

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

WITH

REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE NINE MONTHS ENDED

SEPTEMBER 30, 2017 AND 2016

Address: No.11, Lixing Rd., East Dist., Hsinchu City 300, Taiwan (R.O.C.)

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Review Report of Independent Accountants

To Coretronic Corporation

We have reviewed the accompanying consolidated balance sheets of Coretronic Corporation and its subsidiaries ("the Group") as of September 30, 2017 and September 30, 2016, the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2017 and 2016 and consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2017 and 2016. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to issue a report based on our reviews.

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statements of Auditing Standards NO. 36, "Review of Financial Statements" of the Republic of China. A review is limited primarily to applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

As disclosed in Note 4(3) to the consolidated financial statements, the financial statements of certain consolidated subsidiaries, which statements reflect total assets amounted to NT\$17,174,860 thousand and NT\$14,649,067 thousand, represented 34.00% and 30.57% of the total consolidated assets as of September 30, 2017 and 2016, respectively, total liabilities amounted to NT\$2,116,567 thousand and NT\$1,920,323 thousand, represented 7.61% and 7.78% of the total consolidated liabilities as of September 30, 2017 and 2016, respectively, and total comprehensive income amounted to NT\$461,642 thousand, NT\$(99,417) thousand, NT\$501,212 thousand and NT\$(250,857) thousand, represented 60.87%, 58.15%, 118.72% and 57.18% of the total consolidated comprehensive income for the three months and nine months ended September 30, 2017 and 2016, respectively, are based solely on the unreviewed financial statements. As disclosed in Note 6(8) to the consolidated financial statements, the balances of the Group's investments accounted for using the equity method amounted to NT\$28,095 thousand and NT\$31,232 thousand, which represented 0.06% and 0.06% of the total consolidated assets as of September 30, 2017 and 2016, respectively, and the Group's share of loss of associates and joint ventures accounted for using the equity method amounted to NT\$595 thousand, NT\$809 thousand, NT\$2,551 thousand and NT\$1,460 thousand, which represented (0.08)%, 0.47%, (0.60)% and 0.33% of the total consolidated comprehensive income for the three months and nine months ended September 30, 2017 and 2016, respectively, are based solely on the unreviewed financial statements. In addition, the certain information disclosed in Note 13 is based solely on the unreviewed financial statements.

Based on our reviews, except for the effects of such adjustments, as might have been determined to be necessary the financial statements of certain consolidated subsidiaries and investments accounted for using equity method mentioned above been recognized based on reviewed financial statements, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the requirements of Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting", endorsed and became effective by Financial Supervisory Commission of the Republic of China.



Ernst & Young
CERTIFIED PUBLIC ACCOUNTANTS
October 30, 2017
Taipei, Taiwan
Republic of China

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 R.O.C. and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the R.O.C.

English Translation of Financial Statements Originally Issued in Chinese
CORETRONIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of September 30, 2017, December 31, 2016, and September 30, 2016
(September 30, 2017 and 2016 are unaudited)
(Amounts in thousands of New Taiwan Dollars)

ASSETS	Notes	September 30, 2017	%	December 31, 2016	%	September 30, 2016	%
Current assets							
Cash and cash equivalents	6(1)	\$ 15,138,310	29.97	\$ 15,302,189	30.39	\$ 13,354,194	27.86
Financial assets at fair value through profit or loss-current	6(2)	69,934	0.14	171,055	0.34	23,040	0.05
Hedging derivative financial assets-current	12	192,666	0.38	146,604	0.29	260,611	0.54
Note receivables, net		126,949	0.25	54,056	0.11	113,332	0.24
Trade receivables, net	6(6)	17,066,770	33.78	17,534,750	34.82	16,897,042	35.26
Trade receivables-related parties, net	6(6), 7	1,855	-	229	-	2,579	-
Other receivables	8	530,826	1.05	390,446	0.78	396,098	0.83
Current tax assets	6(23)	19,310	0.04	12,985	0.02	4,506	0.01
Inventories, net	6(7)	8,344,664	16.52	7,175,756	14.25	6,923,171	14.45
Prepayments		502,012	0.99	467,257	0.93	562,155	1.17
Other current assets		169,518	0.34	184,701	0.37	142,276	0.30
Total current assets		42,162,814	83.46	41,440,028	82.30	38,679,004	80.71
Non-current assets							
Available-for-sale financial assets-noncurrent	6(3)	50,067	0.10	54,962	0.11	55,741	0.12
Financial assets measured at cost-noncurrent	6(4)	315,986	0.62	327,480	0.65	328,439	0.69
Debt instrument investments without active market-noncurrent	6(5)	-	-	-	-	13,917	0.03
Investments accounted for using equity method(unreviewed)	6(8)	28,095	0.06	30,646	0.06	31,232	0.06
Property, plant and equipment, net	6(9)	6,953,823	13.76	7,543,772	14.98	7,854,053	16.39
Investment property, net	6(10)	186,524	0.37	192,564	0.38	194,577	0.41
Intangible assets	6(11)	177,590	0.35	120,774	0.24	120,090	0.25
Deferred tax assets	6(23)	261,266	0.52	241,359	0.48	246,536	0.51
Other noncurrent assets	8	382,039	0.76	401,844	0.80	398,694	0.83
Total non-current assets		8,355,390	16.54	8,913,401	17.70	9,243,279	19.29
Total assets		<u>\$ 50,518,204</u>	<u>100.00</u>	<u>\$ 50,353,429</u>	<u>100.00</u>	<u>\$ 47,922,283</u>	<u>100.00</u>

(continued)

English Translation of Financial Statements Originally Issued in Chinese
CORETRONIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of September 30, 2017, December 31, 2016, and September 30, 2016
(September 30, 2017 and 2016 are unaudited)
(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	September 30, 2017	%	December 31, 2016	%	September 30, 2016	%
Current liabilities							
Short-term borrowings	6(12)	\$ 7,424,641	14.70	\$ 6,622,586	13.15	\$ 5,134,104	10.71
Financial liabilities at fair value through profit or loss-current	6(13)	36,187	0.07	79,603	0.16	30,994	0.07
Hedging derivative financial liabilities-current	12	188,865	0.37	143,274	0.28	227,649	0.48
Notes payable		3,849	0.01	2,777	0.01	5,264	0.01
Accounts payables		12,966,685	25.67	12,467,378	24.76	12,584,772	26.26
Accounts payables-related parties	7	43,135	0.09	40,850	0.08	33,814	0.07
Other payables		3,724,651	7.37	4,153,319	8.25	3,669,523	7.66
Current tax liabilities	6(23)	869,476	1.72	970,288	1.93	944,678	1.97
Provisions-current	6(16)	947,946	1.88	849,456	1.69	840,466	1.75
Other current liabilities		722,207	1.43	856,424	1.69	901,848	1.88
Current portion of long-term borrowings	6(14)	9,884	0.02	1,875	-	-	-
Total current liabilities		26,937,526	53.33	26,187,830	52.00	24,373,112	50.86
Non-current liabilities							
Long-term borrowings	6(14)	500,988	0.99	28,125	0.06	30,000	0.06
Deferred tax liabilities	6(23)	36,322	0.07	62,048	0.12	65,754	0.14
Net defined benefit liabilities-noncurrent	6(15)	290,758	0.58	297,754	0.59	187,748	0.39
Other noncurrent liabilities		42,785	0.08	22,997	0.05	23,612	0.05
Total non-current liabilities		870,853	1.72	410,924	0.82	307,114	0.64
Total liabilities		27,808,379	55.05	26,598,754	52.82	24,680,226	51.50
Equity attributable to owners of the parent							
Share capital							
Common stock	6(17)	4,344,231	8.60	4,344,231	8.63	4,344,231	9.06
Capital surplus	6(17)	4,073,229	8.06	4,627,479	9.19	4,627,479	9.66
Retained earnings	6(17), 6(23)						
Legal reserve		3,397,480	6.73	3,201,027	6.36	3,201,027	6.68
Special reserve		1,962,450	3.88	1,290,820	2.56	1,290,820	2.69
Unappropriated retained earnings		8,059,535	15.95	8,841,168	17.56	8,186,851	17.08
Total retained earnings		13,419,465	26.56	13,333,015	26.48	12,678,698	26.45
Other equity		(1,098,143)	(2.17)	(671,630)	(1.33)	(543,720)	(1.13)
Non-controlling interests	6(17), 6(25), 6(26)	1,971,043	3.90	2,121,580	4.21	2,135,369	4.46
Total equity		22,709,825	44.95	23,754,675	47.18	23,242,057	48.50
Total liabilities and equity		\$ 50,518,204	100.00	\$ 50,353,429	100.00	\$ 47,922,283	100.00

