

Stock Code
5371

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Coretronic Corporation

2021 Annual Shareholders' Meeting

Meeting Agenda

(Translation)

June 10, 2021

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Coretronic Corporation
2021 Annual General Shareholders' Meeting Procedure

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

Coretronic Corporation
2021 Annual General Shareholders' Meeting Agenda

Time : 9:00 a.m., June 10 (Thursday), 2021

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

I. Chairman's Address

II. Report Items

1. 2020 Annual Business Report.
2. 2020 Audit Committee's Review Report.
3. The distribution of 2020 employees' compensation.
4. The distribution of 2020 Earnings in cash and additional paid-in capital in cash.
5. Implementation of buying back the company's shares.

III. Ratification Items

1. Ratification of 2020 Annual Business Report and Financial Statements.
2. Ratification of the Proposal for the Distribution of 2020 Earnings.

IV. Discussion Items

1. Proposal of formulating the Company's Rules of Procedure for Shareholders' Meetings.
2. Proposal of formulating the Company's Rules Governing Election of Directors.
3. Proposal of Amending the Company's Procedures of Acquisition or Disposal of Assets.

V. Extraordinary Motions

VI. Meeting Adjournment

Report Items

1. 2020 Annual Business Report

Description: 2020 Annual Business Report is attached as Attachment 1.

2. 2020 Audit Committee's Review Report

Description: 2020 Audit Committee's Report is attached as Attachment 2.

3. The distribution of 2020 employees' compensation.

Description: In accordance with Company Act and the Company Article of Incorporation, 10%~20% of profit of the current year shall be distributed as employees' compensation. The board of directors resolved to distribute NT\$228,711,453 as 2020's employee compensation in cash.

4. The distribution of 2020 Earnings in cash and additional paid-in capital in cash.

Description:

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

5. Implementation of buying back the company's shares.

Description:

To Maintain the Company's Credit and Shareholders' Equity, the Board of Directors presented unanimously approve Shares Buyback on February 8, 2021. The resolution and implementation are as follows:

Term of Buyback	Seventh time
Purpose of Buyback	To Maintain the Company's Credit and Shareholders' Equity
Planned Period of Buyback	From February 17, 2021 to April 8, 2021
Planned Types and Number of Buyback	43,442,000 Common Share
Price Range of Buyback	NT\$30.10 ~ NT\$60.74
Actual Period of Buyback	From February 17, 2021 to March 3, 2021
Actual Types and Number of Buyback	43,442,000 Common Share
Actual Monetary Amount of Buyback	NT\$2,102,777,183
Average Shares Buyback Price Per Share	NT\$48.40
Number of the Company Shares Held In Accumulation	0 Shares
Number of The Company Shares Held In Accumulation Out of The Total Number Shares Issued (%)	0%
Number of Shares Had Been Written Off	43,442,000 Shares

Ratification Items

1. Ratification of 2020 Business Report and Financial Statements. (Proposed by the Board of Directors)

Description:

- (1)The 2020 financial statements of the Company had been audited by Ernst & Young.
- (2)Please refer to attachment 1 and 3 for 2020 Business Report and financial statements.
- (3)Please resolve.

Resolution:

2. Ratification of the Proposal for the Distribution of 2020 Earnings. (Proposed by the Board of Directors)

Description:

- (1)Please refer to attachment 4 for the Distribution of 2020 Earnings Table which was approved by the Board of Directors and reviewed by the Audit Committee.
- (2)Please resolve.

Resolution:

Discussion Items

1. Proposal of formulating the Company's Rules of Procedure for Shareholders' Meetings.

(Proposed by the Board of Directors)

- (1) In accordance with the Sample Template for Rules of Procedure for Shareholders Meetings promulgated by the OTC and the Company's actual business practice, it is proposed to re-establish the "Rules of Procedures for Shareholders Meetings" of the Company, and the original "Rules of Procedures for Shareholders Meetings" shall be abolished.
- (2) Please refer to Appendix 2 for the original "Rules of Procedure of Shareholders Meetings" and the re-establish the "Rules of Procedures for Shareholders Meetings" of the Company is attached as Attachment 5.
- (3) Please resolve.

Resolution:

2. Proposal of formulating the Company's Rules Governing Election of Directors. (Proposed by the Board of Directors)

- (1) In accordance with the Sample Template for Rules Governing Election of Directors promulgated by the OTC and the Company's actual business practice, it is proposed to re-establish the " Rules Governing Election of Directors " of the Company, and the original " Rules Governing Election of Directors " shall be abolished.
- (2) Please refer to Appendix 3 for the original " Rules Governing Election of Directors " and the re-establish the " Rules Governing Election of Directors " of the Company is attached as Attachment 6.
- (3) Please resolve.

