,661
13	Boom Power Trading Corp.	Coretronic Corporation	Trade receivables - related parties	Yes	116,944	116,944	116,944	-%	135,394	135,394
13	Boom Power Trading Corp.	Coretronic (BVI) Investment	Trade receivables - related parties	Yes	2,180	2,180	2,180	-%	135,394	135,394
14	Nano Display(HK)	Coretronic Corporation	Trade receivables - related parties	Yes	266,700	233,396	233,396	-%	560,123	560,123
15	Young Lighting Limited	Coretronic Corporation	Trade receivables - related parties	Yes	1,639,744	1,563,139	1,563,139	-%	3,323,484	3,323,484
16	Nano Precision (Suzhou)	Coretronic Optics (Suzhou)	Trade receivables - related parties	Yes	300,748	295,432	295,432	0.5%	2,779,477	2,779,477
17	Young Bright Optical (Suzhou)	Coretronic Optics (Suzhou)	Trade receivables - related parties	Yes	260,349	255,747	255,747	0.5%	389,213	389,213
18	Coretronic (Ningbo)	Coretronic Optics (Suzhou)	Trade receivables - related parties	Yes	299,841	299,841	299,841	0.5%	3,572,357	3,572,357
19	Coretronic Display(Suzhou)	Coretronic Corporation	Trade receivables - related parties	Yes	203,874	202,686	202,686	0.5%	481,910	481,910
20	Best Alpha	Young Optics (BD)	Other receivables - related parties	Yes	32,215	30,710	30,710	-%	533,137	533,137

Note a : Limit of financing amount for individual counter-party and total financing amount should not exceed 100% of lender's net worth from the latest financial statements, including Bigehine(HK), Great Pride (HK), Venture Orient, Coretronic Projection (Kunshan), Coretronic (Suzhou), Dynamic Time, Nano Precision (Suzhou), Young Bright Optical (Suzhou), Coretronic (Ningbo) and Boom Power Trading Corp. The above restriction only applies to the foreign subsidiaries whose shares are 100% owned by the Company.

Note b : Limit of financing amount for individual counter-party and total financing amount should not exceed 100% of lender's net worth from the latest financial statements, including Dynamic Time, Boom Power Trading Corp., Nano Display (HK), Wisdom Success (HK), Venture Orient, Wisdom Success and Coretronic Display(Suzhou). The above restriction only applies to the foreign subsidiaries whose shares are 100% owned, directly or indirectly, by the Company.

Note c : Young Lighting Limited provided financing to Coretronic Corporation. Limit of total financing amount for individual counter-party should not exceed 200% of lender's net worth from the latest financial statements, and limit of financing amount should not exceed 200% of the latest financial statements.

Note d : Limit of total financing amount for individual counter-party should not exceed 40% of lender's net worth from the latest financial statements, and limit of financing amount should not exceed 100% of the latest financial statements of lender, including Tsen Ming Investment, Dynamic Time, Chung Tsen Investment.

Note e : Best Alpha provided financing to the foreign subsidiaries whose shares are 100% owned by Young Optics Inc. Limit of total financing amount for individual counter-party should not exceed 40% of Best Alpha's or Young Optics' net worth from the latest financial statements.

ATTACHMENT 1-2 (Endorsement/Guarantee provided to others for the year ended December 31, 2022)
 (Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorsor/ guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party	Maximum balance for the period	Ending balance	Actual amount provided	Amount of endorsement/ guarantee collateralized by properties	Percentage of accumulated guarantee amount to net worth from the latest financial statements	Limit of total guarantee/ endorsement amount	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiary in Mainland China
		Company name	Relationship										
1	Optoma Technology	Optoma Corporation	Associate	\$ 476,551	\$ 2,000 (Note c)	\$ -	\$ -	-	-%	\$ 953,102 (Note a + b)	No	No	No

Note a : Based on the procedures of endorsement/guarantee provided to others, the amount of endorsements/guarantees for any single entity shall not exceed 50% of the Company's net worth from the latest financial statements.

Note b : Based on the procedures of endorsement/guarantee provided to others, the total amount of endorsements/guarantees shall not exceed 100% of the Company's net worth from the latest financial statements.

Note c : Coretronic Corporation absorbed Optoma Technology from July 1, 2022. Therefore, endorsor was changed to Coretronic Corporation.

ATTACHMENT 2 (Securities held as of December 31, 2022)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Held company name	Marketable securities type and name	Relationship with the company	Financial statement account	December 31, 2022				Note
				Shares/Units	Carrying amount	Percentage of ownership (%)	Fair value(Note a)	
Coretronic Corporation	Nightingale Intelligent Systems, Inc.	-	Financial assets at fair value through profit or loss-noncurrent	1,148,617	\$ -	0.84%	\$ -	
Coretronic Corporation	Nanosys Inc.	-	Financial assets at fair value through profit or loss-noncurrent	9,007	(Note b)	0.003%	-	
Coretronic Corporation	Flexenable Limited-preferred shares	-	Financial assets at fair value through other comprehensive income-noncurrent	4,087,335,661	-	16.80%	-	
Coretronic Corporation	Yann Yuan Investment Co., Ltd.	Coretronic Corporation was Yann Yuan Investment's director.	Financial assets at fair value through other comprehensive income-noncurrent	(Note c) 57,000,000	3,014,975	11.06%	3,014,975	
Coretronic Corporation	Liuligongfang	-	Financial assets at fair value through other comprehensive income-noncurrent	242,094	8,497	3.06%	8,497	
Coretronic Corporation	Excel Global	-	Financial assets at fair value through other comprehensive income-noncurrent	812,506	44,476	19.90%	44,476	
Coretronic Corporation	Eterge Opto-Electronics	Coretronic Corporation was Eterge Opto-Electronics' director.	Investments accounted for using the equity method- noncurrent	1,850,000	50,117	18.50%	-	

Note a : The Group measured the fair value of investments in accordance with IFRS 9.

Note b : The impairment loss was recognized as the difference between the recoverable amount of the security and its carrying value.

Note c : Includes the original investment of Flexenable Limited - options which were converted into 2,335,620,378 preferred shares in February 2022, and the increased investment of 1,751,715,283 preferred shares in March 2022 with amount of USD 1,500,000.

