

Stock Code:
3504

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YOUNGOptics

Young Optics Inc.

**Handbook for the 2021 Annual General Meeting
of Shareholders
(Translation)**

Meeting Date: June 8, 2021

Place: No.2, Zhanye 1st Rd., East Dist., Hsinchu City 300, Taiwan R.O.C.
(Conference Room no. 202, The Allied Association of Science Park Industries)

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Young Optics Inc.

Procedure for the 2021 Annual General Meeting of Shareholders

1. Call the Meeting to Order
2. Chairman Remarks
3. Company Reports
4. Matters for Ratification
5. Proposals & Election Matters
6. Questions and Motions
7. Adjournment

Young Optics Inc.

Agenda of Annual General Meeting of Shareholders

Time : 9:00 a.m. on June 8 (Tuesday), 2021

Place : No.2, Zhanye 1st Road, East Dist., Hsinchu City 300, Taiwan R.O.C.

(Conference Room no. 202, the Allied Association of Science Park Industries)

I. Call the Meeting to Order

II. Chairman Remarks

III. Company Reports

1. 2020 Annual Business Report.
2. 2020 Audit Committee's Report.

IV. Matters for Ratification

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

V. Proposals & Election Matters

1. Proposal for the Company's Election of Directors of the 8th Term.
2. Proposal to release the newly-elected Directors from non-competition restrictions.

VI. Questions and Motions

VII. Adjournment

Company Reports

1. 2020 Annual Business Report.

2020 Annual Business Report is attached as Attachment no. 1 on page 10 to 11 of this handbook.

2. 2020 Audit Committee's Report.

The Audit Committee's Report on 2020 Financial Statements is attached as Attachment no. 2 on page 12 of this handbook.

Matters for Ratification

(Proposed by the Board of Directors)

1. Ratification of 2020 Annual Business Reports and Financial Statements.

- (1) The Company's 2020 Financial Statements have been audited by Ernst & Young.
- (2) Please refer to Attachment no. 1 on page 10 to 11 for 2020 Annual Business Reports and Attachment no. 3 for Audited Financial Statements from page 13 to 30 of this handbook.
- (3) The proposal is submitted for ratification.

Resolution:

(Proposed by the Board of Directors)

3. Ratification of the Proposal for the Distribution of 2020 Earnings.

- (1) The undistributed earnings at the beginning of 2020, NTD 174,126,212, plus re-measurement of defined benefit obligations in 2020 of NTD 47,200 and reversal of special reserve, NTD 5,167,678. Taking the net loss in 2020 of NTD 235,563,266 into account, the accumulated deficit at the end of 2020 is NTD 56,222,176. The above-mentioned deficit will be offset by the legal reserve in accordance with the Article 239 of Incorporation.
- (2) The 2020 Loss off-setting proposal has been prepared in accordance with the Articles of Incorporation and the Company Act. Please refer to the Attachment no. 4 on Page 31.
- (3) The proposal is submitted for ratification.

Resolution:

Proposals & Elections Matters

(Proposed by the Board of Directors)

1. Proposal for the Company's Election of Directors of the 8th Term.

- (1) The tenure of the 7th term of Directors will expire on June 13, 2021. The 8th term of Directors will be elected at this Annual General Shareholders' Meeting. The Company shall have seven (7) directors to be elected at this meeting of shareholders. It is proposed to elect seven (7) directors including three independent directors per the Article 17 of the Company's Articles of Incorporation. The tenure of newly-elected directors should be three years commences on June 8, 2021 and expires on June 7, 2024.
- (2) According to the Company's Articles of Incorporation, the Directors shall be elected according to the candidate nomination system and procedures. The list of candidates with educational degree and detailed backgrounds has been approved by the Board of Directors on April 23, 2021 as follows:

Title	Name of Candidates	Educational Degree	Related Experience	Current Position	Shares Owned (Unit: Share)
Director	Coretronic Corp. Legal representative Sarah Lin	Bachelor of International Business, National Chengchi University	President, Coretronic Corporation	President, Coretronic Corporation	39,891,586
	Coretronic Corp. Legal representative Ann Wu	Master of Business Administration, Fu Jen Catholic University	Chief Strategy Officer of Coretronic Corporation	Chief Strategy Officer of Coretronic Corporation	39,891,586
	Coretronic Corp. Legal representative Teddy Jung	Master of Business Administration, National Chiao Tung University	Vice President, Coretronic Corporation	Vice President, Coretronic Corporation	39,891,586
	Coretronic Corp. Legal representative Ken Wang	Master of Electronic and Computer Engineering, National Taiwan University of Science and Technology	President, Nano Precision Taiwan Limited	President, Nano Precision Taiwan Limited	39,891,586
	Jyh-Horng Shyu	Master of College of Law, National Taiwan University	President, Young Optics Inc. Lawyer of Lee and Li, Attorneys-at-Law	President, Young Optics Inc.	30,336
	Hsien-Chi Chiu	Master of Mechanical Engineering, National Chiao Tung University	Vice president, Young Optics Inc. Senior Department Director, Coretronic Corporation	Vice president, Young Optics Inc.	22,530
	Chia-Chen Liao	Master of Business	Vice president,	Vice president,	0

Title	Name of Candidates	Educational Degree	Related Experience	Current Position	Shares Owned (Unit: Share)
		Administration, University of South Australia	Young Optics Inc. Director, Coretronic Corporation	Young Optics Inc.	
	Chao-Shun Chen	Master of Mechanical Engineering, National Taiwan University	Associate Vice President, Young Optics Inc.	Associate Vice President, Young Optics Inc President, Additive Manufacturing Association of Taiwan	1,712
Independent Director	Han-Ping Shieh	PhD of Electrical and Computer Engineering, Carnegie Mellon University	Lifetime Chair Professor, National Chiao Tung University	Lifetime Chair Professor, National Chiao Tung University	0
	Hsiang-Hsun Wu	PhD of International Business, National Taiwan University	Assistant Professor, College of Management, Yuan Ze University	Assistant Professor, College of Management, Yuan Ze University	0
	Wan-Ting Yuan	Master of Guanghua School of Management EMBA, Peking University	Chairman, Aces Electronics Co., Ltd.	Chairman, Aces Electronics Co., Ltd.	0
	Chu-Chien Feng	Master of EMBA, National Chiao Tung University	Chairman, Radiant Innovation Inc. Chairman, Global View Co., Ltd. Independnet Director, Avita Corporation	Executive Assistant to the President, Hiti Digital, Inc. Independent Director, Greatek Electronics Inc. Independent Director, Ampak Technology Inc.	0
	Chi-Ying Chiu	Master of College of Law, National Chengchi University	Lawyer of Akin Gump Strauss Hauer & Feld LLP	Lawyer of Akin Gump Strauss Hauer & Feld LLP	0
	Chih-Hun Huang	Master of Accountancy, National Cheng Kung University	Director, Haiwan International Development Co.,Ltd. Assistant President , Haiwan International Development Co.,Ltd.	Chairman and Financial Manager , Habitz Medtech Co., Ltd. Accountant of Chao Zuan CPAs Lecturer of IRTC	0

(3) Rules for Election of Directors, please refer to the Appendix no. 3 on page 42 of this handbook.

(4) Please vote.

Election Results:

(Proposed by the Board of Directors)

2. Proposal to release the newly-elected Directors from non-competition restrictions.

- (1) According to Article 209-1 of the Company Act, a director who does anything for himself / herself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- (2) The newly-elected Directors or their Representatives who may participate in the operations of another company that engages in the same or similar business scope as the Company, hereby proposed to release the prohibition on the newly-elected directors from participation in competitive business according to Article 209 of the Company.
- (3) The candidates who are released the prohibition from participation in competitive business are in the list below. The release is valid for the directors and independent directors who are elected.