Resolution:

3. Proposal of Amending the Company's Procedures of Acquisition or Disposal of Assets.

(Proposed by the Board of Directors)

- (1) To comply with the Company's actual business practice, it is proposed to amend the "Procedures of Acquisition or Disposal of Assets".
- (2) The comparison table of amendments to the Procedures of Acquisition or Disposal of Assets is attached as Attachment 7.
- (3) Please resolve.

Resolution:

Extraordinary Motions

Meeting Adjournment

Coretronic Corporation

2020 Business Report

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.

Sales breakdowns by product lines in 2020 as below: (Consolidated)

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

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.

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:

- (1) 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.
- (2) 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.
- (3) 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.
- (4) 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.
- (5) 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.
- (6) 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.

- (7) 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.
- (8) 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.
- (9) In response to the group's operations and growth, raise low-cost capital to support organizational development and develop strength for long-term development.

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

Sincerely,

Chairman: Wade Chang

President: Sarah Lin, SY Chen

Accounting Officer: Franck Ho

Audit Committee's Review Report

To: 2021 General Annual Shareholders' Meeting of Coretronic Corporation

The Board of Directors of the Company has delivered the 2020 business report, the financial statements and the proposed 2020 earnings distribution. The aforesaid 2020 financial statements of the Company and the consolidated financial statements had been audited by Ernst & Young. The Audit Committee has examined the above statements and found nothing out of order and thus prepared this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your ratification.

Coretronic Corporation

Chairman of the Audit Committee : Houn-Gee Chen

April 26, 2021



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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 assets	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		2,283,579	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	133,972	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)	\$ 3.39		\$ 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.

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

CORETRONIC CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2020 and 2019

(Amounts in thousands of New Taiwan Dollars)

Description	Common stock	Capital surplus	Retained earnings			Exchange differences on translation of foreign operations	Other equity		Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings		Unrealized gains or losses on financial assets at fair value through other comprehensive income(loss)	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	-	2,332,647
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	2,335,067	(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.

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

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)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 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)	(343,605)	(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	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2020 and 2019

(Amounts in thousands of New Taiwan Dollars)

Description	Equity attributable to owners of the parent								Total	Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings			Other equity					
			Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign operations	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income (loss)	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
2020's Earnings Distribution Table

Unit : NTD

Item	Amount	
	Subtotal	Total
Beginning of Unappropriated Retained Earnings		8,662,316,331
Plus:Remeasurement of Defined Benefit Obligation	16,912,367	
Minus:Adjustment of Retained Earnings Accounted for Under the Equity Method	9,808,366	
Cumulative of Unappropriated Earnings		8,669,420,332
Net income of 2020	1,560,417,501	
Minus: Appropriated For Legal Reserve	156,752,150	
2020's Earnings Available For Distribution		1,403,665,351
Earnings Available For Distribution (Cumulative)		10,073,085,683
Cash Dividends To Shareholders (NTD 3.0 per share)		1,172,943,330
End of Unappropriated Retained Earnings		8,900,142,353
<p>Note 1 : According to the ruling issued by MOF on April 30, 1998 (Ref. 871941343), when distributing earnings it should be taxed as per the year that the earnings were gained. Coretronic adopts last in first out method when distributing earnings, which is to say, first distribute earnings from the most current year and then the previous year's when not sufficient.</p> <p>Note 2 : Cash dividend distribution ratio is calculated on the basis of whole NT dollar, rounded down to whole NT dollar, for total fractional dollars less than whole NT dollar, arrogant by decimal digit to low and account number from the front to rear adjustment order to meet the total cash dividend.</p>		

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

Coretronic Corporation
Rules of Procedure for Shareholders Meeting

Article 1

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

Article 2

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

Article 3

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

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

Article 4

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

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

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

Article 5

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

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

Article 6

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

At the scheduled meeting time, the chairman shall immediately call the meeting to order and announce the relevant information, such as the number of non-voting rights and the number of

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

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

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

Article 7

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

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

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

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

Article 8

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

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

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

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

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

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

Article 9

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

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

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

Article 10

Unless otherwise provided in the Company Act or the Company's Articles of Incorporation, the voting of proposal shall be passed by a majority of the total number of the attending shareholders.