ATTACHMENT 2-1 (Securities held as of December 31, 2022)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Held company name	Marketable securities type and name	Relationship with the company	Financial statement account	December 31, 2022				Note
				Shares/Units	Carrying amount	Percentage of ownership (%)	Fair value (Note a)	
Coretronic Venture Capital	GeneJet Biotech	-	Financial assets at fair value through other comprehensive income-noncurrent	315,000	\$ -	5.85%	\$ -	
Coretronic Intelligent Cloud Service Corp.	GateWeb	-	Financial assets at fair value through other comprehensive income-noncurrent	900,000	(Note b) 32,355	18.54%	32,355	
Venture Orient	Unitech Capital	-	Financial assets at fair value through other comprehensive income-noncurrent	2,500,000	USD 1,656,040	5.00%	USD 1,656,040	
Chung Tsen Investment	Shieh Yong Investment	-	Financial assets at fair value through other comprehensive income-noncurrent	98,556,488	743,849	4.47%	743,849	

Note a : The Group measured the fair value of investments in accordance with IFRS 9.

Note b : The impairment loss was recognized as the difference between the recoverable amount of the security and its carrying value.

ATTACHMENT 3 (Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended December 31, 2022)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and Trade receivables (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
Coretronic Corporation	Coretronic (Ningbo)	Sub-subsidiary	Purchases	\$ 1,068,775	1.92%	120 days	-	-	\$ (278,806)	3.86%	
Coretronic Corporation	Optoma Corporation	Sub-subsidiary	Sales	4,998,334	16.35%	90 days	-	-	965,186	13.92%	
Coretronic Corporation	HANNSTAR	Entity with significant influence over the Company	Purchases	148,896	0.27%	90 days	-	-	(35,437)	0.49%	

ATTACHMENT 3-1 (Related party transactions for purchases and sales amounts exceeding the lower of NTS\$100 million or 20 percent of capital stock for the year ended December 31, 2022)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and Trade receivables (payables)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payables)	
Young Optics	Coretronic Projection (Kunshan)	Associate	Sales	\$ 1,339,160	28.47%	90 days	-	-	\$ 63,072	11.01 %	Note
Young Optics	Rays Optics	Associate	Sales	462,507	9.83%	30 days	-	-	121,431	21.20%	
Young Optics (Kunshan)	Young Optics	Associate	Sales	1,872,564	79.01%	90 days	-	-	409,850	83.15 %	
Young Optics (Kunshan)	Young Optics (Suzhou)	Associate	Sales	100,887	4.27%	60 days	-	-	12,640	2.56%	
Young Optics (Kunshan)	Coretronic Optics (Kunshan)	Associate	Sales	362,143	15.30%	90 days	-	-	73,375	14.89 %	
Nano Precision (Suzhou)	Coretronic Display (Suzhou)	Associate	Sales	128,311	12.84%	60 days	-	-	3,178	1.44%	
Nano Precision (Suzhou)	Coretronic Optotech (Suzhou)	Associate	Sales	301,270	30.15%	60 days	-	-	89,715	40.73 %	
Nano Precision (Suzhou)	Coretronic Optics (Suzhou)	Associate	Sales	211,166	21.13%	60 days	-	-	35,326	16.04 %	
Coretronic Projection (Kunshan)	Young Optics (Kunshan)	Associate	Sales	653,255	3.57%	90 days	-	-	32,198	0.79 %	Note
Coretronic Projection (Kunshan)	Optoma China	Associate	Sales	540,811	2.96%	60 days	-	-	188,248	4.60 %	
Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)	Associate	Sales	522,213	2.86%	60 days	-	-	100,127	2.45 %	
Young Optics (BD)	Young Optics	Associate	Sales	184,071	78.27%	30 days	-	-	1,077	100 %	
Coretronic Optotech (Suzhou)	Coretronic Display (Suzhou)	Associate	Sales	266,509	7.12%	60 days	-	-	7,551	0.28 %	
Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	Associate	Sales	8,494,234	99.96%	60 days	-	-	848,174	99.91 %	
Optoma Corporation	Optoma USA	Associate	Sales	1,661,156	27.30%	90 days	-	-	323,571	29.92 %	
Optoma Corporation	Optoma Europe	Associate	Sales	3,404,269	55.95%	90 days	-	-	602,165	55.68 %	

Note : All transactions among Young Optics, Young Optics (Kunshan) and Coretronic Projection (Kunshan) were present as gross amounts, and the percentage of total receivables (payables) were calculated accordingly. Related receivables and payables also included Other payables and Other receivables.

ATTACHMENT 4 (Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of December 31, 2022)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company name	Counter-party	Relationship	Trade receivables - related parties balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for expected credit losses
					Amount	Collection status		
Trade receivables : Coretronic Corporation	Optoma Corporation	Sub-subsiidiary	\$ 965,186	4.76	\$ -	-	\$ -	\$ -

ATTACHMENT 4-1 (Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of December 31, 2022)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company name	Counter-party	Relationship	Trade receivables - related parties balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for expected credit losses
					Amount	Collection status		
Trade receivables :								
Young Optics	Rays Optics	Associate	\$ 121,431	5.48	\$ -	-	\$ -	\$ -
Young Optics (Kunshan)	Young Optics	Associate	409,850	4.17	-	-	-	-
Coretronic Projection (Kunshan)	Optoma China	Associate	188,248	2.43	-	-	-	-
Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)	Associate	100,127	5.46	-	-	-	-
Coretronic (Ningbo)	Coretronic Corporation	Parent	278,805	3.00	-	-	-	-
Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	Associate	848,174	8.54	-	-	-	-
Optoma Corporation	Optoma USA	Associate	323,571	4.90	-	-	-	-
Optoma Corporation	Optoma Europe	Associate	602,165	4.79	-	-	-	-
Other receivables :								
Grace China	Young Optics (BD)	Associate	289,440 (Note)	-	-	-	-	-
Dynamic Time	Coretronic Corporation	Parent	1,449,512	-	-	-	-	-
Dynamic Time	Core-Flex	Associate	132,913	-	-	-	-	-
Dynamic Time	Great Pride (HK)	Associate	829,170	-	-	-	-	-
Coretronic (Suzhou)	Coretronic Display (Suzhou)	Associate	202,803	-	-	-	-	-
Coretronic (Suzhou)	Coretronic Optics (Suzhou)	Associate	1,244,611	-	-	-	-	-
Chung Tsen Investment	Coretronic Corporation	Parent	366,860	-	-	-	-	-
Nano Precision (Suzhou)	Coretronic Optics (Suzhou)	Associate	295,826	-	-	-	-	-
Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)	Associate	471,099	-	-	-	-	-
Boom Power	Coretronic Corporation	Parent	116,944	-	-	-	-	-
Tsen Ming Investment	Coretronic MEMS Corporation	Associate	136,324	-	-	-	-	-
Coretronic (Ningbo)	Coretronic Optics (Suzhou)	Associate	300,052	-	-	-	-	-
Young Bright Optical (Suzhou)	Coretronic Optics (Suzhou)	Associate	256,082	-	-	-	-	-
Nano Display	Coretronic Corporation	Parent	233,396	-	-	-	-	-
Nano Display	Coretronic (Guangzhou)	Associate	262,657	-	-	-	-	-
Great Pride (HK)	Coretronic Investment Limited	Associate	944,638	-	-	-	-	-
Wisdom Success (HK)	Coretronic Corporation	Parent	577,348	-	-	-	-	-
Bigshine (HK)	Coretronic Investment Limited	Associate	329,380	-	-	-	-	-
Young Lighting Limited	Coretronic Corporation	Parent	1,563,139	-	-	-	-	-
YLG Limited	Coretronic (Guangzhou)	Associate	110,236	-	-	-	-	-
Coretronic Display (Suzhou)	Coretronic Corporation	Parent	202,686	-	-	-	-	-

Note : Includes Other receivables.