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

English Translation of Financial Statements Originally Issued in Chinese
CORETRONIC CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the nine months ended September 30, 2017 and 2016
(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Notes	Three Months Ended September 30				Nine Months Ended September 30			
		2017	%	2016	%	2017	%	2016	%
Net sales	6(16), 6(18), 7	\$ 13,893,039	100.00	\$ 14,777,889	100.00	\$ 38,050,454	100.00	\$ 42,246,497	100.00
Operating costs	6(7), 6(11), 6(15), 6(19), 6(20), 7	11,605,088	83.53	12,304,495	83.26	31,754,071	83.45	35,595,700	84.26
Gross profit		2,287,951	16.47	2,473,394	16.74	6,296,383	16.55	6,650,797	15.74
Operating expenses	6(11), 6(15), 6(19), 6(20)								
Selling expenses		513,666	3.70	431,682	2.92	1,400,531	3.68	1,332,762	3.15
General and administrative expenses		635,130	4.57	664,977	4.50	1,779,280	4.68	1,954,813	4.63
Research and development expenses		761,001	5.48	737,280	4.99	2,197,195	5.77	2,255,503	5.34
Total operating expenses		1,909,797	13.75	1,833,939	12.41	5,377,006	14.13	5,543,078	13.12
Operating income		378,154	2.72	639,455	4.33	919,377	2.42	1,107,719	2.62
Non-operating income and expenses									
Other income	6(21)	147,152	1.06	142,301	0.95	393,525	1.04	440,355	1.04
Other gains and losses	6(21)	56,967	0.41	30,653	0.21	75,860	0.20	193,513	0.46
Finance costs	6(21)	(43,956)	(0.32)	(22,476)	(0.15)	(124,138)	(0.33)	(71,962)	(0.17)
Share of loss of associates and joint ventures accounted for using equity method	6(8)	(595)	-	(809)	-	(2,551)	(0.01)	(1,460)	-
Total non-operating income and expenses		159,568	1.15	149,669	1.01	342,696	0.90	560,446	1.33
Income before income tax		537,722	3.87	789,124	5.34	1,262,073	3.32	1,668,165	3.95
Income tax expense	6(23)	(129,603)	(0.93)	(217,904)	(1.47)	(372,323)	(0.98)	(581,597)	(1.38)
Net income		408,119	2.94	571,220	3.87	889,750	2.34	1,086,568	2.57
Other comprehensive income									
Items that may be reclassified subsequently to profit or loss									
Exchange differences on translation of foreign operations	6(22)	281,582	2.03	(763,346)	(5.17)	(525,350)	(1.38)	(1,545,935)	(3.66)
Unrealized gains from available-for-sale financial assets	6(22)	27,867	0.20	(1,245)	-	53,241	0.14	312	-
Gains on effective portion of cash flow hedges	6(22)	46,264	0.33	25,443	0.17	5,516	0.01	22,878	0.06
Income tax related to items that may be reclassified subsequently to profit or loss	6(22), 6(23)	(5,380)	(0.04)	(3,027)	(0.02)	(978)	-	(2,519)	(0.01)
Other comprehensive income (loss), net of tax		350,333	2.52	(742,175)	(5.02)	(467,571)	(1.23)	(1,525,264)	(3.61)
Total comprehensive income (loss)		\$ 758,452	5.46	\$ (170,955)	(1.15)	\$ 422,179	1.11	\$ (438,696)	(1.04)
Net income for the periods attributable to :									
Shareholders of the parent	6(24)	\$ 418,321		\$ 599,686		\$ 955,296		\$ 1,213,495	
Non-controlling interests	6(17), 6(26)	\$ (10,202)		\$ (28,466)		\$ (65,546)		\$ (126,927)	
Total comprehensive income (loss) for the periods attributable to :									
Shareholders of the parent		\$ 755,034		\$ (89,628)		\$ 528,783		\$ (206,449)	
Non-controlling interests		\$ 3,418		\$ (81,327)		\$ (106,604)		\$ (232,247)	
Basic Earnings Per Share (in New Taiwan Dollars)	6(24)	\$ 0.96		\$ 1.35		\$ 2.20		\$ 2.38	
Diluted Earnings Per Share (in New Taiwan Dollars)	6(24)	\$ 0.95		\$ 1.34		\$ 2.17		\$ 2.35	

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

English Translation of Financial Statements Originally Issued in Chinese
CORETRONIC CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the nine months ended September 30, 2017 and 2016
(Amounts in thousands of New Taiwan Dollars)

Description	Equity attributable to owners of the parent									Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings			Other equity			Total		
			Legal reserve	Special reserve	Unappropriated retained earning	Exchange differences on translation of foreign operations	Unrealized gains from available-for-sale financial assets	Effective hedging instrument from cash flow hedges			
Balance as of January 1, 2016	\$ 5,430,289	\$ 4,624,208	\$ 3,010,522	\$ 1,290,820	\$ 8,038,464	\$ 902,905	\$ (34,646)	\$ 7,965	\$ 23,270,527	\$ 2,391,485	\$ 25,662,012
Reduction of capital	(1,086,058)	-	-	-	-	-	-	-	(1,086,058)	-	(1,086,058)
Acquisition or disposal of the interest of subsidiaries	-	-	-	-	(60,060)	-	-	-	(60,060)	(750)	(60,810)
Changes in subsidiaries' ownership	-	3,271	-	-	-	-	-	-	3,271	11,041	14,312
Appropriation and distribution of 2015 retained earnings:											
Legal reserve	-	-	190,505	-	(190,505)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(814,543)	-	-	-	(814,543)	-	(814,543)
Net income for the nine months ended September 30, 2016	-	-	-	-	1,213,495	-	-	-	1,213,495	(126,927)	1,086,568
Other comprehensive income (loss) for the nine months ended September 30, 2016	-	-	-	-	-	(1,440,615)	312	20,359	(1,419,944)	(105,320)	(1,525,264)
Total comprehensive income (loss)	-	-	-	-	1,213,495	(1,440,615)	312	20,359	(206,449)	(232,247)	(438,696)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(34,160)	(34,160)
Balance as of September 30, 2016	\$ 4,344,231	\$ 4,627,479	\$ 3,201,027	\$ 1,290,820	\$ 8,186,851	\$ (537,710)	\$ (34,334)	\$ 28,324	\$ 21,106,688	\$ 2,135,369	\$ 23,242,057
Balance as of January 1, 2017	\$ 4,344,231	\$ 4,627,479	\$ 3,201,027	\$ 1,290,820	\$ 8,841,168	\$ (639,887)	\$ (35,113)	\$ 3,370	\$ 21,633,095	\$ 2,121,580	\$ 23,754,675
Acquisition or disposal of the interest of subsidiaries	-	11,392	-	-	-	-	-	-	11,392	65,731	77,123
Changes in subsidiaries' ownership	-	85,993	-	-	-	-	-	-	85,993	(105,232)	(19,239)
Appropriation and distribution of 2016 retained earnings:											
Legal reserve	-	-	196,453	-	(196,453)	-	-	-	-	-	-
Special reserve	-	-	-	671,630	(671,630)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(868,846)	-	-	-	(868,846)	-	(868,846)
Cash dividends distributed from capital surplus	-	(651,635)	-	-	-	-	-	-	(651,635)	-	(651,635)
Net income for the nine months ended September 30, 2017	-	-	-	-	955,296	-	-	-	955,296	(65,546)	889,750
Other comprehensive income (loss) for the nine months ended September 30, 2017	-	-	-	-	-	(484,292)	53,241	4,538	(426,513)	(41,058)	(467,571)
Total comprehensive income (loss)	-	-	-	-	955,296	(484,292)	53,241	4,538	528,783	(106,604)	422,179
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(4,432)	(4,432)
Balance as of September 30, 2017	\$ 4,344,231	\$ 4,073,229	\$ 3,397,480	\$ 1,962,450	\$ 8,059,535	\$ (1,124,179)	\$ 18,128	\$ 7,908	\$ 20,738,782	\$ 1,971,043	\$ 22,709,825

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

English Translation of Financial Statements Originally Issued in Chinese
CORETRONIC CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine months ended September 30, 2017 and 2016
(Amounts in thousands of New Taiwan Dollars)

Description	Nine Months Ended September 30		Description	Nine Months Ended September 30	
	2017	2016		2017	2016
Cash flows from operating activities :			Cash flows from investing activities :		
Net income before tax	\$ 1,262,073	\$ 1,668,165	Acquisition of debt instrument investments without active market	\$ -	\$ (13,917)
Adjustments for:			Acquisition of financial assets measured at cost	-	(2,231)
The profit or loss items which did not affect cash flows:			Acquisition of investments accounted for using equity method	-	(29,925)
Allowance of doubtful accounts	41,782	15,323	Acquisition of subsidiaries (net of cash acquires)	(18,271)	(20,531)
Depreciation (including investment property)	854,606	921,988	Proceeds from disposal of available-for-sale financial assets	66,368	-
Amortization (including other noncurrent assets)	50,324	41,244	Proceeds from disposal of financial assets measured at cost	11,251	-
Interest expenses	124,138	71,962	Acquisition of property, plant and equipment	(383,341)	(491,112)
Interest income	(219,383)	(192,044)	Proceeds from disposal of property, plant and equipment	39,973	151,493
Dividend income	(2,261)	(5,886)	Acquisition of intangible assets	(50,346)	(16,786)
Transfer of property, plant and equipment to expense	148	1,188	(Increase) decrease in other noncurrent assets	(3,837)	30,686
Loss on disposal of property, plant and equipment	1,182	7,192	Net cash used in investing activities	(338,203)	(392,323)
Gain from bargain purchase	(4,247)	-			
Gain on disposal of investments	(12,233)	-	Cash flows from financing activities :		
Transfer of intangible assets to expense	1,350	797	Increase (decrease) in short-term borrowings	795,333	(173,486)
Share of loss of associates and joint ventures accounted for using equity method	2,551	1,460	Increase (decrease) in long-term borrowings	469,869	(298,250)
Net loss of financial assets and liabilities at fair value through profit or loss	57,705	10,221	Decrease in other noncurrent liabilities	(1,612)	(3,577)
Changes in operating assets and liabilities:			Reduction of capital	-	(1,086,058)
Notes receivables	(72,893)	1,306	Cash dividends	(1,520,481)	(814,543)
Accounts receivables	431,662	2,835,654	Acquisition of subsidiaries' ownership	-	(61,110)
Accounts receivables-related parties	(1,626)	3,622	Payment on subsidiaries' acquisition of treasury stocks	(20,719)	-
Other receivables	(124,683)	(108,996)	Proceed from disposal of subsidiaries' ownership (without a change of control)	26,467	-
Inventories	(1,153,060)	205,165	Change in non-controlling interests	51,568	(22,614)
Prepayments	(31,525)	169,614	Net cash used in financing activities	(199,575)	(2,459,638)
Other current assets	15,183	26,589			
Notes payables	1,072	363	Effect of exchange rate changes on cash and cash equivalents	(408,907)	(1,197,397)
Accounts payables	491,598	(2,311,855)			
Accounts payables-related parties	2,285	8,290	Net decrease in cash and cash equivalents	(163,879)	(2,090,556)
Other payables	(442,079)	(906,235)	Cash and cash equivalents at the beginning of the period	15,302,189	15,444,750
Provisions-current	98,490	(27,166)	Cash and cash equivalents at the end of the period	\$ 15,138,310	\$ 13,354,194
Other current liabilities	(134,217)	166,582			
Net defined benefit liabilities	(6,996)	(7,521)			
Cash generated from operating activities	1,230,946	2,597,022			
Dividend received	2,261	5,886			
Interest received	203,731	179,268			
Interest paid	(122,196)	(99,441)			
Income tax paid	(531,936)	(723,933)			
Net cash provided by operating activities	782,806	1,958,802			