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

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

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

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

Article 11

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

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

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

Article 12

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

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

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

Article 13

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

Coretronic Corporation
Rules Governing Election of Directors

Article 1

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

Article 2

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

Article 3

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

Article 4

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

Article 5

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

Article 6

Ballots shall be invalid under any of the following circumstances:

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

Article 7

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

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

Article 8

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

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

Current Provisions			Proposed Amendments		
6.5 Procedures for engaging in derivatives trading 6.5.1~6.5.2(Skip) 6.5.3 Operating procedures : 1)Authorized amount, level and executive department : a. Hedging FX trading limit : authorized level and limit of exercising FX :			6.5 Procedures for engaging in derivatives trading 6.5.1~6.5.2(Skip) 6.5.3 Operating procedures : 1)Authorized amount, level and executive department : a. Hedging FX trading limit : authorized level and limit of exercising FX :		
Authorized Level	Daily Limit	Accumulated un net written position trading authority	Authorized Level	Daily Limit	Accumulated un net written position trading authority
Chairman	USD 100 million or more	USD 1,000 million	Chairman	USD 100 million	USD 1,500 million(Note)
CFO	USD 40 million	USD 400 million	CFO	USD 40 million	USD 400 million
Authorized person of Finance Dept	USD 20 million	USD 150 million	Authorized person of Finance Dept	USD 20 million	USD 150 million
If the daily transaction amount or the accumulated un-offset position exceeds the authorized limit, it must be reported to the authorized personnel for approval before execution. If the transaction exceeds the above authorization, the board of directors must approve in advance. b 、 c and 2) Transaction process (Skip) 6.5.4~6.5.6(Skip)			If the daily transaction amount or the accumulated un-offset position exceeds the authorized limit, it must be reported to the authorized personnel for approval before execution. If the transaction exceeds the above authorization, the board of directors must approve in advance. b 、 c and 2) Transaction process (Skip) 6.5.4~6.5.6(Skip)		

Note : It is expected that the successive additions of production capacity in Vietnam and Wujiang plants in China will drive the increase in Sales Revenue/AR/AP, thus, in order to meet the demand for hedging, it is proposed to increase the trading authority of Accumulated un~~net~~written position from US\$1 billion to US\$1.5 billion.

Coretronic Corporation

Articles of Incorporation

CHAPTER 1 : General Provisions

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

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

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

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

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

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

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

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

CHAPTER 2 : Shares

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

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

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

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

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

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

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

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

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

CHAPTER 3 : Shareholder Meeting

Article 11: Shareholder meetings shall be convened as follows:

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

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

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

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

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

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

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

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

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

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

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

The Company may provide the minutes via an announcement.

CHAPTER 4 : Directors, Audit Committee and Managers

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

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

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

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

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

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

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

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

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

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

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

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

CHAPTER 5 : Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

CHAPTER 6 : Supplementary Provisions

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

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

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

Coretronic Corporation

Chairman : Wade Chang

Coretronic Corporation
Rules of Procedure for Shareholders' Meetings

1. Purpose: The Rules are for the procedures of the shareholders' meeting.
2. Scope: The shareholders' meeting of the Company shall be proceeded with in accordance with these Rules, unless Company Laws, Rules Governing the Conduct of Shareholders Meetings by Public Companies and the Articles of Incorporation of the Company provides otherwise.
3. Definition: None.
4. Authorities:
 - 4.1 Shareholders' meeting shall be called by the board of directors, the proceedings of the meeting shall be formulated by the board of directors, and the meeting shall be proceeded with in accordance with the said proceedings. The proceedings shall not be changed without a resolution made by the shareholders' meeting.
 - 4.2 If a shareholders' meeting shall be called by any other person than the board of directors, the preceding provisions shall apply mutatis mutandis to the said meeting.
 - 4.3 The chairman shall not adjourn a meeting without resolution adopted by shareholders if the motions (including extraordinary motions) covered in the proceedings so arranged in the above Rule 4.1 and Rule 4.2 shall not have been resolved.
 - 4.4 If the chairman has violated the rules of procedure to declare the meeting is ended, one person may be elected the chairman with the consent of one half of the votes represented by shareholders present to resume the Meeting.
 - 4.5 After the meeting is declared ended, shareholders may not elect a chairman to resume the meeting at the original location or other premises.
 - 4.6 Shareholders' meeting shall be convened by the board of directors and the chairman of the board of directors shall be the chairman presiding at the Meeting. If the Chairman of BOD cannot preside at the Meeting for any reason, the agent shall be preceded in accordance with Company Law.
 - 4.7 If a shareholders' meeting is called by someone other than the board of directors who has the right to call the meeting, the said person shall chair the meeting. If more than one person has the right to call the meeting, one shall be elected to chair the meeting.
5. Reference: Rules Governing the Conduct of Shareholders' Meetings by Public Companies
6. Procedures:
 - 6.1 Shareholders (or agent) attending the shareholders' meeting shall sign-in. The sign-in procedure is performed by submitting the attendance card. The attendance card shall be worn to attend the shareholders' meeting. The number of shares represented by attending shareholders shall be calculated in accordance with the attendance card submitted by shareholders and those submitted by e-voting shares.