ATTACHMENT 5 : (Names, locations and related information of investee companies as of December 31, 2022) (Not including investment in Mainland China)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor company	Investee company	Address	Main businesses and products	Initial Investment		Investment as of December 31, 2022			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
Coretronic Corporation	Coretronic (BVI) Investment Corp.	B.V.I.	Holding company	\$1,563,709	\$1,566,475	38,220,000	100.00%	\$6,817,733	\$1,022,541	\$1,022,541	Subsidiary
Coretronic Corporation	Young Optics Inc.	Hsinchu City, Taiwan	Engaged in the production, marketing and R&D of electronic components and optics.	506,416	526,482	37,957,586	33.28%	1,100,133	64,650	22,095	Subsidiary
Coretronic Corporation	Viscorp Limited	B.V.I.	Holding company	467,241	467,241	40,781	100.00%	12,853,241	565,849	565,849	Subsidiary
Coretronic Corporation	Sinolink Global Limited	B.V.I.	Holding company	34,100	34,100	980	100.00%	1,390,192	45,963	45,963	Subsidiary
Coretronic Corporation	Chung Tsen Investment Corp.	New Taipei City, Taiwan	Investing company for strategic purposes	692,696	692,696	127,099,664	100.00%	2,312,556	(7,177)	(7,177)	Subsidiary
Coretronic Corporation	Tecpoint Limited	B.V.I.	Holding company	1,064,802	1,064,802	33,556,599	78.06%	2,713,848	(197,674)	(154,305)	Subsidiary
Coretronic Corporation	Young Green Energy Co., LTD.	Hsinchu County, Taiwan	Engaged in the production, wholesale and retail trade of electronic components, battery, computer and its peripheral devices, and electronic material	214,620	214,620	18,833,220	99.91%	217,673	(5,048)	(5,044)	Subsidiary
Coretronic Corporation	Young Lighting Limited	Samoa	Holding company	118,134	118,134	3,907,000	100.00%	1,682,235	164,274	164,274	Subsidiary
Coretronic Corporation	Coretronic Intelligent Cloud Service Corp.	Hsinchu County, Taiwan	Engaged in intelligent cloud, IT information, intelligent applications of new media and platform development related business of new media.	354,990	354,990	25,000,000	100.00%	284,962	21,448	21,448	Subsidiary
Coretronic Corporation	Coretronic Venture Capital Corp.	New Taipei City, Taiwan	The investment activities of company's business expansion	300,000	300,000	30,000,000	100.00%	306,045	1,520	1,520	Subsidiary
Coretronic Corporation	Champ Vision Display Inc.	Miaoqi County, Taiwan	Engaged in R&D, design, production and marketing of innovative intelligent display products and system integration solution.	144,000	144,000	14,400,000	80.00%	176,443	29,004	23,203	Subsidiary
Coretronic Corporation	uCare Medical Electronics Co., Ltd.	Miaoqi County, Taiwan	Engaged in the R&D, design, production and marketing of intelligent movement and medical care related software and hardware products.	80,000	80,000	8,000,000	60.69%	10,224	(21,105)	(12,809)	Subsidiary
Coretronic Corporation	Calibre UK Limited	U.K.	Engaged in R&D, design, production and marketing of image processing products.	238,841	238,841	52,701,042	100.00%	45,718	20,098	20,098	Subsidiary
Coretronic Corporation	Coretronic Intelligent Robotics Corporation	Hsinchu City, Taiwan	Engaged in R&D, production and marketing of unmanned aerial vehicle and intelligent robotics.	506,263	506,263	18,000,000	100.00%	90,071	(94,342)	(94,342)	Subsidiary
Coretronic Corporation	InnoSpectra Corporation	Hsinchu City, Taiwan	Engaged in R&D and marketing of near-infrared spectrum and corresponding solutions	48,000	48,000	4,800,000	80.00%	10,776	2,223	1,778	Subsidiary
Coretronic Corporation	Coretronic MEMS Corporation	Hsinchu County, Taiwan	Engaged in R&D, production and marketing of MEMS sensor, module and corresponding solutions	389,178	180,000	18,000,000	100.00%	143,524	(106,213)	(106,213)	Subsidiary
Coretronic Corporation	Coretronic Reality Inc.	Hsinchu County, Taiwan	Engaged in R&D, production and marketing of wearable and embedded projector, system, and display solutions.	100,000	100,000	10,000,000	100.00%	18,077	(39,943)	(39,943)	Subsidiary
Coretronic Corporation	Coretronic Vietnam Co., Ltd.	Vietnam	Research and development, manufacturing and sales of optical components such as backlight module, LCD module, LCD TV and panel display.	USD 3,000,000	USD 3,000,000	-	100.00%	(337,622)	(244,183)	(244,183)	Subsidiary
Coretronic Corporation	Coretronic Intelligent Logistics Solutions Corporation	Hsinchu County, Taiwan	System integration and application service solutions for intelligent logistics and smart manufacturing.	170,000	50,000	15,000,000	100.00%	86,127	(76,502)	(76,502)	Subsidiary
Coretronic Corporation	Coretronic Investment Limited	U.K.	Holding company	EUR 100,000	EUR 100,000	100,000	100.00%	507,420	461,718	461,718	Subsidiary
Coretronic Corporation	Dynamic Time Investments Limited	Cayman Islands	Holding company	USD 14,122,230	-	14,856	100.00%	2,426,880	(4,007)	(4,007)	Subsidiary
Coretronic Corporation	Optoma Technology	New Taipei City, Taiwan	Engaged in the production and marketing of data storage and processing equipment, electronic components, optical devices, wireless communications equipment and electronic appliances.	-	518,465	-	-	-	-	-	Subsidiary (Note a)

Note a: Coretronic Corporation absorbed Optoma Technology from July 1, 2022. Ownership of Dynamic Time originally held by Optoma Technology were transferred to Coretronic Corporation as a result of the acquisition.