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

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2017 AND 2016

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

1. HISTORY AND ORGANIZATION

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

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

The consolidated financial statements of CORE and its subsidiaries (“the Group”) were authorized for issue in accordance with the resolution of the Board of Directors’ meeting on October 30, 2017.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

- (1) Standards or Interpretations issued, revised or amended, which are endorsed by Financial Supervisory Commission (“FSC”), but not yet adopted by the Group at the date of issuance of the Group’s financial statements are listed below:

Standards or Interpretations Numbers	The Projects of Standards or Interpretations	Effective Dates
IFRS 15	Revenue from Contracts with Customers with its Amendment Clarifications to IFRS 15 Revenue from Contracts with Customers	January 1, 2018
IFRS 9	Financial Instruments	January 1, 2018
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	—
IAS 12	Recognition of Deferred Tax Assets for Unrealized Losses	January 1, 2017
IAS 7	Disclosure Initiative	January 1, 2017
IFRS 2	Shared-Based Payment (Amendment)	January 1, 2018
IFRS 4	Insurance Contracts (Amendment)	January 1, 2018
IAS 40	Investment Property (Amendment)	January 1, 2018
(To be continued)		

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

(Continued)

Standards or Interpretations Numbers	The Projects of Standards or Interpretations	Effective Dates
Improvements to International Financial Reporting Standards (2014-2016 cycle) :		
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 1, 2018
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2017
IAS 28	Investments in Associates and Joint Ventures	January 1, 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018

The potential effects of adopting the standards or interpretations issued by IASB and endorsed by FSC on the Group's financial statements are summarized as below:

IFRS 15 "Revenue from Contracts with Customers" with its Amendment "Clarifications to IFRS 15 Revenue from Contracts with Customers"

The core principle of the new Standard is for companies to recognize revenue to depict the transfer of promised goods or services to customers in amounts that reflect the consideration to which the group expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract;
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The new Standard includes a cohesive set of disclosure requirements that would result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Standard is effective for annual periods beginning on or after January 1, 2018.

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The amendments clarify how to identify a performance obligation in a contract; determine whether a company is a principal or an agent; and determine whether the revenue from granting a licence should be recognized at a point in time or over time. The amendments are effective for annual periods beginning on or after January 1, 2018.

The new standard has no material impact on the recognition of revenue from contracts with customers for the Group, however more extensive disclosure would have to be made.

IFRS 9 “Financial Instruments”

International Accounting Standards Board (“IASB”) has issued the final version of IFRS 9, which combines classification and measurement, the expected credit loss impairment model and hedge accounting. The standard will replace IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9 Financial Instruments (which include standards issued on classification and measurement of financial assets and liabilities and hedge accounting).

Classification and measurement: Financial assets are measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity’s business model for managing the financial assets and the financial asset’s contractual cash flow characteristics. Financial liabilities are measured at amortized cost or fair value through profit or loss. Furthermore there is requirement that ‘own credit risk’ adjustments are not recognized in profit or loss.

Impairment: Expected credit loss model is used to evaluate impairment. Entities are required to recognize either 12-month or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.

Hedge accounting: Hedge accounting is more closely aligned with risk management activities and hedge effectiveness is measured based on the hedge ratio.

The new standard is effective for annual periods beginning on or after January 1, 2018. Consequential amendments on the related disclosures also become effective for annual periods beginning on or after 1 January 2018.

The Group elects not to restate prior periods in accordance with the requirements of IFRS 9 at the date of initial application (1 January 2018). The adoption of IFRS 9 has the following impacts on the Group:

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A. Classification and measurement of financial assets

Available-for-sale financial assets – equity instrument investments measured at cost

Currently the Group assesses if an impairment loss is to be recognized on an equity instrument investment measured at cost, where there is objective evidence of impairment. As such investment is not held for trading, at 1 January, 2018, the Group designates such investment to be measured at fair value through other comprehensive income and no assessment of impairment on the investment is required. Consequently, the carrying amount of those investments, other equity and retained earnings as at 1 January, 2018 would be adjusted, with the final amounts yet to be determined.

Available-for-sale financial assets – fund investments

Upon assessment of the cash flow characteristics of fund investments, such investments would be mandatorily measured at fair value through profit or loss. Consequently, the other equity and retained earnings as at 1 January, 2018 would be adjusted, with the final amounts yet to be determined.

Available-for-sale financial assets – de-recognition of equity investments measured at fair value

Upon de-recognition of equity investments currently classified as available-for-sale measured at fair value, the accumulated gains or losses previously recognized in other comprehensive income was recycled to profit or loss from equity. However under the requirements of IFRS 9, subsequent fair value movement of the aforementioned equity investments is recognized in other comprehensive income and cannot be recycled to profit or loss. Upon de-recognition, the accumulated amounts in other equity is reclassified to retained earnings (reclassification to profit or loss is not allowed).

Impairment of financial assets

This is applicable to financial assets not measured at fair value through profit or loss. In accordance with the requirements of IFRS 9, a loss allowance for debt instruments is measured using the expected credit loss model, whereas trade receivables or contract assets that result from transactions that are within the scope of IFRS 15 is measured using the simplified approach (provision matrix); and no assessment of impairment on equity instrument is required. The aforementioned requirements on impairment is different from the current incurred loss model and the final impact is yet to be determined.

B. Others

Consequential amendments on the related disclosures in IFRS 9 were also made as a result of the application of IFRS 9, which include the disclosure requirements related to the initial application of IFRS 9. Therefore more extensive disclosure would have to be made.

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

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

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

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

The effective date of the amendments has been postponed indefinitely, but early adoption is allowed.

IAS 12 “Income Taxes” — Recognition of Deferred Tax Assets for Unrealized Losses

The amendments clarify how to account for deferred tax assets for unrealized losses. The amendments are effective for annual periods beginning on or after January 1, 2017.

Disclosure Initiative — Amendment to IAS 7 “Statement of Cash Flows”

The amendments relate to changes in liabilities arising from financing activities and to require a reconciliation of the carrying amount of liabilities at the beginning and end of the period. The amendments are effective for annual periods beginning on or after January 1, 2017.

Transfers of Investment Property — Amendments to IAS 40

The amendments relate to the transfers of investment property. The amendments clarify that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use, the entity should transfer property into and out of investment property accordingly. A mere change in management’s intentions for the use of a property does not provide evidence of a change in use. The amendments are effective for annual periods beginning on or after January 1, 2018.

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IFRIC 22 “Foreign Currency Transactions and Advance Consideration”

The interpretation clarifies that when applying paragraphs 21 and 22 of IAS 21 “The Effects of Changes in Foreign Exchange Rates”, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation is effective for annual periods beginning on or after January 1, 2018.

The abovementioned standards and interpretations issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2018. Except for the standards and interpretations listed under the above items which will have impact on the Group, the remaining standards and interpretations have no material impact on the Group.

- (2) Standards or interpretations issued, revised or amended, by IASB but not yet endorsed by FSC at the date of issuance of the Group’s financial statements are listed below:

Standards or Interpretations Numbers	The Projects of Standards or Interpretations	Effective Dates
IFRS 16	Leases	January 1, 2019
IFRIC 23	Uncertainty Over Income Tax Treatments	January 1, 2019
IFRS 17	Insurance Contracts	January 1, 2021
IAS 28	Investment in Associates and Joint Ventures	January 1, 2019
IFRS 9	Financial Instruments(Amendments)	January 1, 2019

IFRS 16 “Leases”

The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions). Lessor accounting still uses the dual classification approach: operating lease and finance lease. The Standard is effective for annual periods beginning on or after January 1, 2019.

IFRIC 23 “Uncertainty Over Income Tax Treatments”

The Interpretation clarifies application of recognition and measurement requirements in IAS 12 “Income Taxes” when there is uncertainty over income tax treatments. The Interpretation is effective for annual periods beginning on or after January 1, 2019.

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The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed apart from the above items, it is not practicable to estimate their impact on the Group at this point in time. All other standards and interpretations have no material impact on the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The consolidated financial statements of the Group for the nine months ended September 30, 2017 and 2016 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34 "Interim Financial Reporting" as endorsed and became effective by FSC. The Group applied for standards, interpretations and amendments issued, revised or amended which are recognized by FSC and became effective for annual periods beginning on or after January 1, 2017. The application has no material effect on the Group.

