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2020

Annual Report

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One. Letter to the Shareholders

Dear Shareholders,

I. Introduction

For the fiscal year of 2020, Coretronic reported a consolidated sales revenue of NT\$42,438 million, drop 12.9% YoY. Consolidated operating income totaled NT\$692 million with a pre-tax income of NT\$1,837 million. Net income was reported at NT\$1,395 million. Net income attributable to equity holders of the parent Company was NT\$1,560 million, up 35% YoY, and the EPS in 2020 was NT\$3.59.

II. Business Report for 2020

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

Product	2019	2020	Difference
Energy Saving Products (unit/pc)	41,753,561	45,723,717	9.51%
Visual Solutions Products (unit)	954,532	779,195	(18.37%)

(II) Budget Execution: The Company was not required to publish financial forecasts for FY2020.

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

Item		Fiscal Year	
		2019	2020
Financial structure	Liabilities to assets ratio (%)	52.25	47.25
	Long-term capital to property, plant and equipment ratio (%)	335.94	350.31
Solvency	Liquidity ratio (%)	163.28	180.04
	Current ratio (%)	135.66	152.86
	Interest coverage ratio	5.90	10.47
Profitability	Return on assets (%)	2.94	3.55
	Return on equity (%)	5.29	7.05
	Net income before tax to paid-up capital ratio (%)	39.18	42.28
	Net margin (%)	2.38	3.29
	Earnings per share (dollar) / average weighted number of outstanding shares	2.65	3.59

(IV) Research and Development Status

Reflecting to 2020, in response to the ultra-thin, narrow bezel, high-resolution,

and energy-saving displays on the market, we continued to develop its core technology of light guide plates, display technology, and system integration technology to enhance product competency. In injection-molded light guide plates, Coretronic introduced the new IML & MML light guide plates combined with special optical components to further enhance efficiency at least 40% higher than traditional Laser pattern optimize LGP. In hot embossing LGP, after overcoming process difficulties through constant technological advancement, Coretronic successfully developed the PC/PMMA RS-IML & CML in a composite microstructure with the same efficiency as the PMMA IML LGPs. This technology features low internal stress, no need for mold, and high capacity, while the thickness reduced to below 0.3T, suitable for ultra-narrow bezel slim display. Looking forward to the energy-saving requirements of Energy star 8.0 in monitor displays, it has made active deployment in high energy-efficient LGPs of 27 " or below, which are 10-15% more efficient than existing products.

In the development of HDR, we started the mass production of backlight modules with 1D Local Dimming and scanning functions for use on narrow-bezel gaming laptops and FPDs. In response to the demand for 2D local dimming, Coretronic introduced the local dimming technology for 512- 4608 zones with optical density (OD) of $\approx 0\text{mm} - 7\text{mm}$ through constant development with optical knowhow. Alongside with the special diffuser printing technology, it launched monitors that are slim and cost-effective. In mini-LED backlight modules (BLM), it engaged in collaborative development with many customers, as well as integrate with the specially developed optical alignment light panel splicing and special structure diffuser plate & printing technologies so as to improve optical quality, picture quality, and production stability.

In addition, we developed the fifth-generation switchable e-privacy display technology that supports lower power consumption and better privacy performance with core LGP, BLM, and special film technologies. It allows users to dynamically switch to the appropriate viewing angle in different scenarios to overcome the contrast reduction and inconveniences caused by using add-on privacy filters on traditional displays. At present, more and more models are in continuous mass production and development. In response to the sixth generation's demand for lighter and slimmer modules with better privacy protection, we have proactively engaged in development and deployment and won credits from many customers for our proof of concept (PoC) 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 with potential

customers. To cope with the trend towards large-size, high-brightness, and high-contrast automotive display, we have successfully developed a 2D LCD display featuring one-piece optical lens equipped with small package LEDs, a 3mm OD, and dynamic dimming function. Collaborative development with customers has also begun. In semi-system integration, it smoothly won orders from global customers with the integrated technology covering open cell, LGP, touch module, and assembly and production integration business model. Based on these advantages, the Company also integrated the open cell in privacy display technology to in-house splitting and polarizer to form an integrated process from front-end to LCM assembly.

In the signage sector, we have developed the outdoor Kiosk touch display system with ultra-high brightness, IP65 water and dust proof rating, and sensors to achieve instant operation surveillance and archive data in the cloud. Such signage displays have been installed in Taipei and Kaohsiung public areas, projects cooperation with Taiwan local partners. The retail solution composed by adding build-in AI recognition assist retailers to accomplish precise marketing plan. The overseas market demand for outdoor Kiosk display is soaring progressively, the development of our new product has been completed, and under testing by the customers, planned to launch next year. 2020 2H PoC in Taipei City Mall, underground street market at Taipei Main Station, capturing the customer foot traffic flow by using the camera in the market field, to become basis of business operation plan.

We also developed software “RISE.cm” for the broadcast, editing, plug-and-play, and cloud management of contents for advertising companies. In medical display, we have developed large-size surgical displays that support multi-signal source inputs. The unification of the image information on the screen provides the patient’s physiological and medical information for surgeons to get a comprehensive, quick review on monitors. We also mass-produced the AIO display for medical equipment by integrating PC and software to the display. This year, working with AI medical startup to provide accurate diagnosis for surgeons by adopting image captures and AI image spectrum analysis on larger sized medical AIO.

In the e-Sports sector, we achieved seamless tiled display using 2-3 monitors with special optical components to deliver the surround effect for gamers. We have also collaborated mass production with world-leading brands. Lighting features on the personal computers by applying the advantage of the optical design and manufacturing technology, accompany with software and sound control to show many eye-catching parts on various 3C peripherals. We will continue to deepen our core technical competencies in display to provide customers with fast,

low-cost, high-quality, and comprehensive semi-system and system products to create higher value for Coretronic.

For Visual Solution Products, solid state light source implementation is still on going in the projector world. Coretronic keeps solid state light source technology-based product portfolio as the major shipment and that has been last leading position. World latest pure RGB laser-based projector, Coretronic had kicked it off go mass-production delivery since 2020. It has also established a technical benchmark for adequate color gamut image in the market. Upon enterprise and education market, we improve both image quality and extend smart features for the field applications, and that upgrades end user experience and trust.

To contribute to the sustainable earth, the power supply design adopts analog with digital technology, and the laser driver also fully introduces accurate current detection technology to strengthen the safety of the projector. Besides, the digital simulation technology is widely used to improve the design quality. All these efforts we present a new generation of low-power consumption and safe projection products.

To continually pursue much smaller, more noiseless and lower temperature projectors, apart from enhancing material researching and thermal technology development (thermal modules, water cooling systems and cooling fans). We engaged in the R&D of vibration and noise reduction to reduce overall projector noise. Moreover, we developed the capacity in heat flow simulation for components and systems to enhance efficiency and reduce costs. Besides, to increase projector life span and reliability, the component temperature control system is implemented in all projectors.

The improvement of phosphor wheel excitation efficiency is based on the inorganic glue formula of fluorescent excitation layer & diffuse reflection layer which provides higher heat resistance, thermal conductivity and light transmittance. The development of wheel disk's material & surface treatment also raises the phosphor wheel's heat resistance and reliability. Therefore, the high-end laser projector sustains harsh operating conditions and projects bright images.

In order to meet different field application needs, the development of multiple solid-state light source modules is committed to improving the cost-effectiveness of key components and modules and raising the threshold of solid-state light source technology to ensure the leading position of 1DLP projectors. The future key development topic will focus on high efficiency Solid-state light source module, high contrast, wide color gamut, to meet the needs of large-screen high brightness, high resolution applications.

Due to the rapid growth of small pixel-pitch LED displays, the high-quality All-in-One LED display products gained their reputations and were installed in

high-end corporate meeting room, command center in government institution and renowned international bank in 2020. In the second half of 2020, the 163-inch all-in-one smart LED display won the 2020 Taiwan Digital Signage innovative product award again, and also won the Taiwan Excellence Award at the end of the year, successfully demonstrating the innovation and technological breakthrough of Coretronic Corporation in LED display products. In terms of product development, we continue to develop new generation All-in-one LED display products. In the first quarter of 2021, we will have mass produced 163-inch 4K model, 130-inch common-cathode driving model, and 130-inch and 163-inch entry-level models which featured power saving, low temperature, excellent grayscale performance, wide color gamut and higher contrast. The development of the new generation products will help to construct a versatile product range and enhance future growth momentum.

Due to the impact of Covid19, most client field verification is limited, and the commercialization schedule is delayed. However, we continue to develop the “NIR Quick Screening” market with the advantages of cost-effectiveness, compact size and mobility, focusing on Fast-growing applications such as Falsifide Drug Screening/Petrochemical online testing/Precision Agriculture applications/Dairy quality testing, etc., continue to expand new applications with global partners. In addition to continuing to develop new hardware products, we also strengthen modeling capabilities. In order to provide customers with complete application solutions. New modeling services can not only increase profit sources, but also assist customers in quickly assessing application feasibility, speeding up secondary development, in order to facilitate the commercialization process and promote platform business models.”

In drone solutions, we successfully developed the intelligent security and facility inspection drone solution by integrating core technologies including fleet management, the robotic operating system (ROS), autonomous closed source flight control, and artificial intelligence (AI). We also expanded the business model from ODM to solution integration and service application to develop innovative technologies including AI detection, identification, dynamic obstacle avoidance, and 5G data transmission with autonomous drone (+AI). In addition, mass production and shipping of the security drone hardware platform developed in collaboration with strategic partners in Silicon Valley have begun, with the top 500 US enterprises as target customers. Shipping for contracts from Japan and Malaysia has also begun, mainly focus on the application for inspection and smart logistics. Domestically, with the subsidization from the “Smart City Taiwan” of the Ministry of Economic Affairs, we initiated the POC and investigated the business model of the smart security drone. The latest achievements in 2H 2020 include: built up the first 5G compatible drone with Chunghwa Telecom, and setup the first

police drone patrol team with New Taipei City Police Station.

In addition, we successfully entered the smart signage, smart retail and smart healthcare industries by integrating our innovative visual solutions and products with core technologies including AI, deep learning, computer vision, data science, IoT, and cloud computing. In 2020, CiCS has successfully conducted solution into Taiwan largest elevator signage operator, and deployed solutions in 20,000 elevators. In smart retail, we have developed exclusively solutions including the recommendation system, 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 smart healthcare, we have successfully introduced the technology and solutions of the immersive motion platform to fitness center chains in Asia Pacific. Through collaboration with fitness centers, we have increased the adoption of the immersive motion solution. 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 and further the business model.

III. Summary of Business Plan in 2021

(I) Looking forward to 2021, 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 Strengthen partnership with strategic suppliers and quality customers to secure competitiveness and enhance global market share.
- 3 Cultivating core technologies and key components to provide innovative display systems and total solutions through integration and application of optical/mechanical/electrical/ thermal/software solutions and system design.
- 4 Focus on high value-added products and multiple visual solutions, cultivate and develop intelligent service platforms for public information display, cloud big data analysis, 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 the two major product lines of the company's Energy Saving products and Visual Solutions products in 2021 will be increase 10%~20% compared with the previous year.

IV. Future Development Strategies

Moving forward, we will adhere to the mission to be the leader of the digital display system technology, continue to develop innovative display solutions, and aim at image recognition, AI, and value-added cloud services. 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 added 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; we will continue to reduce the thickness, bezel width, optical films and LEDs and enhance the optical efficiency of BLMs to develop slim, small, lightweight, energy-efficient, HDR, and high-value added displays with privacy protection, for game consoles, tablets, notebooks, industrial monitors, automotive HUDs and touch screens, advanced monitors for medical and gaming, AIO monitors, slim and smart high-end TVs and smart home display modules.
- (III) In response to the changes in market business models and customer demands, product development has turned from BLMs to semi-system and integrated system products designed and manufactured in combination with tablets/notebooks/automotive HUDs and displays, and TV outer parts. This move aims to provide the best possible design, production, and global after-sales services for Brand Name/SI, and panel customers through a highly flexible business model.
- (IV) 4K has been moved to the mainstream market and replaced 1080p products, SSI light source products with 4K resolution will bring higher revenue and growth momentum to Coretronic. In addition, we earned positive market feedbacks for the laser TVs which launched last year, also there was a well-known brand customer joined in 2020, it helped to obtain a good results in technology and revenue. In 2021, we will continue to improve laser TV products to approach more new branded customers to expand market share.
- (V) Continuously working towards increasing Pro-AV competitive advantages with the experience of optical, thermal and system integration, to provide the smart large venue projection solution with two key directions : a. Enhancing the user experience with Smart / AI design and Cloud service, extending the application with smart SW design for easy installation, projector self-diagnosis. b. Developing entry ProAV product with exceptional engineering experiences and innovative products, offers customer various applications to expand the market share constantly.

- (VI) Keep expending the business of education and specific field application by speeding up the transition from lamp to laser light source in the education market and pushing the short throw and ultra-short throw projector to cover the different projection screen size application. By integrating the Android smart platform with customized software, we can fulfill various applications and highlight customer values, as well as to enhance the product flexibility and user experience.
- (VII) Enter the smart retail and smart health markets with the service-based business model by integrating AI, deep learning, computer vision, IoT and cloud computing. Focus on the development of core technologies relating to motion-sensing control, AI, and robotics. Engage in the R&D and design of drone hardware and software for security, mapping, and modeling; develop smart drone solutions and cultivate opportunities for cooperation with security control and mapping service providers and brands.
- (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 capital 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 818 million in 2020. The Digitimes Research estimated that the pandemic has driven global demands for large-size LCD panels (diagonally 9" or above) to the compound annual growth rate of 2.2% for the production capacity of large-size LCD panels between 2020 and 2025. Among them, the increase in the average TV panel size is expected to drive the compound annual rate of the large-size LCD area to more than 3%. Looking at this year's development, the stay-at-home economy driven by the pandemic is expected to be thriving through 2021. We still can expect the demands for TVs, PC monitors, notebooks in the first half of this year, but shipments will be affected by the shortage of ICs supplied. It is expected that overall market demand will be limited, when compared to the quantities in the overall consumer market. In response to the competitive industry environment and the growing demands for various application products, the Energy Saving Business Group at Coretronic will continue the R&D of various LGPs, LGLs, and special optical control films, while developing slim, compact, high-value, high-dynamic contrast, and energy-saving display products with privacy protection to grab a market share in the

automotive, industrial control, medical, gaming, smart home, and commercial display markets. Our in-house assembly of open cells, LGPs, touch module, and production integration business model enables us to successfully win orders from international customer and grab a market share in the home market to pursue higher profits and values and grow steadily.

The statistics of the market survey estimated that, due to the pandemic, the shipments of the global projector market are approx. 5.3 million in 2020. Looking at 2021, statistics show that, as the market is gradually recovering with the deferred effects of the Tokyo Olympics and education tenders, the shipments of the projector, including the laser TV is approx. 6.4 million where the 4K/UHD, smart projectors, and home market will be continuing to grow. As the pandemic is easing, the culture and tourism industry and demand for large public space displays will be recovering, which gradually drives the engineering projection market. Coretronic will enhance the smart design and integrate the cloud services with the experience of optical, thermal and system integration to expand the applications; we will also develop entry machines to build a more comprehensive smart large venue projection solution and offers customers various application. We will keep expending the business of education and specific field application by speeding up the transition from lamp to laser light source in the education market and pushing the short throw and ultra-short throw projector to cover the different projection screen size applications. By integrating the Android smart platform with customized software, we can fulfill various applications and highlight customer values, as well as to enhance the product flexibility and user experience.

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

In terms of the marco environment, in view of the large-scale stimulus plan of the major economies led by the United States and the accelerated vaccination of the world, the IMF released the latest World Economic Outlook report, the world GDP growth expectation for 2021 jumped to 6%, up from 5.5% in the fund's January report, it will hit a new high since the 1970s.

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 2020, apart from being rated six 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 nine consecutive years, Taiwan Corporate Sustainability Awards for four consecutive years, and National Enterprise Environmental Protection Award for four consecutive years. In the future, we will be

echoing the framework of the global sustainable development initiative with the spirit of active innovation and teamwork, and working with all stakeholders to create a sustainable future.

In view of the continuous global political and economic instability of the macro environment affected by the COVID-19 in 2021, the management team will build a stronger consensus among employees and implement medium- and long-term strategies to accomplish the mission of “Developing Technology-oriented and Sustainable Business Operations ” and pursue the best interests for shareholders and employees through teamwork, proactive innovation and professional management. Thank you for your trust over the years, and we are looking forward to your continual support and kind feedbacks.

I wish you all the best.

Sincerely yours,

Chairman: Wade Chang

Two. Company overview

I. Date of establishment: June 30, 1992

II. History

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

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

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

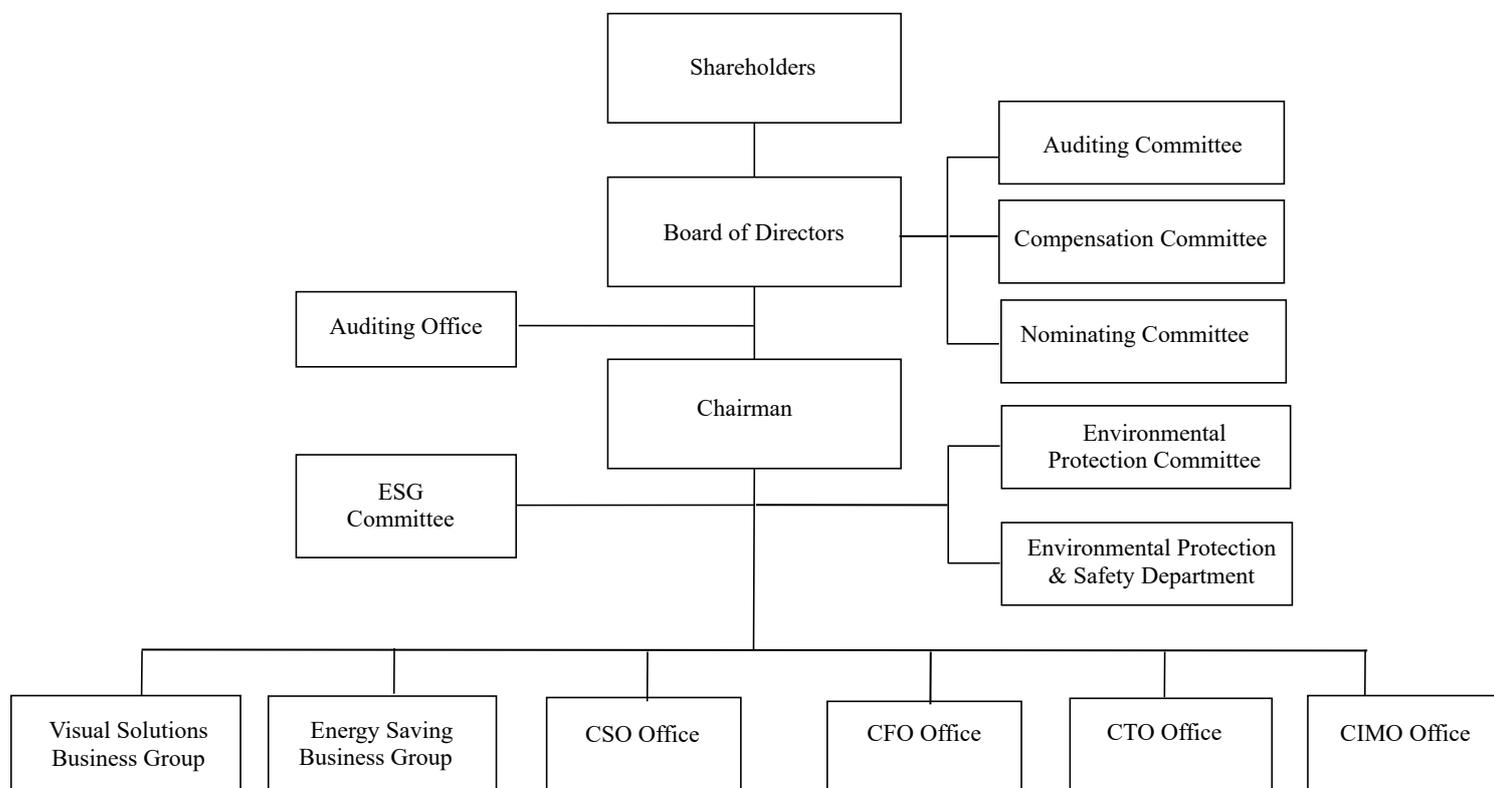
- Award” by Environmental Protection Administration, Executive Yuan.
- 11.2017 Awarded TCSA’s Corporate Sustainability Report Awards-Gold Award.
- 11.2017 Established Coretronic Intelligent Robotics Corporation, which focuses on the R&D, manufacturing, and sales of the commercial Unmanned Aircraft Systems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

- Awarded SGS's "CSR 2019 Sustainability Elite Award."
- Awarded "Golden Prize" of the 14th Arts & Business Awards by Ministry of Culture.
- Awarded TCSA's Corporate Sustainability Award-Corporate Sustainability Report Awards (Gold Award) for consecutive three years.
- Awarded No. 1 of TCSA's Corporate Sustainability Report Awards-"Transparency and Integrity Award" for consecutive two years.
- Awarded TCSA's Corporate Sustainability Award-"Social Inclusion Award."
- Awarded TCSA's Corporate Sustainability Awards-"Corporate Sustainability Awards."
- 12.2019 Awarded second prize of "Buying Power-The New Product and Service of Social Innovation Purchase Reward Program" by Small and Medium Enterprise Administration, Ministry of Economic Affairs.
- 04.2020 Ranked in the top 5% of OTC companies in Corporate Governance Evaluation for six consecutive years and ranked in the top 10% of listed and OTC companies with a market capitalization of NT\$ 10 billion for two consecutive years.
- 08.2020 Obtained the Excellence in Corporate Social Responsibility Award for nine consecutive times.
- Awarded "2020 Sports Corporate Certification" by Sports Administration, MOE.
- 11.2020 Awarded TCSA's Corporate Sustainability Award-Corporate Sustainability Report Awards (Gold Award) for consecutive four times.
- Awarded TCSA's Corporate Sustainability Report Awards-"Transparency and Integrity Award" for three consecutive years.
- Awarded TCSA's Corporate Sustainability Awards-"Corporate Sustainability Awards" for two consecutive years.
- Awarded the Silver Medal and Bronze Medal of "2nd National Enterprise Environmental Protection Award" by Environmental Protection Administration, Executive Yuan for four consecutive years.
- Awarded the Honorary Environmental Protection Enterprise Award of "2nd National Enterprise Environmental Protection Award" by Environmental Protection Administration, Executive Yuan.
- Awarded the Green Action Award of "2nd National Enterprise Environmental Protection Award" by Environmental Protection Administration, Executive Yuan.
- 12.2020 Awarded the second prize of "Buying Power-The New Product and Service of Social Innovation Purchase Reward Program" by Small and Medium Enterprise Administration, Ministry of Economic Affairs for two consecutive years.
- Established Coretronic (Vietnam) Co., Ltd., which is engaged in the R&D, manufacturing, and sales of LCD backlight modules and LCD modules.

Three. Corporate Governance Report

I. Organization

(I) Organizational structure (as of December 31, 2020)



(II) Responsibilities of main departments

Department	Responsibilities
Chairman's Office	Sets the Company's operating strategies and goals
Auditing Office	Assessment and auditing of the Company's internal control system
Environmental Protection & Safety Department	Public safety and environment management
Visual Solutions Business Group	Research, development, production and sale of projection system, optical modules and related products
Energy Saving Business Group	Research, development, production and sale of Backlight and panel modules
CSO Office	Planning investment strategy, management, etc.
CFO Office	Responsible for finance and accounting /investor relations/ talent development/legal affairs and intellectual property rights of the Company
CTO Office	Planning, development and investment of critical/new technologies
CIMO Office	Planning of intelligent manufacturing and intelligent factory; co-ordination of hardware automation, electromechanical system integration and advanced manufacturing projects

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

(I) Directors

1. Directors' profile

April 12, 2021

Title	Nationality or place of registration	Name	Gender	Date elected /appointed	Service term	Date first elected	Shareholding when elected		Current shareholding		Shares held by spouse and underage children		Shares held in the names of others		Main career (academic) achievements	Concurrent duties in the Company and in other companies (Note 1)	Spouse or relatives of second degree or closer acting as directors, supervisors, or department heads			Remarks
							No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage			Title	Name	Relationship	
Chairman	R.O.C.	Wade Chang	Male	2019.06.13	3 years	1998.06.12	7,921,463	1.82%	9,345,953	2.39%	0	0.00%	0	0.00%	Master of NTU-Fudan EMBA , National Taiwan University; Chairman & CEO, Coretronic Corporation	Note 2	None	None	None	Note 9
Director	R.O.C.	Hsun Chieh Investment Co., Ltd.	N/A	2019.06.13	3 years	2001.06.18	15,062,551	3.47%	15,062,551	3.85%	0	0.00%	0	0.00%	None	Note 3	None	None	None	None
	R.O.C.	Representative: Tai-Shun Ho	Male	2019.06.13	3 years	2007.06.15	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Electrical Engineering, National Tsing Hua University; Chairman, Novatek Corporation -	Note 4	None	None	None	None
Director	R.O.C.	Ted Tu	Male	2019.06.13	3 years	2010.06.15	0	0.00%	0	0.00%	0	0.00%	0	0.00%	MBA, University of Houston; Chairman & President, LAFA LifeTech, Inc.	Note 5	None	None	None	None
Director	R.O.C.	Chual-Hsin Teng	Male	2019.06.13	3 years	2012.06.12	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Honorary Doctorate in Engineering of the National United University; Master of Business Administration, National Taiwan University; Chairman & President, Thin Chang Co., Ltd	Note 6	None	None	None	None
Independent Director	R.O.C.	Houn-Gee Chen	Male	2019.06.13	3 years	2013.06.18	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ph.D. in Industrial Engineering, and Master in Computer Science, University of Wisconsin-Madison; Professor of Information Management Dept. and Dean of College of Managemt, Tunghai University	None	None	None	None	None
Independent Director	R.O.C.	Edward H.Chow	Male	2019.06.13	3 years	2019.06.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ph.D. in Business, Indiana University-Bloomington; Professor of Finance Dept., National Chengchi University	Note 7	None	None	None	None

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

Note 1: Concurrent duties in the Company and in other companies as of December 31, 2020.

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

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

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

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

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

Note 7: Concurrently served as an independent director of Yuanta Financial Holdings and Yuanta Securities, director of CTCI Education Foundation, and chairman of NCCU Griffins Taipei and Financial Literacy & Education Association.

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

Note 9: In situations where the Company's President or manager of the highest equivalent grade is the same person as or a spouse or first-degree relative of the Chairman, please explain the reasons, rationality and necessity of such an arrangement and any response measures taken (such as introduction of independent directors); furthermore, disclose whether more than half of directors are involved in concurrent duty as employees or managers: : To enhance the independence of the board of directors and enforce the corporate governance spirit, additional independent directors will be added to the board during the future re-election if the Company's President or manager of the highest equivalent grade is found to be the same person as or a spouse or first-degree relative of the Chairman.

2. Major shareholders of corporate shareholders

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

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

Name of corporate shareholder	Major shareholders of corporate shareholders (shareholding percentage)
United Microelectronics Corporation (Shareholding record date April 12, 2020)	JPMorgan Chase Bank in its Capacity as Master Custodian for Global Depository Receipt Account of UMC (5.63%) Hsun Chieh Investment Co., Ltd. (3.61%) Nan Shan Life Insurance Company, Ltd. (2.60%) Silicon Integrated Systems Corporation (2.33%) Yan Yuan Investment Co., Ltd. (1.64%) New Labor Pension Fund (1.60%) Cathay Life Insurance Company Ltd. (1.54%) JPMorgan Chase Bank in its Capacity as Master Custodian for PGIA Progress International Equity Index (1.46%) HSBC in its Capacity as Master Custodian for Investment Account of Puxin Insurance Co., Ltd. (1.24%) JPMorgan Chase Bank in its Capacity as Master Custodian for ABP Pension Investment Fund (1.15%)
Hsie Yung Investment Co., Ltd. (Shareholding record date December 31, 2020) (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. Directors' expertise and independence

Name	Having more than 5 years work experience and professional qualifications listed below			Compliance of independence												Number of positions as independent director in other public companies
	Criteria	Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the company's operations in a public or private tertiary institution	Judge, prosecutor, lawyer, accountant, or holder of national exam or professional qualification relevant to the company's operations	Commercial, legal, financial, accounting or other work experiences required to perform the assigned duties	1	2	3	4	5	6	7	8	9	10	11	
Wade Chang			✓				✓	✓	✓		✓	✓	✓	✓	✓	0
Hsun Chieh Investment Co., Ltd. Representative: Tai-Shun Ho			✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓		0
Ted Tu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Chual-Hsin Teng			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Houn-Gee Chen	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Edward H.Chow	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Yao Chien			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note: A "✓" is placed in the box below if the member met the following criteria at any time during active duty and two years prior to the date of appointment.

- (1) Not employed by the company or by any of its affiliated companies.
- (2) Not a director or supervisor of the company or any of its affiliated companies (this restriction does not apply to concurrent independent director positions in the company, its parent company, subsidiary, or another subsidiary of the parent that is compliant with the Act or local laws).
- (3) Does not hold more than 1% of the company's outstanding shares in their own names or under the name of spouse, underage children, or proxy shareholder; nor is a top-10 natural-person shareholder of the company.
- (4) Not a manager listed in (1), or a spouse, 2nd-degree relative or closer or 3rd-degree direct relative or closer to any personnel listed in (2) or (3).
- (5) Not a director, supervisor or employee of any corporate shareholder that: 1. holds 5% or more of the Company's outstanding shares; 2. is a top-5 shareholder; or 3. appoints director/supervisor representative in the Company according to Paragraph 1 or 2, Article 27 of The Company Act. (This excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent company that are compliant with the Act local laws).
- (6) Not a director, supervisor or employee of any other company that controls directorship in the company or where more than half of total voting rights are controlled by a single party (this excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent company that are compliant with the Act or local laws).
- (7) Does not assume concurrent duty and is not a spouse to the Company's Chairman, President or equivalent role, and is not a director, supervisor or employee of another company or institution. (This excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent company that are compliant with the Act or local laws).
- (8) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the Company (however, this excludes concurrent independent director positions held within companies or institutions that hold more than 20% but less than 50% outstanding shares of the Company, or in the Company's parent or subsidiary, or in another subsidiary of the parent that is compliant with the Act or local laws).
- (9) Not a professional who provides audit service, or commercial, legal, financial, accounting or related services for an accumulated sum of less than NTS500,000 in the last 2 years, to the Company or its affiliate, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides the above service to the Company or its affiliated companies. This excludes roles as Remuneration Committee, Public Acquisition Review Committee or M&A Special Committee member appointed in accordance with the Securities and Exchange Act or Business Mergers And Acquisitions Act.
- (10) Not a spouse or relative of second degree or closer to any other directors.
- (11) Does not meet any of the conditions stated in Article 30 of The Company Act.
- (12) Not elected as a government or corporate representative according to Article 27 of The Company Act.

II. Background information of the President, Vice Presidents, Associate Vice Presidents, and heads of departments and branch offices

April 12, 2021

Title	Nationality	Name	Gender	Date elected/appointed	Shares held by spouse and underage children		Shares held in the names of others		Main career (academic) achievements	Concurrent positions in other companies (Note 1)	Spouse or relatives of the second degree or closer acting as managers			Remarks		
					No. of shares	Shareholding percentage	No. of shares	Shareholding percentage			Title	Name	Relationship			
CEO	R.O.C.	Wade Chang	Male	2001.06.18	9,345,953	2.39%	0	0.00%	0	0.00%	Master of NTU-Fudan Overseas EMBA Program, NTU College of Management; Chairman & CEO, Coretronic Corporation	Note 2	None	None	None	Note 12
President	R.O.C.	Sarah Lin	Female	2010.12.06	1,943,311	0.50%	0	0.00%	0	0.00%	Bachelor of International Trade, National Chengchi University; President, Young Lighting Technology Inc.	Note 3	None	None	None	None
President	R.O.C.	SY Chen	Male	2012.06.01	1,895,483	0.48%	432	0.00%	0	0.00%	Cheung Kong GSB EMBA; President, Optoma Corporation	Note 4	None	None	None	None
CSO	R.O.C.	Ann Wu	Female	2010.02.03	1,033,520	0.26%	0	0.00%	0	0.00%	MBA, Fu Jen Catholic University; President, Optoma Corporation	Note 5	None	None	None	None
CFO	R.O.C.	Franck Ho	Male	2010.10.21	366,674	0.09%	12,000	0.00%	0	0.00%	City University of New York MBA; Vice President, Coretronic Corporation	Note 6	None	None	None	None
CTO	R.O.C.	Fleming Chuang	Male	2017.05.02	148,736	0.04%	0	0.00%	0	0.00%	Ph.D. in Electro-Optical Engineering of National Central University; Vice President, Coretronic Corporation	Note 7	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 8	None	None	None	None
CIMO	R.O.C.	CY Lin	Male	2021.03.01	234,947	0.06%	0	0.00%	0	0.00%	Bachelor of Electrical Engineering, National Sun Yat-sen University; Vice President, Coretronic Corporation	Note 9	None	None	None	None
Executive Vice President	R.O.C.	Wilson Hsu	Male	2016.11.01	264,134	0.07%	0	0.00%	0	0.00%	National Chengchi University EMBA; Vice President, Coretronic Corporation	Note 10	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%	Master of Johnson & Wales University; Associate Vice President, Young Lighting Technology Inc.	Note 11	None	None	None	None
Vice President	R.O.C.	HC Yuan	Male	2019.10.01	69,128	0.02%	0	0.00%	0	0.00%	National Tsing Hua University EMBA; Vice President, Coretronic Corporation	None	None	None	None	None
Vice President	R.O.C.	YC Chen	Female	2019.01.15	38,479	0.01%	0	0.00%	0	0.00%	University of Wisconsin MBA; Associate Vice President, Coretronic Corporation	None	None	None	None	None

Title	Nationality	Name	Gender	Date elected/appointed	Shares held by spouse and underage children		Shares held in the names of others		Main career (academic) achievements	Concurrent positions in other companies (Note 1)	Spouse or relatives of the second degree or closer acting as managers			Remarks		
					No. of shares	Shareholding percentage	No. of shares	Shareholding percentage			No. of shares	Shareholding percentage	Title		Name	Relationship
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, Tatung Institute of Technology; Associate Vice President , Coretronic Corporation	None	None	None	None	None
Senior director	R.O.C.	Jerry Cheng	Male	2021.01.01	1	0.00%	0	0.00%	0	0.00%	Bachelor of Industrial Engineering, Mingsin Institute of technology; Senior Director , Coretronic Corporation	None	None	None	None	None

Note 1: Concurrent duties in the Company and other companies as of December 31, 2020.

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, Optoma, Chung Tsen Investment Corp. and Coretronic Venture Capital Co.,Ltd.; Principal of Coretronic Hukou Branch.

Note 3: Concurrently served as a director in affiliated enterprises including Nano Display Hong Kong, Bigshine, Bigshine International Hong Kong, Investdragon, Lead Bright, Lead Bright Hong Kong, Elite View, Elite View Hong Kong, Young Lighting, Young Lighting Hong Kong, Crystal World Finance, Brightbridge Resources, Young Optics Inc., YLG Optotech Ltd.(Guangzhou), Ucare Medical Electronics Co., Ltd., Champ Vision Display and Coretronic MEMS; person-in-charge of Coretronic Nanke Branch and Korea Office.

Note 4: Concurrently served as director in affiliated enterprises including Optoma Technology, Inc., Optoma Deutschland GmbH, Mat Limited, Optoma Europe, Optoma Benelux B.V., Optoma Espana, S.L., Boom Power, Young Green Energy Co., Ltd , Optoma, Coretronic Intelligent Cloud Service, Coretronic Intelligent Robotics and Coretronic Reality, and director of Yuan Kai Investment.

Note 5: Concurrently served as chairman in affiliated enterprises including Chung Tsen Investment Corp., Tsen Ming Investment Corp., Coretronic Venture Capital Co.,Ltd. and InnoSpectra Corp., director of Young Optics Inc.

Note 6: Concurrently served as supervisor in affiliated enterprises including Nano Precision (Suzhou) Co., Ltd, Guangzhou Nano Display Co., Ltd., Yang Can Optoelectronics (Suzhou),Coretronic (Shanghai) Co., Ltd,Coretronic Optotech (Suzhou) Co. Ltd.,Coretronic (Ningbo) Co., Ltd,Coretronic (Guangzhou) Co., Ltd.,Coretronic Venture Capital Co.,Ltd.,Optoma Display(Kunshan)Co.,Ltd, Coretronic Projection (Kunshan) Co., Ltd,Coretronic Optics (Kunshan) Corporation,Vimax (Kunshan) Co., Ltd., Boom Power Electronics (Suzhou) Co., Ltd,Coretronic System Engineering (Shanghai) Co., Ltd.,Coretronic Display (Suzhou) Co., Ltd., Coretronic (Suzhou), Young Green Energy Co., Ltd,Vimax (Kunshan) Co., LTD., Tsen Ming Investment Corp., Optoma Corp.,Coretronic Optics(Suzhou) Co.,Ltd, Coretronic MEMS Corp., and Coretronic Reality Inc ; director in affiliated enterprises including Champ Vision Display Inc, Coretronic Intelligent Cloud Service Corp., Coretronic Intelligent Robotics Corp., InnoSpectra Corp.,Venture, Optoma Technology, Inc., Mordern Smart Technology Ltd., Dynamic Time Investments Ltd., YLG optotech Limited (Guangzhou) and Nano Precision Taiwan Ltd .

Note 7: Concurrently served as chairman in affiliated enterprises including Nano Precision Taiwan Ltd. and Coretronic Reality Inc , director in affiliated enterprises including Coretronic MEMS Corp., Tsen Ming Investment Corp., and Core-Flex.

Note 8: Concurrently served as chairman of Coretronic Intelligent Robotics Corp., director of Chung Tsen Investment Corp., Tsen Ming Investment Corp.,Coretronic Venture Capital Co.,Ltd., and Coretronic MEMS Corp., president of Chung Tsen Investment Corp. and Tsen Ming Investment Corp..

Note 9: Concurrently served as director and president of Coretronic Projection (Kunshan) Co., Ltd and Coretronic Optics (Kunshan) Corp..

Note 10: Concurrently served as director of affiliated enterprises including Young Green Energy Co., Ltd , Boom Power Electronics (Suzhou) Co.Ltd , and Optoma Corp., president of Young Green Energy Co.,Ltd. and Boom Power Electronics (Suzhou) Co.Ltd .

Note 11: Served as director of affiliated enterprises including Coretronic (Shanghai) Co., Ltd and YLG Limited, chairman of Coretronic (Shanghai) Co., Ltd.

Note 12: In situations where the Company's President or Chairman of the highest equivalent grade is the same person as or a spouse or first-degree relative of the Chairman, please explain the reasons, rationality and necessity of such an arrangement and any response measures taken (such as introduction of independent directors); furthermore, disclose whether more than half of directors are involved in concurrent duty as employees or managers: Chairman Wade Chang has been assigned concurrent duty as CEO for his Operating & management, leadingdecisionskills as well as insight to industry trends; being able to manage the Company's operations and contribute professional opinions at board meetings at the same time is beneficial to the Company's growth. To enhance independence of the board of directors and enforce the corporate governance spirit, additional independent directors will be added to the board during the future re-election if the Company's President or manager of the highest equivalent grade is found to be the same person as or a spouse or first-degree relative of the Chairman.

III. Remuneration paid to Directors, President and Vice Presidents in the last year (2020)

(I) Compensation to non-independent and independent directors

Unit: NTD thousands/thousand shares

Title	Name	Director compensation								Sum of A, B, C and D as a percentage of net income		Compensation received as employee								Sum of A, B, C, D, E, F, and G as a percentage of net income		Compensation from invested businesses other than subsidiaries
		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 the financial statements						
		Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares					
Non-independent director	Wade Chang																					
	Hsun Chieh Investment Co., Ltd. Representative:	2,160	2,160	0	0	0	0	0	0	0.14%	0.14%	21,396	24,169	204	204	5,000	0	5,000	0	1.84%	2.02%	None
	Tai-Shun Ho																					
	Ted Tu																					
	Chual-Hsin Teng																					
Independent Director	Houn-Gee Chen							30	30	0.15%	0.15%	0	0	0	0	0	0	0	0	0.15%	0.15%	None
	Edward H.Chow	2,340	2,340	0	0	0	0															
	Yao Chien																					

1. 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.

2. Compensation received by director for providing service to any company included in the financial statements (e.g. consultancy service without the title of an employee) in the last year, except those disclosed in the above table: None.

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

Note 1: Allocation of employee remuneration was approved during the board of directors meeting held in February 2021; this amount has yet to be paid as of the publication date of the annual report. Hence, the figure shown in the above chart represents the proposed amount.

(II) Compensation to President and vice presidents

Unit: NTD thousands/thousand shares

Title	Name	Salary (A)		Pension (B)(Note 1)		Bonuses and allowances (C)		Employee remuneration (D) (Note 2)				Sum of A, B, C, and D as a percentage of net income (%)		Compensation from parent company or invested businesses other than subsidiaries The Company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
CEO	Wade Chang (Note 3)	53,928	66,165	1,478	1,478	65,015	65,015	59,234	0	59,234	0	11.51%	12.30%	None
President	Sarah Lin (Note 3)													
President	SY Chen (Note 3)													
CSO	Ann Wu (Note 4)													
CFO	Franck Ho													
CTO	Fleming Chuang													
CTO	Robert Hsueh													
CIMO	Daniel Lee (Note 5)													
Executive Vice President	Wilson Hsu													
Executive Vice President	Sara Lin													
Vice President	HC Yuan													
Vice President	YC Chen (Note 6)													

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

Note 1: The amount of pension provision (or contribution) expensed by the Company in 2020 totaled NTD\$1,478,000. The amount of pension provision (or contribution) expensed by all companies in the consolidated financial statements in 2020 totaled NTD\$1,478,000.

Note 2: Allocation of employee remuneration was approved during the board of directors meeting held in February 2021; this amount has yet to be paid as of the publication date of annual report, hence the figure shown in the above chart represents the proposed amount.

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

Note 4: On board since February 3, 2020.

Note 5: Retired on March 1, 2021.

Note 6: Promoted to Vice President on May 1, 2020.

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

December 31, 2020
Unit: NTD thousands

	Title	Name	Amount paid in shares	Amount paid in cash (Note 1)	Total	Total as a percentage of net income (%)
Manager	CEO	Wade Chang	0	59,234	59,234	3.80%
	President	Sarah Lin				
	President	SY Chen				
	CSO	Ann Wu (Note 2)				
	CFO	Franck Ho				
	CTO	Fleming Chuang				
	CTO	Robert Hsueh				
	CIMO	Daniel Lee (Note 3)				
	Executive Vice President	Wilson Hsu				
	Executive Vice President	Sara Lin				
	Vice President	HC Yuan				
	Vice President	YC Chen (Note 4)				
	Associate Vice President	Mark Yang				

Note 1: Allocation of employee remuneration was approved during the board of directors meeting held in February 2021; this amount has yet to be paid as of the publication date of annual report, hence the figure shown in the above chart represents the proposed amount.

Note 2: On board since February 3, 2020.

Note 3: Retired on March 1, 2021.

Note 4: Promoted to Vice President on May 1, 2020.

(IV) Amount of remuneration paid in the last 2 years by the company and all companies included in the financial statements to the company's directors, President, and vice presidents, and their respective proportions to net income, as well as the policies, standards, and packages by which they were paid, the procedures through which remunerations were determined, and their association with business performance and future risks.

1. Remuneration paid to the Company's Directors, President and Vice Presidents in the last two years, and percentage relative to net income, are shown below:

Year \ Title	2019		2020	
	The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements
Director	4.79%	5.14%	1.99%	2.17%
President and Vice Presidents	10.27%	10.85%	11.51%	12.30%

2. According to the Company's Articles of Incorporation, 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 directors and the peer level.

Amount of compensation paid to President, and vice presidents are determined according to the Company's "Director and Manager Salary, Compensation and Performance Assessment Policy" after taking into consideration the peer level, individual responsibilities and their contribution to business targets. The aforementioned remuneration includes salary and bonuses, where bonuses and performance are highly related. Performance is assessed based on medium- to long-term goals, which include financial indicators (such as the Company's revenue, achievement rate of profit before tax), non-financial indicators (such as product R&D, patent strategy, law compliance, risk assessment and prevention, etc.), and actions taken in response to climate change (such as reduce carbon emission, and increase the rate of green energy used). The said performance is reviewed by the Remuneration Committee and Board of Directors. The compensation system is examined and adjusted whenever deemed necessary given the current performance and prevailing laws to maintain balance between sustainable operations and risk management.

IV. Corporate governance

(I) Functionality of board of directors: A total of 6 (A) board meetings were held in 2020. The attendances is as follows:

Title	Name	Actual attendance (B)	Proxy attendance	Actual attendance rate (%) [B/A]	Remarks
Chairman	Wade Chang	6	0	100%	There were 6 meetings in the year 2020, and all 3 independent directors were present at each meeting.
Director	Hsun Chieh Investment Co., Ltd. Representative: Tai-Shun Ho	6	0	100%	
Director	Ted Tu	6	0	100%	
Director	Chual-Hsin Teng	6	0	100%	
Independent Director	Houn-Gee Chen	6	0	100%	
Independent Director	Edward H. Chow	6	0	100%	
Independent Director	Yao Chien	6	0	100%	

Independent Directors' attendance in 2020 Board meetings: ☉ Attendance in person; ☆ Attendance by proxy; △ No attendance

2020	1st	2nd	3rd	4th	5th	6th
Houn-Gee Chen	☉	☉	☉	☉	☉	☉
Edward H.Chow	☉	☉	☉	☉	☉	☉
Yao Chien	☉	☉	☉	☉	☉	☉

Other mandatory disclosures:

- I. For board of directors meetings that meet any of the following descriptions, state the date, session, the discussed motion, independent directors' opinions and how the company has responded to such opinions:
 - (1) Conditions mentioned in Article 14-3 of the Securities and Exchange Act: Not applicable. The Company has assembled an Audit Committee and is therefore subject to Article 14-5 of the Securities and Exchange Act.
 - (2) Any other documented objections or reservations raised by independent director against board resolution in relation to matters other than those described above: None. No objection or reservation was expressed by independent directors this year.
- II. Disclosure regarding avoidance of interest-conflicting motions, including the names of directors concerned, the motions, the nature of conflicting interests, and the voting process:
 1. The 10th board of directors reached a resolution during its 5th meeting concerning releasing the Directors of the Company from non-compete obligations, for which the Directors, Hsun Chieh Investment Corporation, concurrently serving as director of Silicon Integrated Systems Corp., Ted Tu concurrently serving as director of So-Cayenne Mobile Entertainment Co., Ltd. had recused themselves from voting due to involvement of self-interest.
 2. The 10th board of directors reached a resolution during its 6th meeting with respect to the 2020 compensation to the Directors, Hsun Chieh Investment Corporation, Ted Tu, and Chual-Hsin Teng, and Independent Director, Edward H.Chow, for which Directors Tai-Shun Ho, Ted Tu, Chual-Hsin Teng and Edward H.Chow had recused themselves from voting due to involvement of self-interest.
 3. The 10th board of directors reached a resolution during its 6th meeting with respect to the 2020 compensation to the Independent Directors, Houn-Gee Chen, and Yao Chien, for which Independent Directors, Houn-Gee Chen, and Yao Chien had recused themselves from voting due to involvement of self-interest.
 4. The 10th board of directors reached a resolution during its 6th meeting with respect to the managers' 2020 salary/compensation, for which Directors Wade Chang had recused himself from voting due to involvement of self-interest.
 5. The 10th board of directors reached a resolution during its 8th meeting

with respect to the allocation of 2019 employee remuneration for managers, for which Director Wade Chang had recused from voting due to involvement of self interest.

III. Board performance evaluation

Assessment cycle	Assessment interval	Scope of assessment:	Assessment method	Details of assessment
Assessed once a year	2020/1/1 ~ 2020/12/31	Performance assessment for board of directors	Internal self-assessment for board of directors	Board performance assessment covers the board's participation in the Company's operations, the quality of board's decisions, the board's composition, election and ongoing education of board members, and enforcement of internal control. Purposes of the assessment are mainly to evaluate board's interaction with the management, directors' respect for corporate governance, directors' ability to express opinions freely and follow up on various motions, composition of the board, whether election and education of board members are compliant with law, and whether the board exercises effective assessment and supervision over internal control system and risks.
Assessed once a year	2020/1/1 ~ 2020/12/31	Performance assessment for individual directors	Self-assessments of individual directors	Director individual performance assessment includes director's awareness toward the Company's goals and missions, awareness to duties, level of participation in the Company's operations, maintenance of internal relations and communication, professionalism and ongoing education, and enforcement of internal control. This assessment is primarily intended to determine whether directors are individually aware of the Company's future operational plans, whether they commit adequate amount of time to participate and contribute professional opinions to the Company's operations, and whether they communicate properly with the management team.
Assessed once a year	2020/1/1 ~ 2020/12/31	Performance assessment for functional committees (Remuneration Committee and Audit Committee)	Internal self-assessment for functional committees	Functional committee performance assessment covers: the committee's participation in company operations, committee's awareness toward its duties, improvement of decision quality, committee composition and member selection, and support to internal control. Purposes of the assessment are mainly to evaluate committee's participation in meetings, whether the committee is able to contribute professional advice for discussion by the board of directors when needed, whether the committee follows up on motions that it is a part of, whether directors' and managers' performance is assessed on a regular basis, and whether the committee contributes to the effective supervision of internal control and risks.

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

1. The Company has set up an Audit Committee, Remuneration Committee, and Nominating Committee in place to assist the board of directors in its duties. The abovementioned functional committees each comprises three independent directors, and may engage outside experts for opinions if necessary.

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

(II) Functionality of the Audit Committee:

1. Annual focus of the Audit Committee:

The Company assembled its Audit Committee in 2010 as a means to enhance corporate governance. The Audit Committee comprises three independent directors, and Independent Director Houn-Gee Chen has been appointed as convener for the current board. The Audit Committee convenes meetings at least once every quarter, and may do so at any time deemed necessary. Responsibilities of the Audit Committee include: reviewing fairness of financial statement presentation, reviewing 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:

- Establishment or amendment to the internal control system.
- Evaluation over the effectiveness of internal control system.
- Establishment of procedures for major financial and business conducts.
- Matters concerning directors' personal interests.
- Major transaction of assets or derivatives.
- Major lending, endorsement or guarantee to an external party.
- Offering, issuance, or private placement of securities with equity characteristics.
- Appointment, dismissal, or compensation of financial statement auditors.
- Review of financial statement auditors' independence
- Appointment and dismissal of finance, accounting or internal audit managers
- Financial reports that are duly signed or sealed by the chairman, managerial officer, and accounting officer.

➤ Other issues deemed material by the Company or the authority.

2. Functionality of the Audit Committee in 2020:

A total of 4 (A) Audit Committee meetings were held in 2020; below are independent directors' attendance records:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) [B/A]	Remarks
Independent Director	Houn-Gee Chen	4	0	100%	None
Independent Director	Edward H.Chow	4	0	100%	
Independent Director	Yao Chien	4	0	100%	

Other mandatory disclosures:

I. Where operation of the audit committee exhibits any of the following, the minutes concerned shall clearly state the meeting date, term, the motions, audit committee's resolution and the Company's response to 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
2020.2.17	3rd meeting of the 4th board	1. Assessment of financial statement auditors' independence 2. 2019 standalone and consolidated financial report 3. 2019 business report 4. 2019 Declaration of Internal Control System	Passed as proposed without objection from independent directors	Proposed by the board of directors and passed unanimously by all attending members
2020.4.27	4th meeting of the 4th board	1. Appropriation of 2019 earnings 2. 2020 1st quarter consolidated financial report	Passed as proposed without objection from independent directors	Proposed by the board of directors and passed unanimously by all attending members
2020.7.27	5th meeting of the 4th board	2020 2nd quarter consolidated financial report	Passed as proposed without objection	Proposed by the board of directors and passed

Date	Session	Motion	Audit Committee resolution	Company's response to Audit Committee's opinions
			from independent directors	unanimously by all attending members
2020.10.26	6th meeting of the 4th board	<ol style="list-style-type: none"> 1. 2020 3rd quarter consolidated financial report 2. Establishment of the Company's 2021 audit plan 	Passed as proposed without objection from independent directors	Proposed by the board of directors and passed unanimously by all attending members

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

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

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

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
1. Has the company established and disclosed its corporate governance principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	✓		The Company has established a set of "Corporate Governance Code of Conduct" with board of directors' approval based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" to serve as guidelines toward developing sound corporate governance practice. This code of conduct is disclosed over the Company's website and at Market Observation Post System.	Conforms with the Corporate Governance Best-Practice Principles and no deviation is found
2. Shareholding structure and shareholders' interests				
(1) Has the company implemented a set of internal procedures to handle shareholders' suggestions, queries, disputes and litigations?	✓		(1) 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
(2) Is the company constantly informed of the identities of its major shareholders and the ultimate controller?	✓		(2) The Company monitors, yearly, the identity of its major shareholders and the ultimate controller based on the shareholder registry provided by the stock transfer agent as of the book closure date and the information regarding major shareholders holding more than 5% of the Company's shares provided by Taiwan Depository & Clearing Corporation quarterly. The Company also discloses relevant information regularly.	
(3) Has the company established and implemented risk management practices and firewalls for companies it is affiliated with?	✓		(3) The Company has "Subsidiary Supervision Policy," internal control and internal audit policies in place to outline boundaries of management duty and authority with affiliated enterprises. All business dealings or transactions with	

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(4) Has the company established internal policies that prevent insiders from trading securities against non-public information?	✓		(4) subsidiaries are subject to compliance with laws and procedures for risk management purpose. The Company has "Insider Trading Prevention Policy" in place to prevent insiders from exploiting information not readily available on the market for inappropriate gains, whether for self or others. The Company promotes internal awareness on a yearly basis and discloses information over its website where managers and employees may access at any time. Insiders are constantly reminded of issues concerning material information. With respect to prevention of insider trading, the Company organized an "Insider Trading Prevention" course for directors on October 26, 2020, and released a digital training program for managers and employees on October 5, 2020 that covers multiple topics including confidentiality of material information, conditions that give rise to insider trading, the definition of insider trading and case studies.	
3. Assembly and obligations of the board of directors (1) Has the board devised and implemented policies to ensure diversity of its members?	✓		(1) 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: 1. Background and value: Gender, age, nationality, culture etc. 2. Knowledge and skills: Career background (e.g. law, accounting, industry, finance, marketing or technology), professional skill and industry experience. The Company held a total re-election of its board during the shareholder meeting held on June 13, 2019. The new board comprises 7 directors, including 3 independent directors; 14% of whom concurrently serve as employees, while	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>independent directors account for 43% of the board. 3 Independent Directors have tenures of less than 9 years. 5 of the board members were in the 61~70 age group, 2 were less than 60 years old, and the board had an average age of 63. The Company has set its target to recruit independent professionals for at least 25% of its board members, considering the level of stakeholder participation, independence, and economic/environmental/social expertise and experience involved with their roles. Currently, 2 of the 7 directors are independent professionals, which represents a weight of 29%.</p> <p>Members of the board are sourced from different fields of expertise, and all of them possess the knowledge, skills and characters needed to accomplish their duties. Directors Wade Chang, Tai-Shun Ho and Chual-Hsin Teng possess professional skills including operational management/leadership & decision-making/industry knowledge; Director Ted Tu contributes expertise in terms of operational management/leadership & decision-making/industry knowledge/finance & accounting; Independent Director Houn-Gee Chen offers operational management/leadership & decision-making/innovative strategy; Independent Director Edward H.Chow is well-versed at risk management/international finance/investment and venture financial management/finance & accounting/corporate governance; while Independent Director Yao Chien brings operational management/leadership & decision-making/aesthetics and consumer insight to the board. Together, their expertise benefit the Company's in terms of operational planning. Details regarding establishment and enforcement of board diversity policy have been disclosed on the Company's website.</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	
(2) Apart from the Remuneration Committee and Audit Committee, has the company assembled other functional committees at its own discretion?	✓		(2) The Company voluntarily established the “Nominating Committee” on October 26, 2020, consisting of 3 independent directors. The committee's duty is as set forth in the “Charter of Nominating Committee,” and the information regarding members and the operating status is disclosed on MOPS.	
(3) 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?	✓		(3) The board of directors established the Company's "Board of Directors Performance Assessment Policy" in April 2018. It was later amended in October 2019 so that the performance of the board, the board members and functional committees are assessed once a year, with outcomes reviewed by the board of directors. The amended policy also requires board performance to be evaluated by an independent external institution at least once every three years. The 2020 performance of the board of directors is assessed externally by EY Advisory Services Inc. The assessment consists of 3 main aspects, which are framework, members and procedures of the board of directors, and is carried out through on-site interviews and self-assessment questionnaires. In the assessment, the Company is assessed as “Advance” in these 3 aspects. EY Advisory Services has provided improvement suggestions for the Company’s board of directors. The results of this assessment are used by the Company as a reference for the continuous improvement of the board's functions. The Company has submitted the assessment results to the February 2021 board meeting and disclosed the results on the company’s website. The board conducts performance self-assessment once a year using a questionnaire. These assessments are arranged by the meeting organizer, and the most recent assessment covered the period January 1 to December 31, 2020. For more details on performance evaluation of the board, board members and functional committees, please refer to section 4. Corporate	

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(4) Are external auditors' independence assessed on a regular basis?	✓		<p>governance/Board performance evaluation. Outcome and implication of 2020 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. <p>Outcome of the above assessment has been reported to the board of directors in February 2021, and is being used to support decisions such as board/functional committee capacity enhancement and compensation/nomination of individual directors.</p> <p>(4) The Audit Committee duly evaluates independence and competence of the financial statement auditor once a year, and presents assessment result to the board of directors. Financial statement auditor's independence is assessed using the following criteria:</p> <ol style="list-style-type: none"> 1. The auditor is not related and has no employment relationship with the Company or its directors 2. The auditor has no other interest or business dealing with the Company except for the financial and taxation audit service. 3. The Company complies with relevant rules and rotates auditor within the accounting firm. 	

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>4. Statement of independence is obtained from the auditor on a yearly basis.</p> <p>Assessment outcomes are as follows: In February 2021, the Audit Committee and board of directors conducted assessments on the Company's 2020 financial statement auditors and found CPA Hsin-Min Hsu and CPA Hans Chen having satisfied independence requirements.</p>	
<p>4. Has the company allocated adequate number of competent corporate governance staff and appointed a corporate governance officer to oversee corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, assisting directors/supervisors with compliance issues, convention of board meetings and shareholder meetings, and preparation of board/shareholder meeting minutes)?</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 team of CFO Office to oversee corporate governance-related matters, and their main duties are to arrange board meeting and shareholder meeting affairs, provide directors with the information needed to perform duties, and gather the latest regulatory changes that are relevant to the Company to assist directors with compliance, duties and ongoing education. Education of the Corporate Governance Officer in 2020 has been disclosed on the Company's website.</p> <p>The following tasks were performed throughout 2020:</p> <ol style="list-style-type: none"> 1. Assisted directors with their duties, provided directors with the needed information, and arranged directors' training <ul style="list-style-type: none"> ● Informed board members of the latest regulations concerning the Company's operations and corporate governance. ● Provided directors with the requested information and maintained communication between directors and senior managers. ● Independent directors regularly communicated with the chief internal auditor or financial statement auditor to learn the Company's financial and business performance. ● Training courses were arranged for directors based on their 	<p>Conforms with the Corporate Governance Best-Practice Principles and no deviation is found</p>

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>education, career experience and changes in existing regulations.</p> <ul style="list-style-type: none"> ● Evaluated and took out appropriate director and manager liability insurance. <p>2. Assisted functional committees, board of directors and shareholders with meeting procedures and compliance issues</p> <ul style="list-style-type: none"> ● Prepared meeting agenda and notified directors at least 7 days before meeting, and provided participants with relevant materials pertaining to the issues discussed. Reminders were sent in advance for motions that involved conflict of interest, and minutes were produced within 20 days after each meeting. 6 board meetings and 4 audit committee meetings and 2 remuneration committee meetings were held in the year 2020. ● Assisted and reminded directors of the regulations to comply when performing duties or forming resolutions at board meetings. ● Checked announcement of major resolutions of the board meetings and shareholders' meetings, ensured compliance and accuracy of the information conveyed and protected investors' rights to information symmetry. ● Processes such as registration of shareholder meeting date, preparation of meeting advice, conference manual, minutes, annual report etc. were completed and made available to investors within th required timeframe. ● Conducted 2020 internal and external performance assessment for the Board and performance assessment for various functional committees and submitted the assessment results to the most immediate board meeting in 2021. <p>3. Maintenance of investor relations Through quarterly investor conference, annual general meetings and timely website updates, investors are given insight to the Company's financial, business and corporate</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	
			governance performance, which also protects shareholders' interest.	
5. Has the company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	✓		The Company has an employee mailbox, employee service hotline, spokesperson mailbox and general inquiry hotline available to communicate with customers, suppliers and the general public. Stakeholders may contact specific departments within the Company at any time deemed necessary. The Company has created a dedicated section on its website to disclose information that is relevant to stakeholders. The Company uses a broad range of channels to maintain communication with stakeholders and learn their expectations; these findings provide a useful reference to the Company's corporate social responsibility policies and plans in the future.	Conforms with the Corporate Governance Best-Practice Principles and no deviation is found
6. Does the Company engage a share administration agency to handle shareholder meeting affairs?	✓		The Company has engaged the Shareholder Service Department of Taishin International Bank Co., Ltd. to handle matters relating to shareholder meetings.	Conforms with the Corporate Governance Best-Practice Principles and no deviation is found
7. Information disclosure				
(1) Has the company established a website that discloses financial, business, and corporate governance-related information?	✓		(1) The Company maintains a corporate 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
(2) 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)?	✓		(2) The Company has set up an English website and assigned dedicated personnel to gather and disclose information of the Company, enforce the spokesperson system, publish investor conference video recordings over the Company's website, and duly disclose information in accordance with the authority's instructions and prevailing laws. Date and venue of investor conferences can be found on the Company's website under "Investor Relations/Earnings Conference," "Investor Relations/Events" or "News/Events" sections.	
(3) Does the Company publish and make official filing of annual financial report within two months after	✓		(3) The Company had published its 2020 financial report following the investor conference held on February 22, 2021,	

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
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?			and expects to file its Q1, Q2 and Q3 financial reports in April, July and October, respectively. Monthly performance results were announced before the 10th calendar day of the following month.	
8. 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>(1) 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 in place to plan welfare measures and recreation activities such as golden week vacation, employee trip, health seminars and festive event, and thereby promote interaction among colleagues and family members. The Company also invites employees and family members to art and cultural events from time to time, where they are exposed to inspirations that may help enrich 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>(2) Investor relations The Company has spokesperson and acting spokesperson in place to maintain investor relations. The Company also hosts domestic investor conferences regularly and participates in global investor conferences from time to time.</p> <p>(3) Supplier relations and stakeholders' interests The Company adheres strictly to commercial ethics for all business dealings with suppliers and customers. Key</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>suppliers are regularly evaluated for price, quality, technology, delivery and service, and all suppliers are required to sign a letter of commitment to integrity. The Company fully understands customers' needs, helps them resolve problems and strives to deliver more satisfactory products and services. Financial and business dealings with affiliated enterprises are carried out according to rules such as "Lending, Guarantee and Endorsement Procedures," "Asset Acquisition and Disposal Procedures" and "Subsidiary Supervision Policy."</p> <p>(4) Directors' 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>(5) Risk management policies and risk assessment standards The Company has formulated the risk management policy and it has been approved by the board of directors in 2020. The Company continues to implement risk detection, analysis and identification in the area of risk management, strengthen its abilities in prevention and resolving crises, and swift recovery from crises to control risks effectively. For the information about risk management, go to the section "Corporate Social Responsibilities/Risk Management" of the Company website.</p> <p>(6) 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>	

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			(7) 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>9. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified:</p> <p>The Company has been ranked among the top 5% in corporate governance evaluation for 6 consecutive years, and the outcome of the corporate governance evaluation is reviewed for possible and feasible improvements. The Company undertook several enhancement measures in 2020 including establishing a nominating committee, formulating a “risk management policy,” and enhancing information security and intellectual property. The Company's sustainability efforts cover economic, environmental and social aspects. To date, it has received "Commonwealth CSR Award" for 9 consecutive years, TCSA - "Corporate Sustainability Report Awards - Gold" for 4 consecutive years, TCSA - "Transparency and Integrity Awards " for 3 consecutive years, and TCSA’s Corporate Sustainability Awards-“Corporate Sustainability Awards” for 2 consecutive years. In the future, the Company will continue upholding the integrity and shall commit to the mission of fulfilling responsibilities to stakeholders and the society.</p>				

Directors' and managers' ongoing education						
Title	Name	Course date		Organizer	Course name	Training Hours
		Start	End			
Chairman and CEO	Wade Chang	2020.10.26	2020.10.26	Taiwan Corporate Governance Association	Green Swan: Most Important Things about Investment - ESG, Directors' Responsibilities and Board Practices	6
Representative of corporate director	Tai-Shun Ho	2020.10.26	2020.10.26	Taiwan Corporate Governance Association	Green Swan: Most Important Things about Investment - ESG, Directors' Responsibilities and Board Practices	6
		2020.11.04	2020.11.04	Taiwan Corporate Governance Association	Corporate Risk Management and Internal Control, Corporate Fraud Detection and Prevention	6
Director	Ted Tu	2020.06.18	2020.06.18	Taiwan Securities Association	Corporate Governance - Future of FinTech in the view from the Development of ePayment in Taiwan.	3
		2020.09.30	2020.09.30	Taiwan Corporate Governance Association	Boardroom Dispute from Shareholder Activism	3
		2020.10.21	2020.10.21	Taiwan Corporate Governance Association	Ethical Corporate Management and ISO37001	3
		2020.10.26	2020.10.26	Taiwan Corporate Governance Association	Green Swan: Most Important Things about Investment - ESG, Directors' Responsibilities and Board Practices	6

Directors' and managers' ongoing education						
Title	Name	Course date		Organizer	Course name	Training Hours
		Start	End			
Director	Chual-Hsin Teng	2020.10.13	2020.10.13	Securities and Futures Institute	Strategy and Management of Corporate Upgrading and Transformation - Mergers and Acquisitions and Alliance Selection, Industry 4.0 and How Companies Lead Innovation Transformation	6
		2020.10.26	2020.10.26	Taiwan Corporate Governance Association	Green Swan: Most Important Things about Investment - ESG, Directors' Responsibilities and Board Practices	6
Independent Director	Houn-Gee Chen	2020.10.26	2020.10.26	Taiwan Corporate Governance Association	Green Swan: Most Important Things about Investment - ESG, Directors' Responsibilities and Board Practices	6
Independent Director	Edward H.Chow	2020.03.25	2020.03.25	Taiwan Academy of Banking and Finance	Global Political and Economic Situation on Business Risk	3
		2020.06.02	2020.06.02	Taiwan Securities Association	Risk Management Mechanism of the Financial Industry from Issuance Loss of Warrants by Securities Dealers	3
		2020.07.07	2020.07.07	Taiwan Securities Association	Money Laundering Prevention Trends and Policy Development after the Third Round of Mutual Evaluation	3
		2020.07.22	2020.07.22	Taiwan Academy of Banking and Finance	Post-COVID Global Economic Trends and Corporate Competitive Strategies	3
		2020.10.26	2020.10.26	Taiwan Corporate Governance Association	Green Swan: Most Important Things about Investment - ESG, Directors' Responsibilities and Board Practices	6
Independent Director	Chien Yao	2020.10.26	2020.10.26	Taiwan Corporate Governance Association	Green Swan: Most Important Things about Investment - ESG, Directors' Responsibilities and Board Practices	6
CFO/ Corporate Governance Officer	Franck Ho	2020.08.28	2020.08.28	Taipei Exchange	TPEX and Emerging Stock Market Insider Shareholding Seminar	3
		2020.09.08	2020.09.08	Taiwan Corporate Governance Association	Case Study and Analysis of Boardroom Dispute	3
		2020.09.10	2020.09.11	Accounting Research and Development Foundation of the R.O.C.	Ongoing Education for Securities Issuers, Securities Firms, and TWSE Chief Accounting Officer	12
		2020.10.26	2020.10.26	Taiwan Corporate Governance Association	Green Swan: Most Important Things about Investment - ESG, Directors' Responsibilities and Board Practices	6

(IV) Disclose the composition, responsibilities, and functioning of remuneration committee, if available

1. Composition of Remuneration Committee

Identity	Criteria Name	Having more than 5 years work experience and professional qualifications listed below			Compliance of independence										Number of positions as Remuneration Committee members in other public companies	Remarks
		Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the Company's operations in a public or private tertiary institution	Judge, prosecutor, lawyer, accountant, or holder of national exam or professional qualification relevant to the company's operations	Commercial, legal, financial, accounting or other work experience required to perform the assigned duties	1	2	3	4	5	6	7	8	9	10		
Independent Director	Houn-Gee Chen	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	None
Independent Director	Edward H.Chow	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	None
Independent Director	Yao Chien			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	None

Note 1: Members who meet the following conditions at any time during active duty and two years prior to the date of appointment will have a “✓” placed in the corresponding boxes.