ATTACHMENT 5-1 : (Names, locations and related information of investee companies as of December 31, 2022) (Not including investment in Mainland China)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor company	Investee company	Address	Main businesses and products	Initial Investment		Investment as of December 31, 2022			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
Coretronic BVI	Greendale	Samoa	Holding company	USD 46,400,000	USD 46,400,000	46,400	100.00 %	USD 222,502,137	USD 33,923,929	(Note a)	Sub-subsi-dary
Visicorp	Wisdom Success	Cayman Islands	Holding company	USD 10,176,000	USD 10,176,000	43,300	100.00 %	USD 348,929,316	USD 18,256,793	(Note a)	Sub-subsi-dary
Visicorp	Bigshine	Samoa	Holding company	USD 3,000,000	USD 3,000,000	3,000	100.00 %	USD 6,799,349	(USD 204,198)	(Note a)	Sub-subsi-dary
Visicorp	Investdragon	Samoa	Holding company	(Note b)	USD 636,000	-	-	-	USD 59	(Note a)	Sub-subsi-dary
Visicorp	Lead Bright	Samoa	Holding company	USD 4,700,000	USD 4,700,000	4,700	100.00 %	USD 31,335,115	USD 1,053,589	(Note a)	Sub-subsi-dary
Visicorp	Elite View	Samoa	Holding company	USD 5,000,400	USD 5,000,400	5,000	100.00 %	USD 18,005,395	USD 392,622	(Note a)	Sub-subsi-dary
Visicorp	Tecpoint	B.V.I.	Holding company	USD 5,204,902	USD 5,204,902	5,204,902	12.11 %	USD 13,706,894	(USD 6,344,372)	(Note a)	Subsidiary
Wisdom Success	Wisdom Success (HK)	HK	Holding company	USD 18,000,000	USD 18,000,000	18,000	100.00 %	USD 219,178,151	USD 14,979,376	(Note a)	Sub-subsi-dary
Wisdom Success	Lead Bright (HK)	HK	Holding company	USD 13,300,000	USD 13,300,000	13,300	73.89 %	USD 88,676,751	USD 4,035,195	(Note a)	Sub-subsi-dary
Wisdom Success	Elite View (HK)	HK	Holding company	USD 7,999,600	USD 7,999,600	8,000	61.54 %	USD 28,810,353	USD 1,020,857	(Note a)	Sub-subsi-dary
Wisdom Success	Bigshine (HK)	HK	Holding company	USD 5,000,000	USD 5,000,000	5,000	62.50 %	USD 11,239,727	(USD 545,363)	(Note a)	Sub-subsi-dary
Coretronic (Suzhou)	Coretronic Technology (HK)	HK	Holding company	USD 78,000,000	USD 1,000,000	78,000,000	100.00 %	RMB 537,175,026	RMB 4,211,907	(Note a)	Sub-subsi-dary
Coretronic Technology (HK)	Coretronic Technology (BRVT) Company	Vietnam	Research and development, manufacturing and sales of optical components such as backlight module, LCD module, LCD TV and panel display in Vietnam	USD 78,000,000	USD 30,000,000	-	100.00 %	USD 77,126,420	USD 581,940	(Note a)	Sub-subsi-dary
Bigshine	Bigshine (HK)	HK	Holding company	USD 3,000,000	USD 3,000,000	3,000	37.50 %	USD 6,743,836	(USD 545,363)	(Note a)	Sub-subsi-dary
Lead Bright	Lead Bright (HK)	HK	Holding company	USD 4,700,000	USD 4,700,000	4,700	26.11 %	USD 31,335,092	USD 4,035,195	(Note a)	Sub-subsi-dary
Elite View	Elite View (HK)	HK	Holding company	USD 5,000,400	USD 5,000,400	5,000	38.46 %	USD 18,005,300	USD 1,020,857	(Note a)	Sub-subsi-dary
Sinolink	Mat Limited	Samoa	Holding company	USD 980,000	USD 980,000	980	100.00 %	USD 45,267,987	USD 1,537,127	(Note a)	Sub-subsi-dary
Tecpoint	Great Pride	Samoa	Holding company	USD 11,800,000	USD 11,800,000	11,800,000	100.00 %	USD 89,035,280	(USD 5,353,946)	(Note a)	Sub-subsi-dary
Tecpoint	Core-Flex	Cayman Islands	Holding company	USD 23,260,000	USD 23,260,000	213,260,000	94.36 %	USD 7,965,724	USD 43,577	(Note a)	Sub-subsi-dary
Tecpoint	Nano Display	HK	Holding company	USD 7,800,000	USD 7,800,000	7,800,000	100.00 %	USD 16,178,456	(USD 1,042,020)	(Note a)	Sub-subsi-dary
Great Pride	Great Pride (HK)	HK	Holding company	USD 11,800,000	USD 11,800,000	11,800	100.00 %	USD 88,996,945	(USD 5,353,964)	(Note a)	Sub-subsi-dary
Nano Precision (Suzhou)	Nano Precision Taiwan	Hsinchu County, Taiwan	Engaged in the production, R&D, marketing and imports/exports of high-end electronic devices' plastic enclosures, frames, and optical component injection	300,000	300,000	30,000,000	100.00 %	(RMB 6,378,238)	(RMB 26,586,236)	(Note a)	Sub-subsi-dary
Chung Tsen Investment	Venture Orient	Samoa	Holding company	USD 5,550,000	USD 5,550,000	5,550	100.00 %	515,361	(27,284)	(Note a)	Sub-subsi-dary

Note a : The share of profits/losses of investee company is not reflected herein, as such amount is already included in the share of profits/losses of the investor company.

Note b : Investdragon has deregistered in November 2022.