(2) Basis of Preparation

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

(3) General Description of Reporting Entity

Principles of consolidation

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

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

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

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

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

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

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

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

If loses control of a subsidiary, it:

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

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
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The consolidated entities are listed as follows:

Subsidiary	Relationship	Business nature	Percentage of Ownership		
			September 30, 2017	December 31, 2016	September 30, 2016
Tecpoint Limited (“Tecpoint”) and its subsidiaries	Subsidiary	Tecpoint is a holding company and invests in Mainland China. Tecpoint’s joint ventures are the production, manufacturing, marketing and R&D of acrylic plate, light guide plate and backlight module. The joint ventures also provide the after sales services.	100.00%	100.00%	100.00%
Visicorp Limited (“Visicorp”) and its subsidiaries	Subsidiary	Visicorp is a holding company and invests in Mainland China. Visicorp’s joint ventures are the R&D, production and marketing of backlight module and its components. The joint ventures also provide after sales services.	100.00%	100.00%	100.00%
Coretronic (BVI) Investment Corp. (“Coretronic BVI”) and its subsidiaries	Subsidiary	BVI is a holding company and invests in Mainland China. BVI’s joint ventures are the R&D, production, manufacturing and marketing of digital projector, LCD monitor and its components. The joint ventures also provide after sales services.	100.00%	100.00%	100.00%
Sinolink Global Limited (“Sinolink”) and its subsidiaries	Subsidiary	Sinolink is a holding company and invests in Mainland China. Sinolink’s joint ventures are the design, R&D, production and marketing of projectors. The joint ventures also provide the after sales services for self-produced and non-self-produced product.	100.00%	100.00%	100.00%

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Subsidiary	Relationship	Business nature	Percentage of Ownership		
			September 30, 2017	December 31, 2016	September 30, 2016
Young Green Energy Co. (“YGE”) and its subsidiaries	Subsidiary	YGE is engaged in the production, wholesale and retail trade of electronic components, battery, computer, and its peripheral devices, and electronic material. YGE’s joint ventures are the R&D, production and marketing of transformers, inductors and power supply related products.	99.91%	99.91%	99.91%
Young Optics Inc. (“TYO”) and its subsidiaries	Subsidiary	TYO is engaged in the production, marketing and R&D of electronic components and optics. TYO’s joint ventures are the production and after sales services of electronic components, optical modules and components.	46.23%	46.52%	46.52%
Young Lighting Technology Inc. (“YLT”) and its subsidiaries	Subsidiary	YLT is engaged in the design, production and marketing of general lighting application, electronic components and optical devices. YLT’s joint ventures are the R&D, production, manufacturing and marketing of backlight module, touch module, LCD module, other optical components and lighting application. YLT’s joint ventures also provide after sales services.	100.00%	100.00%	100.00%

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Subsidiary	Relationship	Business nature	Percentage of Ownership		
			September 30, 2017	December 31, 2016	September 30, 2016
Optoma Corporation (“Optoma”) and its subsidiaries	Subsidiary	Optoma is engaged in the production and marketing of data storage and processing equipment, electronic components, optical devices, wireless communications equipment, electronic appliances. Optoma’s joint ventures are engaged in the marketing and after sales services of products of the brand Optoma in America, Canada, Europe, Hong Kong, and Mainland China.	92.42%	83.40%	83.40%
Chung Tsen Investment Corp. (“CGT”) and its subsidiaries	Subsidiary	CGT is an investment company for strategic purposes.	100.00%	100.00%	100.00%
Coretronic Intelligent Cloud Service Corporation (“CICS”) and its subsidiaries(Note a)	Subsidiary	CICS is engaged in intelligent cloud, IT information, intelligent applications and platform development related business of new media. CICS’s joint ventures are contractor in intelligent building engineering and provide services to customers from various domains.	100.00%	100.00%	100.00%
Coretronic Venture Capital Co. (“CVC”)	Subsidiary	The investment activities of company’s business expansion.	100.00%	100.00%	100.00%
uCare Medical Electronics Co., Ltd. (“UCM”)	Subsidiary	UCM is engaged in the R&D, design, production and marketing of intelligent movement and medical care related software and hardware products.	80.00%	-	-

CORETRONIC CORPORATION AND SUBSIDIARIES
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Subsidiary	Relationship	Business nature	Percentage of Ownership		
			September 30, 2017	December 31, 2016	September 30, 2016
Champ Vision Display Inc. ("CVD")	Subsidiary	CVD is engaged in R&D, design, production and marketing of innovative intelligent display products and system integration solution.	80.00%	-	-
Calibre UK Ltd. ("CAL")	Subsidiary	CAL is engaged in R&D, design, production and marketing of image processing products.	100.00%	-	-

Note a: "Coretronic System Engineering Corporation" was renamed as "Coretronic Intelligent Cloud Service Corporation" which was approved by stockholder's meeting in September 2017, and related registration processes have been completed in October 2017.

- A. Refer to Note 13 for intercompany transactions between consolidated entities. Subsidiaries are fully consolidated in accordance with the Regulations.
- B. The significant changes of consolidated entities described as follows:
- (a) Aptek Optical Corp. ("Aptek"), one of TYO's subsidiary, raised NT\$50,000 thousand through capital increase. Aptek issued new shares, and 15% of such new shares were retained for employees of Aptek. TYO took part in 85% of the capital increase, and the ownership percentage decreased from 100% to 92.5% accordingly.
 - (b) TYO acquired 99% shares of Mejiro Genossen Inc. in cash amounted to JPY\$96,850,908 in July 2016, and it was included in the consolidated entities since the acquisition date.
 - (c) Optoma cancelled 4,031 thousand shares of treasury stock on February 2017. As such, CORE, CGT and Tsen Ming Investment Corp. hold ownership percentage of Optoma to 73.69%, 7.01% and 8.45%, respectively. The total ownership percentage of Optoma would reach to 89.15%.

CORE acquired shares of Optoma held by CGT and Tsen Ming Investment Corp. in March 2017. The ownership percentage of Optoma held by CORE increased to 89.15%.

Optoma acquired 2,072 thousand shares of treasury stock in May 2017. The ownership percentage of Optoma held by CORE increased to 92.42%.

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- (d) CORE made an investment to establish uCare Medical Electronics Co., Ltd. (“UCM”) and has completed registration of establishment in June 2017. CORE held 80% ownership of UCM; therefore, UCM has been fully consolidated as of September 30, 2017.
- (e) CORE made an investment to establish Champ Vision Display Inc. (“CVD”) and has completed registration of establishment in July 2017. CORE held 80% ownership of CVD; therefore, CVD has been fully consolidated as of September 30, 2017.
- (f) CORE acquired 100% shares of Calibre UK Ltd. on August 1, 2017, and it was included in the consolidated entities since the acquisition date.
- (g) CORE acquired shares of YGE held by CGT and Tsen Ming Investment Corp. in July 2017. The ownership percentage of YGE held by CORE increased to 99.91%.
- (h) Coretronic Projection (Kunshan) Co., Ltd (“CPC”) made an investment to establish 100% held subsidiary Coretronic Optics (Kunshan) Corporation (“COC”) in August 2017. Therefore, COC has been fully consolidated as of September 30, 2017.

The financial statements of certain consolidated subsidiaries listed above had not been reviewed by independent accountants, including total assets amounted to NT\$17,174,860 thousand and NT\$14,649,067 thousand, total liabilities amounted to NT\$2,116,567 thousand and NT\$1,920,323 thousand as of September 30, 2017 and 2016, and the related total comprehensive income amounted to NT\$461,642 thousand and NT\$(99,417) thousand for the nine months ended September 30, 2017 and 2016, and the related total comprehensive income amounted to NT\$501,212 thousand and NT\$(250,857) thousand for the nine months ended September 30, 2017 and 2016, respectively.

- (4) Except for the accounting policies listed below, the same accounting policies have been followed in this consolidated financial statements as were applied in the preparation of CORE’s consolidated financial statements for the year ended December 31, 2016. For the summary of other significant accounting policies, please refer to the consolidated financial statements for the year ended December 31, 2016.
 - A. Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

CORETRONIC CORPORATION AND SUBSIDIARIES
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- B. Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The same significant accounting judgments, estimates and assumptions have been followed in this consolidated financial statements as were applied in the preparation of CORE's consolidated financial statements for the year ended December 31, 2016. For the summary of significant accounting judgments, estimates and assumptions, please refer to the consolidated financial statements for the year ended December 31, 2016.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and Cash Equivalents

	September 30, 2017	December 31, 2016	September 30, 2016
Cash on hand, savings and checking accounts	\$2,979,239	\$4,233,486	\$3,315,952
Time deposits	12,100,065	11,068,703	10,038,242
Cash Equivalents	59,006	-	-
Total	<u>\$15,138,310</u>	<u>\$15,302,189</u>	<u>\$13,354,194</u>

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

	September 30, 2017	December 31, 2016	September 30, 2016
Held for trading			
Derivative not designated as hedging instruments			
Forward foreign exchange contracts	\$68,712	\$162,609	\$22,648
Forward cross currency contracts	1,222	8,446	392
Total	<u>\$69,934</u>	<u>\$171,055</u>	<u>\$23,040</u>

	September 30, 2017	December 31, 2016	September 30, 2016
Current	\$69,934	\$171,055	\$23,040
Non-current	-	-	-
Total	<u>\$69,934</u>	<u>\$171,055</u>	<u>\$23,040</u>

Financial assets held for trading were not pledged.

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(3) Available-For-Sale Financial Assets, Non-Current

	September 30, 2017	December 31, 2016	September 30, 2016
Stocks—Celxpert Energy Corporation	\$50,067	\$54,962	\$55,741

Available-for-sale financial assets were not pledged.

(4) Financial Assets Measured at Cost, Non-Current

	September 30, 2017	December 31, 2016	September 30, 2016
Financial Assets at Fair Value through Profit or Loss :			
Conversion of Convertible Bonds	\$-	\$-	\$2,231
Available-For-Sale Financial Assets			
SHIEH YONG INVESTMENT Co., LTD.	210,787	210,787	210,787
Unitech Capital, Inc.	57,903	61,710	60,008
Excel Global Limited (“Excel”)	26,389	26,389	35,598
Nightingale Intelligent System, Inc.	17,966	17,966	-
GLO AB	2,720	2,720	2,720
Maxiam Ventures I Inc.	221	221	221
View Sonic Corp.	-	7,687	7,474
LIULIGONGFANG Corp. (“LIULI”)	-	-	9,400
Subtotal	315,986	327,480	326,208
Total	\$315,986	\$327,480	\$328,439

For continued worsening in operating condition, Optoma assessed that investment in Excel and LIULI were impaired and recognized an impairment loss of NT\$18,609 thousand in 2016.