Title	Name	Prohibitions for Competitive Business to be Released
Director	Coretronic Corporation	Director, Young Green Energy Co.,LTD Director, uCare Medical Electronics Co., Ltd. Director, Champ Vision Display Inc. Director, InnoSpectra Corporation Director, Optoma Corporation Director, Coretronic Intelligent Cloud Service Corporation Director, Coretronic Intelligent Robotics Corporation Director, Coretronic MEMS Corporation Director, Coretronic Reality Incorporation Director, Eterge Opto-Electronics Co., Ltd. Director, Coretronic Intelligent Logistics Corporation Director, Tecpoint Limited Director, Coretronic(BVI) Investment Corp. Director, Sinolink Global Limited Director, Coretronic Vietnam Company Limited
Director	Coretronic Corporation Legal Representative: Sarah Lin	Director, Nano Display Hong Kong Limited Director, Bigshine International Limited Director, Bigshine International Hong Kong Limited Director, Investdragon Limited Director, Lead Bright International Limited Director, Lead Bright Hong Kong Limited Director, Elite View Limited Director, Elite View Hong Kong Limited Director, Crystal World Finance Limited Director, Brightbridge Resources Limited Director, Young Lighting Limited Director, Young Lighting Hong Kong Limited Chairman, uCare Medical Electronics Co., Ltd. Chairman, Champ Vision Display Inc. Chairman, Coretronic MEMS Corporation
Director	Coretronic Corporation	Chairman, Chung Tsen Investment Corp.

Title	Name	Prohibitions for Competitive Business to be Released
	Legal Representative: Ann Wu	Chairman, Tsen Ming Investment Corp. Chairman, Coretronic Venture Capital Corp. Chairman, InnoSpectra Corporation
Director	Coretronic Corporation Legal Representative: Teddy Jung	Director, Young Green Energy Co.,LTD
Director	Coretronic Corporation Legal Representative: Ken Wang	Director, Nano Precision (Suzhou) Co.,Ltd Director, Yang Bright Optical (Suzhou) Co., Ltd Director, Nano Precision Taiwan Limited
Independent Director	Han-Ping Shieh	Director, FocalTech Systems Co., Ltd. Director, Silicon Motion Technology Corporation Director, Taliang Technology Company Limited Independent Director, Key Ware Electronics Co., Ltd. Independent Director, Dynapack International Technology Corporation Supervisor, Hi-Trend Technology (Shanghai) Co., Ltd.
Independent Director	Wan-Ting Yuan	Chairman, Aces Electronics Co., Ltd. Chairman, Kunshan Hongzhi Electronics Co., Ltd. Chairman, Kunshan Qizhi Commerce and Trade Co., Ltd. Chairman, Chongqing Honggao Electronics Co., Ltd. Chairman, Dongguan Hongzhi Electronic Co., Ltd. Chairman, Suzhou Jialisi Precise Metal Art Products Co., Ltd. Chairman, Kunshan Cheng Gang Electronics Technology Co., Ltd Chairman, Wei Ji Investment Corp. Legal Representative of Director, Wei Hong International Investment Co., Ltd Legal Representative of Director, ACES Precision Machinery Co., Ltd. Legal Representative of Director, Mec Imex Inc. Legal Representative of Director, Kuang Ying Computer Equipment Co., Ltd. Legal Representative of Director, Aces Precision Industry Pte Ltd. Legal Representative of Director, Acesconn Holdings Co., Ltd. Legal Representative of Director, Asia Century Investment Ltd.
Director	Jyh-Horng Shyu	Chairman & President, Rays Optics Inc.
Director	Hsien-Chi Chiu	Director, Rays Optics Inc.
Independent Director	Chu-Chien Feng	Executive Assistant to the President, Hiti Digital, Inc. Independent Director, Greatek Electronics Inc. Independent Director, Ampak Technology Inc.
Independent Director	Chi-Ying Chiu	Director, Global View Co., Ltd Legal Representative of Director, Icatch Technology, Inc. Legal Representative of Director, Sunplus Innovation Technology Inc.

Title	Name	Prohibitions for Competitive Business to be Released
		Director, 3D Global Biotech Inc. Supervisor, Beijing Sunplus-Ehue Tech Co., Ltd. Supervisor, Da Han Long Technology Co., Ltd. Supervisor, Radiant Innovation Inc. Supervisor, Chinese Television System corporation

(4) Please resolve.

Resolution:

Questions and Motions

Adjournment

Young Optics Inc. 2020 Annual Business Report

For the fiscal year of 2020, Young Optics Inc. has reported consolidated sales revenue of NT\$3,906 million. Gross profit was reported at NT\$711 million with gross profit margin of 18.2%, loss before tax was NT\$233 million with net loss of NT\$236 million. The basic EPS was -NT\$2.07 per common share.

In the year of 2020, although the low-end of Pico Display were mass-produced, the major client was producing the mid- and high-end 1080P of Pico Display by themselves as well as the key components were out-of-stock caused by Covid-19. Therefore, the overall sales of the Pico Display decreased about 20% comparing with 2019. Sales of Image Optical and Optical Component declined by about 20% comparing with 2019 due to the impact of Covid-19 in Europe, the U.S. and Japan. Sales of 3D Printer was comparable to the same period of last year. Sales of video wall engine decreased about 30% comparing with 2019 because of the replacement of competitive technology. In addition, sales of Automobiles and niche AR products were better than last year. Due to the adjustments of sales portfolio, the gross margin, 18.2%, fell by 3.1% comparing with 21.3% of the previous year.

In terms of research and innovation, Young Optics Inc. has shown the following achievements in 2020 through the teamwork and collaboration of R&D Department:

1. Successfully Developed Diamond-like carbon (DLC) Coating Removal Technology
2. Successfully Developed Aspheric Lens Array Technology
3. Successfully Developed Freeform Molding with Mirror-like Surface Roughness Technology
4. Successfully Developed High Precision Bush Manufacturing Technique
5. Successfully Developed Ultra-Slim and Low Stray Light Infrared Touch Light Box
6. Successfully Developed Micro Lens Array used in Automotive Headlamps
7. Successfully Developed Diverse View Angle Availability of Liar Lens
8. Successfully Developed Ultra-fast and Excellent Uniformity Curing Apparatus used in 3D Printing

Looking into 2021, Young Optics Inc. will aim to implementing the following strategies:

- (1) To develop the products applied for clients in automobiles, 3D-Printing and Smart factory markets increases the sales percentage or shares in industrial and business applications.

- (2) To enhance the technical capabilities and management of the optical product manufacturing process. Build competitive advantage and reduce the cost.
- (3) Actively adjust the production configuration of products in Bangladesh, China, Japan and Taiwan for supplying product to client steadily.
- (4) To become the most reliable partners of supply for our esteemed clients via excellent performance in every detail of quality assurance, production processing and service providing.
- (5) Through the market strategy and group layout, plus lower cost funding. Young Optics Inc. could pursue the best interests of all clients, employees and shareholders.

Sincerely,

Chairman: Jing-Zhou Huang

President: Claude Shyu

Accountant: Cynthia Chang

Audit Committee's Report

To: 2021 General Annual Meeting of Shareholders of Young Optics Inc.