ATTACHMENT 5-2 : (Names, locations and related information of investee companies as of December 31, 2022) (Not including investment in Mainland China)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor company	Investee company	Address	Main businesses and products	Initial investment		Investment as of December 31, 2022			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
Chung Tsen Investment	Young Optics	Hsinchu City, Taiwan	Engaged in the production, marketing and R&D of electronic components and optics	\$9,013	\$29,596	666,317	0.58%	\$19,289	\$64,650	(Note a)	Subsidiary
Chung Tsen Investment	TsenMing Investment	New Taipei City, Taiwan	Investing company for strategic purposes	102,000	102,000	32,443,180	100.00%	545,027	(2,923)	(Note a)	Sub-subsidiary
Chung Tsen Investment	Core-Flex	Cayman Islands	Holding company	USD 3,130,000	USD 3,130,000	3,130,000	1.39%	3,604	1,100	(Note a)	Sub-subsidiary
Venture Orient	Tecpoint	B. V. I.	Holding company	USD 4,226,399	USD 4,226,399	4,226,399	9.83%	USD 11,130,073	(USD 6,344,372)	(Note a)	Subsidiary
Tsen Ming Investment	Young Optics	Hsinchu City, Taiwan	Engaged in the production, marketing and R&D of electronic components and optics	-	23,842	-	-	-	64,650	(Note a)	Subsidiary
Tsen Ming Investment	Core-Flex	Cayman Islands	Holding company	USD 1,718,289	USD 1,718,289	8,170,000	3.61%	9,359	1,100	(Note a)	Sub-subsidiary
Young Green Energy	Boom Power	B. V. I.	Holding company	USD 1,000,000	USD 1,000,000	10,000	100.00%	119,090	(USD 212,434)	(Note a)	Sub-subsidiary
Young Lighting Limited	YLG Limited	Samoa	Holding company	USD 3,060,001	USD 3,060,001	6,000,000	100.00%	USD 3,590,630	USD 2,649,531	(Note a)	Sub-subsidiary
Young Lighting Limited	Brightbridge	Samoa	Holding company	(Note b)	USD 1	-	-	-	-	(Note a)	Sub-subsidiary
Young Lighting Limited	Crystal World	Samoa	Holding company	(Note b)	USD 1	-	-	-	-	(Note a)	Sub-subsidiary
Coretronic Intelligent Cloud Service	Coretronic System Engineering Limited	Samoa	Holding company	USD 1,500,000	USD 1,500,000	1,500,000	100.00%	27,769	715	(Note a)	Sub-subsidiary
Coretronic System Engineering Limited	Coretronic System Engineering (HK)	HK	Holding company	USD 1,500,000	USD 1,500,000	1,500,000	100.00%	USD 904,223	USD 23,988	(Note a)	Sub-subsidiary
Coretronic Investment Limited	Optoma Holding Limited	U.K.	Holding company	EUR 40,680,793	EUR 30,630,000	32,620,000	96.21%	USD 60,890,103	USD 11,300,775	(Note a)	Sub-subsidiary

Note a : The share of profits/losses of investee company is not reflected herein, as such amount is already included in the share of profits/losses of the investor company.

Note b : Brightbridge and Crystal World has deregistered by Young Lighting Limited in November 2022.

ATTACHMENT 5 -3 : (Names, locations and related information of investee companies as of December 31, 2022) (Not including investment in Mainland China)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor company	Investee company	Address	Main businesses and products	Initial investment		Investment as of December 31, 2022			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
Dynamic Time	Modern Smart	B.V.I.	Holding company	USD 1,200,000	USD 1,200,000	1,200,000	100.00 %	USD 1,056,441	(USD 133,213)	(Note a)	Sub-subsidiary
Dynamic Time	Optoma (China & HK) Ltd.	HK	Marketing and after-sales service of Optoma in Hong Kong and the Asia-Pacific region	USD 309,546	USD 309,546	2,400,000	100.00 %	USD 303,991	USD 541	(Note a)	Sub-subsidiary
Optoma Holding Limited	Optoma USA	USA	Marketing and after-sales service of Optoma in Americas region	EUR 6,328,202	EUR 6,328,202	825,000	100.00 %	EUR 21,600,515	EUR 8,477,932	(Note a)	Sub-subsidiary
Optoma Holding Limited	Optoma Europe	U.K.	Marketing and after-sales service of Optoma in European region	EUR 24,911,549	EUR 24,911,549	1,200,000	100.00 %	EUR 27,105,041	EUR 5,796,661	(Note a)	Sub-subsidiary
Optoma Holding Limited	Optoma Corporation	New Taipei City, Taiwan	Marketing and after-sales service of Optoma in the Asia-Pacific region	EUR 931,677	EUR 931,677	3,000,000	100.00 %	EUR 6,456,068	EUR 5,469,853	(Note a)	Sub-subsidiary
Optoma Europe	Optoma Deutschland GmbH	Germany	Marketing and after-sales service of Optoma in European region	EUR 958,000	EUR 958,000	-	100.00 %	EUR 1,840,994	EUR 413,189	(Note a)	Sub-subsidiary
Optoma Europe	Optoma France	France	Marketing and after-sales service of Optoma in European region	GBP 67,376	GBP 67,376	-	100.00 %	EUR 1,134,790	EUR 399,739	(Note a)	Sub-subsidiary
Optoma Europe	Optoma Scandinavia. A.S.	Norway	Marketing and after-sales service of Optoma in European region	GBP 8,260	GBP 8,260	100	100.00 %	EUR 147,430	(EUR 10,654)	(Note a)	Sub-subsidiary
Optoma Europe	Optoma Espana, S.L.	Spain	Marketing and after-sales service of Optoma in European region	EUR 103,006	EUR 103,006	5,150,280	100.00 %	EUR 486,825	EUR 105,854	(Note a)	Sub-subsidiary
Optoma Europe	Optoma Benelux B.V.	Netherlands	Marketing and after-sales service of Optoma in European region	EUR 18,000	EUR 18,000	18,000	100.00 %	EUR 625,305	EUR 115,371	(Note a)	Sub-subsidiary
Young Optics	Masterview	B.V.I.	Holding company	USD 6,000,000	USD 6,000,000	6,000,000	100.00 %	1,649,592	(86,770)	(Note a)	Sub-subsidiary
Young Optics	Rays Optics	Hsinchu County, Taiwan	Manufacturing and selling of optics instruments and electronic components	298,140	298,140	9,250,000	92.50 %	125,494	21,842	(Note a)	Sub-subsidiary
Young Optics	Mejiro Genossen	Japan	Researching, developing, manufacturing and selling of optics machines	JPY 161,200,908	JPY 161,200,908	4,950	99.00 %	43,980	8,440	(Note a)	Sub-subsidiary
Masterview	Best Alpha	Samoa	Holding company	USD 1,000,000	USD 1,000,000	1,000,000	100.00 %	USD 16,818,680	(USD 58,787)	(Note a)	Sub-subsidiary
Masterview	Grace China	Cayman Islands	Holding company	USD 8,156,458	USD 8,156,458	8,156,458	100.00 %	USD 37,733,226	(USD 1,210,420)	(Note a)	Sub-subsidiary
Masterview	Young Optics (BD) LTD.	Bengal	Manufacturing of optics components	USD 12,000,000	USD 12,000,000	10,089,436	80.00 %	(USD 866,231)	(USD 2,197,147)	(Note a)	Sub-subsidiary
Masterview	Young Optics Europe GmbH	Germany	Manufacturing and selling of 3D printer	(Note b) (Note c)	EUR 18,750	-	-	-	-	-	Sub-subsidiary
Grace China	Young Optics (BD) LTD.	Bengal	Manufacturing of optics components	USD 3,000,000	USD 3,000,000	2,479,960	20.00 %	(USD 216,558)	(USD 2,197,147)	(Note a)	Sub-subsidiary

Note a : The share of profits/losses of investee company is not reflected herein, as such amount is already included in the share of profits/losses of the investor company.