The above investments in the equity instruments of unlisted entities are measured at cost as the fair value of these investments are not reliably measurable due to the fact that the variability in the range of reasonable fair value measurements is significant for that investment and that the probabilities of the various estimates within the range cannot be reasonably assessed and used when measuring fair value.

Financial assets measured at cost were not pledged.

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(5) Debt instrument investments without Active Market

	September 30, 2017	December 31, 2016	September 30, 2016
Convertible Bonds	\$-	\$-	\$13,917
Current	\$-	\$-	\$-
Non-current	-	-	13,917
Total	\$-	\$-	\$13,917

Debt instrument investments without active market were not pledged.

(6) Trade Receivables and Trade Receivables-Related Parties

	September 30, 2017	December 31, 2016	September 30, 2016
Trade receivable	\$17,153,244	\$17,579,127	\$16,932,441
Less: allowance for doubtful accounts	(86,474)	(44,377)	(35,399)
Subtotal	17,066,770	17,534,750	16,897,042
Trade receivables for related parties	1,855	229	2,579
Total	\$17,068,625	\$17,534,979	\$16,899,621

Trade receivables were not pledged.

Trade receivables are generally on 30-150 day credit terms. Movements in the provision for impairment of trade receivables and trade receivables-related parties are as follows (please refer to Note 12 for credit risk disclosure):

	<u>Collectively impaired</u>
As of January 1, 2017	\$44,377
Reversal for the current period	41,782
Write-off for uncollectable accounts	-
Exchange differences	315
As of September 30, 2017	\$86,474
As of January 1, 2016	\$37,091
Charge for the current period	15,323
Write-off for uncollectable accounts	(15,221)
Exchange differences	(1,794)
As of September 30, 2016	\$35,399

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There is no impairment loss as a result of individual valuation of trade receivables for the nine months ended September 30, 2017 and 2016.

Aging analysis of trade receivables and trade receivables-related parties that are past due as at the end of the reporting period but not impaired is as follows:

As of	Neither past due nor impaired	Past due but not impaired					Total
		1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 121 days	
September 30, 2017	\$15,983,046	\$997,261	\$29,278	\$21,736	\$28,299	\$9,005	\$17,068,625
December 31, 2016	\$15,616,365	\$1,753,693	\$141,710	\$15,779	\$3,453	\$3,979	\$17,534,979
September 30, 2016	\$15,910,589	\$869,247	\$109,143	\$5,954	\$3,390	\$1,298	\$16,899,621

The Group entered into factoring contracts without recourse with a number of domestic banks. To wit, banks pay to the Group 100% of the accounts receivable factored as consideration. According to the arrangement, if the client of the trade receivables factoring delays the payment, the Group shall pay interests to the bank. Upon assignment of the factoring to the bank, the bank undertakes the associated credit risk. However, the Group still issues a promissory note to the bank. If the trade receivables cannot be collected as a result of trade disputes due to factors attributable to the Group, the Group should pay the promissory note in compensation for the bank. As of September 30, 2017, December 31, 2016 and September 30, 2016, the Group has no outstanding discounted trade receivables which were deducted from trade receivables. The credit lines of factoring contracts provided by CTBC Bank and Taishin Bank are US\$80,000 thousand.

(7) Inventories

	September 30, 2017	December 31, 2016	September 30, 2016
Raw materials and Supplies	\$4,722,634	\$4,024,837	\$3,576,700
Work in process	759,174	508,276	758,219
Finished goods	2,862,856	2,642,643	2,588,252
Net	<u>\$8,344,664</u>	<u>\$7,175,756</u>	<u>\$6,923,171</u>

The cost of inventories recognized in expenses amounted to NT\$11,605,088 thousand and NT\$12,304,495 thousand for the three months ended September 30, 2017 and 2016, including the write-down of inventories and obsolescence loss of NT\$32,077 thousand and NT\$80,801 thousand, respectively.

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The cost of inventories recognized in expenses amounted to NT\$31,754,071 thousand and NT\$35,595,700 thousand for the nine months ended September 30, 2017 and 2016, including the write-down of inventories and obsolescence loss of NT\$151,669 thousand and NT\$182,548 thousand, respectively.

The allowance write-down of inventories amounts to NT\$502,163 thousand, NT\$486,063 thousand and NT\$518,020 thousand as of September 30, 2017, December 31, 2016 and September 30, 2016, respectively.

No inventories were pledged.

(8) Investments Accounted for Using Equity Method

The following table lists the investments accounted for using the equity method of the Group:

Investees	As of September 30, 2017	
	Carrying Amount	Percentage of ownership (%)
Investments in associates:		
Genejet Biotech Co., Ltd. ("Genejet")	<u>\$28,095</u>	19.51%
Investees	As of December 31, 2016	
	Carrying Amount	Percentage of ownership (%)
Investments in associates:		
Genejet	<u>\$30,646</u>	19.51%
Investees	As of September 30, 2016	
	Carrying Amount	Percentage of ownership (%)
Investments in associates:		
Genejet	<u>\$31,232</u>	19.51%

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The Group acquired 22.27% of Genejet in March 2016. The investment price was paid in cash in the amount of NT\$29,925 thousand. The Group did not participate in the capital increase in September 2016, and the ownership percentage decreased to 19.51% accordingly. The Group still recognized the investment accounted for using the equity method. The investment had no significant impact on the Group. The share of loss of associates and joint ventures accounted for using equity method of the Group's investment in Genejet was NT\$595 thousand, NT\$809 thousand, NT\$2,551 thousand and NT\$1,460 thousand for the three months and nine months ended September 30, 2017 and 2016, and the Group recognized share of loss of these associates had not been reviewed by independent accountants.

The associates had no contingent liabilities or capital commitments as of September 30, 2017, December 31, 2016, and September 30, 2016. No investments accounted for using the equity method held by the Group was pledged to others.

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(9) Property, Plant and Equipment

	Land	Buildings	Machinery and equipment	Office fixtures	Transportation equipment	Lease assets	Leasehold improvement	Other equipment	Construction in progress and equipment awaiting inspection	Total
Cost:										
As of January 1, 2017	\$23,900	\$6,719,517	\$5,242,432	\$550,256	\$78,804	\$2,008	\$854,894	\$2,343,758	\$198,135	\$16,013,704
Additions	1,766	34,892	55,176	26,206	1,725	403	43,747	79,403	140,023	383,341
Acquisitions through business combinations	13,339	-	790	1,011	25	-	51	1,578	-	16,794
Disposals	-	(53,404)	(363,403)	(61,456)	(23,166)	-	(50,496)	(206,673)	(135)	(758,733)
Transfers	-	248,192	523,288	(14,938)	1,716	-	2,202	(338,875)	(254,522)	167,063
Exchange differences	539	(61,906)	(94,111)	(9,046)	(2,003)	(124)	(16,074)	(48,358)	(3,672)	(234,755)
As of September 30, 2017	<u>\$39,544</u>	<u>\$6,887,291</u>	<u>\$5,364,172</u>	<u>\$492,033</u>	<u>\$57,101</u>	<u>\$2,287</u>	<u>\$834,324</u>	<u>\$1,830,833</u>	<u>\$79,829</u>	<u>\$15,587,414</u>
As of January 1, 2016	\$23,900	\$6,893,351	\$6,490,440	\$682,454	\$95,190	\$2,044	\$999,614	\$2,378,411	\$239,780	\$17,805,184
Additions	-	39,441	45,839	12,972	2,430	-	38,671	186,281	165,478	491,112
Acquisitions through business combinations	-	24	10	-	-	-	-	1,432	-	1,466
Disposals	-	(1,718)	(357,561)	(66,835)	(5,604)	-	(100,628)	(163,851)	-	(696,197)
Transfers	-	2,235	(117,734)	1,025	195	-	4,426	140,699	(304,326)	(273,480)
Exchange differences	-	(229,152)	(366,665)	(39,823)	(6,329)	(91)	(64,465)	(164,076)	(3,031)	(873,632)
As of September 30, 2016	<u>\$23,900</u>	<u>\$6,704,181</u>	<u>\$5,694,329</u>	<u>\$589,793</u>	<u>\$85,882</u>	<u>\$1,953</u>	<u>\$877,618</u>	<u>\$2,378,896</u>	<u>\$97,901</u>	<u>\$16,454,453</u>
Depreciation and Impairment:										
As of January 1, 2017	\$-	\$2,390,319	\$3,115,855	\$435,856	\$61,357	\$2,008	\$705,262	\$1,759,275	\$-	\$8,469,932
Depreciation	-	247,023	376,701	28,777	5,721	54	61,271	129,019	-	848,566
Disposals	-	(53,372)	(328,692)	(58,976)	(22,268)	-	(48,172)	(206,098)	-	(717,578)
Transfers	-	193,866	80,258	-	-	-	-	(106,913)	-	167,211
Exchange differences	-	(18,639)	(54,681)	(8,128)	(1,687)	(124)	(17,016)	(34,265)	-	(134,540)
As of September 30, 2017	<u>\$-</u>	<u>\$2,759,197</u>	<u>\$3,189,441</u>	<u>\$397,529</u>	<u>\$43,123</u>	<u>\$1,938</u>	<u>\$701,345</u>	<u>\$1,541,018</u>	<u>\$-</u>	<u>\$8,633,591</u>
As of January 1, 2016	\$-	\$2,195,736	\$3,526,151	\$522,638	\$71,425	\$2,044	\$761,004	\$1,838,107	\$-	\$8,917,105
Depreciation	-	223,500	391,704	33,575	5,441	-	79,148	182,581	-	915,949
Disposals	-	(1,718)	(245,037)	(49,136)	(4,966)	-	(88,542)	(148,113)	-	(537,512)
Transfers	-	-	(185,075)	-	-	-	-	(4,479)	-	(189,554)
Exchange differences	-	(84,613)	(211,854)	(32,768)	(4,891)	(91)	(49,699)	(121,672)	-	(505,588)
As of September 30, 2016	<u>\$-</u>	<u>\$2,332,905</u>	<u>\$3,275,889</u>	<u>\$474,309</u>	<u>\$67,009</u>	<u>\$1,953</u>	<u>\$701,911</u>	<u>\$1,746,424</u>	<u>\$-</u>	<u>\$8,600,400</u>
Net carrying amounts as of:										
September 30, 2017	<u>\$39,544</u>	<u>\$4,128,094</u>	<u>\$2,174,731</u>	<u>\$94,504</u>	<u>\$13,978</u>	<u>\$349</u>	<u>\$132,979</u>	<u>\$289,815</u>	<u>\$79,829</u>	<u>\$6,953,823</u>
December 31, 2016	<u>\$23,900</u>	<u>\$4,329,198</u>	<u>\$2,126,577</u>	<u>\$114,400</u>	<u>\$17,447</u>	<u>\$-</u>	<u>\$149,632</u>	<u>\$584,483</u>	<u>\$198,135</u>	<u>\$7,543,772</u>
September 30, 2016	<u>\$23,900</u>	<u>\$4,371,276</u>	<u>\$2,418,440</u>	<u>\$115,484</u>	<u>\$18,873</u>	<u>\$-</u>	<u>\$175,707</u>	<u>\$632,472</u>	<u>\$97,901</u>	<u>\$7,854,053</u>