The Board of Directors of the Company has delivered the 2020 business reports, the financial statements and the proposal 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.

Young Optics Inc.

Chairman of the Audit Committee : Han-Ping Shieh

Date: April 23, 2021

AUDIT REPORT OF INDEPENDENT ACCOUNTANTS

English Translation of a Report Originally Issued in Chinese

To Young Optics Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Young Optics Inc. (“the Company”) as of December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, parent company only changes in equity and parent company only 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, the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2020 and 2019, and its parent company only 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

As of December 31, 2020, the Company's net inventory amounted to NT\$217,099 thousand, which is significant for the parent company only financial statements. Due to the uncertainties arising from the rapid changes of technology and market environment, the assessment of obsolete and slow-moving inventory write-downs required significant management judgement, we therefore determined this as 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 inventory counting plan and choosing significant warehouse for observation of the physical inventory count to verify the quantity and the status; evaluating and testing net realizable value of inventories adopted by the management; evaluating the reasonableness of the accounting policies on obsolete and slow-moving inventory, including the identification of the obsolete and slow-moving inventory, testing the correctness of the inventory aging and the reasonableness of the allowance for inventory obsolescence amount. We also assessed the adequacy of disclosures of inventories. Please refer to Notes 4, 5 and 6 to the Company's parent company only financial statements.

Revenue recognition

The Company recognized the revenue amounted to NT\$3,467,730 thousand for the year ended December 31, 2020. Main source of revenue comes from projection products and imaging-related products sales. The Company recognized revenue when transferring a promised product 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; selecting the top ten clients to perform testing of transaction and reviewing significant terms and conditions in the contracts; selecting samples to perform details testing of transaction and verifying the appropriateness of the timing of revenue recognition; viewing their transactions certificate and performing cut-off procedures on selected samples for a period before and after the reporting date; reviewing subsequent significant sales returns and discounts. Please refer to Notes 4 and 6 to the parent company only financial statements.

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 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 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 Company 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.

Ernst & Young, Taiwan

Taiwan, Republic of China
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.

YOUNG OPTICS INC.

PARENT COMPANY ONLY BALANCE SHEETS

December 31, 2020 and December 31, 2019

(In thousands of New Taiwan Dollars)

ASSETS	December 31, 2020	%	December 31, 2019	%	LIABILITIES AND EQUITY	December 31, 2020	%	December 31, 2019	%
Current assets					Current liabilities				
Cash and cash equivalents	\$215,841	4	\$213,056	3	Short-term loans	\$239,744	4	\$804,000	12
Notes receivable, net	-	-	600	-	Contract liabilities-current	36,105	1	30,515	1
Accounts receivable, net	379,110	7	779,069	12	Accounts payable	223,153	4	380,246	6
Accounts receivable-related parties, net	181,245	3	508,583	8	Accounts payable-related parties	719,393	13	992,043	15
Other receivables	10,108	-	16,442	-	Other payables	252,461	4	399,093	6
Other receivables-related parties	317,407	5	326,600	5	Other payables-related parties	3,442	-	4,358	-
Current tax assets	106	-	-	-	Current tax liabilities	-	-	7,470	-
Inventories, net	217,099	4	234,193	4	Provisions-current	12,594	-	23,387	-
Prepayments	12,234	-	12,237	-	Lease liabilities, non-related parties	15,558	-	15,789	-
Other current assets-others	47,192	1	75,174	1	Long-term liabilities - current portion	115,501	2	6	-
Total current assets	1,380,342	24	2,165,954	33	Other current liabilities-others	13,541	-	10,507	-
					Total current liabilities	1,631,492	28	2,667,414	40
Non-current assets					Non-current liabilities				
Investments accounted for using the equity method	1,853,980	33	1,913,916	29	Long-term loans	542,926	10	183,427	3
Property, plant and equipment	1,804,423	32	1,886,708	29	Deferred tax liabilities	21,784	-	17,389	1
Right-of-use assets	331,721	6	350,544	5	Lease liabilities, non-related parties-noncurrent	322,465	6	338,024	5
Investment property, net	160,353	2	168,406	2	Guarantee deposits	4,657	-	4,607	-
Intangible assets	87,677	2	53,395	1	Total non-current liabilities	891,832	16	543,447	9
Deferred tax assets	35,213	1	35,942	1	Total liabilities	2,523,324	44	3,210,861	49
Refundable deposits	4,659	-	4,861	-	Equity				
Net defined benefit assets-noncurrent	15,134	-	12,602	-	Capital				
Other non-current financial assets	21,858	-	21,848	-	Common stock	1,140,598	20	1,140,598	17
Other non-current assets, others	1,253	-	322	-	Capital surplus	1,648,711	29	1,648,711	25
Total non-current assets	4,316,271	76	4,448,544	67	Retained earnings				
					Legal reserve	440,202	8	439,747	7
					Special reserve	192,691	3	126,549	2
					Undistributed earnings	(61,390)	(1)	240,723	3
					Total retained earnings	571,503	10	807,019	12
					Other equity	(187,525)	(3)	(192,691)	(3)
					Total equity	3,173,289	56	3,403,637	51
Total assets	\$5,696,613	100	\$6,614,498	100	Total liabilities and equity	\$5,696,613	100	\$6,614,498	100

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
YOUNG OPTICS INC.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2020 and 2019

(In thousands of New Taiwan Dollars, except for earnings per share)

Description	2020	%	2019	%
Net sales	\$3,467,730	100	\$4,191,505	100
Operating costs	(2,857,930)	(82)	(3,425,975)	(82)
Gross profit	609,800	18	765,530	18
Unrealized gross profit on sales	(4,799)	-	(11,375)	-
Realized gross profit on sales	11,375	-	14,083	-
Gross profit, net	616,376	18	768,238	18
Operating expenses				
Sales and marketing expenses	(91,070)	(3)	(107,720)	(2)
General and administrative expenses	(145,936)	(4)	(144,801)	(3)
Research and development expenses	(547,716)	(16)	(533,527)	(13)
Total operating expenses	(784,722)	(23)	(786,048)	(18)
Operating loss	(168,346)	(5)	(17,810)	-
Non-operating income and expenses				
Interest income	2,124	-	4,433	-
Other income	42,162	1	40,228	1
Other gains and losses	(30,212)	(1)	(23,893)	(1)
Finance costs	(16,717)	-	(17,957)	-
Share of (loss) profit of subsidiaries, associates and joint ventures	(66,725)	(2)	(5,831)	-
Total non-operating income and expenses	(69,368)	(2)	(3,020)	-
Net loss before income tax	(237,714)	(7)	(20,830)	-
Income tax benefit	2,151	-	25,379	-
Net income	(235,563)	(7)	4,549	-
Other comprehensive income (loss)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of defined benefit pension plans	59	-	(643)	-
Income tax related to items that will not be reclassified subsequently	(12)	-	129	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences resulting from translating the financial statements of foreign operations	5,168	-	(66,142)	(2)
Income tax related to items that may be reclassified subsequently	-	-	-	-
Other comprehensive income (loss) , net of tax	5,215	-	(66,656)	(2)
Total comprehensive loss	\$(230,348)	(7)	\$(62,107)	(2)
Basic Earnings Per Share (in New Taiwan Dollars)	\$(2.07)		\$0.04	
Diluted Earnings Per Share (in New Taiwan Dollars)	\$(2.07)		\$0.04	

YOUNG OPTICS INC.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2020 and 2019

(In thousands of New Taiwan Dollars)