- (1) Not employed by the company or any of its affiliated companies.
- (2) Not a director or supervisor of the company or any of its affiliated companies (this restriction does not apply to concurrent independent director positions in the company, its parent company, subsidiary, or another subsidiary of the parent that is compliant with Securities and Exchange Act or local laws).
- (3) Does not hold more than 1% of the company's outstanding shares in their own names or under the name of spouse, underage children, or proxy shareholder; nor is a top-10 natural-person shareholder of the company.
- (4) Not a manager listed in (1), or a spouse, 2nd-degree relative or closer or 3rd-degree direct relative or closer to any personnel listed in (2) or (3).
- (5) Not a director, supervisor or employee of any corporate shareholder that: 1. holds 5% or more of the Company's outstanding shares; 2. is a top-5 shareholder; or 3. appoints director/supervisor representative in the Company according to Paragraph 1 or 2, Article 27 of The Company Act. (This excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent company that are compliant with the Act or local laws)
- (6) Not a director, supervisor or employee of any other company that controls directorship in the company or where more than half of total voting rights are controlled by a single party (this excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent company that are compliant with the Act or local laws).
- (7) Does not assume concurrent duty as Chairman, President or equivalent role, and is not a director, supervisor or employee of another company or institution owned by spouse. (This excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent company that are compliant with the Act or local laws).
- (8) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the Company (however, this excludes concurrent independent director positions held within companies or institutions that hold more than 20% but less than 50% outstanding shares of the Company, or in the Company's parent or subsidiary, or in another subsidiary of the parent that is compliant with the Act or local laws).
- (9) Not a professional who provides audit service, or commercial, legal, financial, accounting or related services for an accumulated sum of less than NT\$500,000 in the last 2 years, to the Company or its affiliate, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliated companies. This excludes roles as Remuneration Committee, Public Acquisition Review Committee or M&A Special Committee member appointed in accordance with the Securities and Exchange Act or Business Mergers And Acquisitions Act.
- (10) Does not meet any of the conditions stated in Article 30 of The Company Act.

2.Responsibilities of the Remuneration Committee: To evaluate directors' and managers' performance as well as compensation policies and systems in a professional and objective manner, including: (1) Regular examination of "Remuneration Committee

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

3. Functionality of Remuneration Committee: The Company's Remuneration Committee comprises 3 members; service of the current board begins June 13, 2019 and ends June 12, 2022. The Remuneration Committee held 2 (A) meetings in 2020; members' background and attendance records are as follows:

Title	Name	No. of actual attendance (B)	Attendance by proxy	Actual attendance rate (%) [B/A]	Remarks
Convener	Houn-Gee Chen	2	0	100%	None
Committee member	Edward H. Chow	2	0	100%	
Committee member	Yao Chien	2	0	100%	

Other mandatory disclosures:

- In the event where the Remuneration Committee's proposal is rejected or amended in a board of directors meeting, please describe the date and session of the meeting, details of the motion, the board's resolution, and how the company had handled the Remuneration Committee's proposals (describe the differences and reasons, if any, should the board of directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): None.
- 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.
- 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
2020.02.17	2nd meeting of the 4th board	1.2020 compensation for Directors Hsun Chieh Investment	1. Director Edward H. Chow had disassociated	Proposed by the board of directors and

		<p>Corporation, Ted Tu, and Chual-Hsin Teng and Independent Director Edward H.Chow.</p> <p>2.2020 compensation for Independent Directors Houn-Gee Chen, and Yao Chien.</p> <p>3.2020 managers' salary and compensation</p>	<p>from the final resolution as the motion concerned personal interest. The motion was passed as proposed by Director Houn-Gee Chen and Director Yao Chien without objection.</p> <p>2. Director Houn-Gee Chen and Director Yao Chien had disassociated from the final resolution as the motion concerned personal interest. The motion was passed as proposed by Director Edward H.Chow without objection.</p> <p>3. The motion was passed as proposed without objection from independent directors.</p>	<p>passed unanimously by all attending members</p>
2020.07.27	3rd meeting of the 4th board	2019 employee remuneration for managers of the Company	All Independent Directors Approved as proposed without objections.	Proposed by the board of directors and passed unanimously by all attending members

(V) Fulfillment of social responsibilities and deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
1. Has the company conducted risk assessment on environmental, social and corporate governance issues that are relevant to its operations, and implemented risk management policies or strategies based on principles of materiality?	✓		The Company issues material topic questionnaire to survey sustainability issues that are of concern to stakeholders on a yearly basis. Using GRI Standards, the Company identifies material issues for a given year after taking into consideration stakeholder inclusiveness, sustainability, materiality and completeness, and classifies material issues into three main categories, namely: environmental, social and economic/corporate governance. Policies and response strategies for each of the material issues identified are disclosed separately in the Risk Management chapter of its annual corporate social responsibility report. For details on risk assessment and risk management policies pertaining to environmental, social and corporate governance issues, please refer to the Company's 2020 corporate social responsibility report under the section "Risk Management."	No material deviation is found.
2. Does the company have a unit that specializes (or is involved) in CSR practices? Is the CSR unit run by senior management and does the unit report its progress to the board of directors?	✓		The Company established - "Corporate Social Responsibility Committee" in 2008 and it was renamed "ESG Committee" in 2020 to promote ESG-related tasks. The Chairman serves as "Lead Member" of the ESG Committee while the Presidents and CFO serve as "committee representatives" and the spokesperson undertakes the role of "management representative." Departments that are concerned with governance, social and environmental tasks have been authorized by the Committee as "Executive Representatives," whose duties are to carry out ESG-related tasks. 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 main issues, execute	No material deviation is found.

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			projects and prepare CFO's annual reports to the board of directors. For details on fulfillment of corporate social responsibilities, please refer to the section titled "7. Other information useful to the understanding of corporate social responsibilities."	
<p>3. Environmental issues</p> <p>(1) Has the company developed an appropriate environmental management system, given its distinctive characteristics?</p> <p>(2) Is the company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment?</p>	<p>✓</p> <p>✓</p>		<p>(1) For systematized management and mitigation of environmental impact brought by the operation, many of our plants in Taiwan obtained ISO 14001 - Environmental Management Systems in 2001 and underwent an ISO 14064-1 - Greenhouse gases through environmental impact analysis assessments. The results were verified by a third party. For effective energy control, Zhunan Plant has introduced the system and verification of ISO 50001 - Energy Management.</p> <p>(2) It is part of Coretronic's environmental protection and sustainability policy to "introduce environment-friendly technologies," and the Company has adhered to this goal by incorporating environmental and circular economy concepts into product design, and thereby improve product competitiveness while catering for the environment. Starting from the choice of raw materials, we have been exploring ways to make our products easier to disassemble or maintain and longer-lasting while cutting down on the volume of scraps and packaging materials. By reducing waste and production cost, this approach has yielded both economic and environmental protection benefits at the same time. The Company has been actively implementing hazardous substance control measures since 2004, and uses ISP and GPMS platforms to manage its suppliers. All new suppliers are required to conform with hazardous substance safety standards and complete related questionnaires, green</p>	No material deviation is found.

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(3) Does the company assess potential risks and opportunities associated with climate change, and undertake measures in response to climate issues?	✓		<p>product commitment and safety data sheet (SDS) before commencing transactions. Energy-saving designs and 3R (Reduce, Recycle and Reuse) technologies are adopted at the product development, whereas green design and production technologies are also implemented throughout design and production, including: 1.design for environment, 2. green supply chain management, 3. RoHS testing for compartments/semi-finished products/finished products, 4. Implementation of green manufacturing process, 5. education and training, and 6. carbon footprint self-verification.</p> <p>(3) The Company is well-aware of the impacts global warming and climate change have on the environment, and has therefore taken the initiative to identify risks in particular regards to "Total greenhouse gas volume control," "Greenhouse Gas Reduction and Management Act," "Energy/resource shortage" and "Waste management." Driven by its mission toward "sustainability," the Company has taken progressive actions including implementation of "Environmental Sustainability and Occupational Safety and Health Policy," setting short/medium/long term targets, and tracking performance through quarterly Environmental Protection Committee meetings. For more detailed disclosures on the response measures taken, please visit "CSR/Risk Management/Climate-change Risk" section of the corporate website.</p>	
(4) Does the company maintain statistics on greenhouse gas emission, water usage and total waste volume in the last two years, and implement policies aimed at reducing energy, carbon, greenhouse gas, water and waste?	✓		<p>(4) The Company follows ISO 14064-1 - Greenhouse Gas Inventory and takes actions to survey, monitor, manage and reduce greenhouse gas emissions as part of its duties to protect Earth's environment. Total greenhouse gas emission was calculated at 9,291.630 and 17,058.743 tonnes CO₂e in 2019 and 2020, respectively. To meet the requirements of ISO 14064-1:2018, we add category 3~6 emissions to GHG</p>	

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>inventory boundary, so as to increase the amount of GHG emissions in 2020. Energy and carbon reduction measures that are undertaken by the Company mostly focus on the air conditioning system, lighting and other power equipment, and are targeted toward reducing power usage by 1% per year. Annual power savings across all plants for 2019 and 2020 were calculated at 596,303 kWh and 1,922,153 kWh, which were equivalent to 317 tons and 978 tons of Company 2 reduction, respectively. The energy-saving is mainly attributed to the introduction of a magnetic floating chiller, which regulates power consumption through an intelligent flow control system to achieve energy saving. Climate change has altered weather patterns by a significant degree that droughts and heavy rain have become increasingly common in Taiwan. This requires more pro-active management of water resources. In terms of water resource management, volume of freshwater used across all plants totaled 89,034 tons in 2019 and 81,052 tons in 2020. Water conservation devices have been installed on bathroom and pantry taps to reduce usage, and catering water use is monitored on a weekly basis. The Company has also been exploring alternative water sources by collecting condensed water from air conditioning and rainwater for use at the cooling tower and gardening. The volume of water recycled and saved totaled 17,057 tons in 2019 and 19,471 tons in 2020. 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. Regarding waste management, the Company generated 857.1 tons of waste</p>	

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>in 2019 and 558.9 tons of waste in 2020. Reduction measures and waste classification have been undertaken in order to minimize environmental impact from operating and production activities, and the Company was able to recycle 35% of the waste produced in 2020. The above statistics include Lixing Plant, Chunan Plant and Nanke Plant.</p> <p>Motivated by a sustainable business philosophy, the Company is dedicated to preventing pollution and has envisioned itself of "becoming a green enterprise through reduction of power usage, water consumption, waste production and carbon emission." The Company is committed to making ongoing improvements in terms of environment, sustainability, occupational safety and health, and has made 7 major commitments below to guide its achievement of energy, carbon and greenhouse gas reduction goals:</p> <ol style="list-style-type: none"> 1. It is the primary assignment and responsibility of employees to ensure the quality, safety and health of corporate activities and environment. 2. Business and operating activities must comply with occupational safety, health and environmental protection laws. 3. Minimize business risks through hazard identification, risk assessment and operational control. 4. Prevent occupational hazard and promote health awareness to create a friendly, safe and healthy workplace. 5. Design products with life cycle and circular economy in mind, and strive to minimize environmental impact and address global warming. 6. Encourage green design and clean production to become a model corporation in energy and carbon reduction. 	

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<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>a. Coastal cleanup and environmental education: In short-term (2015 - 2019), 120 participants annually. In mid-term (2020 - 2022), 230 participants annually.</p> <p>b. 4-hour online environmental education - Average completion rate is estimated at 85% for 2021.</p> <p>c. "Rise Up" Stair Climbing Competition - Participants in 2021 are expected to complete 15% more stairs than those in 2017.</p> <p>d. Waste reduction - Average 3% reduction per year over the short term (2015~2019) and 1% reduction per year over the medium term (2020~2022); cumulative 14% reduction is estimated for 2021.</p> <p>e. Energy/carbon reduction at plants - Cumulative 10% reduction expected in 2021 compared to 2015.</p> <p>f. Water reduction at plants - Cumulative 7% reduction expected in 2021 compared to 2015.</p> <p>g. Renewable energy at Nanke Plant and Zhunan Plant - Renewable energy accounted for 1% of total power consumed by the plant in 2020.</p>	
<p>4. 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>(1) Being an electronic industry citizen, the Company abides by the RBA commitment, fulfills corporate social responsibilities and protects human rights of all its employees. The Company recognizes and complies with international human rights conventions including "The Universal Declaration of Human Rights," "The Global Compact," "The UN Guiding Principles on Business and Human Rights" and "International Labour Organization,"</p>	No material deviation is found.

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(2) 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>and has established a set of "Human Rights Policy" that explicitly prohibits any act of human rights violation and requires all employees to be treated fairly and respected. This policy represents the Company's commitment to enforcing human rights and protecting employees' rightful interests. For more information relating to human rights policy, please visit "CSR/Friendly Workplace/Human Rights Policy" section on the Company's website.</p> <p>(2) 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. Remuneration to includes monthly salary, bonuses for the three festivals, operation bonus, and employee compensation. Bonuses are paid out based on the operation performance and personal assessment. Annual remuneration equivalent to 14-month salary will be paid out when all performance goals are achieved. Employee benefits include annual leave, golden week holiday week leave, and various subsidies. The total leaves granted to our employees are more favorable than those provided in the Labor Standard Act. The Company is dedicated to creating an inspirational, fair and satisfying work environment where talents may thrive. The Company values performance and rewards top performers through the use of an objective performance management system that is capable of distinguishing performers from non-performers.</p>	

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(3) Does the company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?	✓		<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.</p> <p>(3) The Company has created a LINE chat group to provide employees with useful information and to promote awareness toward voluntary health management at the workplace. Sports clubs such as softball, badminton, and table tennis have been created at each plant, and sports competitions and activities are being organized to develop exercising habits among employees. Meanwhile, nutritional meals are being served to cater to the health of factory workers. The Company places great emphasis on the health condition of its workers. In addition to health activities and seminars, the Company guides employees toward maintaining a healthy lifestyle, organizes employee health checkups as required by laws. The Company also promotes various hazard risk assessments to build a sustainable healthy workplace. In response to COVID-19, the Company has established a group response team for epidemic prevention. Being in line with the Central Epidemic Command Center, the Company has activated the epidemic prevention mechanism, formulated a contingency plan related to workplace epidemic prevention, and implemented hazard control and management measures</p>	

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(4) Has the company implemented an effective training program that helps employees develop skills over their career?	✓		<p>including but not limited to: (1) recording daily body temperature; (2) surveying on epidemic situations every week; (3) requiring employees to carry out self-health monitoring or stay at home for 7 days if there are any symptoms of fever or cold; (4) requiring employees to wear masks all the time when entering different floors or plants; (5) adjusting lines of catering service queues and implementing one-way staircases; (6) encouraging phone calls, emails or teleconferences to prevent face-to-face meetings or conferences in poor ventilating venues or close contacts with external personnel; (7) conducting surveys and necessary controls on visitors, contractors, suppliers, etc. entering office areas. Punishments will be imposed on violators of the preceding measures in accordance with the Company's regulations regarding awards and penalties. For details on other workplace and employee safety protection measures, please refer to chapter Five. Operational Overview - "5. Labor-management relations/(4) Work environment, employee safety and protection measures."</p> <p>(4) The Company has developed its training policies and programs in line with corporate visions and operational targets to help employees develop competitiveness over the course of their career. Below is a description of various training courses offered by the Company:</p> <p>(a) Shaping of corporate culture: Training courses that promote Coretronic's R.I.S.E. culture are being organized so that each employee may practice responsibility, innovation, excellence and originality at work. In 2020, the Company continued to hold a series of RISE seminars, supplemented with "Reading Plan" and invited renowned guest speakers to share knowledge and reading experiences with</p>	

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(5) Has the company complied with laws and international standards with respect to customers' health, safety and privacy, marketing and labeling in all products and services offered, and implemented consumer protection policies and complaint procedures?	✓		<p>participants. It is the ultimate goal of the Company to not only direct employees' attention toward corporate culture but enforce that culture at work and in life as well.</p> <p>(b) Professional talent training: The Company offers three main categories of training: general knowledge training, managerial skill training, and specialist training, to help employees accomplish performance targets.</p> <p>(c) Training courses for international talents: Many sessions of English course are being organized to support the group's globalization initiative.</p> <p>(d) Orientation training: Through the use of games and diverse learning methods, new employees are given a better understanding of the corporate culture, Electronic Industry Code of Conduct, avoidance of conflicting interest by suppliers, business integrity and ethical behavior guidelines. The orientation helps employees develop appreciation for the corporate culture as well as understanding of existing rules, welfare policies and administrative guidelines for quicker adaptation.</p> <p>(5) All specifications and labeling applied to product exterior are compliant with laws and international standards, and are backed by valid test reports. The Company values customers' opinions and has product return/repair procedures, customer complaint procedures and relevant policies in place to protect consumers' interest. Through customer service mailbox (ser@coretronic.com), complaint channels, visits, phone interviews, customer service units and satisfaction surveys, the company communicates with its customers extensively not only to raise satisfaction, but</p>	

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(6) 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>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.</p> <p>(6) The Company looks forward to growing and accomplishing sustainability alongside its suppliers. We have robust supply chain management policies and measures in place to cover everything from supplier evaluation, supplier management, supplier audit to supplier counseling, which enable us to choose the vendors that deliver the level of quality and technology needed. Furthermore, we have compiled an "RBA Code of Conduct Handbook" based on R B A to manage our suppliers. We strive to direct suppliers' attention toward ethics, workers' human rights, environmental protection, health and safety issues, and implement risk management and business continuity plans in such a way that helps us build a sustainable green supply chain. The Company has committed to corporate social responsibilities as a part of a global supply chain; for this reason, any supplier that exhibits major adverse conduct in regards to the environment, work conditions, human rights, or social aspect will be immediately removed from the qualified suppliers list. For suppliers of non-substitutable goods, the Company will assist the offender in the elimination of adverse conduct in order to keep the supply chain operational. For more details, please visit "CSR/Supply Chain" section on the Company's website.</p>	
5. Does the company prepare corporate social responsibility report or any report of non-financial information based on globally accepted standards and guidelines? Are the abovementioned reports supported by assurance or opinion of a third-party certifier?	✓		The Company has been publishing annual corporate social responsibility reports since 2008 using globally accepted standards and guidelines. Starting from 2016, the Company's annual CSR reports have been assured by SGS. The 2016 ~ 2017 reports were both awarded AA1000AS Type 1, Moderate level	No material deviation is found.

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			assurance, whereas 2018 ~ 2020 reports were awarded AA1000AS Type 2, High level assurance. These assurances have raised the credibility of the Company's corporate social responsibility reports.	
<p>6. If the company has established CSR principles in accordance with "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies," please describe its current practices and any deviations from the Best Practice Principles: The Company has implemented "Corporate Social Responsibility Code of Conduct" with the approval of the board of directors, and adopted the practice of preparing annual CSR reports and disclosing them over the Company's website as well as Market Observation Post System. The report contents and preparation procedures are entirely compliant "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies," and hence no significant deviation is found.</p>				
<p>7. Other information useful to the understanding of corporate social responsibilities: (1) Sustainability awards: 1. Ranked top 5% among TPEX listed companies in terms of corporate governance evaluation for 6th consecutive years (2015~2020); 2. Ranked top 10% among TPEX listed electronic companies with market capitalization above NT\$10 billion in terms of corporate governance evaluation for 3rd consecutive years (2019~2020); 3. Selected as a composition of "TPEX 50 Index" for 11th consecutive years (2010~2020); 4. Selected as a composition of "TPEX High Dividend Yield Index" and "TPEX Labor Employment 88 Index" for 7th consecutive years (2014~2020); 5. Selected as a composition of "TPEX Corporate Governance Index" and "TPEX Compensation Index" for 6th consecutive years (2015~2020); 6. Won "Commonwealth CSR Award" for 9th consecutive years (2012~2020); 7. Won TCSA - "Corporate Sustainability Report Awards - Gold Award" for 4th consecutive years (2017~2020); 8. Claimed TCSA "Transparency and Integrity Award" for 3rd consecutive years (2018-2020); 9. Won TCSA "Corporate Sustainability Awards" for 2nd consecutive years (2019~2020); 10. Awarded "Buying Power - The New Product and Service of Social Innovation Purchase Reward Program - Second Prize" for 2nd consecutive years (2019~2020); 11. Become the certificated corporation of "2020 Taiwan i Sport." ; 12. Chunan Plant was awarded "National Enterprise Environmental Protection Award - Silver Award" for 3rd consecutive year (2018~2020) and also got "Winner for 3 Consecutive Years Award", Nanke Plant was awarded "National Enterprise Environmental Protection Award - Silver Award " and "Green Action Award" in 2020, and Lixing Plant was awarded "National Enterprise Environmental Protection Award - Bronze Award" for 3rd consecutive years (2018~2020); 13. Awarded "Private Enterprise and Private Organization Green Procurement Performance Award" - Excellent by Hsinchu City Government for 2nd consecutive years (2019~2020), awarded "Private Enterprise and Private Organization Green Procurement Performance Award" - Excellent by Tainan City Government in 2020; 14. Nanke Plant was awarded "Top Environmental Protection Enterprise" by Southern Taiwan Science Park for 4th consecutive years (2017~2020); 15. Awarded the "Excellent Breastfeeding Room Certificate" by the Public Health Bureau, Hsinchu City in 2020. (2) Social engagement: 1. In 2020, the Company committed more than NT\$14.67 million of social spending and mobilized 569 volunteers to deliver 3,948 hours of volunteer service to the benefit of 3,452 underprivileged people, 32 remote schools and 49 charity organizations; 2. Four sessions of "High-tech Adventure": The Company aimed to eliminate the digital divide between urban and suburban areas; 3. Five "Digital Interactive Classrooms": The Company aimed to improve and promotes the digital teaching device and learning environments in rural areas; 4. Three sessions of "Future Light Camp: The Company organized programming courses through cooperation with IM-specific volunteer team from National United University; 5. "Technology Sharing": The Company donated or sponsored high-end projectors and Macaron Intelligent Life mirrors to support and promote art and cultural activities in Taiwan; 6. "Fulfill Kids' Dreams on Children's Day": The Company gifted stationary sets and popcorns to rural elementary schools; 7. "Exchange Love and Warm on X'mas": Employees voluntarily purchased and donated winter jackets and popcorns at their own expenses to rural elementary schools, donated to the World Peace League's breakfast program for hungry children, Andrew Charity Association's "New Year Donation Box", and Hua Shan</p>				

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>Social Welfare Foundation’s “CNY Meal for Elders” program, which benefited a total of 690 underprivileged children and elders; 8. “Rice Donation”: The Company purchased more than 23 tons of Yuanli Rice over a period of 9 years; 9. “CNY meal donation”: The Company donated to the 17th “CNY Meal for Elders” program organized by HuaShan Social Welfare Foundation. 12 employees volunteered themselves to deliver festive meal, gloves, socks and blankets 23 elders living alone in Jianshi and Hengshan Township of Hsinchu County; 10. “Volunteer Day”: The Company cooperated with “Give543 Donation” and held the “Donation Box” activity. The employees donated a total of 50 boxes of second-hand goods to 1,317 people, benefiting 19 mid-to-small charity organizations; 11. “Grab Your Bat”: The Company sponsored the baseball team of Chiayi County Shiou Lin Elementary School for 3rd consecutive years, and collaborated with supplier - PCGBROS and mini baseball promoter T.S. Chang was invited to the baseball camp at Fu Chi Elementary School; 12. “Earn Your Future”: The Company provided scholarship, living expense, and internship through a collaboration with Cheng Shiu University; 13. “Farm the Hopes”: The Company purchased 21 tons of organic vegetable from social enterprises “Buy NearBy” and “Earth Friend Organic” and served them in workers’ meals, increasing the income for small and elderly farmers. The Company also purchased 20 tons of Yuanli Rice as shareholders' meeting souvenirs and provided job opportunities through hiring 20 intellectually challenged workers for product packaging; 14. “Charity Sale”: The Company invited Love Link Association, HuaShan Social Welfare Foundation, World Peace Organization, Yu An Retarded Children’s Home, Saint Joseph Social Welfare Foundation, Children Are Us Foundation, Ai heng Man Fair Sheltered Workshop, New Taipei City Love Nature Shelter Workshop, Holy Family for Special Education to hold charity sale at various plants; 15. Invoice donation boxes for World Peace Organization, World Vision Taiwan, The Garden of Hope Foundation, Good Shepherd Social Welfare Foundation, Miaoli County Association for Persons with Disability and Universal Peace Foundation Taiwan were placed at various plants; 16. Coretronic Culture and Arts Foundation is dedicated to organizing the “Taiwan Environment Lighting Award”. It organizes public activities and cultural education activities while extending its influence to nearby schools, cultural groups, and events. Accomplishments in 2020: (a) The 3rd “Taiwan Environment Lighting Award”: International lighting expert Lien Chou was invited to assemble a jury panel for this event. After several rounds of reviews, the grand awards were granted to “Office of The President, R.O.C. (Taiwan)”, “The Spring”, “Daxi Historical Light Corridor”, and “LIGHTWELL Spatial Light Installation”, and the “Smangus ‘Blue-hazard-free’ Tribe” was given "Special Jury Award" for its use of blue-hazard-free candlelight-style organic light emitting diode (OLED), a practice of environmental sustainability that has reduced the area’s ecological impact; (b) “Light Seminar - Environment Lighting Art Educational Course”: The Company invited designers <u>Chi-Yang Chiang</u> and <u>Wen-Ying Chu</u> to be the lecturers and arranged “Let There Be Light” and “Everyday Light and Shadow Play” courses; (c) “Lighting Detectives – Dadaocheng Cultural Heritage Night Stroll”: The designers, <u>Chi-Yang Chiang</u> and <u>Yu-Huang Chen</u>, led the participants to walk through Dadaocheng, enjoy the lights, stroll around, listen to old stories, discuss and share the light in the area; (d) Organized art and cultural exhibitions: The Company hosted two exhibitions, “SHINE A NEW LIGHT - Art Education Program Student Exhibition” and “An Island's Aggregated Light: 2019 Taiwan Environment Lighting Award Exhibition”; (e) “Light lights in Hsinchu: Theremin Workshop”: In cooperation with lecturers from National Taiwan Science Education Center, the employees assembled their own electronic musical instrument, the Theremin, to create music using lights and shadows. Also, the Company organized herb harvesting and bagel DIY courses for its employees.</p> <p>(3) Consumer interests: All of the Company's products have conformed with international restrictions on hazardous substances and environmental protection requirements. By adopting green design, production, procurement and management practices, the Company strives to prevent and minimize negative effects its business activities have on the environment and reduce the environmental impact of electronic products.</p> <p>(4) Human rights: 1. The Company convenes labor-management meetings in accordance with its "Labor-management Conference Policy." 2. The Company has implemented workplace sexual harassment prevention, grievance and disciplinary measures to protect the rights and privacy of parties involved. 3. The Company has employee opinion mailbox, employee care hotline and discussion forums in place, and assigns accountable units to respond to queries and offer solutions.</p> <p>(5) Safety and health: 1. The Company offers "orientation training," "on-the-job training," "ordinary training" and "ESH management training" to improve employees'</p>	

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>awareness toward the environment, safety and health. The regularly trained civil defense regiment of the Zhunan plant was evaluated “Excellent” by the general civil defense group of Miaoli County Government; 2. A digital learning website has been created to deliver environmental safety and health training online. Employees may inquire, enroll to, and take courses at any time using the system; 3. Environmental safety and health policies are summarized, printed on small cards and distributed to employees to promote and enforce the environmental safety and health management system; 4. The Company implements regular inspection, accident correction review and preventive measures, and the Zhunan plant obtained the million-working-hour disaster-free certificate (1,042,320 hours).</p> <p>(6) Friendly Environment: 1. An Environmental Protection Committee was assembled in 2015 to accommodate the Company's sustainable movements. The committee's responsibilities are to establish the sustainability strategy, set short/medium/long term targets and conduct regular performance reviews. A set of "Environmental Sustainability and Occupational Safety and Health Policy" was later implemented in 2018. 2. Lixing Plant, Chunan Plant and Nanke Plant have all passed certification for ISO 14064-1 Greenhouse Gas Inventory, ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety and CNS 45001 Taiwan Occupational Health and Safety Management System; 3. Chunan Plant passed certification for ISO 50001 Energy Management System for 5th consecutive years; 4. The Company has been free of major environmental violations for 9 consecutive years; 5. Nanke Plant installed 263.19 kWh of solar power capacity, with a total of 347,077 kWh of electricity was generated in 2020, which is equivalent to 177 tons of CO₂e reduction; 6. The Company purchased 165 renewable energy certificates (for 165,000 kWh of capacity); 7. Environmental protection volunteers were recruited to offer guidance and explanation on energy-saving measures for students and teachers who participated in plant tours; 8. Environmental protection/green credits are being given to reward and commend employees' green actions and to stimulate employees' contribution toward building a green enterprise; 9. The Company established online education courses and promoted green education; 10. The Company organized green education programs (including Earth Day Earth Hour / Maolin Dee Gorge Summer Ecological Activity / Visit to Tainan Astronomical Education Area / Beach Cleanup at Longfeng Fishing Port); 11. Adopted green accounting system and prioritized purchase for green products; 12. Air quality monitoring equipment and improvement measures were adopted and performance was monitored regularly to create a worker-friendly environment; 13. In response to the government's public toilet adoption program, Chunan Plant and Nanke Plants have adopted 4 public toilets; 14. Lixing Plant and Chunan Plant translated their beach cleanup activities into nominal donation values to environmental groups through the “You clean, I donate” plan, and helped charity groups through practical actions.</p> <p>(7) Friendly workplace: 1. Lixing Plant was awarded 2020 “Excellent Breastfeeding Room Certificate” by the Public Health Bureau, Hsinchu City; 2. One salary adjustment was made in 2020, and employees on average saw a 2~3% increase in salary; 3. 22 summer internship positions were offered to employees' children and students of Cheng Shiu University, National Taipei University of Technology, National University of Kaohsiung, and Minghsin University of Science and Technology. Also, the Company cooperated with 5 tertiary institution students of National Chiao Tung University in a multitude of industry-academia projects.</p> <p>(8) Other socially responsible actions: The Company has developed a system for online reporting of public information, and assigned dedicated personnel to gather and disclose information relating to the Company, and make sure that any information capable of influencing shareholders' and stakeholders' decisions is disclosed in a timely and adequate manner.</p>	

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

Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>1. Establishment of integrity policies and solutions</p> <p>(1) Has the company established a set of board-approved business integrity policy, and stated in its Memorandum or external correspondence about the polices and practices it implements to maintain business integrity? Are the board of directors and the senior management committed to fulfilling this commitment?</p> <p>(2) 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>(3) Has the company defined and enforced operating procedures, behavioral guidelines, penalties and grievance systems as part of its preventive measures against dishonest conducts? Are the above measures reviewed and revised on a regular basis?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company has implemented "Business Integrity Code of Conduct" and "Business Integrity Procedures and Behavioral Guidelines" with board of directors' approval. These policies require all directors, managers and employees to adhere to integrity principles and standards in all business interactions, and develop sound corporate governance as well as robust risk control measures based on which. The Company has disclosed in its annual report and website the various steps that the board of directors and the management have taken toward enforcing the business integrity policy, which are reported at board meetings on a yearly basis.</p> <p>(2) 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 conducts that would be construed as dishonest, illegal or in breach of trust, whether directly or indirectly, while carrying out their duties. The policy also outlines disciplinary and grievance measures. All related policies have been published on the Company's Intranet and made available for inquiry by employees at any time.</p> <p>(3) 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</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	
			areas that require employees' attention when performing duties. For example: The Company specifically prohibits insiders from offering or accepting bribes and other illegitimate gains, requires all business transactions to be completed in the utmost transparency and correctly reflected in ledgers and records, and enforces monitoring and enhancement procedures to ensure that integrity requirements are fulfilled.	
<p>2. Enforcing ethical management</p> <p>(1) 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>(2) 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 (at least once a year)?</p>	<p>✓</p> <p>✓</p>		<p>(1) 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>(2) According to board-approved "Business Integrity Code of Conduct" and "Business Integrity Procedures and Behavioral Guidelines," the human resource unit is responsible for the establishment and execution of business integrity policy as well as preventive measures. Execution of business integrity policy is reported to the board of directors once every year. Below is a summary of the 2020 report:</p> <ul style="list-style-type: none"> •Digital training courses were introduced to help promote business integrity within the Company. Besides new recruits, indirect employees were given an online course on "Corporate Integrity and Integrity Principles." The above courses received a total of 1,074 participants in 2020. 	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	
(3) Does the company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?	✓		<ul style="list-style-type: none"> •Communication channel: Employees are able to express opinions to the management and human resource department through a multitude of channels. The Company has announced its Business Integrity Policy and disclosed integrity progress over its website, annual report and external documents. •Regular examination: All operating units of all office locations are subject to annual self-assessment on law compliance and internal controls in order to manage and prevent any unethical conduct. Through regular internal audit tasks, internal audit units prevent and detect potential fraud or inappropriate conduct. None of the Company's Taiwan plants received any complaints in 2020 whereas Mainland plants received 2 complaints, and no violation was found upon investigation. In the future, the Company will continue enforcing its anti-corruption policy and build a corporate culture of integrity. <p>(3) The Company's "Board of Directors Conference Policy" contains a conflicting interest clause that requires directors to disassociate from all discussion and voting of any motion that poses a conflict of interest between the Company and themselves or the entities they represent. The Company has a set of "Supplier Conflicting Interest Management Policy" and "RBA Code of Conduct Handbook" in place, and has misconduct reporting hotline (ext.: 8215) and mailbox (8215@coretronic.com) set up to receive misconduct reports from employees and the public. The Company also prepares integrity note cards that employees may bring along, and offers online courses as means to promote awareness.</p>	
(4) Has the company implemented effective accounting policy	✓		(4) The Company has developed its accounting system and	

Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>and 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, or to commission an accountant to perform audits?</p> <p>(5) Does the Company organize internal or external training on a regular basis to maintain business integrity?</p>	✓		<p>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. The company's internal audit units assess risks regularly in accordance with "Internal Control System," put forward audit plans to regularly check the compliance of the previous matter, and carry out special audit tasks when necessary. The audit tasks results are compiled into audit reports and submitted to the Audit Committee and board of directors. The CPAs, too, review execution of the Company's accounting system and internal control system on a yearly basis.</p> <p>(5)The Company promoted business integrity among its employees. Besides new recruits, indirect employees were given online course on "Corporate Integrity and Integrity Principles." The above courses received a total of 1,074 participants in 2020. Speakers from external institutions are invited to share insight on integrity developments local and abroad during regular manager training courses organized by the Company. Their contributions help build a corporate culture of integrity and support business growth as well as sound commercial practice.</p>	
<p>3. Whistleblowing system</p> <p>(1) Does the company provide incentives and means for employees to report misconducts? Does the company assign dedicated personnel to investigate the reported misconducts?</p> <p>(2) Has the company implemented any standard procedures for handling reported misconducts, and subsequent actions and</p>	✓		<p>(1) The Company has implemented channels that employees and outsiders may use to report any improper conduct in violation of integrity standards. A misconduct reporting hotline (ext. 8215) and mailbox (8215@coretronic.com) have been set up while dedicated personnel have been assigned to accept and process reports.</p> <p>(2) The Company's "Business Integrity Procedures and Behavioral Guidelines" outlines standard operating</p>	No material deviation is found.

Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>confidentiality measures to be undertaken upon completion of an investigation?</p> <p>(3) Has the company provided proper whistleblower protection?</p>	✓		<p>procedures and confidentiality practices for investigating misconducts. All reported misconducts are investigated according to the abovementioned procedures, guidelines and confidentiality requirements.</p> <p>(3) The Company maintains confidentiality over informant's identity and details of each misconduct report, and is committed to protecting informants from retaliation as a result of their report.</p>	
<p>4. Enhanced information disclosure</p> <p>Has the company disclosed its integrity principles and progress onto its website and MOP?</p>	✓		<p>(1) 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>5. 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. Other integrity-related policies such as "Corporate Social Responsibility Code of Conduct," "Corporate Governance Code of Conduct" and "Ethical Behavior Guidelines" have also been implemented within the Company For details on business integrity management, please refer to chapter Three. Corporate Governance section "(6) Enforcement of business integrity, deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" of this annual report.</p>			
<p>6. Other information relevant to understanding the company's business integrity (e.g. review of business integrity principles)</p>	<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 "Code of Conduct" section containing information including the integrity code of conduct, misconduct reporting</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	
channels and case studies has been created on the Intranet. In addition, employees are issued note cards printed with integrity principles to remind them of proper practices, whereas online integrity courses have been made mandatory for completion by indirect employees on a yearly basis. It is part of the Company's initiative to convey integrity values using available means at its disposal.				

- (VII) If the company has established corporate governance principles or related guidelines, references to such principles must be disclosed: Corporate governance principles have been made available on "Investor Relations" and "Governance" sections of the Company's website, which investors may inquire and download at any time.
- (VIII) Other important information material to the understanding of corporate governance within the company:
1. The Company continues to enhance corporate governance practices. Policies on corporate governance and major resolutions of the board of directors have been disclosed in the Investor Relations section of the Company's website.
 2. The Company ranks top 5% among TWSE and TPEX listed companies in corporate governance evaluation for 6 consecutive years, which is a strong recognition of 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 Corp.
Declaration of Internal Control System

Date: February 8, 2021

The following declaration has been made based on the 2020 self-assessment of the Company's internal control system:

- I. The Company acknowledges and understands that establishment, implementation and maintenance of the internal control system are the responsibility of the Board and managers, and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security etc), reliable, timely and transparent financial reporting, and regulatory compliance.
- II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, the internal control system of the Company features a self-monitoring mechanism that rectifies any deficiencies immediately upon discovery.
- III. The Company evaluates the design and execution of its internal control system based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "The Governing Principles") to determine whether existing policies continue 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 "The Governing Principles" for more details.
- IV. The Company has adopted the abovementioned criteria to validate the effectiveness of its system design and execution.
- V. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as at December 31, 2020. This system (including supervision and management of subsidiaries) has provided assurance with regards to the Company's business results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.
- VI. This declaration constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or concealment in the public statement

above are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This declaration was passed unanimously without objection by all 7 directors present at the board meeting dated February 8, 2021.

Coretronic Corp.

Chairman: Wade Chang signature/seal

President: Sarah Lin signature/seal

SY Chen signature/seal

- (X) Penalties imposed against the Company for regulatory violation, or penalties against employees for violation of internal control system, in the most recent year up till the publication date of annual report that may significantly impact shareholders' interest or security price; describe details of the penalty, areas of weakness and any corrective actions taken: None.
- (XI) Major resolutions passed in shareholder meetings and board of directors meetings held in the last year up till the publication date of annual report: Please refer to announcements and material information published on Market Observation Post System and disclosures made over the Company's website.
- (XII) Documented opinions or declarations made by directors against board resolutions in the most recent year, up till the publication date of annual report: None.
- (XIII) Resignation or dismissal of the Chairman, President, head of accounting, head of finance, chief internal auditor, corporate governance officer or head of R&D in the most recent year up till the publication date of annual report: None.
- (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. With respect to prevention of insider trading, the Company organized an "Insider Trading Prevention" course for directors on October 26, 2020, and released a digital training program for managers and employees on October 5, 2020 that covers multiple topics including confidentiality of material information, conditions that give rise to insider trading, the definition of insider trading and case studies.

V. Disclosure of auditors' remuneration

Name of accounting firm	Name of CPA		Audit period	Remarks
Ernst & Young	Hsin-Min Hsu	Hans Chen	2020.1.1~2020.12.31	Ernst & Young

Amount range		Fee category	Audit fee	Non-audit fee	Total
1	Below NT\$2,000,000				
2	NT\$2 million (inclusive) ~ NT\$4 million		✓	✓	
3	NT\$4 million (inclusive) ~ NT\$6 million				
4	NT\$6 million (inclusive) ~ NT\$8 million				✓
5	NT\$8 million (inclusive) ~ NT\$10 million				
6	NT\$10,000,000 and above				

1. Disclosure of audit fee, non-audit fee and details of non-audit service, if the sum of non-audit fee paid to the auditor, accounting firm and affiliated companies thereof amount to more than one-quarter of total audit fee:

Unit: NTD thousands

Name of accounting firm	Name of CPA	Audit fee	Non-audit fee					Audit period	Remarks
			System design						
Ernst & Young	Hsin-Min Hsu Hans Chen	3,950	0	0	0	2,149	2,149	2020.01.01 ~ 2020.12.31	Non-audit fees included NT\$2,039,000 for financing and taxation surveys in Vietnam, NT\$50,000 for stock take of impaired inventory, NT\$40,000 for stock take of bonded inventory, and NT\$20,000 for auditing of business tax

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:

(1) On the predecessor CPAs

Date of replacement	2021.02.08		
Reasons and description of replacement	Internal job rotation of Ernst & Young Internal by the		
The commissioner or CPA terminates or declines the commission	Participants	Auditors	Commissioner
	Status	—	—
	Terminate the appointment		
	The Company decided to discontinue the appointment	The Company originally retained CPA Hsin-Min Hsu and Hans 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 Hans 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		

Any differences in opinions with the issuers?	Yes		Accounting principles or practice
			Disclosure of financial reports
			Scope or steps of audits
			Others
	None	✓	
	Description	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		

(2) On the successor CPAs

Name of accounting firm	Ernst & Young
Name of CPA	Shao-Pin Kuo
Date of commissioning	2021.02.08
Matters regarding which the successor CPAs were 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 disagreements from the succeeding auditor against the opinions made by the former CPA	None

(3) 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”: N/A

- 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 (Note 1)	2020		2021, up till April 12	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman and CEO	Wade Chang	0	0	1,424,490	0
Director	Hsun Chieh Investment Corporation	0	0	0	0
Director	Ted Tu	0	0	0	0
Director	Chual-Hsin Teng	0	0	0	0
Independent Director	Houn-Gee Chen	0	0	0	0
Independent Director	Edward H.Chow	0	0	0	0
Independent Director	Yao Chien	0	0	0	0
President	Sarah Lin	0	0	504,735	500,000
President	SY Chen	0	0	921,387	0
CSO	Ann Wu (Note 2)	0	0	458,429	0
CFO	Franck Ho	0	0	229,212	0
CTO	Fleming Chuang	0	0	114,606	0
CTO	Robert Hsueh	0	0	229,212	0
CIMO	Daniel Lee	0	0	(Note 3)	(Note 3)
CIMO	CY Lin	(Note 4)	(Note 4)	0	0
Executive Vice President	Wilson Hsu	0	0	229,213	0
Executive Vice President	Sara Lin	(80,000)	0	229,214	200,000
Vice President	HC Yuan	0	0	68,763	0
Vice President	YC Chen (Note 5)	0	0	0	0
Associate Vice President	Mark Yang	0	0	2	0
Senior director	Jerry Cheng	(Note 6)	(Note 6)	1	0

Note 1: The Company had no shareholder with 10% or higher ownership interest.

Note 2: On board since February 3, 2020.

Note 3: Retired on March 1, 2021.

Note 4: On board since March 1, 2021.

Note 5: Promoted to Vice President on May 1, 2020.

Note 6: On board since January 1, 2021.

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

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

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

April 12, 2021

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
	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	Name	Relationship	
Taiwei Advanced Technology Co., Ltd.	36,141,196	9.24%	0	0.00%	0	0.00%	None	None	None
Taiwei Advanced Technology Co., Ltd. Representative: Tai-Wei Chang	0		0	0.00%	0	0.00%	Wade Chang	Father and son	None
Hsun Chieh Investment Co., Ltd.	15,062,551	3.85%	0	0.00%	0	0.00%	None	None	None
Hsun Chieh Investment Co., Ltd. Representative: Chun Kuan	Note	Note	Note	Note	Note	Note	Note	Note	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
Citibank (Taiwan) in its Capacity as Master Custodian for Investment Account of Norges Bank	7,595,274	1.94%	0	0.00%	0	0.00%	None	None	None
Hua Li Investment Co., Ltd.	7,430,000	1.90%	0	0.00%	0	0.00%	None	None	None
Hua Li Investment Co., Ltd. Representative: Yu-Chi Chiao	Note	Note	Note	Note	Note	Note	Note	Note	None
Yann Yuan Investment Co., Ltd	5,990,000	1.53%	0	0.00%	0	0.00%	None	None	None
Yann Yuan Investment Co., Ltd Representative : Wen-Ching Lin	Note	Note	Note	Note	Note	Note	Note	Note	None
JPMorgan Chase Bank N.A. Taipei Branch in its Capacity as Master Custodian for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	5,865,900	1.50%	0	0.00%	0	0.00%	None	None	None
Chunghwa Post Co., Ltd.	5,735,800	1.47%	0	0.00%	0	0.00%	None	None	None
Chunghwa Post Co., Ltd. Representative: Hung-Mou Wu	Note	Note	Note	Note	Note	Note	Note	Note	None
Taiwan Cooperative Bank	5,110,000	1.31%	0	0.00%	0	0.00%	None	None	None
Taiwan Cooperative Bank Representative: Chung-Ta Lei	Note	Note	Note	Note	Note	Note	Note	Note	None
JPMorgan Chase Bank N.A. Taipei Branch in its Capacity as Master Custodian for PGIA Total International Stock Index Fund, a series of PGIA Star Funds	5,030,212	1.29%	0	0.00%	0	0.00%	None	None	None

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

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

December 31, 2020 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%
Genejet Biotech Co., Ltd.	1,575,000	19.51%	—	—	1,575,000	19.51%

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		
		Shares	Amount	Shares	Amount	Sources of share capital	Paid in properties other than cash	Others
11.2004	10	650,000,000	6,500,000,000	437,796,953	4,377,969,530	Conversion of convertible bonds into common shares - NT\$28,840,460	None	Note 1
08.2005	10	810,000,000	8,100,000,000	520,205,466	5,202,054,660	Capitalization of earnings NT\$700,475,130, and capitalization of employee profit sharing NT\$123,610,000.	None	Note 2
12.2005	10	810,000,000	8,100,000,000	520,895,389	5,208,953,890	Conversion of convertible bonds into common shares NT\$6,899,230	None	Note 3
03.2006	10	810,000,000	8,100,000,000	547,830,363	5,478,303,630	Conversion of convertible bonds into common shares NT\$269,349,740	None	Note 4
04.2006	10	810,000,000	8,100,000,000	564,348,375	5,643,483,750	Conversion of convertible bonds into common shares NT\$165,180,120	None	Note 5
08.2006	10	1,000,000,000	10,000,000,000	667,375,738	6,673,757,380	Capitalization of earnings NT\$ 829,915,470; conversion of convertible bonds into common shares NT\$200,358,160	None	Note 6
08.2007	10	1,000,000,000	10,000,000,000	694,463,253	6,944,632,530	Capitalization of earnings NT\$ 133,475,150, and capitalization of employee profit sharing NT\$137,400,000	None	Note 7
08.2008	10	1,000,000,000	10,000,000,000	724,038,518	7,240,385,180	Capitalization of earnings NT\$ 138,892,650, and capitalization of employee profit sharing NT\$156,860,000	None	Note 8
07.2014	10	1,000,000,000	10,000,000,000	543,028,888	5,430,288,880	Capital reduction for cash NT\$1,810,096,300	None	Note 9
07.2016	10	1,000,000,000	10,000,000,000	434,423,110	4,344,231,100	Capital reduction for cash NT\$1,086,057,780	None	Note 10
03.2021	10	1,000,000,000	10,000,000,000	390,981,110	3,909,811,100	Retirement of treasury stock NT\$434,420,000	None	Note 11

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

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

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

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

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

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

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

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

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

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

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

As of April 12, 2021

Share category	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

As of April 12, 2021

Shareholder structure Count	Government agencies	Financial institutions	Other corporate entities	Natural persons	Foreign institutions and foreigners	Total
Count	0	25	169	49,138	276	49,608
Shares held	0	29,188,332	69,549,114	154,715,703	137,527,961	390,981,110
Shareholding percentage	0.00%	7.47%	17.79%	39.57%	35.18%	100.00%

III. Diversity of ownership

(I) Information on common shares

As of April 12, 2021

Shareholding range	Shareholder count	Shares held	Shareholding
1~999	25,837	3,689,415	0.94%
1,000 ~5,000	18,736	38,204,190	9.77%
5,001~10,000	2,751	21,334,029	5.46%
10,001~15,000	726	9,237,995	2.36%
15,001~20,000	463	8,552,136	2.19%
20,001~30,000	343	8,781,829	2.25%
30,001~40,000	190	6,740,758	1.72%
40,001~50,000	93	4,314,253	1.10%
50,001~100,000	203	14,928,398	3.82%
100,001~200,000	87	12,547,564	3.21%
200,001~400,000	64	17,907,328	4.58%
400,001~600,000	31	14,974,650	3.83%
600,001~800,000	17	11,268,191	2.88%
800,001~1,000,000	13	11,660,680	2.98%
1,000,001 and above	54	206,839,694	52.90%
Total	49,608	390,981,110	100.00%

(II) Information on preferred shares: Not applicable.

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

As of April 12, 2021

Name of major shareholder	Share	Shares held	Shareholding percentage
Taiwei Advanced Technology Co., Ltd.		36,141,196	9.24%
Hsun Chieh Investment Co., Ltd.		15,062,551	3.85%
Wade Chang		9,345,953	2.39%
Citibank (Taiwan) in its Capacity as Master Custodian for Investment Account of Norges Bank		7,595,274	1.94%
Hua Li Investment Co., Ltd.		7,430,000	1.90%
Yann Yuan Investment Co., Ltd		5,990,000	1.53%
JPMorgan Chase Bank N.A. Taipei Branch in its Capacity as Master Custodian for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds		5,865,900	1.50%
Chunghwa Post Co., Ltd.		5,735,800	1.47%
Taiwan Cooperative Bank		5,110,000	1.31%
JPMorgan Chase Bank N.A. Taipei Branch in its Capacity as Master Custodian for PGIA Total International Stock Index Fund, a series of PGIA Star Funds		5,030,212	1.29%

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

Item		Year	2019	2020	Year-to-date March 31, 2021 (Note 7)
		Market price per share (Note 1)	High		50.7
Low			37.1	26.45	37.85
Average			43.14	35.06	45.56
Net worth per share	Before dividend		49.22	52.70	49.86
	After dividend		47.22 (Note 2)	49.10 (Note 3)	—
Earnings per share	Weighted average outstanding shares		434,423,110	434,423,110	416,120,521
	Earnings per share		2.65	3.59	0.93
Dividends per share (Note 3)	Cash dividend		2.0	4.0	—
	Stock dividend	From earnings	—	—	—
		From capital reserves	—	—	—
	Cumulative unpaid dividends		—	—	—
Analysis of investment returns	P/E ratio (Note 4)		16.28	9.77	—
	Price to dividend ratio (Note 5)		21.57	8.77	—
	Cash dividend yield (Note 6)		4.64%	11.41%	—

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

Note 2: Cash dividend from 2019 earnings was resolved and passed during the board of directors meeting dated March 16, 2020.

Note 3: Cash dividend from 2020 earnings was resolved and passed during the board of directors meeting dated March 15, 2021.

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

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

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

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

VI. Dividend policy and execution

(I) The Company's dividend policy

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

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

- (II) Execution: Appropriation of 2020 earnings to be discussed at the 2020 annual general meeting has been proposed at NT\$1,172,943,330 entirely in cash, equivalent to NT\$3 per share. In addition, a proposal will also be raised to pay NT\$390,981,110 of cash dividends or NT\$1.0 per share out of capital reserves that the Company had previously recognized from common shares issued at a premium. In aggregate, shareholders are to be paid NT\$4.0 of cash dividend for every share held, or NT\$1,563,924,440 in total.

- (III) Expected change in dividend policy: None.

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

VIII. Employee and director remuneration

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

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

Annual surpluses concluded by the Company are first subject to taxation and reimbursement of previous losses, followed by a 10% provision for statutory reserve. However, no further provision is needed when statutory reserve has accumulated to an amount equal to the Company's paid-up capital. Any surpluses remaining shall then be subject to provision or reversal of special reserve, as laws or the authority may require. The residual balance is then added to undistributed earnings carried from previous years and distributed at board of directors' proposal subject to resolution at a shareholder meeting.

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

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

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

During the board of directors meeting held on February 8, 2021, a resolution was passed on distributing the 2020 employee remuneration at NT\$228,711,453. This amount is the same as the amount in expenses previously recognized in the 2020 financial statements.

- (III) Remuneration passed by the board of directors

Unit: NTD

Item	Amount
Employee remuneration - in cash	228,711,453
Employee remuneration - in shares	0
Percentage of employee remuneration distributed by stock, relative to current net income and total employee remuneration	0.00%
Director remuneration	0

- (IV) Actual payment of previous year's (2019) employee and director remuneration

Unit: NTD

Item	Amount
Employee remuneration - in cash	175,699,888
Employee remuneration - in shares	0
Director remuneration	0
The amount of 2019 earnings distribution resolved and proposed by the board of directors was identical to the amount resolved by the shareholder meeting.	

- IX. Status of a company repurchasing its own shares in the last financial year till the publication date of the annual report (repurchases already completed):

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

- X. Disclosure relating to corporate bonds: None.

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

2. Revenue distribution

Unit: NT\$ 1,000

Item	Year	2019		2020	
		Amount	%	Amount	%
Energy Saving products		23,968,822	49.21%	22,009,683	51.86%
Visual Solutions products		14,475,014	29.71%	10,920,904	25.74%
Others		10,267,423	21.08%	9,507,749	22.40%
Total		48,711,259	100.00%	42,438,336	100.00%

3. Current product (service) items
 - (1) Energy Saving products: Semi-system, system, or whole set assembly for automobile displays, tablets, notebooks, LCD displays, and high brightness backlight modules for LCD TVs; panel modules, electronic whiteboard modules, customized notebooks, LCD displays; system solutions for medical, educational, ATM, POS and public digital splicing displays.
 - (2) Visual Solutions products : Including various digital projectors, Laser TV, AiO LED displays, which project large screens via various video signals, and interactive modules, smart connectors, edge blending and image warping processors, and image signal processing boxes; the system is integrated with software to provide the user-friendly complete image solutions via smart service platform for diverse applications.
4. New products (services) planned for development:
 - (1) Energy Saving products: We've continuously developed various new light guide plates and Mini-LED technologies without light guide plates. We also want to decrease the thickness of the backlight module, reduce the bezel width, increase the optical efficiency, and reduce the usage of optical as well as LED to develop slim, high-contrast, and high-value application displays for video consoles, tablets, notebooks, industrial monitors, medical monitors, AIO monitors, and high-end smart TVs. In addition to the improved functionality and specifications of traditional panel modules, we actively conduct the differentiation design of a wide variety of displays to enter the high value-added markets of commercial displays, notebooks, automotive displays, and gaming displays.
 - (2) Visual Solutions products: Through the core technologies in the fields of optics, machinery, electricity, thermal, and software integration provided by our 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: energy saving products and visual solutions products. The following shows the current status and development of each main product category:

(1) Energy Saving products

Since the COVID-19 outbreak in early 2020, there has been a series of lockdowns and travel bans imposed. This has resulted in a

drastic change in global economic activities. However, due to lockdowns, the stay-at-home economy has thus emerged and brought along a surging demand for TVs, computer screens, and laptops, but there is a decrease in demand for mobile applications. The global demand for large LCD panels (measured more than 9 inches diagonally) capacity has been boosted by the epidemic. According to Digitimes Research, the compound annual growth rate of large LCD panel production capacity is estimated to be 2.2% from 2020 to 2025. Moreover, the demand for larger-size TV panels is expected to bring a compound annual growth rate of more than 3%.

As the epidemic boosted the demand for panels, Chinese panel manufacturers actively increased their production capacity and started mergers and acquisitions at the same time. Boe Technology Group Co., Ltd., TCL China Star Optoelectronics Technology Co., Ltd., are expanding their 10.5G/11G panel production capacity and are anticipating Nanjing and Chengdu 8.5G/8.6G panel production plants of CEC-Panda Group the acquisition of SDC (Samsung) Suzhou 8.5G panel production plant. The market share (24.5% in 2019) of these two major Chinese manufacturers is expected to be doubled in 2025. Not being able to compete with China's production capacity, Korean manufacturers shifted their focus to small and medium-sized AMOLED market and withdrew total from the large-size LCD market. This allowed Chinese panel manufacturers to dominate nearly 60% of the market share, and the dominance of Chinese manufacturers in the world is gradually taking shape. The main demand for large LCD panels comes from TV applications, accounting for more than 75% of areas shipped or 39% of the shipments in 2020. The average size of TV panels is likely to increase 0.7~1 inch every year, which is a big momentum for the growth of large LCD. As various technologies, such as OLED TV, will make inroads on the LCD TV market, after 2021, the shipments of global TV LCD panels are estimated to decline. In 2020, under the ravages of COVID-19, the laptop industry, whose growth had been stagnant for a long time, successfully “turned around” and became the most promising end-consumer product in the technology industry. Moreover, after the big climb in 2020, the PC industry is expected to continue its growth in 2021! In terms of the general market environment, although scientists expect the epidemic to subside by mid-2021, the epidemic prevention measures are not expected to be lifted completely. Under the consideration of epidemic prevention, work from home (WFH) and distance learning seem to be necessary, and the related demand is expected to continue to grow. For the market demand in 2021, the brand manufacturers have been showing optimism toward the market in 2021 and expected the growth to extend to the middle of 2021. Although the demand is expected to be strong in 2021, it is important to be aware that the demand for laptops

will not be as strong as it was in the second half of 2020, when the demand for laptops has saturated or when the epidemic subsides. In addition, the overwhelming impacts of material shortage in the PC industry in 2020 are expected to continue until 2021 and become the biggest hidden problem in the PC industry shipment.

For mobile phone applications, although the demand for panels dropped sharply in 2020 due to the outbreak of COVID-19, as the epidemic subsides gradually, it is expected that the market demand will recover in 2021, and the compound annual growth rate (CAGR) for cell phone shipments from 2020 to 2025 is estimated at 3.1%. In contrast, smartphone application is estimated at 5.9%. The penetration rate of AMOLED panels in smartphones will reach 40% by 2023 and take over that of the mobile-use TFT LCD, with expected CAGR dipping down to -0.8% from 2020 to 2025.

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

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

to introduce Mini LED design for high-end models to test the water, Mini LED TV is expected to thrive in 2021 and enter the extended battlefield of top LCD TV models. Through the breakthrough of LED micrographic technology, display technology will continue to create a new wave of evolution in the optoelectronic market. Taiwanese LED manufacturers have been investing in technology R&D and cost improvement of Mini LED from 2018 and 2019. Although the launch in end-market applications has been delayed due to high costs, the Mini LED has successfully reached a significant stage in 2020 after Huawei, MSI, Lenovo, Acer, TCL, and Xiaomi took the lead to introduce the products into the market. At present, Mini/Micro LED is the main focus of display applications in 2021 CES; the trend towards COB (chip on board) design for the backlight design of high-end models is taking shape; while the POB (package on board) backlight design emphasizes the advantages of high cost performance ratio and reduces the price difference with the traditional LED backlight. For TVs, Samsung is dedicated to the production of OLED TVs, while expanding its market share in the production of Mini LED. In the TV end market, Samsung Electronics and LG Electronics have been competing intensively for a long period of time and focusing on Mini LED TV. The one thing in common is that the Mini LED technology and Quantum Dot (QD) technology are combined to achieve 8K/4K images in order to expand the high-end lineup of LCD TVs and test the acceptance of the consumer market.