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The Group evaluated the economic benefit for property, plant and equipment. The Group did not identify any impairment loss for the nine months ended September 30, 2017 and 2016.

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

(10) Investment Property

	<u>Buildings</u>
Cost:	
As of January 1, 2017	\$244,538
Additions from acquisitions	-
Additions from subsequent expenditure	-
Disposals	-
As of September 30, 2017	<u>\$244,538</u>
As of January 1, 2016	\$244,538
Additions from acquisitions	-
Additions from subsequent expenditure	-
Disposals	-
As of September 30, 2016	<u>\$244,538</u>
Depreciation and Impairment:	
As of January 1, 2017	\$51,974
Depreciation	6,040
As of September 30, 2017	<u>\$58,014</u>
As of January 1, 2016	\$43,922
Depreciation	6,039
As of September 30, 2016	<u>\$49,961</u>
	<u>Buildings</u>
Net carry amount as of:	
September 30, 2017	<u>\$186,524</u>
December 31, 2016	<u>\$192,564</u>
September 30, 2016	<u>\$194,577</u>

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	Three months ended		Nine months ended	
	September 30		September 30	
	2017	2016	2017	2016
Rental income from investment property	\$517	\$517	\$1,552	\$1,552
Less:				
Direct operating expenses from investment property generating rental income	(2,014)	(2,013)	(6,040)	(6,039)
Total	<u>\$ (1,497)</u>	<u>\$ (1,496)</u>	<u>\$ (4,488)</u>	<u>\$ (4,487)</u>

No investment property was pledged.

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

	September 30, 2017	December 31, 2016	September 30, 2016
Fair value of the investment property	<u>\$226,300</u>	<u>\$226,300</u>	<u>\$240,200</u>
Discount rates	<u>4.095%</u>	<u>4.095%</u>	<u>4.305%</u>
Growth rates	<u>0.5%</u>	<u>0.5%</u>	<u>0.5%</u>

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(11) Intangible Assets

	<u>Trademarks</u>	<u>Patents</u>	<u>Software</u>	<u>IPs</u>	<u>Goodwill</u>	<u>Others</u>	<u>Total</u>
Cost:							
As of January 1, 2017	\$104,054	\$16,045	\$129,449	\$59,786	\$5,940	\$49,681	\$364,955
Additions	-	-	31,511	-	-	18,835	50,346
Acquisitions through business combinations	-	-	-	-	-	52,396	52,396
Disposals	-	-	(21,261)	-	-	-	(21,261)
Transfers	-	-	-	-	-	(1,350)	(1,350)
Exchange differences	(199)	(13)	(267)	-	-	1,635	1,156
As of September 30, 2017	<u>\$103,855</u>	<u>\$16,032</u>	<u>\$139,432</u>	<u>\$59,786</u>	<u>\$5,940</u>	<u>\$121,197</u>	<u>\$446,242</u>
As of January 1, 2016	\$104,112	\$15,500	\$148,435	\$46,570	\$-	\$39,117	\$353,734
Acquisitions through business combinations	-	607	200	3,692	5,940	-	10,439
Additions	-	-	7,553	-	-	9,233	16,786
Disposals	-	-	(23,778)	-	-	-	(23,778)
Transfers	-	-	282	-	-	(797)	(515)
Exchange differences	(147)	8	(2,258)	-	-	(247)	(2,644)
As of September 30, 2016	<u>\$103,965</u>	<u>\$16,115</u>	<u>\$130,434</u>	<u>\$50,262</u>	<u>\$5,940</u>	<u>\$47,306</u>	<u>\$354,022</u>
Amortization and Impairment:							
As of January 1, 2017	\$84,994	\$6,750	\$99,881	\$8,242	\$-	\$44,314	\$244,181
Amortization	2,822	867	18,690	14,300	-	9,455	46,134
Disposals	-	-	(21,261)	-	-	-	(21,261)
Exchange differences	(31)	(2)	(208)	-	-	(161)	(402)
As of September 30, 2017	<u>\$87,785</u>	<u>\$7,615</u>	<u>\$97,102</u>	<u>\$22,542</u>	<u>\$-</u>	<u>\$53,608</u>	<u>\$268,652</u>
As of January 1, 2016	\$81,225	\$5,623	\$101,551	\$-	\$-	\$33,909	\$222,308
Amortization	2,831	835	21,729	3,973	-	7,535	36,903
Disposals	-	-	(23,778)	-	-	-	(23,778)
Exchange differences	(17)	-	(1,418)	-	-	(66)	(1,501)
As of September 30, 2016	<u>\$84,039</u>	<u>\$6,458</u>	<u>\$98,084</u>	<u>\$3,973</u>	<u>\$-</u>	<u>\$41,378</u>	<u>\$233,932</u>
Net carrying amount as of:							
September 30, 2017	<u>\$16,070</u>	<u>\$8,417</u>	<u>\$42,330</u>	<u>\$37,244</u>	<u>\$5,940</u>	<u>\$67,589</u>	<u>\$177,590</u>
December 31, 2016	<u>\$19,060</u>	<u>\$9,295</u>	<u>\$29,568</u>	<u>\$51,544</u>	<u>\$5,940</u>	<u>\$5,367</u>	<u>\$120,774</u>
September 30, 2016	<u>\$19,926</u>	<u>\$9,657</u>	<u>\$32,350</u>	<u>\$46,289</u>	<u>\$5,940</u>	<u>\$5,928</u>	<u>\$120,090</u>

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Amortization expense of intangible assets under the statement of comprehensive income:

	Three months ended		Nine months ended	
	September 30		September 30	
	2017	2016	2017	2016
Operating Costs	\$2,300	\$1,960	\$4,696	\$7,751
Selling expenses	1,726	2,002	5,121	5,515
General and administrative expense	6,338	6,394	17,013	11,077
Research and development expenses	10,362	4,248	19,304	12,560
Total	<u>\$20,726</u>	<u>\$14,604</u>	<u>\$46,134</u>	<u>\$36,903</u>

(12) Short-Term Borrowings

	September 30, 2017	December 31, 2016	September 30, 2016
Unsecured bank loans	<u>\$7,424,641</u>	<u>\$6,622,586</u>	<u>\$5,134,104</u>
Interest rates (%)	<u>0.60%~4.25%</u>	<u>0.72%~1.92%</u>	<u>0.80%~1.46%</u>

The Group's unused short-term lines of credits amounted to NT\$37,791,890 thousand, NT\$39,472,895 thousand and NT\$42,355,423 thousand as of September 30, 2017, December 31, 2016 and September 30, 2016, respectively.

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

	September 30, 2017	December 31, 2016	September 30, 2016
Derivatives not designated as hedging Instruments - current			
Forward exchange contracts	\$35,094	\$79,603	\$26,761
Forward cross currency contracts	1,093	-	4,233
Total	<u>\$36,187</u>	<u>\$79,603</u>	<u>\$30,994</u>

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(14) Long-term Borrowings

Details of long-term borrowings are as follow:

Lenders	As of September 30, 2017	Interest Rate (%)	Maturity date and terms of repayment
Secured long-term borrowings from First bank	\$30,000	1.38%	Effective from October 27, 2017. Principle is repaid 16 quarterly.
Secured long-term borrowings from First bank	470,000	1.38%	Effective from October 27, 2018. Principle is repaid 12 quarterly.
Secured long-term borrowings from NatWest bank	8,232	2.45%	Effective from May 2016. Principle is repaid 108 monthly.
Secured long-term borrowings from Lombard Co.	1,880	4.11%	Effective from July 8, 2015. Principle is repaid 48 monthly.
Secured long-term borrowings from Lombard Co.	760	3.81%	Effective from January 5, 2017. Principle is repaid 36 monthly.
Less: current portion	(9,884)		
Total	<u>\$500,988</u>		

Lenders	As of December 31, 2016	Interest Rate (%)	Maturity date and terms of repayment
Secured long-term borrowings from First bank	\$30,000	1.38%	Effective from October 27, 2017. Principle is repaid 16 quarterly.
Less: current portion	(1,875)		
Total	<u>\$28,125</u>		

Lenders	As of September 30, 2016	Interest Rate (%)	Maturity date and terms of repayment
Secured long-term borrowings from First bank	\$30,000	1.38%	Effective from October 27, 2017. Principle is repaid 16 quarterly.
Less: current portion	-		
Total	<u>\$30,000</u>		

The Group's unused long-term borrowings line of credits amounted to NT\$1,969,976 thousand, NT\$4,537,500 thousand and NT\$4,510,800 thousand as of September 30, 2017, December 31, 2016 and September 30, 2016, respectively.