Description	Equity attributable to shareholders of the parent						Total
	Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Other equity	
Balance as of January 1, 2019	\$1,140,598	\$1,648,711	\$421,812	\$82,686	\$355,516	\$(126,549)	\$3,522,774
Appropriation and distribution of earnings							
Legal reserve	-	-	17,935	-	(17,935)	-	-
Special reserve	-	-	-	43,863	(43,863)	-	-
Cash dividends to shareholders	-	-	-	-	(57,030)	-	(57,030)
Net income in 2019	-	-	-	-	4,549	-	4,549
Other comprehensive loss in 2019	-	-	-	-	(514)	(66,142)	(66,656)
Total comprehensive income (loss)	-	-	-	-	4,035	(66,142)	(62,107)
Balance as of December 31, 2019	\$1,140,598	\$1,648,711	\$439,747	\$126,549	\$240,723	\$(192,691)	\$3,403,637
Balance as of January 1, 2020	\$1,140,598	\$1,648,711	\$439,747	\$126,549	\$240,723	\$(192,691)	\$3,403,637
Appropriation and distribution of earnings							
Legal reserve	-	-	455	-	(455)	-	-
Special reserve	-	-	-	66,142	(66,142)	-	-
Net loss in 2020	-	-	-	-	(235,563)	-	(235,563)
Other comprehensive income in 2020	-	-	-	-	47	5,168	5,215
Total comprehensive (loss) income	-	-	-	-	(235,516)	5,168	(230,348)
Balance as of December 31, 2020	\$1,140,598	\$1,648,711	\$440,202	\$192,691	\$(61,390)	\$(187,523)	\$3,173,289

YOUNG OPTICS INC.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended December 31, 2020 and 2019

(In thousands of New Taiwan Dollars)

Description	2020	2019	Description	2020	2019
Cash flows from operating activities :			Cash flows from investing activities :		
Net loss before tax	\$(237,714)	\$(20,830)	Proceeds from disposal of investments accounted for using the equity method	18	-
Adjustments for:			Proceeds from disposal of property, plant and equipment	100	2,887
Profit or loss items :			Acquisition of property, plant and equipment	(183,361)	(320,721)
Expected credit losses	121	16	Acquisition of intangible assets	(47,926)	(16,448)
Depreciation	234,744	212,588	Decrease (Increase) in refundable deposits	202	(92)
Amortization	8,848	7,462	Increase in other non-current financial assets	(10)	(13)
Interest expense	16,717	17,957	Decrease (Increase) in other non-current assets, others	(1,100)	16,754
Interest income	(2,124)	(4,433)	Net cash used in investing activities	(232,077)	(317,633)
Gains on disposal of investments	(23)	-			
Impairment loss on non-financial assets	5,880	-	Cash flows from financing activities :		
Share of (loss) profit of subsidiaries, associates and joint ventures	66,725	5,831	Increase (decrease) in short-term loans	(564,256)	334,000
Unrealized gross profit on sales	4,799	11,375	Increase (decrease) in long-term loans (include current portion of long-term loans)	474,994	(268,025)
Realized gross profit on sales	(11,375)	(14,083)	Repayment of the principal portion of lease liabilities	(15,790)	(15,554)
Realized gain on disposal of intangible assets	(920)	(920)	Increase in guarantee deposits	50	-
Loss (gains) on disposal of property, plant and equipment	(100)	235	Cash dividends	-	(57,030)
Transfer of property, plant and equipment to expense	93	-	Net cash used in financing activities	(105,002)	(6,609)
Changes in operating assets and liabilities:					
Notes receivable	600	(600)	Net increase (decrease) in cash and cash equivalents	2,785	(110,755)
Accounts receivable	399,838	(230,323)	Cash and cash equivalents at beginning of the period	213,056	323,811
Accounts receivable-related parties	327,338	(233,186)	Cash and cash equivalents at end of the period	\$215,841	\$213,056
Other receivables	6,321	(4,612)			
Other receivables-related parties	9,193	(156,277)			
Inventories	17,094	58,219			
Prepayments	3	(4,084)			
Other current assets-others	27,982	17,795			
Contract liabilities-current	5,590	2,061			
Accounts payable	(157,093)	171,867			
Accounts payable-related parties	(272,650)	466,542			
Other payables	(84,164)	(73,270)			
Other payables-related parties	(617)	2,303			
Provisions-current	(10,793)	2,857			
Other current liabilities-others	3,034	(2,856)			
Net defined benefit assets-noncurrent	(2,473)	(2,570)			
Cash generated from operations	354,874	229,064			
Interest received	2,137	4,455			
Interest paid	(16,834)	(17,869)			
Income tax paid	(313)	(2,163)			
Net cash provided by operating activities	339,864	213,487			

AUDIT REPORT OF INDEPENDENT ACCOUNTANTS

English Translation of a Report Originally Issued in Chinese

To Young Optics Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Young Optics Inc. 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, 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

As of December 31, 2020, the Group's net inventory amounted to NT\$487,109 thousand, which is significant for the consolidated financial statements. Due to the uncertainties arising from the rapid changes of technology and market environment, the assessment of obsolete and slow-moving inventory write-downs required significant management judgement, we therefore determined this as 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 inventory counting plan and choosing significant warehouse for observation of the physical inventory count to verify the quantity and the status; evaluating and testing net realizable value of inventories adopted by the management; evaluating the reasonableness of the accounting policies on obsolete and slow-moving inventory, including the identification of the obsolete and slow-moving inventory, testing the correctness of the inventory aging and the reasonableness of the allowance for inventory obsolescence amount. We also assessed the adequacy of disclosures of inventories. Please refer to Notes 4, 5 and 6 to the Group's consolidated financial statements.

Revenue recognition

The Group recognized the revenue amounted to NT\$3,905,582 thousand for the year ended December 31, 2020. Main source of revenue comes from projection products and imaging-related products sales. The Group recognized revenue when transferring a promised product 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; selecting the top ten clients to perform testing of transaction and reviewing significant terms and conditions in the contracts; selecting samples to perform details testing of transaction and verifying the appropriateness of the timing of revenue recognition; viewing their transactions certificate and performing cut-off procedures on selected samples for a period before and after the reporting date; reviewing subsequent significant sales returns and discounts. Please refer to Notes 4 and 6 to the Group's consolidated only financial statements.

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.

Ernst & Young, Taiwan

Taiwan, Republic of China

February 8, 2021

Notice to Readers

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 Republic of China 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 Republic of China.

YOUNG OPTICS INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2020 and December 31, 2019

(In thousands of New Taiwan Dollars)

