

Stock Symbol: 6129



普誠科技股份有限公司
Princeton Technology Corp.

2021 General Shareholders' Meeting Minutes

Date: August 6, 2021

Place: 2F, No.219-2, Section 3, Zhong Xing Road, Xindian Dist., New Taipei City
(The Koos Hotel)

Princeton Technology Corp.
Minutes of 2021 General Shareholders' Meeting

Time: 9:00AM, August 6, 2021

**Place: 2F, No.219-2, Section 3, Zhong Xing Road, Xindian Dist., New Taipei City
(The Koos Hotel)**

Attendance: Shareholders and proxies representing 84,320,820 shares were present at the meeting, which accounted for 46.60% of Company's shares issued and outstanding 180,943,675 shares.

Chaired by: Chairman Richard Chiang

Recorded by: Vanessa Huang

1. Meeting called to order: The shares held by the attending shareholders and proxies have reached the quorum required and the meeting was called to order.

2. Acts of ceremony.

3. Chairman's address: (omitted)

4. Status report:

- (1) FY2020 business report
- (2) Audit Committee's review report
- (3) Remuneration to directors and employees

5. Items for acceptance:

ITEM 1 (Proposed by the board of directors)

Proposal: Submission and acknowledgement of the Company's FY2020 financial statements and business report.

Explanation:

- (1) The Company's FY2020 consolidated financial statements have been audited by independent auditors and approved by Audit Committee.
- (2) The 2020 Business Report, Independent Auditors' Audit Report, and the above-mentioned Financial Statements are attached hereto as Attachments I and III.
- (3) Request for acknowledgement of the above-mentioned financial statements and business report.

Resolution: Approval rights 75,542,088 rights (including electronically exercised voting rights 4,273,351 rights), objection rights 37,677 rights (including electronically exercised voting rights 37,677 rights), invalid rights 0 rights, abstention/non-voting rights 8,740,055 rights (including electronically exercised voting rights 8,740,055 rights), 84,319,820 voting rights of present shareholders, and 89.58% of the voting rights in favor of the proposal. After voting, the above proposal was approved by a false resolution as proposed.

ITEM 2 (Proposed by the board of directors)

Proposal: Submission and acknowledgement of the Company's FY2020 deficit compensation

Explanation:

- (1) The net loss after tax for the Company for the year 2020 is NT\$76,799,688 and deficit yet to be compensated at the beginning of the year is NT\$249,929,982. The retained earnings adjustment for the year 2020 - the actuarial profit is NT\$93,774. The Company's deficit yet to be compensated at the end of FY2020 is NT\$326,635,896.
- (2) Due to compensate the accumulated loss of FY2020, the Company proposes not to distribute shareholders' dividend.
- (3) FY2020 deficit compensation statement is attached hereto as Attachment IV.
- (4) Request for acknowledgement.

Resolution: Approval rights 75,440,403 rights (including electronically exercised voting rights 4,171,666 rights), objection rights 71,940 rights (including electronically exercised voting rights 71,940 rights), invalidity rights 0 rights, abstention/non-voting rights 8,807,477 rights (including electronically exercised voting rights 8,807,477 rights), 84,319,820 voting rights of present shareholders, and 89.46% of the voting rights in favor of the proposal. After voting, the above proposal was approved by a false resolution as proposed.

6. Provisional motions: None.

7. Meeting adjourned: 9:20AM.

To the Shareholders

1. Business Results from Last Year

1. FY2020 revenue of the Company was NT\$632,851 thousand. After-tax net loss was NT\$76,800 thousand. After-tax earning per share was negative NT\$0.42. Total asset at the end of 2020 was NT\$1,858,506 thousand. Total liability was NT\$143,976 thousand. Debt to equity ratio was 8%. Current ratio was 654%. The Company's financial condition remains solid.

FY2020 consolidated revenue of the Company was NT\$1,102,017 thousand. After-tax net loss was NT\$58,296 thousand. After-tax earning per share was negative NT\$0.42. Total asset on the consolidated basis at the end of 2020 was NT\$2,170,073 thousand. Total liability on the consolidated basis was NT\$345,316 thousand. Debt to equity ratio was 16%. Current ratio was 444%. The Company's consolidated financial condition remains solid.