- 6.2 When it is time to convene a shareholders' meeting, the chairman shall immediately convene the meeting, provided, however, that if the shareholders present do not represent a majority of the total amount of issued shares, the chairman may postpone the meeting, provided, however, that the postponement of the said meeting shall be limited to two times, and the total time postponed shall not exceed one hour. If the meeting has been postponed for two times, but the shareholders present still do not represent a majority of the total amount of issued shares, a tentative resolution may be adopted in accordance with the Company Law by shareholders representing one-third of the total amount of issued shares. Before the close of the said meeting if the shareholders present represent a majority of the total amount of issued shares, the chairman may present the tentative resolution so adopted to the meeting for resolution in accordance with the Company Law.
- 6.3 During the proceedings of a meeting, the chairman may consider the schedule and announce for a break. If the meeting is not ended, the shareholders may resolve to postpone or resume the meeting within five days without further notice or public announcement.
- 6.4 A shareholder wishing to speak in a shareholders' meeting shall first fill out a slip, specifying therein the number of attendance, his name and major points of his speech, and the chairman shall determine his order of giving a speech.
- 6.5 An attending shareholder or proxy may question about report items on the agenda only after the chairman or person designated by the chairman has read or reported all report items. The proposals shall be discussed in accordance with the scheduled procedures. In the event that a shareholder violates the procedures, the chairman may prevent him from doing so.
- 6.6 An attending shareholder's explanation of proposal shall be limited to 5 minutes. The statement of discussion, inquiry and reply shall be limited to 3 minutes per person. The time may be extended for 3 minutes with the chairman's permission. After a shareholder present at the meeting speaks, the chairman may reply in person or assign concerned personnel to reply.
- 6.7 When an institutional person attends the shareholders' meeting as a proxy, the institutional person may assign only one representative to attend the meeting. When an institutional shareholder assigns two or more representatives to attend the shareholders' meeting, only one of them may speak for any single proposal.
- 6.8 Each shareholder may make statement on the same issue not more than twice unless the chairman consents otherwise. The chairman may restrain stockholders from speaking if that stockholders speak overtime, speak beyond the allowed frequency or content of the speech is beyond the scope of the proposal.
- 6.9 Over the proposal discussion, the chairman may conclude the discussion in a timely manner and where necessary announce discussion is closed.
- 6.10 For proposal in which discussion has been concluded or closed, the chairman shall submit it for voting. In voting, a proposal is considered approved if the chairman receives no dissenting opinions after requesting, which has the same effect as does voting by ballot.
- 6.11 Unless otherwise provided by The Company Law, a proposal shall be approved by the consent of more than half of the votes of shares represented by shareholders present. Each shareholder is entitled to one vote for each share held except the shares provided by

laws.

- 6.12 The chairman shall appoint monitors and ballot counters for voting on proposals. For qualifications, monitors must be shareholders. The results of each vote shall be announced on the spot and made into the minutes.
- 6.13 If there shall be an amendment or alternative to one proposal, the chairman may combine the amendment or alternative into the original proposal, and determine their orders for resolution. If any one of the above shall be resolved, the others shall be considered as rejected, upon which no further resolution shall be required.
- 6.14 Shareholders attend shareholders' meeting by proxy and process the soliciting of proxy letters and agent not belonging to the soliciting shall be proceeded in accordance with the relevant regulations of the Company Law and Rules Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.
- 6.15 In case of incident of force majeure, the chairman may decide to temporarily suspend the meeting and decide, depending on the situation, how the meeting will resume.
- 6.16 The chairman may instruct the inspectors (or security personnel) to assist in maintaining order in the meeting venue. While assisting in maintaining order at the venue, the inspectors (or security personnel) shall wear arm-bands reading "Inspector."
- 6.17 These Rules shall come into force given the approval of the shareholders' meeting, and so shall be the amendment.