ASSETS	December 31, 2020	%	December 31, 2019	%	LIABILITIES AND EQUITY	December 31, 2020	%	December 31, 2019	%
Current assets					Current liabilities				
Cash and cash equivalents	\$1,335,720	25	\$1,266,655	21	Short-term loans	\$292,117	5	\$826,766	13
Current financial asset at fair value through profit or loss	7,533	-	-	-	Contract liabilities-current	38,721	1	30,517	1
Notes receivable, net	12,775	-	18,721	-	Accounts payable	435,181	8	590,151	10
Accounts receivable, net	481,092	9	876,659	14	Accounts payable-related parties	870	-	-	-
Accounts receivable-related parties, net	88,387	2	104,579	2	Other payables	381,526	7	582,571	9
Other receivables	15,705	-	31,360	1	Other payables-related parties	2,611	-	3,596	-
Other receivables-related parties	49	-	146	-	Current tax liabilities	9,830	-	12,724	-
Current tax assets	6,882	-	10,411	-	Provisions-current	14,229	-	26,539	1
Inventories, net	487,109	9	571,261	9	Lease liabilities, non-related parties	22,318	1	23,072	1
Prepayments	15,992	-	17,703	-	Lease liabilities, related parties	18,027	-	16,846	-
Other current financial assets	7,889	-	851	-	Long-term liabilities - current portion	116,728	2	6	-
Other current assets-others	52,789	1	85,080	1	Other current liabilities-others	15,951	-	12,641	-
Total current assets	2,511,922	46	2,983,426	48	Total current liabilities	1,348,109	24	2,125,429	35
Non-current assets					Non-current liabilities				
Property, plant and equipment	2,226,151	40	2,380,984	39	Long-term loans	552,751	10	183,427	3
Right-of-use assets	429,409	8	467,881	8	Deferred tax liabilities	21,784	-	17,389	-
Investment property, net	160,353	3	168,406	3	Lease liabilities, non-related parties-noncurrent	352,080	7	368,511	6
Intangible assets	89,910	2	75,134	1	Lease liabilities, related parties-noncurrent	52,927	1	69,860	1
Deferred tax assets	43,749	1	44,478	1	Guarantee deposits	6,611	-	6,752	-
Refundable deposits	14,939	-	26,236	-	Total non-current liabilities	986,153	18	645,939	10
Net defined benefit assets-noncurrent	15,134	-	12,602	-	Total liabilities	2,334,262	42	2,771,368	45
Other non-current financial assets	21,858	-	21,848	-	Equity attributable to shareholders of the parent				
Other non-current assets, others	2,599	-	3,190	-	Capital				
Total non-current assets	3,004,102	54	3,200,759	52	Common stock	1,140,598	21	1,140,598	18
					Capital surplus	1,648,711	30	1,648,711	27
					Retained earnings				
					Legal reserve	440,202	8	439,747	7
					Special reserve	192,691	3	126,549	2
					Undistributed earnings	(61,390)	(1)	240,723	4
					Total retained earnings	571,503	10	807,019	13
					Other equity	(187,523)	(3)	(192,691)	(3)
					Equity attributable to owners of the parent	3,173,289	58	3,403,637	55
					Non-controlling interests	8,473	-	9,180	-
					Total equity	3,181,762	58	3,412,817	55
Total assets	\$5,516,024	100	\$6,184,185	100	Total liabilities and equity	\$5,516,024	100	\$6,184,185	100

YOUNG OPTICS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2020 and 2019

(In thousands of New Taiwan Dollars, except for earnings per share)

Description	2020	%	2019	%
Net sales	\$3,905,582	100	\$4,819,901	100
Operating costs	(3,194,202)	(82)	(3,790,730)	(79)
Gross profit	711,380	18	1,029,171	21
Operating expenses				
Sales and marketing expenses	(137,082)	(3)	(163,015)	(3)
General and administrative expenses	(194,793)	(5)	(225,727)	(5)
Research and development expenses	(615,074)	(16)	(648,781)	(13)
Total operating expenses	(946,949)	(24)	(1,037,523)	(21)
Operating loss	(235,569)	(6)	(8,352)	-
Non-operating income and expenses				
Interest income	25,909	1	28,903	-
Other income	54,448	1	38,533	1
Other gains and losses	(54,213)	(1)	(28,748)	(1)
Finance costs	(23,364)	(1)	(25,394)	-
Total non-operating income and expenses	2,780	-	13,294	-
Net (loss) income before income tax	(232,789)	(6)	4,942	-
Income tax (expense) benefit	(3,427)	-	418	-
Net (loss) income	(236,216)	(6)	5,360	-
Other comprehensive income (loss)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of defined benefit pension plans	59	-	(643)	-
Income tax related to items that will not be reclassified subsequently	(12)	-	129	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences resulting from translating the financial statements of foreign operations	5,173	-	(66,169)	(1)
Income tax related to items that may be reclassified subsequently	-	-	-	-
Other comprehensive loss, net of tax	5,220	-	(66,683)	(1)
Total comprehensive loss	\$(230,996)	(6)	\$(61,323)	(1)
Net income attributable to :				
Shareholders of the parent	\$(235,563)		\$4,549	
Non-controlling interests	(653)		811	
	\$(236,216)		\$5,360	
Total comprehensive (loss) income attributable to :				
Shareholders of the parent	\$(230,348)		\$(62,107)	
Non-controlling interests	(648)		784	
	\$(230,996)		\$(61,323)	
Basic Earnings Per Share (in New Taiwan Dollars)	\$(2.07)		\$0.04	
Diluted Earnings Per Share (in New Taiwan Dollars)	\$(2.07)		\$0.04	

English Translation of Consolidated Financial Statements Originally Issued in Chinese

YOUNG OPTICS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2020 and 2019

(In thousands of New Taiwan Dollars)

Description	Equity attributable to shareholders of the parent							Non-controlling interests	Total equity	
	Common stock	Capital surplus	Retained earnings			Undistributed earnings	Other equity			Total
			Legal reserve	Special reserve	Special reserve					
Balance as of January 1, 2019	\$1,140,598	\$1,648,711	\$421,812	\$82,686	\$355,516	\$(126,549)	\$3,522,774	\$8,396	\$3,531,170	
Appropriation and distribution of earnings	-	-	17,935	-	(17,935)	-	-	-	-	
Legal reserve	-	-	-	-	(43,863)	-	-	-	-	
Special reserve	-	-	-	43,863	(57,030)	-	(57,030)	-	(57,030)	
Cash dividends to shareholders	-	-	-	-	-	-	-	-	-	
Net income in 2019	-	-	-	-	4,549	-	4,549	811	5,360	
Other comprehensive income (loss) in 2019	-	-	-	-	(514)	(66,142)	(66,656)	(27)	(66,683)	
Total comprehensive income (loss)	-	-	-	-	4,035	(66,142)	(62,107)	784	(61,323)	
Balance as of December 31, 2019	\$1,140,598	\$1,648,711	\$439,747	\$126,549	\$240,723	\$(192,691)	\$3,403,637	\$9,180	\$3,412,817	
Balance as of January 1, 2020	\$1,140,598	\$1,648,711	\$439,747	\$126,549	\$240,723	\$(192,691)	\$3,403,637	\$9,180	\$3,412,817	
Appropriation and distribution of earnings	-	-	455	-	(455)	-	-	-	-	
Legal reserve	-	-	-	66,142	(66,142)	-	-	-	-	
Special reserve	-	-	-	-	(235,563)	5,168	(235,563)	(653)	(236,216)	
Net loss in 2020	-	-	-	-	47	-	5,215	5	5,220	
Other comprehensive income (loss) in 2020	-	-	-	-	(235,516)	5,168	(230,348)	(648)	(230,996)	
Total comprehensive income (loss)	-	-	-	-	-	-	-	-	-	
Decrease in non-controlling interests	-	-	-	-	-	-	-	(59)	(59)	
Balance as of December 31, 2020	\$1,140,598	\$1,648,711	\$440,202	\$192,691	\$(61,390)	\$(187,523)	\$3,175,289	\$8,473	\$3,181,762	

English Translation of Consolidated Financial Statements Originally Issued in Chinese

YOUNG OPTICS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2020 and 2019

(In thousands of New Taiwan Dollars)