2. Budget implementation status: The company has not announced financial forecasts for 2020, so it is not applicable.
3. Research and development status: Based on product line characteristics and regional R&D expertise, the company has established R&D resources in Taipei Headquarters, Hsinchu Office, Chengdu subsidiary Company and Chengdu Chiprail Microelectronics. Automotive displays and motor drive ICs are concentrated in Taipei head office and Hsinchu office; automotive lighting and high efficiency conversion ICs are concentrated in Chengdu subsidiary Company and Chengdu Chiprail Microelectronics. In addition, in order to strengthen the technical support of motor drive ICs to end customers, Software and hardware system development resources were allocated to Chengdu subsidiary Company to strengthen the sales of motor drive ICs.

2. Business Goals for the Current Year

1. Continue to develop four major products for automotive panel displays / vehicle lighting / motor drives / high energy efficiency power conversion. Continue to strive for chip quotas, and focus on diversified packaging and testing suppliers to increase output, and expand the application market of products.
2. Expected sales volume: The company has not announced financial forecasts for 2021, so it is not applicable.
3. Important production and marketing policies:
 - I. Increase the selling price to properly reflect the increase in wafer and processing costs.
 - II. Development and sales promotion for VIP customers in Japanese and Chinese markets.
 - III. Strengthen the promotion of power tools, hand-held vacuum cleaners, and automotive head/tail lights in the application of China market

3. Strategy for the Future

PTC will continue to develop products for automotive displays / automotive lighting ICs / various motor drive ICs / power conversion ICs. The successful development of the above four product lines will be applied to new development areas, such as automotive lights, HUD, POS machines, printers, white goods and security industries. At the same time, we continue to improve FAE technical support customers and provide complete solutions and services to strengthen IC sales energy and customer relationships. In addition, in view of the shortage of FAB chip supply, the company will invest part of its R&D resources to develop dual FAB

sources to strengthen the stability of chip supply.

4. Effects of External Competition, Regulatory Environment and Overall Business Environment

With the widespread use of vaccines, the global economy is expected to emerge from the haze of the epidemic in 2021. The World Bank predicts that the global economy will grow 4% annually in 2021 after a 4.3% decline in 2020. However, there are still variables in the popularization and effectiveness of vaccines, the high-tech trade war between the United States and China, the high uncertainty of global economic and trade policies, and the high debts of governments in order to save the economy. These risks will affect the economy recovery once they rise or are realized and close observation will be required.

Saying goodbye to the economic downturn in 2020, the IMF estimates that Taiwan's economic growth rate this year will reach 4.7%. The main growth driver is Taiwan's semiconductor industry's leading market position, strong demand in the global market, and overall supply in short supply of chips, which drives Taiwan's related exports. Under the circumstances, the overall economic performance is better than expected. However, due to the continuous rise of raw materials and the New Taiwan dollar, Taiwan companies are mostly export-oriented and are in a relatively unfavorable situation, which will become a risk to the overall economy.

In terms of operation, in the face of more fierce competition in the external environment, PTC will continue to focus on new product research and development, market development and new customer expansion, and strengthen supplier cooperation, in order to continue to enhance the company's competitiveness.

We appreciate the support and encouragement of the shareholders over the years. Thank you.

Richard Chiang
Chairman

Princeton Technology Corp.
Auditing Committee's Report

2020 General Shareholders' Meeting

We have examined the 2020 financial statements of the Company, including balance sheet, income statement, statement of changes in stockholders' equity, and statement of cash flows prepared by the board of directors and audited and certified by Crowe Horwath(TW) CPAs are fairly and general accepted accounting principals. We hereby prepare this report in accordance with provisions specified in Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act and submit it together with the report of the independent auditors for your review.

Independent Director

Wu Hsueh Min

Tsai Yi Chen

Ma Yu Feng

February 26, 2021

Independent Auditors' Report

The Board of Directors and Stockholders
Princeton Technology Corp.

Opinion

We have audited the accompanying consolidated financial statements of Princeton Technology Corp. and subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the 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 Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 the consolidated financial statements for the year ended December 31, 2020. 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.

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2020 are stated as follows:

Allowance for Inventory Valuation and Obsolescence Losses

The Company's inventories consist of wafers and integrated circuits. Due to the rapid technological changes and volatile market, the estimate of the realizable value of inventories and the identification of slow-moving inventories require significant management judgment. We believe that the allowance for inventory valuation and obsolescence losses is a Key Audit Matter item. Refer to Notes 5&11.