Coretronic Corporation
Rules Governing Election of Directors

1. Purpose : This Procedures is enacted for the purpose of election of directors.
2. Scope : The election procedure for the Company's directors shall be proceeded in accordance with the Company Act and relevant laws and regulations and the provisions under the Articles of Incorporation. The Procedures which are not provided herein shall be proceeded accordance with the procedures.
3. Definition : None.
4. Authority : NA.
5. Reference : "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" the Articles of Incorporation of the Company.
6. Procedures :
 - 6.1 The election of the directors shall be held in the shareholders' meeting.
 - 6.2 All persons with capacity may be elected as directors of the Company.
 - 6.3 The directors in such number as designated by the Articles of Incorporation.
 - 6.4 The election of the directors and supervisors adopts cumulative vote system, the number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates.
 - 6.5 The directors in such number as designated by the Articles of Incorporation, the election of independent directors and non-independent directors shall take place together, and the number of votes of each shall be calculated separately; persons obtaining the most number of votes shall be elected and served as independent directors and non-independent directors accordingly. In the event two or more persons obtain the same number of votes and the number of such persons together with all other persons ranking prior to them exceeds the number as designated by the Articles of Incorporation and the Board's resolution, lots shall be drawn to decide which of such persons obtaining the same number of votes shall be elected; if any of such persons is not present, the chairman shall draw the lots on half of him/her.
 - 6.6 At the beginning of the election, the Chairman shall appoint several persons each to check and record the ballots. The persons to check the ballots may be appointed from among the Shareholders' present.
 - 6.7 The ballot box used for voting shall be prepared by this Company and checked in public by the person to check the ballots before voting. The Board shall prepare for ballots, clearly listing attendance card numbers and number of the weighted votes, and distribute to the shareholders who attend the shareholders' meeting. The registration of ballots may be replaced by the attendance card number printed on the ballots.

- 6.8 Name and shareholder's number of the candidate shall be written on the ballot by calligraphy, pen or ballpoint pen. If the candidate is the government or legal person, rules are the following:
- 6.8.1 Provided that, the government is the candidate, such names of the government shall be written.
 - 6.8.2 Provided that, the legal person is the candidate, such names of the legal person shall be written.
 - 6.8.3 In the event the representative of the legal person is the candidate, the name of legal person and its representatives shall be written.
 - 6.8.4 The government and legal person or their representatives shall be with capacity.
 - 6.8.5 In the event the representatives are two or more, , the names of the representatives shall be additionally written separately
- In addition, the votes of the candidates shall be written.
- 6.9 Ballots shall be deemed void under the following conditions:
- 6.9.1 Ballots not placed in the ballot box.
 - 6.9.2 Ballots not prepared by this Company, any of the voter's number and the voting shares.
 - 6.9.3 Blank ballots not completed by the voter.
 - 6.9.4 The name or shareholder's number of the candidate filled in the ballot inconsistent with the shareholders' register.
 - 6.9.5 Ballots with other written characters or symbols in addition to candidate's name, shareholder's number (ID number) and the number of votes cast for the candidate.
 - 6.9.6 Illegible writing.
 - 6.9.7 The name of the candidates filled in the ballots being the same as another candidate's name and the respective shareholder's numbers (ID numbers) not being indicated to distinguish them.
 - 6.9.8 If the candidate is a non-shareholder, the ballot is only filled in with the name and without the ID number or GPN.
 - 6.9.9 Where the name of the candidate entered is found the same as another shareholder's name and there is no shareholder number provided.
- 6.10 The ballots should be calculated during the meeting right after the vote casting supervised by the check person and the results of the election should be announced by the Chairman at the meeting.
- 6.11 This Company shall issue notifications to the directors elected.
- 6.12 The election procedure for the Company's independent directors shall be proceeded in accordance with "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies"
- 6.13 Any matters insufficiently provided herein shall be governed by the provisions concerned as set forth in the Company Law and other related regulations.
- 6.14 These Rules and any revision thereof shall become effective after approval at the shareholders' meeting.

Status of all Directors' Shareholding

1. Total shares issued are 390,981,110.
2. As of April 12, 2021, the total shares of all directors as below :

Title	Name	Number of shares	Shareholding ratio
Director	Mr. Wade Chang	9,345,953	2.39%
Director	Hsun Chieh Investment Ltd.	15,062,551	3.85%
Director	Mr. Ted Tu	0	0.00%
Director	Mr. Chual-Hsin Teng	0	0.00%
Independent Director	Mr. Houn-Gee Chen	0	0.00%
Independent Director	Mr. Edward H.Chow	0	0.00%
Independent Director	Mr. Yao Chien	0	0.00%
Number of shares held by all directors		24,408,504	6.24%

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