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

(2) Visual Solutions products

The main application market of the projectors is divided into the several segments: corporate and governmental agencies, educational, professional, 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.

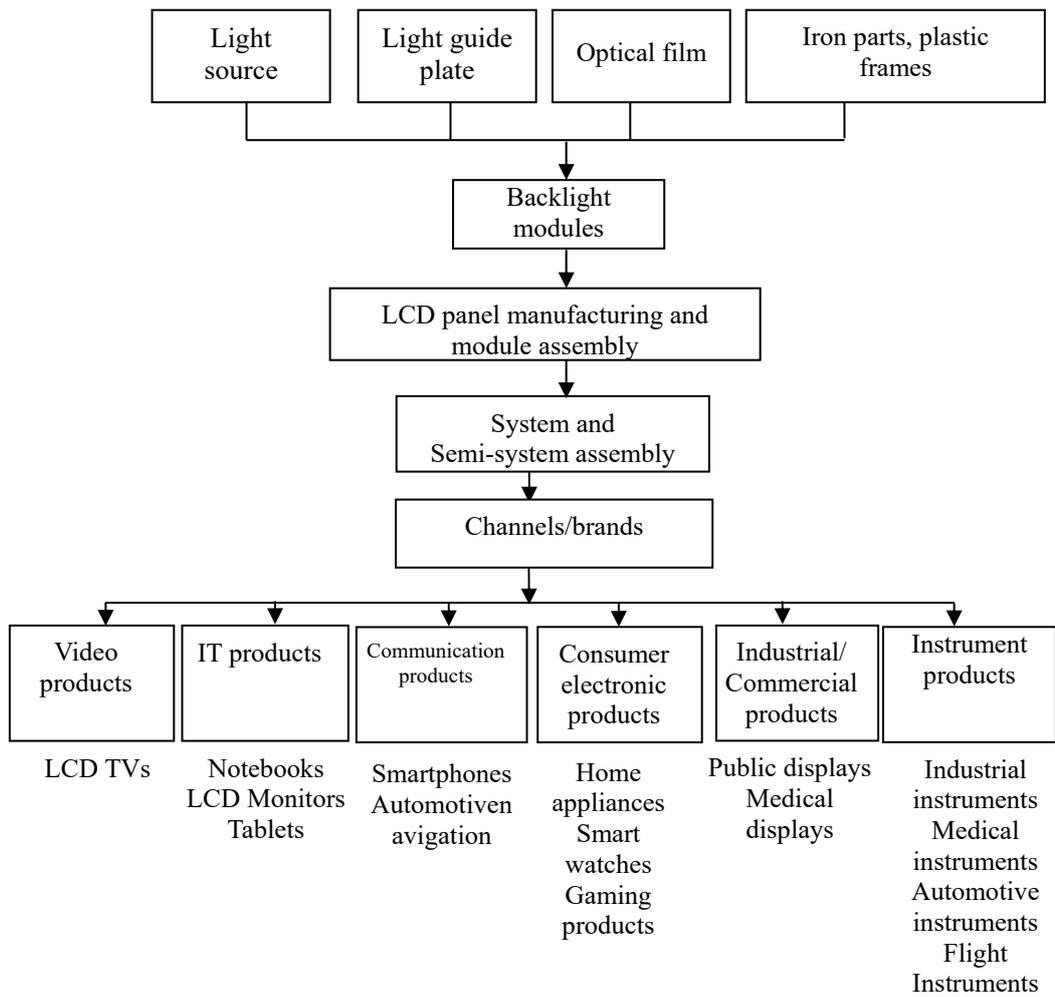
Currently, the projector technologies are mainly divided into LCD and DLP. LCD projectors have lifelike and natural image quality but are bigger in size due to the limitations of the optical design. Two Japan-based companies, EPSON and SONY, possess of key optical panel technology. The key component of the DLP projector is Texas Instruments' DMD (Digital Micro-mirror Device). It produces full-color images via many tiny lenses with high-speed rotating color wheel or tri-color light source.

Both LCD and DLP technologies have their advantages and disadvantages respectively. 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 high-resolution 4K/UHD projector products.

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

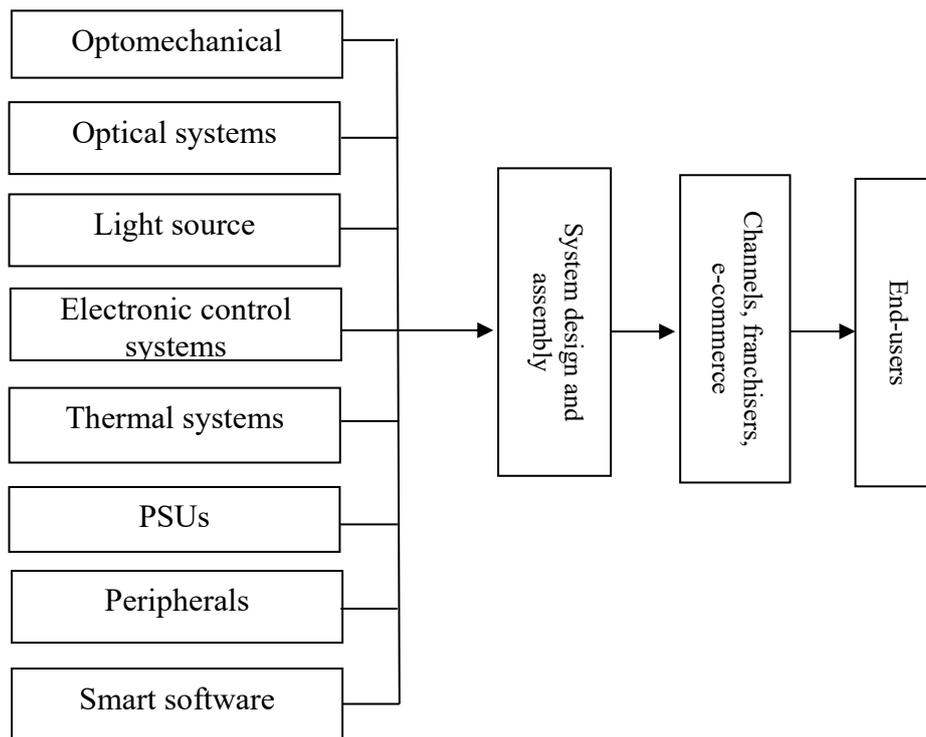
2. Relevance between the upstream, middle stream, and downstream industries
 - (1) Energy Saving products: The backlight module is part of the LCD industry. Figure 1 shows the relevance between the upstream, middle stream, and downstream industries. The upstream industries involves the products such as the light source, light guide plate, optical film, iron parts, and plastic frames; the downstream industries involves manufacturing and assembly of LCD panels, and their applications for a number of 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 including the optical system, lighting system, electronic control system, and thermal system. Refer to Figure 2. Most of the components and parts such as the LCD panel or DMD chip and light source rely on import. After the overall optical, mechanical, electronic control design as well as thermal adjustment, 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. DSCC pointed out that the demand for TV panels, game consoles and IT devices will rise starting from the second half of 2020 to the first half of 2021. However, it is important to note at what rate it will decline after the U.S. TV demand has reached its peak. This is difficult to predict, so as the trend of global IT products such as PCs.

In the U.S. TV market, Dempa Shimbun Daily (Dempa) cited a report by the Consumer Technology Association (CTA) at CES 2021, estimating that the U.S. TV market will drop to 43 million units in 2021, down by 8% annually, or drop to \$22 billion, down by 1% annually in monetary terms. The CTA has also estimated that the demand for large TVs (over

70") will increase by 3% annually to 3.3 million units, while 8K TVs will increase by 300% annually to 1.7 million units. The development trend will move toward larger screens and higher definition.

In terms of panel supply, DSCC believes that the utilization rate of LCD factories will be around 87~88% in the second half of 2020, and will remain more or less the same in the first half of 2021, and may drop slightly to around 87~85% in the second half of 2021. Due to the Nippon Electric Glass (NEG) incident, the material shortage may extend until the Q1 of 2021. Due to the rise in demand for LCD panels, Samsung Display's LCD panel production line in Tangjeong, South Korea, has announced a further extension of the end time from March 2021 resumption time from this suspension is uncertain. DSCC believes that the LCD production line utilization rate may rise from 87% to 90% in 1Q 2021 and that there will be a shortage of panel glass. After the failed acquisition of CEC-Panda Group's LCD plant, CSOT is likely to add new production lines at its T9 plant to meet the high demand in the LCD market. In the face of uncertain market changes, we will focus on market trends and be more flexible in providing different products and services to reduce our own operational risks.

- (2) Visual Solutions products: Corporate and education applications have always been the mainstream for projectors. In response to the demand for large screens and high resolution in the home market, 1080P/4K home projectors have also become an important product line. The Company's core strategies are based on the leading technologies and we have launched the "Laser Ultra Wide Screen Touch System", "Multi-Screen Automated Blending System" and "Immersive Curved Touch System", which have been awarded the Innovative Product Awards of Hsinchu Science Park for three consecutive years; afterwards, smart entertainment home projectors will be launched in conjunction with AI and voice assistant. Among them, the Smart 4K UHD Laser Cinema projector was awarded the Silver Medal of Taiwan Excellence Award and Japan's Good Design Award, iF Design Award, and RedDot Design Award. In addition, in response to the demand for pure colors in large-screen applications, the Company also launched the 20,000 lumens high-brightness projector series with unique multi-color mixing technology to significantly improve color saturation.

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

In addition, in response to the future growth trend for fine-pitch LED

products, since 2019, the development of several ultra-size AIO LED displays have been completed; due to their high reliability, fast installation, unique image processing cores, they have been given 5 major international awards, and recognized by experts.

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

4. Competition

(1) Energy Saving products

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

(2) Visual Solutions products

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

(III) Technology and R&D Overview

1. R&D expenses invested in the most recent year and as of March 31st, 2021

Unit: NT\$ 1,000

Item \ Year	2020	As of March 31st, 2021
Research and development expenses	3,152,490	684,303
Net Sales	42,438,336	10,023,287
Ratio of R&D expenses to revenue (%)	7.43%	6.83%

2. Technologies or products successfully developed in the most recent year and as of March 31st, 2021

Backlight plate	<ul style="list-style-type: none"> (1) Successful mass production of ultra-thin semi-system for notebooks (Hinge Up, H/U). (2) Successful mass production panel modules for 7"-12" tablet models. (3) Successful mass production one-stop assembly panel modules for 11"-17" tablet models. (4) Successful mass production panel modules for 24"-79" LCD TVs. (5) Successful mass production of curved MT and TV backlight. (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 backlights. (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-type backlight module (OD=2.5mm). (12) Successful development of backlight 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 the privacy display LCM module for automobiles and notebooks. (16) Successful development the ultra-narrow-bezel HDR display LCM module for notebooks. (17) Successful development of the automotive BKL direct-lit-type module. (18) Successful development of the Local Dimming integrated system module.
Projector	<ul style="list-style-type: none"> (1) Developed the new generation LED portable micro projector products with brightness and size in the position of market leaders. (2) Launched the high brightness home projector with LED light source. (3) Launched the ultra-short-throw projector that can be used for projection of 130-inch large-screen for educational purposes and home 4K/UHD laser projectors. (4) Introduced a new generation of high-watt, high-brightness and high-end laser projectors ranging from XGA resolution to 4K/UHD (3840x2160) with a maximum brightness of 20,000 lumens. (5) Launched 4K/ UHD DLP high resolution professional and home projectors.

	<p>(6) Developed a roll-out interactive electronic whiteboard technology for education and meeting purposes.</p> <p>(7) In response to the demand for professional projection large screens, a curved multi-screen blending touch system with built-in image capture device has been developed.</p> <p>(8) The MCLA™ exclusive patented technology uses a composite laser source complemented by a two-color wheel SSI optical structure that provides users with saturated, vibrant color performance while maintaining brightness.</p> <p>(9) To meet user's desire for brighter screens and a better color experience, the Company developed the key component, the high-efficiency inorganic phosphor wheel, and apply it in high-brightness laser projectors.</p> <p>(10) To provide the public with an immersive 3D experience with a large screen, the Company developed high-brightness industrial laser projectors with high efficiency passive 3D key components.</p>
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(IV) Long-term and Short-term Business Development Plans

1. Short-term Business Development Plans

- (1) Marketing: By taking advantage of economics of scale, the Company will increase product market share, expand product portfolio and flexible production planning to provide existing customers with comprehensive product lines and more flexible and efficient services to continuously expand new markets. The Company will also provide customized product design options to customers and create value-added services for high-end and niche products as well as providing one-stop solution from design to production.
- (2) Research and development: Strengthening the training of R&D personnel, developing a common R&D platform, and establishing a design platform for key component designs for R&D personnel in China and Taiwan. Reducing the number of components and standardizing components to increase the price competitiveness of products while reducing production costs. Improving the mass production and maintainability of the product to cater to a small variety of product combinations. We extend and expand forward technology and cooperate with international technology partners in R&D in order to establish a long-term technology leadership in the global market.
- (3) Operational management: Continuously improving the enterprise resource system and supply chain management. Besides using overseas production bases and increasing the flexibility of component procurement, we integrate group resources to build smart factories, such as production line assembly automation, intelligent inspection, etc., to reduce manpower demand and production costs and improve competitiveness to pursue better operational performance. The start of the Vietnam production plant in 2021 has diverted the supply chain risks arisen from the US-China trade war. According to the framework of the medium and long-term capital demand plan, the Company will conduct financial planning based on the principle of safety and stability,

and establish a relationship of trust and reciprocity with the existing banks, grasp the trend of the financial market, and improve the performance of financial operations.

2. Long-term Business Development Plans

- (1) Marketing: Cultivating customer relations and establishing a long-term cooperative marketing model for proprietary technologies. The Company works with internationally renowned brand customers and regional leading brands as strategic alliance partners to provide a full range of display product solutions, collect the latest market and technology trends, provide customers with the best product solutions and after-sales service, continue to strengthen the global after-sales service capabilities and quality.
- (2) Research and development: Focusing on research and development of high-profit and forward-looking products, integrating resource investment to develop new technologies and new products, continuously integrating upstream and downstream supply chains to develop key components to enhance the value of proprietary products and reduce costs, as well as improving production autonomy. Actively cooperating with procurement, quality assurance, engineering, manufacturing and other departments to develop new product platforms, continuing to introduce modular design, production and production automation, and developing smart manufacturing to reduce production and service costs and increasing competitiveness.
- (3) Operational management: Integrating the Group's resource allocation and application efficiency, promoting the performance of joint venture businesses, structuring an international operation plan system, strengthening the functions and preparation of overseas organizations, improving overall performance, and taking advantage of capital market and money market instruments to raise low-cost working capital to build long-term strength.
- (4) Strategic alliance: With the rapid development of science and technology and the promotion of high-tech and complex industries and markets, the Group actively develops strategic alliances or mergers and acquisitions of potential startups to reduce the development costs and achieve the complement of internal and external resources, while achieving economies of scale in the short term. The Company aims at integrating, accelerating research and development capabilities, expanding the business landscape, and bringing synergy of different corporate cultures to enhance long-term competitiveness.

II. Market and Production Overview

(I) Market Analysis

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

Unit: NT\$ 1,000

Year/Amount Item		2019		2020	
		Amount	%	Amount	%
Domestic Sales		9,775,792	20.07%	8,558,127	20.17%
Overseas sales	America	4,009,968	8.23%	3,220,161	7.59%
	Europe	3,845,116	7.89%	4,704,889	11.09%
	Asia	29,196,440	59.94%	25,196,195	59.37%
	Others	1,883,943	3.87%	758,964	1.78%
	Subtotal	38,935,467	79.93%	33,880,209	79.83%
Total		48,711,259	100.00%	42,438,336	100.00%

2. Market share

The main products of the Company are energy-saving and visual solutions products. According to market statistics, the estimated shipments of large-size LCD panels were 818 million pieces in 2020. The Company's 2020 total shipments of energy-saving products were 45.8 million pieces, and the global market share was about 5.59%. According to market data, it is estimated that the global projector shipments in 2020 will be 5.30 million units due to the COVID-19 pandemic. The Company's 2020 visual solutions product shipments were 0.78 million units, taking up 14.7% of the global market share.

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

(1) Energy saving products

Observing the development trend of major LCD monitor panel manufacturers from the supply side of the 2021 market, CSOT will be one of the beneficiary panel manufacturers due to the Samsung's leaving the display panel market. Through the acquisition of Samsung Display's Suzhou 8.5G production line and the continued expansion of production capacity and the advantage of the ability to manufacture curved VA panels, CSOT's LCD monitor production is thus expected to double.

HKC is ready to enter the surveillance LCD display panel market, offering VA, IPS and even TN products. With sufficient production capacity and a focus on the sale of Open Cell (semi-finished panels), HKC's business model matches the demand of OEM and Korean brand in house. If mass production goes smoothly, there is a chance that its

shipment volume will exceed 10 million units. However, despite the increase in production plans of CSOT's and HKC's LCD monitor, the problem of IC spare part shortage still exists. This will be a substantial impact on the actual shipments of both manufacturers.

BOE, the No.1 LCD monitor manufacturer, increased its 26% market share in 2020 to 31% in 2021 through the acquisition of Nanjing Panda's 8.5G production line and its own existing production capacity. This has greatly opened the gap with the No. 2 manufacturer, LG. Philips Displays (LGD). The subsequent operation will focus on the integration and combination of Nanjing Panda's 8.5G production line to maximize its advantages.

In addition to CSOT's and HKC's intention to increase supply, Samsung Display also intends to extend the production timeline, estimating that all 1.1 million units will be supplied to the group brand in 2021. In addition, LGD's profitability in LCD monitor panels continues to increase. Also, due to the IPS panel orders transferred from Samsung Display, LGD is expecting an increase in the LCD monitor panel production capacity as well. LGD's shipment target is expected to be revised upward to 38 million units. However, as Q121 was affected by the NEG glass melting furnace power trip, the start time for increasing production capacity may be delayed.

Due to the strong demand for curved panels and NBs, AUO will focus on increasing production capacity for curved products. AUO expects that its market share for curved panels will reach 50% by 2021. Also, benefited from the strong demand for gaming and curved LCD monitors, along with its planned investment in LCD monitors this year, AUO's share of global monitor panels is expected to rise to 18%. On the other hand, Innolux focuses on improving the structure of LCD monitors and increasing the profitability per unit area. Thus, it proactively increases its market share in large-size LCDs, IPS and gaming products.

Looking at the two main applications of displays that are more relevant to us in 2020 to 2021, the number of large-sized TVs to be shipped worldwide in 2020 is revised upward to 218 million units, up 0.5% compared to 2019, due to the booming U.S. market. In 2020, LCD TV panel shipments were 268 million units, not far from the estimated amount at the end of 2019. With stagnated demand and significantly reduced panel supply, we expect that the TV panel supply shortage will last until Q1 of 2021.

In terms of production capacity, BOE and CSOT, which have the advantage of scale and generation, shipped 48.7 million and 39.8 million units of TV panels, respectively, in 2020, which is a decrease of 9% and 2%, respectively, compared to 2019. For the leading

manufacturers, expanding the panel area shipment is more important than increasing the volume of shipments; optimizing the production capacity on hand in order to stand firm in offering quotes is also far more important than simply outwinning the opponents by increasing shipment volume.

Panel makers' 2021 TV product shipment plans are still conservative as in 2020, with a total planned shipment volume of only 253 million units. However, considering the significant increase in profitability in TV panels and the continuous increase in production capacity, the reasonable TV panel supply for 2021 is estimated to be 265 million units, which differs from the market-survey-based conservative plan by 12 million units, compared to 268 million units for the year 2020, leaving less than 1% of potential room for convergence.

For IT products, the two major IT applications - desktop monitors and laptops - excellent shipment volume are expected in 2020, mainly due to the massive global work-from-home economy and distance learning needs. The former had a shipment volume of 150 million units, with an annual growth rate of 7.1%, while the latter 200 million units, with an annual growth rate reaching 22%. In 2020, global desktop display panel shipments were expected to reach 163 million units, a significant increase in shipments along with a significant unit price increase.

Owing to the strong demand for laptop panels, the shipment volume is also expected to reach 224 million units, with an annual growth rate of 19%. However, this might lead to a serious shortage of supply of display driver ICs, T-con ICs, power and other components. For a long time, the four major manufacturers, BOE, AUO, Innolux and LGD, have been taking up more than 80% of the total notebook computer supplier shipments. In 2020, the shipment of these four major manufacturers, as expected, reached 86%. As the impact of IC shortage continues, IT shipments are expected to continue the boom of 2020 into 2021.

(2) Visual Solution products

Looking forward to 2021, with the resume of “movie and travel” and “business and exhibitions,” and the development trend toward high-end home entertainment, the solid-state light source products such as laser TVs, smart projectors, and high-end projectors in the Chinese market are expected to boom. In addition, when entering the era of 5G, the feasibility of video applications will be obviously improved while the cost will go down. This must diversify the engineering projection application scenarios, which accelerate the development of the engineering projector market. According to market research, it is estimated that in 2021, the market will gradually begin to warm. With

the delayed Tokyo Olympic and academic tenders, the shipment of projectors (including laser TVs) is expected to be about 6.4 million units. Moreover, the 4K/UHD, smart projection and home market will continue to grow. In contrast, the industrial projector market will gradually stabilize as the epidemic subsides, pushing the development of the cultural tourism industry and large public space displays.

4. Competitive Niches

(1) Solid R&D capabilities

The Company is committed to the research and development of technology. In addition to designing and developing products that meet customer needs, the Company will also continuously develop key components for vertical integration, enhancing competitiveness in the industry. Up until the end of March 2021, the Company has a total of 1,056 pending patents at home and abroad. The Company has over 680 R&D personnel, which shows the Company's emphasis on research and development.

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

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

(3) Flexible marketing methods

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

5. Favorable and Unfavorable Factors of Development Prospect and Strategies

Item	Favorable Factors	Unfavorable Factors and Countermeasures
Industry Development and Outlook	<ol style="list-style-type: none"> 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. 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. In response to the popularity of the mobile phone market, 	<ol style="list-style-type: none"> The addition of new flat-panel display manufacturers will lead to increased competition and lower profits. <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

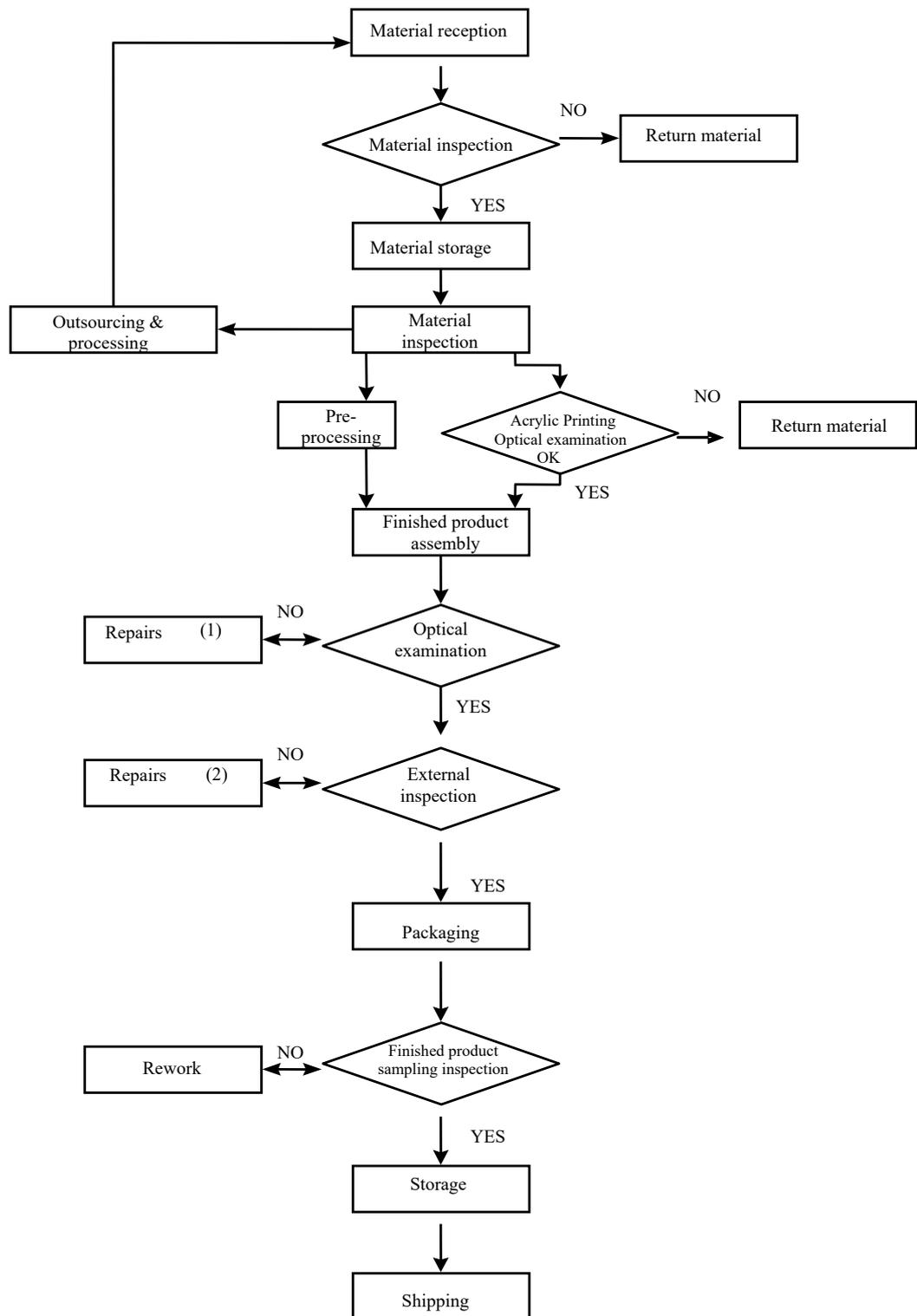
Item	Favorable Factors	Unfavorable Factors and Countermeasures
	<p>consumers now demand high-quality display. All product applications (including NB/MNT/TV) are moving towards higher resolution. After working on backlight modules for years, the Company has a good grasp of the core technologies include high brightness, high efficiency and high resolution. Therefore, the prospects for subsequent market demand are promising.</p> <p>4. With the gradual popularization of 4K resolution, the wide use of wide color gamut technology, the increase of screen update rate to 60 fps or even higher, and the dynamic range of brightness have gradually become a limit for the further improvement of image quality. This is why HDR came into being. Only by strengthening this aspect can the users truly enjoy the high image quality experience. Therefore, the market demand for displays with new specifications shows a positive outlook.</p> <p>5. With the advancement of LED/Laser solid-state light source technology, brightness is increased and market applications are expanded.</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 formation of information technology, high-end manufacturing, digital creativity, tourism and other industries, the demand for display or projection equipment will increase significantly, bringing new business opportunities for the professional audio-visual industry.</p>	<p>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> <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 technological 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 to continuously increase the percentage of our solid-state light source and 4K/UHD products. • Continuing to develop user-friendly software and connect to cloud value-added services to increase customer satisfaction and adhesion. • 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 curve 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 expanding the LED display market share. • Developing the cloud smart announcement system, providing the digital content management platform with AI image recognition and interactive features to diversify the applications of visual solutions 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.</p> <p><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.</p> <p><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.</p> <p><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</p>

Item	Favorable Factors	Unfavorable Factors and Countermeasures
		<p>financial planning of daily operations is susceptible to tightening local monetary policies.</p> <p><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 China- US trade war has led to an increase in the risk of operational costs.</p> <p><u>Corresponding countermeasures:</u></p> <ul style="list-style-type: none"> • The high value products exporting to the U.S. will gradually be produced in Taiwan or other overseas factories for production.
Within the Company's Conditions	<ol style="list-style-type: none"> 1. Technical advantages and mass production scale. 2. The Company shortens the production cycle and changes the process time with lean management, and continuously introduces the automation process, which can meet the customers' small-amount demands as well as fulfilling the multi-line production at the same time to meet a large number of orders. 	<p>The scale of operation of the company has grown rapidly and the logistics integration capability needs to be further strengthened.</p> <p><u>Corresponding countermeasures:</u></p> <ul style="list-style-type: none"> • Hiring professionals to participate in the Company's operations planning. • Establishing a comprehensive talent training and incentive system. • Retaining advisers to improve the computer information systems to simplify internal operations.
Product and Technology Development	<ol style="list-style-type: none"> 1. The product line is complete and competitive on the market. 2. The R&D team is strong enough to master key technologies and makes the Company a market leader. 3. The Company has the technology to design and manufacture large-size LCD backlight modules. 4. The Company has the advanced technology and products based on the integration of light, mechanical, electricity, and software. 5. The Company has the advanced technology and products with ultra-short throw machine and solid state light source. 6. The R&D team continues to innovate and provides customers with comprehensive projection solutions. 	<p>Industry sales change rapidly, and customer cost control has become increasingly stringent.</p> <p><u>Corresponding countermeasures:</u></p> <ul style="list-style-type: none"> • Maintaining close relationships with key component suppliers to understand their capacity and adjust lead time. • Developing innovative technologies, improving the ability to produce parts, and cooperating with third-party manufacturers to develop Film materials with their own LGP technology to optimize optical performance. • Actively carrying out technical cooperation or strategic alliance with major domestic and foreign manufacturers to facilitate the launch of new products or the acquisition of new technologies.
Sales overview and market capabilities	<ol style="list-style-type: none"> 1. The strategy is focusing on ODM and continuing to innovate as our advantages. 2. Committed to the improvement of production technology and quality assurance system. The products have been recognized by domestic and foreign customers, and maintaining good customer relationships will help to improve market stability. 	<p>Science and technology are advancing rapidly, and some markets may be replaced by big screens or other new technologies. Traditional business models are also affected by e-commerce platforms.</p> <p><u>Corresponding countermeasures:</u></p> <ul style="list-style-type: none"> • Taking advantage of key market components and brand customers to capture pre-market information and market trends. Investing in the research and development of technologies that can compete with alternative technologies, as well as incorporating technologies such as HDR and LGP film into the Company's research and development. • Using existing overseas subsidiaries to collect market information in order to understand market trends. The Group will also develop potential, and may replace the existing product market in the current product market, and incorporate the technology of the Company in the R&D projects, such as laser source and the ultra-short-throw interactive technology, multi-screen blending technology, and the immersive curve blending interaction technology.

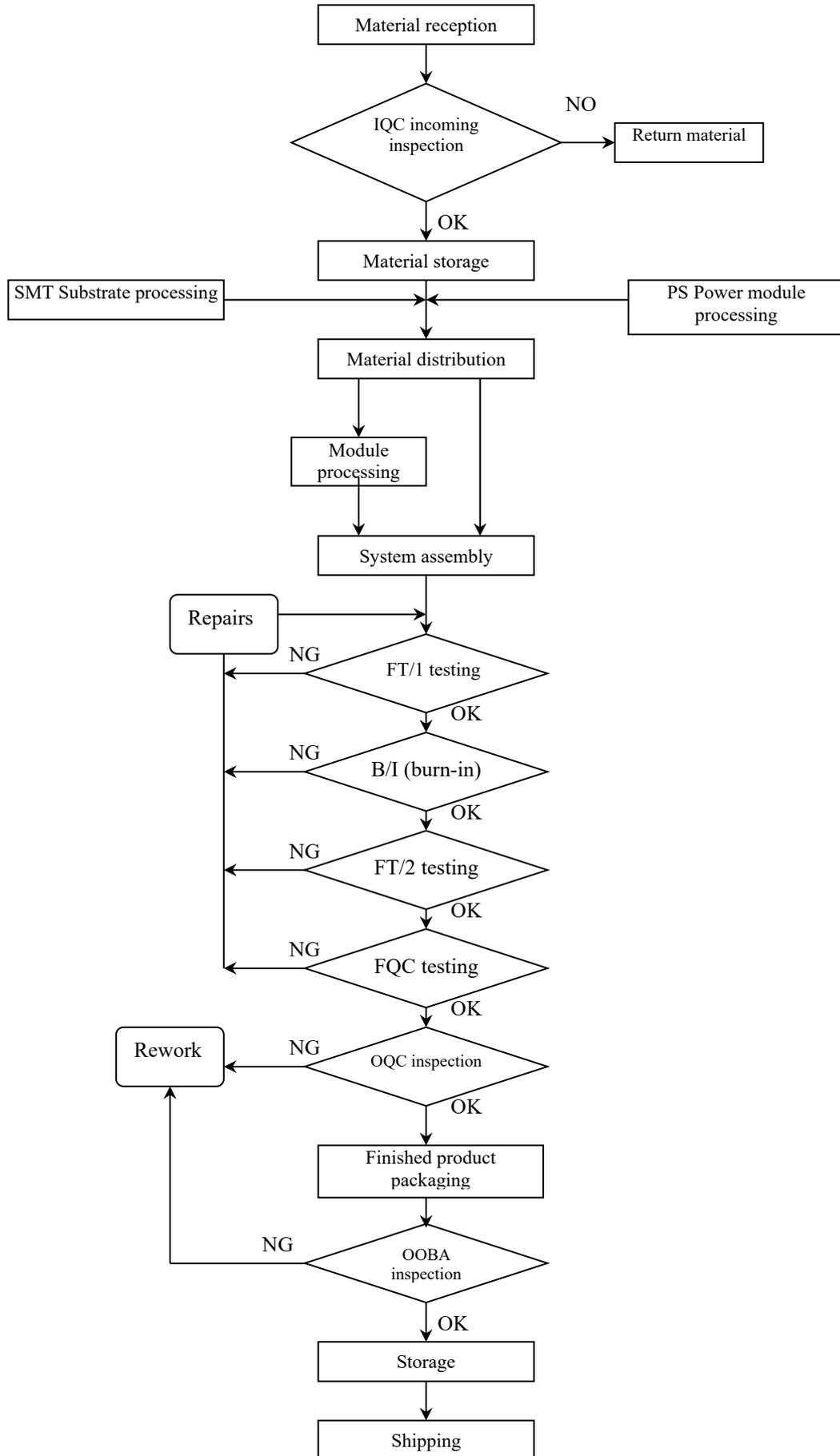
Item	Favorable Factors	Unfavorable Factors and Countermeasures
		<ul style="list-style-type: none"> • Leveraging technology and customer access to build new retail trends and expand market applications.

(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 imaging product solutions are mainly used for computer data and large-screen projection, digital signage, multi-screen blending, interactive experience, and smart connection for video image signals.
2. Production processes of the primary products
 - (1) Backlight production process



(2) Projector production process



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

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

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

Unit: NT\$ 1,000

Item	2019				2020				As of March 31, 2021			
	Name (note)	Amount	Year net purchase ratio (%)	Relationship with the issuer	Name (Note)	Amount	Year net purchase ratio (%)	Relationship with the issuer	Name (Note)	Amount	Net purchase ratio of the first quarter of 2021 (%)	Relationship with the issuer
1	Supplier A	3,407,008	10.68	-	Supplier A	2,764,025	10.54	-	Supplier B	1,133,050	15.89	-
2	Others	28,498,941	89.32	-	Others	23,452,573	89.46	-	Supplier A	869,480	12.19	-
3	-	-	-	-	-	-	-	-	Others	5,127,282	71.92	-
4	Total net purchase	31,905,949	100.00	-	Total net purchase	26,216,598	100.00	-	Total net purchase	7,129,812	100.00	-

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

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

Unit: NT\$ 1,000

Item	2019				2020				As of March 31, 2021			
	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 2021 (%)	Relationship with the issuer
1	Others	48,711,259	100.00	-	Customer A	5,240,580	12.35%	-	Customer A	1,412,389	14.09	-
2	-	-	-	-	Others	37,197,756	87.65%	-	Customer B	1,066,856	10.64	-
3	-	-	-	-	-	-	-	-	Others	7,544,042	75.27	-
4	Total net sales	48,711,259	100.00	-	Total net sales	42,438,336	100.00	-	Total net sales	10,023,287	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 most recent 2 years

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

Product \ Year	2019			2020		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Energy Saving products	101,635,136	43,720,102	28,447,524	85,695,990	44,600,116	20,815,583
Visual Solutions products	2,400,000	947,313	10,913,295	2,430,000	764,008	8,295,014
Total	—	—	39,360,819	—	—	29,110,597

(VI) Sales volume in the most recent 2 years

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

Primary Products \ Year	2019				2020			
	Domestic Sales		Overseas sales		Domestic Sales		Overseas sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Energy Saving products	17,411,367	7,541,370	24,342,194	16,427,452	16,175,210	6,117,410	29,548,507	15,892,273
Visual Solutions products	155,653	1,373,543	798,879	13,101,473	156,246	1,326,273	622,949	9,594,631
Others	—	860,879	—	9,406,542	—	1,114,444	—	8,393,305
Total	—	9,775,792	—	38,935,467	—	8,558,127	—	33,880,209

III. Employees

Year		2019	2020	As of March 31st, 2021
Number of employees	Technical personnel	2,990	2,619	2,792
	Management personnel	2,492	2,323	2,240
	Operating personnel	8,735	8,429	11,196
	Total	14,217	13,371	16,228
Average age		37.72	38.86	38.51
Average Years of Service		7.61	8.71	8.14
Education Distribution Ratio (%)	PhD	0.43	0.54	0.45
	Graduate School	8.91	8.17	7.31
	University/ College	26.38	25.8	23.24
	High school (and below)	64.28	65.49	69.00

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 / OHSAS 18001 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 and the green factory clean production evaluation system. The environmental protection and operation safety have been implemented. 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 2020, the total purchase amount was NT\$26,441,000.

V. Labor relations

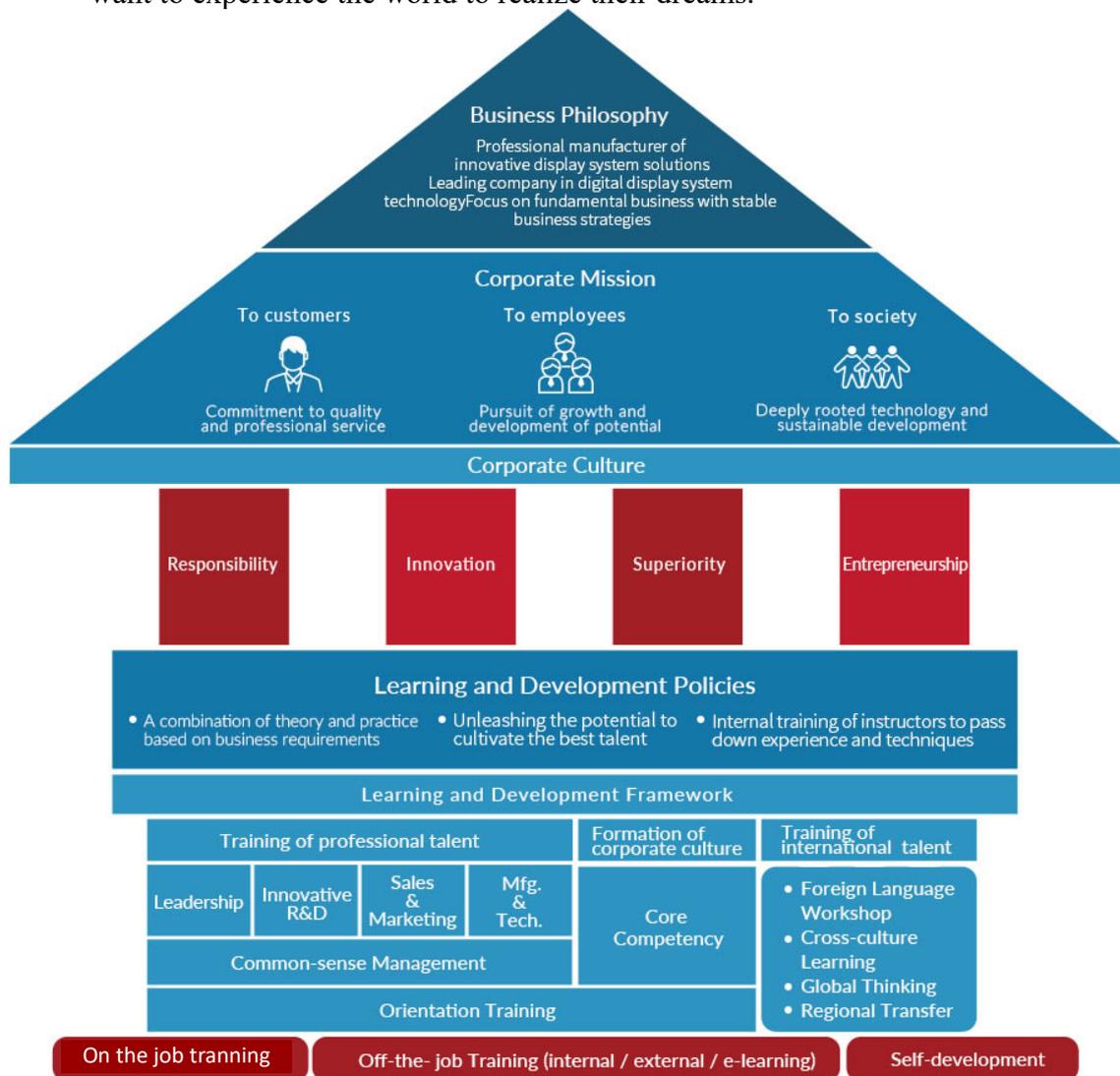
- (I) Employee welfare measures, continuing education, training, retirement system and implementation status: The Company's treatment is comparable to that of its peers, and the labor-management relationship is harmonious. The welfare, training and retirement measures are all well-established, as explained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

promotion and employee assistance. Moreover, the Company has also introduced the Occupational Health and Safety Standards to ensure the compliance of various operations with standard procedures to prevent occupational injuries. The company has also promoted various health protection plans according to the “Occupational Safety and Health Act.” Details of employee benefits and welfare measures are as follows:

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

2. The Coretronic group believes that “human resources are the company's most important asset”. Therefore, the Company provides a diverse and flexible learning environment to enhance the professional skills of employees so that they can combine work and new knowledge to create the foundation for future self-development. The Company provides systematic training courses for employees based on their career and learning plans to help them become experts in management or other professions. Based on the course category, internal and external lecturers will be invited to share knowledge, experience and skills to enhance employee functions and career development. The Company organized a total of 128 training sessions for 2020 with the total number of participants of 3,147. The total number of training hours was 7,096 hours, costing approximately NT\$5,819,000. The Company supports learning and innovation and commits to

creating a sustainable learning environment. Through a job-oriented learning development system, online learning practical training, as well as combining regional rotation and foreign language learning, the Company helps people who want to experience the world to realize their dreams.



- The company's retirement system is handled in accordance with the Labor Standards Act. Since July 1st, 2005, the Company has complied with the government to implement a new system of labor pensions. According to the law, the employees who choose the new system have to deposit 6% personal account with the Bureau of Labor. Those who choose the old pension system or the new one but started working before the new system came into force will allocate 2% of the retirement reserve to the Company account of the Bank of Taiwan on a monthly basis. The Company has a sound retirement system to ensure that employees' pension funds and benefits are not being compromised. The pension funds will be paid within 30 days after the date of employee's retirement. For 2020, 22 employees applied for retirement. All procedures were completed in accordance with regulations. After applying for retirement from a senior employee with excellent work performance, the Company invites employees to serve as consultants and imparts rich experience to other employees. It not only provides professional consulting services for the Company, but also provides a stage for the development of retired employees to continue to contribute.

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

- (IV) Work environment and employee personal safety protection measures

The Company adheres to the philosophy of "pursuing excellence and valuing customers." In order to protect employee health, maintain the work environment as well as protecting the environment, the Company promotes ISO14001 - Environmental Management Systems / ISO45001 Occupational Health and Safety / CNS 45001 - Taiwan Occupational Safety and Health Management System and obtained certification. In order to "implement risk management, prevent disasters and unhealthy occurrences, enhance employees' safety and hygiene awareness, create a safe and comfortable working environment, prevent pollution, reduce waste and recycle, and improve resource use efficiency, and becoming a green enterprise," we are committed to the continuous improvement of environmental and safety management performance, to preventing occupational disasters, to improving the working environment, to maintaining peer safety and reducing accident losses, and to regularly implementing regular inspections. In the process of regular inspection and improvement, all departments pay more attention to the safety of the work environment, gradually improve the safety awareness of personnel and reduce the risk of environmental hazards. In terms of personal safety protection, access safety control measures have been implemented. The guards patrol 24 hours a day, and a surveillance system has been set up. In order to promote disaster prevention and enhance the crisis awareness and emergency response capability of the emergency response team members, the Company regularly reviews emergency contingency plans. It implements disaster response drills so as to effectively control the damage when disasters occur and avoid personal injury and Company property losses. In addition to the fire brigade's fire drills in the factory area, the Company also conducts environmental and safety education and training. A total of 1,417 people were trained in 2020. In 2020, three accidents occurred during work. They were injured when going up and down the stairs or when participating in baseball games. 67 working days were lost in total. In response to the accident, the employees have been made aware of the situation, and preventive measures have been taken. The effectiveness of risk control is regularly reviewed to eliminate the occurrence of accidents in the plant.

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

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

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

VI. 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 agreed by the Administration Office
Land lease	Hsinchu Science Park Administration Office	2003.11.01~2022.12.31	11,001 square meters of land in the Phase 4 Chunan Base, Hsinchu Science Park	Sublease and sublease conditions should be agreed by the Administration Office
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 agreed by the Administration Office

Nature of Contract	Parties	Contract Start/End Date	Main Content	Restrictive Provisions
Land lease	Southern Taiwan Science Park Administration Office	2003.11.01~2022.12.31	25,001 square meters of land in Southern Taiwan Science Park	Sublease and sublease conditions should be agreed by the Administration Office
Land lease	Southern Taiwan Science Park Administration Office	2019.06.20~2039.06.19	20,000 square meters of land in Southern Taiwan Science Park	Sublease and sublease conditions should be agreed by the Administration Office
Trademark Licensing	HDBaseT Alliance	2015.01.20 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	2002.12.19 ~ 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	2015.01.20~last patent till the termination of the patent	This technology license is granted by the Alliance and the royalty is paid by the Company	Confidentiality agreement
Supply Contract	A U.S. company	Three years starting from 2002.07.31 with automatic renewal	Projector Supply Contract	Confidentiality agreement
Supply Contract	A Japanese company	2004.01.06 ~ 2005.01.05 with automatic renewal	Projector Purchase/Sales Contract	Confidentiality agreement
Supply Contract	A major Japanese company	2004.04.01 ~ 2005.03.31 with automatic renewal	Projector Purchase/Sales Contract	Confidentiality agreement
Supply Contract	A Japanese household appliance and consumer electronic product brand	2005.01.06 ~ 2006.01.05 with automatic renewal. 2005.05.25 ~ 2006.05.24 with automatic renewal.	Projector Purchase/Sales Contract	Confidentiality agreement

Nature of Contract	Parties	Contract Start/End Date	Main Content	Restrictive Provisions
Supply Contract	A U.S. company	2006.11.01 till any party terminates the contract	Projector Supply Contract	Confidentiality agreement
Supply Contract	A Japanese company	Effective from 2007.12.01	Projector Supply Contract	Confidentiality agreement
Supply Contract	A Japanese company	1 year from 2009.8.26 with automatic renewal	Projector Supply Contract	Confidentiality agreement/ Not transferrable
Supply Contract	A Canadian company	Signed in 2010 but effective from 2008.10.21 until any party terminates the contract effective	Projector Supply Contract	Confidentiality agreement
Supply Contract	A U.S. company	2010.3.8 until any party terminates the contract	Optical Product Supply Contract	Confidentiality agreement
Supply Contract	A Japanese company	2010.6.01~2011.5.31 (Automatically renewed)	Backlight Module Supply Contract	Confidentiality agreement
Supply Contract	A U.S. company	Signed on 2010.11.17 but effective from 2006.11.01 until terminated by any party the contract	Projector Supply Contract	Confidentiality agreement
Supply Contract	An American company	1 year from 2011.3.15 with automatic renewal	Projector Supply Contract	Confidentiality agreement
Supply Contract	A Japanese company	1 year from 2011.08.1 with automatic renewal	Projector Supply Contract	Confidentiality agreement
Supply Contract	A Korean company	2011.7.20 ~ 2012.7.19 with automatic renewal	LCD Module Supply Contract	Confidentiality agreement
Supply Contract	A U.S. company	5 year from 2012.11.23 with automatic renewal	Projector Supply Contract	Confidentiality agreement
Supply Contract	A Indian company	2014.9.25 ~ until any party terminates the contract	Backlight Module Supply Contract	Confidentiality agreement
Supply Contract	A Korean company	1 year from 2015.6.1 with automatic renewal	LCD Module Supply Contract	Confidentiality agreement/ Not transferrable
Supply Contract	A Taiwanese company	Effective from 2016.1.1	Projector Supply Contract	None

Six. Financial Summary

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

(I) Summary balance sheet for the last 5 years

1. IFRS-compliance (consolidated)

Unit: NT\$ 1,000

Item	Year	Financial information for the latest 5 years (Note 1)					Year-to-date Financial information as at March 31 (Note 2)
		12.31.2016	12.31.2017	12.31.2018	12.31.2019	12.31.2020	
Current assets		41,440,028	43,944,704	39,983,296	38,979,695	36,285,583	37,910,559
Long-term investments (Note 3)		413,088	315,029	379,924	505,815	958,183	996,188
Property, plant and equipment		7,543,772	6,760,253	6,551,312	6,930,269	7,158,625	7,211,631
Intangible assets		120,774	171,728	156,402	281,674	408,646	393,568
Other assets		835,767	827,295	966,271	2,625,667	2,464,026	2,619,537
Total assets		50,353,429	52,019,009	48,037,205	49,323,120	47,275,063	49,131,483
Current liabilities	Before dividend	26,187,830	27,747,440	23,195,844	23,872,451	20,153,862	25,361,029
	After dividend	27,056,676	28,833,498	24,716,325	24,741,297	21,717,787 (Note 4)	25,361,029 (Note 4)
Non-current liabilities		410,924	724,908	575,708	1,898,109	2,181,766	2,260,956
Total liabilities	Before dividend	26,598,754	28,472,348	23,771,552	25,770,560	22,335,628	27,621,985
	After dividend	27,467,600	29,558,406	25,292,033	26,639,406	23,899,553 (Note 4)	27,621,985 (Note 4)
Equity attributable to parent company shareholders		21,633,095	21,532,101	22,205,213	21,383,195	22,895,484	19,493,009
Share capital		4,344,231	4,344,231	4,344,231	4,344,231	4,344,231	3,909,811
Capital reserve		4,627,479	4,092,423	4,072,808	3,727,475	3,548,559	2,766,136
Retained earnings	Before dividend	13,333,015	14,288,274	15,401,992	15,673,259	16,589,148	14,520,913
	After dividend	12,464,169	13,202,216	14,533,146	15,021,624	15,416,204 (Note 4)	14,520,913 (Note 4)
Other equity items		(671,630)	(1,192,827)	(1,613,818)	(2,361,770)	(1,586,454)	(1,703,851)
Treasury stock		—	—	—	—	—	—
Non-controlling interests		2,121,580	2,014,560	2,060,440	2,169,365	2,043,951	2,016,489
Total equity	Before dividend	23,754,675	23,546,661	24,265,653	23,552,560	24,939,435	21,509,498
	After dividend	22,885,829	22,460,603	22,745,172	22,683,714	23,375,510 (Note 4)	21,509,498 (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 2021 was auditor-reviewed.

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

Note 4: Cash dividend from 2020 earnings was resolved and passed during the board of directors meeting dated March 15, 2021.

2. IFRS-compliance (standalone)

Unit: NT\$ 1,000

Item \ Year		Financial information for the latest 5 years (Note 1)				
		12.31.2016	12.31.2017	12.31.2018	12.31.2019	12.31.2020
Current assets		12,359,671	9,493,077	12,109,159	8,011,769	8,466,554
Long-term investments (Note 2)		22,623,243	24,299,439	24,441,658	24,385,495	26,827,504
Property, plant and equipment		1,285,461	1,213,970	1,338,638	1,692,769	1,691,218
Intangible assets		28,117	33,210	33,653	27,041	151,957
Other assets		132,507	130,911	173,966	902,789	929,505
Total assets		36,428,999	35,170,607	38,097,074	35,019,863	38,066,738
Current liabilities	Before dividend	14,542,410	13,460,310	15,428,197	12,785,192	14,283,573
	After dividend	15,411,256	14,546,368	16,948,678	13,654,038	15,847,497 (Note 3)
Non-current liabilities		253,494	178,196	463,664	851,476	887,681
Total liabilities	Before dividend	14,795,904	13,638,506	15,891,861	13,636,668	15,171,254
	After dividend	15,664,750	14,724,564	17,412,342	14,505,514	16,735,178 (Note 3)
Equity attributable to parent company shareholders		21,633,095	21,532,101	22,205,213	21,383,195	22,895,484
Share capital		4,344,231	4,344,231	4,344,231	4,344,231	4,344,231
Capital reserve		4,627,479	4,092,423	4,072,808	3,727,475	3,548,559
Retained earnings	Before dividend	13,333,015	14,288,274	15,401,992	15,673,259	16,589,148
	After dividend	12,464,169	13,202,216	14,533,146	15,021,624	15,416,205 (Note 3)
Other equity items		(671,630)	(1,192,827)	(1,613,818)	(2,361,770)	(1,586,454)
Treasury stock		—	—	—	—	—
Non-controlling interests		—	—	—	—	—
Total equity	Before dividend	21,633,095	21,532,101	22,205,213	21,383,195	22,895,484
	After dividend	20,764,249	20,446,043	20,684,732	20,514,349	21,331,560 (Note 3)

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

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

Note 3: Cash dividend from 2020 earnings was resolved and passed during the board of directors meeting dated March 15, 2021.

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

1. IFRS-compliance (consolidated)

Unit: NT\$ 1,000

Year Item	Financial information for the latest 5 years (Note 1)					
	2016	2017	2018	2019	2020	Year-to-date March 31, 2021 (Note 2)
Net Sales	57,057,665	53,105,303	55,672,933	48,711,259	42,438,336	10,023,287
Gross profit	9,534,318	9,090,518	10,369,870	8,806,446	7,406,757	1,657,138
Operating Income (loss)	1,972,130	1,731,281	2,301,619	1,201,103	692,089	78,463
Non-operating income and expenses	688,751	491,101	565,702	500,809	1,144,607	403,975
Income before tax	2,660,881	2,222,382	2,867,321	1,701,912	1,836,696	482,438
Continuing operations - current net income	—	—	—	—	—	—
Loss from discontinued operations	—	—	—	—	—	—
Net income (loss)	1,826,093	1,704,578	2,128,184	1,158,307	1,395,156	363,453
Other current comprehensive income	(1,752,169)	(488,444)	(359,410)	(800,822)	794,333	(121,872)
Total comprehensive income/loss for the current period	73,924	1,216,134	1,768,774	357,485	2,189,489	241,581
Net income attributable to parent company shareholders	1,964,534	1,750,627	2,020,219	1,153,070	1,560,418	386,440
Net income attributable to non-controlling interests	(138,441)	(46,049)	107,965	5,237	(165,262)	(22,987)
Comprehensive income attributable to parent company shareholders	319,958	1,302,908	1,649,136	392,161	2,352,647	269,043
Comprehensive income attributable to non-controlling interests	(246,034)	(86,774)	119,638	(34,676)	(163,158)	(27,462)
Earnings per share (\$)	4.01	4.03	4.65	2.65	3.59	0.93

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

Note 2: Consolidated financial information for the first quarter of 2021 was auditor-reviewed.

2. IFRS-compliance (standalone)

Unit: NT\$ 1,000

Year Item	Financial information for the latest 5 years (Note 1)				
	2016	2017	2018	2019	2020
Net Sales	21,276,306	19,561,266	19,698,298	17,837,272	15,521,518
Gross profit (Note 2)	2,802,593	2,747,442	2,995,651	2,727,735	2,183,216
Operating Income (loss)	96,854	153,691	(259,401)	(447,700)	(575,552)
Non-operating income and expenses	2,044,764	1,642,478	2,292,184	1,677,599	2,176,532
Income before tax	2,141,618	1,796,169	2,032,783	1,229,899	1,600,980
Current net income from continuing operations	1,964,534	1,750,627	2,020,219	1,153,070	1,560,418
Loss from discontinued operations	—	—	—	—	—
Net income (loss)	1,964,534	1,750,627	2,020,219	1,153,070	1,560,418
Other current comprehensive income	(1,644,576)	(447,719)	(371,083)	(760,909)	792,229
Total comprehensive income/loss for the current period	319,958	1,302,908	1,649,136	392,161	2,352,647
Net income attributable to parent company shareholders	—	—	—	—	—
Net income attributable to non-controlling interests	—	—	—	—	—
Comprehensive income attributable to parent company shareholders	—	—	—	—	—
Comprehensive income attributable to non-controlling interests	—	—	—	—	—
Earnings per share (\$)	4.01	4.03	4.65	2.65	3.59

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
2016	Ernst & Young	Hsin-Min Hsu, James Wang	Unqualified opinion
2017 (Note 1)	Ernst & Young	Hsin-Min Hsu, Hans Chen	Unqualified opinion
2018	Ernst & Young	Hsin-Min Hsu, Hans Chen	Unqualified opinion
2019	Ernst & Young	Hsin-Min Hsu, Hans Chen	Unqualified opinion
2020	Ernst & Young	Hsin-Min Hsu, Hans Chen	Unqualified opinion

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

II. Financial analysis for the last 5 years

1. IFRS-compliance (consolidated)

Year Analysis Item		Financial analysis for the last 5 years (Note 1)					
		2016	2017	2018	2019	2020	Year-to-date March 31, 2021 (Note 2)
Financial structure (%)	Debt to assets ratio	52.82	54.74	49.49	52.25	47.25	56.22
	Long-term capital to property, plant and equipment ratio	292.22	329.23	347.73	335.94	350.31	301.65
Solvency (%)	Current ratio	158.24	158.37	172.37	163.28	180.04	149.48
	Quick ratio	129.06	127.79	136.31	135.66	152.86	124.52
	Interest coverage ratio	27.01	13.54	12.70	5.90	13.70	17.58
Operating performance	Accounts receivable turnover (times)	3.04	3.10	3.66	3.81	3.61	3.35
	Average cash collection days	120	118	100	96	101	109
	Inventory turnover (times)	6.25	5.48	5.36	5.24	5.70	5.57
	Accounts payable turnover (times)	3.46	3.47	4.08	4.49	4.21	3.91
	Average inventory turnover days	58	67	68	70	64	66
	Property, plant and equipment turnover (times)	6.95	7.43	8.37	7.23	6.02	5.58
	Total asset turnover (times)	1.10	1.04	1.11	1.00	0.88	0.83
Profitability (%)	Return on assets	3.93	3.71	4.43	2.94	3.47	3.40
	Return on equity	8.75	8.11	9.24	5.29	7.05	7.29
	Pre-tax profit to paid-up capital	61.25	51.16	66.00	39.18	42.28	49.36
	Net profit margin	3.20	3.21	3.82	2.38	3.29	3.63
	Earnings per share (\$)	4.01	4.03	4.65	2.65	3.59	0.93
Cash flow (%)	Cash flow ratio	10.05	10.77	15.54	21.08	16.71	—
	Cash flow adequacy ratio	136.98	151.46	153.42	132.86	176.48	134.94
	Cash reinvestment ratio	5.67	6.54	7.54	13.17	8.18	—
Degree of leverage	Operating leverage	1.82	1.88	1.63	2.25	3.07	5.53
	Financial leverage	1.05	1.11	1.12	1.31	1.26	1.25

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

- Interest coverage ratio increased mainly due to higher pre-tax profit.
- Return on assets and return on equity increased mainly due to higher net income.
- Net profit margin increased mainly due to higher pre-tax profit of the current period.
- Earnings per share (NT\$) increased mainly due to higher net income.
- Cash flow ratio decreased mainly due to lower net cash inflow from operating activities.
- Cash flow adequacy ratio increased mainly due to lower capital expenditure and inventory for the previous 5 years.
- Cash reinvestment ratio decreased mainly due to lower net cash inflow from operating activities.
- Degree of operating leverage increased mainly due to lower operating profits.
- Degree of financial leverage decreased mainly due to lower interest expenses.

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

Note 2: Consolidated financial information for the first quarter of 2021 was auditor-reviewed.

Note 3: If Cash flow and Degree of leverage are a negative number, it will be represented by "-" .

2. IFRS-compliance (standalone)

Analysis Item		Financial analysis for the last 5 years (Note 1)				
		2016	2017	2018	2019	2020
Financial structure (%)	Debt to assets ratio	40.62	38.78	41.71	38.94	39.85
	Long-term capital to property, plant and equipment ratio	1,702.63	1,788.37	1,693.43	1,313.51	1,406.27
Solvency (%)	Current ratio	84.99	70.53	78.49	62.66	59.27
	Quick ratio	72.51	60.10	69.51	55.90	53.84
	Interest coverage ratio	56.04	19.26	12.01	5.87	15.08
Operating performance	Accounts receivable turnover (times)	2.44	2.23	2.61	2.80	2.50
	Average cash collection days	149	163	140	130	146
	Inventory turnover (times)	11.43	10.92	12.70	14.51	18.84
	Accounts payable turnover (times)	3.49	3.09	3.14	3.85	3.58
	Average inventory turnover days	32	33	29	25	19
	Property, plant and equipment turnover (times)	16.40	15.65	15.43	11.77	9.17
	Total asset turnover (times)	0.59	0.55	0.54	0.49	0.42
Profitability (%)	Return on assets	5.48	5.12	5.93	3.71	4.52
	Return on equity	8.75	8.11	9.24	5.29	7.05
	Pre-tax profit to paid-up capital	49.30	41.35	46.79	28.31	36.85
	Net profit margin	9.23	8.95	10.26	6.48	10.05
	Earnings per share (\$)	4.01	4.03	4.65	2.65	3.59
Cash flow (%)	Cash flow ratio	0.19	12.61	16.57	—	8.28
	Cash flow adequacy ratio	19.13	55.43	91.94	57.08	71.66
	Cash reinvestment ratio	—	3.14	5.46	—	1.81
Degree of leverage	Operating leverage	3.22	2.75	—	—	—
	Financial leverage	1.67	2.78	—	—	—
Please elaborate reasons for changes in financial ratio in the last 2 years. (unnecessary analysis if the variation was less than 20%)						
1. Interest coverage ratio increased mainly due to higher pre-tax profit.						
2. Inventory turnover increased and average inventory turnover days decreased mainly due to lower average inventory.						
3. Property, plant and equipment turnover decreased mainly due to higher net value of property, plant and equipment.						
4. Return on assets increased mainly due to higher net income.						
5. Return on equity increased mainly due to higher net income.						
6. Pre-tax profit to paid-up capital increased mainly due to higher pre-tax profit.						
7. Net profit margin increased mainly due to higher pre-tax profit of the current period.						
8. Earnings per share (NT\$) increased mainly due to higher net income.						
9. Cash flow ratio and cash reinvestment ratio increased mainly due to higher net cash inflow from operating activities.						
10. Cash flow adequacy ratio increased mainly due to higher net cash inflow from operating activities for the previous 5 years.						
11. Degree of operating leverage increased mainly due to negative net balance after deducting variable operating cost and expense from operating revenue and higher operating losses.						
12. Degree of financial leverage increased mainly due to higher operating loss.						

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

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

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

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

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

Audit Committee's Report

The Audit Committee has completed review of the 2020 financial statements prepared by the board of directors and audited by CPA Hsin-Min Hsu and CPA Hans Chen of Ernst & Young, along with the business report and earnings appropriation 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

2021 Annual General Meeting of Coretronic Corp.

Coretronic Corp.

Audit Committee Convener: Houn-Gee Chen

April 26, 2021

- IV. Latest financial statements: Please refer to pages 145 to 274.
- V. The latest audited standalone financial statements: Please refer to pages 275 to 374.
- VI. Any financial distress experienced by the company or its affiliated enterprise and impacts on the company's financial structure in the last year up till the publication date of annual report: None.
- VII. Attainment of mandatory certification by personnel involved in financial information transparency: The Company has four licensed CPAs of the Republic of China in its organization.