Our Key audit procedures performed in respect of the above included the following:

1. Assessed the adequacy of inventory valuation policy adopted by the management.
2. Obtained the valuation report of inventories prepared by the management ; Selected samples to examine whether inventories are stated at the lower of cost or net realizable value and assessed the reasonableness of the management's assumption.
3. Obtained 、 tested and inspected the inventory aging report prepared by the management ; Observed physical inventory-taking to evaluate whether the allowance of inventories obsolescence losses was appropriate.

Other Matter

As shown in the accompanying consolidated financial statements, the Company had long-term investment in Microlink Communications Inc. accounted for under equity method based on financial

statements as of December 31, 2020 and 2019, which were audited by the other auditor. Our audit, insofar as it related to the investment accounted for under the equity method balances both to NT\$0 as of December 31, 2020 and 2019, the related share of the investment loss from the associates and joint ventures both amounted to NT\$0 for the years ended December 31, 2020 and 2019, is based solely on the report of the other independent accountant.

We have also audited the parent company only financial statements of Princeton Technology Corp as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the 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 Company's ability to continue as a going concern, 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 are responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 the 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 Company's internal control.
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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company 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 the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' 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.

Crowe (TW) CPAs

February 26, 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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and consolidated financial statements shall prevail.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Princeton Technology Corp. and Subsidiaries

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousand New Taiwan Dollars)

Assets	Note	December 31,2020		December 31,2019	
		Amount	%	Amount	%
Current assets					
Cash and cash equivalents	Note 6	\$ 433,543	20	\$ 373,979	16
Financial assets at fair value through profit or loss	Note 7	263,478	12	383,801	17
Financial assets at amortized cost	Note 9	175,000	8	198,303	9
Notes receivable, net	Note 10	10,158	-	12,548	1
Accounts receivable, net	Note 10	254,651	12	180,250	8
Other receivables	Notes 10&29	2,991	-	4,854	-
Current tax assets	Note 27	-	-	346	-
Inventories, net	Note 11	221,331	10	280,886	12
Prepayments		24,819	2	32,268	1
Other financial assets	Notes 6&30	2,046	-	2,033	-
Total current assets		1,388,017	64	1,469,268	64
Non-current assets					
Financial assets at fair value through other comprehensive income	Note 8	23,367	2	27,536	1
Investments accounted for under the equity method	Notes 12&29	16,607	1	13,834	1
Property, plant and equipment	Notes 13&30	444,007	20	463,209	20
Right-of-use assets	Note 14	13,388	-	15,987	1
Investment property	Note 15	260,878	12	275,412	12
Intangible assets	Note 16	4,277	-	4,329	-
Deferred tax assets	Note 27	15,303	1	11,699	1
Other noncurrent assets	Note 17	4,229	-	5,166	-
Total non-current assets		782,056	36	817,172	36
Total assets		\$ 2,170,073	100	\$ 2,286,440	100
Liabilities and stockholders' equity					
	Note	December 31,2020		December 31,2019	
		Amount	%	Amount	%
Current liabilities					
Contract liability	Note 22	\$ 1,140	-	\$ 2,948	-
Accounts payable		109,443	5	78,298	3
Other payables	Note 18	69,149	3	60,136	3
Current tax liabilities	Note 27	1,682	-	-	-
Lease liabilities	Note 14	2,857	-	1,450	-
Long-term liabilities - current portion	Notes 19&30	127,935	6	59,860	3
Other current liabilities		352	-	320	-
Total current liabilities		312,558	14	203,012	9
Non-current liabilities					
Long-term loans payable	Notes 19&30	-	-	134,685	6
Lease liabilities	Note 14	1,450	-	-	-
Net defined benefit liability	Note 20	29,154	2	31,364	1
Refundable deposits		2,154	-	1,177	-
Total non-current liabilities		32,758	2	167,226	7
Total liabilities		345,316	16	370,238	16

(Continued)

Liabilities and stockholders' equity	Note	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
Equity attributable to the parent company					
Capital	Note 21	1,809,437	84	1,809,437	79
Additional paid-in capital	Note 21	12,234	-	15,873	1
Retained earnings	Note 21				
Legal reserve		306,123	14	306,123	14
Accumulated losses		(326,636)	(15)	(249,930)	(11)
Total retained earnings		(20,513)	(1)	56,193	3
Other components of equity	Note 21	(86,628)	(4)	(62,539)	(3)
Total equity attributable to the parent		1,714,530	79	1,818,964	80
Non-controlling interests	Note 21	110,227	5	97,238	4
Total equity		1,824,757	84	1,916,202	84
Total liabilities and equity		\$ 2,170,073	100	\$ 2,286,440	100