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(15) Post-Employment Benefits

Defined contribution plan

Pension expenses under the defined contribution plan for the three months ended September 30, 2017 and 2016 were NT\$123,262 thousand and NT\$112,258 thousand, respectively. Pension expenses under the defined contribution plan for the nine months ended September 30, 2017 and 2016 were NT\$330,994 thousand and NT\$359,614 thousand, respectively.

Defined benefits plan

Pension expenses under the defined benefits plan for the three months ended September 30, 2017 and 2016 were NT\$1,373 thousand and NT\$1,341 thousand, respectively. Pension expenses under the defined benefits plan for the nine months ended September 30, 2017 and 2016 were NT\$4,121 thousand and NT\$4,022 thousand, respectively.

(16) Provisions

	Maintenance warranties	Sales returns and allowances	Total
As of January 1, 2017	\$655,919	\$193,537	\$849,456
Arising during the period	292,901	137,757	430,658
Utilized	(190,736)	(124,823)	(315,559)
Unused provision reversed	(9,956)	(1,245)	(11,201)
Effect of exchange rate changes	(582)	(4,826)	(5,408)
As of September 30, 2017	<u>\$747,546</u>	<u>\$200,400</u>	<u>\$947,946</u>
As of September 30, 2017			
Current	\$747,546	\$200,400	\$947,946
Non-Current	-	-	-
	<u>\$747,546</u>	<u>\$200,400</u>	<u>\$947,946</u>
As of December 31, 2016			
Current	\$655,919	\$193,537	\$849,456
Non-Current	-	-	-
	<u>\$655,919</u>	<u>\$193,537</u>	<u>\$849,456</u>

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	Maintenance warranties	Sales returns and allowances	Total
As of September 30, 2016			
Current	\$672,983	\$167,483	\$840,466
Non-Current	-	-	-
	<u>\$672,983</u>	<u>\$167,483</u>	<u>\$840,466</u>

Maintenance warranties

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

Sales returns and allowances

A provision has been recognized for sales returns and allowances based on past experience and other known factors. The provision is recognized and the corresponding entry is made against operating revenue at the time of sales.

(17) Equities

A. Common stock

CORE's authorized capital was NT\$10,000,000 thousand as of September 30, 2017, December 31, 2016 and September 30, 2016 (including NT\$700,000 thousand reserved for exercise of share warrant, preferred shares with warrants and corporate bonds with warrants), each at a par value of NT\$10. CORE's issued capital was NT\$4,344,231 thousand divided into 434,423 thousand shares. Each share has one voting right and a right to receive dividends.

In order to raise return on equity (ROE) and adjust the capital structure, the Board of Directors of the Group approved to reduce capital in the amount of NT\$1,086,058 thousand on March 25, 2016, and it was approved by the shareholders' meeting on June 15, 2016. The Group cancelled 108,606 thousand shares and reduction ratio is 20%. The proposal of capital reduction mentioned above was approved by the authority and the reduction record date was July 8, 2016. As of the report date, related registration processes have been completed.

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B. Capital surplus

	September 30, 2017	December 31, 2016	September 30, 2016
Additional paid-in capital	\$3,786,212	\$4,437,847	\$4,437,847
Treasury Stock transactions	114,569	114,569	114,569
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	83,217	71,825	71,825
Changes in ownership interests in subsidiaries	89,231	3,238	3,238
Total	<u>\$4,073,229</u>	<u>\$4,627,479</u>	<u>\$4,627,479</u>

According to the Company Act, the capital reserve shall not be used except for covering losses of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policies:

CORE's shareholders' meeting held on June 15, 2016 passed the resolution of amending the Articles of Incorporation. According to the revised Articles of Incorporation, current year's earnings, shall be distributed in the following order:

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

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

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

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

On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. Following a company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

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Details of the 2016 and 2015 earnings distribution and dividends per share as resolved by general shareholder's meeting on June 14, 2017 and June 15, 2016, respectively, are as follows:

	Appropriation of earnings		Dividends per share (NT\$)	
	2016	2015	2016	2015
Legal reserve	\$196,453	\$190,505		
Special reserve	671,630	-		
Common stock-cash dividend	868,846	814,543	\$2	\$1.5

In addition, the Board of Directors' meeting resolved to distribute the paid-in capital in excess of par-common stock by cash in the amount of NT\$651,635 thousand, NT\$1.5 per share.

Please refer to Note 6(20) for further details on employees' compensation and remuneration to directors and supervisors.

D. Non-controlling interests:

	Nine months ended September 30	
	2017	2016
Beginning balance	\$2,121,580	\$2,391,485
Profit (loss) attributable to non-controlling interests	(65,546)	(126,927)
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences on translation of foreign operations	(41,058)	(105,320)
Acquisition or disposal of the interest of subsidiaries	65,731	(750)
Changes in subsidiaries' ownership	(105,232)	11,041
Cash dividends	(4,432)	(34,160)
Ending balance	<u>\$1,971,043</u>	<u>\$2,135,369</u>

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(18) Sales

	Three months ended		Nine months ended	
	September 30		September 30	
	2017	2016	2017	2016
Sale of goods	\$13,872,825	\$14,705,826	\$38,012,153	\$41,986,890
Less: Sales returns, discounts and allowances	(278,239)	(274,276)	(889,458)	(872,258)
Revenue arising from rendering of services	136,895	213,084	322,383	617,483
Other operating revenues	161,558	133,255	605,376	514,382
Total	<u>\$13,893,039</u>	<u>\$14,777,889</u>	<u>\$38,050,454</u>	<u>\$42,246,497</u>

(19) Operating Lease

A. Operating lease commitments - the Group as lessee

The Group's land in the Science Park's plant is leased from the Science Industry Park Bureau, are as follows:

Location	Current annual rent	Lease period
Hsinchu Science Industrial Park	\$6,498	2017.07.01-2036.12.31
Jhunan Science Park	3,916	2001.07.01-2020.12.31
Tainan Science Industrial Park	8,458	2003.11.01-2022.12.31

The future aggregate minimum rentals payable under non-cancelable operating leases are as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Not later than one year	\$57,029	\$80,536	\$83,345
Later than one year but not later than five years	147,117	132,089	146,166
Later than five years	148,322	155,763	166,925
Total	<u>\$352,468</u>	<u>\$368,388</u>	<u>\$396,436</u>

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Operating lease expenses are as follow:

	Three months ended		Nine months ended	
	September 30		September 30	
	2017	2016	2017	2016
Minimum lease payments	\$91,136	\$88,219	\$248,521	\$286,060

B. Operating lease commitments - the Group as lessor

The Group has entered into a commercial property leases with remaining terms of no more than six years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

The future aggergate minimum rentals receivable under non-cancellable operating leases are as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Not later than one year	\$14,478	\$12,843	\$12,512
Later than one year but not later than five years	9,357	12,702	14,114
Later than five years	106	423	-
Total	\$23,941	\$25,968	\$26,626

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

	Three months ended September 30					
	2017			2016		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense	\$1,200,421	\$1,141,139	\$2,341,560	\$1,205,994	\$1,118,199	\$2,324,193
Salaries	995,395	991,078	1,986,473	996,750	965,093	1,961,843
Labor and health insurance	56,770	72,288	129,058	43,412	73,221	116,633
Pension	78,089	46,546	124,635	66,638	46,961	113,599
Other employee benefits expense	70,167	31,227	101,394	99,194	32,924	132,118
Depreciation	202,683	73,056	275,739	238,493	64,608	303,101
Amortization	3,115	19,023	22,138	2,831	13,201	16,032

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	Nine months ended September 30					
	2017			2016		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense	\$3,318,253	\$3,299,286	\$6,617,539	\$3,603,516	\$3,329,071	\$6,932,587
Salaries	2,780,150	2,853,381	5,633,531	2,973,791	2,859,139	5,832,930
Labor and health insurance	143,460	212,690	356,150	132,796	218,011	350,807
Pension	197,127	137,988	335,115	213,850	149,786	363,636
Other employee benefits expense	197,516	95,227	292,743	283,079	102,135	385,214
Depreciation	609,710	215,191	824,901	716,009	185,159	901,168
Amortization	7,308	43,016	50,324	11,348	29,896	41,244

A resolution was passed at a Board of Directors' meeting of CORE held on June 15, 2016 to amend the Articles of Incorporation of the Company. According to the resolution, 10% to 20% of profit of the current year is distributable as employees' compensation. However, the company's accumulated losses shall have been covered. CORE may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. The Articles of Incorporation are to be amended in the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

CORE accrued employees' compensation based on a specific rate of profit for the nine months ended September 30, 2017, and the amounts of employees' compensation was NT\$61,666 thousand and NT\$138,711 thousand for the three months and nine months ended September 30, 2017. The amounts of employees' compensation was NT\$77,590 thousand and NT\$183,146 thousand for the three months and nine months ended September 30, 2016. The aforementioned amounts were recognised in salary expenses. If the Board of Directors resolved to distribute employees' compensation in the form of stocks, the number of stocks distributed was calculated based on the closing price one day earlier than the date of resolution. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, CORE will recognize the change as an adjustment to next year income.

A resolution was approved at a Board of Directors' meeting held on February 15, 2017 to distribute NT\$305,945 thousand in cash as employees' compensation. No material differences exist between the aforementioned approved amounts and the amounts charged against earnings in 2016.

No material differences exist between the estimated amount and the actual distribution of the employee bonuses for the year ended December 31, 2015.