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

I. Financial position

Unit: NT\$ 1,000

Item	Year	2020	2019	Variation	
				Amount	%
Current assets		36,285,583	38,979,695	(2,694,112)	(6.91%)
Property, plant and equipment		7,158,625	6,930,269	228,356	3.30%
Long-term investments (Note)		958,183	505,815	452,368	89.43%
Intangible assets		408,646	281,674	126,972	45.08%
Other assets		2,464,026	2,625,667	(161,641)	(6.16%)
Total assets		47,275,063	49,323,120	(2,048,057)	(4.15%)
Current liabilities		20,153,862	23,872,451	(3,718,589)	(15.58%)
Long-term liabilities		552,751	183,427	369,324	201.35%
Other liabilities		1,629,015	1,714,682	(85,667)	(5.00%)
Total liabilities		22,335,628	25,770,560	(3,434,932)	(13.33%)
Share capital		4,344,231	4,344,231	—	—
Capital reserve		3,548,559	3,727,475	(178,916)	(4.80%)
Retained earnings		16,589,148	15,673,259	915,889	5.84%
Other equity items		(1,586,454)	(2,361,770)	775,316	32.83%
Non-controlling interests		2,043,951	2,169,365	(125,414)	(5.78%)
Total equity		24,939,435	23,552,560	1,386,875	5.89%
Explanation of major variations: (unnecessary if the variation was less than 20%)					
1. Long-term investments increased mainly due to increase in gain on financial assets at fair value through other comprehensive income - non-current.					
2. Intangible assets increased mainly due to increase in specialized skills.					
3. Long-term liabilities increased mainly due to increase in secured bank borrowing.					
4. Other equity items increased mainly due to increase in cumulative translation adjustment.					

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

II. Financial performance

(I) Comparative analysis of operating performance

Unit: NT\$ 1,000

Item \ Year	2020	2019	Variation	Variation %
Net Sales	42,438,336	48,711,259	(6,272,923)	(12.88%)
Operating costs	35,031,579	39,904,813	(4,873,234)	(12.21%)
Gross profit	7,406,757	8,806,446	(1,399,689)	(15.89%)
Operating expenses	6,714,668	7,605,343	(890,675)	(11.71%)
Operating Income	692,089	1,201,103	(509,014)	(42.38%)
Non-operating income and expenses	1,144,607	500,809	643,798	128.55%
Income before tax	1,836,696	1,701,912	134,784	7.92%
Income tax benefits (expenses)	(441,540)	(543,605)	102,065	18.78%
Net income	1,395,156	1,158,307	236,849	20.45%
Explanation of major variations: (unnecessary if the variation was less than 20%)				
1. Operating profits decreased mainly due to portfolio adjustments that resulted in lower gross profit.				
2. Non-operating income and expenses increased mainly due to an increase in government subsidies and forward exchange valuation and a decrease in financial cost.				

(II) Sales volume forecast and basis: Looking forward to future development, the demand for the stay-at-home economy risen by the epidemic is expected to continue into 2021. The demand for TVs, computer monitors and laptops is still high in the first half of the year. Still, the expected growth of the shipment volume and overall consumer market in 2020 are expected to be limited due to the quantity of IC supply. For the energy-saving solutions segment, the Company will continue investing in research and development of light guides, specialized optical films and high-value displays with features such as thin-and-light, energy-saving, peep prevention and HDR for a variety of applications from in-car units, industrial automation, medicine, eSports, smart home to commercial display. In addition, the Company will also strive to explore international customers as well as the home furnishing market by leveraging advantages such as Open Cell, light guides, touchscreens, proprietary production technology and integrated business model.

As for the visual solutions segment, the Company will continue integrating core technologies in optics, mechanics, electronics, thermal and software to create new interactive visual experience for a variety of customers and applications from home entertainment, screen array, digital signboard, large public information display to smart retail in 2021. The goal of the Company's overall operation is to pursue high-margin, high value and stable growth.

III. Cash flow

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

Item	Year	2020	2019	Variation (%)
	Cash flow ratio		16.71	21.08
Cash flow adequacy ratio		176.48	132.86	32.83%
Cash reinvestment ratio		8.18	13.17	(37.89%)
Explanation of major variations:				
1. Cash flow ratio decreased mainly due to lower net cash inflow from operating activities.				
2. Cash flow adequacy ratio increased mainly due to lower capital expenditure and inventory for the previous 5 years.				
3. Cash reinvestment ratio decreased mainly due to lower net cash inflow from operating activities.				

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

(III) Liquidity analysis for the next year

Unit: NT\$ 1,000

Operating cash balance①	Projected net cash flow from operating activities for the year②	Expected cash outflow for the year③	Expected cash surplus (deficit) ①+②-③	Financing of expected cash deficits	
				Investment plans	Financing plans
59,330	1,779,813	1,770,912	68,231	—	—
Analysis of cash flow variation for the next year: Net cash inflow from operating activities arose mainly as a result of profits generated from operations. Expected annual cash outflow mainly comprises cash dividends and long-term investments, which the Company is able to meet using proprietary capital.					

IV. Material capital expenditures in the last year and impacts on financial/business performance:

None.

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

All of the Company's investments are long-term in nature. The Company realized NT\$1,699,241,000 of gains from investment in 2020, which was attributed to the strong profitability of its invested businesses. The Company will continue making careful assessment of its investment projects in the future.

VI. Risk management

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

1. Impact on the Company's earnings
 - (1) Interest rate: Interest expenses accounted for 0.83% of net sales in 2020, 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\$46,311,000.
 - (2) Exchange rate: Gain on exchange and net gain on valuation of financial assets totaled NT\$349,330,000 in 2020, which accounted for 2.25% of net sales. If NTD strengthens against USD by 1%, the Company's gross profit margin will be affected by approximately 0.15%.
 - (3) Inflation: A 1% rise in inflation rate will increase the Company's expenses by about NT\$28,611,000.
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 2020 that was characterized as high risk, high leverage investment or external party lending. The Company did, however, trade derivatives for hedging purpose, and assigned dedicated personnel and implemented systems to monitor, manage and assess risks on a regular basis.
 2. The Company offered endorsements and guarantees mainly for subsidiaries in 2020, 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\$21,758,616,000, and outstanding balance at the end of 2020 amounted to NT\$828,854,000.
 3. For details on external party lending, endorsement, guarantee and derivative transactions conducted in 2020, please refer to the 2020 audited financial statements and footnote disclosures.
- (III) Future research and development plans and projected expenses
 1. Future R&D plans
 - (1) With respect to energy-saving solutions, the Company will be focusing on products that offer distinctive features and continue investing in the development of specialized LCD displays to capitalize on their increasingly

diverse applications. Furthermore, the Company will be researching new technologies closely in line with the market's demands to enable more advanced solutions and broader display applications such as: non-standardized display array, world's thinnest bezel display array, interactive conference display, curved gaming display, peep-proof display, in-car unit display modules, special-shaped backlight modules and energy-efficient display. Furthermore, the Company will enhance software development capabilities and incorporate creative software and applications into hardware design for optimal user experience and provide customers with the ultimate one-stop service.

(2) The Company will be developing core technologies primarily to address market demand and solve customers' pain points. In addition to creating a comprehensive lineup of display products featuring stationary light source (laser and LED), short throw design, 4K UHD and motion flow technology, products will also be enhanced with multimedia applications, touch controls and Internet connectivity as well as useful functions such as image recognition, AI, cloud-based service and smart software. In general, the Company aims to improve system integration capabilities to create convenient user environment and new interactive experience, and promote image projection as solution for a wide range of applications from business, home entertainment, education, commercial display, digital signage, public information display, smart retail to healthcare.

2. Expected R&D expenses: The Company incurred approximately NT\$1.6 billion of R&D expense in 2020, 10.28% of net sales. R&D expenses for 2021 are estimated at NT\$1.6 billion, similar to 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 or industrial changes

The LCD panel industry continues to grow, and the display device is showing a trend toward diversified technology development. Since 2017, new technologies such as AMOLED and Mini /Micro LED have emerged to pose direct competition to LCD in the future. Apart from strengthening relationships with panel manufacturers and brands and targeting applications such as laptops, TV, healthcare and vehicles, the Company will also invest in the development of new markets and products as the competitive landscape changes. Non-standardized display array, world's thinnest bezel display array, commercial peep-proof display, curved gaming monitor, in-car unit display, special-shaped backlight modules, energy-saving blue light display, HDR (Local Dimming) display and LCM module are some examples of high-value adding and high entry barrier products that the Company has targeted as means to differentiate, expand and thrive in the competitive display market.

Rapid development of LCD and LED technologies have enabled large-size LCD displays to penetrate into market segments such as home entertainment, education and business, and LED displays to be widely used for advertisement, digital

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

(VI) Crisis management, impacts, and response measures in the event of a change in corporate image: None.

(VII) Expected benefits and risks and associated with to mergers and acquisitions: None.

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

After careful assessment, a new manufacturing plant was constructed in Vietnam in 2020 to satisfy customers' delivery requirements. In the future, the Company will continue introducing new technologies, enhancing production procedures, improving product quality and creating market differentiation in response to changes in market supply and demand.

(IX) Risks associated with concentrated sales or purchases

Purchases from the largest supplier accounted for 10.54% of total purchases for the Company and subsidiaries in 2020. In 2020, the Company maintains 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 12.35% of the total sales of the Company and its subsidiaries in the year 2020. The change in the percentage of sales to major customers in 2020 was due to a change in the sales of product portfolios, driven by the demand from the stay-at-home economy and distance learning.

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

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

(XII) Litigation and non-contentious cases

The Company did not encounter any litigation or non-contentious case in 2020 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

The Company attaches great importance to information security and has made it one of its long-term development priorities. We have established a complete network and computer security protection for our employees' computer operations.

In the face of rapidly changing network security attacks, and with the frequent occurrence of information security incidents in major enterprises around the world, such as hacker intrusion, social engineering, web page Trojan, and increasing threats from computer viruses, we actively enhance our information security protection capabilities and establishes an effective information security management mechanism.

The Company has set sustainable goals to guide information security development. An Information Security Committee has been assembled within Coretronic Group to devise information security strategies and visions to accommodate practical requirements and development prospects for the corresponding operation. Below is a description of the adopted strategies:

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

VII. Other important disclosures: None.

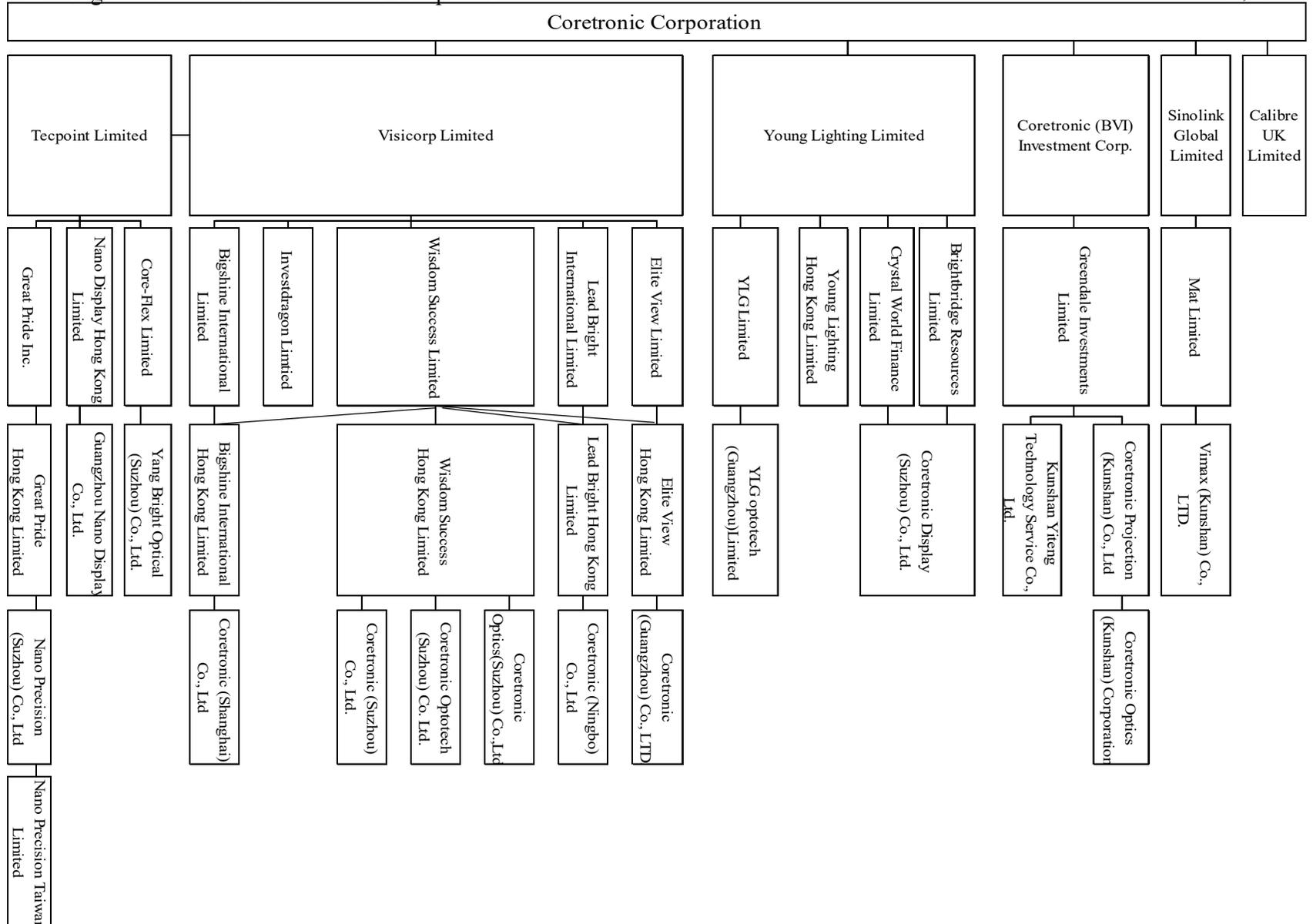
Eight. Special Disclosure

I. Information of affiliated companies

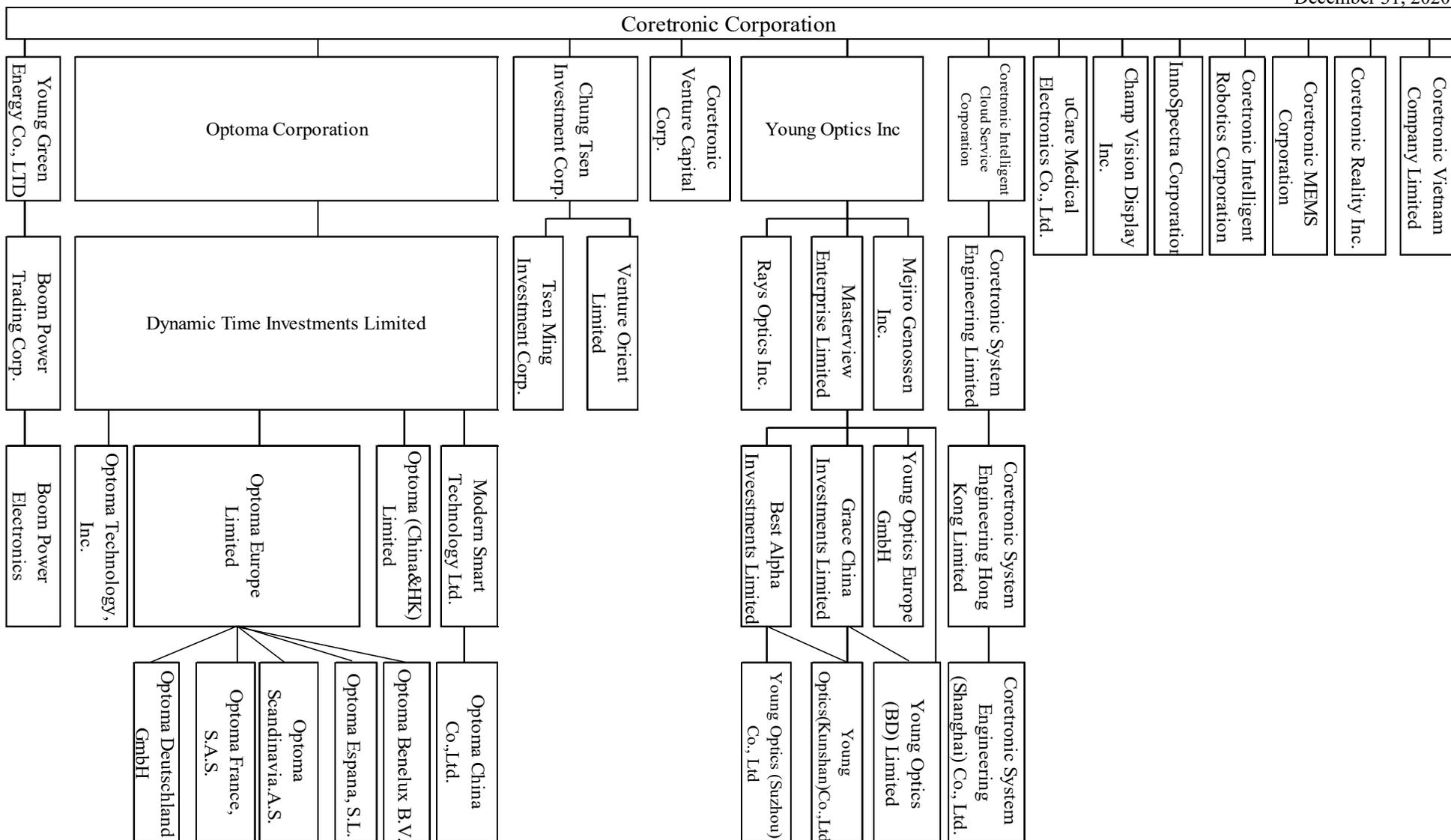
(I) Consolidated business report

1. Organizational chart of affiliated companies

December 31, 2020



December 31, 2020



Note : Consolidated shareholding in affiliated enterprises was entirely 100% except for Young Optics Inc. 38.74%, Ray Optics Inc. 92.50%, Mejiro Genossen Inc. 99%, Young Optics Europe GmbH 75%, Core-Flex Limited 99.36%, Young Green Energy Co., LTD 99.91%, Ucare Medical Electronics 60.69%, Champ Vision Display Inc. 80%, InnoSpectra Corporation 80%.

2. Profile of affiliated enterprises

December 31, 2020

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

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Wisdom Success Limited	January 2, 2002	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, 1205 Cayman Islands	US\$ 43,000	Holding company
Wisdom Success Hong Kong Limited	December 15, 2008	Room 2702-03, C.C. Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	US\$ 18,000	Holding company
Coretronic (Suzhou) Co., Ltd.	September 2, 2002	No. 68, Qunxingsan Road, Suzhou Industrial Park, Suzhou	US\$ 20,000,000	Research, development and manufacturing of backlight modules and related parts; sale of self-produced products and offering of related after-sale and maintenance service
Coretronic Optotech (Suzhou) Co. Ltd.	June 19, 2015	No. 688, Pangjin Road, Wujiang Economic and Technological Development Zone, Suzhou	US\$ 12,000,000	Research, development, production and processing of backlight modules, LCD modules, LCD TV new flat panel displays and optical components; sale of self-produced products and offering of related after-sale and maintenance service
Coretronic Optics(Suzhou) Co.,Ltd	November 23, 2017	No. 688, Pangjin Road, Wujiang Economic and Technological Development Zone, Suzhou	US\$ 10,000,000	Research, development and manufacturing of backlight modules and related parts; sale of self-produced products and offering of related after-sale and maintenance service
Lead Bright International Limited	August 8, 2005	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 5,000	Holding company
Lead Bright Hong Kong Limited	December 15, 2008	Room 2702-03, C.C. Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	US\$ 18,000	Holding company
Coretronic (Ningbo) Co., Ltd	January 11, 2006	No. 5, Guanshan Road, Export Processing Zone, Beilun District, Ningbo, Zhejiang	US\$ 20,000,000	Research, development and manufacturing of backlight modules and related parts; sale of self-produced products and offering of related after-sale and maintenance service
Elite View Limited	August 8, 2007	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 5,000	Holding company
Elite View Hong Kong Limited	December 15, 2008	Room 2702-03, C.C. Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	US\$ 13,000	Holding company
Coretronic (Guangzhou) Co., LTD.	November 27, 2007	Building 1, No. 2, Guoyuan 1st Road, East District, Guangzhou Economic and Technological Development Zone	US\$ 13,000,000	Research, development and manufacturing of backlight modules and related parts; sale of self-produced products and offering of related after-sale and maintenance service
Young Lighting Limited	March 8, 2010	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 3,907,000	Holding company
YLG Limited	October 29, 2010	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 6,000,000	Holding company
YLG Optotech (Guangzhou) Limited	January 24, 2011	2F, Unit A, No. 2, Guoyuan 1st Road, East District, Guangzhou Economic and Technological Development Zone	US\$ 6,000,000	Research, development, processing and manufacturing of display components; sale of self-produced products and offering of after-sale service

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Young Lighting Hong Kong Limited	March 24, 2010	Room 2702-03, C.C. Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	US\$ 847,000	Holding company
Brightbridge Resources Limited	March 26, 2009	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 29,500,000	Holding company
Crystal World Finance Limited	September 21, 2001	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 22,258,000	Holding company
Coretronic Display (Suzhou) Co., Ltd.	February 22, 2002	No. 828, Pangjin Road, Wujiang Economic and Technological Development Zone, Suzhou	US\$ 51,758,000	Research, development and manufacturing of display modules and related parts; sale of self-produced products and offering of related after-sale and maintenance service
Coretronic (BVI) Investment Corp.	June 16, 2000	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	US\$ 47,220,000	Holding company
Greendale Investments Limited	February 2, 2005	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 46,000	Holding company
Kunshan Yiteng Technology Service Co., Ltd.	June 17, 2003	No. 20, Third Avenue, Kunshan Comprehensive Free Trade Zone, Kunshan, Jiangsu	US\$ 400,000	Maintenance and technical service of LCD monitors
Coretronic Projection (Kunshan) Co., Ltd	June 10, 2005	No. 20, Third Avenue, Kunshan Comprehensive Free Trade Zone, Kunshan, Jiangsu	US\$ 46,000,000	Research, development, processing and manufacturing of digital projectors, LCD monitors and related parts; sale of self-produced products and offering of after-sale and maintenance service
Coretronic Optics (Kunshan) Corporation	June 2, 2017	No. 18, Third Avenue, Kunshan Comprehensive Free Trade Zone, Kunshan, Jiangsu	RMB 42,000,000	Production and sale of projector modules products and spectrometers
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
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

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Boom Power Electronics (Suzhou) Co., Ltd.	December 19, 2000	No. 388, Sanjia Road, Zhangpu Town, Kunshan City, Jiangsu Province, China	US\$ 1,000,000	Research, development, production and sale of CCFL drivers and related products
Calibre UK Limited	October 18, 1990	Cornwall House, Cornwall Terrace, Bradford, West Yorkshire, BD8 7JS	GBP 100,000	Research, development, design, manufacturing and sale of image control products
Optoma Corporation	January 9, 2002	12F, No. 213, Section 3, Beixin Road, Xindian District, New Taipei City	NT\$ 584,620,000	Manufacturing, sale, design and international trading of data storage and processing equipment, electronic components, optical instruments, radio communication equipment and appliances.
Dynamic Time Investments Limited	January 2, 2002	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	US\$ 15,000	Holding company
Optoma Technology, Inc.	May 31, 1995	47697 Westinghouse Drive Fremont, CA 94539, USA	US\$ 8,250,000	Marketing and after-sale service
Optoma Europe Limited	July 7, 1997	1 Bourne End Mills, Hemel Hempstead, England, HP1 2UJ	GBP 1,200,000	Marketing and after-sale service
Optoma Deutschland GmbH	October 7, 1997	WIESENSTRASSE 21, A1, D40549 Düsseldorf, Germany	EUR 958,000	Marketing and after-sale service
Optoma France, S.A.S.	July 1, 2002	Batiment E, 81-83 Avenue Edouard Vaillant, Boulogne Billancourt, France 92100	EUR 100,000	Marketing and after-sale service
Optoma Scandinavia AS	March 17, 2003	Kniveveien 29, Postboks 9515, 3036 Drammen, Norway	NOK 100,000	Marketing and after-sale service
Optoma Espana, S.L.	June 5, 2008	C/ José Hierro, 36 Of. 1C, Edificio Atrio, 28522 Rivas VaciaMadrid, Spain	EUR 103,000	Marketing and after-sale service
Optoma Benelux B.V.	October 15, 2009	Europalaan 770-D, 1363 BM in Almere, The Netherlands	EUR 18,000	Marketing and after-sale service
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
Chung Tsen Investment Corp.	December 11, 2002	12F, No. 225, Section 3, Beixin Road, Xindian District, New Taipei City	NT\$ 1,270,997,000	Strategic alliance and investment activities within group

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
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	No. 68, Qunxingsan 3rd Road, Suzhou Industrial Park, Suzhou, Jiangsu	US\$ 1,000,000	Research, development and manufacturing of optical engines and optical/electronic instruments
Grace China Investments Limited	February 2, 2001	P.O.Box 712, Grand Cayman, KY1-9006, Cayman Islands	US\$ 8,156,000	Holding company
Young Optics (Kunshan) Co., Ltd	April 26, 2001	No. 20, Third Avenue, Kunshan Comprehensive Free Trade Zone, Jiangsu	US\$ 22,200,000	Research, development and manufacturing of optical engines and optical/electronic instruments
Young Optics Europe GmbH	April 2, 2015	Heimstättenstr. 24, D-07749 Jena, Germany	EUR 25,000	Manufacturing and sale of 3D printers
Young Optics (BD) Limited	December 12, 2011	Plot#104, 105, 124 & 125, DEPZ (Extension Area) Ashulia, Savar-1349, Dhaka, Bangladesh	BDT 666,005,000	Manufacturing of optical components
Coretronic Intelligent Cloud Service Corporation	April 15, 2010	4F, No. 11, Lixing Road, Hsinchu Science Park, Hsinchu City	NT\$ 150,000,000	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

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
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\$ 150,000,000	Research, development, manufacturing and sale of commercial unmanned aircraft system and intelligent robots
InnoSpectra Corporation	December 1, 2017	4F, No. 11, Lixing Road, Hsinchu Science Park, Hsinchu City	NT\$ 60,000,000	Research, development and sale of spectrometers and related solutions
Coretronic MEMS Corporation	July 23, 2019	10F-6, No. 65, Gaotie 7th Road, Zhubei City, Hsinchu County	NT\$ 180,000,000	Research, development, design, manufacturing and sale of MEMS sensors, sensor modules and solutions
Coretronic Reality Inc.	November 12, 2019	No. 5, Wenhua Road, Fengshan Village, Hukou Township, Hsinchu County	NT\$ 100,000,000	Research, development, manufacturing and sale of wearable and embedded projector display, system solutions and related technologies and products
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

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, 2020

Company name	Position	Name or name of representative	Shareholding	
			Shares	Shareholding percentage
Tecpoint Limited	Director	Wade Chang (representative of the Company)	33,556,599	78.06%
Great Pride Inc.	Director	Wade Chang (representative of Tecpoint Limited)	11,800,000	100.00%
Great Pride Hong Kong Limited	Director	Wade Chang (representative of Great Pride Inc)	11,800	100.00%
Nano Precision (Suzhou) Co., Ltd	Director	Ken Wang (Representative of Great Pride Hong Kong Limited)	—	100.00%
	Supervisor	Franck Ho (Representative of Great Pride Hong Kong Limited)	—	100.00%
Nano Precision Taiwan Limited	Director	Fleming Chuang (Representative of Nano Precision (Suzhou) Co., Ltd)	—	100.00%
	Director	Ken Wang (Representative of Nano Precision (Suzhou) Co., Ltd)	—	100.00%
	Director	Franck Ho (Representative of Nano Precision (Suzhou) Co., Ltd)	—	100.00%
	Supervisor	Daisy Lin (Representative of Nano Precision (Suzhou) Co., Ltd)	—	100.00%
Nano Display Hong Kong Limited	Director	Sarah Lin (Representative of Tecpoint Limited)	7,800,000	100.00%
Guangzhou Nano Display Co., Ltd.	Director	Dino Wang (Representative of Nano Display Hong Kong Limited)	—	100.00%
	Supervisor	Franck Ho (Representative of Nano Display Hong Kong Limited)	—	100.00%
Core-Flex Limited	Director	Fleming Chuang (Representative of Tecpoint Limited)	213,260,000	94.36%
Yang Bright Optical (Suzhou) Co., Ltd.	Director	Ken Wang (Representative of Core-Flex Limited)	—	100.00%
	Supervisor	Franck Ho (Representative of Core-Flex Limited)	—	100.00%
Visicorp Limited	Director	Wade Chang (representative of the Company)	40,781	100.00%
Bigshine International Limited	Director	Sarah Lin (Representative of Visicorp Limited)	3,000	100.00%
Bigshine International Hong Kong Limited	Director	Sarah Lin (Representative of Bigshine International Limited)	3,000	37.50%
Coretronic (Shanghai) Co., Ltd	Director	Sara Lin (Representative of Bigshine International Hong Kong Limited)	—	100.00%
	Supervisor	Franck Ho (Representative of Bigshine International Hong Kong Limited)	—	100.00%
Investdragon Limited	Director	Sarah Lin (Representative of Visicorp Limited)	212,000	100.00%
Wisdom Success Limited	Director	Wade Chang (Representative of Visicorp Limited)	43,300	100.00%
Wisdom Success Hong Kong Limited	Director	Wade Chang (Representative of Wisdom Success Limited)	18,000	100.00%
Coretronic (Suzhou) Co. Ltd.	Director	Dino Wang (Representative of Wisdom Success Hong Kong Limited)	—	100.00%
	Supervisor	Franck Ho (Representative of Wisdom Success Hong Kong Limited)	—	100.00%
Coretronic Optotech (Suzhou) Co. Ltd.	Director	Dino Wang (Representative of Wisdom Success Hong Kong Limited)	—	100.00%
	Supervisor	Franck Ho (Representative of Wisdom Success Hong Kong Limited)	—	100.00%
Coretronic Optics(Suzhou) Co.,Ltd	Director	Dino Wang (Representative of Wisdom Success Hong Kong Limited)	—	100.00%
	Supervisor	Franck Ho (Representative of Wisdom Success Hong Kong Limited)	—	100.00%
Lead Bright International Limited	Director	Sarah Lin (Representative of Visicorp Limited)	4,700	100.00%
Lead Bright Hong Kong Limited	Director	Sarah Lin (Representative of Lead Bright International Limited)	4,700	26.11%
Coretronic (Ningbo) Co., Ltd	Director	Dino Wang (Representative of Lead Bright Hong Kong International Limited)	—	100.00%
	Supervisor	Franck Ho (Representative of Lead Bright Hong Kong International Limited)	—	100.00%

Company name	Position	Name or name of representative	Shareholding	
			Shares	Shareholding percentage
Elite View Limited	Director	Sarah Lin (Representative of Visicorp Limited)	5,000	100.00%
Elite View Hong Kong Limited	Director	Sarah Lin (Representative of Elite View Limited)	5,000	38.46%
Coretronic (Guangzhou) Co., LTD.	Director	Dino Wang (Representative of Elite View Hong Kong Limited)	—	100.00%
	Supervisor	Franck Ho (Representative of Elite View Hong Kong Limited)	—	100.00%
Young Lighting Limited	Director	Sarah Lin (Representative of Coretronic Corporation)	3,907,000	100.00%
YLG Limited	Director	Sara Lin (Representative of Young Lighting Limited)	6,000,000	100.00%
YLG Optotech (Guangzhou) Limited	Director	Sarah Lin (Representative of YLG Limited)	—	100.00%
	Director	Edward Lin (Representative of YLG Limited)	—	100.00%
	Director	Franck Ho (Representative of YLG Limited)	—	100.00%
	Supervisor	Max Lee (Representative of YLG Limited)	—	100.00%
Young Lighting Hong Kong Limited	Director	Sarah Lin (Representative of Young Lighting Limited)	847	100.00%
Brightbridge Resources Limited	Director	Sarah Lin (Representative of Wisdom Success Limited)	29,500,000	100.00%
Crystal World Finance Limited	Director	Sarah Lin (Representative of Wisdom Success Limited)	22,258,000	100.00%
Coretronic Display (Suzhou) Co., Ltd.	Director	Dino Wang (Representative of Brightbridge Resources and Crystal World Finance)	—	100.00%
	Supervisor	Franck Ho (Representative of Brightbridge Resources and Crystal World Finance)	—	100.00%
Coretronic (BVI) investment Corp.	Director	Wade Chang (representative of the Company)	47,220,000	100.00%
Greendale Investments Limited	Director	Wade Chang (Representative of Coretronic (BVI) Investment Corp.)	46,400	100.00%
Kunshan Yiteng Technology Service Co., Ltd.	Director	Yunu Lin (Representative of Greendale Investments Limited)	—	100.00%
	Supervisor	Franck Ho (Representative of Greendale Investments Limited)	—	100.00%
Coretronic Projection (Kunshan) Co., Ltd	Director	CY Lin (Representative of Greendale Investments Limited)	—	100.00%
	Supervisor	Franck Ho (Representative of Greendale Investments Limited)	—	100.00%
Coretronic Optics (Kunshan) Corporation	Director	CY Lin (Representative of Coretronic Projection (Kunshan) Co., Ltd)	—	100.00%
	Supervisor	Franck Ho (Representative of Coretronic Projection (Kunshan) Co., Ltd)	—	100.00%
Sinolink Global Limited	Director	Wade Chang (representative of the Company)	980	100.00%
Mat Limited	Director	SY Chen (Representative of Sinolink Global Limited)	980	100.00%
Vimax (Kunshan) Co., LTD.	Director	Yunu Lin (Representative of Mat Limited)	—	100.00%
	Supervisor	Franck Ho (Representative of Mat Limited)	—	100.00%
Young Green Energy Co., LTD	Chairman	SY Chen (Representative of the Company)	18,833,220	99.91%
	Director	Teddy Chuang (Representative of the Company)	18,833,220	99.91%
	Director	Wilson Hsu (Representative of the Company)	18,833,220	99.91%
	Supervisor	Franck Ho	18,833,220	99.91%
Boom Power Trading Corporation	Director	SY Chen (Representative of Young Green Energy Co., LTD)	10,000	100.00%
Boom Power Electronics (Suzhou) Co., Ltd.	Director	Wilson Hsu (Representative of Boom Power Trading Corporation)	—	100.00%
	Supervisor	Franck Ho (Representative of Boom Power Trading Corporation)	—	100.00%
Calibre UK Ltd.	Director	Wen-Wei Tsai (Representative of the Company)	101,042	100.00%

Company name	Position	Name or name of representative	Shareholding	
			Shares	Shareholding percentage
	Director	Peter Fosh (Representative of the Company)	101,042	100.00%
Optoma Corporation	Chairman	SY Chen (Representative of the Company)	58,462,000	100.00%
	Director	Wade Chang (representative of the Company)	58,462,000	100.00%
	Director	Wilson Hsu (Representative of the Company)	58,462,000	100.00%
	Supervisor	Franck Ho (Representative of the Company)	58,462,000	100.00%
Dynamic Time Investments Limited	Director	Franck Ho (Representative of Optoma Corporation)	14,856	100.00%
Optoma Technology, Inc.	Executive Director	SY Chen (Representative of Dynamic Time Investments Ltd.)	825,000	100.00%
	Director	Robert Tick(Representative of Dynamic Time Investments Ltd.)	825,000	100.00%
	Director	Franck Ho (Representative of Dynamic Time Investments Ltd.)	825,000	100.00%
Optoma Europe Ltd.	Executive Director	Thierry Millet (Representative of Dynamic Time Investments Ltd.)	1,200,000	100.00%
	Director	Wade Chang (Representative of Dynamic Time Investments Ltd.)	1,200,000	100.00%
	Director	SY Chen (Representative of Dynamic Time Investments Ltd.)	1,200,000	100.00%
Optoma Deutschland GmbH	Executive Director	SY Chen (Representative of Optoma Europe Limited)	—	100.00%
	Director	Thierry Millet (Representative of Optoma Europe Ltd.)	—	100.00%
Optoma France, S.A.S.	Executive Director	Thierry Millet (Representative of Optoma Europe Ltd.)	—	100.00%
Optoma Scandinavia AS	Executive Director	Thierry Millet (Representative of Optoma Europe Ltd.)	100	100.00%
	Director	Ann Wu (Representative of Optoma Europe Ltd.)	100	100.00%
Optoma Espana, S.L.	Executive Director	SY Chen (Representative of Optoma Europe Limited)	5,150,280	100.00%
	Director	Thierry Millet (Representative of Optoma Europe Limited)	5,150,280	100.00%
Optoma Benelux B.V.	Executive Director	Thierry Millet (Representative of Optoma Europe Ltd.)	18,000	100.00%
	Director	SY Chen (Representative of Optoma Europe Limited)	18,000	100.00%
Optoma (China & H.K.) Limited	Director	Miranda Wang (Representative of Dynamic Time Investments Ltd.)	2,400,000	100.00%
Mordern Smart Technology Ltd.	Director	Franck Ho (Representative of Dynamic Time Investments Ltd.)	1,200,000	100.00%
Optoma China Co.,Ltd.	Director	Miranda Wang (Representative of Modern Smart Technology Ltd.)	—	100.00%
Chung Tsen Investment Corp.	Chairman	Ann Wu (Representative of the Company)	127,099,664	100.00%
	Director	Wade Chang (representative of the Company)	127,099,664	100.00%
	Director	Robert Hsueh (Representative of the Company)	127,099,664	100.00%
	Supervisor	Franck Ho (Representative of the Company)	127,099,664	100.00%
	President	Robert Hsueh	—	—
Tsen Ming Investment Corp.	Chairman	Ann Wu (Representative of Chung Tsen Investment Corp.)	32,443,180	100.00%
	Director	Robert Hsueh (Representative of Chung Tsen Investment Corp.)	32,443,180	100.00%
	Director	Fleming Chuang (Representative of Chung Tsen Investment Corp.)	32,443,180	100.00%
	Supervisor	Franck Ho (Representative of Chung Tsen Investment Corp.)	32,443,180	100.00%
Venture Orient Limited	Director	Franck Ho (Representative of Chung Tsen Investment Corp.)	5,550	100.00%
Coretronic Venture Capital Corp.	Chairman	Ann Wu (representative of the Company)	30,000,000	100.00%
	Director	Wade Chang (Representative of the Company)	30,000,000	100.00%

Company name	Position	Name or name of representative	Shareholding	
			Shares	Shareholding percentage
	Director	Robert Hsueh (Representative of the Company)	30,000,000	100.00%
	Supervisor	Franck Ho (Representative of the Company)	30,000,000	100.00%
Young Optics Inc.	Chairman	Fred Huang	0	0%
	Director	Ann Wu (Representative of the Company)	39,891,586	34.97%
	Director	Sarah Lin (Representative of Chan Ming Investment)	1,698,886	1.49%
	Director	Teddy Chuang (Representative of Chung Chan Investment)	2,596,317	2.28%
	Independent Director	Han-Ping Hsieh	0	0.00%
	Independent Director	Frank Hong	0	0.00%
	President	Hsiang-hsun Wu	0	0.00%
		Claude Hsu	315,135	0.28%
Mejiro Genossen Inc.	Chairperson	Sam Chen	30	0.60%
Rays Optics Inc.	Chairman	Claude Hsu (Representative of Young Optics Inc.)	9,250,000	92.50%
	Director	Fred Huang (Representative of Young Optics Inc.)	9,250,000	92.50%
	Director	Hsien Chi Chiu (Representative of Young Optics Inc.)	9,250,000	92.50%
	Supervisor	Cynthia Chang	6,000	0.06%
Best Alpha Investments Limited	Director	Fred Huang (Representative of Masterview Enterprises Limited)	1,000,000	100.00%
Young Optics (Suzhou) Co., Ltd	Executive Director	Claude Hsu (Representative of Best Alpha Investments Limited)	—	100.00%
	Supervisor	Cynthia Chang	—	—
	President	Sam Tseng	—	—
Masterview Enterprises Limited	Director	Fred Huang (Representative of Young Optics Inc.)	6,000,000	100.00%
Grace China Investments Limited	Director	Fred Huang (Representative of Masterview Enterprises Limited)	8,156,458	100.00%
Young Optics (Kunshan) Co., Ltd	Executive Director	Claude Hsu (Representative of Grace China Investments Limited/ Representative of Best Alpha Investments Limited)	—	100.00%
	Supervisor	Cynthia Chang	—	—
	President	Sam Tseng	—	—
Young Optics Europe GmbH	Executive Director	Uwe Carsten Brick	—	25.00%
Young Optics (BD) Limited	Director	Juice Liao (Representative of Masterview Enterprises Limited)	4,149,936	62.50%
	Executive Director	Sam Tseng (Representative of Grace China Investments Limited)	2,479,960	37.50%
Coretronic Intelligent Cloud Service Corporation	Chairman	Yunu Lin (Representative of the Company)	15,000,000	100.00%
	Director	SY Chen (Representative of the Company)	15,000,000	100.00%
	Director	Franck Ho (Representative of the Company)	15,000,000	100.00%
	Supervisor	Max Lee (Representative of the Company)	15,000,000	100.00%

Company name	Position	Name or name of representative	Shareholding	
			Shares	Shareholding percentage
Coretronic System Engineering Limited	Director	Yunu Lin (Representative of Coretronic Intelligent Cloud Service Corporation)	1,500,000	100.00%
Coretronic System Engineering Hong Kong Limited	Director	Yunu Lin (Representative of Coretronic System Engineering Limited)	1,500,000	100.00%
Coretronic System Engineering (Shanghai) Co., Ltd.	Director	Yunu Lin (Representative of Coretronic System Engineering Hong Kong Limited)	—	100.00%
	Supervisor	Franck Ho (Representative of Coretronic System Engineering Hong Kong Limited)	—	100.00%
uCare Medical Electronics Co., Ltd.	Chairman	Sarah Lin	450,000	3.41%
	Director	Franck Ho (Representative of the Company)	8,000,000	60.69%
	Director	Tzu-Ruei Lien (Representative of Chi Hua Fitness Co., Ltd.)	2,273,000	17.24%
	Supervisor	Daisy Lin	—	—
Champ Vision Display Inc.	Chairman	Sarah Lin (Representative of the Company)	14,400,000	80.00%
	Director	Franck Ho (Representative of the Company)	14,400,000	80.00%
	Director	Nick Lu (Representative of the Company)	14,400,000	80.00%
	Supervisor	Daisy Lin	—	—
Coretronic Intelligent Robotics Corporation	Chairman	Robert Hsueh (Representative of the Company)	15,000,000	100.00%
	Director	SY Chen (Representative of the Company)	15,000,000	100.00%
	Director	Franck Ho (Representative of the Company)	15,000,000	100.00%
	Supervisor	Daisy Lin (Representative of the Company)	15,000,000	100.00%
InnoSpectra Corporation	Chairman	Ann Wu (Representative of the Company)	4,800,000	80.00%
	Director	William Hsu (Representative of the Company)	4,800,000	80.00%
	Director	Franck Ho (Representative of the Company)	4,800,000	80.00%
	Supervisor	Daisy Lin	—	—
Coretronic MEMS Corporation	Chairman	Sarah Lin (Representative of the Company)	18,000,000	100.00%
	Director	Robert Hsueh (Representative of the Company)	18,000,000	100.00%
	Director	Fleming Chuang (Representative of the Company)	18,000,000	100.00%
	Supervisor	Franck Ho (Representative of the Company)	18,000,000	100.00%
Coretronic Reality Inc.	Chairman	Fleming Chuang (Representative of the Company)	10,000,000	100.00%
	Director	SY Chen (Representative of the Company)	10,000,000	100.00%
	Director	Carol Wu (Representative of the Company)	10,000,000	100.00%
	Supervisor	Franck Ho (Representative of the Company)	10,000,000	100.00%
Coretronic Vietnam Company Limited	Legal representative	Dino Wang (Representative of the Company)	—	100.00%

(II) Performance of affiliated companies

1. Financial position and business performance of affiliated enterprises

December 31, 2020
Unit: NTD thousands

Company name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Current net profit (loss)
Tecpoint Limited	1,224,295	3,490,648	0	3,490,648	0	0	265,561
Great Pride Inc.	336,064	2,750,004	0	2,750,004	0	0	235,459
Great Pride Hong Kong Limited	336	2,835,835	86,923	2,748,912	245,451	0	235,458
Nano Precision (Suzhou) Co., Ltd	378,784	3,018,078	366,384	2,651,694	1,524,531	231,683	235,144
Nano Precision Taiwan Limited	300,000	296,627	149,887	146,740	500,954	(53,228)	(55,266)
Nano Display Hong Kong Limited	222,144	491,874	0	491,874	0	0	20,844
Guangzhou Nano Display Co., Ltd.	222,144	549,971	58,115	491,856	249,103	13,446	20,844
Core-Flex Limited	1,025,280	364,245	123,261	240,984	0	0	9,781
Yang Bright Optical (Suzhou) Co., Ltd.	1,025,280	384,985	(1,353)	386,338	3,339	1,621	9,905
Visicorp Limited	434	11,896,586	0	11,896,586	0	0	633,908
Bigshine International Limited	85	227,014	0	227,014	0	(14,501)	(21,776)
Bigshine International Hong Kong Limited	228	352,001	0	352,001	0	0	(19,647)
Coretronic (Shanghai) Co., Ltd	227,840	263,843	2,535	261,308	0	(4,300)	(21,471)
Investdragon Limited	6,038	530	0	530	0	0	7
Wisdom Success Limited	1,233	9,846,471	0	9,846,471	0	0	575,800
Wisdom Success Hong Kong Limited	513	10,267,148	4,150,327	6,116,821	9,976,574	(5,313)	484,735
Coretronic (Suzhou) Co., Ltd	569,600	7,921,498	3,169,713	4,751,785	6,672,102	362,671	296,424
Coretronic Optotech (Suzhou) Co. Ltd.	341,760	3,981,001	3,030,149	950,852	2,208,772	121,370	112,051
Coretronic Optics(Suzhou) Co.,Ltd	284,800	1,221,030	844,945	376,085	587,464	(68,346)	76,507
Lead Bright International Limited	134	901,527	0	901,527	0	(1)	21,825
Lead Bright Hong Kong Limited	513	901,526	0	901,526	6	0	83,591
Coretronic (Ningbo) Co., Ltd	569,600	3,834,767	382,124	3,452,643	1,223,349	27,508	83,591
Elite View Limited	142	498,394	0	498,394	0	0	25,649
Elite View Hong Kong Limited	370	797,478	0	797,478	0	0	66,690
Coretronic (Guangzhou) Co., LTD.	100,000	1,455,337	159,483	1,295,854	536,430	44,188	66,690
Young Lighting Limited	111,271	549,823	6,861	542,962	0	0	539,456
YLG Limited	170,880	(3,293)	0	(3,293)	0	0	(24,261)
YLG Optotech (Guangzhou) Limited	170,880	206,020	209,343	(3,323)	807,566	(35,222)	(24,261)
Young Lighting Hong Kong Limited	24,123	6,861	0	6,861	0	0	19
Brightbridge Resources Limited	840,160	308,953	2,532	306,421	0	0	309,755
Crystal World Finance Limited	633,908	233,056	142	232,914	0	0	233,679
Coretronic Display (Suzhou) Co., Ltd.	1,474,068	3,961,960	3,420,189	541,771	7,881,713	378,490	417,729
Coretronic (BVI) Investment Corp.	13,448	5,251,595	12,190	5,239,405	0	0	317,520
Greendale Investments Limited	1,321	7,994,058	2,743,018	5,251,040	0	0	317,519
Kunshan Yiteng Technology Service Co., Ltd.	11,392	30,146	5,226	24,920	29,576	1,490	770
Coretronic Projection (Kunshan) Co., Ltd	1,310,080	8,170,647	2,940,643	5,230,004	11,128,985	158,294	314,433
Coretronic Optics (Kunshan) Corporation	183,322	2,101,714	1,677,830	423,884	6,110,230	99,858	70,263
Sinolink Global Limited	28	1,278,505	0	1,278,505	0	0	40,516
Mat Limited	28	1,278,494	0	1,278,494	0	(5,454)	40,516
Vimax (Kunshan) Co., LTD.	51,264	1,351,356	83,899	1,267,457	60,293	14,283	45,883
Young Green Energy Co., LTD	188,500	243,143	18,703	224,440	38,432	8,048	15,051

Company name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Current net profit (loss)
Boom Power Trading Corp.	28,480	115,845	66	115,779	0	0	7,452
Boom Power Electronics (Suzhou) Co., Ltd.	28,480	118,320	2,560	115,760	20,529	4,965	7,452
Calibre UK Limited	3,894	125,002	200,843	(75,841)	21,408	(40,031)	(36,160)
Optoma Corporation	584,620	2,370,241	1,634,982	735,259	977,225	(66,904)	156,850
Dynamic Time Investments Limited	423	1,898,035	9,578	1,888,457	0	(130)	215,939
Optoma Technology, Inc.	251,247	1,293,610	1,190,562	103,048	2,299,354	105,760	97,430
Optoma Europe Ltd.	46,681	2,615,120	1,628,382	986,738	3,769,979	122,007	92,850
Optoma Deutschland GmbH	33,549	57,304	19,835	37,470	87,339	19,220	20,790
Optoma France, S.A.S.	3,502	67,622	51,425	16,196	81,032	10,838	(775)
Optoma Scandinavia.A.S.	321	10,285	4,782	5,503	19,168	(3,975)	1,459
Optoma Espana,S.L.	3,607	16,202	3,112	13,090	22,303	(1,866)	(1,657)
Optoma Benelux B.V.	630	23,748	10,383	13,365	28,829	(302)	107
Optoma (China & H.K.) Limited	8,817	16,192	6,241	9,951	28,384	(432)	(106)
Mordern Smart Technology Ltd.	34,176	118,405	0	118,405	0	(1)	24,511
Optoma China Co.,Ltd.	34,176	431,594	353,002	78,592	886,334	18,585	24,439
Chung Tsen Investment Corp.	1,270,997	2,147,783	0	2,147,783	0	(63)	20,556
Tsen Ming Investment Corp.	324,432	434,546	0	434,546	0	(51)	(1,675)
Venture Orient Limited	158	551,387	0	551,387	0	0	26,264
Coretronic Venture Capital Corp.	300,000	304,458	0	304,458	0	(51)	1,134
Young Optics Inc.	1,140,598	5,696,614	2,523,325	3,173,289	3,467,730	(168,345)	(235,563)
Mejiro Genossen Inc.	17,960	66,931	33,536	33,395	119,818	(9,648)	(4,243)
Rays Optics Inc.	100,000	146,600	51,529	95,071	235,555	(3,529)	(3,403)
Best Alpha Investments Limited	28,480	664,009	0	664,009	0	(67)	27,952
Young Optics (Suzhou) Co., Ltd	28,480	296,616	76,847	219,769	292,825	6,787	10,921
Masterview Enterprises Limited	170,880	1,739,832	0	1,739,832	0	(66)	(59,008)
Grace China Investments Limited	232,296	1,498,941	397,498	1,101,443	125,070	(191)	1,895
Young Optics (Kunshan) Co., Ltd	632,256	1,794,131	824,201	969,930	1,879,302	60,342	62,782
Young Optics Europe GmbH	876	3,871	2,588	1,283	10,943	(2,929)	(1,406)
Young Optics (BD) Limited	222,656	609,203	639,259	(30,056)	149,527	(118,367)	(120,778)
Coretronic Intelligent Cloud Service Corporation	150,000	390,143	207,528	182,615	626,326	34,129	45,222
Coretronic System Engineering Limited	42,720	23,550	0	23,550	0	0	6,101
Coretronic System Engineering Hong Kong Limited	42,720	23,550	0	23,550	0	0	6,101
Coretronic System Engineering (Shanghai) Co., Ltd.	42,720	68,902	45,352	23,550	15,851	9,114	6,101
uCare Medical Electronics Co., Ltd.	100,000	68,574	8,768	59,806	15,017	(20,520)	(19,101)
Champ Vision Display Inc.	180,000	712,784	490,260	222,524	1,837,880	40,761	41,707
Coretronic Intelligent Robotics Corporation	150,000	109,630	52,436	57,194	40,481	(105,701)	(89,411)
InnoSpectra Corporation	60,000	28,408	12,177	16,231	19,929	(13,513)	(11,029)
Coretronic MEMS Corporation	180,000	128,352	18,039	110,314	42,991	(53,253)	(50,089)
Coretronic Reality Inc.	100,000	78,382	5,282	73,100	0	(27,179)	(26,834)
Coretronic Vietnam Company Limited	85,325	258,449	177,561	80,888	0	(4,573)	(4,623)

2. Declaration concerning consolidated financial statements of affiliated companies:
Please see page 144.

(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 2020 shareholder meeting resolution:
 - 1. Passed 2019 business report and financial statements.
 - 2. Passed 2019 earnings appropriation proposal.
Progress: July 22, 2020 was set as the dividend baseline date, whereas August 7, 2020 was set as the payment date.
(Cash dividends: NTD 1.5 per share)
 - 3. Passed amendments to the Company's "Articles of Incorporation."
Progress: Changes were approved by Hsinchu Science Park Administration, Ministry of Science and Technology, on June 22, 2020, and have since been published on the Company's website.
 - 4. Passed removal of restrictions against involvements in competing business activities for directors of the Company.
Progress: Announcements were made over Market Observation Post System on June 12, 2020 about the removal of restrictions on competing business involvement for Directors Hsun Chieh Investment Co., Ltd., and Ted Tu.
 - (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, 2020, 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 8, 2021

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, 2020 and 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, 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, 2020 and 2019, and its consolidated financial performance and cash flows for the years ended December 31, 2020 and 2019, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2020 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\$682,646 thousand for the year ended December 31, 2020, 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\$42,438,336 thousand for the year ended December 31, 2020. 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\$125,002 thousand and NT\$125,772 thousand, representing 0.26% and 0.25% of consolidated total assets as of December 31, 2020 and 2019, respectively; and total operating revenues amounted to NT\$21,408 thousand and NT\$51,677 thousand, representing 0.05% and 0.11% of the consolidated total operating revenues for the years ended December 31, 2020 and 2019, respectively. We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of other auditors. These associates and joint ventures under equity method amounted to NT\$46,433 thousand and NT\$22,934 thousand, representing 0.10% and 0.05% of consolidated total assets as of December 31, 2020 and 2019, respectively. The related shares of (loss) gain from the associates and joint ventures under the equity method amounted to NT\$(1,708) thousand and NT\$783 thousand, representing (0.09)% and 0.05% of the consolidated net income before tax for the years ended December 31, 2020 and 2019, respectively.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2020 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, 2020 and 2019.

Hsu, Hsin-Min

Chen, Chih-Chung

Ernst & Young, Taiwan

February 8, 2021

Notice to Readers

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

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

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2020 and 2019

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Note	December 31, 2020	%	December 31, 2019	%
Current assets					
Cash and cash equivalents	4, 6(1)	\$ 18,300,564	38.71	\$ 20,161,863	40.88
Financial assets at fair value through profit or loss-current	4, 6(2)	372,859	0.79	84,321	0.17
Financial assets at fair value through other comprehensive income-current	4, 6(4)	1,330	-	-	-
Hedging financial assets-current	4, 6(3)	-	-	4,207	0.01
Notes receivables, net	4, 6(5), 6(19)	25,200	0.05	41,467	0.08
Trade receivables, net	4, 6(6), 6(19)	11,659,562	24.66	11,687,611	23.70
Trade receivable-related parties, net	4, 6(6), 6(19), 7	-	-	201	-
Other receivables	4, 8	337,856	0.71	252,722	0.51
Current tax assets	4, 5, 6(24)	15,315	0.04	12,527	0.03
Inventories, net	4, 5, 6(7)	4,886,148	10.34	6,062,756	12.29
Prepayments		591,335	1.25	532,824	1.08
Other current assets		95,414	0.20	139,196	0.28
Total current assets		36,285,583	76.75	38,979,695	79.03
Non-current assets					
Financial assets at fair value through profit or loss-noncurrent	4, 6(2)	-	-	35,412	0.07
Financial assets at fair value through other comprehensive income-noncurrent	4, 6(4)	911,750	1.93	447,469	0.91
Investments accounted for using equity method	4, 6(8)	46,433	0.10	22,934	0.05
Property, plant and equipment, net	4, 6(9), 8	7,158,625	15.14	6,930,269	14.05
Right-of-use assets	4, 6(20)	1,742,299	3.69	1,977,056	4.01
Investment property, net	4,5,6(10), 8	160,354	0.34	168,406	0.34
Intangible assets	4, 6(11)	408,646	0.86	281,674	0.57
Deferred tax assets	4, 5, 6(24)	338,374	0.72	303,144	0.61
Net defined benefit assets-noncurrent	4, 5, 6(15)	15,135	0.03	12,603	0.03
Other noncurrent assets	8	207,864	0.44	164,458	0.33
Total non-current assets		10,989,480	23.25	10,343,425	20.97
Total assets		\$ 47,275,063	100.00	\$ 49,323,120	100.00

(continued)

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2020 and 2019

(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Note	December 31, 2020	%	December 31, 2019	%
Current liabilities					
Short-term borrowings	6(12)	\$ 5,137,417	10.87	\$ 8,521,341	17.28
Financial liabilities at fair value through profit or loss-current	4, 6(13)	35,854	0.08	153,107	0.31
Hedging financial liabilities-current	4, 6(13)	4,702	0.01	-	-
Contract liabilities-current	6(18)	250,475	0.53	294,152	0.60
Notes payable		333	-	507	-
Accounts payable		8,148,600	17.24	8,441,190	17.11
Accounts payable-related parties	7	11,383	0.02	23,445	0.05
Other payables	7	4,213,229	8.90	4,092,358	8.30
Current tax liabilities	4, 5, 6(24)	763,137	1.61	789,088	1.60
Provisions-current	4, 5, 6(16)	700,964	1.48	767,350	1.55
Lease liabilities-current	4, 6(20)	229,241	0.49	335,921	0.68
Other current liabilities		541,799	1.15	453,986	0.92
Current portion of long-term borrowings	6(14)	116,728	0.25	6	-
Total current liabilities		20,153,862	42.63	23,872,451	48.40
Non-current liabilities					
Long-term borrowings	6(14)	552,751	1.17	183,427	0.37
Deferred tax liabilities	4, 5, 6(24)	94,446	0.20	24,637	0.05
Lease liabilities-noncurrent	4, 6(20)	1,325,181	2.80	1,439,424	2.92
Net defined benefit liabilities-noncurrent	4, 5, 6(15)	165,113	0.35	196,891	0.40
Other noncurrent liabilities		44,275	0.10	53,730	0.11
Total non-current liabilities		2,181,766	4.62	1,898,109	3.85
Total liabilities		22,335,628	47.25	25,770,560	52.25
Equity attributable to owners of the parent					
Share capital					
Common stock	6(17)	4,344,231	9.19	4,344,231	8.81
Capital surplus	6(17)	3,548,559	7.51	3,727,475	7.55
Retained earnings	6(17), 6(25)				
Legal reserve		3,889,871	8.23	3,774,564	7.65
Special reserve		2,469,437	5.22	2,469,437	5.01
Unappropriated retained earning		10,229,840	21.64	9,429,258	19.12
Total retained earnings		16,589,148	35.09	15,673,259	31.78
Other equity		(1,586,454)	(3.36)	(2,361,770)	(4.79)
Total equity attributable to owners of the parent		22,895,484	48.43	21,383,195	43.35
Non-controlling interests	6(17)	2,043,951	4.32	2,169,365	4.40
Total equity		24,939,435	52.75	23,552,560	47.75
Total liabilities and equity		\$ 47,275,063	100.00	\$ 49,323,120	100.00

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

CORETRONIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2020 and 2019

(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	
		2020	%	2019	%
Net sales	4, 5, 6(18), 7	\$ 42,438,336	100.00	\$ 48,711,259	100.00
Operating costs	4, 5, 6(7), 6(11), 6(21), 7	35,031,579	82.55	39,904,813	81.92
Gross profit		7,406,757	17.45	8,806,446	18.08
Operating expenses	6(11), 6(15), 6(19), 6(21)				
Selling expenses		1,651,248	3.89	1,969,687	4.04
General and administrative expenses		1,910,930	4.50	2,183,108	4.48
Research and development expenses		3,152,490	7.43	3,452,548	7.09
Total operating expenses		6,714,668	15.82	7,605,343	15.61
Operating income		692,089	1.63	1,201,103	2.47
Non-operating income and expenses					
Interest income	6(22)	434,719	1.02	466,602	0.96
Other income	4, 6(22)	570,998	1.35	231,985	0.47
Other gains and losses	6(22)	334,540	0.79	149,075	0.31
Finance costs	6(22)	(193,942)	(0.46)	(347,636)	(0.71)
Share of gain of associates and joint ventures accounted for using equity method	4, 6(8)	(1,708)	-	783	-
Total non-operating income and expenses		1,144,607	2.70	500,809	1.03
Income before income tax		1,836,696	4.33	1,701,912	3.50
Income tax expense	4, 5, 6(24)	(441,540)	(1.04)	(543,605)	(1.12)
Net income		1,395,156	3.29	1,158,307	2.38
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit pension plans	6(23)	20,558	0.05	(16,864)	(0.03)
Unrealized gain from equity instrument investments measured at fair value through other comprehensive income	6(23)	469,433	1.11	89,230	0.18
Income tax related to items that will not be reclassified subsequently to profit or loss	6(23), 6(24)	(2,688)	(0.01)	2,661	0.01
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	6(23)	307,030	0.72	(876,580)	(1.80)
Gain on hedging instruments	6(23)	-	-	913	-
Income tax related to items that may be reclassified subsequently to profit or loss	6(23), 6(24)	-	-	(182)	-
Other comprehensive income (loss), net of tax		794,333	1.87	(800,822)	(1.64)
Total comprehensive income		\$ 2,189,489	5.16	\$ 357,485	0.74
Net income for the periods attributable to :					
Shareholders of the parent	6(25)	\$ 1,560,418		\$ 1,153,070	
Non-controlling interests	6(17), 6(26)	\$ (165,262)		\$ 5,237	
Total comprehensive income (loss) for the periods attributable to :					
Shareholders of the parent		\$ 2,352,647		\$ 392,161	
Non-controlling interests		\$ (163,158)		\$ (34,676)	
Basic Earnings Per Share (in New Taiwan Dollars)	6(25)	\$ 3.59		\$ 2.65	
Diluted Earnings Per Share (in New Taiwan Dollars)	6(25)	\$ 3.54		\$ 2.62	

CORETRONIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2020 and 2019

(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 earning	Exchange differences on translation of foreign operations	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income (loss)	Gains or losses on hedging instruments			
Balance as of January 1, 2019	\$ 4,344,231	\$ 4,072,808	\$ 3,572,543	\$ 2,483,647	\$ 9,345,802	\$ (1,487,746)	\$ (125,341)	\$ (731)	\$ 22,205,213	\$ 2,060,440	\$ 24,265,653
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	150	-	-	-	-	-	-	150	-	150
Acquisition or disposal of the interest of subsidiaries	-	296,606	-	-	-	-	-	-	296,606	154,208	450,814
Changes in subsidiaries' ownership	-	9,546	-	-	-	-	-	-	9,546	(9,546)	-
The subsequent reversal of special reserve	-	-	-	(14,210)	14,210	-	-	-	-	-	-
Appropriation and distribution of 2018 earnings:											
Legal reserve	-	-	202,021	-	(202,021)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(868,846)	-	-	-	(868,846)	-	(868,846)
Cash dividends distributed from capital surplus	-	(651,635)	-	-	-	-	-	-	(651,635)	-	(651,635)
Net income for the year ended December 31, 2019	-	-	-	-	1,153,070	-	-	-	1,153,070	5,237	1,158,307
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	(12,957)	(837,201)	88,518	731	(760,909)	(39,913)	(800,822)
Total comprehensive income (loss)	-	-	-	-	1,140,113	(837,201)	88,518	731	392,161	(34,676)	357,485
Decrease of non-controlling interests	-	-	-	-	-	-	-	-	-	(1,061)	(1,061)
Balance as of December 31, 2019	4,344,231	3,727,475	3,774,564	2,469,437	9,429,258	(2,324,947)	(36,823)	-	21,383,195	2,169,365	23,552,560
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	1,407	-	-	-	-	-	-	1,407	-	1,407
Acquisition or disposal of the interest of subsidiaries	-	36,889	-	-	(9,808)	-	-	-	27,081	43,362	70,443
Appropriation and distribution of 2019 earnings:											
Legal reserve	-	-	115,307	-	(115,307)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(651,634)	-	-	-	(651,634)	-	(651,634)
Cash dividends distributed from capital surplus	-	(217,212)	-	-	-	-	-	-	(217,212)	-	(217,212)
Net income (loss) for the year ended December 31, 2020	-	-	-	-	1,560,418	-	-	-	1,560,418	(165,262)	1,395,156
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	16,913	304,459	470,857	-	792,229	2,104	794,333
Total comprehensive income (loss)	-	-	-	-	1,577,331	304,459	470,857	-	2,352,647	(163,158)	2,189,489
Decrease of non-controlling interests	-	-	-	-	-	-	-	-	-	(5,618)	(5,618)
Balance as of December 31, 2020	\$ 4,344,231	\$ 3,548,559	\$ 3,889,871	\$ 2,469,437	\$ 10,229,840	\$ (2,020,488)	\$ 434,034	\$ -	\$ 22,895,484	\$ 2,043,951	\$ 24,939,435

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, 2020 and 2019

(Amounts in thousands of New Taiwan Dollars)

Description	For the years ended December 31		Description	For the years ended December 31	
	2020	2019		2020	2019
Cash flows from operating activities :			Cash flows from investing activities :		
Net income before tax	\$ 1,836,696	\$ 1,701,912	Acquisition of investments accounted for using equity method	(23,800)	(22,000)
Adjustments for:			Acquisition of financial assets at fair value through profit or loss	(59,320)	(15,415)
The profit or loss items which did not affect cash flows:			Acquisition of property, plant and equipment	(1,146,872)	(1,574,149)
Expected credit loss (gain)	4,272	(80,347)	Proceeds from disposal of property, plant and equipment	8,276	35,137
Depreciation (including investment property and right-of-use assets)	1,270,434	1,338,965	Acquisition of intangible assets	(237,573)	(237,432)
Amortization (including other noncurrent assets)	111,032	108,654	Proceeds from disposal of intangible assets	-	4,770
Interest expenses	193,942	347,636	(Increase) decrease in other noncurrent assets	(29,883)	35,180
Interest income	(434,719)	(466,602)	Net cash used in investing activities	(1,489,172)	(1,773,909)
Transfer of property, plant and equipment to expense	908	1,542			
Loss (gain) on disposal of property, plant and equipment	3,213	(7,971)	Cash flows from financing activities:		
Gain on disposal of intangible assets	-	(2)	(Decrease) increase in short-term borrowings	(3,383,924)	2,106,700
Gain on disposal of other noncurrent assets	(89)	-	Increase (decrease) in long-term borrowings (including current portion of long-term borrowings)	486,046	(268,866)
(Gain) loss on disposal of investments	(24)	24,564	Decrease in guarantee deposits	(8,068)	(1,611)
Transfer of intangible assets to expense	-	896	Decrease in other noncurrent liabilities	(1,387)	(7,430)
Share of loss (gain) of associates and joint ventures accounted for using equity method	1,708	(783)	Cash dividends	(868,846)	(1,520,481)
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(311,059)	110,048	Repayment of the principle portion of lease liabilities	(316,294)	(299,301)
Impairment of non-financial assets	28,276	-	Proceeds from disposal of subsidiaries' ownership (without a change of control)	72,664	452,231
Changes in operating assets and liabilities:			Change in non-controlling interests	(5,618)	(1,061)
Note receivables	16,267	215,326	Net cash (used in) provided by financing activities	(4,025,427)	460,181
Accounts receivables	23,777	1,754,330			
Accounts receivables-related parties	201	1,711	Effect of exchange rate changes on cash and cash equivalents	284,603	(781,913)
Other receivables	(139,770)	287,694			
Inventories	1,177,367	1,835,140	Net (decrease) increase in cash and cash equivalents	(1,861,299)	2,935,813
Prepayments	(56,642)	(48,996)	Cash and cash equivalents at the beginning of the period	20,161,863	17,226,050
Other current assets	43,782	30,959	Cash and cash equivalents at the end of the period	\$ 18,300,564	\$ 20,161,863
Other operating assets	(37,944)	-			
Contract liabilities	(43,677)	(59,376)			
Notes payable	(174)	507			
Accounts payable	(292,590)	(830,936)			
Accounts payable-related parties	(12,062)	(16,977)			
Other payables	127,660	(461,759)			
Provisions-current	(66,386)	(59,441)			
Other current liabilities	87,813	(89,898)			
Net defined benefit assets/liabilities	(13,752)	(14,623)			
Cash generated from operating activities	3,518,460	5,622,173			
Interest received	489,355	435,637			
Interest paid	(200,731)	(346,721)			
Income tax paid	(438,387)	(679,635)			
Net cash provided by operating activities	3,368,697	5,031,454			

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, 2020 and 2019

(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 8, 2021.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2020. Apart from the nature and impact of the new standard and amendment which are described below, the remaining new standards and amendments had no material impact on the Group.