The accompanying notes are integral part of consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Princeton Technology Corp. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2020 & 2019

(Expressed in Thousand New Taiwan Dollars, Except for Earnings Per Share Amounts)

	Note	2020		2019	
		Amount	%	Amount	%
Net sales	Notes 22&29	\$ 1,102,017	100	\$ 1,107,617	100
Cost of goods sold	Notes 11.20&23	(722,559)	(66)	(702,641)	(63)
Gross profit		379,458	34	404,976	37
Operating expenses	Notes 20.23&29				
Marketing		(40,395)	(3)	(54,113)	(5)
General and administrative		(135,217)	(12)	(138,815)	(13)
Research and development		(260,670)	(24)	(279,426)	(25)
Total operating expenses		(436,282)	(39)	(472,354)	(43)
Operating loss		(56,824)	(5)	(67,378)	(6)
Non-operating income and expenses					
Interest income	Note 24	3,284	-	8,443	1
Other gain and loss	Notes 25&29	16,995	1	42,224	4
Finance costs	Note 26	(4,589)	-	(9,469)	(1)
Share of loss of associates and joint ventures	Notes 4&12	(12,980)	(1)	(9,556)	(1)
Subtotal		2,710	-	31,642	3
Loss from continuing operations before income tax		(54,114)	(5)	(35,736)	(3)
Income tax (expense) benefit	Note 27	(4,182)	-	2,262	-
Net loss		(58,296)	(5)	(33,474)	(3)
Other comprehensive income and loss					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	Note 20	117	-	1,365	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	Note 21	(4,169)	-	8,143	1
Income tax expense related to items that will not be reclassified subsequently to profit or loss	Note 27	(23)	-	(273)	-
Subtotal		(4,075)	-	9,235	1
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	Note 21	(30,415)	(3)	(21,842)	(2)
Income tax benefit related to items that may be reclassified subsequently to profit or loss	Notes 21&27	4,980	-	3,888	-
Subtotal		(25,435)	(3)	(17,954)	(2)
Total other comprehensive income or (loss), net of tax		(29,510)	(3)	(8,719)	(1)
Total comprehensive loss		\$ (87,806)	(8)	\$ (42,193)	(4)
Net income (loss) attributable to:					
Stockholders of the parent		\$ (76,800)	(7)	\$ (36,265)	(3)
Non-controlling interests		18,504	2	2,791	-
		\$ (58,296)	(5)	\$ (33,474)	(3)
Comprehensive income (loss) attributable to:					
Stockholders of the parent		\$ (100,795)	(9)	\$ (42,583)	(4)
Non-controlling interests		12,989	1	390	-
		\$ (87,806)	(8)	\$ (42,193)	(4)
Earnings per share	Note 28				
Earnings per share-basic		\$ (0.42)		\$ (0.20)	

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Princeton Technology Corp. and Subsidiaries
 Consolidated Statements of Changes in Equity
 For the years ended December 31, 2020 & 2019
 (Expressed in Thousand New Taiwan Dollars)

	Equity attributable to the parent											
	Additional pain-in capital					Retained earnings			Other components of equity			
	Common Stock	Premiums	Recognize changes in subsidiaries' ownership	Share of changes in equities of associates and joint venture	Employee stock options	Legal reserve	Unappropriated earnings (Accumulated losses)	Exchange differences arising on translation of foreign operations	Unrealized gain on investments in equity instruments at fair value through other comprehensive	Total equity attributable to the parent	Non-controlling interests	Total Equity
Balance as of January 1, 2019	\$ 1,809,437	\$ 1,102	\$ 39	\$ 10,140	\$ 4,592	\$ 306,123	\$ (214,757)	\$ (6,863)	\$ (48,266)	\$ 1,861,547	\$ 96,848	\$ 1,958,395
Net (loss) income for the year ended December 31, 2019	-	-	-	-	-	-	(36,265)	-	-	(36,265)	2,791	(33,474)
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	-	-	1,092	(15,553)	8,143	(6,318)	(2,401)	(8,719)
Total comprehensive (loss) income	-	-	-	-	-	-	(35,173)	(15,553)	8,143	(42,583)	390	(42,193)
Balance as of December 31, 2019	1,809,437	1,102	39	10,140	4,592	306,123	(249,930)	(22,416)	(40,123)	1,818,964	97,238	1,916,202
Adjustments to share of changes in equities of associates and joint venture	-	-	-	(3,639)	-	-	-	-	-	(3,639)	-	(3,639)
Net (loss) income for the year ended December 31, 2020	-	-	-	-	-	-	(76,800)	-	-	(76,800)	18,504	(58,296)
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	-	-	94	(19,920)	4,169	(23,995)	(5,515)	(29,510)
Total comprehensive (loss) income	-	-	-	-	-	-	(76,706)	(19,920)	(4,169)	(100,795)	12,989	(87,806)
Balance as of December 31, 2020	\$ 1,809,437	\$ 1,102	\$ 39	\$ 6,501	\$ 4,592	\$ 306,123	\$ (326,636)	\$ (42,336)	\$ (44,292)	\$ 1,714,530	\$ 110,227	\$ 1,824,757