Note b : Young Optics (BD) has completed the capital increase process in March 2022.

Note c : The Group has disposed investments of Young Optics Europe GmbH and completed registration in the first half year of 2022.

ATTACHMENT 6 : Investment in Mainland China as of December 31, 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized	Carrying value as of December 31, 2022	Accumulated inward remittance of earnings as of December 31, 2022
				Outflow	Inflow						
Coretronic Projection (Kunshan)	Digital projectors, LCD monitors and related components of the research and development, processing, manufacturing and sales of the company's products and engaged in after-sales maintenance services	\$ 1,525,064 (USD 46,000,000)	Indirect investment from the third region (Greenale)	\$ 1,525,064 (USD 46,000,000)	-	\$ 1,525,064 (USD 46,000,000)	1,009,278	100.00%	1,009,278	6,802,494	\$ 428,855 (USD 14,065,436) (Note a and Note e)
Technology Service (Kunshan)	LCD monitor maintenance and technical services	13,259 (USD 400,000)	Indirect investment from the third region (Greenale)	13,259 (USD 400,000)	-	13,259 (USD 400,000)	3,113	100.00%	3,113	30,655	-
BoomPower Electronics (Suzhou)	Research and development, production and sales of cold cathode tube drive and related products	USD 1,000,000	Indirect investment from the Mainland China subsidiary (Coretronic Projection (Kunshan))	USD 1,000,000	-	USD 1,000,000	3,937	100.00%	3,937	50,818	-
Coretronic Optics (Kunshan)	Production and sales of projector module products and spectrometer	RMB 42,000,000	Indirect investment from the Mainland China subsidiary (Coretronic Projection (Kunshan))	-	-	-	270,057	100.00%	270,057	780,748	-
Winax (Kunshan)	Design, research and development and production of projectors, sales of the company's own products and provide after-sales maintenance services for self-produced and non-self-produced products	62,252 (USD 1,800,000)	Indirect investment from the third region (Mat Limited)	62,252 (USD 1,800,000)	-	62,252 (USD 1,800,000)	45,870	100.00%	45,870	1,381,549	-
Coretronic (Suzhou)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	89,157 (USD 2,000,000)	Indirect investment from the third region (WisdomSuccess HK)	271,297 (USD 8,000,000)	-	271,297 (USD 8,000,000)	46,991	100.00%	46,991	4,490,074	-
Coretronic Optics (Suzhou)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	USD 10,000,000	Indirect investment from the third region (WisdomSuccess HK)	-	-	-	141,972	100.00%	141,972	187,316	-
Coretronic Optotech (Suzhou)	Research and development, manufacturing and processing optical components such as backlight module, LCD module, LCD TV and panel display. Sales of the company's own products and after-sales maintenance services	390,000 (USD 12,000,000)	Indirect investment from the third region (WisdomSuccess HK)	-	-	-	245,670	100.00%	245,670	1,472,532	-
Coretronic (Shanghai)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	257,829 (USD 8,000,000)	Indirect investment from the third region (Bigline HK)	95,254 (USD 3,000,000)	-	95,254 (USD 3,000,000)	(19,873)	100.00%	(19,873)	222,482	81,790 (USD 2,800,000) (Note a, Note d and Note j)
Coretronic Display (Suzhou)	Research and development, manufacturing panel module and related components of the business, sales of the company's own products and provide related after-sales maintenance services	1,547,564 (USD 51,738,000)	Indirect investment from the Mainland China subsidiary (Coretronic Optics (Suzhou))	88,972 (USD 2,967,283)	-	88,972 (USD 2,967,283)	84,261	100.00%	84,261	567,291	-
Coretronic (Ningbo)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	630,030 (USD 20,000,000)	Indirect investment from the third region (Leai Bright HK)	151,490 (USD 4,700,000)	-	151,490 (USD 4,700,000)	119,013	100.00%	119,013	3,685,393	139,630 (USD 4,619,805) (Note a and Note j)
Young Bright Optical (Suzhou)	Research and development, processing, manufacturing backlight optical film products	1,178,240 (USD 36,000,000)	Indirect investment from the third region (Core-Plus)	759,827 (USD 23,260,000)	-	759,827 (USD 23,260,000)	1,100	100.00%	1,100	392,131	-
Nano Precision (Suzhou)	Manufacture and sales of acrylic panels and light guide plate	426,839 (USD 13,300,000)	Indirect investment from the third region (Great Pride HK)	330,478 (USD 10,392,880)	-	330,478 (USD 10,392,880)	(177,821)	100.00%	(177,821)	2,617,205	85,228 (USD 2,795,270) (Note a and Note e)
Coretronic (Guangzhou)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	417,380 (USD 13,000,000)	Indirect investment from the third region (Elite View HK)	29,020 (USD 1,000,000)	-	29,020 (USD 1,000,000)	30,435	100.00%	30,435	1,432,795	-
Nano Display (Guangzhou)	Research and development, processing, manufacture of liquid crystal display light guide plate, sales of the company's products and provide related services	238,740 (USD 7,800,000)	Indirect investment from the third region (Coretronic (Guangzhou))	9,820 (RMB 308,797)	-	9,820 (RMB 308,797)	(7,825)	100.00%	(7,825)	249,866	-
YLG Optotech	Research and development, processing, manufacturing display components, sales of the company's products and provide related services	USD 3,060,000	Indirect investment from the third region (Coretronic (Guangzhou))	USD 3,060,000	-	USD 3,060,000	84,650	100.00%	84,650	108,823	-
Coretronic System Engineering (Shanghai)	Connector in intelligent building engineering and provide related services to customers	USD 1,300,000	Indirect investment from the third region (Coretronic System Engineering HK)	USD 1,300,000	-	USD 1,300,000	715	100.00%	715	27,769	-
Optoma China	Marketing and after-sales service of Optoma's technology products in Mainland China	USD 3,000,000	Indirect investment from the third region (Modern Smart)	USD 1,200,000	-	USD 1,200,000	(1,998)	96.21%	(11,543)	79,012	-
Coretronic Robotics (Kunshan)	Provide intelligent solutions for warehousing and manufacturing	RMB 12,000,000	Indirect investment from the third region (Coretronic Projection (Kunshan) and Coretronic (Suzhou))	-	-	-	727	100.00%	727	53,635	-

Accumulated investment in Mainland China as of December 31, 2022 (Note a, b)	Investment amounts authorized by Investment Commission, MOEA (Note b, Note i)	Upper limit on investment
\$2,433,349 (USD 77,191,338)	\$2,149,269 (USD 77,191,338)	\$13,637,727

Note a : To use historical currency rates.