COVID-19-Related Rent Concessions (Amendment to IFRS 16)

The Group elected to early apply COVID-19-Related Rent Concessions (Amendment to IFRS 16) which is recognized by FSC for annual periods beginning on or after 1 January 2020, and in accordance with the requirements of the transition. For the rent concession arising as a direct consequence of the COVID-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment. Please refer to Note 6 for disclosure related to the lessee which required by the amendment.

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

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

Standards or Interpretations Numbers	New, Revised or Amended Standards and Interpretations	Effective Dates
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2	January 1, 2021
<u>Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)</u>		

The final phase amendments mainly relate to the effects of the interest rate benchmark reform on the companies' financial statements:

- A. A company will not have to derecognise or adjust the carrying amount of financial instruments for changes to contractual cash flows as required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- B. A company will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
- C. A company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

The Group is currently determining the potential impact of the standards and interpretations listed above, and no material impact on the Group.

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

Standards or Interpretations Numbers	New, Revised or Amended Standards and Interpretations	Effective Dates
IFRS 10 and IAS 28	Amendment to "Consolidated Financial Statements" and "Investments in Associates and Joint Ventures" –Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
IFRS 17	Insurance Contracts	January 1, 2023
IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023
IFRS 3, IAS 16, and IAS 37	Narrow-scope amendments	January 1, 2022

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

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.

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

- A. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)
The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.
- B. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- C. Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.
- D. Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1

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

Amendment to IFRS 9 Financial Instruments

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

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

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

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

Amendment to IAS 41

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

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC, and the local effective dates are to be determined by FSC. As the Group is still 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, 2020 and 2019 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and standards, interpretations, and amendments issued, revised, or amended which are endorsed and became effective by FSC.

(2) Basis of Preparation

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

(3) General Description of Reporting Entity

Principles of consolidation

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

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

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:

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

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

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

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

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

If loses control of a subsidiary, it:

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

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

The consolidated entities are as follows:

Subsidiary	Relationship	Business nature	Percentage of Ownership	
			December 31, 2020	December 31, 2019
Tecpoint Limited (“Tecpoint”) and its subsidiaries	Subsidiary	Tecpoint is a holding company and invests in Mainland China. Tecpoint’s joint ventures are the production, manufacturing, marketing and R&D of acrylic plate, light guide plate and backlight module. The joint ventures also provide the after sales services.	100.00%	100.00%
Visicorp Limited (“Visicorp”) and its subsidiaries	Subsidiary	Visicorp is a holding company and invests in Mainland China. Visicorp’s joint ventures are the R&D, production and marketing of backlight module and components. The joint ventures also provide after sales services.	100.00%	100.00%
Coretronic (BVI) Investment Corp. (“Coretronic BVI”) and its subsidiaries	Subsidiary	BVI is a holding company and invests in Mainland China. BVI’s joint ventures are the R&D, production, manufacturing and marketing of digital projector, LCD monitor and components. The joint ventures also provide after sales services.	100.00%	100.00%

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

Subsidiary	Relationship	Business nature	Percentage of Ownership	
			December 31, 2020	December 31, 2019
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.	38.74%	39.77%

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

Subsidiary	Relationship	Business nature	Percentage of Ownership	
			December 31, 2020	December 31, 2019
Young Lighting Limited(YLL) and its subsidiaries	Subsidiary	YLL is a holding company and invests in Mainland China. YLL's joint ventures are the R&D, production, manufacturing and marketing of backlight module, touch module, LCD module, other optical components and lighting application. YLL's joint ventures also provide after sales services.	100.00%	100.00%
Optoma Corporation ("Optoma") and its subsidiaries	Subsidiary	Optoma is engaged in the production and marketing of data storage and processing equipment, electronic components, optical devices, wireless communications equipment, electronic appliances. Optoma's joint ventures are engaged in the marketing and after sales services of products of the brand Optoma in America, Canada, Europe, Hong Kong, and Mainland China.	100.00%	100.00%
Chung Tsen Investment Corp. ("CGT") and its subsidiaries	Subsidiary	CGT is an investment company for strategic purposes.	100.00%	100.00%

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

Subsidiary	Relationship	Business nature	Percentage of Ownership	
			December 31, 2020	December 31, 2019
Coretronic Intelligent Cloud Service Corporation (“CICS”) and its subsidiaries	Subsidiary	CICS is engaged in intelligent cloud, IT information, intelligent applications of new media and platform development. CICS’s joint ventures are contractor in intelligent building engineering and provide services to customers from various domains.	100.00%	100.00%
Coretronic Venture Capital Co. (“CVC”)	Subsidiary	The investment activities of business expansion.	100.00%	100.00%
uCare Medical Electronics Co., Ltd. (“UCM”)	Subsidiary	UCM is engaged in R&D, design, production and marketing of intelligent exercise and medical care related software and hardware products.	60.69%	60.69%
Champ Vision Display Inc. (“CVD”)	Subsidiary	CVD is engaged in R&D, design, production and marketing of innovative intelligent display products and system integration solution.	80.00%	80.00%
Calibre UK Ltd.	Subsidiary	CAL is engaged in R&D, design, production and marketing of image processing products.	100.00%	100.00%

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

Subsidiary	Relationship	Business nature	Percentage of Ownership	
			December 31, 2020	December 31, 2019
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%	-

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

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

- (a) uCare Medical Electronics Co., Ltd (“UCM”) increased the capital by cash to attract the strategic investor in February 2019. The ownership percentage of UCM held by CORE decreased to 60.69%.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

- (b) As part of a business strategy, Great Pride (HK) transferred its shareholdings in Suzhou Nano Display to Coretronic (Suzhou) in June 2019, which was approved by regulatory authority. The ownership percentage of Suzhou Nano Display held by the Group remains as the same 100%.
- (c) CORE made an investment to establish 100% held subsidiary Coretronic MEMS Corporation (“CMC”) and had completed registration of establishment in September 2019. CMC has been fully consolidated since the investment date.
- (d) CORE made an investment to establish 100% held subsidiary Coretronic Realty Inc. (“CRI”) and had completed registration of establishment in November 2019. CRI has been fully consolidated since the investment date.
- (e) CORE made an investment to establish 100% held subsidiary Coretronic Vietnam Co., Ltd. and had completed registration of establishment in December 2020. Coretronic Vietnam Co., Ltd. has been fully consolidated since the investment date.
- (f) As part of a business strategy, Young Lighting Limited purchased 49% of shares of YLG Limited (“YLG”) from Gunze Limited (Gunze) in December 2020, which was approved by the regulatory authority. The ownership percentage of YLG was increased to 100%.

(4) 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.

(5) 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.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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 (Before January 1, 2018: IAS 39 Financial Instruments: Recognition and Measurement) 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.

(6) 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.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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.

(7) Current and Non-Current Distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

(8) Cash and Cash Equivalents

Cash and cash equivalents comprises 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.

(9) 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 (Before January 1, 2018: IAS 39 Financial Instruments: Recognition and Measurement) are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

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

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 note 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 recognise 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.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

Financial asset measured at fair value through other comprehensive income

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

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

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

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

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

Financial asset measured at fair value through profit or loss

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

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

Impairment of financial assets

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

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

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

The loss allowance is measures as follow:

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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.

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.

B. 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
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(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.
- (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 liabilities held for trading including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

C. 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.

(10) Derivative Instrument and Hedging Accounting

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

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

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

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

(11) 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.

(12) 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 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.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

(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:

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.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

(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:

<u>Name</u>	<u>Years</u>
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.

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

For contracts entered on or after January 1, 2019, 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.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

The Group elected not to reassess whether a contract is, or contains, a lease on January 1, 2019. The Group is permitted to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 but not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

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;
- 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.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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.

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.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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.

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.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

Developing intangible assets - research and development costs

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

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

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

Patent rights and trademark rights

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

Computer software

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

Acquired Special Technology

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

(17) Impairment of Non-Financial Assets

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

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

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

(18) Provisions

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

Provision for decommissioning, restoration and rehabilitation costs

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

Maintenance warranties

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

Sales returns and allowances

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

(19) 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:

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.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

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

Rendering of services

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

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

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

(20) 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.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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.

(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.

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

Deferred tax

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

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

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

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

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

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.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

Deferred tax assets and 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.

(22) Business Combinations and Goodwill

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

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

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

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

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

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

(1) Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

A. Investment properties

Certain properties of the Group comprise a portion that is held to earn rentals or for capital appreciation and another portion that is owner-occupied. If these portions could be sold separately, the Group accounts for the portions separately as investment properties and property, plant and equipment.

B. Operating lease commitments – the Group for lessor

The Group has entered into a commercial real estate lease for the investment real estate portfolio. Based on the assessment of its agreed terms, the Group retains the significant risks and rewards of these real estate ownership and treats such leases in business leases.

(2) 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.

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 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. Impairment of nonfinancial assets

When the carrying amount of the asset or cash generating unit is greater than its recoverable amount, the impairment occurs. Recoverable amount refers to the fair value of the sub-divided costs and the use of the value of both the higher. The calculation of the fair value reduction is based on the price or the market price of the asset under a binding sales agreement under a fair trade and the amount directly after deducting the incremental cost of the disposable asset. The use value is based on the calculation of the cash flow discount model. The cash flow is based on the budget for the next five years and does not include any significant future investment required by the Group's unencumbered restructuring or to enhance the performance of the unit's assets in order to strengthen the tested cash. Recoverable amounts are susceptible to the discount rate used in the cash flow discount model and the expected future cash inflows and growth rates used for extrapolation purposes. The main assumptions are used to determine the amount of recoverable amounts of different cash generating units, including sensitivity analysis.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

D. Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and future salary increases. Please refer to Note 6(15) for more details.

E. Maintenance warranties

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

F. 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.

G. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could cause future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective group's domicile.

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 are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and Cash Equivalents

	December 31,	
	2020	2019
Cash on hand, savings and checking accounts	\$8,755,840	\$3,230,100
Time deposits	9,544,724	16,931,763
Total	<u>\$18,300,564</u>	<u>\$20,161,863</u>

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

	December 31,	
	2020	2019
Financial assets designated at fair value through profit or loss:		
Derivative not designated as hedging instruments		
Forward foreign exchange contracts	\$315,391	\$83,296
Forward cross currency contracts	508	1,025
Subtotal	<u>315,899</u>	<u>84,321</u>
Stocks	-	35,412
Stock option	56,960	-
Total	<u>\$372,859</u>	<u>\$119,733</u>
Current	\$372,859	\$84,321
Noncurrent	-	35,412
Total	<u>\$372,859</u>	<u>\$119,733</u>

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

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

(3) Hedging Financial Assets

	December 31,	
	2020	2019
Hedging financial assets		
Forward foreign exchange contracts	\$-	\$4,207
Current	\$-	\$4,207
Noncurrent	-	-
Total	\$-	\$4,207

Hedging financial assets were not pledged. Please refer to Note 12 for more details.

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

	December 31,	
	2020	2019
Equity instruments investments measured at fair value through other comprehensive income		
Unlisted companies stocks	\$913,080	\$447,469
Current	\$1,330	\$-
Noncurrent	911,750	447,469
Total	\$913,080	\$447,469

The unlisted equity securities held by the Group were reclassified \$1,330 thousand from financial assets at fair value through other comprehensive income – noncurrent to financial assets at fair value through other comprehensive income –current, as the unlisted company was entering into the process of liquidation after dissolution.

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

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

(5) Notes Receivables

	December 31,	
	2020	2019
Notes receivable - arose from operating activities	\$25,200	\$41,467

Notes receivables were not pledged.

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

(6) Trade Receivables and Trade Receivables-Related Parties

	December 31,	
	2020	2019
Trade receivables	\$11,701,992	\$11,728,918
Less: allowance for doubtful accounts	(42,430)	(41,307)
Subtotal	11,659,562	11,687,611
Trade receivables for related parties	-	201
Total	\$11,659,562	\$11,687,812

Trade receivables were not pledged.

Trade receivables are generally on 30-150 day terms. The total carrying amounts as of December 31, 2020 and 2019, are NT\$11,701,992 thousand and NT\$11,729,119 thousand, respectively. Please refer to Note 6(19) for more details on impairment of trade receivables. Please refer to Note 12 for more details on credit risk management.

The Group entered into factoring contracts without recourse with a number of domestic banks. To wit, banks pay to the Group 100% of the accounts receivable factored as consideration. According to the arrangement, if the client of the trade receivables factoring 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 to the bank. As of December 31, 2020 and 2019, the Group has no outstanding discounted trade receivables which were deducted from trade receivables, and both of the credit lines of factoring contracts provided by CTBC Bank are US\$40,000 thousand.

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

(7) Inventories

	December 31,	
	2020	2019
Raw materials and supplies	\$1,688,391	\$3,218,963
Work in process	168,182	131,651
Finished goods	3,029,575	2,712,142
Total	<u>\$4,886,148</u>	<u>\$6,062,756</u>

The cost of inventories recognized in expenses amounted to NT\$35,031,579 thousand and NT\$39,904,813 thousand for the years ended December 31, 2020 and 2019, including the write-down of inventories and obsolescence loss of NT\$174,415 thousand and NT\$251,665 thousand, respectively.

The allowance write-down of inventories amounted to NT\$682,646 thousand and NT\$670,061 thousand as of December 31, 2020 and 2019, respectively.

No inventories were pledged.

(8) Investments Accounted for Using Equity Method

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

Investees	December 31, 2020	
	Carrying amount	Percentage of ownership (%)
Investments in associates:		
Eterge Opto-Electronics Co., LTD("EOE")	\$46,433	18.50%
Genejet Biotech Co., Ltd. ("Genejet")	-	19.51%
	<u>\$46,433</u>	

Investees	December 31, 2019	
	Carrying amount	Percentage of ownership (%)
Investments in associates:		
Genejet Biotech Co., Ltd. ("Genejet")	\$22,934	20.00%
Eterge Opto-Electronics Co., LTD("EOE")	-	19.51%
	<u>\$22,934</u>	

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

In May 2019, the Group invested NT\$22,000 thousand in EOE and acquired 20.00% of the shareholdings. The Group accounted it for using the equity method. In August 2020, EOE issued new shares by cash; however, the Group failed to acquire shares newly issued in EOE proportionately to its original ownership interest and reduced its stockholding percentage to 18.50%. The investment of EOE is not significant to the Group.

The Company recognized share of (loss) gain loss of associates and joint ventures accounted for using the equity method in the amount of NT\$(1,708) thousand and NT\$783 thousand for the year ended December 31, 2020 and December 31, 2019, respectively.

The abovementioned associate had no contingent liabilities or capital commitments as of December 31, 2020. No investments accounted for using equity method held by the Company was pledged to others.

(9) Property, Plant and Equipment

Property, plant and equipment for own-use

	Land	Buildings	Machinery and equipment	Office fixtures	Transportation equipment	Lease assets	Leasehold improvement	Other equipment	Construction in progress and equipment awaiting inspection	Total
Cost:										
As of January 1, 2020	\$39,192	\$7,008,069	\$4,974,961	\$451,454	\$44,155	\$-	\$714,600	\$1,700,497	\$903,758	\$15,836,686
Additions	-	127,371	85,604	39,678	38	-	7,878	94,847	796,616	1,152,032
Disposals	-	(361,453)	(307,978)	(71,452)	(6,275)	-	(17,756)	(266,295)	-	(1,031,209)
Transfers	-	655,937	1,039	15,382	(988)	-	(2,869)	70,145	(898,740)	(160,094)
Exchange differences	(153)	37,025	26,307	3,740	510	-	8,359	16,426	9,318	101,532
As of December 31, 2020	<u>\$39,039</u>	<u>\$7,466,949</u>	<u>\$4,779,933</u>	<u>\$438,802</u>	<u>\$37,440</u>	<u>\$-</u>	<u>\$710,212</u>	<u>\$1,615,620</u>	<u>\$810,952</u>	<u>\$15,898,947</u>
As of January 1, 2019	\$39,046	\$6,964,402	\$5,375,501	\$467,059	\$43,147	\$2,322	\$828,149	\$1,740,256	\$312,192	\$15,772,074
Effects of retrospective application and restatement	-	-	-	-	-	(2,322)	-	-	-	(2,322)
Additions	-	91,408	277,462	47,248	6,197	-	21,396	160,611	979,815	1,584,137
Disposals	-	(30,772)	(447,756)	(46,872)	(3,276)	-	(87,779)	(151,159)	(3,958)	(771,572)
Transfers	-	114,369	(80,700)	(2,198)	(283)	-	(19,319)	4,770	(378,832)	(362,193)
Exchange differences	146	(131,338)	(149,546)	(13,783)	(1,630)	-	(27,847)	(53,981)	(5,459)	(383,438)
As of December 31, 2019	<u>\$39,192</u>	<u>\$7,008,069</u>	<u>\$4,974,961</u>	<u>\$451,454</u>	<u>\$44,155</u>	<u>\$-</u>	<u>\$714,600</u>	<u>\$1,700,497</u>	<u>\$903,758</u>	<u>\$15,836,686</u>

(Continued)

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

(To be continued)

	Land	Buildings	Machinery and equipment	Office fixtures	Transportation equipment	Lease assets	Leasehold improvement	Other equipment	Construction in progress and equipment awaiting inspection	Total
Depreciation and Impairment:										
As of January 1, 2020	\$-	\$3,348,812	\$3,205,707	\$341,641	\$35,710	\$-	\$601,131	\$1,373,416	\$-	\$8,906,417
Depreciation	-	315,214	427,950	37,155	3,326	-	25,208	121,482	-	930,335
Disposals	-	(360,840)	(303,149)	(70,969)	(5,280)	-	(13,189)	(266,293)	-	(1,019,720)
Transfers	-	13	(139,382)	(5,201)	(967)	-	(3,274)	(8,627)	-	(157,438)
Impairment	-	-	9,958	-	-	-	-	-	-	9,958
Exchange differences	-	27,899	22,425	2,877	455	-	3,470	13,644	-	70,770
As of December 31, 2020	<u>\$-</u>	<u>\$3,331,098</u>	<u>\$3,223,509</u>	<u>\$305,503</u>	<u>\$33,244</u>	<u>\$-</u>	<u>\$613,346</u>	<u>\$1,233,622</u>	<u>\$-</u>	<u>\$8,740,322</u>
As of January 1, 2019	\$-	\$3,131,339	\$3,527,821	\$371,322	\$35,864	\$2,069	\$695,710	\$1,456,637	\$-	\$9,220,762
Effects of retrospective application and restatement	-	-	-	-	-	(2,069)	-	-	-	(2,069)
Depreciation	-	319,924	466,934	33,538	4,126	-	36,429	135,641	-	996,592
Disposals	-	(30,148)	(430,132)	(45,918)	(2,151)	-	(86,260)	(149,797)	-	(744,406)
Transfers	-	(178)	(257,107)	(5,770)	(702)	-	(20,083)	(22,831)	-	(306,671)
Exchange differences	-	(72,125)	(101,809)	(11,531)	(1,427)	-	(24,665)	(46,234)	-	(257,791)
As of December 31, 2019	<u>\$-</u>	<u>\$3,348,812</u>	<u>\$3,205,707</u>	<u>\$341,641</u>	<u>\$35,710</u>	<u>\$-</u>	<u>\$601,131</u>	<u>\$1,373,416</u>	<u>\$-</u>	<u>\$8,906,417</u>
Net carrying amounts as of:										
December 31, 2020	<u>\$39,039</u>	<u>\$4,135,851</u>	<u>\$1,556,424</u>	<u>\$133,299</u>	<u>\$4,196</u>	<u>\$-</u>	<u>\$96,866</u>	<u>\$381,998</u>	<u>\$810,952</u>	<u>\$7,158,625</u>
December 31, 2019	<u>\$39,192</u>	<u>\$3,659,257</u>	<u>\$1,769,254</u>	<u>\$109,813</u>	<u>\$8,445</u>	<u>\$-</u>	<u>\$113,469</u>	<u>\$327,081</u>	<u>\$903,758</u>	<u>\$6,930,269</u>

The Group evaluated the economic benefits for property, plant and equipment, and recognized impairment losses of NT\$9,958 thousand for the year ended December 31, 2020.

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

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

(10) Investment Property

Investment property held by the group is for own-use. The Group signed the commercial property lease contracts with periods during 1 to 3 years, which include clauses to enable upward revision of the rental change on an annual base according to prevailing market conditions.

	Buildings
Cost:	
As of January 1, 2020	\$244,538
Additions from acquisitions	-
Additions from subsequent expenditure	-
Disposals	-
As of December 31, 2020	\$244,538
As of January 1, 2019	\$244,538
Additions from acquisitions	-
Additions from subsequent expenditure	-
Disposals	-
As of December 31, 2019	\$244,538
Depreciation and Impairment:	
As of January 1, 2020	\$76,132
Depreciation	8,052
As of December 31, 2020	\$84,184
As of January 1, 2019	\$68,079
Depreciation	8,053
As of December 31, 2019	\$76,132
Net carry amount as of:	
December 31, 2020	\$160,354
December 31, 2019	\$168,406

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,	
	2020	2019
Rental income from investment property	\$18,444	\$18,204
Less: Direct operating expenses from investment property generating rental income	(8,053)	(8,163)
Total	<u>\$10,391</u>	<u>\$10,041</u>

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,	
	2020	2019
Fair value of the investment property	\$217,800	\$219,800
Discount rates	3.845%	4.095%
Growth rates	0.4%	0.4%

(11) Intangible Assets

	Trade marks	Patents	Software	IPs	Goodwill	Other	Total
Cost:							
As of January 1, 2020	\$103,827	\$49,796	\$160,647	\$83,872	\$5,940	\$232,918	\$637,000
Additions	-	129,725	74,942	3,251	-	29,655	237,573
Disposals	-	-	(6,771)	-	-	-	(6,771)
Transfers	-	-	(121)	-	-	-	(121)
Exchange differences	(150)	1	25	-	-	(1,643)	(1,767)
As of December 31, 2020	<u>\$103,677</u>	<u>\$179,522</u>	<u>\$228,722</u>	<u>\$87,123</u>	<u>\$5,940</u>	<u>\$260,930</u>	<u>\$865,914</u>
As of January 1, 2019	\$103,901	\$16,049	\$126,102	\$54,522	\$5,940	\$145,856	\$452,370
Additions	-	33,751	60,952	29,350	-	113,379	237,432
Disposals	-	-	(25,128)	-	-	(27,302)	(52,430)
Transfers	-	-	(1,075)	-	-	179	(896)
Exchange differences	(74)	(4)	(204)	-	-	806	524
As of December 31, 2019	<u>\$103,827</u>	<u>\$49,796</u>	<u>\$160,647</u>	<u>\$83,872</u>	<u>\$5,940</u>	<u>\$232,918</u>	<u>\$637,000</u>

(Continued)

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

(To be continued)

	Trade marks	Patents	Software	IPs	Goodwill	Other	Total
Amortization and Impairment:							
As of January 1, 2020	\$98,193	\$12,468	\$95,149	\$52,746	\$-	\$96,770	\$355,326
Amortization	3,558	11,911	31,499	4,024	-	52,574	103,566
Disposals	-	-	(6,771)	-	-	-	(6,771)
Impairment	-	-	-	-	5,880	-	5,880
Exchange differences	(150)	-	(26)	-	60	(617)	(733)
As of December 31, 2020	<u>\$101,601</u>	<u>\$24,379</u>	<u>\$119,851</u>	<u>\$56,770</u>	<u>\$5,940</u>	<u>\$148,727</u>	<u>\$457,268</u>
As of January 1, 2019	\$92,498	\$9,063	\$87,398	\$41,985	\$-	\$65,024	\$295,968
Amortization	5,742	3,408	28,342	10,761	-	59,013	107,266
Disposals	-	-	(20,358)	-	-	(27,304)	(47,662)
Exchange differences	(47)	(3)	(233)	-	-	37	(246)
As of December 31, 2019	<u>\$98,193</u>	<u>\$12,468</u>	<u>\$95,149</u>	<u>\$52,746</u>	<u>\$-</u>	<u>\$96,770</u>	<u>\$355,326</u>
Net carrying amount as of:							
December 31, 2020	<u>\$2,076</u>	<u>\$155,143</u>	<u>\$108,871</u>	<u>\$30,353</u>	<u>\$-</u>	<u>\$112,203</u>	<u>\$408,646</u>
December 31, 2019	<u>\$5,634</u>	<u>\$37,328</u>	<u>\$65,498</u>	<u>\$31,126</u>	<u>\$5,940</u>	<u>\$136,148</u>	<u>\$281,674</u>

Amortization expense of intangible assets:

	Years ended December 31,	
	2020	2019
Operating Cost	\$18,752	\$35,282
Selling expenses	16,202	12,676
General and administrative expenses	11,235	16,300
Research and development expenses	57,377	43,008
Total	<u>\$103,566</u>	<u>\$107,266</u>

(12) Short-Term Borrowings

	December 31,	
	2020	2019
Unsecured bank loans	<u>\$5,137,417</u>	<u>\$8,521,341</u>
Interest rates (%)	<u>0.55%~1.99%</u>	<u>0.86%~2.74%</u>

The Group's unused short-term lines of credits amounted to NT\$37,116,546 thousand and NT\$33,685,409 thousand as of December 31, 2020 and 2019, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
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(13) Derivative Financial Liabilities

Financial liabilities at fair value through profit or loss :

	December 31,	
	2020	2019
Derivatives not designated as hedging instruments - current		
Forward exchange contracts	\$26,071	\$145,980
Forward cross currency contracts	9,783	7,127
Total	\$35,854	\$153,107
Hedging financial liabilities:		
Forward exchange contracts	\$4,702	\$-

(14) Long-Term Borrowings

Details of long-term borrowings are as follows:

Lenders	December 31, 2020	Interest Rate (%)	Maturity date and terms of repayment
Secured long-term borrowings from First bank	\$58,333	1.20%	Principle is repaid in 2 quarterly payments from April 27, 2021.
Secured long-term borrowings from First bank	94	1.10%	Principle is repaid in 16 quarterly payments from December 20, 2020.
Secured long-term borrowings from Hua Nan Commercial bank	5,000	1.02%	Principle is repaid in 14 quarterly payments from July 25, 2021.
Secured long-term borrowings from Hua Nan Commercial bank	120,000	1.02%	Principle is repaid in 14 quarterly payments from July 25, 2021.
Secured long-term borrowings from Hua Nan Commercial bank	250,000	1.00%	Principle is repaid in 14 quarterly payments from July 25, 2021.
Secured long-term borrowings from Hua Nan Commercial bank	25,000	1.02%	Principle is repaid in 14 quarterly payments from July 25, 2021.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

Lenders	December 31, 2020	Interest Rate (%)	Maturity date and terms of repayment
Secured long-term borrowings from Export-Import Bank of the Republic of China	105,000	0.52%	Principle will be repaid once at maturity on May 8, 2022.
Secured long-term borrowings from Export-Import Bank of the Republic of China	95,000	0.52%	Principle will be repaid once at maturity on May 13, 2022.
Secured long-term borrowings from Sumitomo Mitsui Bank	11,052	1.60%	Government subsidizes the interest for the first three years. Principle is repaid in 54 monthly payments from July 20, 2021.
Less: current portion	<u>(116,728)</u>		
Total	<u><u>\$552,751</u></u>		

Lenders	December 31, 2019	Interest Rate (%)	Maturity date and terms of repayment
Secured long-term borrowings from First bank	\$58,333	1.35%	Principle is repaid in 2 quarterly payments from April 27, 2021.
Secured long-term borrowings from First bank	100	1.35%	Principle is repaid in 16 quarterly payments from December 20, 2020.
Secured long-term borrowings from Hua Nan Commercial bank	5,000	1.30%	Principle is repaid in 14 monthly payments from July 25, 2021.
Secured long-term borrowings from Hua Nan Commercial bank	120,000	1.30%	Principle is repaid in 14 monthly payments from July 25, 2021.
Less: current portion	<u>(6)</u>		
Total	<u><u>\$183,427</u></u>		

The Group's unused long-term lines of credits amounted to NT\$941,573 thousand and NT\$1,216,567 thousand as of December 31, 2020 and 2019, respectively. Please refer to Note 8 for property, plant, and equipment and right-of-use assets pledged as collateral for long-term loans.

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

(15) Post-Employment Benefits

Defined contribution plan

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

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

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

Pension expenses under the defined contribution plan for the years ended December 31, 2020 and 2019 were NT\$276,051 thousand and NT\$378,616 thousand, respectively.

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 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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Group does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT\$10,646 thousand to its defined benefit plan during the 12 months beginning after December 31, 2020.

The weighted average duration of the defined benefits plan obligation was 11.74 to 16.08 years and 14.22 to 16.71 years as of December 31, 2020 and 2019, respectively.

Pension costs recognized in profit or loss are as follows:

	Years ended December 31,	
	2020	2019
Current service costs	\$716	\$788
Net interest on the net defined benefit liabilities (assets)	6,313	7,716
Expect return on plan assets	(4,339)	(4,974)
Settlement profit	-	(5,158)
Total	<u>\$2,690</u>	<u>\$(1,628)</u>

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

	December 31,		January 1,
	2020	2019	2019
Present value of defined benefit obligation	\$520,493	\$573,127	\$545,893
Plan assets at fair value	(370,515)	(388,839)	(363,846)
Net defined benefit Liabilities (assets)	<u>\$149,978</u>	<u>\$184,288</u>	<u>\$182,047</u>

	December 31,		January 1,
	2020	2019	2019
Other non-current liabilities			
— Carrying amount on the net defined benefit liabilities	<u>\$165,113</u>	<u>\$196,891</u>	<u>\$192,723</u>
Other non-current assets			
— Carrying amount on the net defined benefit assets	<u>\$(15,135)</u>	<u>\$(12,603)</u>	<u>\$(10,676)</u>

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

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, 2019	\$545,893	\$363,846	\$182,047
Current service cost	788	-	788
Interest expense (revenue)	7,716	4,974	2,742
Settlement profit loss	(5,158)	-	(5,158)
Subtotal	<u>549,239</u>	<u>368,820</u>	<u>180,419</u>

Remeasurements of the defined benefit liability (asset):

Actuarial gains and losses arising from changes in financial assumptions	18,815	-	18,815
Experience adjustments	11,838	13,789	(1,951)
Subtotal	<u>30,653</u>	<u>13,789</u>	<u>16,864</u>
Benefits paid	(6,765)	(5,921)	(844)
Contributions by employer	-	12,102	(12,102)
Other	-	49	(49)
As of December 31, 2019	<u>\$573,127</u>	<u>\$388,839</u>	<u>\$184,288</u>

As of January 1, 2020	\$573,127	\$388,839	\$184,288
Current service cost	716	-	716
Interest expense (revenue)	6,313	4,339	1,974
Subtotal	<u>580,156</u>	<u>393,178</u>	<u>186,978</u>

Remeasurements of the defined benefit liability (asset):

Actuarial gains and losses arising from changes in financial assumptions	25,280	-	25,280
Experience adjustments	(34,949)	10,889	(45,838)
Subtotal	<u>(9,669)</u>	<u>10,889</u>	<u>(20,558)</u>
Benefits paid	(49,994)	(44,083)	(5,911)
Contributions by employer	-	10,531	(10,531)
As of December 31, 2020	<u>\$520,493</u>	<u>\$370,515</u>	<u>\$149,978</u>

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

The principal assumptions used in determining the Group's defined benefit plan are as follows:

	December 31,	
	2020	2019
Discount rate	0.750%	1.125%
Expected rate of salary increases	1.00%~4.00%	1.00%~4.00%

Sensitivity analysis of significant assumptions is as follows:

	Years ended December 31,			
	2020		2019	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increase by 0.25%	\$-	\$16,996	\$-	\$18,789
Discount rate decrease by 0.25%	17,761	-	19,612	-
Future salary increase by 0.25%	16,882	-	18,718	-
Future salary decrease by 0.25%	-	16,262	-	16,107

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.

(16) Provisions

	<u>Warranties</u>
As of January 1, 2020	\$767,350
Arising during the period (reversed)	166,549
Utilized during the period	(240,691)
Exchange differences	7,756
As of December 31, 2020	<u>\$700,964</u>
Current	\$700,964
Non-current	-
As of December 31, 2020	<u>\$700,964</u>

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

	<u>Warranties</u>
As of January 1, 2019	\$826,791
Arising during the period (reversed)	164,850
Utilized during the period	(214,910)
Exchange differences	(9,381)
As of December 31, 2019	<u>\$767,350</u>
Current	\$767,350
Non-current	-
As of December 31, 2019	<u>\$767,350</u>

Warranties

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

(17) Equities

A. Common stock

CORE's authorized capital was NT\$10,000,000 thousand as of December 31, 2020 and 2019, 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. CORE's issued capital was NT\$4,344,231 thousand divided into 434,423 thousand shares. Each share has one voting right and a right to receive dividends.

B. Capital surplus

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Additional paid-in capital	\$2,700,154	\$2,917,366
Treasury stock transactions	116,614	116,614
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	631,471	594,554
Changes in ownership interests in subsidiaries	98,763	98,791
Changes from investments in associates and joint ventures accounted for using the equity method	1,557	150
Total	<u>\$3,548,559</u>	<u>\$3,727,475</u>

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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 or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policies:

According to the Articles of Incorporation, current year's earnings shall be distributed in the following order:

- (a) Payment of all taxes and dues;
- (b) Offset accumulated losses in previous years, if any;
- (c) Legal reserve, which is 10% of leftover profits. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds CORE's total capital stock;
- (d) Allocation or reverse of special reserve as required by law or government authorities;
- (e) The remaining net profits and the retained earnings from previous years will be allocated as shareholders' dividend. The Board of Directors will prepare a distribution proposal and submit the same to the shareholders' meeting for review and approval by a resolution.

The company authorizes the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The company authorizes the distributable legal reserve and capital reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

According to the Company Act and CORE's Article of Incorporation, the policy of the dividend distribution should reflect factors such as the capital and financial structures, operating, earnings, the industrial features and cycles etc. The dividend could be paid in the form of shares or cash. In the consideration of the factors such as financial, sales and operating conditions, if the distribution of cash dividends is determined, the cash dividends should account for at least 10% of the total distribution based on the CORE's Article of Incorporation. If CORE incurs no earning or considers the factors such as financial conditions, sales and operations, the dividend could be paid by whole or partial legal reserve in accordance with the Company Act and CORE's Article of Incorporation.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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According to Company Act, CORE needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to offset the deficit of CORE. If CORE incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Following the adoption of TIFRS, the FSC issued Order No. Financial-Supervisory-Securities-Corporate-1010012865 on April 6, 2012, which sets out the following provisions for compliance:

Once upon a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company 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 IFRS as of December 31, 2020 and 2019 amounted to NT\$1,276,610 thousand.

Details of the 2019 and 2018 earning distribution and dividends per share as resolved respectively by the shareholders' meeting on June 13, 2020 and June 13, 2019 are as follows:

	Appropriation of earnings		Dividends per share (NT\$)	
	2019	2018	2019	2018
Legal reserve	\$115,307	\$202,021		
Common stock -cash dividend	651,634	868,846	\$1.5	\$2

(Note)

Note: The cash dividend distribution of 2019 has been approved by the Board of Directors' meeting on March 16, 2020.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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In addition, shareholders' meeting resolved to distribute the paid-in capital in excess of par-common stock by cash in the amount of NT\$217,212 thousand, NT\$0.5 per share and NT\$651,635 thousand, NT\$1.5 per share in 2020 and 2019, respectively.

Please refer to Note 6(21) for further details on employees' compensation and remuneration to directors and supervisors.

D. Non-controlling interests:

	Years ended December 31,	
	2020	2019
Beginning balance	\$2,169,365	\$2,060,440
(Loss) profit attributable to non-controlling interests	(165,262)	5,237
Other comprehensive income (loss) attributable to non-controlling interests, net of tax:		
Exchange differences on translation of foreign operations	2,570	(39,379)
Remeasurements of defined benefit plans	(466)	(534)
Cash dividends	(5,618)	(36,063)
Acquisition or disposal of the interest of subsidiaries	33,554	154,208
Changes in subsidiaries' ownership	9,808	25,456
Ending balance	<u>\$2,043,951</u>	<u>\$2,169,365</u>

(18) Sales

	Years ended December 31,	
	2020	2019
Contract revenue from customers		
Sale of goods	\$40,990,023	\$47,252,436
Revenue arising from rendering of services	1,018,204	1,042,656
Other operating revenues	430,109	416,167
Total	<u>\$42,438,336</u>	<u>\$48,711,259</u>

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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, 2020

	Energy – saving products segment	Image products and brand segment	Optical component segment	Other segment	Elimination	Total
Sale of goods	\$21,299,560	\$13,779,119	\$3,741,811	\$3,329,650	\$(1,160,117)	\$40,990,023
Revenue arising from rendering of services	719,477	78,257	56,371	404,753	(240,654)	1,018,204
Other operating revenues	136,086	106,846	107,400	88,247	(8,470)	430,109
Total	\$22,155,123	\$13,964,222	\$3,905,582	\$3,822,650	\$(1,409,241)	\$42,438,336
The timing of revenue recognition:						
At a point in time	\$22,155,123	\$13,964,222	\$3,905,582	\$3,822,650	\$(1,409,241)	\$42,438,336

For the year ended December 31, 2019

	Energy – saving products segment	Image products and brand segment	Optical component segment	Other segment	Elimination	Total
Sale of goods	\$23,181,622	\$17,096,491	\$4,671,516	\$3,678,018	\$(1,375,211)	\$47,252,436
Revenue arising from rendering of services	888,822	72,471	24,294	217,950	(160,881)	1,042,656
Other operating revenues	115,215	156,536	124,091	22,140	(1,815)	416,167
Total	\$24,185,659	\$17,325,498	\$4,819,901	\$3,918,108	\$(1,537,907)	\$48,711,259
The timing of revenue recognition:						
At a point in time	\$24,185,659	\$17,325,498	\$4,819,901	\$3,918,108	\$(1,537,907)	\$48,711,259

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B. Contract balance

Contract liabilities-current

	December 31,		January 1,
	2020	2019	2019
Sale of goods	\$152,133	\$196,044	\$241,829
Revenue arising from rendering of services	1,813	904	675
Other operating revenues	96,529	97,204	111,024
Total	\$250,475	\$294,152	\$353,528

The contract liabilities balances resulted from the difference between the satisfaction of the performance obligation and the customers' payment. The Group's recognized revenue from the beginning balance of contract liabilities amounted to NT\$294,152 thousand and NT\$353,528 thousand as of December 31, 2020 and 2019, respectively.

C. Transaction price allocated to unsatisfied performance obligations

As of December 31, 2020 and 2019, there is no need to provide relevant information of the unsatisfied performance obligations as the contracts with customers about the sales of goods are all within one year.

D. Cost of Assets from acquire or performance of customer contracts.

None.

(19) Expected credit (gain) losses

	Years ended December 31,	
	2020	2019
Operating expenses – Expected credit (gain) losses		
Trade receivables	\$4,272	\$(80,347)

The Group measures trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of December 31, 2020 and 2019 is as follows:

The Group needs to consider the grouping of trade receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix, details as below:

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As of December 31, 2020

	Not past due	Past due					Total
		1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 121 days	
Gross carrying amount	\$11,054,476	\$553,811	\$48,669	\$13,360	\$10,517	\$46,359	\$11,727,192
Loss ratio	0%	0-2%	5%	30%	50%	100%	
Expected credit losses	-	(724)	(1,495)	(814)	(964)	(38,433)	(42,430)
Subtotal	\$11,054,476	\$553,087	\$47,174	\$12,546	\$9,553	\$7,926	\$11,684,762

As of December 31, 2019

	Not past due	Past due					Total
		1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 121 days	
Gross carrying amount	\$11,124,945	\$530,593	\$36,962	\$17,895	\$12,360	\$47,831	\$11,770,586
Loss ratio	0%	0-2%	5%	30%	50%	100%	
Expected credit losses	-	(796)	(1,796)	(2,241)	(2,593)	(33,881)	(41,307)
Subtotal	\$11,124,945	\$529,797	\$35,166	\$15,654	\$9,767	\$13,950	\$11,729,279

The movement of contract asset, note receivables and provision for impairment of trade receivables during the period is as follows:

	Trade receivables
As of January 1, 2020	\$41,307
Addition for the current period	4,272
Write off	(2,848)
Exchange differences	(301)
As of December 31, 2020	<u>\$42,430</u>
As of January 1, 2019	\$181,700
Rreversal for the current period	(80,347)
Write off	(57,178)
Exchange differences	(2,868)
As of December 31, 2019	<u>\$41,307</u>

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(20) Leases

A. Group as lessee

The Group leases various property (land and buildings), machinery, equipment, and transportation equipment. These leases have terms of between one and fifty years.

The effects that leases have on the financial position, financial performance and cash flows of the Group are as follow:

(a) Amounts recognized in the balance sheet

i. Right-of-use asset

The carrying amount of right-of-use assets

	December 31,	
	2020	2019
Land	\$1,317,867	\$1,327,891
Buildings	387,183	606,821
Machinery and equipment	-	233
Transportation equipment	34,735	41,340
Office fixtures	2,432	604
Other equipment	82	167
Total	\$1,742,299	\$1,977,056

During the year ended December 31, 2020 and 2019, the additions to right-of-use assets of the Group amounted to NT\$138,810 thousand and NT\$299,756 thousand.

ii. Lease liability

	December 31,	
	2020	2019
Lease liability		
Current	\$229,241	\$335,921
Non-current	1,325,181	1,439,424
Total	\$1,554,422	\$1,775,345

Please refer to Note 6(22)D. for the interest on lease liability recognized during the year ended December 31, 2020 and 2019, and refer to Note 12(5) for the maturity analysis for lease liabilities on December 31, 2020 and 2019.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
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(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	Years ended December 31,	
	2020	2019
Land	\$50,569	\$44,246
Buildings	259,555	268,041
Machinery and equipment	-	243
Transportation equipment	21,178	21,461
Office fixtures	666	246
Other equipment	79	83
Total	<u>\$332,047</u>	<u>\$334,320</u>

(c) Income and costs relating to leasing activities

	Years ended December 31,	
	2020	2019
The expense relating to short-term leases	\$51,252	\$51,839
The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of low-value assets)	32,314	7,463
The expense relating to variable lease payments not included in the measurement of lease liabilities	32	23,229
Total	<u>\$83,598</u>	<u>\$82,531</u>

For the rent concession arising as a direct consequence of the COVID-19 pandemic, the amount Group recognized in profit or loss for the year ended December 31, 2020 was NT\$7,428 thousand to reflect changes in lease payments that arose from such rent concessions to which the Group has applied the practical expedient.

(d) Cash outflow relating to leasing activities

During the years ended December 31, 2020 and 2019, the Group's total cash outflows for leases amounted to NT\$450,279 thousand and NT\$442,035 thousand, respectively.

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

(e) Other information relating to leasing activities

i. Variable lease payments

Some of the Group's building lease agreements contain variable payment terms that are linked to actual usage condition. The amount links to certain percentage of actual usage of underlying asset. The changes in variable lease payments are linked to actual usage and it is very common for entering contract with variable lease payments in the industry of the Group. As such variable lease payments do not meet the definition of lease payments, and those payments are not included in the measurement of the assets and liabilities.

ii. Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group's property rental agreement. In determining the lease term, the non-cancellable period for which the Group has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The Group would reassess the lease term when significant issue or change occur.

iii. Residual value guarantees

To optimize lease costs during the contract period, the Group doesn't provide residual value guarantees in relation to rental agreement. Residual value guarantees without counting in lease liability.

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.

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

	December 31, 2020	December 31, 2019
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$40,270	\$36,856
Income relating to variable lease payments that do not depend on an index or a rate	-	-
Total	\$40,270	\$36,856

Please refer to Note 6(10) for relevant disclosure of investment properties for operating leases which required by IFRS 16. For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining periods are as follows:

	December 31, 2020	December 31, 2019
Not later than one year	\$37,806	\$28,358
Later than one year but not later than two years	36,202	8,164
Later than two years but not later than three years	34,984	492
Total	\$108,992	\$37,014

(21) Summary Statement of Employee Benefits, Depreciation and Amortization Expenses by Function

Function Items	Years ended December 31					
	2020			2019		
	Operating Cost	Operating expenses	Total amount	Operating Cost	Operating expenses	Total amount
Employee benefits expense	\$3,314,186	\$4,496,233	\$7,810,419	\$3,453,868	\$4,887,105	\$8,340,973
Salaries	2,846,779	3,911,301	6,758,080	2,889,546	4,209,692	7,099,238
Labor and health insurance	115,843	291,385	407,228	130,571	319,652	450,223
Pension	110,140	168,601	278,741	179,245	197,743	376,988
Other employee benefits expense	241,423	124,946	366,369	254,506	160,018	414,524
Depreciation	845,152	396,019	1,241,171	933,236	376,397	1,309,633
Amortization	20,205	85,213	105,418	36,020	72,243	108,263

CORETRONIC CORPORATION AND SUBSIDIARIES

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

According to the Articles of Incorporation of the Company, 10% to 20% of profit of the current year is distributable as employees' compensation. However, the company's accumulated losses shall have been covered. 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, 2020 and 2019. The amounts of employees' compensation was NT\$228,711 thousand and NT\$175,700 thousand for the years ended December 31, 2020 and 2019, 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 8, 2021 to distribute NT\$228,711 thousand in cash as employees' compensation. No material differences exist between the resolution and the estimated amount for the year ended December 31, 2020.

No material differences exist between the estimated amount and the actual distribution of the employee bonuses for the year ended December 31, 2019.

(22) Non-Operating Income and Expenses

A. Interest income

	Years ended December 31	
	2020	2019
Financial assets measured at amortized cost	\$434,719	\$466,602

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B. Other income

	Years ended December 31	
	2020	2019
Government grants income	\$371,528	\$45,090
Rental income	40,270	36,856
Other	159,200	150,039
Total	\$570,998	\$231,985

C. Other gains and losses

	Years ended December 31	
	2020	2019
Gain (loss) on disposal of property, plant and equipment	\$(3,213)	\$7,971
Foreign exchange gain, net	138,607	218,105
Gain (loss) on financial assets at fair value through profit or loss (Note)	291,590	(17,962)
Gain on lease modification	960	212
Gain (loss) on disposal of investments	24	(24,564)
Impairment losses	(28,276)	-
Other loss	(65,152)	(34,687)
Total	\$334,540	\$149,075

Note: Balances were arising from financial assets mandatorily measured at fair value through profit or loss.

D. Finance cost

	Years ended December 31	
	2020	2019
Interest on borrowings from bank	\$144,602	\$287,433
Interest on lease liabilities	49,340	60,203
Total	\$193,942	\$347,636

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(23) Components of Other Comprehensive Income

For the year ended December 31, 2020

	Arising during the period	Income tax income (expense)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:			
Remeasurements of defined benefit plans	\$20,558	\$(4,112)	\$16,446
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	469,433	1,424	470,857
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	307,030	-	307,030
Total of other comprehensive income	<u>\$797,021</u>	<u>\$(2,688)</u>	<u>\$794,333</u>

For the year ended December 31, 2019

	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	\$(16,864)	\$3,373	\$(13,491)
Unrealized losses from equity instruments investments measured at fair value through other comprehensive income	89,230	(712)	88,518
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	(876,580)	-	(876,580)
Gains from hedging instruments	913	(182)	731
Total of other comprehensive income	<u>\$(803,301)</u>	<u>\$2,479</u>	<u>\$(800,822)</u>

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(24) Income Tax

Income tax expense (income) recognized in profit or loss

	Years ended December 31	
	2020	2019
Current income tax expense (income)	\$412,721	\$551,933
Deferred tax expense (income)	28,819	(8,328)
Total income tax expense	\$441,540	\$543,605

Income tax relating to components of other comprehensive income

	Years ended December 31	
	2020	2019
Deferred income tax income (expense):		
Remeasurements of defined benefit plans	\$(4,112)	\$3,373
Unrealized (gain) loss from equity instruments investments measured at fair value through other comprehensive income	1,424	(712)
Gain on hedging instruments	-	(182)
Total	\$(2,688)	\$2,479

Reconciliation of income tax expense and the accounting profit multiplied by applicable tax rates is as follows:

	Years ended December 31,	
	2020	2019
Accounting profit before tax from continuing operations	\$1,836,696	\$1,701,912
Tax at the domestic rates applicable to profits in the country concerned	\$686,326	\$699,287
Tax effect of expenses not deductible for tax purposes	(302,959)	(173,314)
Tax effect of deferred tax assets/liabilities	22,256	(42,434)
Surtax on undistributed retained earnings	18,658	60,383
Operating loss carry forward	28,825	32,098
Investment tax credits	(11,566)	(32,415)
Total income tax expense recognized in profit or loss	\$441,540	\$543,605

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Deferred tax assets (liabilities) related to the following:

For the year ended December 31, 2020

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Temporary differences					
Unrealized allowance for inventory obsolescence	\$50,223	\$1,848	\$-	\$(756)	\$51,315
Depreciation difference for tax purpose	542	325	-	(286)	581
Unrealized intragroup profits and losses	58,559	(29,952)	-	(6)	28,601
Net unrealized exchange gains or losses	12,177	(50,829)	-	(25)	(38,677)
Provisions - maintenance warranties	26,044	(2,291)	-	(693)	23,060
Provision-sales returns and allowances	25,931	(3,547)	-	(235)	22,149
Impairment on property, plant and equipment	6,241	46	-	-	6,287
Defined benefit liabilities-noncurrent	33,028	(1,713)	(4,112)	(1)	27,202
Investments accounted for using the equity method	(17,389)	(4,394)	-	-	(21,783)
Accrued expense of tax differences	51,911	(5,970)	-	(435)	45,506
Allowance for bad debts	2,564	(166)	-	(110)	2,288
Others	(1,228)	28,184	1,424	130	28,510
Unused tax losses	8,536	35,582	-	-	44,118
Foreign unused tax losses	21,368	3,950	-	(547)	24,771
Deferred tax (expense) income		<u>\$(28,927)</u>	<u>\$(2,688)</u>	<u>\$(2,964)</u>	
Net deferred tax assets (liabilities)	<u>\$278,507</u>				<u>\$243,928</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$303,144</u>				<u>\$338,374</u>
Deferred tax liabilities	<u>\$(24,637)</u>				<u>\$(94,446)</u>

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For the year ended December 31, 2019

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Temporary differences					
Unrealized allowance for inventory obsolescence	\$35,914	\$14,687	\$-	\$(378)	\$50,223
Depreciation difference for tax purpose	562	108	-	(128)	542
Unrealized intragroup profits and losses	69,962	(11,401)	-	(2)	58,559
Net unrealized exchange gains or losses	1,901	10,287	-	(11)	12,177
Provisions - maintenance warranties	27,263	(884)	-	(335)	26,044
Provision-sales returns and allowances	41,381	(15,319)	-	(131)	25,931
Impairment on property, plant and equipment	6,241	-	-	-	6,241
Defined benefit liabilities-noncurrent	33,862	(4,209)	3,373	2	33,028
Investments accounted for using the equity method	(17,411)	22	-	-	(17,389)
Accrued expense of tax differences	50,163	2,058	-	(310)	51,911
Allowance for bad debts	1,569	1,059	-	(64)	2,564
Cash flow hedges	182	-	(182)	-	-
Others	(3,505)	3,035	(712)	(46)	(1,228)
Unused tax losses	8,536	-	-	-	8,536
Foreign unused tax losses	13,307	8,674	-	(613)	21,368
Deferred tax (expense) income		<u>\$8,117</u>	<u>\$2,479</u>	<u>\$(2,016)</u>	
Net deferred tax assets (liabilities)	<u>\$269,927</u>				<u>\$278,507</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$302,673</u>				<u>\$303,144</u>
Deferred tax liabilities	<u>\$(32,746)</u>				<u>\$(24,637)</u>

CORETRONIC CORPORATION AND SUBSIDIARIES
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The following table contains information of the unused tax losses of the Group and its domestic subsidiaries:

December 31, 2020

Accumulated loss	Unutilized accumulated loss	Expiration Year
\$19,035	\$19,035	2021
18,929	18,929	2022
4,114	4,114	2023
1,443	1,443	2024
1,125	1,125	2025
410,633	54,107	2026
63,819	38,245	2027
80,377	56,942	2028
103,557	103,557	2029
843,050	843,050	2030(Expected)
<u>\$1,546,082</u>	<u>\$1,140,547</u>	

December 31, 2019

Accumulated loss	Unutilized accumulated loss	Expiration Year
\$12,925	\$10,327	2020
19,035	19,035	2021
187,854	18,929	2022
4,114	4,114	2023
1,443	1,443	2024
136,328	1,125	2025
289,722	97,893	2026
63,833	38,259	2027
69,752	69,752	2028
120,069	120,069	2029(Expected)
<u>\$905,075</u>	<u>\$380,946</u>	

Unrecognized deferred tax assets

As of December 31, 2020 and 2019, deferred tax assets that have not been recognized amounted to NT\$377,128 thousand and NT\$213,242 thousand, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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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, 2020 and 2019, the amounts of taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities were NT\$20,178,662 thousand and NT\$18,800,991 thousand, respectively.

The assessment of income tax returns

As of December 31, 2020, the assessment of the income tax returns of the Group and its subsidiaries is as follows:

	<u>The assessment of income tax returns</u>
CORE	Assessed and approved up to 2018
TYO	Assessed and approved up to 2017
Optoma	Assessed and approved up to 2018
CGT	Assessed and approved up to 2018
Tsen Ming Investment Corp.	Assessed and approved up to 2018
YGE	Assessed and approved up to 2018
YLT	Assessed and approved up to 2018
Aptek Optical Corp.	Assessed and approved up to 2018
CICS	Assessed and approved up to 2018
CVC	Assessed and approved up to 2018
UCM	Assessed and approved up to 2018
ISC	Assessed and approved up to 2018
CVD	Assessed and approved up to 2017
CIRC	Assessed and approved up to 2018
CRI	Established in 2019 and undeclared
CMC	Established in 2019 and undeclared

(25) Earnings Per Share

Basic earnings per share amounts are calculated by dividing net income for the period attributable to ordinary equity holders of the parent company by the weighted-average number of ordinary shares outstanding during the year.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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.

	<u>Years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
A. Basic earnings per share		
Profit attributable to ordinary shareholders of the parent (in thousand NT\$)	<u>\$1,560,418</u>	<u>\$1,153,070</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>434,423</u>	<u>434,423</u>
Basic earnings per share (NT\$)	<u>\$3.59</u>	<u>\$2.65</u>
B. Diluted earnings per share		
Profit attributable to ordinary shareholders of the parent after dilution (in thousand NT\$)	<u>\$1,560,418</u>	<u>\$1,153,070</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	434,423	434,423
Effect of dilution:		
Employee Bonus – stock (in thousand)	<u>6,400</u>	<u>5,944</u>
Weighted average number of ordinary shares outstanding after dilution (in thousand)	<u>440,823</u>	<u>440,367</u>
Diluted earnings per share (NT\$)	<u>\$3.54</u>	<u>\$2.62</u>

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.

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(26) Subsidiaries that have Material Non-Controlling Interests

Financial information of subsidiaries that have material non-controlling interests is provided below:

Percentage of equity interest held by non-controlling interests:

Subsidiary	Country of incorporation and operation	December 31,	
		2020	2019
Young Optics Inc.	Taiwan	61.26%	60.23%

	December 31,	
	2020	2019
Accumulated balance of material non-controlling interests		
Young Optics, Inc.	\$1,952,427	\$2,059,303

	Years ended December 31	
	2020	2019
Profit allocated to material non-controlling interest		
Young Optics, Inc.	\$(143,814)	\$2,799

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, 2020:

	Young Optics Inc.
Operating revenue	\$3,905,582
Loss for the period from continuing operations	(236,216)
Total comprehensive income for the period	(230,996)

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Summarized information of profit or loss for the year ended December 31, 2019:

	<u>Young Optics Inc.</u>
Operating revenue	\$4,819,901
Gain for the period from continuing operations	5,360
Total comprehensive income for the period	(61,323)

Summarized information of financial position as of December 31, 2020:

	<u>Young Optics Inc.</u>
Current assets	\$2,511,922
Non-current assets	3,004,102
Current liabilities	1,348,109
Non-current liabilities	986,153

Summarized information of financial position as of December 31, 2019:

	<u>Young Optics Inc.</u>
Current assets	\$2,983,426
Non-current assets	3,200,759
Current liabilities	2,125,429
Non-current liabilities	645,939

Summarized cash flow information for the year ended December 31, 2020:

	<u>Young Optics Inc.</u>
Operating activities	\$387,182
Investing activities	(254,366)
Financing activities	(88,759)
Net increase in cash and cash equivalents	69,065

Summarized cash flow information for the year ended December 31, 2019:

	<u>Young Optics Inc.</u>
Operating activities	\$545,240
Investing activities	(499,151)
Financing activities	(23,338)
Net decrease in cash and cash equivalents	(20,313)

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7. Related Party Transactions

(1) Related Party Name and Categories

Related Party Name	Related Party Categories
Gunze Limited (“Gunze”)	Joint Venture (Note)
DongGuan Guan Zhi Electronics Ltd. (“DongGuan Guan Zhi”)	Associate of Joint Venture (Note)
Etergo Opto-Electronics Co., LTD (“EOE”)	Associate
Chi Hua Fitness Co., LTD. (“CHI HUA”)	Substantive related party

Note: The Joint Venture relationships were terminated in December 2020.

(2) Significant transactions with related parties

A. Sales

	Years ended December 31	
	2020	2019
DongGuan Guan Zhi	\$142	\$10,870
CHI HUA	3,510	384
Total	<u>\$3,652</u>	<u>\$11,254</u>

The sales price to the above related parties was determined by mutual agreement based on the market rates. The payment terms are not significantly different between related parties and third-party customers. The receivables-related parties were not pledged, bearing no interest and were paid in cash. The receivables-related parties also were not guaranteed.

B. Purchases

	Years ended December 31	
	2020	2019
Gunze	\$118,317	\$189,432
EOE	51,816	27,072
DongGuan Guan Zhi	189	202
Total	<u>\$170,322</u>	<u>\$216,706</u>

The purchase price to the above related parties was determined by mutual agreement based on the market rates. The payment terms from the related party suppliers are comparable with third party suppliers and are between 60-90 days.

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C. Accounts Receivable from Related Parties

	December 31,	
	2020	2019
DongGuan Guan Zhi	\$-	\$201

D. Accounts Payable to Related Parties

	December 31,	
	2020	2019
EOE	\$11,383	\$9,041
Gunze	-	14,386
DongGuan Guan Zhi	-	18
Total	\$11,383	\$23,445

E. Other Payable to Related Parties

	December 31,	
	2020	2019
EOE	\$6,190	\$8,378

F. Others

For years ended December 31, 2020 and 2019, the Group purchased molds from EOE, amounting to NT\$16,238 thousand and NT\$18,213 thousand.

G. Key Management Personnel Compensation

	Years ended December 31	
	2020	2019
Short-term employee benefits	\$258,071	\$259,246
Post-employment benefits	5,565	6,158
Total	\$263,636	\$265,404

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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, 2020	December 31, 2019	
Land	\$13,094	\$13,249	Collateral for long-term borrowings
Buildings (including investment property)	837,651	879,427	Collateral for long-term borrowings
Time deposits (presented as "Other receivables")	34,985	30,170	Lease execution deposits
Time deposits (presented as "Other receivables")	2,082	2,066	Customs import guarantee
Bank deposits (presented as "Other receivables")	15,569	8,994	Derivative execution deposits
Bank deposits (presented as "Other receivables")	864	851	Export tax guarantee
Time deposits (presented as "Other receivables")	1,332	-	Subsidy performance guarantee
Time deposits (presented as "Other noncurrent assets")	20,776	20,773	Lease execution deposits
Time deposits (presented as "Other noncurrent assets")	1,082	1,075	Customs import guarantee
Total	<u>\$927,435</u>	<u>\$956,605</u>	

9. Commitments and Contingencies

Amount available under unused letters of credit as of December 31, 2020 was NT\$3,592 thousand.