The accompanying notes are integral part of financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Princeton Technology Corp. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 & 2019

(Expressed in Thousand New Taiwan Dollars)

	2020	2019
Cash flows from operating activities:		
Net loss before tax	\$ (54,114)	\$ (35,736)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	52,831	57,405
Amortization expense	139	164
Expected credit gains	(1,134)	(235)
Net income of financial assets at fair value through profit or loss	(19,951)	(33,530)
Finance costs	4,589	9,469
Interest income	(3,284)	(8,443)
Dividend income	(1,022)	(1,992)
Share of loss of associates and joint ventures	12,980	9,556
Loss on disposal of property, plant and equipment, net	47	40
Loss on disposal of investments	124	-
Changes in operating assets and liabilities:		
Decrease (increase) in :		
Mandatorily classified FVTPL	140,947	(30,432)
Notes receivable	2,390	8,569
Accounts receivable	(73,267)	7,961
Other receivables	918	2,758
Inventories	59,555	16,632
Prepayments	7,449	4,483
Other financial asset	(13)	(30)
Increase (decrease) in :		
Contract liability	(1,808)	1,811
Accounts payable	31,145	(31,490)
Other payables	12,580	(18,913)
Other current liabilities	32	(43)
Net defined benefit liabilities	(2,093)	(4,313)
Cash provided by (used in) operations	169,040	(46,309)
Interest received	4,229	9,055
Interest paid	(7,963)	(9,643)
Income tax (paid) received	(835)	2,148
Net cash provided by (used in) operating activities	164,471	(44,749)

(Continued)

	<u>2020</u>	<u>2019</u>
Cash flows from investing activities:		
Proceeds from Financial assets at amortized cost	23,303	99,063
Acquisition of investments accounted for under the equity method	(19,392)	(4,581)
Acquisition of property, plant and equipment	(37,008)	(35,906)
Proceeds from disposal of property, plant and equipment	43	2
Acquisition of intangible assets	(17)	(26)
Acquisition of investment property	-	(11,196)
Decrease in other noncurrent assets	77	2,187
Dividend received	1,022	1,992
Net cash (used in) provided by investing activities	<u>(31,972)</u>	<u>51,535</u>
Cash flows from financing activities		
Decrease in long-term loans	(66,610)	(35,443)
Increase in guarantee deposits received	977	773
Repayment of the principal portion of lease liabilities	(2,856)	(2,857)
Increase in non-controlling interests	(5,514)	(2,401)
Net cash used in financing activities	<u>(74,003)</u>	<u>(39,928)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>1,068</u>	<u>4,016</u>
Net increase (decrease) in cash and cash equivalents	59,564	(37,158)
Cash and cash equivalents at beginning of period	<u>373,979</u>	<u>411,137</u>
Cash and cash equivalents at end of period	<u>\$ 433,543</u>	<u>\$ 373,979</u>

(Concluded)

The accompanying notes are integral part of consolidated financial statements.

Princeton Technology Corp.

FY2020 Statement of Deficit Compensation

Jan. 1 ~ Dec. 31, 2020

Item	Unit: NT\$ Amount
Deficit yet to be compensated – beginning of year	(249,929,982)
The retained earnings adjustment for the year 2020 - the actuarial profit	93,774
Net loss of 2020	(76,799,688)
Deficit yet to be compensated at the end of 2020	(326,635,896)