Note b : The investment amounts in Flying Success and Coretronic (Nanjing) has not been remitted to Coretronic Corporation in the event of liquidation in December 2012 and June 2018, and related registration processes for Investment Commission, MOEA were not applicable.

Note c : Greenale Investments Limited received cash dividends amounting to USD 14,065,436.4 from Coretronic Projection (Kunshan) from 2006 to 2007 and had remitted those back to Coretronic Corporation.

Note d : Bigline (HK) Limited received cash dividends amounting to USD 8,735,525.72 for distribution profits from Coretronic (Shanghai) in 2006 and had remitted it back USD 1,000,000 to Coretronic Corporation.

Note e : Teipoint received USD 2,795,270 in 2019 from Nano Precision (Suzhou), which was from the liquidation of Nano Precision (Nanjing) in 2006. Teipoint had remitted it back to Coretronic Corporation.

Note f : Great Pride (HK) Investments Limited received cash dividends amounting to USD 3,563,645 for distribution profits from Nano Display (Suzhou) in 2018 and had remitted USD 3,215,142 back to Coretronic Corporation.

Note g : Nano Precision Investments Limited received cash dividends amounting to USD 2,290,604 for distribution profits from Nano Precision (Nanjing) in 2018 and had remitted USD 2,065,438 back to Coretronic Corporation.

Note h : The dissolution of Nano Display (Suzhou) and its merger with Coretronic (Suzhou) were approved by regulatory authority in August 2019.

Note i : Includes the investment of USD 2,966,301 from Nano Precision (Nanjing) which was liquidated in April 2019. The investment amount cancellation was approved by MOEA.

Note j : In 2020, Viscorp received cash dividends amounting to USD 1,800,000 and USD 4,619,805 from Coretronic (Shanghai) and Coretronic (Ningbo), respectively, and had remitted totally USD 6,419,805 to Coretronic Corporation.

Besides, the rest of the capital of Nano Precision (Nanjing) amounting to USD 460,098 and the income from the liquidation of Coretronic (Nanjing) amounting to USD 490,094 had been remitted back to Coretronic Corporation.

Therefore, Coretronic Corporation has applied for the cancellation for investment in the amount of USD 7,369,997 in China, which was approved by MOEA.

Note k : Young Lighting Limited acquired 49% of shares of YLG Limited in December 2020. The ownership percentage of YLG Optotech was increased to 100%.

Note l : To use the currency rate 1 USD = 30.71 NTD as of December 31, 2022.

ATTACHMENT 6-1 (Investment in Mainland China as of December 31, 2022)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Tawain as of January 1, 2022	Investment flows		Accumulated outflow of investment from Tawain as of December 31, 2022	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note a)	Carrying value as of December 31, 2022 (Note a)	Accumulated inward remittance of earnings as of December 31, 2022
					Outflow	Inflow						
Young Optics (Kunshan)	Researching and developing, manufacturing of optics engine and related optics electronic equipment	\$440,619 (USD 12,200,000) (Note d, e and m)	Indirect investment from the third region (Best Alpha and Grace China)	\$164,450 (USD 5,000,000)	\$-	\$-	\$164,450 (USD 5,000,000)	\$(31,490) (-USD 1,079,465)	100.00%	\$(31,490) (-USD 1,079,465)	\$967,903 (USD 31,517,535)	\$74,505 (USD 2,457,289) (Note b and Note j-Note k)
Young Optics (Suzhou)	Researching and developing, manufacturing of optics engine and related optics electronic equipment	33,951 (USD 1,000,000)	Indirect investment from the third region (Best Alpha)	33,951 (USD 1,000,000)	-	-	33,951 (USD 1,000,000)	5,486 (USD 200,320)	100.00%	5,486 (USD 200,320)	246,350 (USD 8,021,803)	1,328,957 (USD 31,295,415 and RMB 80,635,502) (Note b, Note f-Note i and Note l)

Accumulated investment in Mainland China as of December 31, 2022 (Note b)	Investment amounts authorized by Investment Commission, MOEA (Note b)	Upper limit on investment
\$198,401 (USD 6,000,000)	\$233,101 (USD 7,020,000)	Note c

Note a : The investments were fully consolidated in accordance with the Regulations.

Note b : To use historical currency rates.

Note c : Young Optics Company has obtained the certificate of being qualified for operating headquarters issued by Industrial Development Bureau, MOEA in June 2018; therefore the upper limit on investment in mainland China pursuant to "Principle of Investment or Technical Cooperation in Mainland China" is not applicable.

Note d : Young Optics (Kunshan) invested USD 9,800,000 through capitalization of earnings in 2007. Best Alpha Investments Limited invested USD 2,300,000.

Note e : Young Optics (Kunshan) invested USD 1,300,000 through capitalization of earnings in April 2009. Grace China Investments Limited invested USD 824,850. Best Alpha Investments Limited invested USD 2,975,150.

Note f : Best Alpha Investments Limited received cash dividends amounting to USD 20,235,299 for distribution profits from Young Optics (Suzhou) in 2011 and had remitted it back to Young Optics.

Note g : Best Alpha Investments Limited received cash dividends amounting to RMB 27,691,452 and USD 4,509,641 for distribution profits from Young Optics (Suzhou) in 2014. The RMB 24,922,307 of them had been remitted back to Young Optics.

Note h : Best Alpha Investments Limited received cash dividends amounting to RMB 52,944,050 for distribution profits from Young Optics (Suzhou) in 2015 and had remitted it back to Young Optics.

Note i : Best Alpha Investments Limited received cash dividends amounting to USD 4,528,402 for distribution profits from Young Optics (Suzhou) in 2017 and had remitted it back to Young Optics.

Note j : Best Alpha Investments Limited received cash dividends amounting to USD 603,264 for distribution profits from Young Optics (Kunshan) in 2017 and had remitted it back to Young Optics.

Note k : Grace China Investments Limited received cash dividends amounting to USD 1,854,025 for distribution profits from Young Optics (Kunshan) in 2017 and had remitted it back to Young Optics.

Note l : Best Alpha Investments Limited received cash dividends amounting to USD 6,531,714 for distribution profits from Young Optics (Suzhou) in 2018 and had remitted it back to Young Optics.

Note m : Young Optics (Kunshan) conducted capital reduction amounting to USD 10,000,000 in December 2020.