10. Losses due to Major Disasters

None.

11. Significant Subsequent Events

None.

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
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12. Others

(1) Categories of Financial Instruments

<u>Financial assets</u>	December 31, 2020	December 31, 2019
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	\$372,859	\$119,733
Financial assets at fair value through other comprehensive income	913,080	447,469
Financial assets measured at amortized cost (Note)	30,340,520	32,139,214
Hedging financial assets	-	4,207
Total	\$31,626,459	\$32,710,623

<u>Financial liabilities</u>	December 31, 2020	December 31, 2019
Financial liabilities at amortized cost:		
Short-term borrowings	\$5,137,417	\$8,521,341
Accounts payables (including related parties)	8,160,316	8,465,142
Other payables	4,213,229	4,092,358
Lease liability (including current and noncurrent)	1,554,422	1,775,345
Long-term borrowings (including current portion)	669,479	183,433
Subtotal	19,734,863	23,037,619

Financial liabilities at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss-current	35,854	153,107
Hedging financial liabilities-current	4,702	-
Total	\$19,775,419	\$23,190,726

Note: Including cash and cash equivalents (exclude cash on hand), notes receivables, trade receivables, and other receivables.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

(2) Financial Risk Management Objectives and Policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD. The information of the sensitivity analysis is as follows:

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

When NTD appreciates or depreciates against USD by 1%, the profit for the years ended December 31, 2020 and 2019 is decreased/increased by NT\$115,118 thousand and NT\$90,064 thousand, while equity is decreased/increased by NT\$255,334 thousand and NT\$241,473 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans, bank borrowings with fixed and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments and bank borrowings with variable interest rate swaps. At the reporting date, an increase/decrease of 1% of interest rate in a reporting period could cause the profit for the years ended December 31, 2020 and 2019 to decreased/increased by NT\$51,370 thousand and NT\$76,133 thousand, respectively.

Equity price risk

The fair value of the Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed equity securities are classified under held for trading financial assets or available-for-sale financial assets. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

For the years ended December 31, 2020 and 2019, an increase/decrease of 1% in the price of the unlisted equity securities classified as equity instrument at fair value through profit or loss could have an impact of NT\$570 thousand and NT\$354 thousand on income attributable to the Group.

For the years ended December 31, 2020 and 2019, an increase/decrease of 1% in the price of the listed equity securities classified as equity instrument at fair value through other comprehensive income could have an impact of NT\$9,131 thousand and NT\$4,475 thousand on the equity attributable to the Group.

(4) Credit Risk Management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for trade receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria, etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

As of December 31, 2020 and 2019, receivables from top ten customers represented 69% and 58% of the total trade receivables of the Group, respectively. The credit concentration risk of other accounts receivables was insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity Risk Management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments and bank borrowings. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1				
	year	1 to 3 years	3 to 5 years	Over 5 years	Total
As of December 31, 2020					
Borrowings	\$5,273,266	\$438,476	\$119,833	\$-	\$5,831,575
Accounts payables					
(including related parties)	8,160,316	-	-	-	8,160,316
Other payables					
(including related parties)	4,213,229	-	-	-	4,213,229
Lease liability	240,872	308,363	193,045	1,205,671	1,947,951

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

	Less than 1				Total
	year	1 to 3 years	3 to 5 years	Over 5 years	
As of December 31, 2019					
Borrowings	\$8,540,858	\$115,050	\$72,363	\$-	\$8,728,271
Accounts payables					
(including related parties)	8,465,142	-	-	-	8,465,142
Other payables					
(including related parties)	4,092,358	-	-	-	4,092,358
Lease liability	353,002	350,621	204,781	1,308,061	2,216,465

Derivative financial liabilities

	Less than 1 year	1 to 3 years	Total
As of December 31, 2020			
Inflows	\$-	\$-	\$-
Outflows	40,556	-	40,556
Net	\$40,556	\$-	\$40,556
As of December 31, 2019			
Inflows	\$-	\$-	\$-
Outflows	153,107	-	153,107
Net	\$153,107	\$-	\$153,107

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, 2020:

	Short-term borrowings	Long-term borrowings	Leases liabilities	Guarantee deposits received	Other liabilities-noncurrent	Total liabilities from financing activities
As of January 1, 2020	\$8,521,341	\$183,433	\$1,775,345	\$36,458	\$17,272	\$10,533,849
Cash flows	(3,383,924)	486,046	(316,294)	(8,068)	(1,387)	(3,223,627)
Additional leases	-	-	92,141	-	-	92,141
Exchange differences	-	-	3,230	-	-	3,230
As of December 31, 2020	\$5,137,417	\$669,479	\$1,554,422	\$28,390	\$15,885	\$7,405,593

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
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Reconciliation of liabilities for the year ended December 31, 2019:

	Short-term borrowings	Long-term borrowings	Leases liabilities	Guarantee deposits received	Other liabilities-noncurrent	Total liabilities from financing activities
As of January 1, 2019	\$6,414,641	\$452,299	\$1,812,953	\$38,069	\$24,702	\$8,742,664
Cash flows	2,106,700	(268,866)	(299,301)	(1,611)	(7,430)	1,529,492
Additional leases	-	-	285,195	-	-	285,195
Exchange differences	-	-	(23,502)	-	-	(23,502)
As of December 31, 2019	\$8,521,341	\$183,433	\$1,775,345	\$36,458	\$17,272	\$10,533,849

(7) Fair Value of Financial Instruments

A. The methods and assumptions applied in determining the fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- (a) The carrying amount of cash and cash equivalents, trade receivables, short-term borrowings, trade payable and other current liabilities approximate their fair value due to their short maturities.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price at the reporting date.
- (c) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model or other valuation method.
- (d) The fair value of long-term borrowings without active market is determined by using valuation techniques. Therefore, the fair value is estimated using the present value of the expected cash flows. The assumption of interest rate and discount rate mainly is measured by similar financial instruments.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative Instruments

The related information for derivative financial instruments not yet settled as follows:

Forward currency contracts and cross currency contracts

The Group entered into forward currency and cross currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to forward currency and forward cross currency contracts:

Item (by contract)	Notional Amount	Contract Period
As of December 31, 2020		
Forward currency contract		
Selling forward currency contracts	USD 418,380 thousand	From January 2021 to November 2021
Buying forward currency contracts	USD 431,000 thousand	From January 2021 to March 2021
Selling forward currency contracts	CAD 3,000 thousand	From January 2021 to March 2021
Selling forward currency contracts	EUR 1,200 thousand	March 2021
Forward cross currency contract	USD 32,700 thousand	From January 2021 to March 2021
As of December 31, 2019		
Forward currency contract		
Selling forward currency contracts	USD 401,000 thousand	From January 2020 to September 2020
Buying forward currency contracts	USD 452,000 thousand	From January 2020 to February 2020
Selling forward currency contracts	CAD 2,100 thousand	From January 2020 to May 2020
Forward cross currency contract	USD 30,500 thousand	From January 2020 to February 2020

Hedging forward currency contracts

The currency of sales, costs of goods sold and trade on behalf of the purchase were in US Dollars, EUR Dollars or British Pounds. The Group entered into forward currency contracts to manage its exposure to financial risk, but these contracts are designated as hedging instruments. The table below lists the information related to forward currency contracts:

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

Item (by contract)	Notional Amount		Contract Period
As of December 31, 2020			
Forward currency contract			
Selling forward currency contracts	EUR	3,000 thousand	February 2021
As of December 31, 2019			
Forward currency contract			
Selling forward currency contracts	GBP	5,500 thousand	January 2020

(9) Fair Value Measurement Hierarchy

A. Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

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	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward currency contract	\$-	\$315,391	\$-	\$315,391
Forward cross currency contract	-	508	-	508
Stock option	-	-	56,960	56,960
Equity instrument measured at fair value through other comprehensive income	-	-	913,080	913,080
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward currency contract	-	26,071	-	26,071
Forward cross currency contract	-	9,783	-	9,783
December 31, 2019				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward currency contract	\$-	\$83,296	\$-	\$83,296
Forward cross currency contract	-	1,025	-	1,025
Stock	-	-	35,412	35,412
Hedging financial assets-current	-	4,207	-	4,207
Equity instrument measured at fair value through other comprehensive income	-	-	447,469	447,469
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward currency contract	-	145,980	-	145,980
Forward cross currency contract	-	7,127	-	7,127

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 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
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Transfers between the Level 1 and Level 2 during the period

During the years ended December 31, 2020 and 2019, 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	Total
	Stock and stock option	Stock	
As of January 1, 2020:	\$35,412	\$447,469	\$482,881
Total gains and losses recognized for the year ended December 31, 2020:			
Amount recognized in profit or loss (presented in “other profit or loss”)	(37,772)	-	(37,772)
Amount recognized in OCI (presented in “unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”)	-	470,857	470,857
Acquisition	59,320	-	59,320
Tax effect	-	(1,424)	(1,424)
Exchange differences	-	(3,822)	(3,822)
As of December 31, 2020	<u>\$56,960</u>	<u>\$913,080</u>	<u>\$970,040</u>

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	Assets		
	At fair value through profit or loss	At fair value through other comprehensive income	Total
	Stock	Stock	
As of January 1, 2019:	\$20,065	\$359,859	\$379,924
Total gains and losses recognized for the year ended December 31, 2019:			
Amount recognized in profit or loss (presented in “other profit or loss”)	(68)	-	(68)
Amount recognized in OCI (presented in “unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”)	-	88,518	88,518
Acquisition	15,415	-	15,415
Tax effect	-	712	712
Exchange differences	-	(1,620)	(1,620)
As of December 31, 2019	\$35,412	\$447,469	\$482,881

Total gains and losses recognized in profit or loss for the years ended December 31, 2020 and 2019 in the amount of NT\$(37,772) thousand and NT\$(68) thousand, respectively.

CORETRONIC CORPORATION AND SUBSIDIARIES

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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, 2020

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets :					
At fair value					
through other comprehensive income					
Stock	Asset-Based Approach	Not Applicable	-	-	-
	Market Approach	P/E ratio of similar companies	0.98	The higher the P/E ratio of similar companies, the higher the fair value estimated	10% increase (decrease) in the P/E ratio of similar entities would result in increase /decrease in equity by NT\$2,454 thousand/ NT\$2,454 thousand.
Financial assets :					
At fair value					
through profit or loss					
Stock option	Market Approach	P/E ratio of similar companies	0.44	The higher the P/E ratio of similar companies, the higher the fair value estimated	10% increase (decrease) in the P/E ratio of similar companies would result in increase /decrease in equity by NT\$6,286 thousand/ NT\$6,286 thousand.

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

As of December 31, 2019

	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	Income Approach	Lack of marketability	27.2%	The higher the discount for lack of marketability, the lower the fair value estimated.	10% increase (decrease) in the discount for lack of marketability would result in decrease/increase in profit or loss by NT\$732 thousand /NT\$747 thousand.
Financial assets :					
At fair value					
through other					
comprehensive					
income					
Stock	Asset-Based Approach	Not Applicable	-	-	-
	Market Approach	P/E ratio of similar companies	1.17	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\$3,079 thousand/ NT\$3,332 thousand.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
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Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Assets Management Center (AMC) is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. AMC analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

- 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, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (please refer to Note 6(10))	\$-	\$-	\$217,800	\$217,800

	December 31, 2019			
	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))	\$-	\$-	\$219,800	\$219,800

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
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(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, 2020		
	Foreign currencies	Exchange rate	NTD thousand
<u>Financial assets</u>			
Monetary item:			
USD	\$1,022,552	28.48	\$29,122,281
JPY	139,013	0.2763	38,409
AUD	355	21.95	7,792
GBP	115	38.90	4,474
EUR	111	35.02	3,887

Non-Monetary items:

USD	\$6,219	28.48	\$177,134
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Financial liabilities

Monetary items:

USD	\$618,345	28.48	\$17,610,466
JPY	92,860	0.2763	25,657
GBP	4,919	38.90	191,353

	December 31, 2019		
	Foreign currencies	Exchange rate	NTD thousand
<u>Financial assets</u>			
Monetary item:			
USD	\$960,264	29.98	\$28,788,715
JPY	257,661	0.276	71,114
GBP	345	39.36	13,579
EUR	226	33.59	7,591
CHF	36	30.9	1,113

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	December 31, 2019		
	Foreign currencies	Exchange rate	NTD thousand
Non-Monetary items:			
USD	\$2,548	29.98	\$76,389
<u>Financial liabilities</u>			
Monetary items:			
USD	\$659,850	29.98	\$19,782,303
JPY	120,664	0.276	33,303
GBP	3,501	39.36	137,802

The Group's entities functional currency are various, and hence is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gain was NT\$138,607 thousand and NT\$218,105 thousand for the years ended December 31, 2020 and 2019, respectively.

(11) Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(12) Other Items

Due to the impact of the COVID-19 pandemic, local governments of some subsidiaries' locations are implementing measures such as isolation, tourism ban, or temporarily suspending operation, resulting in substantial decline in sales for the nine months ended September, 2020. With the pandemic slowing and the policy loosening, the Group expects that operations will gradually return to normal.

In response to the impact of 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.

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

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, 2020: None.
- B. Endorsement/Guarantee provided to others for the year ended December 31, 2020: Please refer to Attachment 1.
- C. Securities held as of year ended December 31, 2020 (excluding subsidiaries, associates and joint venture): Please refer to Attachment 2.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2020: None.
- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2020: Please refer to 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, 2020: 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, 2020: Please refer to Attachment 3.
- H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of year ended December 31, 2020: Please refer to Attachment 4.
- I. The business relationship between the parent and the subsidiaries and significant transactions between them: Please refer to Attachment 5.
- J. Financial instruments and derivative transactions: Please refer to Note 6(2), Note 6(3), Note 6(13), Note 12(1), Note 12(8) and Attachment 8.

(2) Information on Investees

- A. Relevant information on investees when the investees have significant influence or direct or indirect control. Please refer to Attachments 6, 6-1, 6-2 and 6-3.

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

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 8.

(3) Investment in Mainland China

A. Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, percentage of ownership, investment income (loss), carrying amount of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 7, 7-1 and 7-2.

B. Directly or indirectly significant transactions with the investees in Mainland China, please refer to Attachment 5.

(4) Information on major shareholders

Please refer to Attachment 10.

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 occur expense. Every unit needs unique technologies and marketing strategies, and the Group's chief operating decision maker manages every unit individually. The Group determined its reportable segments based on the Group's internal reports.

B. The Group has three reportable segments:

(a) Energy-saving products segments: mainly engaged in the R&D design, manufacturing and marketing of backlighting, panel modules, medical displays and energy-efficient lighting equipment.

(b) Image products and brand segments: mainly engaged in the R&D design, manufacturing and marketing of projector and brand management.

(c) Optical components segments: mainly engaged in the R&D, production and marketing of projection-related applications of optics related components.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements. However, financial cost, income and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

(2) Segment Income, Assets and Liabilities Information

	For the year ended December 31, 2020						
	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	\$22,009,683	\$13,928,308	\$3,586,243	\$39,524,234	\$2,914,102	\$-	\$42,438,336
Net revenue from sales among intersegments	145,440	35,914	319,339	500,693	908,548	(1,409,241)	-
Total revenue	<u>\$22,155,123</u>	<u>\$13,964,222</u>	<u>\$3,905,582</u>	<u>\$40,024,927</u>	<u>\$3,822,650</u>	<u>\$(1,409,241)</u>	<u>\$42,438,336</u>
Segment income	<u>\$1,138,477</u>	<u>\$718,133</u>	<u>\$(222,252)</u>	<u>\$1,634,358</u>	<u>\$(9,456)</u>	<u>\$211,794</u>	<u>\$1,836,696</u>
Segment Assets (Note C)	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$47,275,063</u>	<u>\$47,275,063</u>

	For the year ended December 31, 2019						
	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	\$23,968,822	\$17,289,447	\$4,426,742	\$45,685,011	\$3,026,248	\$-	\$48,711,259
Net revenue from sales among intersegments	216,837	36,051	393,159	646,047	891,860	(1,537,907)	-
Total revenue	<u>\$24,185,659</u>	<u>\$17,325,498</u>	<u>\$4,819,901</u>	<u>\$46,331,058</u>	<u>\$3,918,108</u>	<u>\$(1,537,907)</u>	<u>\$48,711,259</u>
Segment income	<u>\$1,142,773</u>	<u>\$658,533</u>	<u>\$5,149</u>	<u>\$1,806,455</u>	<u>\$79,927</u>	<u>\$(184,470)</u>	<u>\$1,701,912</u>
Segment Assets (Note C)	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$49,323,120</u>	<u>\$49,323,120</u>

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

Note A: Eight operating segments did not meet the quantitative thresholds for reportable segments for the years ended December 31, 2020 and 2019, respectively. They have been combined into other segments.

Note B: Inter-segment revenue are eliminated on consolidation and recorded under the “adjustment and elimination” column, all other adjustments and eliminations are disclosed below.

Note C: If the measurements of the asset were not provided to the decision makers, the amount of the assets to be disclosed by every segment may be expressed as zero and listed as group asset.

	Years ended December 31	
	2020	2019
Net income of reportable segment	\$1,634,358	\$1,806,455
Income of other segment	(9,456)	79,927
Unallocated amount:		
Interest income	434,719	466,602
Interest expense	(193,942)	(347,636)
Financial assets (liabilities) at fair value through profit or loss	291,590	(17,962)
Exchange loss	138,607	218,105
Others	(459,180)	(503,579)
Income before income tax	<u>\$1,836,696</u>	<u>\$1,701,912</u>

(3) Geographical information

A. Sales to other than consolidated entities

	Years ended December 31,	
	2020	2019
Mainland China (including Hong Kong)	\$21,148,804	\$24,261,200
Taiwan	8,558,127	9,775,792
United States	3,078,392	3,717,171
Japan	2,987,584	4,300,525
South Korea	739,051	414,368
Malaysia	275,221	220,347
United Kingdom	3,756,178	3,796,642
Others	1,894,979	2,225,214
Total	<u>\$42,438,336</u>	<u>\$48,711,259</u>

Sales are presented by customers' country.

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

B. Non-current assets

	December 31,	
	2020	2019
Taiwan	\$5,240,225	\$5,009,804
Mainland China (including Hong Kong)	3,539,343	3,503,979
Bangladesh	403,485	487,122
Europe	238,402	239,796
United States	114,976	139,219
Total	\$9,536,431	\$9,379,920

(4) Major customers information

2020 and 2019 for a single customer sales accounted for more than 10% of net sales are listed below:None.

ATTACHMENT 1 (Endorsement/Guarantee provided to others for the year ended December 31, 2020)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorsor/guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party	Maximum balance for the period	Ending balance	Actual amount provided	Amount of endorsement/guarantee collateralized by properties	Percentage of accumulated guarantee amount to net worth from the latest financial statement	Limit of total guarantee/endorsement amount	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiary in Mainland China
		Company name	Relationship										
0	Coretronic Corporation	Nano Precision Taiwan Limited	Associate	\$ 10,879,308 (Note)	\$ 350,000	\$ 350,000	\$ 39,323	-	1.61%	\$ 21,758,616 (Note)	Yes	No	No
0	Coretronic Corporation	Coretronic Intelligent Robotics Corporation	Subsidiary	10,879,308 (Note)	402,250	260,000	8,250	-	1.19%	21,758,616 (Note)	Yes	No	No
0	Coretronic Corporation	Coretronic Display (Suzhou)	Associate	10,879,308 (Note)	196,183 (RMB45,000 thousands)	-	-	-	-	21,758,616 (Note)	Yes	No	Yes
0	Coretronic Corporation	YLG Optotech	Associate	10,879,308 (Note)	138,848 (USD4,590 thousands)	-	-	-	-	21,758,616 (Note)	Yes	No	Yes
0	Coretronic Corporation	Optoma Technology Inc.	Associate	10,879,308 (Note)	15,010	14,240	14,240	-	0.07%	21,758,616 (Note)	Yes	No	No
0	Coretronic Corporation	Calibre UK Ltd.	Subsidiary	10,879,308 (Note)	206,560 (GBP5,260 thousands)	204,614 (GBP5,260 thousands)	175,287	-	0.94%	21,758,616 (Note)	Yes	No	No
	Total				<u>\$ 1,308,851</u>	<u>\$ 828,854</u>							

Note : Based on the procedures of endorsement/guarantee provided to others, the amount of endorsements/guarantees for any single entity shall not exceed 50% of the Company's net worth from the latest financial statement.
Based on the procedures of endorsement/guarantee provided to others, the total amount of endorsements/guarantees shall not exceed 100% of the Company's net worth from the latest financial statement.

ATTACHMENT 1-1 (Financing provided to others for the year ended December 31, 2020)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Lender	Counter-party	Financial statement account	Related party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for expected credit losses	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
1	Bigshine (HK)	Coretronic Corporation	Accounts receivables - related parties	Yes	\$ 211,750	\$ -	\$ -	-	The need for short-term financing	-	Business turnover	-	None	-	\$ 616,268	\$ 616,268
1	Bigshine (HK)	Core-Flex Limited	Accounts receivables - related parties	Yes	130,814	123,261	123,261	-	The need for short-term financing	-	Business turnover	-	None	-	246,507	246,507
1	Bigshine (HK)	Optoma USA	Accounts receivables - related parties	Yes	185,884	175,152	175,152	1.5%	The need for short-term financing	-	Business turnover	-	None	-	616,268	616,268
2	Lead Bright (HK)	Coretronic Corporation	Accounts receivables - related parties	Yes	148,225	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	3,288,812	3,288,812
3	Tecpoint	Coretronic Corporation	Accounts receivables - related parties	Yes	6,050	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	3,037,640	3,037,640
4	Venture Orient	Coretronic Corporation	Accounts receivables - related parties	Yes	112,575	106,800	106,800	-	The need for short-term financing	-	Business turnover	-	None	-	478,013	478,013
5	Great Pride(HK)	Coretronic Corporation	Accounts receivables - related parties	Yes	102,850	96,832	96,832	-	The need for short-term financing	-	Business turnover	-	None	-	2,353,594	2,353,594
6	Coretronic (Suzhou)	Coretronic Corporation	Accounts receivables - related parties	Yes	136,125	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	1,442,565	1,442,565
6	Coretronic (Suzhou)	Coretronic Display (Suzhou)	Accounts receivables - related parties	Yes	1,800,525	610,305	610,305	0.5%	The need for short-term financing	-	Business turnover	-	None	-	4,808,551	4,808,551
6	Coretronic (Suzhou)	Coretronic Optics (Suzhou)	Accounts receivables - related parties	Yes	262,776	261,888	261,888	0.5%	The need for short-term financing	-	Business turnover	-	None	-	4,808,551	4,808,551
6	Coretronic (Suzhou)	Coretronic System Engineering (Shanghai)	Accounts receivables - related parties	Yes	17,438	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	4,808,551	4,808,551
7	Bigshine	Coretronic Corporation	Accounts receivables - related parties	Yes	15,125	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	260,815	260,815
7	Bigshine	Brightbridge	Accounts receivables - related parties	Yes	2,677	2,532	2,532	-	The need for short-term financing	-	Business turnover	-	None	-	260,815	260,815
8	Greendale	Coretronic Corporation	Accounts receivables - related parties	Yes	19,360	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	4,627,450	4,627,450
9	Young Green Energy	Calibre UK Ltd	Accounts receivables - related parties	Yes	7,928	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	91,834	91,834
9	Young Green Energy	Coretronic Intelligent Robotics Corporation	Accounts receivables - related parties	Yes	30,000	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	91,834	91,834
9	Young Green Energy	Coretronic Intelligent Cloud Service Corp.	Accounts receivables - related parties	Yes	35,000	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	91,834	91,834
10	Coretronic (Ningbo)	YLG Optotech	Accounts receivables - related parties	Yes	239,778	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	3,380,804	3,380,804
11	Great Pride (Samoa)	Coretronic Corporation	Accounts receivables - related parties	Yes	33,275	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	2,386,013	2,386,013
12	Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)	Accounts receivables - related parties	Yes	459,859	458,306	458,306	0.5%	The need for short-term financing	-	Business turnover	-	None	-	5,227,902	5,227,902
13	Dynamic Time	Optoma Corporation	Accounts receivables - related parties	Yes	514,250	474,192	474,192	-	The need for short-term financing	-	Business turnover	-	None	-	673,627	673,627
13	Dynamic Time	Optoma USA	Accounts receivables - related parties	Yes	166,375	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	1,684,067	1,684,067
13	Dynamic Time	Coretronic Corporation	Accounts receivables - related parties	Yes	166,238	156,640	156,640	-	The need for short-term financing	-	Business turnover	-	None	-	1,684,067	1,684,067
14	Modern Smart	Optoma USA	Accounts receivables - related parties	Yes	19,663	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	89,468	89,468
14	Modern Smart	Optoma Corporation	Accounts receivables - related parties	Yes	39,293	35,600	35,600	-	The need for short-term financing	-	Business turnover	-	None	-	35,787	35,787
15	Wisdom Success (HK)	Coretronic Corporation	Accounts receivables - related parties	Yes	1,409,760	1,409,760	1,409,760	-	The need for short-term financing	-	Business turnover	-	None	-	5,742,957	5,742,957
16	Tsen Ming Investment	Optoma Corporation	Accounts receivables - related parties	Yes	140,000	140,000	140,000	0.45%	The need for short-term financing	-	Business turnover	-	None	-	174,102	174,102

Note a : Limit of financing amount for individual counter-party and total financing amount should not exceed 100% of lender's net worth from the latest financial statement, including Great Pride Hong Kong Limited, Venture Orient Limited, Wisdom Success (HK) Limited, and Dynamic Time Investments Limited.

The above restriction only applies to the foreign subsidiaries whose shares are 100% owned by the Company.

Note b : Limit of financing amount for individual counter-party and total financing amount should not exceed 100% of lender's net worth from the latest financial statement, including Bigshine International Limited, Bigshine (HK) Limited, Coretronic (Suzhou), and Coretronic Projection (Kunshan).

The above restriction only applies to the foreign subsidiaries whose shares are 100% owned, directly or indirectly, by the Company.

Note c : Limit of total financing amount for individual counter-party should not exceed 40% of lender's net worth from the latest financial statement, and limit of financing amount should not exceed 100% of the latest financial statements of lender, including Dynamic Time Investments Limited, Modern Smart Ltd., Bigshine (HK) Limited, and Tsen Ming Investment.

ATTACHMENT 1-2 (Endorsement/Guarantee provided to others for the year ended December 31, 2020)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorsor/ guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party	Maximum balance for the period	Ending balance	Actual amount provided	Amount of endorsement/ guarantee collateralized by properties	Percentage of accumulated guarantee amount to net worth from the latest financial statement	Limit of total guarantee/ endorsement amount	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiary in Mainland China
		Company name	Relationship										
1	Coretronic (Suzhou)	Coretronic Display (Suzhou)	Associate	\$ 2,404,275 (Note)	\$ 780,878	\$ 2,848	\$ 2,848	-	0.06%	\$ 4,808,551 (Note)	No	No	Yes
2	Coretronic Optotech (Suzhou)	Coretronic Optics (Suzhou)	Associate	418,183 (Note)	109,490	109,120	109,120	-	13.05%	836,366 (Note)	No	No	Yes
2	Coretronic Optotech (Suzhou)	Coretronic Display (Suzhou)	Associate	418,183 (Note)	405,269	218,241	218,241	-	26.09%	836,366 (Note)	No	No	Yes
Total					\$ 1,295,637	\$ 330,209							

Note : Based on the procedures of endorsement/guarantee provided to others, the amount of endorsements/guarantees for any single entity shall not exceed 50% of the Company's net worth from the latest financial statement.
Based on the procedures of endorsement/guarantee provided to others, the total amount of endorsements/guarantees shall not exceed 100% of the Company's net worth from the latest financial statement.

ATTACHMENT 2 (Securities held as of December 31, 2020)
(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, 2020				Note
				Shares/Units	Carrying amount	Percentage of ownership (%)	Fair value(Note)	
Coretronic Corporation	Maxima Venture I, Inc.	-	Financial assets at fair value through other comprehensive income-noncurrent	29,400	\$ 1,330	5.26%	\$ 1,330	
Coretronic Corporation	Nightingale Intelligent Systems, Inc.	-	Financial assets at fair value through profit or loss-noncurrent	1,148,617	-	4.17%	-	
Coretronic Corporation	GLO AB	-	Financial assets at fair value through profit or loss-noncurrent	50,000	-	0.24%	-	
Coretronic Corporation	Flexenable Limited	-	Financial assets at fair value through profit or loss-current	-	56,960	-	56,960	
Coretronic Corporation	Etergo Opto-Electronics Co., LTD	-	Investments accounted for using the equity method- noncurrent	1,850,000	46,433	18.50%	-	

Note : The Group measured the fair value of investments in accordance with IFRS9.

ATTACHMENT 2-1 (Securities held as of December 31, 2020)
(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, 2020				Note
				Shares/Units	Carrying amount	Percentage of ownership (%)	Fair value (Note a)	
Chung Tsen Investment Corp.	Shieh Yong Investment	-	Financial assets at fair value through other comprehensive income-noncurrent	34,107,900	\$ 789,039	4.47%	\$ 789,039	
Venture Orient	Unitech Capital	-	Financial assets at fair value through other comprehensive income-noncurrent	2,500,000	USD 3,447,004	5.00%	USD 3,447,004	
Optoma Corporation	LIULIGONGFANG	-	Financial assets at fair value through other comprehensive income-noncurrent	242,094	3,893	3.06%	3,893	
	Excel Global	-	Financial assets at fair value through other comprehensive income-noncurrent	812,506	20,647	19.90%	20,647	
Coretronic Venture Capital	GeneJet Biotech	-	Investments accounted for using the equity method- noncurrent	1,575,000	- (Note b)	19.51%	-	

Note a : The Group measured the fair value of investments in accordance with IFRS9.

Note b : The impairment loss was recognized as the difference between the recoverable amount of the security and its carrying value.

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, 2020)

(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 accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
Coretronic Corporation	Optoma Europe	Subsidiary	Sales	\$ 2,372,685	15.29%	90 days	-	-	\$ 820,260	11.54%	
Coretronic Corporation	Optoma USA	Subsidiary	Sales	1,239,600	7.99%	90 days	-	-	532,920	7.50%	
Coretronic Corporation	Optoma Corporation	Subsidiary	Sales	356,011	2.29%	90 days	-	-	653,752	9.20%	

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, 2020)
(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 accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
Young Optics	Young Optics (Kunshan)	Associate	Sales	\$ 117,361	3.38%	60 days	-	-	\$ 98,069	17.50 %	
Young Optics	Young Optics (Kunshan)	Associate	Purchases	1,394,340	59.62%	60 days	-	-	(710,347)	(75.36%)	
Young Optics	Aptek Optical	Associate	Sales	196,086	5.65%	60 days	-	-	38,772	6.92 %	
Young Optics (Kunshan)	Young Optics (Suzhou)	Associate	Sales	113,720	6.00%	60 days	-	-	39,569	4.71 %	
Young Optics (Kunshan)	Coretronic Optics (Kunshan)	Associate	Sales	329,930	17.42%	90 days	-	-	86,939	10.34 %	
Optoma Corporation	Optoma Europe	Associate	Sales	192,962	19.75%	90 days	-	-	77,796	36.84 %	
Nano Precision (Suzhou)	Coretronic (Suzhou)	Associate	Sales	217,634	14.28%	60 days	-	-	31,864	7.51 %	
Nano Precision (Suzhou)	Coretronic Display (Suzhou)	Associate	Sales	115,536	7.58%	60 days	-	-	20,823	4.91 %	
Nano Precision (Suzhou)	Coretronic Optotech (Suzhou)	Associate	Sales	160,090	10.50%	60 days	-	-	49,059	11.57 %	
Nano Precision Taiwan Limited	Nano Precision (Suzhou)	Associate	Sales	308,603	61.60%	60 days	-	-	39,900	50.29 %	
Coretronic Optotech (Suzhou)	Coretronic Display (Suzhou)	Associate	Sales	370,695	4.66%	60 days	-	-	116,815	4.00 %	
Coretronic Projection (Kunshan)	Optoma China	Associate	Sales	648,112	5.82%	60 days	-	-	309,393	10.26 %	
Coretronic Optics (Kunshan)	Coretronic Intelligent Cloud Service Corp	Associate	Sales	103,468	0.93%	60 days	-	-	22,489	0.75 %	
Coretronic Projection (Kunshan)	Champ Vision Display	Associate	Sales	843,643	7.58%	60 days	-	-	175,740	5.83 %	
Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)	Associate	Sales	486,420	4.37%	60 days	-	-	79,490	2.64 %	
Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	Associate	Sales	6,102,391	99.87%	60 days	-	-	1,405,570	99.79 %	
Champ Vision Display	Coretronic Projection (Kunshan)	Associate	Sales	412,332	22.44%	60 days	-	-	59,851	15.00 %	

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, 2020)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company name	Counter-party	Relationship	Accounts receivables - related parties Balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for expected credit losses
					Amount	Collection status		
Accounts receivables :								
Coretronic Corporation	Optoma Corporation	Subsidiary	\$ 653,752	0.29	\$ -	-	\$ -	\$ -
Coretronic Corporation	Optoma Europe	Subsidiary	820,260	5.72	-	-	-	-
Coretronic Corporation	Optoma USA	Subsidiary	532,920	4.62	-	-	-	-

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, 2020)

(The certain information is based on the unreviewed financial statements)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company name	Counter-party	Relationship	Accounts receivables - related parties balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for expected credit losses
					Amount	Collection status		
Accounts receivables :								
Young Optics (Kunshan)	Young Optics	Associate	\$ 710,347	3.93	-	-	-	-
Grace China	Young Optics (Kunshan)	Associate	30	0.39	-	-	-	-
Grace China	Young Optics (BD)	Associate	392,045	0.02	-	-	-	-
Coretronic Projection (Kunshan)	Champ Vision Display	Associate	175,740	5.03	-	-	-	-
Coretronic Projection (Kunshan)	Optoma China	Associate	309,393	1.89	-	-	-	-
Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	Associate	1,405,570	4.56	-	-	-	-
Other receivables :								
Dynamic Time	Coretronic Corporation	Associate	156,640	-	-	-	-	-
Dynamic Time	Optoma Corporation	Associate	474,192	-	-	-	-	-
Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)	Associate	462,128	-	-	-	-	-
Grace China	Young Optics (BD)	Associate	187,122	-	-	-	-	-
Grace China	Young Optics (Kunshan)	Associate	214,882	-	-	-	-	-

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 Corporation	1	Accounts receivables	653,752	—	1.38%
			1	Sales	356,011	—	0.84%
		Optoma Technology	1	Accounts receivables	532,920	—	1.13%
			1	Sales	1,239,600	—	2.92%
		Optoma Europe	1	Accounts receivables	820,260	—	1.74%
			1	Sales	2,372,685	—	5.59%
		Coretronic (Suzhou)	1	Sales	30,104	—	0.07%
		Greendale	1	Accounts receivables	776,091	—	1.64%
			1	Sales	3,866,862	—	9.11%
		Coretronic Projection (Kunshan)	1	Accounts receivables	35,917	—	0.08%
			1	Sales	56,223	—	0.13%
		YLG Optotech	1	Accounts receivables	103,388	—	0.22%
			1	Sales	326,218	—	0.77%
		Coretronic Display (Suzhou)	1	Accounts receivables	737,959	—	1.56%
			1	Sales	4,491,955	—	10.58%
		Coretronic Optotech (Suzhou)	1	Accounts receivables	2,242,067	—	4.74%
1	Sales		5,630,400	—	13.27%		
Coretronic Vietnam Co., Ltd.	1	Accounts receivables	51,004	—	0.11%		
	1	Sales	51,066	—	0.12%		
1	Optoma Corporation	Coretronic Corporation	2	Sales	59,259	—	0.14%
		Optoma Technology	3	Sales	53,937	—	0.13%
		Optoma Europe	3	Accounts receivables	77,796	—	0.16%
			3	Sales	192,962	—	0.45%
2	Young Optics	Grace China	3	Other receivables	309,792	—	0.66%
			3	Sales	36,455	—	0.09%
		Young Optics (Kunshan)	3	Accounts receivables	98,069	—	0.21%
			3	Sales	117,361	—	0.28%
		Young Optics (Suzhou)	3	Accounts receivables	17,654	—	0.04%
			3	Accounts payables	2,853	—	0.01%
			3	Sales	80,429	—	0.19%

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	Young Optics	Aptek Optical	3	Accounts receivables	38,772	—	0.08%
			3	Manufacturing expenses	1,837	—	-
			3	Operating expenses	689	—	-
			3	Sales	196,086	—	0.46%
			3	Other receivables	107	—	-
		Young Optics Europe GmbH	3	Sales	7,474	—	0.02%
			3	Accounts receivables	1,682	—	-
		Young Optics (BD) LTD.	3	Sales	2,416	—	0.01%
			3	Accounts receivables	15,586	—	0.03%
			3	Other receivables	7,508	—	0.02%
		Mejiro Genossen Inc.	3	Accounts receivables	9,015	—	0.02%
3	Sales		33,506	—	0.08%		
3	Grace China	Young Optics (Suzhou)	3	Sales	14,077	—	0.03%
		Young Optics	3	Sales	55,719	—	0.13%
		Young Optics (BD) LTD.	3	Sales	6,672	—	0.02%
			3	Other receivables	187,122	—	0.40%
			3	Accounts receivables	392,045	—	0.83%
		Coretronic Optics (Kunshan)	3	Sales	48,811	—	0.12%
			3	Accounts receivables	30	—	-
		3	Other receivables	214,882	—	0.45%	
4	Young Optics (Kunshan)	Young Optics (Suzhou)	3	Accounts receivables	39,569	—	0.08%
			3	Sales	113,720	—	0.27%
		Young Optics	3	Sales	1,394,340	—	3.29%
			3	Accounts receivables	710,347	—	1.50%
		Young Optics (BD) LTD.	3	Sales	328	—	-
			3	Accounts receivables	96	—	-
		Grace China	3	Sales	22,084	—	0.05%
		Mejiro Genossen Inc.	3	Sales	1,554	—	-
		Coretronic Optics (Kunshan)	3	Accounts receivables	86,939	—	0.18%
3	Sales		329,930	—	0.78%		
5	Dynamic Time	Coretronic Corporation	2	Other receivables	156,640	—	0.33%
		Optoma Corporation	3	Other receivables	474,192	—	1.00%

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)
6	Optoma Technology	Optoma Europe	3	Sales	50,754	—	0.12%
7	Modern Smart	Optoma Corporation	3	Other receivables	35,600	—	0.08%
8	Coretronic (Suzhou)	Wisdom Success (HK)	3	Accounts receivables	3,834,212	—	8.11%
			3	Sales	2,641,416	—	6.22%
		Coretronic Display (Suzhou)	3	Other receivables	613,973	—	1.30%
			3	Sales	30,153	—	0.07%
9	Venture Orient	Coretronic Optics (Suzhou)	3	Other receivables	283,081	—	0.60%
9	Venture Orient	Coretronic Corporation	2	Other receivables	106,800	—	0.23%
10	Best Alpha	Young Optics (Kunshan)	3	Other receivables	69,918	—	0.15%
11	Young Optics (Suzhou)	Young Optics	3	Sales	57,967	—	0.14%
			3	Accounts receivables	2,853	—	0.01%
		Young Optics (Kunshan)	3	Sales	1,865	—	-
			3	Accounts receivables	120	—	-
11	Grace China	3	Sales	5,101	—	0.01%	
12	Mejiro Genossen Inc.	Young Optics	3	Accounts receivables	1,938	—	-
			3	Sales	23,866	—	0.06%
13	Nano Precision (Suzhou)	Coretronic (Suzhou)	3	Accounts receivables	31,864	—	0.07%
			3	Sales	217,634	—	0.51%
		Great Pride (HK)	3	Accounts receivables	86,923	—	0.18%
			3	Sales	245,206	—	0.58%
		Coretronic Display (Suzhou)	3	Accounts receivables	20,823	—	0.04%
			3	Sales	115,536	—	0.27%
13	Coretronic Optotech (Suzhou)	3	Accounts receivables	49,059	—	0.10%	
		3	Sales	160,090	—	0.38%	
14	Greendale	Coretronic Corporation	2	Other receivables	1,962,881	—	4.15%
		Coretronic Optics (Kunshan)	3	Other receivables	758,860	—	1.61%
15	Coretronic Projection (Kunshan)	Optoma China	3	Accounts receivables	309,393	—	0.65%
			3	Sales	648,112	—	1.53%
		Vimax (Kunshan)	3	Sales	30,213	—	0.07%
		Greendale	3	Accounts receivables	1,960,854	—	4.15%
3	Sales		6,967,465	—	16.42%		

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)
15	Coretronic Projection (Kunshan)	Coretronic Intelligent Cloud Service Corporation	3	Accounts receivables	22,489	—	0.05%
			3	Sales	103,468	—	0.24%
		Champ Vision Display	3	Accounts receivables	175,740	—	0.37%
			3	Sales	843,643	—	1.99%
		Coretronic Optics (Kunshan)	3	Other receivables	462,128	—	0.98%
			3	Accounts receivables	79,490	—	0.17%
16	Tsen Ming Investment	Optoma Corporation	3	Sales	486,420	—	1.15%
17	Coretronic (Ningbo)	Coretronic Corporation	3	Other receivables	140,000	—	0.30%
18			2	Accounts receivables	467,277	—	0.99%
19	Nano Display	Coretronic (Guangzhou)	2	Sales	534,262	—	1.26%
20	Great Pride (HK)	Coretronic Corporation	3	Sales	72,268	—	0.17%
21			2	Other receivables	96,832	—	0.20%
22			2	Other receivables	1,409,760	—	2.98%
23	Wisdom Success (HK)	Coretronic (Suzhou)	3	Accounts receivables	1,782,656	—	3.77%
			3	Sales	7,333,105	—	17.28%
24	Bigshine (HK)	Optoma Technology Core-Flex	3	Other receivables	175,152	—	0.37%
			3	Other receivables	123,261	—	0.26%
25	Coretronic Intelligent Cloud Service Corporation	Coretronic Corporation	2	Accounts receivables	102,724	—	0.22%
			2	Sales	288,558	—	0.68%
		3	Sales	42,530	—	0.10%	
26	YLG Optotech	Coretronic Corporation	2	Sales	677,898	—	1.60%
			3	Sales	114,545	—	0.27%
27	Young Optics (BD) LTD.	Grace China	3	Accounts receivables	86,851	—	0.18%
			3	Sales	61,020	—	0.14%
		Young Optics	3	Sales	40,009	—	0.09%
			3	Accounts receivables	4,255	—	0.01%
		Young Optics (Kunshan)	3	Accounts receivables	3,640	—	0.01%
			3	Sales	44,557	—	0.10%
28	Coretronic Display (Suzhou)	Coretronic Corporation	2	Accounts receivables	1,136,342	—	2.40%
			2	Sales	2,496,321	—	5.88%
		3	Sales	33,019	—	0.08%	

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)
25	Coretronic Display (Suzhou)	YLG Optotech	3	Accounts receivables	31,982	—	0.07%
			3	Sales	91,760	—	0.22%
26	Coretronic Optotech (Suzhou)	Coretronic Corporation	2	Accounts receivables	2,783,289	—	5.89%
			2	Sales	1,738,816	—	4.10%
		Coretronic Display (Suzhou)	3	Accounts receivables	116,815	—	0.25%
			3	Sales	370,695	—	0.87%
27	Champ Vision Display	Coretronic Projection (Kunshan)	3	Accounts receivables	59,851	—	0.13%
			3	Sales	412,332	—	0.97%
		YLG Optotech	3	Sales	61,636	—	0.15%
28	Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	3	Accounts receivables	1,405,570	—	2.97%
			3	Sales	6,102,391	—	14.38%
29	Coretronic Optics (Suzhou)	Coretronic (Suzhou)	3	Accounts receivables	56,958	—	0.12%
			3	Sales	199,503	—	0.47%
30	Nano Precision Taiwan	Coretronic Corporation	2	Other receivables	30,442	—	0.06%
		Coretronic (Suzhou)	3	Sales	50,523	—	0.12%
		Nano Precision (Suzhou)	3	Accounts receivables	39,900	—	0.08%
			3	Sales	308,603	—	0.73%
		Coretronic (Ningbo)	3	Sales	63,462	—	0.15%
		Coretronic Display (Suzhou)	3	Sales	36,047	—	0.08%

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, 2020) (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, 2020			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
Coretronic Corporation	Coretronic (BVI) Investment Corp.	B.V.I.	Holding company	\$1,566,475	\$1,566,475	47,220,000	100.00%	\$5,239,405	\$317,520	\$317,520	Subsidiary
Coretronic Corporation	Optoma Corporation	New Taipei City, Taiwan	Engaged in the production and marketing of data storage and processing equipment, electronic components, optical devices, wireless communications equipment and electronic appliances	518,465	518,465	58,462,000	100.00%	735,259	156,850	156,850	Subsidiary
Coretronic Corporation	Young Optics Inc.	Hsinchu City, Taiwan	Engaged in the production, marketing and R&D of electronic components and optics.	532,219	547,842	39,891,586	34.97%	1,113,121	(235,563)	(82,381)	Subsidiary
Coretronic Corporation	Viscorp Limited	B.V.I.	Holding company	467,241	467,241	40,781	100.00%	11,896,586	633,908	633,908	Subsidiary
Coretronic Corporation	Sinolink Global Limited	B.V.I.	Holding company	34,100	34,100	980	100.00%	1,278,505	40,516	40,516	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%	2,147,783	20,556	20,556	Subsidiary
Coretronic Corporation	Tecpoint Limited	B.V.I.	Holding company	1,064,802	1,064,802	33,556,599	78.06%	2,724,800	265,561	207,298	Subsidiary
Coretronic Corporation	Young Green Energy Co., LTD.	Hsinchu County, Taiwan	Engaged in the production, wholesale and retail trade of electronic components, battery, computer and its peripheral devices, and electronic material	214,620	214,620	18,833,220	99.91%	231,407	15,051	15,037	Subsidiary
Coretronic Corporation	Young Lighting Limited	Samoa	Holding company	118,134	118,134	3,907,000	100.00%	542,962	539,456	539,456	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.	254,990	254,990	15,000,000	100.00%	182,615	45,222	45,222	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%	304,458	1,134	1,134	Subsidiary
Coretronic Corporation	Champ Vision Display Inc.	Miaoli County, Taiwan	Engaged in R&D, design, production and marketing of innovative intelligent display products and system integration solution.	144,000	144,000	14,400,000	80.00%	178,019	41,707	33,365	Subsidiary
Coretronic Corporation	uCare Medical Electronics Co., Ltd.	Miaoli County, Taiwan	Engaged in the R&D, design, production and marketing of intelligent movement and medical care related software and hardware products.	80,000	80,000	8,000,000	60.69%	36,296	(19,101)	(11,592)	Subsidiary
Coretronic Corporation	Calibre UK Limited	UK	Engaged in R&D, design, production and marketing of image processing products.	44,088	44,088	101,042	100.00%	(75,841)	(36,160)	(36,160)	Subsidiary
Coretronic Corporation	Coretronic Intelligent Robotics Corporation	Hsinchu City, Taiwan	Engaged in R&D, production and marketing of unmanned aerial vehicle and intelligent robotics.	260,600	150,000	15,000,000	100.00%	57,194	(89,411)	(89,411)	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%	12,985	(11,029)	(8,823)	Subsidiary
Coretronic Corporation	Coretronic MEMS Corporation	Hsinchu County, Taiwan	Engaged in R&D, production and marketing of MEMS sensor, module and corresponding solutions.	180,000	180,000	18,000,000	100.00%	110,314	(50,089)	(50,089)	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%	73,100	(26,834)	(26,834)	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	-	-	100.00%	80,888	(4,623)	(4,623)	Subsidiary

ATTACHMENT 6 -1 : (Names, locations and related information of investee companies as of December 31, 2020) (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, 2020			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 184,376,405	USD 10,915,207	(Note a)	Associate
Visicorp	Wisdom Success	Cayman Islands	Holding company	USD 10,176,000	USD 10,176,000	43,300	100.00 %	USD 345,732,821	USD 19,441,746	(Note a)	Associate
Visicorp	Bigshine	Samoa	Holding company	USD 3,000,000	USD 3,000,000	3,000	100.00 %	USD 7,970,996	(USD 737,498)	(Note a)	Associate
Visicorp	Investdragon	Samoa	Holding company	USD 636,000	USD 636,000	212,000	100.00 %	USD 18,592	USD 224	(Note a)	Associate
Visicorp	Lead Bright	Samoa	Holding company	USD 4,700,000	USD 4,700,000	4,700	100.00 %	USD 31,654,729	USD 727,745	(Note a)	Associate
Visicorp	Elite View	Samoa	Holding company	USD 5,000,400	USD 5,000,400	5,000	100.00 %	USD 17,499,784	USD 867,246	(Note a)	Associate
Visicorp	Tecpoint	B.V.I.	Holding company	USD 5,204,902	USD 5,204,902	5,204,902	12.11 %	USD 14,839,803	USD 8,963,283	(Note a)	Associate
Wisdom Success	Wisdom Success (HK)	HK	Holding company	USD 18,000,000	USD 18,000,000	18,000	100.00 %	USD 214,776,026	USD 16,392,229	(Note a)	Associate
Wisdom Success	Lead Bright (HK)	HK	Holding company	USD 13,300,000	USD 13,300,000	13,300	73.89 %	USD 89,581,244	USD 2,787,343	(Note a)	Associate
Wisdom Success	Investdragon (HK)	HK	Holding company	-	USD 2,000,000	-	-	-	-	(Note b)	Associate
Wisdom Success	Elite View (HK)	HK	Holding company	USD 7,999,600	USD 7,999,600	8,000	61.54 %	USD 28,001,321	USD 2,254,930	(Note a)	Associate
Wisdom Success	Bigshine (HK)	HK	Holding company	USD 5,000,000	USD 5,000,000	5,000	62.50 %	USD 12,359,586	(USD 665,054)	(Note a)	Associate
Bigshine	Bigshine (HK)	HK	Holding company	USD 3,000,000	USD 3,000,000	3,000	37.50 %	USD 7,415,752	(USD 665,054)	(Note a)	Associate
Investdragon	Investdragon (HK)	HK	Holding company	-	USD 3,000,000	-	-	-	-	(Note b)	Associate
Lead Bright	Lead Bright (HK)	HK	Holding company	USD 4,700,000	USD 4,700,000	4,700	26.11 %	USD 31,654,707	USD 2,787,343	(Note a)	Associate
Elite View	Elite View (HK)	HK	Holding company	USD 5,000,400	USD 5,000,400	5,000	38.46 %	USD 17,499,688	USD 2,254,930	(Note a)	Associate
Sinolink	Mat Limited	Samoa	Holding company	USD 980,000	USD 980,000	980	100.00 %	USD 44,890,948	USD 1,374,223	(Note a)	Associate
Tecpoint	Great Pride	Samoa	Holding company	USD 11,800,000	USD 11,800,000	11,800,000	100.00 %	USD 96,559,114	USD 7,949,816	(Note a)	Associate
Tecpoint	Core-Flex	Cayman Islands	Holding company	USD 23,260,000	USD 23,260,000	213,260,000	94.36 %	USD 8,461,520	USD 328,220	(Note a)	Associate
Tecpoint	Nano Precision	HK	Holding company	-	USD 6,800,000	-	-	-	-	(Note c)	Associate
Tecpoint	Nano Display	HK	Holding company	USD 7,800,000	USD 7,800,000	7,800,000	100.00 %	USD 17,270,869	USD 702,794	(Note a)	Associate
Great Pride	Great Pride (HK)	HK	Holding company	USD 11,800,000	USD 11,800,000	11,800	100.00 %	USD 96,520,800	USD 7,949,807	(Note a)	Associate
Nano Precision (Suzhou)	Nano Precision Taiwan Limited	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 33,618,921	(RMB 12,873,929)	(Note a)	Associate

Note a : The share of profit/loss of associates were recognized by the holding company.

Note b : The registration process of business dissolution was completed and approved by the regulatory authority in November 2020.

Note c : The registration process of business dissolution was completed and approved by the regulatory authority in October 2020.

ATTACHMENT 6-2 : (Names, locations and related information of investee companies as of December 31, 2020) (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, 2020			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 Corp.	Venture Orient	Samoa	Holding company	USD 5,550,000	USD 5,550,000	5,550	100.00 %	\$ 551,387	\$ 26,264	(Note a)	Associate
Chung Tsen Investment Corp.	Young Optics	Hsinchu City, Taiwan	Engaged in the production, marketing and R&D of electronic components and optics	35,471	35,471	2,596,317	2.28 %	72,234	(23,563)	(Note a)	Subsidiary
Chung Tsen Investment Corp.	Tsen Ming Investment	New Taipei City, Taiwan	Investing company for strategic purposes	102,000	102,000	32,443,180	100.00 %	434,546	(1,675)	(Note a)	Associate
Chung Tsen Investment Corp.	Core-Flex	Cayman Islands	Holding company	USD 3,130,000	USD 3,130,000	3,130,000	1.39 %	3,652	9,781	(Note a)	Associate
Venture Orient	Tecpoint	B.V.I.	Holding company	USD 4,226,399	USD 4,226,399	4,226,399	9.83 %	USD 12,050,002	USD 8,963,283	(Note a)	Subsidiary
Tsen Ming Investment	Young Optics	Hsinchu City, Taiwan	Engaged in the production, marketing and R&D of electronic components and optics	31,921	31,921	1,698,886	1.49 %	48,778	(235,563)	(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 %	9,498	9,781	(Note a)	Associate
Young Green Energy	Boom Power	B.V.I.	Holding company	USD 1,000,000	USD 1,000,000	10,000	100.00 %	115,779	USD 252,094	(Note a)	Associate
Young Optics	Masterview	B.V.I.	Holding company	USD 6,000,000	USD 6,000,000	6,000,000	100.00 %	1,739,832	(59,008)	(Note a)	Associate
Young Optics	Young Optics Inc.	USA	Operating maintenance services business	(Note b)	USD 50,000	-	-	-	(3)	(Note a)	Associate
Young Optics	Aptek Optical	Hsinchu County, Taiwan	Manufacturing and selling of optics instruments and electronic components	298,140	298,140	9,250,000	92.50 %	95,071	(3,403)	(Note a)	Associate
Young Optics	Mejiro Genossen Inc.	Japan	Researching, developing, manufacturing and selling of optics machines	JPY 161,200,908	JPY 161,200,908	4,950	99.00 %	33,395	(4,243)	(Note a)	Associate
Masterview	Best Alpha	Samoa	Holding company	USD 1,000,000	USD 1,000,000	1,000,000	100.00 %	USD 23,314,916	USD 970,001	(Note a)	Associate
Masterview	Grace China	Cayman Islands	Holding company	USD 8,156,458	USD 8,156,458	8,156,458	100.00 %	USD 38,674,263	USD 90,783	(Note a)	Associate
Masterview	Young Optics (BD) LTD.	Bengal	Manufacturing of optics components	USD 5,000,000	USD 5,000,000	4,149,936	62.50 %	(USD 1,758,889)	(USD 4,085,218)	(Note a)	Associate
Masterview	Young Optics Europe GmbH	Germany	Manufacturing and selling of 3D printer	EUR 18,750	EUR 18,750	-	75.00 %	USD 45,051	(USD 47,087)	(Note a)	Associate
Grace China	Young Optics (BD) LTD.	Bengal	Manufacturing of optics components	USD 3,000,000	USD 3,000,000	2,479,960	37.50 %	(USD 1,055,333)	(USD 4,085,218)	(Note a)	Associate
Optoma Corporation	Dynamic Time	Cayman Islands	Holding company	USD 14,122,230	USD 14,122,230	14,856	100.00 %	1,888,457	USD 7,398,670	(Note a)	Associate

Note a : The share of profit/loss of associates were recognized by the holding company.

b : The registration process of business dissolution was completed and approved by regulatory authority in February 2020.

ATTACHMENT 6 -3 : (Names, locations and related information of investee companies as of December 31, 2020) (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, 2020			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	Optoma Europe	U.K.	Marketing and after sales service of Optoma in European region	USD 2,451,350	USD 2,451,350	1,200,000	100.00 %	USD 34,646,696	EUR 2,753,314	(Note)	Associate
Dynamic Time	Optoma USA	USA	Marketing and after sales service of Optoma in Americas region	USD 8,821,889	USD 8,821,889	825,000	100.00 %	USD 3,618,259	USD 3,383,786	(Note)	Associate
Dynamic Time	Modern Smart	B.V.I.	Holding company	USD 1,200,000	USD 1,200,000	1,200,000	100.00 %	USD 4,157,471	USD 839,418	(Note)	Associate
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 349,413	(HKD 16,521)	(Note)	Associate
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 1,069,962	EUR 616,829	(Note)	Associate
Optoma Europe	Optoma France	France	Marketing and after sales service of Optoma in European region	GBP 67,376	GBP 67,376	-	100.00 %	EUR 462,492	(EUR 22,991)	(Note)	Associate
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 157,127	NOK 407,435	(Note)	Associate
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 373,793	(EUR 49,163)	(Note)	Associate
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 381,629	EUR 3,178	(Note)	Associate
Young Lighting Limited	Young Lighting (HK)	HK	Holding company	USD 847,000	USD 847,000	847	100.00 %	USD 240,920	USD 634	(Note)	Associate
Young Lighting Limited	YLG Limited	Samoa	Holding company	USD 3,060,001	USD 3,060,000	6,000,000	100.00 %	(USD 115,628)	(USD 790,934)	(Note)	Associate
Young Lighting Limited	Brightbridge	Samoa	Holding company	USD 1	USD 1	29,500,000	100.00 %	USD 10,759,160	USD 10,481,314	(Note)	Associate
Young Lighting Limited	Crystal Word	Samoa	Holding company	USD 1	USD 1	22,258,000	100.00 %	USD 8,178,158	USD 7,907,109	(Note)	Associate
Coretronic Intelligent Cloud Service Corp.	Coretronic System Engineering Limited	Samoa	Holding company	USD 1,500,000	USD 1,500,000	1,500,000	100.00 %	23,550	6,101	(Note)	Associate
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 826,883	USD 204,967	(Note)	Associate

Note : The share of profit/loss of associates were recognized by the holding company.

ATTACHMENT 7 : (Investment in Mainland China as of December 31, 2020)
(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, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized	Carrying value as of December 31, 2020	Accumulated inward remittance of earnings as of December 31, 2020
					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 (USD46,000,000)	Indirect investment from the third region (Greendale)	\$ 1,525,064 (USD46,000,000)	-	-	\$ 1,525,064 (USD46,000,000)	\$ 314,433	100.00%	\$ 314,433	\$ 5,230,004	\$ 428,855 (USD14,065,436)
Technology Service (Kunshan)	LCD monitor maintenance and technical services	13,259 (USD400,000)	Indirect investment from the third region (Greendale)	13,259 (USD400,000)	-	-	13,259 (USD400,000)	770	100.00%	770	24,920	(Note a and Note c) -
Coretronic Optics (Kunshan)	Production and sales of projector module products and spectrometer	RMB42,000,000	Indirect investment from the Mainland China subsidiary (CPC)	-	-	-	-	70,263	100.00%	70,263	423,884	-
Vimax (Kunshan)	Design, research and development and production of projectors, sales of the company's own products and provide after sales maintenance services for self-produced and non-self-produced products	62,252 (USD1,800,000)	Indirect investment from the third region (Mat Limited)	62,252 (USD1,800,000)	-	-	62,252 (USD1,800,000)	45,883	100.00%	45,883	1,267,457	-
Coretronic (Suzhou)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	660,657 (USD20,000,000)	Indirect investment from the third region (Wisdom Success HK)	271,297 (USD8,000,000)	-	-	271,297 (USD8,000,000)	296,424	100.00%	296,424	4,751,785	-
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	USD10,000,000	Indirect investment from the third region (Wisdom Success HK)	-	-	-	-	76,507	100.00%	76,507	376,085	-
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)	-	-	-	-	112,051	100.00%	112,051	950,852	-
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 (USD8,000,000)	Indirect investment from the third region (Bigshine HK)	95,254 (USD3,000,000)	-	-	95,254 (USD3,000,000)	(21,471)	100.00%	(21,471)	261,308	81,790 (USD2,800,000)
Coretronic Display (Suzhou)	Research and development, manufacturing panel modules and related components of the business, sales of the company's own products and provide related after-sales maintenance services	1,547,564 (USD51,758,000)	Indirect investment from the third region (Brightbridge and Crystal Word)	88,972 (USD2,967,283)	-	-	88,972 (USD2,967,283)	417,729	100.00%	417,729	541,771	(Note a, Note d and Note k) -
Coretronic (Ningbo)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	650,050 (USD20,000,000)	Indirect investment from the third region (Lead Bright HK)	151,490 (USD4,700,000)	-	-	151,490 (USD4,700,000)	83,591	100.00%	83,591	3,452,643	139,650 (USD4,619,805)
Young Bright Optical (Suzhou)	Research and development, processing, manufacturing backlight optical film products	1,178,240 (USD36,000,000)	Indirect investment from the third region (Core-Flex)	759,827 (USD23,260,000)	-	-	759,827 (USD23,260,000)	9,905	100.00%	9,905	386,338	(Note d and Note k) -
Nano Precision (Suzhou)	Manufacture and sales of acrylic panels and light guide plate	426,839 (USD13,300,000)	Indirect investment from the third region (Great Pride HK)	330,478 (USD10,392,880)	-	-	330,478 (USD10,392,880)	235,144	100.00%	235,144	2,651,694	113,496 (USD3,787,140)
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 (USD13,000,000)	Indirect investment from the third region (Elite View HK)	29,020 (USD1,000,000)	-	-	29,020 (USD1,000,000)	66,690	100.00%	66,690	1,295,854	(Note a, Note e, and Note j) -
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 (USD7,800,000)	Indirect investment from the third region (Nano Display)	9,820 (USD308,797)	-	-	9,820 (USD308,797)	20,844	100.00%	20,844	491,856	-
YLG Optotech	Research and development, processing, manufacturing display components, sales of the company's products and provide related services	USD 6,000,000	Indirect investment from the third region (YLG Limited)	USD 3,060,000	-	-	USD 3,060,000	(24,261)	100.00% (Note l)	(4,109)	(3,323)	-
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	6,101	100.00%	6,101	23,550	-
Boom Power Electronics (Suzhou)	Research and development, production and sales of cold cathode tube drive and related products	USD 1,000,000	Indirect investment from the third region (Boom Power)	USD 1,000,000	-	-	USD 1,000,000	7,452	100.00%	7,452	115,760	-

Accumulated investment in Mainland China as of December 31, 2020 (Note a, b)	Investment amounts authorized by Investment Commission, MOEA (Note b~Note i)	Upper limit on investment
\$2,293,772 (USD 73,152,048)	\$2,083,370 (USD 73,152,048)	\$13,737,290

Note a : To use historical currency rates.

Note b : The investment amounts in Flying Success and Coretronic (Nanjing) has been not remitted to Coretronic Corporation in the event of liquidation in December, 2012 and June 2018, and related registration processes for Investment Commission, MOEA were not applicable.

Note c : Greendale Investments Limited received cash dividends amounted to USD 14,065,436.4 for distribution profits from Coretronic Projection (Kunshan) from 2006 to 2007 and had remitted it back to Coretronic Corporation.

Note d : Bigshine (HK)Limited received cash dividends amounted to USD 8,735,525.72 for distribution profits from Coretronic (Shanghai) in 2006 and had remitted it back USD 1,000,000 to Coretronic Corporation.

Note e : Teepoint received USD 2,795,270 in 2019 from Nano Precision (Suzhou), which was from the liquidation of Nano Precision (Nanjing) in 2006. Teepoint had remitted it back to Coretronic Corporation.

Note f : Great Pride (HK) Investments Limited received cash dividends amounted to USD 3,565,645 for distribution profits from Nano Display (Suzhou) in 2018 and had remitted USD 3,215,142 back to Coretronic Corporation.

Note g : Nano Precision Investments Limited received cash dividends amounted to USD 2,290,604 for distribution profits from Nano Precision (Nanjing) in 2018 and had remitted USD 2,065,438 back to Coretronic Corporation.

Note h : Dissolution of Nano Display (Suzhou) and merger with Coretronic (Suzhou) were approved by regulatory authority in August, 2019.