Description	2020	2019	Description	2020	2019
Cash flows from operating activities :			Cash flows from investing activities :		
Net (loss) income before tax	\$ (232,789)	\$ 4,942	Proceeds from disposal of property, plant and equipment	106	27
Adjustments for:			Acquisition of property, plant and equipment	(211,434)	(500,114)
Profit or loss items :			Acquisition of intangible assets	(47,926)	(16,448)
Expected credit losses	209	16	Decrease in refundable deposits	11,297	2,344
Depreciation	333,359	301,999	Decrease (increase) in other current financial assets	(6,821)	1,167
Amortization	9,344	7,978	Increase in other non-current financial assets	(10)	(13)
Net gains on financial assets at fair value through profit or loss	(7,482)	-	Decrease in other non-current assets, others	422	13,886
Interest expense	23,364	25,394	Net cash used in investing activities	(254,366)	(499,151)
Interest income	(25,909)	(28,903)			
Loss on disposal of property, plant and equipment	(92)	751	Cash flows from financing activities :		
Transfer of property, plant and equipment	93	144	Increase (decrease) in short-term loans	(534,649)	342,995
Transfer of property, plant and equipment to expense	(23)	-	Increase (decrease) in long-term loans (include current portion of long-term loans)	486,046	(268,025)
Gains on disposal of investments	18,318	-	Repayment of the principal portion of lease liabilities	(40,015)	(41,141)
Impairment loss on non-financial assets	-	(34)	Decrease in guarantee deposits	(141)	(137)
Gain on lease modification	-	-	Cash dividends	-	(57,030)
Changes in operating assets and liabilities:			Net cash used in financing activities	(88,759)	(23,338)
Notes receivable	5,946	(10,681)			
Accounts receivable	395,358	(111,713)	Effect of exchange rate changes on cash and cash equivalents	25,008	(43,064)
Accounts receivable-related parties	16,192	24,090			
Other receivables	15,964	(10,074)	Net increase (decrease) in cash and cash equivalents	69,065	(20,313)
Other receivables-related parties	97	(146)	Cash and cash equivalents at beginning of the period	1,266,655	1,286,968
Inventories	84,152	302,620	Cash and cash equivalents at end of the period	\$ 1,335,720	\$ 1,266,655
Prepayments	1,711	(3,224)			
Other current assets-others	32,291	21,353			
Contract liabilities-current	8,204	2,160			
Accounts payable	(154,970)	108,441			
Accounts payable-related parties	870	-			
Other payables	(129,256)	(63,157)			
Other payables-related parties	(745)	(447)			
Provisions-current	(12,318)	2,488			
Other current liabilities-others	3,310	(6,741)			
Net defined benefit assets-noncurrent	(2,473)	(2,570)			
Cash generated from operations	382,725	564,686			
Interest received	25,600	28,525			
Interest paid	(23,463)	(25,308)			
Income tax refunded (paid)	2,320	(22,663)			
Net cash provided by operating activities	387,182	545,240			

Young Optics Inc.
2020 Loss Off-setting Proposal

Unit : NTD

Items	Amount
Beginning of Unappropriated Retained Earnings	174,126,212
Add(Less)	
Re-measurement of Defined Benefit Obligations - 2020	47,200
Net Loss of 2020	(235,563,266)
Reversal of Special Reserve	5,167,678
Accumulated Deficit	(56,222,176)
Add: Legal Reserve Used to cover Accumulated Deficit	56,222,176
Deficit yet to be Compensated at end of the period	0

Chairman: Jing-Zhou Huang

President: Claude Shyu

Accountant: Cynthia Chang

Young Optics Inc.
Rules and Procedures of Shareholders' Meeting

- Article 1 Shareholders' Meeting of this Company (the "Meeting") shall be conducted in accordance with these Rules and Procedures, unless the Company Act, Rules Governing the Conduct of Shareholders Meetings by Public Companies and the Articles of Incorporation of this Company provides otherwise.
- Article 2 The company shall provide a sign-in book allowing attending shareholders to sign in or require attending shareholders to submit attendance cards in lieu of signing in. The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the sign-in book or the attendance cards submitted by the shareholders.
- Article 3 Attendance and voting at shareholders' meeting shall be determined based on the number of shares.
- Article 4 The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.
A shareholder who exercised his voting right in writing or by way of electronic transmission shall be deemed to have attended the shareholders' meeting in person but shall be deemed to have waived his voting right in respect of any extemporaneous motions and amendments to the original proposals at the shareholders' meeting.
- Article 5 The Chairman of the Board of Directors shall be the Chairman presiding at the Meeting in the case that the Meeting is convened by the Board of Directors. If, for any reason, the Chairman of the Board of Directors cannot preside at the Meeting, the Chairman shall appoint a director to serve on his behalf. If the Chairman has not appointed a representative, the directors shall nominate among themselves to preside over the Meeting.
If the Meeting is convened by any other person entitled to convene the Meeting, such person shall be the Chairman to preside at the Meeting.
- Article 6 The Company may appoint designated counsel, CPA or other related persons to attend the Meeting. Persons handling affairs of the Meeting shall wear identification cards or arm badges.
- Article 7 The process of the Meeting shall be audio recorded or videotaped in its entirety and these tapes shall be preserved for at least one year. However, the said tapes shall be preserved until the conclusion of the lawsuit if a shareholder initiates a lawsuit in accordance with Article 189 of the Company Act.
- Article 8 Chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most and Meeting shall not be postponed for longer than one hour in the aggregate. If

after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one - third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Act.

If during the process of the Meeting the number of outstanding shares represented by the shareholders present becomes sufficient to constitute the quorum, the chairman may submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of the Company Act.

Article 9 The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda.

The above provision applies mutatis mutandis to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting.

Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved.

In the event that the Chairman adjourns the Meeting in violation of these Rules and Procedures, the shareholders may designate, by a majority of votes represented by shareholders attending the Meeting, one person as chairman to continue the Meeting.

The shareholders cannot designate any other person as chairman and continue the Meeting in the same or other place after the Meeting is adjourned.

Article 10 When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's number (or the number of Attendance Card) and the name of the shareholder. The sequence of speeches by shareholders should be decided by the chairman.

If any shareholder present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail.

Unless otherwise permitted by the chairman and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholders, otherwise the chairman shall stop such interruption.

Article 11 Unless otherwise permitted by the chairman, each shareholder shall not, for each discussion item, speak more than two times and each speech time may not exceed five minutes. In case the speech of any shareholder violates the above provision or exceeds the scope of the discussion item, the Chairman may stop the speech of such shareholder.

Article 12 If a legal-entity shareholder has appointed two or more representatives to attend the Meeting, only one representative can speak for each discussion item.

Article 13 After the speech of a shareholder, the Chairman may respond himself/herself or appoint an appropriate person to respond.

- Article 14 The Chairman may announce to end the discussion of any resolution and go into voting if the Chairman deems it appropriate.
- In voting, the resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the chairman.
- Article 15 The person(s) to check and the person(s) to record the ballots during a vote by casting ballots shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s). The result of voting shall be announced at the Meeting and placed on record.
- Article 16 During the Meeting, the chairman may, at his discretion, set time for intermission.
- Article 17 Except otherwise specified in the Company Act or the Articles of Incorporation of this Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting.
- Article 18 If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.
- Article 19 The Chairman may conduct the disciplinary officers or the security guard to assist in keeping order of the Meeting place. Such disciplinary officers or security guards shall wear arm badges marked "Disciplinary Officers" for identification purpose.
- Article 20 Any matter not provided in these Rules and Procedures shall be handled in accordance with the Company Act, the Articles of Incorporation, relevant laws and regulations.
- Article 21 These Rules and Procedures and any revision thereof shall become effective after approval at the shareholders' meeting.