ATTACHMENT 7 (Financial instrument and derivative transaction as of December 31, 2022)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investment company	Financial statement account	Financial product	Type	Contract expiry date	Contract amount	Book value	Fair value	Note
Coretronic Corporation	Financial assets (liabilities) at fair value through profit or loss - current	Forward foreign exchange contract	Selling USD	From January, 2023 to March, 2023	USD 498,500,000	\$ 4,049	\$ 4,049	Note a
Coretronic Corporation	Financial assets (liabilities) at fair value through profit or loss - current	Forward foreign exchange contract	Buying USD	From January, 2023 to April, 2023	USD 742,000,000	(296,402)	(296,402)	Note a
Coretronic Investment Limited	Hedging financial assets (liabilities) - current	Forward foreign exchange contract	Selling EUR	January, 2023	EUR 27,000,000	(1,483)	(1,483)	Note b
Champ Vision Display	Financial assets (liabilities) at fair value through profit or loss - current	Forward foreign exchange contract	Selling USD	January, 2023	USD 4,000,000	(531)	(531)	Note c
Nano Precision (Suzhou)	Financial assets (liabilities) at fair value through profit or loss - current	Forward foreign exchange contract	Selling USD	From January, 2023 to February, 2023	USD 2,000,000	217	217	Note e
Coretronic Projection (Kunshan)	Financial assets (liabilities) at fair value through profit or loss - current	Forward foreign exchange contract	Selling USD	From January, 2023 to February, 2023	USD 34,000,000	9,803	9,803	Note f
Coretronic Display (Suzhou)	Financial assets (liabilities) at fair value through profit or loss - current	Forward foreign exchange contract	Selling USD	January, 2023	USD 4,000,000	5,151	5,151	Note h
Coretronic Optotech (Suzhou)	Financial assets (liabilities) at fair value through profit or loss - current	Forward foreign exchange contract	Selling USD	From January, 2023 to March, 2023	USD 9,000,000	4,474	4,474	Note i
Coretronic Optics (Suzhou)	Financial assets (liabilities) at fair value through profit or loss - current	Forward foreign exchange contract	Selling USD	From January, 2023 to March, 2023	USD 17,000,000	138	138	Note j
Optoma Europe	Financial assets (liabilities) at fair value through profit or loss - current	Forward foreign exchange contract	Buying USD	From January, 2023 to March, 2023	USD 13,500,000	(21,799)	(21,799)	Note k
Optoma USA	Financial assets (liabilities) at fair value through profit or loss - current	Forward foreign exchange contract	Buying USD	From January, 2023 to March, 2023	CAD 1,500,000	(443)	(443)	Note l
Young Optics (Kunshan)	Financial assets (liabilities) at fair value through profit or loss - current	Forward foreign exchange contract	Selling USD	March, 2023	USD 2,000,000	196	196	Note m

Note a : Coretronic Corporation entered into forward foreign exchange contracts and realized a profit amounting to NT\$1,993,786 thousands for the year ended December 31, 2022.

Note b : Coretronic Investment Limited entered into forward foreign exchange contracts and realized a profit amounting to NT\$87,454 thousands for the year ended December 31, 2022.

Note c : Champ Vision Display entered into forward foreign exchange contracts and realized a loss amounting to NT\$3,742 thousands for the year ended December 31, 2022.

Note d : Nano Precision Taiwan entered into forward foreign exchange contracts and realized a loss amounting to NT\$643 thousands for the year ended December 31, 2022.

Note e : Nano Precision (Suzhou) entered into forward foreign exchange contracts and realized a loss amounting to NT\$19,769 thousands for the year ended December 31, 2022.

Note f : Coretronic Projection (Kunshan) entered into forward foreign exchange contracts and realized a profit amounting to NT\$14,373 thousands for the year ended December 31, 2022.

Note g : Coretronic (Ningbo) entered into forward foreign exchange contracts and realized a loss amounting to NT\$1,242 thousands for the year ended December 31, 2022.

Note h : Coretronic Display (Suzhou) entered into forward foreign exchange contracts and realized a profit amounting to NT\$2,705 thousands for the year ended December 31, 2022.

Note i : Coretronic Optotech (Suzhou) entered into forward foreign exchange contract and realized a loss amounting to NT\$17,392 thousands for the year ended December 31, 2022.

Note j : Coretronic Optics (Suzhou) entered into forward foreign exchange contracts and realized a loss amounting to NT\$7,131 thousands for the year ended December 31, 2022.

Note k : Optoma Europe entered into forward foreign exchange contracts and realized a profit amounting to NT\$52,093 thousands for the year ended December 31, 2022.

Note l : Optoma USA entered into forward foreign exchange contracts and realized a profit amounting to NT\$2,418 thousands for the year ended December 31, 2022.

Note m : Young Optics (Kunshan) entered into forward foreign exchange contracts and realized a loss amounting to NT\$4,779 thousands for the year ended December 31, 2022.

ATTACHMENT 8 (The information of Major shareholder as of December 31, 2022)

Name	Number of shares (Units/shares)	Percentage of ownership (%)
Yann Yuan Investment Co., Ltd.	32,825,000	8.39%
Taiwei Advanced Technology Co., Ltd.	44,807,196	11.46%

ATTACHMENT 9 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2022.)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee company	Marketable securities type and name	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal			December 31, 2022		
					Units / shares	Amount (Note b)	Units / shares	Amount	Units / shares	Selling Price	Carrying amount	Gain (Loss) from disposal (Note c)	Units / shares (Note a)	Amount (Note b)
Coretronic Corporation	Yann Yuan Investment Co., Ltd.	Financial assets at fair value through other comprehensive income-noncurrent	-	-	13,000,000	\$ 2,752,957	18,000,000	\$ 1,170,000	-	\$ -	\$ -	\$ -	57,000,000	\$ 3,014,975
Young Optics (Kunshan)	Structured Deposits	Financial assets at amortised cost-current	Kunshan Rural Commercial bank	-	-	-	RMB 130,000,000	-	-	-	RMB 130,000,000	RMB 944,405	-	-
Young Optics (Kunshan)	Structured Deposits	Financial assets at amortised cost-current	China CITIC Bank	-	-	-	RMB 120,000,000	-	-	-	RMB 120,000,000	RMB 741,544	-	-
Young Optics (Suzhou)	Structured Deposits	Financial assets at amortised cost-current	Kunshan Rural Commercial bank	-	-	-	RMB 130,000,000	-	-	-	RMB 130,000,000	RMB 943,215	-	-

Note a : The number of shares of Yanyuan Investment at the end of the period includes stock dividends of 26,000,000 shares for 2021.

Note b : Equity instruments investments measured at fair value through other comprehensive income include unrealised valuation gains or losses on investments measured through other comprehensive profit or loss.

Note c : To be recognized in interest income.



Coretronic Corporation

Chairman : Wade Chang