Note i : Include the investment amount USD2,966,301 of Nano Precision (Nanjing) which company's registration was cancelled in April, 2019. The investment amount cancellation was approved by MOEA.

Note j : Teepoint received cash dividends amounted to USD 1,100,000 for distribution profits from Nano Precision (Suzhou) in 2020 and had remitted it back USD 991,870 to Coretronic Corporation. Coretronic Corporation has applied for the cancellation for investment amount of USD 991,870 in China, which is still waiting for approval by MOEA.

Note k : Visicorp received cash dividends amounted to USD 1,800,000 for distribution profits from Coretronic (Shanghai) and USD 4,619,805 from Coretronic(Ningbo) in 2020 and remitted it back USD 6,419,805 to Coretronic Corporation. Besides, the rest capital of Nano Precision (Nanjing) USD 460,098 and the liquidation income of Coretronic (Nanjing)

USD 490,094 were already remitted it back to Coretronic Corporation. Therefore, Coretronic Corporation has applied for the cancellation for investment amount of USD 7,369,997 in China, which is still waiting for approval by MOEA.

Note l : Young Lighting Limited acquired 49% of shares of YLG Limited in December 2020. The ownership percentage of YLG Optotech was increased to 100%.

Note m : To use the currency rate 1 USD =28.48 NTD as of December 31, 2020.

ATTACHMENT 7-1 (Investment in Mainland China as of December 31, 2020)
(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, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 30, 2020	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note a)	Carrying value as of December 31, 2020 (Note a)	Accumulated inward remittance of earnings as of December 31, 2020
					Outflow	Inflow						
Young Optics (Kunshan)	Researching and developing, manufacturing of optics engine and related optics electronic equipment	\$440,619 (USD 22,200,000) (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)	\$62,782 (USD 2,158,818)	100.00%	\$62,782 (USD 2,158,818)	\$969,930 (USD 34,056,516)	\$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)	10,921 (USD 383,600)	100.00%	10,921 (USD 383,600)	219,769 (USD 7,716,605)	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 30, 2020 (Note b)	Investment amounts authorized by Investment Commission, MOEA (Note b)	Upper limit on investment
\$198,401 (USD 6,000,000)	\$233,101 (USD 7,020,000)	Note c

Note a : The investments were fully consolidated in accordance with the Regulations.

Note b : To use historical currency rates.

Note c : Young Optics Company has obtained the certificate of being qualified for operating headquarters issued by Industrial Development Bureau, MOEA in June 2018, the upper limit on investment in mainland China pursuant to "Principle of Investment or Technical Cooperation in Mainland China" is not applicable.

Note d : Young Optics (Kunshan) invested USD 9,800 thousand through capitalization of earnings in 2007. Best Alpha Investments Limited invested USD 2,300 thousand.

Note e : Young Optics (Kunshan) invested USD 1,300 thousand through capitalization of earnings in April 2009. Grace China Investments Limited invested USD 824,850. Best Alpha Investments Limited invested USD 2,975,150.

Note f : Best Alpha Investments Limited received cash dividends amounted to USD 20,235,299 for distribution profits from Young Optics (Suzhou) in 2011 and had remitted it back to Young Optics.

Note g : Best Alpha Investments Limited received cash dividends amounted to RMB 27,691,452 and USD 4,509,641 for distribution profits from Young Optics (Suzhou) in 2014. The RMB 24,922,307 of them had been remitted back to Young Optics.

Note h : Best Alpha Investments Limited received cash dividends amounted to RMB 52,944,050 for distribution profits from Young Optics (Suzhou) in 2015 and had remitted it back to Young Optics.

Note i : Best Alpha Investments Limited received cash dividends amounted to USD 4,528,402 for distribution profits from Young Optics (Suzhou) in 2017 and had remitted it back to Young Optics.

Note j : Best Alpha Investments Limited received cash dividends amounted to USD 603,264 for distribution profits from Young Optics (Kunshan) in 2017 and had remitted it back to Young Optics.

Note k : Grace China Investments Limited received cash dividends amounted to USD 1,854,025 for distribution profits from Young Optics (Kunshan) in 2017 and had remitted it back to Young Optics.

Note l : Best Alpha Investments Limited received cash dividends amounted to USD 6,531,714 for distribution profits from Young Optics (Suzhou) in 2018 and had remitted it back to Young Optics.

Note m : Young Optic (Kunshan) conducted capital reduction amounted to USD10,000,000 in December 2020.

ATTACHMENT 7-2 (Investment in Mainland China as of December 31, 2020)
(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, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note a, b)	Carrying value as of December 31, 2020	Accumulated inward remittance of earnings as of December 31, 2020
					Outflow	Inflow						
Optoma China	Marketing and after-sales service of Optoma's technology products in Mainland China	\$38,412 (USD1,200,000)	Indirect investment from the third region (Modern Smart)	\$38,412 (USD1,200,000)	\$-	\$-	\$38,412 (USD1,200,000)	\$24,439 RMB 5,854,608	100.00%	\$24,439 RMB 5,854,608 (Note a (2) · e)	\$78,592 RMB 18,005,821	\$-

Accumulated investment in Mainland China as of December 31, 2020 (Note b)	Investment amounts authorized by Investment Commission, MOEA (Note b)	Upper limit on investment (Note c)
\$38,412 (USD1,200,000)	\$176,798 (USD5,900,000) (Note d)	\$441,155

Note a : The investment income (loss) were determined based on the following basis:

- (1).The financial report was audited and certified by an international accounting firm in cooperation with an R.O.C. accounting firm.
- (2).The financial statements was certified by the CPA of the parent company in Taiwan.
- (3).Other: The financial statements were not audited by the CPA.

Note b : To use historical currency rates.

Note c : Based on Regulations Governing the Approval of Investment or Technical Cooperation in Mainland Chian promulgated by Investment Commission, MOEA.

Note d : LIULI and LIULI(HK) had disposed the shares of Tou Ming Si Kao (Shanghai) on March 21, 2011. The related registration processes were completed on September 13, 2011, and reported to Investment Commission, MOEA. The investment amounts have no change when the amounts had been not remitted to Optoma.

Note e : The investments were fully consolidated in accordance with the Regulations.

ATTACHMENT 8 (Financial instrument and derivative transaction as of December 31, 2020)

(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	Buying USD	From January, 2021 to March, 2021	USD 411,500,000	\$ 99,135	\$ 99,135	Note a
Coretronic Corporation	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From January, 2021 to March, 2021	USD 281,000,000	98,954	98,954	Note a
Champ Vision Display	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From January, 2021 to March, 2021	USD 8,000,000	(141)	(141)	Note e
Nano Precision Taiwan Limited	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	February, 2021	USD 1,380,000	358	358	Note f
Coretronic (Suzhou)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From January, 2021 to April, 2021	USD 35,000,000	32,914	32,914	Note b
Nano Precision (Suzhou)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From January, 2021 to November, 2021	USD 23,000,000	36,943	36,943	Note c
Coretronic Projection (Kunshan)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From January, 2021 to July, 2021	USD 33,000,000	5,011	5,011	Note l
Coretronic (Ningbo)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From February, 2021 to June, 2021	USD 5,000,000	3,298	3,298	Note d
Coretronic Optotech (Suzhou)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From January, 2021 to March, 2021	USD 20,000,000	14,166	14,166	Note m
Coretronic Display (Suzhou)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	February, 2021	USD 3,000,000	93	93	—
Optoma Corporation	Financial assets at fair value through profit or loss, current	Forward cross currency contract	—	March, 2022	USD 2,200,000	508	508	Note g
Optoma Corporation	Financial liabilities at fair value through profit or loss, current	Forward cross currency contract	—	From January, 2021 to February, 2021	USD 30,500,000	(9,783)	(9,783)	Note g
Optoma Europe	Financial assets at fair value through profit or loss, current	Forward foreign exchange contract	Sell GBP/Buy EUR	March, 2022	EUR 1,200,000	13	13	Note h
Optoma Europe	Financial liabilities at fair value through profit or loss-current	Forward foreign exchange contract	Sell EUR/Buy USD	From January, 2021 to March, 2021	USD 19,500,000	(7,035)	(7,035)	Note h
Optoma USA	Financial liabilities at fair value through profit or loss, current	Forward foreign exchange contract	Sell CAD/Buy USD	From January, 2021 to March, 2021	CAD 3,000,000	(1,922)	(1,922)	Note i
Dynamic Time	Derivative financial liabilities for hedging, current	Forward foreign exchange contract	Sell EUR/Buy USD	February, 2021	EUR 3,000,000	(4,702)	(4,702)	Note j
Young Optics (Kunshan)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	April, 2021	USD 6,000,000	6,511	6,511	Note k
Young Optics (Kunshan)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	May, 2021	USD 1,000,000	531	531	Note k
Young Optics (Kunshan)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	June, 2021	USD 2,000,000	491	491	Note k

Note a : Coretronic Corporation entered into forward foreign exchange contracts and acquired realized loss amounted to NT\$78,051 thousands for the years ended December 31, 2020.

Note b : Associate Coretronic (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$78,894 thousands for the years ended December 31, 2020.

Note c : Nano Precision (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$21,386 thousands for the years ended December 31, 2020.

Note d : Associate Coretronic (Ningbo) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$7,949 thousands for the years ended December 31, 2020.

Note e : Subsidiary Champ Vision Display entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$3,421 thousands for the years ended December 31, 2020.

Note f : Nano Precision Taiwan Limited entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$1,097 thousands for the years ended December 31, 2020.

Note g : Subsidiary Optoma Corporation entered into forward foreign exchange contracts and Forward cross currency contract, acquired realized loss amounted to NT\$53 thousands and NT\$40,731 thousands for the years ended December 31, 2020.

Note h : Associate Optoma Europe entered into forward foreign exchange contracts and acquired realized loss amounted to NT\$39,921 thousands for the years ended December 31, 2020.

Note i : Associate Optoma USA entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$54 thousands for the years ended December 31, 2020.

Note j : Associate Dynamic Time entered into forward foreign exchange contracts and acquired realized loss amounted to NT\$6,454 thousands for the years ended December 31, 2020.

Note k : Associate Young Optics (Kunshan) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$8,036 thousands for the years ended December 31, 2020.

Note l : Associate Coretronic Projection (Kunshan) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$17,911 thousands for the years ended December 31, 2020.

Note m : Associate Coretronic Optotech (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$2,791 thousands for the years ended December 31, 2020.

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 periods ended December 31, 2020.)
(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, 2020	
					Units / shares	Amount	Units / shares	Amount	Units / shares	Selling Price	Carrying amount	Gain (Loss) from disposal (Note)	Units / shares
Young Optics (Kunshan)	Structured Deposits	Financial assets measured at amortized cost-current	Shanghai Pudong Development Bank	-	-	-	RMB 130,000,000	-	-	RMB 130,000,000	RMB982,810	-	-

Note : To be recognized in interest revenue.

ATTACHMENT 10 (The information of Major shareholder as of December 31, 2020)

Name	Number of shares (Units/shares)	Percentage of ownership (%)
Taiwei Advanced Technology Co., Ltd.	33,921,196	7.80%

V. Individual financial report audited by CPAs for the most recent year



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 parent company only balance sheets of Coretronic Corporation (“the Company”) as of December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, 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, 2020 and 2019, and its financial performance and cash flows for the years ended December 31, 2020 and 2019, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2020 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\$52,729 thousand for the year ended December 31, 2020, 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\$15,521,518 thousand for the year ended December 31, 2020. 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\$(29,408) thousand and NT\$(16,074) thousand, representing (0.08)% and (0.05)% of total assets as of December 31, 2020 and 2019, respectively. The related shares of loss from the associates and joint ventures under the equity method amounted to NT\$37,868 thousand and NT\$26,894 thousand, representing (2.37)% and (2.19)% of the net income before tax for the years ended December 31, 2020 and 2019, respectively.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor’s Responsibilities for the Audit of the Parent Company Only Financial Statements

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



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

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



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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2020 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.

Hsu, Hsin-Min

Chen, Chih-Chung

Ernst & Young, Taiwan

February 8, 2021

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, 2020 and 2019

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Notes	December 31, 2020	%	December 31, 2019	%
Current assets					
Cash and cash equivalents	4, 6(1)	\$ 59,330	0.15	\$ 1,511,802	4.32
Financial assets at fair value through profit or loss-current	4, 6(2)	271,118	0.71	71,081	0.20
Financial assets at fair value through other comprehensive income-current	4, 6(3)	1,330	-	-	-
Trade receivables, net	4, 6(4), 15	5,046,503	13.26	2,975,981	8.50
Trade receivables-related parties, net	4, 6(4), 7	2,059,110	5.41	2,326,416	6.64
Other receivables	4, 8	120,960	0.32	79,499	0.23
Other receivables-related parties	4, 7	113,772	0.30	148,035	0.42
Inventories, net	4, 5, 6(5)	577,161	1.52	741,367	2.12
Prepayments		198,424	0.52	123,935	0.35
Other current assets		18,846	0.05	33,653	0.10
Total current assets		8,466,554	22.24	8,011,769	22.88
Non-current assets					
Financial assets at fair value through profit or loss-noncurrent	4, 6(2)	-	-	35,412	0.10
Financial assets at fair value through other comprehensive income-noncurrent	4, 6(3)	-	-	628	-
Investments accounted for using equity method	4, 6(6), 6(19)	26,827,504	70.48	24,349,455	69.53
Property, plant and equipment, net	4, 6(7)	1,691,218	4.44	1,692,769	4.83
Right-of-use assests	4, 6(16)	743,198	1.95	737,434	2.11
Intangible assets	4, 6(8)	151,957	0.40	27,041	0.08
Deferred tax assets	4, 5, 6(20)	166,431	0.44	147,742	0.42
Other noncurrent assets		19,876	0.05	17,613	0.05
Total non-current assets		29,600,184	77.76	27,008,094	77.12
Total assets		\$ 38,066,738	100.00	\$ 35,019,863	100.00

(continued)

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

CORETRONIC CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2020 and 2019

(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2020	%	December 31, 2019	%
Current liabilities					
Short-term borrowings	6(9)	\$ 4,631,133	12.17	\$ 6,903,495	19.71
Financial liabilities at fair value through profit or loss-current	4, 6(10)	16,068	0.04	139,609	0.40
Contract liabilities-current	6(14)	36,539	0.09	91,716	0.26
Accounts payable		1,956,003	5.14	1,331,957	3.80
Accounts payable-related parties	7	3,346,116	8.79	811,049	2.32
Other payables		1,393,415	3.66	1,581,784	4.52
Other payables-related parties	7	1,983,581	5.21	935,213	2.67
Current tax liabilities	4, 5, 6(20)	474,221	1.25	458,483	1.31
Provisions-current	4, 5, 6(12)	175,864	0.46	259,970	0.74
Lease liabilities-current	4, 6(16)	58,448	0.15	44,051	0.13
Other current liabilities		212,185	0.56	227,865	0.65
Total current liabilities		14,283,573	37.52	12,785,192	36.51
Non-current liabilities					
Deferred tax liabilities	4, 5, 6(20)	49,100	0.13	8,646	0.02
Lease liabilities-noncurrent	4, 6(16)	695,821	1.83	698,815	2.00
Net defined benefit liabilities-noncurrent	5, 6(11)	53,279	0.14	91,378	0.26
Other noncurrent liabilities	6(6)	89,481	0.23	52,637	0.15
Total non-current liabilities		887,681	2.33	851,476	2.43
Total liabilities		15,171,254	39.85	13,636,668	38.94
Equity					
Share capital					
Common stock	6(13)	4,344,231	11.41	4,344,231	12.41
Capital surplus	6(13)	3,548,559	9.32	3,727,475	10.64
Retained earnings	6(13), 20				
Legal reserve		3,889,871	10.22	3,774,564	10.78
Special reserve		2,469,437	6.49	2,469,437	7.05
Unappropriated retained earning		10,229,840	26.87	9,429,258	26.92
Total retained earnings		16,589,148	43.58	15,673,259	44.75
Other equity		(1,586,454)	(4.16)	(2,361,770)	(6.74)
Total equity		22,895,484	60.15	21,383,195	61.06
Total liabilities and equity		\$ 38,066,738	100.00	\$ 35,019,863	100.00

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
CORETRONIC CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2020 and 2019
(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	
		2020	%	2019	%
Net sales	4, 5, 6(14), 7	\$ 15,521,518	100.00	\$ 17,837,272	100.00
Operating costs	4, 5, 6(5), 6(8), 6(11), 6(17), 7	13,338,302	85.94	15,109,537	84.71
Gross profit		2,183,216	14.06	2,727,735	15.29
Unrealized gross profit on sales	6(6)	128,637	0.83	231,000	1.30
Realized gross profit on sales		231,000	1.49	280,243	1.57
Gross profit, net		2,285,579	14.72	2,776,978	15.56
Operating expenses	6(8), 6(11), 6(17)				
Selling expenses		273,629	1.76	350,165	1.96
General and administrative expenses		992,275	6.39	1,083,209	6.07
Research and development expenses		1,595,227	10.28	1,791,304	10.04
Total operating expenses		2,861,131	18.43	3,224,678	18.07
Operating loss		(575,552)	(3.71)	(447,700)	(2.51)
Non-operating income and expenses					
Interest income	6(18)	13,948	0.09	23,853	0.14
Other income	4, 6(18)	248,219	1.60	153,972	0.86
Other gains and losses	6(18)	343,386	2.21	185,055	1.04
Finance costs	6(18)	(128,262)	(0.83)	(265,154)	(1.48)
Share of gain of subsidiaries, associates and joint ventures for using equity method	4, 6(6)	1,699,241	10.95	1,579,873	8.86
Total non-operating income and expenses		2,176,532	14.02	1,677,599	9.42
Income before income tax		1,600,980	10.31	1,229,899	6.91
Income tax expense	4, 5, 6(20)	(40,562)	(0.26)	(76,829)	(0.43)
Net income		1,560,418	10.05	1,153,070	6.48
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit pension plans	6(19)	31,318	0.20	3,367	0.02
Unrealized gain (loss) from equity instrument investments measured at fair value through other comprehensive income	6(19)	701	0.01	(132)	-
Remeasurements of defined benefit pension plans of subsidiaries, associates and joint ventures accounted for using equity method	6(19)	(8,141)	(0.05)	(15,650)	(0.09)
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 equity method	6(19)	470,156	3.03	88,650	0.50
Income tax related to items that will not be reclassified	6(19), 6(20)	(6,264)	(0.04)	(674)	(0.01)
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	6(19)	304,459	1.96	(837,201)	(4.69)
Gain on hedging instruments	6(19)	-	-	913	0.01
Income tax related to items that may be reclassified subsequently to profit or loss	6(19), 6(20)	-	-	(182)	-
Other comprehensive income (loss), net of tax		792,229	5.11	(760,909)	(4.26)
Total comprehensive income		\$ 2,352,647	15.16	\$ 392,161	2.22
Basic Earnings Per Share (in New Taiwan Dollars)	6(21)	\$ 3.59		\$ 2.65	
Diluted Earnings Per Share (in New Taiwan Dollars)	6(21)	\$ 3.54		\$ 2.62	

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

CORETRONIC CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2020 and 2019

(Amounts in thousands of New Taiwan Dollars)

Description	Common stock	Capital surplus	Retained earnings			Other equity			Total equity
			Legal reserve	Special reserve	Unappropriated retained earning	Exchange differences on translation of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income(loss)	Gains or losses on hedging instruments	
Balance as of January 1, 2019	\$ 4,344,231	\$ 4,072,808	\$ 3,572,543	\$ 2,483,647	\$ 9,345,802	\$ (1,487,746)	\$ (125,341)	\$ (731)	\$ 22,205,213
Share of changes in net of associates and joint ventures accounted for using equity method	-	150	-	-	-	-	-	-	150
Acquisition or disposal of the interest of subsidiaries	-	296,606	-	-	-	-	-	-	296,606
Changes in subsidiaries' ownership	-	9,546	-	-	-	-	-	-	9,546
The subsequent reversal of special reserve	-	-	-	(14,210)	14,210	-	-	-	-
Appropriation and distribution of 2018 earnings:(Note)									
Legal reserve	-	-	202,021	-	(202,021)	-	-	-	-
Cash dividends	-	-	-	-	(868,846)	-	-	-	(868,846)
Cash dividends distributed from capital surplus	-	(651,635)	-	-	-	-	-	-	(651,635)
Net income for the year ended December 31, 2019	-	-	-	-	1,153,070	-	-	-	1,153,070
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	(12,957)	(837,201)	88,518	731	(760,909)
Total comprehensive income (loss)	-	-	-	-	1,140,113	(837,201)	88,518	731	392,161
Balance as of December 31, 2019	4,344,231	3,727,475	3,774,564	2,469,437	9,429,258	(2,324,947)	(36,823)	-	21,383,195
Share of changes in net of associates and joint ventures accounted for using equity method	-	1,407	-	-	-	-	-	-	1,407
Acquisition or disposal of the interest of subsidiaries	-	36,889	-	-	(9,808)	-	-	-	27,081
Appropriation and distribution of 2019 earnings:(Note)									
Legal reserve	-	-	115,307	-	(115,307)	-	-	-	-
Cash dividends	-	-	-	-	(651,634)	-	-	-	(651,634)
Cash dividends distributed from capital surplus	-	(217,212)	-	-	-	-	-	-	(217,212)
Net income for the year ended December 31, 2020	-	-	-	-	1,560,418	-	-	-	1,560,418
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	16,913	304,459	470,857	-	792,229
Total comprehensive income	-	-	-	-	1,577,331	304,459	470,857	-	2,352,647
Balance as of December 31, 2020	\$ 4,344,231	\$ 3,548,559	\$ 3,889,871	\$ 2,469,437	\$ 10,229,840	\$ (2,020,488)	\$ 434,034	\$ -	\$ 22,895,484

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

Note : The amounts of employees' compensation was NT\$228,711 thousand and NT\$175,700 thousand for the years ended December 31, 2020 and 2019, 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, 2020 and 2019
(Amounts in thousands of New Taiwan Dollars)

Description	For the years ended December 31		Description	For the years ended December 31	
	2020	2019		2020	2019
Cash flows from operating activities :			Cash flows from investing activities :		
Net income before tax	\$ 1,600,980	\$ 1,229,899	Acquisition of investments accounted for using the equity method	\$ (219,972)	\$ (392,000)
Adjustments for:			Disposal of investments accounted for using the equity method	72,518	181,387
The profit or loss items which did not affect cash flows:			Proceeds from capital reduction of investments accounted for using equity method	-	196,993
Expected credit losses (gain)	16,205	(1,294)	Acquisition of financial assets at fair value through profit or loss	(59,320)	(15,415)
Depreciation (including right-of-use-assets)	162,199	173,936	Acquisition of property, plant and equipment	(123,468)	(554,877)
Amortization (including other noncurrent assets)	17,415	19,852	Proceeds from disposal of property, plant and equipment	3,918	60,029
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(228,846)	106,546	Acquisition of intangible assets	(142,276)	(17,992)
Interest expenses	128,262	265,154	Proceeds from disposal of intangible assets	-	4,769
Interest income	(13,948)	(23,853)	Proceeds from disposal of other assets	-	39,126
Share of gain of subsidiaries, associates and joint ventures for using equity method	(1,699,241)	(1,579,873)	(Increase) decrease in other noncurrent assets	(2,318)	2,988
Gain on disposal of property, plant and equipment	(174)	(409)	Net cash used in investing activities	(470,918)	(494,992)
Gain on lease modification	(389)	-			
Gain on disposal of other assets (recognized in other income)	(16,558)	(17,004)	Cash flows from financing activities :		
Impairment loss of non-financial assets	6,507	-	(Decrease) increase in short-term borrowings	(2,272,362)	1,430,082
Unrealized gain from sales	128,637	231,000	Increase (decrease) in other payables-related parties	1,013,337	(232,635)
Realized gain from sales	(231,000)	(280,243)	Cash payment for the principle portion of lease liabilities	(35,973)	(27,854)
Changes in operating assets and liabilities:			Increase (decrease) in other noncurrent liabilities	158	(8,163)
Accounts receivables	(2,086,727)	2,116,888	Cash dividends	(868,846)	(1,520,481)
Accounts receivables-related parties	267,306	11,759	Net cash used in financing activities	(2,163,686)	(359,051)
Other receivables	(41,936)	58,995			
Other receivables-related parties	34,263	(37,963)	Net decrease in cash and cash equivalents	(1,452,472)	(1,443,671)
Inventories	164,206	518,774	Cash and cash equivalents at the beginning of the period	1,511,802	2,955,473
Prepayments	(72,620)	1,336	Cash and cash equivalents at the end of the period	\$ 59,330	\$ 1,511,802
Other current assets	14,807	5,826			
Contract liabilities-current	(55,177)	(79,756)			
Accounts payable	624,046	(1,072,108)			
Accounts payable-related parties	2,535,067	(2,496,853)			
Other payables	(188,559)	(342,408)			
Other payables-related parties	35,031	101,810			
Provisions-current	(84,106)	(28,228)			
Other current liabilities	(15,680)	(76,544)			
Net defined benefit liabilities	(6,781)	(34,887)			
Cash generated from (provided by) operating activities	993,189	(1,229,648)			
Interest received	14,423	22,713			
Dividend received	319,213	969,002			
Interest paid	(135,371)	(263,367)			
Income tax paid	(9,322)	(88,328)			
Net cash provided by (used in) operating activities	1,182,132	(589,628)			

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, 2020 and 2019

(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 8, 2021.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2020. Apart from the nature and impact of the new standard and amendment which are described below, the remaining new standards and amendments had no material impact on the Company.

COVID-19-Related Rent Concessions (Amendment to IFRS 16)

The Company elected to early apply COVID-19-Related Rent Concessions (Amendment to IFRS 16) which is recognized by FSC for annual periods beginning on or after 1 January 2020, and in accordance with the requirements of the transition. For the rent concession arising as a direct consequence of the COVID-19 pandemic, the Company elected not to assess whether it is a lease modification but accounted it as a variable lease payment. Please refer to Note 6 for disclosure related to the lessee which required by the amendment.

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

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

Standards or Interpretations Numbers	New, Revised or Amended Standards and Interpretations	Effective Dates
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2	January 1, 2021

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The final phase amendments mainly relate to the effects of the interest rate benchmark reform on the companies' financial statements:

- A. A company will not have to derecognise or adjust the carrying amount of financial instruments for changes to contractual cash flows as required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- B. A company will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
- C. A company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

The Company is currently determining the potential impact of the standards and interpretations listed above, and no material impact on the Company.

- (3) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are not 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	Amendment to "Consolidated Financial Statements" and "Investments in Associates and Joint Ventures" –Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
IFRS 17	Insurance Contracts	January 1, 2023
IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023
IFRS 3, IAS 16, and IAS 37	Narrow-scope amendments	January 1, 2022

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

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.

Narrow-scope amendments of IFRS - Amendments to IFRS 3, IAS 16 and IAS 37

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

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

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

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

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

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

D. Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1

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

Amendment to IFRS 9 Financial Instruments

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

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

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

Amendment to IAS 41

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

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

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC, and the local effective dates are to be determined by FSC. As the Company is still 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, 2020 and 2019 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and standards, interpretations and amendments issued, revised or amended which are endorsed and became effective by FSC.

(2) Basis of Preparation

According to article 21 of the Regulations, the profit or loss and other comprehensive income presented in the parent company only financial reports will be the same as the allocations of profit or loss and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports will be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. Therefore, the investments in subsidiaries will be disclosed under “Investments accounted for using the equity method” in the parent company only financial report and change in value will be adjusted.

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

(3) Foreign Currency Transactions

The parent company only financial statements are presented in NT\$.

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

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

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 (Before January 1, 2018: IAS 39 Financial Instruments: Recognition and Measurement) are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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

(4) Translation of Foreign Currency Financial Statements

Each foreign operation of the Company determines its function currency upon its primary economic environment and items included in the financial statements of each operation are measured using that functional currency. The assets and liabilities of foreign operations are translated into New Taiwan Dollars at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of foreign operations that result in a loss of control, loss of significant influence or joint control but retain partial equity is considering as disposal.

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

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

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.

(6) Cash and Cash Equivalents

Cash and cash equivalents comprises 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 (Before January 1, 2018: IAS 39 Financial Instruments: Recognition and Measurement) are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

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

Financial assets measured at amortized cost

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

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

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

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

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

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

Financial asset measured at fair value through other comprehensive income

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

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

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

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

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

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

Financial asset measured at fair value through profit or loss

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

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

Impairment of financial assets

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

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

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

The loss allowance is measures as follow:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

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.

Derecognition of financial assets

A financial asset is derecognized when:

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

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

B. 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.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

Financial liabilities at fair value through profit or loss

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

A financial liability is classified as held for trading if:

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

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

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

Gains or losses on the subsequent measurement of liabilities held for trading including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

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

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

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

Derecognition of financial liabilities

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

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

C. Offsetting of financial instruments

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

(8) Derivative Instrument and Hedging Accounting

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

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

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

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

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

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

(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 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.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

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

(11) Property, Plant and Equipment

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

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

Name	Years
Buildings and facilities	5~50 years
Machinery and equipment	5~6 years
Transportation equipment	6 years
Furniture and fixtures	3~4 years
Leasing assets	based on leasing contracts
Miscellaneous equipment	3~10 years

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.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

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.

(12) Leases

For contracts entered on or after January 1, 2019, 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.

The Company elected not to reassess whether a contract is, or contains, a lease on January 1, 2019. The Company is permitted to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 but not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

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, maximising the use of observable information.

Company as a lessee

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

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

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

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

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

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

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

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

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

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

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

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

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

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.

(13) 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.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

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 have been granted by the relevant enterprise for fourteen years.

(14) 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 Companies 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.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

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 Company 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 (the Company of units), then to the other assets of the unit (the Company of units) pro rata on the basis of the carrying amount of each asset in the unit (the Company 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.

(15) 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.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

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.

(16) 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.

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.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

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.

(17) 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.

(18) Post-Employment Benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee' s name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company' s parent company only financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

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

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

- 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.

(19) Income Tax

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

Current income tax

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

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

Deferred tax

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

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

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

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

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

- 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.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's parent company only financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(1) Judgement

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Operating lease commitments – the Company for lessor

The Company has entered into a commercial real estate lease for the investment real estate portfolio. Based on the assessment of its agreed terms, the Company retains the significant risks and rewards of these real estate ownership and treats such leases in business leases.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

(2) 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).

C. Impairment of nonfinancial assets

When the carrying amount of the asset or cash generating unit is greater than its recoverable amount, the impairment occurs. Recoverable amount refers to the fair value of the sub-divided costs and the use of the value of both the higher. The calculation of the fair value reduction is based on the price or the market price of the asset under a binding sales agreement under a fair trade and the amount directly after deducting the incremental cost of the disposable asset. The use value is based on the calculation of the cash flow discount model. The cash flow is based on the budget for the next five years and does not include any significant future investment required by the Company's unencumbered restructuring or to enhance the performance of the unit's assets in order to strengthen the tested cash. Recoverable amounts are susceptible to the discount rate used in the cash flow discount model and the expected future cash inflows and growth rates used for extrapolation purposes. The main assumptions are used to determine the amount of recoverable amounts of different cash generating units, including sensitivity analysis.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

D. Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and future salary increases. Please refer to Note 6(11) for more details.

E. 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(12) for more details.

F. 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.

G. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could cause future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and Cash Equivalents

	December 31,	
	2020	2019
Cash on hand, savings and checking accounts	\$59,297	\$308,917
Time deposits	33	1,202,885
Total	\$59,300	\$1,511,802

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

	December 31,	
	2020	2019
Financial assets designated at fair value through profit or loss:		
Derivative not designated as hedging instruments		
Forward foreign exchange contracts	\$214,158	\$71,081
Stock option	56,960	-
Stocks	-	35,412
Total	\$271,118	\$106,493
Current	\$271,118	\$71,081
Noncurrent	-	35,412
Total	\$271,118	\$106,493

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

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

	December 31,	
	2020	2019
Equity instruments investments measured at fair value through other comprehensive income-noncurrent		
Unlisted companies' stocks	\$1,330	\$628
Current	\$1,330	\$-
Noncurrent	-	628
Total	\$1,330	\$628

The unlisted equity securities held by the Company were reclassified from financial assets at fair value through other comprehensive income – current to financial assets at fair value through other comprehensive income –noncurrent, as the entrustment of management for unlisted companies' stocks was expired and entering into the process of liquidation after dissolution in December 2020.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

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

(4) Trade Receivables and Trade Receivables-Related Parties

	December 31,	
	2020	2019
Trade receivables	\$5,062,985	\$2,976,258
Less: allowance for doubtful accounts	(16,482)	(277)
Subtotal	5,046,503	2,975,981
Trade receivables for related parties	2,059,110	2,326,416
Total	\$7,105,613	\$5,302,397

Trade receivables were not pledged.

Trade receivables are generally on 30-150 day terms. The total carrying amount as of December 31, 2020 and 2019 are \$7,122,095 thousand and \$5,302,674 thousand, respectively. Please refer to Note 6(15) for more details on impairment of trade receivables. Please refer to Note 12 for more details on credit risk management.

The Company entered into factoring contracts without recourse with a number of domestic banks. To wit, banks pay to the Company 100% of the accounts receivable factored as consideration. According to the arrangement, if the client of the trade receivables factoring delays the payment, the Company shall pay interests to the bank. Upon assignment of the factoring to the bank, the bank undertakes the associated credit risk. However, the Company still issues a promissory note to the bank. If the trade receivables cannot be collected as a result of trade disputes due to factors attributable to the Company, the Company should pay the promissory note in compensation to the bank. As of December 31, 2020 and 2019, the Company has no outstanding discounted trade receivables which were deducted from trade receivables, and both of the credit lines of factoring contracts provided by CTBC Bank are US\$40,000 thousand.

(5) Inventories

	December 31,	
	2020	2019
Raw materials and supplies	\$433,161	\$633,381
Work in process	8,574	11,565
Finished goods	135,426	96,421
Total	\$577,161	\$741,367

The cost of inventories recognized in expenses amounted to NT\$13,338,302 thousand and NT\$15,109,537 thousand for the years ended December 31, 2020 and 2019, including the write-down of inventories and obsolescence loss of NT\$19,554 thousand and NT\$17,588 thousand, respectively.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

The allowance write-down of inventories amounted to NT\$52,729 thousand and NT\$44,393 thousand as of December 31, 2020 and 2019, respectively.

No inventories were pledged.

(6) Investments Accounted for Using Equity Method

The following table lists the investments accounted for using equity method of the Company:

Investee companies	December 31,			
	2020		2019	
	Amount	Percentage of Ownership	Amount	Percentage of Ownership
Investments in subsidiaries :				
Visicorp Limited (Visicorp)	\$11,896,586	100.00%	\$11,333,597	100.00%
Coretronic (BVI) Investment Corp. (Coretronic BVI)	5,239,405	100.00%	4,858,922	100.00%
Young Optics Inc. (“TYO”)	1,113,121	34.97%	1,225,340	36.00%
Tecpoint Limited (Tecpoint)	2,724,800	78.06%	2,496,088	78.06%
Chung Tsen Investment Corp.(“CGT”)	2,147,783	100.00%	1,662,801	100.00%
Optoma Corporation (“Optoma”)	735,259	100.00%	589,663	100.00%
Sinolink Global Limited (Sinolink)	1,278,505	100.00%	1,218,879	100.00%
Coretronic Venture Capital Co. (“CVC”)	304,458	100.00%	303,324	100.00%
Young Green Energy Co.(“YGE”)	231,407	99.91%	236,548	99.91%
Coretronic Intelligent Cloud Service Corporation (“CICS”)	182,615	100.00%	142,603	100.00%
uCare Medical Electronics Co., Ltd. (“UCM”)	36,296	60.69%	47,888	60.69%
Champ Vision Display Inc. (“CVD”)	178,019	80.00%	169,027	80.00%
Calibre UK Ltd. (“CAL”)	-	100.00%	-	100.00%
Coretronic Intelligent Robotics Corporation (“CIRC”)	57,194	100.00%	39,419	100.00%

(Continued)

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

(To be continued)

Investee companies	December 31,			
	2020		2019	
	Amount	Percentage of Ownership	Amount	Percentage of Ownership
InnoSpectra Corporation ("ISC")	12,985	80.00%	21,808	80.00%
Young Lighting Limited	542,962	100.00%	1,687	100.00%
Coretronic MEMS Corporation("CMC")	110,314	100.00%	160,403	100.00%
Coretronic Reality Inc. ("CRI")	73,100	100.00%	99,934	100.00%
Coretronic Vietnam Co., Ltd. ("Coretronic Vietnam")	80,888	100.00%	-	-
Unrealised gross profit on sales and gain on disposal of assets	<u>(164,626)</u>		<u>(281,410)</u>	
Subtotal	26,781,071		24,326,521	
Investments in associates:				
Eterge Opto-Electronics Co., LTD ("EOE")	<u>46,433</u>	18.5%	<u>22,934</u>	20.00%
Total	<u>\$26,827,504</u>		<u>\$24,349,455</u>	

- A. The Company recognized share of profit or loss of subsidiaries based on the financial statements of the investee companies audited by the accountants in the amount of NT\$1,700,949 thousand and NT\$1,579,090 thousand for the year ended December 31, 2020 and 2019, respectively.
- B. The Company accounted for its investments in subsidiaries using equity method, and made assessments and adjustments according the current situation.
- C. All subsidiaries are included in the consolidated financial statements of the Company in accordance with the Regulations.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

- D. The negative balance of investment in Calibre UK Ltd. as of and December 31, 2020 and December 31, 2019 was NT\$75,841 thousand and NT\$39,008 thousand, respectively, which is presented in other non-current liabilities. The Company has power over Calibre UK Ltd., and, therefore, continues to recognize investment losses.
- E. uCare Medical Electronics Co., Ltd (“UCM”) increased the capital by cash to attract the strategic investor in February 2019. The ownership percentage of UCM held by the Company decreased to 60.69%.
- F. In June 2020, Coretronic Intelligent Robotics Corporation (“CIRC”) carried out a capital reduction NT\$110,600 thousand. In the meanwhile, the Company invested NT\$110,600 thousand in CIRC. The ownership percentage of CIRC was maintained 100%.
- G. In December 2020, the Company invested US\$3,000 thousand in Coretronic Vietnam Co., Ltd. (“Coretronic Vietnam”) in Vietnam, and the ownership percentage was 100%. Coretronic Vietnam is mainly engaged in research and development, manufacturing and sales of optical components such as backlight module, LCD module, LCD TV and panel display.
- H. In May 2019, the Company invested NT\$22,000 thousand in EOE and acquired 20% of the shareholdings. The Company accounted it for using the equity method. In August 2020, EOE issued new shares by cash; however, the Group failed to acquire shares newly issued in EOE proportionately to its original ownership interest and reduced its stockholding percentage to 18.50%. The investment of EOE is not significant to the Group. The Company recognized share of gain of associates and joint ventures accounted for using the equity method in the amount of NT\$(1,708) thousand and NT\$783 thousand for the year ended December 31, 2020 and December 31, 2019, respectively. The abovementioned associate had no contingent liabilities or capital commitments as of December 31, 2019. No investments accounted for using equity method held by the Company was pledged to others.

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(7) Property, Plant and Equipment

A. 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, 2020	\$23,901	\$1,954,867	\$246,167	\$4,322	\$ -	\$3,763	\$89,844	\$449,585	\$2,772,449
Additions	-	17,092	1,965	4,575	-	307	13,584	93,244	130,767
Disposals	-	(333,486)	(35,635)	-	-	-	(13,305)	-	(382,426)
Transfers	-	489,270	6,967	-	-	-	32,786	(530,892)	(1,869)
As of December 31, 2020	\$23,901	\$2,127,743	\$219,464	\$ 8,897	\$ -	\$4,070	\$122,909	\$11,937	\$2,518,921
As of January 1, 2019	\$23,901	\$1,948,397	\$337,426	\$27,817	\$486	\$3,763	\$86,880	\$15,127	\$2,443,797
Additions	-	16,347	19,064	1,403	-	-	24,294	493,769	554,877
Disposals	-	(28,694)	(133,291)	(24,898)	(486)	-	(30,019)	(8,361)	(225,749)
Transfers	-	18,817	22,968	-	-	-	8,689	(50,950)	(476)
As of December 31, 2019	\$23,901	\$1,954,867	\$246,167	\$4,322	\$-	\$3,763	\$89,844	\$449,585	\$2,772,449
Depreciation and Impairment:									
As of January 1, 2020	\$ -	\$ 937,229	\$100,534	\$1,671	\$ -	\$1,159	\$ 39,087	\$ -	\$1,079,680
Depreciation	-	57,332	38,764	1,177	-	770	22,155	-	120,198
Disposals	-	(333,486)	(31,891)	-	-	-	(13,305)	-	(378,682)
Transfers	-	13	-	-	-	-	(13)	-	-
Impairment Losses	-	-	6,507	-	-	-	-	-	6,507
As of December 31, 2020	\$-	\$661,088	\$113,914	\$2,848	\$ -	\$1,929	\$47,924	\$ -	\$827,703
As of January 1, 2019	\$-	\$895,024	\$143,923	\$15,625	\$54	\$406	\$50,127	\$-	\$1,105,159
Depreciation	-	69,563	48,715	3,275	27	753	18,317	-	140,650
Disposals	-	(27,358)	(92,104)	(17,229)	(81)	-	(29,357)	-	(166,129)
As of December 31, 2019	\$-	\$937,229	\$100,534	\$1,671	\$-	\$1,159	\$39,087	\$-	\$1,079,680
Net carrying amounts as of:									
December 31, 2020	\$23,901	\$1,466,655	\$105,550	\$6,049	\$-	\$2,141	\$74,985	\$11,937	\$1,691,218
December 31, 2019	\$23,901	\$1,017,638	\$145,633	\$2,651	\$-	\$2,604	\$50,757	\$449,585	\$1,692,769

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

The Company evaluated the economic benefits for property, plant and equipment, and recognized impairment losses of NT\$6,507 thousand for the year ended December 31, 2020, which have been recorded in comprehensive income statement as below :

	2020	2019
Property, Plant and Equipment		
Machinery and equipment	\$6,507	\$-

(8) Intangible Assets

	Patents	Software	IPs	Total
Cost:				
As of January 1, 2020	\$15,500	\$37,380	\$46,569	\$99,449
Additions	129,725	9,300	3,251	142,276
Disposals	-	(10,460)	-	(10,460)
As of December 31, 2020	\$145,225	\$36,220	\$49,820	\$231,265
As of January 1, 2019	\$15,500	\$35,042	\$46,569	\$97,111
Additions	-	17,992	-	17,992
Disposals	-	(15,654)	-	(15,654)
As of December 31, 2019	\$15,500	\$37,380	\$46,569	\$99,449
Amortization and Impairment:				
As of January 1, 2020	\$9,974	\$15,865	\$46,569	\$72,408
Amortization	5,092	12,171	97	17,360
Disposals	-	(10,460)	-	(10,460)
As of December 31, 2020	\$15,066	\$17,576	\$46,666	\$79,308
As of January 1, 2019	\$8,886	\$15,765	\$38,807	\$63,458
Amortization	1,088	10,985	7,762	19,835
Disposals	-	(10,885)	-	(10,885)
As of December 31, 2019	\$9,974	\$15,865	\$46,569	\$72,408
Net carrying amount as of:				
December 31, 2020	\$130,159	\$18,644	\$3,154	\$151,957
December 31, 2019	\$5,526	\$21,515	\$-	\$27,041

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

Amortization expense of intangible assets:

	Years ended December 31,	
	2020	2019
Operating Cost	\$32	\$32
General and administrative expense	2,650	10,196
Research and development expenses	14,678	9,607
Total	\$17,360	\$19,835

(9) Short-Term Borrowings

	December 31,	
	2020	2019
Unsecured bank loans	\$4,631,133	\$6,903,495
Interest rates (%)	0.55%~0.69%	2.28%~2.56%

The Company's unused short-term lines of credits amounted to NT\$23,193,884 thousand and NT\$20,713,099 thousand as of December 31, 2020 and 2019, respectively.

(10) Derivative Financial Liabilities

Financial liabilities at fair value through profit or loss

	December 31,	
	2020	2019
Derivatives not designated as hedging Instruments - Current		
Forward exchange contracts	\$16,068	\$139,609

(11) 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, 2020 and 2019 were NT\$106,147 thousand and NT\$109,455 thousand, respectively.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

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 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 mandate, 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\$8,008 thousand to its defined benefit plan in the next year beginning from December 31, 2020.

The weighted average duration of the defined benefits plan obligation was 16.08 years and 16.09 years as of December 31, 2020 and 2019, respectively.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

Pension costs recognized in profit or loss are as follows:

	Years ended December 31,	
	2020	2019
Current service costs	\$661	\$656
Net interest on the net defined benefit liabilities	4,425	5,670
Expect return on plan assets	(3,447)	(3,956)
Total	\$1,639	\$2,370

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

	December 31,		January 1,
	2020	2019	2019
Present value of defined benefit obligation	\$334,854	\$394,849	\$413,567
Plan assets at fair value	(281,575)	(303,471)	(283,935)
Other non-current liabilities— Carrying amount on the net defined benefit liabilities	\$53,279	\$91,378	\$129,632

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, 2019	\$413,567	\$283,935	\$129,632
Current service cost	656	-	656
Interest expense	5,670	3,956	1,714
Subtotal	419,893	287,891	132,002
Remeasurements of the defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	12,449	-	12,449
Experience adjustments	(4,283)	11,533	(15,816)
Subtotal	8,166	11,533	(3,367)
Benefits paid	(5,287)	(5,287)	-
Contributions by employer	-	9,286	(9,286)
Transfers or other	(27,923)	48	(27,971)
As of December 31, 2019	\$394,849	\$303,471	\$91,378

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
As of January 1, 2020	\$394,849	\$303,471	\$91,378
Current service cost	661	-	661
Interest expense	4,425	3,447	978
Subtotal	399,935	306,918	93,107
Remeasurements of the defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	16,127	-	16,127
Experience adjustments	(38,790)	8,655	(47,445)
Subtotal	(22,663)	8,655	(31,318)
Benefits paid	(42,418)	(41,965)	(453)
Contributions by employer	-	7,967	(7,967)
As of December 31, 2020	\$334,854	\$281,575	\$53,279

The principal assumptions used in determining the Company's defined benefit plan are as follows:

	December 31,	
	2020	2019
Discount rate	0.750%	1.125%
Expected rate of salary increases	4.00%	4.00%

Sensitivity analysis of significant assumptions is as follows:

	Years ended December 31,			
	2020		2019	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increase by 0.25%	\$-	\$10,844	\$-	\$12,449
Discount rate decrease by 0.25%	11,325	-	12,976	-
Future salary increase by 0.25%	10,717	-	12,353	-
Future salary decrease by 0.25%	-	10,346	-	11,908

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.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

The sensitivity analysis 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.

(12) Provisions

	Warranties
As of January 1, 2020:	\$259,970
Reversal during the period	(51,271)
Utilized during the period	(32,835)
As of December 31, 2020	\$175,864
As of December 31, 2020:	
Current	\$175,864
Non-Current	-
	\$175,864
	Warranties
As of January 1, 2019:	\$288,198
Reversal during the period	(25,231)
Utilized during the period	(2,997)
As of December 31, 2019	\$259,970
As of December 31, 2019:	
Current	\$259,970
Non-Current	-
	\$259,970

Warranties

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

(13) Equities

A. Common stock

The Company's authorized capital was NT\$10,000,000 thousand as of December 31, 2020 and 2019, 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\$4,344,231 thousand divided into 434,423 thousand shares. Each share has one voting right and a right to receive dividends.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

B. Capital surplus

	December 31,	
	2020	2019
Additional paid-in capital	\$2,700,154	\$2,917,366
Treasury Stock transactions	116,614	116,614
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	631,471	594,554
Changes in ownership interests in subsidiaries	98,763	98,791
Changes in investments in associates and joint ventures accounted for using the equity method	1,557	150
Total	\$3,548,559	\$3,727,475

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. 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.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

According to the Company Act and the Company's Article of Incorporation, the policy of the dividend distribution should reflect factors such as the capital and financial structures, operating, earnings, the industrial features and cycles and 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 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 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 IFRS as of December 31, 2020 and 2019 amounted to NT\$1,276,610 thousand.

Details of the 2019 and 2018 earnings distribution and dividends per share as resolved by shareholders' meeting on June 12, 2020 and June 13, 2019 are as follows:

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Appropriation of earnings		Dividends per share (NT\$)	
	2019	2018	2019	2018
Legal reserve	\$115,307	\$202,021		
Common stock -cash dividend	651,634	868,846	\$1.5	\$2

(Note)

Note: The cash dividend distribution of 2019 has been approved by the Board of Directors' meeting on March 16, 2020.

In addition, shareholders' meeting resolved to distribute the paid-in capital in excess of par-common stock by cash in the amount of NT\$217,212 thousand, NT\$0.5 per share and NT\$651,635 thousand, NT\$1.5 per share as of 2020 and 2019, respectively.

Please refer to Note 6(17) for further details on employees' compensation and remuneration to directors and supervisors.

(14) Operating Income

	Years ended December 31,	
	2020	2019
Contract revenue from customers		
Sale of goods	\$14,898,311	\$17,194,763
Revenue arising from rendering of services	25,958	33,550
Other operating revenues	597,249	608,959
Total	\$15,521,518	\$17,837,272

Analysis of revenue from contracts with customers during the period is as follows:

A. Revenue of Segments

For the year ended December 31, 2020

	Energy – saving products segment	Image products and brand segment	Other segment	Total
Sale of goods	\$6,904,589	\$7,993,591	\$131	\$14,898,311
Revenue arising from rendering of services	23,416	2,542	-	25,958
Other operating revenues	150,215	447,034	-	597,249
Total	\$7,078,220	\$8,443,167	\$131	\$15,521,518
The timing of revenue recognition:				
At a point in time	\$7,078,220	\$8,443,167	\$131	\$15,521,518

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

For the year ended December 31, 2019

	Energy – saving products segment	Image products and brand segment	Other segment	Total
Sale of goods	\$7,683,366	\$9,489,763	\$21,634	\$17,194,763
Revenue arising from rendering of services	10,975	22,575	-	33,550
Other operating revenues	123,943	485,016	-	608,959
Total	<u>\$7,818,284</u>	<u>\$9,997,354</u>	<u>\$21,634</u>	<u>\$17,837,272</u>
The timing of revenue recognition:				
At a point in time	<u>\$7,818,284</u>	<u>\$9,997,354</u>	<u>\$21,634</u>	<u>\$17,837,272</u>

B. Contract balance

Contract liabilities-current

	December 31,		January 1,
	2020	2019	2019
Sale of goods	\$9,603	\$54,938	\$96,865
Other operating revenues	26,936	36,778	74,607
Total	<u>\$36,539</u>	<u>\$91,716</u>	<u>\$171,472</u>

The Company recognized NT\$91,716 thousand and NT\$171,472 thousand in revenues for the years ended December 31, 2020 and 2019, respectively, from the current contract liabilities balance at the beginning of the period as performance obligations were satisfied during the year.

C. Transaction price allocated to unsatisfied performance obligations

As of December 31, 2020, there is no need to provide relevant information of the unsatisfied performance obligations as all the contracts with customers about the sales of goods are within one year.

D. Asset recognized from the cost to fulfill a contract with customer

None.

(15) Expected Credit (Gain) Losses

	Years ended December 31,	
	2020	2019
Operating expenses – Expected credit (gain) losses		
Trade Receivables	<u>\$16,205</u>	<u>\$(1,294)</u>

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

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, 2020 and 2019 is as follows:

The Company needs to consider the companying of trade receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix, details as below:

As of December 31, 2020

	Not past due	Past due					Total
		1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 121 days	
Gross carrying amount	\$4,797,187	\$230,706	\$19,492	\$41	\$-	\$15,559	\$5,062,985
Loss ratio	0%	0%	5%	30%	50%	100%	
Expected credit losses	-	-	(911)	(12)	-	(15,559)	(16,482)
Subtotal	\$4,797,187	\$230,706	\$18,581	\$29	\$-	\$-	\$5,046,503

As of December 31, 2019

	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	\$2,858,770	\$117,171	\$42	\$-	\$-	\$275	\$2,976,258
Loss ratio	0%	0%	5%	30%	50%	100%	
Expected credit losses	-	-	(2)	-	-	(275)	(277)
Subtotal	\$2,858,770	\$117,171	\$40	\$-	\$-	\$-	\$2,975,981

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

The movement of provision for impairment of trade receivables during the periods is as follows:

	Trade receivables
As of January 1, 2020	\$277
Charge (reverse) for the current period	16,205
As of December 31, 2020	\$16,482
As of January 1, 2019	\$1,571
Charge (reverse) for the current period	(1,294)
As of December 31, 2019	\$277

(16) Leases

A. The Company as lessee

The Company leases various property (land and buildings), machinery, equipment, and transportation equipment. These leases have terms of between one and fifty 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,	
	2020	2019
Land	\$720,444	\$708,945
Buildings	13,252	20,834
Transportation equipment	7,162	7,655
Office fixtures	2,340	-
Total	\$743,198	\$737,434

During the years ended December 31, 2020 and 2019 the additions to right-of-use assets of the Company amounted to NT\$74,615 thousand and NT\$216,191 thousand, respectively.

CORETRONIC CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

ii. Lease liability

	December 31,	
	2020	2019
Lease liability		
Current	\$58,448	\$44,051
Non-current	695,821	698,815
Total	\$754,269	\$742,866

Please refer to Note 6(18)4. for the interest on lease liability recognized during the years ended December 31, 2020 and 2019. Please refer to Note 12(5) for the maturity analysis for lease liabilities as of December 31, 2020 and 2019.

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	Years ended December 31	
	2020	2019
Land	\$26,529	\$19,848
Buildings	10,183	10,061
Transportation equipment	4,929	3,377
Office fixtures	360	-
Total	\$42,001	\$33,286

(c) Income and costs relating to leasing activities

	Years ended December 31	
	2020	2019
The expense relating to short-term leases	\$3,741	\$4,193
The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of low-value assets)	518	1,306
The expense relating to variable lease payments not included in the measurement of lease liabilities	-	432
Total	\$4,259	\$5,931

For the rent concession arising as a direct consequence of the COVID-19 pandemic, the Company recognized in profit or loss for the year ended December 31, 2020 was NT\$2,215 thousand, to reflect changes in lease payments that arose from such rent concessions to which the Company has applied the practical expedient.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

(d) Cash outflow relating to leasing activities

During the years ended December 31, 2020 and 2019, the Company's total cash outflows for leases amounted to NT\$54,769 thousand and NT\$46,182 thousand, respectively.

(e) Other information relating to leasing activities

i. Variable lease payments

Some of the Company's building lease agreements contain variable payment terms that are linked to actual usage condition. The amount links to certain percentage of actual usage of underlying asset. The changes in variable lease payments are linked to actual usage and it is very common for entering contract with variable lease payments in the industry of the Company. As such variable lease payments do not meet the definition of lease payments, and those payments are not included in the measurement of the assets and liabilities.

ii. Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Company's property rental agreement. In determining the lease term, the non-cancellable period for which the Company has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The Company would reassess the lease term when significant issue or change occur.

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. Residual value guarantees without counting in lease liability.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

(17) Summary Statement of Employee Benefits, Depreciation and Amortization Expenses by Function

Function Items	Years ended December 31					
	2020			2019		
	Operating Cost	Operating expenses	Total amount	Operating Cost	Operating expenses	Total amount
Employee benefits expense	\$535,471	\$1,976,418	\$2,511,889	\$392,289	\$2,245,579	\$2,637,868
Salaries	468,478	1,702,645	2,171,123	314,288	1,943,374	2,257,662
Labor and health insurance	26,696	121,500	148,196	32,397	134,570	166,967
Pension	17,724	90,062	107,786	17,099	94,726	111,825
Directors' remuneration	-	4,530	4,530	-	3,150	3,150
Other employee benefits expense	22,574	57,680	80,254	28,505	69,759	98,264
Depreciation	47,757	114,442	162,199	71,759	102,177	173,936
Amortization	32	17,383	17,415	32	19,820	19,852

The average numbers of employees were 1,716 and 1,983 as of December 31, 2020 and 2019, respectively. The number of directors who are not concurrent employees was 5 in 2020 and 2019. The average amounts of employee benefits expense were NT\$1,464 thousand and NT\$1,330 thousand for the years ended December 31, 2020 and 2019, respectively. The average employee salary expenses were NT\$1,265 thousand and NT\$1,139 thousand for the years ended December 31, 2020 and 2019, respectively. The average variable ratio of employee salary expense was 11 %.

From June 2000, the Company has established Audit Committee in replace of Supervisors, and therefore the Supervisors' remuneration for the years ended December 31, 2020 and 2019 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.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

The Company accrued employees' compensation based on a specific rate of profit for the years ended December 31, 2020 and 2019. The amounts of employees' compensation were NT\$228,711 thousand and NT\$175,700 thousand for the years ended December 31, 2020 and 2019, 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 to next year income.

A resolution was approved at a Board of Directors' meeting held on February 8, 2021 to distribute NT\$288,711 thousand in cash as employees' compensation. No material differences exist between the resolution and the estimated amount for the year ended December 31, 2020.

No material differences exist between the estimated amount and the actual distribution of the employee' bonuses for the year ended December 31, 2019.

(18) Non-Operating Income and Expenses

A. Interest income

	Years ended December 31,	
	2020	2019
Financial assets measured at amortized cost	\$13,948	\$23,853

B. Other income

	Years ended December 31,	
	2020	2019
Government grants income	\$93,616	\$2,513
Rental income	29,843	31,020
Other	124,760	120,439
Total	\$248,219	\$153,972

C. Other gains and losses

	Years ended December 31,	
	2020	2019
Gain on disposal of property, plant and equipment	\$174	\$409
Gain on lease modification	389	-
Foreign exchange gain, net	227,373	216,066
Gain (loss) on financial assets (liabilities) at fair value through profit or loss (Note)	121,957	(31,420)
Impairment loss	(6,507)	-
Total	\$343,386	\$185,055

Note: Balances were arising from financial assets mandatorily measured at fair value through profit or loss.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

D. Finance cost

	Years ended December 31,	
	2020	2019
Interest on borrowings from bank	\$113,725	\$252,757
Interest on lease liabilities	14,537	12,397
Total	\$128,262	\$265,154

(19) Components of Other Comprehensive Income

For the year ended December 31, 2020

	Arising during the period	Income tax income (expense)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:			
Remeasurements of defined benefit plans	\$31,318	\$(6,264)	\$25,054
Remeasurements of defined benefit plans of subsidiaries, associates and joint ventures accounted for using equity method	(8,141)	-	(8,141)
Unrealized gain from equity instrument investments measured at fair value through other comprehensive income	701	-	701
Unrealized gain from equity instrument investments measured at fair value through other comprehensive income from share of subsidiaries, associates and joint ventures accounted for using equity method	470,156	-	470,156
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	304,459	-	304,459
Total of other comprehensive income	\$798,493	\$(6,264)	\$792,229

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

For the year ended December 31, 2019

	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	\$3,367	\$(674)	\$2,693
Remeasurements of defined benefit plans of subsidiaries, associates and joint ventures accounted for using equity method	(15,650)	-	(15,650)
Unrealized loss from equity instrument investments measured at fair value through other comprehensive income	(132)	-	(132)
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 equity method	88,650	-	88,650
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	(837,201)	-	(837,201)
Gain (loss) on hedging instruments	913	(182)	731
Total of other comprehensive income	\$(760,053)	\$(856)	\$(760,909)

(20) 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,	
	2020	2019
Current income tax expense (income)	\$25,061	\$71,575
Deferred tax expense (income)	15,501	5,254
Total income tax expense	\$40,562	\$76,829

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

Income tax relating to components of other comprehensive income

	Years ended December 31,	
	2020	2019
Deferred income tax expense (income):		
Unrealized loss of cash flow hedges	\$-	\$182
Remeasurements of defined benefit plans	6,264	674
Income tax related to components of other comprehensive income	\$6,264	\$856

Reconciliation of income tax expense and the accounting profit multiplied by applicable tax rates is as follows:

	Years ended December 31,	
	2020	2019
Accounting profit before tax from continuing operations	\$ 1,600,980	\$1,229,899
Tax calculated by statutory tax rate	\$ 320,196	\$245,980
Tax effect of expenses not deductible for tax purposes	(278,440)	(169,566)
Tax effect of deferred tax assets/liabilities	(14,254)	(31,784)
10 % surtax on undistributed retained earnings	18,658	56,445
Investment tax credits	(5,598)	(24,246)
Total income tax expense recognized in profit or loss	\$40,562	\$76,829

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

Deferred tax assets (liabilities) related to the following:

For the year ended December 31, 2020

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized allowance for inventory obsolescence	\$8,879	\$1,667	\$-	\$ 10,546
Unrealized inter company profits and losses	46,268	(20,472)	-	25,796
Provision-sales returns and allowances	15,973	(3,662)	-	12,311
Impairment on property, plant and equipment	6,241	46	-	6,287
Defined benefit liabilities-noncurrent	27,602	(1,357)	(6,264)	19,981
Accrued expense of tax differences	14,505	(1,717)	-	12,788
Others	19,628	9,994	-	29,622
Deferred tax (expense) income		\$(15,501)	\$(6,264)	
Net deferred tax assets (liabilities)	\$139,096			\$117,331
Reflected in balance sheet as follows:				
Deferred tax assets	\$147,742			\$ 166,431
Deferred tax liabilities	\$(8,646)			\$ (49,100)

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

For the year ended December 31, 2019

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized allowance for inventory obsolescence	\$7,407	\$1,472	\$-	\$8,879
Unrealized inter company profits and losses	56,117	(9,849)	-	46,268
Provision-sales returns and allowances	29,965	(13,992)	-	15,973
Impairment on property, plant and equipment	6,241	-	-	6,241
Defined benefit liabilities-noncurrent	29,668	(1,392)	(674)	27,602
Accrued expense of tax differences	15,787	(1,282)	-	14,505
Cash flow hedges	182	-	(182)	-
Others	(161)	19,789	-	19,628
Deferred tax (expense) income		<u>\$(5,254)</u>	<u>\$(856)</u>	
Net deferred tax assets (liabilities)	<u>\$145,206</u>			<u>\$139,096</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$153,348</u>			<u>\$147,742</u>
Deferred tax liabilities	<u>\$(8,142)</u>			<u>\$(8,646)</u>

Unrecognized deferred tax assets

As of December 31, 2020 and 2019, deferred tax assets that have not been recognized amounted to NT\$118,522 thousand and NT\$132,777 thousand, respectively.

Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Company did not recognize deferred tax liabilities associated with tax payable for unremitted earnings of the Company's overseas subsidiaries, as the Company has determined that not all distributed profits of its subsidiaries will be distributed in the foreseeable future. As of December 31, 2020 and 2019, the amounts of taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities were NT\$18,591,765 thousand and NT\$17,196,648 thousand, respectively.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY 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, 2020, the tax authorities have assessed and approved income tax returns of the Company through 2018.