**Young Optics Inc.
Articles of Incorporation**

Chapter I : General Provisions

- Article 1 The Corporation shall be incorporated, as a company limited by shares, under the Company Act of the Republics of China, and its name shall be 揚明光學股份有限公司 in the Chinese language, and Young Optics Inc. in the English language.
- Article 2 The scope of business of the Corporation shall be as follows :
- A. CC01080 Electronic Parts and Components Manufacturing
 - B. CE01030 Photographic and Optical Equipment Manufacturing
 - C. I599990 Other Designing
 - D. F401010 International Trade
- Research, development, design, manufacturing, and selling of the following products:
- a. Optical components for Optical Engine : Color Wheel, Integration Rod, Projection Lens, Polarization Beam Splitter & X-Prism.
 - b. Light Engine: DLP Optical Engine, LCOS Optical Engine.
 - c. Optical Components: Glass Lenses, Plastic Lenses, Reflective Mirror, Filter, Prism.
 - d. Optical systems or sub-system for Image Display and Image Capture.
 - e. Optical Parts, Optical Modules, Instruments and System Products for Image Display and Image Capture.
 - f. Optical Parts and Module for Light Emitting.
 - g. Providing the design development and consulting services for the above mentioned products.
 - h. Import and export business of the above-mentioned items.
- Article 3 Upon consent of the Board of Directors, the Corporation may provide endorsement and guarantee and act as a guarantor in accordance with its operational needs. The Procedures for Endorsement and Guarantee shall be enacted separately.
- Article 4 The Corporation may invest in another company for operational needs, the total amount of its investments may exceed 40 percent of the total paid-in capital, and the Corporation authorizes the Board of Directors to execute.
- Article 5 The Corporation shall have its head office in Hsinchu Science-Based Industrial Park, and if necessary, may set up branches or business offices within and without the territory of the country upon a resolution of its Board of Directors and approval from the competent government authority.
- Article 6 Public announcement of the Corporation shall be made in accordance with the Company Act and other relevant rules and regulations.

Chapter II : Shares

Article 7 The total Capital Stock of the Corporation shall be in the amount of 1,600,000,000 New Taiwan Dollars, divided into 160,000,000 shares, at 10 New Taiwan Dollars each. Board of Directors is authorized to issue the unissued shares in installments.

The cancellation of the public offer shall be subject to the approval of the resolution passed on the shareholders meeting after being reviewed by the Board of Directors.

In the event that the Company intends to issue employee warrants or transfer the bought-back shares to employees whose exercise price or transfer price is lower than the limit of the Law, a resolution at a shareholders' meeting shall be adopted.

Article 8 The Corporation may issue shares without printing share certificate(s), however, the shares shall be registered in centralized securities depository enterprises.

Article 9 The Corporation shall handle its stock affairs for shareholders in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" and regulations of competent authorities.

Article 10 Registration for transfer of shares shall all be suspended sixty (60) days immediately before the date of regular meeting of shareholders, and thirty (30) days immediately before the date of any special meeting of shareholders, or within five (5) days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Corporation.

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

Chapter III : Shareholders' Meeting

Article 11 Shareholders' meetings of the Corporation shall be of two types, namely regular meetings and special meetings. Regular meetings shall be convened at least once a year, by the Board of Directors, within six (6) months after the close of each fiscal year, excluding those due reasons that have been approved by competent authorities. Special meetings shall be convened in accordance with the relevant laws whenever it is necessary.

Except as provided in the Company Act, shareholders' meetings shall be convened by the Board of Directors.

Article 12 In case a shareholder is unable to attend a shareholders' meeting. The process shall be in accordance with the article 177 of the Company Act and the provisions of "Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies".

- Article 13 The Chairman of the Board of Directors shall internally preside the shareholders' meeting. In his absent, the Vice Chairman shall preside the meeting. In case there is no Vice Chairman, or the Vice Chairman is also absent, the Chairman of the Board of Directors shall designate one of the Directors to act on his behalf. In the absence of such a designation, the directors shall elect one from among themselves an acting Chairman of the Board of Directors.
- Article 14 Unless limited stock or no voting right stock specified in Paragraph 2, Article 179 of the Company Act, each share of stock shall be entitled to one vote.
- Article 15 Except as provided in the Company Act and regulations, shareholders' meetings may be held if attended by shareholders in person or by proxy representing more than one half of the total issued and outstanding capital stock of the Corporation, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting. Shareholders may also vote via an electronic voting system, and those who do so shall be deemed as attending the shareholders' meeting in person; electronic voting shall be conducted in accordance with the relevant laws and regulations.
- Article 16 Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the Chairman of the meeting and shall be distributed to all shareholders of the Corporation within twenty (20) days after the close of the meeting.
- The minutes of shareholders' meeting shall record the date and place of the meeting, the name of the Chairman, the method of adopting resolutions, a summary of the essential points of the proceedings and the results of the meeting. The minutes shall be kept persistently throughout the life of the Corporation.
- The attendance list bearing the signatures of shareholders present at the meeting and the powers of attorney of the proxies shall be kept by the Corporation for a minimum period of at least one year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 hereof, the minutes of the shareholders' meeting involved shall be kept by the Corporation until the legal proceedings of the foregoing lawsuit have been concluded.

Chapter IV : Directors

- Article 17 The Corporation shall have five (5) to seven (7) directors to be elected at the shareholders' meeting from persons with disposing capacity to serve a term of three years and may be re-elected. The Board of Directors is authorized to approve the number of directors.
- Where re-election of all directors is effected, by a resolution adopted by a shareholders' meeting, prior to the expiration of the term of office of existing directors, and in the absence of a resolution that existing directors will not be discharged until the expiry of their present term of office, all existing directors

shall be deemed discharged in advance.

All directors shall be elected by adopting the candidates nomination system and procedures as specified in Article 192-1 of the Company Act.

Article 17-1 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 17-2 Compensation of Directors and Supervisors of the Corporation shall be determined through discussion of the Board of directors by referring to the compensation levels of the industry inside and outside this country.

Article 18 In the case that vacancies on the Board of Directors exceed one third of the total number of the Directors, then the Board of Directors shall convene, within sixty (60) days, a shareholders' meeting to elect succeeding members to fill such vacancies. The new Directors shall serve the remaining term of the predecessors.

Article 19 In case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office. However, the competent authority may, ex officio, order the Corporation to elect new directors within a given time limit; and if no re-election is effected after expiry of the given time limit, the out-going directors shall be discharged ipso facto from such expiration date.

Article 20 The Board of Directors shall be organized by directors. The Chairman of the Board shall be elected by majority of directors present at a meeting attended by more than two thirds of directors. The directors may also elect a Vice Chairman of the Board whenever they may deem necessary to carry out the Corporation's activities.

The Chairman of the Board shall carry out all of affairs according to the laws, the Articles of Incorporation, and the resolutions of shareholders' meetings and directors' meetings and act on behalf of the Corporation.

Article 21 The operation guidelines and other important matters shall be subject to the resolution of directors' meetings. Meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors, except for the first meeting of each term of the Board of Directors which shall be convened according to Article 203 of the Company Act.

In case the Chairman of the Board of Directors is absent, the Vice Chairman shall act on his behalf. In case there is no Vice Chairman, or the Vice Chairman is also absent, the Chairman of the Board of Directors shall designate one of the Directors

to act on his behalf. In the absence of such a designation, the directors shall elect one from among themselves.