(21) Earnings Per Share

Basic earnings per share amounts are calculated by dividing net income for the year attributable to ordinary equity holders by the weighted-average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	Years ended December 31,	
	2020	2019
A. Basic earnings per share		
Profit attributable to ordinary shareholders (in thousand NT\$)	\$1,560,418	\$1,153,070
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	434,423	434,423
Basic earnings per share (NT\$)	\$3.59	\$2.65
B. Diluted earnings per share		
Profit attributable to ordinary shareholders after dilution (in thousand NT\$)	\$1,560,418	\$1,153,070
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	434,423	434,423
Effect of dilution:		
Employees' compensation – stock (in thousand)	6,400	5,944
Weighted average number of ordinary shares outstanding after dilution (in thousand)	440,823	440,367
Diluted earnings per share (NT\$)	\$3.54	\$2.62

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.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

7. Related Party Transactions

(1) Related Party Name and Categories

<u>Related Party Name</u>	<u>Related Party Categories</u>
Optoma Corporation (“Optoma”)	Subsidiary
Young Optics Inc. (“TYO”)	Subsidiary
Young Green Energy Co. (“YGE”)	Subsidiary
Coretronic Intelligent Cloud Service Corporation (“CICS”)	Subsidiary
uCare Medical Electronics Co., Ltd. (“UCM”)	Subsidiary
Champ Vision Display Inc. (“CVD”)	Subsidiary
Caliber UK Ltd (“CAL”)	Subsidiary
InnoSpectra Corporation (“ISC”)	Subsidiary
Coretronic Intelligent Robotics Corporation (“CIRC”)	Subsidiary
Coretronic MEMS Corporation (“CMC”)	Subsidiary
Coretronic Reality Inc. (“CRI”)	Subsidiary
Coretronic Vietnam Co., Ltd. (“Coretronic Vietnam”)	Subsidiary
Aptek Optical Corp. (“Aptek”)	Sub-subsubsidiary
Greendale Investments Limited (Greendale)	Sub-subsubsidiary
Lead Bright Hong Kong Limited (Lead Bright (HK))	Sub-subsubsidiary
Optoma Technology, Inc. (Optoma USA)	Sub-subsubsidiary
Optoma Europe Limited (Optoma Europe)	Sub-subsubsidiary
Optoma (China&HK) Limited (Optoma China&HK)	Sub-subsubsidiary
Venture Orient Limited (Venture)	Sub-subsubsidiary
Wisdom Success Hong Kong Limited (Wisdom Success (HK))	Sub-subsubsidiary
Coretronic Projection (Kunshan) Co., Ltd (“CPC”)	Sub-subsubsidiary
Technology Service (Kunshan) Co., Ltd. (“TSC”)	Sub-subsubsidiary
Nano Precision (Suzhou) Co., Ltd. (“NPS”)	Sub-subsubsidiary
YLG Optotech Limited (“YLO”) (Note)	Sub-subsubsidiary
Optoma China Co.,Ltd. (Optoma China)	Sub-subsubsidiary
Coretronic (Ningbo) Co., Ltd. (“NBB”)	Sub-subsubsidiary
Coretronic (Suzhou) Co., Ltd (“SZB”)	Sub-subsubsidiary
Coretronic Optotech (Suzhou) Co., Ltd. (“SZT”)	Sub-subsubsidiary
Coretronic Display (Suzhou) Co., Ltd. (“SZW”)	Sub-subsubsidiary
Bigshine International Hong Kong Limited. (“Bigshine(HK) ”)	Sub-subsubsidiary
Dynamic Time Investment Limited (“Dynamic Time”)	Sub-subsubsidiary
Eterge Opto-Electronics Co., LTD(“EOE”)	Associate
All directors, general managers, deputy general managers and accounting supervisors	Key management personnel

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

(2) Significant transactions with related parties

A. Sales

	Years ended December 31,	
	2020	2019
Optoma Europe	\$2,372,685	(Note)
Optoma USA	1,239,600	(Note)
Optoma	(Note)	\$4,366,572
Other subsidiaries	478,282	267,054
Total	\$4,090,567	\$4,633,626

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 2020 and 2019. Since the Company has no substantially all risks and rewards of ownership of the purchased materials, only gross profit was recognized as operating revenue for this transaction.

The sales price to third party was determined through market positioning of brands, sales channels and sales strategies of the Company and the pricing method is different from related parties. The collection period for sales to related parties was month-end 60 to 120 days, while the collection period for third parties was month-end 30 to 150 days, except for new clients with advance receipt.

The receivables-related parties were not pledged, bearing no interest and were paid in cash. The receivables-related parties also were not guaranteed.

B. Purchases

	Years ended December 31,	
	2020	2019
Subsidiaries	\$548,338	\$22,179
Associates	2,400	1,140
Total	\$550,738	\$23,319

The purchase price to the above related parties was determined through mutual agreement based on the market rates. The payment terms from the related party suppliers are comparable with third party suppliers and are between 60-90 days.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

C. Accounts Receivable from Related Parties

	December 31,	
	2020	2019
Optoma Europe	\$820,260	(Note)
Optoma	653,752	\$1,786,541
Optoma USA	532,920	(Note)
Other subsidiaries	52,178	539,875
Total	\$2,059,110	\$2,326,416

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,	
	2020	2019
YLO	\$77,120	\$-
SZT	-	92,683
Wisdom Success (HK)	-	17,318
Other subsidiaries	36,652	38,034
Total	\$113,772	\$148,035

E. Accounts Payable to Related Parties

	December 31,	
	2020	2019
Greendale	\$1,665,854	\$660,567
SZT	614,067	-
SZW	597,615	-
NBB	467,227	-
YLO	-	146,607
Other subsidiaries	1,353	3,675
Associates	-	200
Total	\$3,346,116	\$811,049

F. Other Accounts Payable to Related Parties (Excluding borrowing from related parties)

	December 31,	
	2020	2019
Other subsidiaries	\$207,359	\$170,140
Associates	6,190	8,378
Total	\$213,549	\$178,518

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

G. Borrowing from related parties

	December 31,	
	2020	2019
Wisdom Success (HK)	\$1,409,760	\$-
Bigshine HK	-	209,860
Lead Bright (HK)	-	146,902
SZB	-	134,910
Great Pride (HK)	(Note)	101,932
Other Subsidiaries	360,272	163,091
Total	\$1,770,032	\$756,695

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\$358,864 thousand and NT\$215,462 thousand for the years ended December 31, 2020 and 2019, respectively.

Rent and other revenue arose from leasing buildings and rendering of management services to subsidiaries, amounting to NT\$57,422 thousand and NT\$62,956 thousand for the years ended December 31, 2020 and 2019, respectively.

The Company purchased products from its subsidiaries for the years ended December 31, 2020 and 2019, amounting to NT\$11,900,799 thousand and NT\$13,995,786 thousand, respectively. The Company purchased manufacturing materials on behalf of subsidiaries, amounting to NT\$14,301,543 thousand and NT\$15,980,625 thousand for the years ended December 31, 2020 and 2019, respectively.

For the years ended December 31, 2020 and 2019, the Company sold property, plant and equipment, molds and computer software to its subsidiaries, amounting to NT\$3,918 thousand and NT\$60,149 thousand respectively. The amount that subsidiaries sold molds and property, plant and equipment to the Company was NT\$492 thousand for the years ended December 31, 2020.

The Company purchased molds from associates, amounting to NT\$16,238 thousand and NT\$18,213 thousand for the years ended December 31, 2020 and 2019, respectively.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

I. Key Management Personnel Compensation

	Years ended December 31,	
	2020	2019
Short-term employee benefits	\$170,574	\$121,367
Post-employment benefits	1,802	1,607
Total	\$172,376	\$122,974

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, 2020	December 31, 2019	
Time deposits (presented as “Other receivables”)	\$34,985	\$30,170	Lease execution deposits
Time deposits (presented as “Other receivables”)	2,082	2,065	Customs import guarantee
Total	\$37,067	\$32,235	

9. Commitments and Contingencies

Amounts available under unused letters of credit as of December 31, 2020 are NT\$3,592 thousand.

10. Losses due to Major Disasters

None.

11. Significant Subsequent Events

None.

12. Others

(1) Categories of Financial Instruments

	December 31,	
	2020	2019
<u>Financial assets</u>		
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	\$ 271,118	\$106,493
Financial assets at fair value through other comprehensive income	1,330	628
Financial assets measured at amortized cost (Note)	7,395,811	7,037,869
Total	\$7,668,259	\$7,144,990

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

	December 31,	
	2020	2019
<u>Financial liabilities</u>		
Financial liabilities at amortized cost:		
Short-term borrowings	\$4,631,133	\$6,903,495
Accounts payables (including related parties)	5,302,119	2,143,006
Other payables (including related parties)	3,376,996	2,516,997
Lease liabilities	754,269	742,866
Subtotal	14,064,517	12,306,364
Financial liabilities at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss-current	16,068	139,609
Total	\$14,080,585	\$12,445,973

Note : Including cash and cash equivalents (exclude cash on hand), notes receivables, trade receivables, and other receivables

(2) Financial Risk Management Objectives and Policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company' s profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company' s foreign currency risk is mainly related to the volatility in the exchange rates for USD. The information of the sensitivity analysis is as follows:

When NTD appreciates or depreciates against USD by 1%, the profit for the years ended December 31, 2020 and 2019 is decreased/increased by NT\$37,086 thousand and NT\$34,954 thousand, while equity is decreased/increased by NT\$224,481 thousand and NT\$206,090 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's loans and receivables at variable interest rates, bank borrowings with fixed and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments and bank borrowings with variable interest rate swaps. At the reporting date, an increase/decrease of 1% of interest rate in a reporting period could cause the profit for the years ended December 31, 2020 and 2019 to decreased/increased by NT\$46,311 thousand and NT\$69,035 thousand, respectively.

Equity price risk

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 classified as equity instrument at fair value through profit or loss could cause profit for the years ended December, 2020 and 2019 to decrease/increase by NT\$570 thousand and NT\$354 thousand, respectively.

For the years ended December 31, 2020 and 2019, an increase/decrease of 1% in the price of the listed equity securities classified as equity instrument at fair value through other comprehensive income could have an impact of NT\$13 thousand and NT\$6 thousand on the equity attributable to the Company, respectively.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

(4) Credit Risk Management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for trade receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria, etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment and insurance.

As of December 31, 2020 and 2019, receivables from top ten customers represented 90% and 83% of the total trade receivables of the Company, respectively. The credit concentration risk of other accounts receivables was insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity Risk Management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings and convertible bonds. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	<u>Less than 1 year</u>	<u>1 to 3 years</u>	<u>3 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
As of December 31, 2020					
Borrowings	\$4,632,841	\$-	\$-	\$-	\$4,632,841
Accounts payables (including related parties)	5,302,119	-	-	-	5,302,119
Other payables	3,376,996	-	-	-	3,376,996
Lease liabilities	58,448	96,760	54,381	804,013	1,013,602

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

	<u>Less than 1 year</u>	<u>1 to 3 years</u>	<u>3 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
As of December 31, 2019					
Borrowings	\$6,913,975	\$-	\$-	\$-	\$6,913,975
Accounts payables (including related parties)	2,143,006	-	-	-	2,143,006
Other payables	2,516,997	-	-	-	2,516,997
Lease liabilities	44,051	75,375	57,686	837,267	1,014,379

Derivative Financial liabilities

	<u>Less than 1 year</u>	<u>1 to 3 years</u>	<u>Total</u>
As of December 31, 2020			
Inflows	\$-	\$-	\$-
Outflows	16,068	-	16,068
Net	<u>\$16,068</u>	<u>\$-</u>	<u>\$16,068</u>

As of December 31, 2019

	<u>Less than 1 year</u>	<u>1 to 3 years</u>	<u>Total</u>
Inflows	\$-	\$-	\$-
Outflows	139,609	-	139,609
Net	<u>\$139,609</u>	<u>\$-</u>	<u>\$139,609</u>

The table above contains the undiscounted net cash flows of derivative financial liabilities.

(6) Reconciliation of Liabilities Arising From Financing Activities:

Reconciliation of liabilities for the year ended December 31, 2020:

	<u>Short-term borrowings</u>	<u>Other payables -related parties</u>	<u>Lease liabilities</u>	<u>Guarantee deposits received</u>	<u>Other liabilities-noncurrent</u>	<u>Total liabilities from financing activities</u>
As of January 1, 2020	\$6,903,495	\$756,695	\$742,866	\$1,034	\$12,595	\$8,416,685
Cash flows	(2,272,362)	1,013,337	(35,973)	158	-	(1,294,840)
Additional Leases	-	-	47,376	-	-	47,376
As of December 31, 2020	<u>\$ 4,631,133</u>	<u>\$1,770,032</u>	<u>\$754,269</u>	<u>\$1,192</u>	<u>\$12,595</u>	<u>\$7,169,221</u>

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

Reconciliation of liabilities for the year December 31, 2019:

	Short-term borrowings	Other payables -related parties	Lease liabilities	Guarantee deposits received	Other liabilities- noncurrent	Total liabilities from financing activities
As of January 1, 2019	\$5,473,413	\$989,330	\$-	\$796	\$20,996	\$6,484,535
Cash flows	1,430,082	(232,635)	(27,854)	238	(8,401)	1,161,430
Additional Leases	-	-	770,720	-	-	770,720
As of December 31, 2019	<u>\$6,903,495</u>	<u>\$756,695</u>	<u>\$742,866</u>	<u>\$1,034</u>	<u>\$12,595</u>	<u>\$8,416,685</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.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

B. Fair value 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.

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, 2020		
Forward currency contract		
Selling forward currency contracts	USD 281,000 thousand	From January 2021 to March 2021
Buying forward currency contracts	USD 411,500 thousand	From January 2021 to March 2021
As of December 31, 2019		
Forward currency contract		
Selling forward currency contracts	USD 337,000 thousand	From January 2020 to February 2020
Buying forward currency contracts	USD 440,500 thousand	From January 2020 to March 2020

(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

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

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.

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, 2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward currency contract	\$-	\$214,158	\$-	\$214,158
Stock option	-	-	56,960	56,960
Equity instrument measured at fair value through other comprehensive income	-	-	1,330	1,330
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward currency contract	-	16,068	-	16,068
	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward currency contract	\$-	\$71,081	\$-	\$71,081
Stock	-	-	35,412	35,412
Equity instrument measured at fair value through other comprehensive income	-	-	628	628
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward currency contract	-	139,609	-	139,609

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

Transfers between the Level 1 and Level 2 during the period

During the years ended December 31, 2020 and 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

Change in reconciliation for fair value measurements in Level 3

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets		Total
	At fair value through profit or loss	At fair value through other comprehensive income	
	Stock and stock option	Stock	
As of January 1, 2020:	\$35,412	\$628	\$36,040
Total gains and losses recognized for the year ended December 31, 2020:			
Amount recognized in profit or loss (presented in “other profit or loss”)	(37,772)	-	(37,772)
Amount recognized in OCI (presented in “unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	-	701	701
Acquisition	59,320	-	59,320
Other	-	1	1
As of December 31, 2020	<u>\$56,960</u>	<u>\$1,330</u>	<u>\$58,290</u>

	Assets		Total
	At fair value through profit or loss	At fair value through other comprehensive income	
	Stock and convertible bonds	Stock	
As of January 1, 2019:	\$20,065	\$760	\$20,825
Total gains and losses recognized for the year ended December 31, 2019:			
Amount recognized in profit or loss (presented in “other profit or loss”)	(68)	-	(68)
Amount recognized in OCI (presented in “unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	-	(132)	(132)
Acquisition	15,415	-	15,415
As of December 31, 2019	<u>\$35,412</u>	<u>\$628</u>	<u>\$36,040</u>

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

Total gains and losses recognized in profit or loss for the years ended December 31, 2020 and 2019 in the amount of NT\$(37,772) thousand and NT\$(68) 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, 2020

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets :					
At fair value through profit or loss					
Stock option	Market approach	P/E ratio of similar companies	0.44	The higher the P/E ratio of similar companies is, the higher the fair value estimated	10% increase (decrease) in the P/E ratio of similar companies would result in increase/decrease in equity by NT\$6,286 thousand /NT\$6,286 thousand.

As of December 31, 2019

	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	Income approach	Lack of marketability	27.2%	The higher the discount for lack of marketability, the lower the fair value estimated	10% increase (decrease) in the discount for lack of marketability would result in decrease/increase in profit or loss by NT\$732 thousand /NT\$747 thousand.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's Assets Management Center(AMC) is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. AMC analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

C. Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value is disclosed: None

(10) Significant Assets and Liabilities Denominated in Foreign Currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	December 31, 2020		
	Foreign currencies	Exchange rate	NTD thousand
<u>Financial assets</u>			
Monetary item:			
USD	\$401,271	28.48	\$11,428,205
JPY	6,630	0.276	1,832
 <u>Financial liabilities</u>			
Monetary items:			
USD	\$531,491	28.48	\$15,136,850
GBP	320	38.90	12,448
 Investments Accounted for Using Equity Method:			
USD	\$788,205	28.48	\$22,448,081
GBP	(1,950)	38.90	(75,841)
VND	65,695,726	0.0012	80,887

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

	December 31, 2019		
	Foreign currencies	Exchange rate	NTD thousand
<u>Financial assets</u>			
Monetary item:			
USD	\$301,866	29.98	\$9,049,932
JPY	3,143	0.276	867
 <u>Financial liabilities</u>			
Monetary items:			
USD	\$418,456	29.98	\$12,406,694
GBP	355	39.36	13,973
 Investments Accounted for Using Equity Method:			
USD	\$664,025	29.98	\$20,609,016
GBP	(991)	39.36	(39,008)

The Company's entities functional currency are various, and hence is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gain was NT\$227,373 thousand and NT\$216,066 thousand for years ended December 31, 2020 and 2019, 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 some subsidiaries' locations are implementing measures such as isolation, tourism ban, or temporarily suspending operation, resulting in substantial decline in sales for the year ended December 31, 2020. With the pandemic slowing and the policy loosening, the Group expects that operations will gradually return to normal.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

In response to the impact of 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 Company and its affiliates:

A. Endorsement/Guarantee provided to others for the year ended December 31, 2020: Please refer to Attachment 1.

B. Financing provided to others for the year ended December 31, 2020: None.

C. Securities held as of year ended December 31, 2020 (excluding subsidiaries, associates and joint venture): Please refer to Attachment 2.

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2020: None.

E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2020: 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, 2020: 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, 2020: Please refer to Attachment 3.

H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of year ended December 31, 2020: Please refer to Attachment 4.

I. Financial instruments and derivative transactions: Please refer to Note 6(2), 6(3), 6(11), Note 12(1), 12(8) and Attachment 7.

CORETRONIC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

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

(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 8.
- C. Financial instruments and derivative transactions: Please refer to Attachment 7.

(3) Investment in Mainland China

- A. Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, percentage of ownership, investment income (loss), carrying amount of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 6, 6-1 and 6-2.
- B. Directly or indirectly significant transactions with the investees in Mainland China, please refer to Note 8.

(4) Information on major shareholders

Please refer to Attachment 9.

ATTACHMENT 1 (Endorsement/Guarantee provided to others for the year ended December 31, 2020)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorsor/guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party	Maximum balance for the period	Ending balance	Actual amount provided	Amount of endorsement/guarantee collateralized by properties	Percentage of accumulated guarantee amount to net worth from the latest financial statement	Limit of total guarantee/endorsement amount	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiary in Mainland China
		Company name	Relationship										
0	Coretronic Corporation	Nano Precision Taiwan Limited	Associate	\$ 10,879,308 (Note)	\$ 350,000	\$ 350,000	\$ 39,323	-	1.61%	\$ 21,758,616 (Note)	Yes	No	No
0	Coretronic Corporation	Coretronic Intelligent Robotics Corporation	Subsidiary	10,879,308 (Note)	402,250	260,000	8,250	-	1.19%	21,758,616 (Note)	Yes	No	No
0	Coretronic Corporation	Coretronic Display (Suzhou)	Associate	10,879,308 (Note)	196,183 (RMB45,000 thousands)	-	-	-	-	21,758,616 (Note)	Yes	No	Yes
0	Coretronic Corporation	YLG Optotech	Associate	10,879,308 (Note)	138,848 (USD4,590 thousands)	-	-	-	-	21,758,616 (Note)	Yes	No	Yes
0	Coretronic Corporation	Optoma Technology Inc.	Associate	10,879,308 (Note)	15,010	14,240	14,240	-	0.07%	21,758,616 (Note)	Yes	No	No
0	Coretronic Corporation	Calibre UK Ltd.	Subsidiary	10,879,308 (Note)	206,560 (GBP5,260 thousands)	204,614 (GBP5,260 thousands)	175,287	-	0.94%	21,758,616 (Note)	Yes	No	No
	Total				<u>\$ 1,308,851</u>	<u>\$ 828,854</u>							

Note : Based on the procedures of endorsement/guarantee provided to others, the amount of endorsements/guarantees for any single entity shall not exceed 50% of the Company's net worth from the latest financial statement.
Based on the procedures of endorsement/guarantee provided to others, the total amount of endorsements/guarantees shall not exceed 100% of the Company's net worth from the latest financial statement.

ATTACHMENT 1-1 (Financing provided to others for the year ended December 31, 2020)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Lender	Counter-party	Financial statement account	Related party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for expected credit losses	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
1	Bigshine (HK)	Coretronic Corporation	Accounts receivables - related parties	Yes	\$ 211,750	\$ -	\$ -	-	The need for short-term financing	-	Business turnover	-	None	-	\$ 616,268	\$ 616,268
1	Bigshine (HK)	Core-Flex Limited	Accounts receivables - related parties	Yes	130,814	123,261	123,261	-	The need for short-term financing	-	Business turnover	-	None	-	246,507	246,507
1	Bigshine (HK)	Optoma USA	Accounts receivables - related parties	Yes	185,884	175,152	175,152	1.5%	The need for short-term financing	-	Business turnover	-	None	-	616,268	616,268
2	Lead Bright (HK)	Coretronic Corporation	Accounts receivables - related parties	Yes	148,225	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	3,288,812	3,288,812
3	Tecpoint	Coretronic Corporation	Accounts receivables - related parties	Yes	6,050	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	3,037,640	3,037,640
4	Venture Orient	Coretronic Corporation	Accounts receivables - related parties	Yes	112,575	106,800	106,800	-	The need for short-term financing	-	Business turnover	-	None	-	478,013	478,013
5	Great Pride(HK)	Coretronic Corporation	Accounts receivables - related parties	Yes	102,850	96,832	96,832	-	The need for short-term financing	-	Business turnover	-	None	-	2,353,594	2,353,594
6	Coretronic (Suzhou)	Coretronic Corporation	Accounts receivables - related parties	Yes	136,125	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	1,442,565	1,442,565
6	Coretronic (Suzhou)	Coretronic Display (Suzhou)	Accounts receivables - related parties	Yes	1,800,525	610,305	610,305	0.5%	The need for short-term financing	-	Business turnover	-	None	-	4,808,551	4,808,551
6	Coretronic (Suzhou)	Coretronic Optics (Suzhou)	Accounts receivables - related parties	Yes	262,776	261,888	261,888	0.5%	The need for short-term financing	-	Business turnover	-	None	-	4,808,551	4,808,551
6	Coretronic (Suzhou)	Coretronic System Engineering (Shanghai)	Accounts receivables - related parties	Yes	17,438	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	4,808,551	4,808,551
7	Bigshine	Coretronic Corporation	Accounts receivables - related parties	Yes	15,125	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	260,815	260,815
7	Bigshine	Brightbridge	Accounts receivables - related parties	Yes	2,677	2,532	2,532	-	The need for short-term financing	-	Business turnover	-	None	-	260,815	260,815
8	Greendale	Coretronic Corporation	Accounts receivables - related parties	Yes	19,360	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	4,627,450	4,627,450
9	Young Green Energy	Calibre UK Ltd	Accounts receivables - related parties	Yes	7,928	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	91,834	91,834
9	Young Green Energy	Coretronic Intelligent Robotics Corporation	Accounts receivables - related parties	Yes	30,000	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	91,834	91,834
9	Young Green Energy	Coretronic Intelligent Cloud Service Corp.	Accounts receivables - related parties	Yes	35,000	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	91,834	91,834
10	Coretronic (Ningbo)	YLG Optotech	Accounts receivables - related parties	Yes	239,778	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	3,380,804	3,380,804
11	Great Pride (Samoa)	Coretronic Corporation	Accounts receivables - related parties	Yes	33,275	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	2,386,013	2,386,013
12	Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)	Accounts receivables - related parties	Yes	459,859	458,306	458,306	0.5%	The need for short-term financing	-	Business turnover	-	None	-	5,227,902	5,227,902
13	Dynamic Time	Optoma Corporation	Accounts receivables - related parties	Yes	514,250	474,192	474,192	-	The need for short-term financing	-	Business turnover	-	None	-	673,627	673,627
13	Dynamic Time	Optoma USA	Accounts receivables - related parties	Yes	166,375	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	1,684,067	1,684,067
13	Dynamic Time	Coretronic Corporation	Accounts receivables - related parties	Yes	166,238	156,640	156,640	-	The need for short-term financing	-	Business turnover	-	None	-	1,684,067	1,684,067
14	Modern Smart	Optoma USA	Accounts receivables - related parties	Yes	19,663	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	89,468	89,468
14	Modern Smart	Optoma Corporation	Accounts receivables - related parties	Yes	39,293	35,600	35,600	-	The need for short-term financing	-	Business turnover	-	None	-	35,787	35,787
15	Wisdom Success (HK)	Coretronic Corporation	Accounts receivables - related parties	Yes	1,409,760	1,409,760	1,409,760	-	The need for short-term financing	-	Business turnover	-	None	-	5,742,957	5,742,957
16	Tsen Ming Investment	Optoma Corporation	Accounts receivables - related parties	Yes	140,000	140,000	140,000	0.45%	The need for short-term financing	-	Business turnover	-	None	-	174,102	174,102

Note a : Limit of financing amount for individual counter-party and total financing amount should not exceed 100% of lender's net worth from the latest financial statement, including Great Pride Hong Kong Limited, Venture Orient Limited, Wisdom Success (HK) Limited, and Dynamic Time Investments Limited.

The above restriction only applies to the foreign subsidiaries whose shares are 100% owned by the Company.

Note b : Limit of financing amount for individual counter-party and total financing amount should not exceed 100% of lender's net worth from the latest financial statement, including Bigshine International Limited, Bigshine (HK) Limited, Coretronic (Suzhou), and Coretronic Projection (Kunshan).

The above restriction only applies to the foreign subsidiaries whose shares are 100% owned, directly or indirectly, by the Company.

Note c : Limit of total financing amount for individual counter-party should not exceed 40% of lender's net worth from the latest financial statement, and limit of financing amount should not exceed 100% of the latest financial statements of lender, including Dynamic Time Investments Limited, Modern Smart Ltd., Bigshine (HK) Limited, and Tsen Ming Investment.

ATTACHMENT 1-2 (Endorsement/Guarantee provided to others for the year ended December 31, 2020)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorsor/ guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party	Maximum balance for the period	Ending balance	Actual amount provided	Amount of endorsement/ guarantee collateralized by properties	Percentage of accumulated guarantee amount to net worth from the latest financial statement	Limit of total guarantee/ endorsement amount	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiary in Mainland China
		Company name	Relationship										
1	Coretronic (Suzhou)	Coretronic Display (Suzhou)	Associate	\$ 2,404,275 (Note)	\$ 780,878	\$ 2,848	\$ 2,848	-	0.06%	\$ 4,808,551 (Note)	No	No	Yes
2	Coretronic Optotech (Suzhou)	Coretronic Optics (Suzhou)	Associate	418,183 (Note)	109,490	109,120	109,120	-	13.05%	836,366 (Note)	No	No	Yes
2	Coretronic Optotech (Suzhou)	Coretronic Display (Suzhou)	Associate	418,183 (Note)	405,269	218,241	218,241	-	26.09%	836,366 (Note)	No	No	Yes
Total					\$ 1,295,637	\$ 330,209							

Note : Based on the procedures of endorsement/guarantee provided to others, the amount of endorsements/guarantees for any single entity shall not exceed 50% of the Company's net worth from the latest financial statement.
Based on the procedures of endorsement/guarantee provided to others, the total amount of endorsements/guarantees shall not exceed 100% of the Company's net worth from the latest financial statement.

ATTACHMENT 2 (Securities held as of December 31, 2020)
(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, 2020				Note
				Shares/Units	Carrying amount	Percentage of ownership (%)	Fair value(Note)	
Coretronic Corporation	Maxima Venture I, Inc.	-	Financial assets at fair value through other comprehensive income-noncurrent	29,400	\$ 1,330	5.26%	\$ 1,330	
Coretronic Corporation	Nightingale Intelligent Systems, Inc.	-	Financial assets at fair value through profit or loss-noncurrent	1,148,617	-	4.17%	-	
Coretronic Corporation	GLO AB	-	Financial assets at fair value through profit or loss-noncurrent	50,000	-	0.24%	-	
Coretronic Corporation	Flexenable Limited	-	Financial assets at fair value through profit or loss-current	-	56,960	-	56,960	
Coretronic Corporation	Etergo Opto-Electronics Co., LTD	-	Investments accounted for using the equity method- noncurrent	1,850,000	46,433	18.50%	-	

Note : The Group measured the fair value of investments in accordance with IFRS9.

ATTACHMENT 2-1 (Securities held as of December 31, 2020)
(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, 2020				Note
				Shares/Units	Carrying amount	Percentage of ownership (%)	Fair value (Note a)	
Chung Tsen Investment Corp.	Shieh Yong Investment	-	Financial assets at fair value through other comprehensive income-noncurrent	34,107,900	\$ 789,039	4.47%	\$ 789,039	
Venture Orient	Unitech Capital	-	Financial assets at fair value through other comprehensive income-noncurrent	2,500,000	USD 3,447,004	5.00%	USD 3,447,004	
Optoma Corporation	LIULIGONGFANG	-	Financial assets at fair value through other comprehensive income-noncurrent	242,094	3,893	3.06%	3,893	
	Excel Global	-	Financial assets at fair value through other comprehensive income-noncurrent	812,506	20,647	19.90%	20,647	
Coretronic Venture Capital	GeneJet Biotech	-	Investments accounted for using the equity method- noncurrent	1,575,000	- (Note b)	19.51%	-	

Note a : The Group measured the fair value of investments in accordance with IFRS9.

Note b : The impairment loss was recognized as the difference between the recoverable amount of the security and its carrying value.

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, 2020)

(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 accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
Coretronic Corporation	Optoma Europe	Subsidiary	Sales	\$ 2,372,685	15.29%	90 days	-	-	\$ 820,260	11.54%	
Coretronic Corporation	Optoma USA	Subsidiary	Sales	1,239,600	7.99%	90 days	-	-	532,920	7.50%	
Coretronic Corporation	Optoma Corporation	Subsidiary	Sales	356,011	2.29%	90 days	-	-	653,752	9.20%	

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, 2020)
(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 accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
Young Optics	Young Optics (Kunshan)	Associate	Sales	\$ 117,361	3.38%	60 days	-	-	\$ 98,069	17.50 %	
Young Optics	Young Optics (Kunshan)	Associate	Purchases	1,394,340	59.62%	60 days	-	-	(710,347)	(75.36%)	
Young Optics	Aptek Optical	Associate	Sales	196,086	5.65%	60 days	-	-	38,772	6.92 %	
Young Optics (Kunshan)	Young Optics (Suzhou)	Associate	Sales	113,720	6.00%	60 days	-	-	39,569	4.71 %	
Young Optics (Kunshan)	Coretronic Optics (Kunshan)	Associate	Sales	329,930	17.42%	90 days	-	-	86,939	10.34 %	
Optoma Corporation	Optoma Europe	Associate	Sales	192,962	19.75%	90 days	-	-	77,796	36.84 %	
Nano Precision (Suzhou)	Coretronic (Suzhou)	Associate	Sales	217,634	14.28%	60 days	-	-	31,864	7.51 %	
Nano Precision (Suzhou)	Coretronic Display (Suzhou)	Associate	Sales	115,536	7.58%	60 days	-	-	20,823	4.91 %	
Nano Precision (Suzhou)	Coretronic Optotech (Suzhou)	Associate	Sales	160,090	10.50%	60 days	-	-	49,059	11.57 %	
Nano Precision Taiwan Limited	Nano Precision (Suzhou)	Associate	Sales	308,603	61.60%	60 days	-	-	39,900	50.29 %	
Coretronic Optotech (Suzhou)	Coretronic Display (Suzhou)	Associate	Sales	370,695	4.66%	60 days	-	-	116,815	4.00 %	
Coretronic Projection (Kunshan)	Optoma China	Associate	Sales	648,112	5.82%	60 days	-	-	309,393	10.26 %	
Coretronic Optics (Kunshan)	Coretronic Intelligent Cloud Service Corp	Associate	Sales	103,468	0.93%	60 days	-	-	22,489	0.75 %	
Coretronic Projection (Kunshan)	Champ Vision Display	Associate	Sales	843,643	7.58%	60 days	-	-	175,740	5.83 %	
Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)	Associate	Sales	486,420	4.37%	60 days	-	-	79,490	2.64 %	
Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	Associate	Sales	6,102,391	99.87%	60 days	-	-	1,405,570	99.79 %	
Champ Vision Display	Coretronic Projection (Kunshan)	Associate	Sales	412,332	22.44%	60 days	-	-	59,851	15.00 %	

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, 2020)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company name	Counter-party	Relationship	Accounts receivables - related parties Balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for expected credit losses
					Amount	Collection status		
Accounts receivables :								
Coretronic Corporation	Optoma Corporation	Subsidiary	\$ 653,752	0.29	\$ -	-	\$ -	\$ -
Coretronic Corporation	Optoma Europe	Subsidiary	820,260	5.72	-	-	-	-
Coretronic Corporation	Optoma USA	Subsidiary	532,920	4.62	-	-	-	-

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, 2020)

(The certain information is based on the unreviewed financial statements)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company name	Counter-party	Relationship	Accounts receivables - related parties balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for expected credit losses
					Amount	Collection status		
Accounts receivables :								
Young Optics (Kunshan)	Young Optics	Associate	\$ 710,347	3.93	-	-	-	-
Grace China	Young Optics (Kunshan)	Associate	30	0.39	-	-	-	-
Grace China	Young Optics (BD)	Associate	392,045	0.02	-	-	-	-
Coretronic Projection (Kunshan)	Champ Vision Display	Associate	175,740	5.03	-	-	-	-
Coretronic Projection (Kunshan)	Optoma China	Associate	309,393	1.89	-	-	-	-
Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	Associate	1,405,570	4.56	-	-	-	-
Other receivables :								
Dynamic Time	Coretronic Corporation	Associate	156,640	-	-	-	-	-
Dynamic Time	Optoma Corporation	Associate	474,192	-	-	-	-	-
Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)	Associate	462,128	-	-	-	-	-
Grace China	Young Optics (BD)	Associate	187,122	-	-	-	-	-
Grace China	Young Optics (Kunshan)	Associate	214,882	-	-	-	-	-

ATTACHMENT 5 : (Names, locations and related information of investee companies as of December 31, 2020) (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, 2020			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
Coretronic Corporation	Coretronic (BVI) Investment Corp.	B.V.I.	Holding company	\$1,566,475	\$1,566,475	47,220,000	100.00%	\$5,239,405	\$317,520	\$317,520	Subsidiary
Coretronic Corporation	Optoma Corporation	New Taipei City, Taiwan	Engaged in the production and marketing of data storage and processing equipment, electronic components, optical devices, wireless communications equipment and electronic appliances	518,465	518,465	58,462,000	100.00%	735,259	156,850	156,850	Subsidiary
Coretronic Corporation	Young Optics Inc.	Hsinchu City, Taiwan	Engaged in the production, marketing and R&D of electronic components and optics.	532,219	547,842	39,891,586	34.97%	1,113,121	(235,563)	(82,381)	Subsidiary
Coretronic Corporation	Viscorp Limited	B.V.I.	Holding company	467,241	467,241	40,781	100.00%	11,896,586	633,908	633,908	Subsidiary
Coretronic Corporation	Sinolink Global Limited	B.V.I.	Holding company	34,100	34,100	980	100.00%	1,278,505	40,516	40,516	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%	2,147,783	20,556	20,556	Subsidiary
Coretronic Corporation	Tecpoint Limited	B.V.I.	Holding company	1,064,802	1,064,802	33,556,599	78.06%	2,724,800	265,561	207,298	Subsidiary
Coretronic Corporation	Young Green Energy Co., LTD.	Hsinchu County, Taiwan	Engaged in the production, wholesale and retail trade of electronic components, battery, computer and its peripheral devices, and electronic material	214,620	214,620	18,833,220	99.91%	231,407	15,051	15,037	Subsidiary
Coretronic Corporation	Young Lighting Limited	Samoa	Holding company	118,134	118,134	3,907,000	100.00%	542,962	539,456	539,456	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.	254,990	254,990	15,000,000	100.00%	182,615	45,222	45,222	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%	304,458	1,134	1,134	Subsidiary
Coretronic Corporation	Champ Vision Display Inc.	Miaoli County, Taiwan	Engaged in R&D, design, production and marketing of innovative intelligent display products and system integration solution.	144,000	144,000	14,400,000	80.00%	178,019	41,707	33,365	Subsidiary
Coretronic Corporation	uCare Medical Electronics Co., Ltd.	Miaoli County, Taiwan	Engaged in the R&D, design, production and marketing of intelligent movement and medical care related software and hardware products.	80,000	80,000	8,000,000	60.69%	36,296	(19,101)	(11,592)	Subsidiary
Coretronic Corporation	Calibre UK Limited	UK	Engaged in R&D, design, production and marketing of image processing products.	44,088	44,088	101,042	100.00%	(75,841)	(36,160)	(36,160)	Subsidiary
Coretronic Corporation	Coretronic Intelligent Robotics Corporation	Hsinchu City, Taiwan	Engaged in R&D, production and marketing of unmanned aerial vehicle and intelligent robotics.	260,600	150,000	15,000,000	100.00%	57,194	(89,411)	(89,411)	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%	12,985	(11,029)	(8,823)	Subsidiary
Coretronic Corporation	Coretronic MEMS Corporation	Hsinchu County, Taiwan	Engaged in R&D, production and marketing of MEMS sensor, module and corresponding solutions.	180,000	180,000	18,000,000	100.00%	110,314	(50,089)	(50,089)	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%	73,100	(26,834)	(26,834)	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	-	-	100.00%	80,888	(4,623)	(4,623)	Subsidiary

ATTACHMENT 5-1 : (Names, locations and related information of investee companies as of December 31, 2020) (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, 2020			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 184,376,405	USD 10,915,207	(Note a)	Associate
Visicorp	Wisdom Success	Cayman Islands	Holding company	USD 10,176,000	USD 10,176,000	43,300	100.00 %	USD 345,732,821	USD 19,441,746	(Note a)	Associate
Visicorp	Bigshine	Samoa	Holding company	USD 3,000,000	USD 3,000,000	3,000	100.00 %	USD 7,970,996	(USD 737,498)	(Note a)	Associate
Visicorp	Investdragon	Samoa	Holding company	USD 636,000	USD 636,000	212,000	100.00 %	USD 18,592	USD 224	(Note a)	Associate
Visicorp	Lead Bright	Samoa	Holding company	USD 4,700,000	USD 4,700,000	4,700	100.00 %	USD 31,654,729	USD 727,745	(Note a)	Associate
Visicorp	Elite View	Samoa	Holding company	USD 5,000,400	USD 5,000,400	5,000	100.00 %	USD 17,499,784	USD 867,246	(Note a)	Associate
Visicorp	Tecpoint	B.V.I.	Holding company	USD 5,204,902	USD 5,204,902	5,204,902	12.11 %	USD 14,839,803	USD 8,963,283	(Note a)	Associate
Wisdom Success	Wisdom Success (HK)	HK	Holding company	USD 18,000,000	USD 18,000,000	18,000	100.00 %	USD 214,776,026	USD 16,392,229	(Note a)	Associate
Wisdom Success	Lead Bright (HK)	HK	Holding company	USD 13,300,000	USD 13,300,000	13,300	73.89 %	USD 89,581,244	USD 2,787,343	(Note a)	Associate
Wisdom Success	Investdragon (HK)	HK	Holding company	-	USD 2,000,000	-	-	-	-	(Note b)	Associate
Wisdom Success	Elite View (HK)	HK	Holding company	USD 7,999,600	USD 7,999,600	8,000	61.54 %	USD 28,001,321	USD 2,254,930	(Note a)	Associate
Wisdom Success	Bigshine (HK)	HK	Holding company	USD 5,000,000	USD 5,000,000	5,000	62.50 %	USD 12,359,586	(USD 665,054)	(Note a)	Associate
Bigshine	Bigshine (HK)	HK	Holding company	USD 3,000,000	USD 3,000,000	3,000	37.50 %	USD 7,415,752	(USD 665,054)	(Note a)	Associate
Investdragon	Investdragon (HK)	HK	Holding company	-	USD 3,000,000	-	-	-	-	(Note b)	Associate
Lead Bright	Lead Bright (HK)	HK	Holding company	USD 4,700,000	USD 4,700,000	4,700	26.11 %	USD 31,654,707	USD 2,787,343	(Note a)	Associate
Elite View	Elite View (HK)	HK	Holding company	USD 5,000,400	USD 5,000,400	5,000	38.46 %	USD 17,499,688	USD 2,254,930	(Note a)	Associate
Sinolink	Mat Limited	Samoa	Holding company	USD 980,000	USD 980,000	980	100.00 %	USD 44,890,948	USD 1,374,223	(Note a)	Associate
Tecpoint	Great Pride	Samoa	Holding company	USD 11,800,000	USD 11,800,000	11,800,000	100.00 %	USD 96,559,114	USD 7,949,816	(Note a)	Associate
Tecpoint	Core-Flex	Cayman Islands	Holding company	USD 23,260,000	USD 23,260,000	213,260,000	94.36 %	USD 8,461,520	USD 328,220	(Note a)	Associate
Tecpoint	Nano Precision	HK	Holding company	-	USD 6,800,000	-	-	-	-	(Note c)	Associate
Tecpoint	Nano Display	HK	Holding company	USD 7,800,000	USD 7,800,000	7,800,000	100.00 %	USD 17,270,869	USD 702,794	(Note a)	Associate
Great Pride	Great Pride (HK)	HK	Holding company	USD 11,800,000	USD 11,800,000	11,800	100.00 %	USD 96,520,800	USD 7,949,807	(Note a)	Associate
Nano Precision (Suzhou)	Nano Precision Taiwan Limited	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 33,618,921	(RMB 12,873,929)	(Note a)	Associate

Note a : The share of profit/loss of associates were recognized by the holding company.

Note b : The registration process of business dissolution was completed and approved by the regulatory authority in November 2020.

Note c : The registration process of business dissolution was completed and approved by the regulatory authority in October 2020.

ATTACHMENT 5-2 : (Names, locations and related information of investee companies as of December 31, 2020) (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, 2020			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 Corp.	Venture Orient	Samoa	Holding company	USD 5,550,000	USD 5,550,000	5,550	100.00 %	\$ 551,387	\$ 26,264	(Note a)	Associate
Chung Tsen Investment Corp.	Young Optics	Hsinchu City, Taiwan	Engaged in the production, marketing and R&D of electronic components and optics	35,471	35,471	2,596,317	2.28 %	72,234	(23,563)	(Note a)	Subsidiary
Chung Tsen Investment Corp.	Tsen Ming Investment	New Taipei City, Taiwan	Investing company for strategic purposes	102,000	102,000	32,443,180	100.00 %	434,546	(1,675)	(Note a)	Associate
Chung Tsen Investment Corp.	Core-Flex	Cayman Islands	Holding company	USD 3,130,000	USD 3,130,000	3,130,000	1.39 %	3,652	9,781	(Note a)	Associate
Venture Orient	Tecpoint	B.V.I.	Holding company	USD 4,226,399	USD 4,226,399	4,226,399	9.83 %	USD 12,050,002	USD 8,963,283	(Note a)	Subsidiary
Tsen Ming Investment	Young Optics	Hsinchu City, Taiwan	Engaged in the production, marketing and R&D of electronic components and optics	31,921	31,921	1,698,886	1.49 %	48,778	(235,563)	(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 %	9,498	9,781	(Note a)	Associate
Young Green Energy	Boom Power	B.V.I.	Holding company	USD 1,000,000	USD 1,000,000	10,000	100.00 %	115,779	USD 252,094	(Note a)	Associate
Young Optics	Masterview	B.V.I.	Holding company	USD 6,000,000	USD 6,000,000	6,000,000	100.00 %	1,739,832	(59,008)	(Note a)	Associate
Young Optics	Young Optics Inc.	USA	Operating maintenance services business	(Note b)	USD 50,000	-	-	-	(3)	(Note a)	Associate
Young Optics	Aptek Optical	Hsinchu County, Taiwan	Manufacturing and selling of optics instruments and electronic components	298,140	298,140	9,250,000	92.50 %	95,071	(3,403)	(Note a)	Associate
Young Optics	Mejiro Genossen Inc.	Japan	Researching, developing, manufacturing and selling of optics machines	JPY 161,200,908	JPY 161,200,908	4,950	99.00 %	33,395	(4,243)	(Note a)	Associate
Masterview	Best Alpha	Samoa	Holding company	USD 1,000,000	USD 1,000,000	1,000,000	100.00 %	USD 23,314,916	USD 970,001	(Note a)	Associate
Masterview	Grace China	Cayman Islands	Holding company	USD 8,156,458	USD 8,156,458	8,156,458	100.00 %	USD 38,674,263	USD 90,783	(Note a)	Associate
Masterview	Young Optics (BD) LTD.	Bengal	Manufacturing of optics components	USD 5,000,000	USD 5,000,000	4,149,936	62.50 %	(USD 1,758,889)	(USD 4,085,218)	(Note a)	Associate
Masterview	Young Optics Europe GmbH	Germany	Manufacturing and selling of 3D printer	EUR 18,750	EUR 18,750	-	75.00 %	USD 45,051	(USD 47,087)	(Note a)	Associate
Grace China	Young Optics (BD) LTD.	Bengal	Manufacturing of optics components	USD 3,000,000	USD 3,000,000	2,479,960	37.50 %	(USD 1,055,333)	(USD 4,085,218)	(Note a)	Associate
Optoma Corporation	Dynamic Time	Cayman Islands	Holding company	USD 14,122,230	USD 14,122,230	14,856	100.00 %	1,888,457	USD 7,398,670	(Note a)	Associate

Note a : The share of profit/loss of associates were recognized by the holding company.

b : The registration process of business dissolution was completed and approved by regulatory authority in February 2020.

ATTACHMENT 5-3 : (Names, locations and related information of investee companies as of December 31, 2020) (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, 2020			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	Optoma Europe	U.K.	Marketing and after sales service of Optoma in European region	USD 2,451,350	USD 2,451,350	1,200,000	100.00 %	USD 34,646,696	EUR 2,753,314	(Note)	Associate
Dynamic Time	Optoma USA	USA	Marketing and after sales service of Optoma in Americas region	USD 8,821,889	USD 8,821,889	825,000	100.00 %	USD 3,618,259	USD 3,383,786	(Note)	Associate
Dynamic Time	Modern Smart	B.V.I.	Holding company	USD 1,200,000	USD 1,200,000	1,200,000	100.00 %	USD 4,157,471	USD 839,418	(Note)	Associate
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 349,413	(HKD 16,521)	(Note)	Associate
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 1,069,962	EUR 616,829	(Note)	Associate
Optoma Europe	Optoma France	France	Marketing and after sales service of Optoma in European region	GBP 67,376	GBP 67,376	-	100.00 %	EUR 462,492	(EUR 22,991)	(Note)	Associate
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 157,127	NOK 407,435	(Note)	Associate
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 373,793	(EUR 49,163)	(Note)	Associate
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 381,629	EUR 3,178	(Note)	Associate
Young Lighting Limited	Young Lighting (HK)	HK	Holding company	USD 847,000	USD 847,000	847	100.00 %	USD 240,920	USD 634	(Note)	Associate
Young Lighting Limited	YLG Limited	Samoa	Holding company	USD 3,060,001	USD 3,060,000	6,000,000	100.00 %	(USD 115,628)	(USD 790,934)	(Note)	Associate
Young Lighting Limited	Brightbridge	Samoa	Holding company	USD 1	USD 1	29,500,000	100.00 %	USD 10,759,160	USD 10,481,314	(Note)	Associate
Young Lighting Limited	Crystal Word	Samoa	Holding company	USD 1	USD 1	22,258,000	100.00 %	USD 8,178,158	USD 7,907,109	(Note)	Associate
Coretronic Intelligent Cloud Service Corp.	Coretronic System Engineering Limited	Samoa	Holding company	USD 1,500,000	USD 1,500,000	1,500,000	100.00 %	23,550	6,101	(Note)	Associate
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 826,883	USD 204,967	(Note)	Associate

Note : The share of profit/loss of associates were recognized by the holding company.

ATTACHMENT 6 : (Investment in Mainland China as of December 31, 2020)
(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, 2020	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized	Carrying value as of December 31, 2020	Accumulated inward remittance of earnings as of December 31, 2020	
				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 (USD46,000,000)	Indirect investment from the third region (Greendale)	\$ 1,525,064 (USD46,000,000)	-	-	\$ 1,525,064 (USD46,000,000)	\$ 314,433	100.00%	\$ 314,433	\$ 5,230,004	\$ 428,855 (USD14,065,436)
Technology Service (Kunshan)	LCD monitor maintenance and technical services	13,259 (USD400,000)	Indirect investment from the third region (Greendale)	13,259 (USD400,000)	-	-	13,259 (USD400,000)	770	100.00%	770	24,920	-
Coretronic Optics (Kunshan)	Production and sales of projector module products and spectrometer	RMB42,000,000	Indirect investment from the Mainland China subsidiary (CPC)	-	-	-	-	70,263	100.00%	70,263	423,884	-
Vimax (Kunshan)	Design, research and development and production of projectors, sales of the company's own products and provide after sales maintenance services for self-produced and non-self-produced products	62,252 (USD1,800,000)	Indirect investment from the third region (Mat Limited)	62,252 (USD1,800,000)	-	-	62,252 (USD1,800,000)	45,883	100.00%	45,883	1,267,457	-
Coretronic (Suzhou)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	660,657 (USD20,000,000)	Indirect investment from the third region (Wisdom Success HK)	271,297 (USD8,000,000)	-	-	271,297 (USD8,000,000)	296,424	100.00%	296,424	4,751,785	-
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	USD10,000,000	Indirect investment from the third region (Wisdom Success HK)	-	-	-	-	76,507	100.00%	76,507	376,085	-
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)	-	-	-	-	112,051	100.00%	112,051	950,852	-
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 (USD8,000,000)	Indirect investment from the third region (Bigshine HK)	95,254 (USD3,000,000)	-	-	95,254 (USD3,000,000)	(21,471)	100.00%	(21,471)	261,308	81,790 (USD2,800,000)
Coretronic Display (Suzhou)	Research and development, manufacturing panel modules and related components of the business, sales of the company's own products and provide related after-sales maintenance services	1,547,564 (USD51,758,000)	Indirect investment from the third region (Brightbridge and Crystal Word)	88,972 (USD2,967,283)	-	-	88,972 (USD2,967,283)	417,729	100.00%	417,729	541,771	-
Coretronic (Ningbo)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	650,050 (USD20,000,000)	Indirect investment from the third region (Lead Bright HK)	151,490 (USD4,700,000)	-	-	151,490 (USD4,700,000)	83,591	100.00%	83,591	3,452,643	139,650 (USD4,619,805)
Young Bright Optical (Suzhou)	Research and development, processing, manufacturing backlight optical film products	1,178,240 (USD36,000,000)	Indirect investment from the third region (Core-Flex)	759,827 (USD23,260,000)	-	-	759,827 (USD23,260,000)	9,905	100.00%	9,905	386,338	-
Nano Precision (Suzhou)	Manufacture and sales of acrylic panels and light guide plate	426,839 (USD13,300,000)	Indirect investment from the third region (Great Pride HK)	330,478 (USD10,392,880)	-	-	330,478 (USD10,392,880)	235,144	100.00%	235,144	2,651,694	113,496 (USD3,787,140)
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 (USD13,000,000)	Indirect investment from the third region (Elite View HK)	29,020 (USD1,000,000)	-	-	29,020 (USD1,000,000)	66,690	100.00%	66,690	1,295,854	-
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 (USD7,800,000)	Indirect investment from the third region (Nano Display)	9,820 (USD308,797)	-	-	9,820 (USD308,797)	20,844	100.00%	20,844	491,856	-
YLG Optotech	Research and development, processing, manufacturing display components, sales of the company's products and provide related services	USD 6,000,000	Indirect investment from the third region (YLG Limited)	USD 3,060,000	-	-	USD 3,060,000	(24,261)	100.00% (Note l)	(4,109)	(3,323)	-
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	6,101	100.00%	6,101	23,550	-
Boom Power Electronics (Suzhou)	Research and development, production and sales of cold cathode tube drive and related products	USD 1,000,000	Indirect investment from the third region (Boom Power)	USD 1,000,000	-	-	USD 1,000,000	7,452	100.00%	7,452	115,760	-

Accumulated investment in Mainland China as of December 31, 2020 (Note a, b)	Investment amounts authorized by Investment Commission, MOEA (Note b~ Note i)	Upper limit on investment
\$2,293,772 (USD 73,152,048)	\$2,083,370 (USD 73,152,048)	\$13,737,290

Note a : To use historical currency rates.

Note b : The investment amounts in Flying Success and Coretronic (Nanjing) has been not remitted to Coretronic Corporation in the event of liquidation in December, 2012 and June 2018, and related registration processes for Investment Commission, MOEA were not applicable.

Note c : Greendale Investments Limited received cash dividends amounted to USD 14,065,436.4 for distribution profits from Coretronic Projection (Kunshan) from 2006 to 2007 and had remitted it back to Coretronic Corporation.

Note d : Bigshine (HK)Limited received cash dividends amounted to USD 8,735,525.72 for distribution profits from Coretronic (Shanghai) in 2006 and had remitted it back USD 1,000,000 to Coretronic Corporation.

Note e : Tecpoint received USD 2,795,270 in 2019 from Nano Precision (Suzhou), which was from the liquidation of Nano Precision (Nanjing) in 2006. Tecpoint had remitted it back to Coretronic Corporation.

Note f : Great Pride (HK) Investments Limited received cash dividends amounted to USD 3,565,645 for distribution profits from Nano Display (Suzhou) in 2018 and had remitted USD 3,215,142 back to Coretronic Corporation.

Note g : Nano Precision Investments Limited received cash dividends amounted to USD 2,290,604 for distribution profits from Nano Precision (Nanjing) in 2018 and had remitted USD 2,065,438 back to Coretronic Corporation.

Note h : Dissolution of Nano Display (Suzhou) and merger with Coretronic (Suzhou) were approved by regulatory authority in August, 2019.

Note i : Include the investment amount USD2,966,301 of Nano Precision (Nanjing) which company's registration was cancelled in April, 2019. The investment amount cancellation was approved by MOEA.

Note j : Tecpoint received cash dividends amounted to USD 1,100,000 for distribution profits from Nano Precision (Suzhou) in 2020 and had remitted it back USD 991,870 to Coretronic Corporation. Coretronic Corporation has applied for the cancellation for investment amount of USD 991,870 in China, which is still waiting for approval by MOEA.

Note k : Viscorp received cash dividends amounted to USD 1,800,000 for distribution profits from Coretronic (Shanghai) and USD 4,619,805 from Coretronic(Ningbo) in 2020 and remitted it back USD 6,419,805 to Coretronic Corporation. Besides, the rest capital of Nano Precision (Nanjing) USD 460,098 and the liquidation income of Coretronic (Nanjing)

USD 490,094 were already remitted it back to Coretronic Corporation. Therefore, Coretronic Corporation has applied for the cancellation for investment amount of USD 7,369,997 in China, which is still waiting for approval by MOEA.

Note l : Young Lighting Limited acquired 49% of shares of YLG Limited in December 2020. The ownership percentage of YLG Optotech was increased to 100%.

Note m : To use the currency rate 1 USD =28.48 NTD as of December 31, 2020.

ATTACHMENT 6-1 (Investment in Mainland China as of December 31, 2020)
(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, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 30, 2020	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note a)	Carrying value as of December 31, 2020 (Note a)	Accumulated inward remittance of earnings as of December 31, 2020
					Outflow	Inflow						
Young Optics (Kunshan)	Researching and developing, manufacturing of optics engine and related optics electronic equipment	\$440,619 (USD 22,200,000) (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)	\$62,782 (USD 2,158,818)	100.00%	\$62,782 (USD 2,158,818)	\$969,930 (USD 34,056,516)	\$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)	10,921 (USD 383,600)	100.00%	10,921 (USD 383,600)	219,769 (USD 7,716,605)	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 30, 2020 (Note b)	Investment amounts authorized by Investment Commission, MOEA (Note b)	Upper limit on investment
\$198,401 (USD 6,000,000)	\$233,101 (USD 7,020,000)	Note c

Note a : The investments were fully consolidated in accordance with the Regulations.

Note b : To use historical currency rates.

Note c : Young Optics Company has obtained the certificate of being qualified for operating headquarters issued by Industrial Development Bureau, MOEA in June 2018, the upper limit on investment in mainland China pursuant to "Principle of Investment or Technical Cooperation in Mainland China" is not applicable.

Note d : Young Optics (Kunshan) invested USD 9,800 thousand through capitalization of earnings in 2007. Best Alpha Investments Limited invested USD 2,300 thousand.

Note e : Young Optics (Kunshan) invested USD 1,300 thousand through capitalization of earnings in April 2009. Grace China Investments Limited invested USD 824,850. Best Alpha Investments Limited invested USD 2,975,150.

Note f : Best Alpha Investments Limited received cash dividends amounted to USD 20,235,299 for distribution profits from Young Optics (Suzhou) in 2011 and had remitted it back to Young Optics.

Note g : Best Alpha Investments Limited received cash dividends amounted to RMB 27,691,452 and USD 4,509,641 for distribution profits from Young Optics (Suzhou) in 2014. The RMB 24,922,307 of them had been remitted back to Young Optics.

Note h : Best Alpha Investments Limited received cash dividends amounted to RMB 52,944,050 for distribution profits from Young Optics (Suzhou) in 2015 and had remitted it back to Young Optics.

Note i : Best Alpha Investments Limited received cash dividends amounted to USD 4,528,402 for distribution profits from Young Optics (Suzhou) in 2017 and had remitted it back to Young Optics.

Note j : Best Alpha Investments Limited received cash dividends amounted to USD 603,264 for distribution profits from Young Optics (Kunshan) in 2017 and had remitted it back to Young Optics.

Note k : Grace China Investments Limited received cash dividends amounted to USD 1,854,025 for distribution profits from Young Optics (Kunshan) in 2017 and had remitted it back to Young Optics.

Note l : Best Alpha Investments Limited received cash dividends amounted to USD 6,531,714 for distribution profits from Young Optics (Suzhou) in 2018 and had remitted it back to Young Optics.

Note m : Young Optic (Kunshan) conducted capital reduction amounted to USD10,000,000 in December 2020.

ATTACHMENT 6-2 (Investment in Mainland China as of December 31, 2020)
(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, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note a, b)	Carrying value as of December 31, 2020	Accumulated inward remittance of earnings as of December 31, 2020
					Outflow	Inflow						
Optoma China	Marketing and after-sales service of Optoma's technology products in Mainland China	\$38,412 (USD1,200,000)	Indirect investment from the third region (Modern Smart)	\$38,412 (USD1,200,000)	\$-	\$-	\$38,412 (USD1,200,000)	\$24,439 RMB 5,854,608	100.00%	\$24,439 RMB 5,854,608 (Note a (2) · e)	\$78,592 RMB 18,005,821	\$-

Accumulated investment in Mainland China as of December 31, 2020 (Note b)	Investment amounts authorized by Investment Commission, MOEA (Note b)	Upper limit on investment (Note c)
\$38,412 (USD1,200,000)	\$176,798 (USD5,900,000) (Note d)	\$441,155

Note a : The investment income (loss) were determined based on the following basis:

- (1).The financial report was audited and certified by an international accounting firm in cooperation with an R.O.C. accounting firm.
- (2).The financial statements was certified by the CPA of the parent company in Taiwan.
- (3).Other: The financial statements were not audited by the CPA.

Note b : To use historical currency rates.

Note c : Based on Regulations Governing the Approval of Investment or Technical Cooperation in Mainland Chian promulgated by Investment Commission, MOEA.

Note d : LIULI and LIULI(HK) had disposed the shares of Tou Ming Si Kao (Shanghai) on March 21, 2011. The related registration processes were completed on September 13, 2011, and reported to Investment Commission, MOEA. The investment amounts have no change when the amounts had been not remitted to Optoma.

Note e : The investments were fully consolidated in accordance with the Regulations.

ATTACHMENT 7 (Financial instrument and derivative transaction as of December 31, 2020)

(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	Buying USD	From January, 2021 to March, 2021	USD 411,500,000	\$ 99,135	\$ 99,135	Note a
Coretronic Corporation	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From January, 2021 to March, 2021	USD 281,000,000	98,954	98,954	Note a
Champ Vision Display	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From January, 2021 to March, 2021	USD 8,000,000	(141)	(141)	Note e
Nano Precision Taiwan Limited	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	February, 2021	USD 1,380,000	358	358	Note f
Coretronic (Suzhou)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From January, 2021 to April, 2021	USD 35,000,000	32,914	32,914	Note b
Nano Precision (Suzhou)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From January, 2021 to November, 2021	USD 23,000,000	36,943	36,943	Note c
Coretronic Projection (Kunshan)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From January, 2021 to July, 2021	USD 33,000,000	5,011	5,011	Note l
Coretronic (Ningbo)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From February, 2021 to June, 2021	USD 5,000,000	3,298	3,298	Note d
Coretronic Optotech (Suzhou)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From January, 2021 to March, 2021	USD 20,000,000	14,166	14,166	Note m
Coretronic Display (Suzhou)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	February, 2021	USD 3,000,000	93	93	—
Optoma Corporation	Financial assets at fair value through profit or loss, current	Forward cross currency contract	—	March, 2022	USD 2,200,000	508	508	Note g
Optoma Corporation	Financial liabilities at fair value through profit or loss, current	Forward cross currency contract	—	From January, 2021 to February, 2021	USD 30,500,000	(9,783)	(9,783)	Note g
Optoma Europe	Financial assets at fair value through profit or loss, current	Forward foreign exchange contract	Sell GBP/Buy EUR	March, 2022	EUR 1,200,000	13	13	Note h
Optoma Europe	Financial liabilities at fair value through profit or loss-current	Forward foreign exchange contract	Sell EUR/Buy USD	From January, 2021 to March, 2021	USD 19,500,000	(7,035)	(7,035)	Note h
Optoma USA	Financial liabilities at fair value through profit or loss, current	Forward foreign exchange contract	Sell CAD/Buy USD	From January, 2021 to March, 2021	CAD 3,000,000	(1,922)	(1,922)	Note i
Dynamic Time	Derivative financial liabilities for hedging, current	Forward foreign exchange contract	Sell EUR/Buy USD	February, 2021	EUR 3,000,000	(4,702)	(4,702)	Note j
Young Optics (Kunshan)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	April, 2021	USD 6,000,000	6,511	6,511	Note k
Young Optics (Kunshan)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	May, 2021	USD 1,000,000	531	531	Note k
Young Optics (Kunshan)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	June, 2021	USD 2,000,000	491	491	Note k

Note a : Coretronic Corporation entered into forward foreign exchange contracts and acquired realized loss amounted to NT\$78,051 thousands for the years ended December 31, 2020.

Note b : Associate Coretronic (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$78,894 thousands for the years ended December 31, 2020.

Note c : Nano Precision (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$21,386 thousands for the years ended December 31, 2020.

Note d : Associate Coretronic (Ningbo) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$7,949 thousands for the years ended December 31, 2020.

Note e : Subsidiary Champ Vision Display entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$3,421 thousands for the years ended December 31, 2020.

Note f : Nano Precision Taiwan Limited entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$1,097 thousands for the years ended December 31, 2020.

Note g : Subsidiary Optoma Corporation entered into forward foreign exchange contracts and Forward cross currency contract, acquired realized loss amounted to NT\$53 thousands and NT\$40,731 thousands for the years ended December 31, 2020.

Note h : Associate Optoma Europe entered into forward foreign exchange contracts and acquired realized loss amounted to NT\$39,921 thousands for the years ended December 31, 2020.

Note i : Associate Optoma USA entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$54 thousands for the years ended December 31, 2020.

Note j : Associate Dynamic Time entered into forward foreign exchange contracts and acquired realized loss amounted to NT\$6,454 thousands for the years ended December 31, 2020.

Note k : Associate Young Optics (Kunshan) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$8,036 thousands for the years ended December 31, 2020.

Note l : Associate Coretronic Projection (Kunshan) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$17,911 thousands for the years ended December 31, 2020.

Note m : Associate Coretronic Optotech (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$2,791 thousands for the years ended December 31, 2020.

ATTACHMENT 8 (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 periods ended December 31, 2020.)
(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, 2020	
					Units / shares	Amount	Units / shares	Amount	Units / shares	Selling Price	Carrying amount	Gain (Loss) from disposal (Note)	Units / shares
Young Optics (Kunshan)	Structured Deposits	Financial assets measured at amortized cost-current	Shanghai Pudong Development Bank	-	-	-	RMB 130,000,000	-	-	RMB 130,000,000	RMB982,810	-	-

Note : To be recognized in interest revenue.

ATTACHMENT 9 (The information of Major shareholder as of December 31, 2020)

Name	Number of shares (Units/shares)	Percentage of ownership (%)
Taiwei Advanced Technology Co., Ltd.	33,921,196	7.80%



Coretronic Corporation

Chairman : Wade Chang