In calling a meeting of the Board of Directors, a notice setting forth therein the subject(s) to be discussed at the meeting shall be given to each director and supervisor no later than seven (7) days prior to the scheduled meeting date. However, in the case of emergency, the meeting may be convened at any time.

The notice set forth in the preceding Paragraph may be affected by means of written, fax or electronic transmission.

Article 22 Except as otherwise provided in the Company Act 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 at least a majority of the entire directors vote in favor of such resolution.

A Director may, by written authorization, appoint another director to attend on his behalf any meeting of the Board of Directors, and to vote for him on all matters presented at such meeting, but no director may act as proxy for more than one other director.

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 as present in person.

Article 23 Resolutions adopted at the Board of Directors shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the Chairman of the meeting and shall be distributed to all directors within twenty (20) days after the close of the meeting.

The minutes of the Board of Directors shall record the date and place of the meeting, the name of the Chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. The minutes shall be kept persistently throughout the life of the Corporation. The attendance list is a part of the minutes and shall be kept persistently throughout the life of the Corporation.

The preparation and distribution of the minutes of the Board of Directors as required in the preceding Paragraph may be affected by means of electronic transmission.

Chapter V : Managers

Article 24 The Corporation may have managers, whose appointments, discharge and remunerations shall be subject to provisions of the Company Act as well as related regulations.

Chapter VI : Accounting

Article 25 After the close of each fiscal year, the following reports shall be prepared by the Board of Directors, audited by the audit committee within thirty (30) days prior to the shareholders' meeting:

- (1) Business Report;
- (2) Financial Statements;
- (3) Proposals of Distribution of Earnings or Make-Up of Loss.

Article 26 If the Company is profitable, it shall set at least 10% as employee compensation. However, if the Company has accumulated losses, it shall be deducted at first. Employee compensation shall be in shares or cash, with recipients being the payroll employees of the Company or the subsidiaries with certain specific requirements.

Article 27 When allocating the net profits (if any) for each fiscal year, the Corporation shall first pay taxes and dues, offset its losses in previous years, and set aside a legal capital reserve at ten percent (10%) of the profits left over, until the accumulated legal capital reserve has equaled the total capital of the Corporation; then set aside or rotate special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. Any balance left over added the unallocated surplus from the prior year shall be the shareholder's dividend and bonus. The Board of Directors shall draft a proposal to distribute the surplus, which shall be approved at the shareholders' meeting.

The Corporation's dividends policy is ordered by the Company Act and the Articles of Incorporation and decided according to the Corporation'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, as the Corporation is engaged in mature industry but there is great growth and development potential for the application market of new optical products, the Corporation shall, in consideration of the financial, business and administrative needs, distribute cash dividends that are not less than ten percent (10%) of the total cash and share dividends issued in the year (if any).

In case there is no profit for distribution in a certain year, or considering the financial, business or operational factors, this Corporation may allocate a portion or all of its reserves for distribution in accordance with relevant laws or regulations or the orders of the authorities in charge.

Article 28 Deleted

Chapter VII : Supplementary Provisions

Article 29 The organization of the Corporation and the detailed procedures of business operation shall be determined otherwise.

Article 30 In regard to all matters not provided for in these Articles of Incorporation, the

Company Act and other Laws shall govern.

Article 31 These Article of Incorporation were enacted on January 2, 2002, and the first amendment was approved by the shareholders' meeting on October 6, 2003, the second amendment on April 12, 2005, the third amendment on April 12, 2005, the fourth amendment on April 28, 2006, the fifth amendment on June 11, 2007, the sixth amendment on June 11, 2008, the seventh amendment on June 16, 2009, the eighth amendment on June 18, 2010, the nine amendment on June 13, 2012, the tenth amendment on June 14, 2016, the eleventh amendment on June 13, 2017.

Young Optics Inc.
Rules for Election of Directors

- Article 1 Unless otherwise provided in the Company Act or the Articles of Incorporation of this Company, the directors of this Company shall be elected in accordance with the rules specified herein.
- Article 2 Election of directors of this Company shall be held at the shareholders' meeting. The election shall be on the basis of accumulation of votes. The names of voters may be represented by shareholders' numbers. Each share shall have voting rights equivalent to the number of seats to be elected and such voting rights can be combined to vote for one person or divided to vote for several persons.
- Article 3 At the beginning of the election, the Chairman shall appoint several persons to be counting officer(s) and scrutineer(s). The scrutineer(s) shall be appointed from among the shareholders present.
- Article 4 The ballot box used for voting shall be prepared by this Company and checked in public by the scrutineer(s) before voting.
- Article 5 This Company shall prepare ballots and note the number of voting rights.
- Article 6 All persons with disposing capacity may be elected as directors of the Company.
- Qualifications, election and appointment of the independent directors shall be in line with the rule of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", and based on the rule of "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies"
- The election of independent directors is subject to the provisions of the Company Act in that a candidate nomination system shall be adopted.
- According to the number of directors 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. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified seats available, such persons acquiring the same votes shall draw lots to decide who should win the seats available, and the Chairman shall draw lots on behalf of the candidate who is not present.
- Article 7 If the candidate is a shareholder of this Company, voters shall fill in the "candidate" column the candidate's name and shareholder's number. If the candidate is not a shareholder of this Company, voters shall fill in the "candidate" column the candidate's name, the candidate's ID number. If the candidate is a government agency or a legal

entity, the full name of the government agency or the legal entity (or the name of the government agency and its representative or the name of the legal entity and its representative) shall be filled in the column. If there are several representatives, each of the representatives' names shall be filled in.

Article 8 Ballots shall be deemed void under the following conditions:

- (1) Ballots not prepared by this Company;
- (2) 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;
- (3) Blank ballots not completed by the voter;
- (4) Ballots with Illegible writing or being altered;
- (5) If the candidate is a shareholder of this Company, the name or shareholder's number of the candidate filled in the ballot inconsistent with the shareholders' register. If the candidate is not a shareholder of this Company, the name or ID number of the candidate filled in the ballot is incorrect;
- (6) 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.

Article 9 The ballots shall be calculated during the meeting right after the vote casting supervised by the scrutineer(s) and the results of the election shall be announced by the Chairman at the meeting.

Article 10 These Rules and any revision thereof shall become effective after the approval at the shareholders' meeting.

Shareholding of all Directors

Title	Name	Number of shares (2021.04.10)	Shareholding ratio
Chairman	Jing-Zhou Huang	0	0%
Director	Coretronic Corp. legal representative : Ann Wu	39,891,586	34.97%
Director	Tsen Ming Investment Corp. legal representative : Sarah Lin	1,698,886	1.49%
Director	Chung Tsen Investment Corp. legal representative : Teddy Jung	2,596,317	2.28%
Independent Director	Han-Ping Shieh	0	0%
Independent Director	Yong-Pei Hong	0	0%
Independent Director	Hsiang-Hsun Wu	0	0%
Number of shares held by all directors		44,186,789	38.74%

1. The total paid-in capital stock of the Company shall be in the amount of NT\$1,140,597,850 divided into 114,059,785 shares at par value of NT\$10.0 each.
2. According to Article 26 of the Securities and Exchange Act and the Rules and Review Procedures for Share Ownership Ratios of Directors and Supervisors at Public Companies, since three independent directors of the Company had been elected, the minimum number of shares that might be held by all directors shall be decreased by 20 percent. The minimum legal number of shares that may be held by all directors is 8,000,000 shares.
3. The minimum legal number of shares that should be held by Supervisors of the Company is not applicable since the Audit Committee is set up with three independent directors instead of Supervisors.