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(21) Non-Operating Income and Expenses

A. Other income

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Rental income	\$10,466	\$9,091	\$28,998	\$28,290
Interest income	78,840	65,762	219,383	192,044
Gain from bargain purchase	4,247	-	4,247	-
Dividend income	2,261	3,240	2,261	5,886
Others	51,338	64,208	138,636	214,135
Total	<u>\$147,152</u>	<u>\$142,301</u>	<u>\$393,525</u>	<u>\$440,355</u>

B. Other gains and losses

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Gains (losses) on disposal of property, plant and equipment	\$8,322	\$(8,727)	\$(1,182)	\$(7,192)
Foreign exchange gains (losses), net	23,182	36,820	218,179	(48,520)
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	20,087	6,411	(125,406)	259,851
Losses on disposal of investments	14,191	-	12,233	-
Others	(8,815)	(3,851)	(27,964)	(10,626)
Total	<u>\$56,967</u>	<u>\$30,653</u>	<u>\$75,860</u>	<u>\$193,513</u>

C. Finance costs

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Interest expenses on borrowings from bank	<u>\$43,956</u>	<u>\$22,476</u>	<u>\$124,138</u>	<u>\$71,962</u>

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(22) Components of Other Comprehensive Income

For the three months ended September 30, 2017

	Arising during the period	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	\$281,582	\$-	\$281,582
Unrealized gains from available-for-sale financial assets	27,867	-	27,867
Gain on effective portion of cash flow hedges	46,264	(5,380)	40,884
Total other comprehensive income	<u>\$355,713</u>	<u>\$(5,380)</u>	<u>\$350,333</u>

For the three months ended September 30, 2016

	Arising during the period	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	\$(763,346)	\$-	\$(763,346)
Unrealized losses from available-for-sale financial assets	(1,245)	-	(1,245)
Gain on effective portion of cash flow hedges	25,443	(3,027)	22,416
Total other comprehensive income	<u>\$(739,148)</u>	<u>\$(3,027)</u>	<u>\$(742,175)</u>

For the nine months ended September 30, 2017

	Arising during the period	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	\$(525,350)	\$-	\$(525,350)
Unrealized gains from available-for-sale financial assets	53,241	-	53,241
Gain on effective portion of cash flow hedges	5,516	(978)	4,538
Total other comprehensive income	<u>\$(466,593)</u>	<u>\$(978)</u>	<u>\$(467,571)</u>

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For the nine months ended September 30, 2016

	Arising during the period	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	\$(1,545,935)	\$-	\$(1,545,935)
Unrealized gains from available-for-sale financial assets	312	-	312
Gain on effective portion of cash flow hedges	22,878	(2,519)	20,359
Total other comprehensive income	<u>\$(1,522,745)</u>	<u>\$(2,519)</u>	<u>\$(1,525,264)</u>

(23) Income Tax

The major components of income tax expense for the three months and nine months ended September 30, 2017 and 2016 were as follows:

Income tax expense (income) recognized in profit or loss

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Current income tax expense (income):				
Current income tax charge	\$140,635	\$235,864	\$433,964	\$585,937
Adjustment in respect of current income tax of prior periods	(7)	(5,278)	(5,428)	(5,676)
Deferred tax expense (income):				
Deferred tax expense (income) relating to origination and reversal of temporary differences	(31,071)	(18,595)	(81,888)	14,253
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	951	2,400	(3,427)	(26,573)
Tax (income) expense recognized in the period for previously unrecognized tax loss, tax credit or temporary difference of prior periods	(927)	(2,400)	3,663	26,573
Deferred tax (income) expense arising from write-down or reversal of write-down of deferred tax asset	19,897	5,716	25,095	(13,881)
Others	125	197	344	964
Total income tax expense	<u>\$129,603</u>	<u>\$217,904</u>	<u>\$372,323</u>	<u>\$581,597</u>

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Income tax relating to components of other comprehensive income

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Deferred income tax income:				
Unrealized loss of cash flow hedges	\$5,380	\$3,027	\$978	\$2,519

Imputation credit information

	September 30, 2017	December 31, 2016	September 30, 2016
Balances of imputation credit amounts	\$722,645	\$852,065	\$782,975

The expected creditable ratio for 2016 and the actual creditable ratio for 2015 were 10.00% and 10.19%, respectively.

Unappropriated retained earnings:

	September 30, 2017	December 31, 2016	September 30, 2016
Earnings generated in and before 1997	\$43,393	\$43,393	\$43,393
Earnings generated in and after 1998	8,016,142	8,797,775	8,143,458
Total	\$8,059,535	\$8,841,168	\$8,186,851

The assessment of income tax returns

As of September 30, 2017, the assessment of the income tax returns of the Group and its subsidiaries is as follows:

	<u>The assessment of income tax returns</u>
CORE	Assessed and approved up to 2014
TYO	Assessed and approved up to 2014
Optoma	Assessed and approved up to 2014
CGT	Assessed and approved up to 2015
Tsen Ming Investment Corp.	Assessed and approved up to 2015
YGE	Assessed and approved up to 2015
YLT	Assessed and approved up to 2015
Aptek	Assessed and approved up to 2015
CICS	Assessed and approved up to 2014
CVC	Assessed and approved up to 2015

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(24) Earnings Per Share

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

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
A. Basic earnings per share				
Profit attributable to ordinary shareholders of the parent (in thousand NT\$)	\$418,321	\$599,686	\$955,296	\$1,213,495
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	434,423	442,686	434,423	509,337
Basic earnings per share (NT\$)	\$0.96	\$1.35	\$2.20	\$2.38
B. Diluted earnings per share				
Profit attributable to ordinary shareholders of the parent after dilution (in thousand NT\$)	\$418,321	\$599,686	\$955,296	\$1,213,495
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	434,423	442,686	434,423	509,337
Effect of dilution:				
Employee Bonus-stock (in thousand)	3,675	5,379	5,721	7,570
Weighted average number of ordinary shares outstanding after dilution (in thousand)	438,098	448,065	440,144	516,907
Diluted earnings per share (NT\$)	\$0.95	\$1.34	\$2.17	\$2.35

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There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of the financial statements were authorized for issue.

(25) Business Combinations

The Acquisition

- a. TYO acquired 99% of the shares of Mejiro Genossen Inc. (“Mejiro”) on July 1, 2016. Mejiro was established in Japan and mainly engages in the research, development, manufacture and sale of industrial optical machines. The purpose of this merger is to meet TYO’s expectation of expanding product lines and enhancing TYO’s competitive advantage.

TYO has measured the non-controlling interest in Mejiro at fair value. The fair value was determined based on market approach. The fair values of the identifiable assets and liabilities of Mejiro as of the acquisition date were:

	<u>Fair value recognized on the acquisition date</u>
Assets	
Cash and cash equivalents	\$9,213
Inventories	8,593
Property, plant and equipment	1,466
Intangible assets	4,500
Guarantee deposits paid	332
Liabilities	<u>(-)</u>
Identifiable net assets	<u><u>\$24,104</u></u>

Goodwill of Mejiro Genossen Inc. is as follows:

	<u>Amount</u>
Cash considerations	\$29,744
Non-controlling interests at fair value	300
Less: identifiable net assets at fair value	<u>(24,104)</u>
Goodwill	<u><u>\$5,940</u></u>

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Cash flow for acquisition:

	<u>Amount</u>
Net cash acquired from the subsidiary	\$9,213
Transaction costs attributable to cash paid	<u>(29,744)</u>
Net cash flow-out on acquisition	<u><u>\$(20,531)</u></u>

The goodwill of NT\$5,940 thousand comprises the value of expected synergies arising from acquisition.

Net loss from Mejiro attributable to the Group as a going concern amounted to NT\$2,212 thousand from the date of acquisition to December 31, 2016. If the combination had taken place at the beginning of 2016, revenues and net loss of the Group for the year ended December 31, 2016 would have no significant impact.

- b. CORE acquired 100% of the shares of Calibre UK Ltd. (“CAL”) in July 2017. CAL mainly engages in R&D design, production and marketing of image processing products. The purpose of this merger is to enhance CORE’s development ability of image processing.

The fair value was determined based on market approach. The fair values of the identifiable assets and liabilities of CAL as of the acquisition date were:

	<u>Fair value recognized on the acquisition date</u>
Assets	
Cash and cash equivalents	\$170
Accounts receivable	5,778
Other receivables	45
Inventories	8,442
Prepayment	3,231
Property, plant and equipment	16,794
Intangible assets	52,396

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	<u>Fair value recognized on the acquisition date</u>
Liabilities	
Short-term borrowings	(6,722)
Accounts payable	(7,709)
Other payables	(11,469)
Current portion of long-term borrowings	(2,329)
Long-term borrowings	(8,674)
Deferred tax liabilities	<u>(5,865)</u>
Identifiable net assets	<u><u>\$44,088</u></u>

Gain from bargain purchase of CAL is as follows:

	<u>Amount</u>
Cash considerations	\$39,841
Less: identifiable net assets at fair value	<u>(44,088)</u>
Gain from bargain purchase	<u><u>\$(4,247)</u></u>

Cash flow for acquisition:

	<u>Amount</u>
Consideration paid for acquisition	\$(39,841)
Other payables	21,400
Net cash acquired from the subsidiary	<u>170</u>
Net cash flow-out on acquisition	<u><u>\$(18,271)</u></u>

From the date of acquisition to September 30, 2017, revenues and loss before income tax from Calibre UK Ltd. attributable to the Group as a going concern amounted to NT\$4,119 thousand and NT\$8,963 thousand, respectively. If the combination had taken place at the beginning of 2017, revenues and income before income tax of the Group would be NT\$38,079,913 thousand and NT\$1,239,869 thousand, respectively.

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(26) Subsidiaries that have Material Non-Controlling Interests

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

Percentage of equity interest held by non-controlling interests:

Subsidiary	Country of incorporation and operation	September 30, 2017	December 31, 2016	September 30, 2016
Young Optics Inc.	Taiwan	53.77%	53.48%	53.48%

	September 30, 2017	December 31, 2016	September 30, 2016
Accumulated balance of material non-controlling interests			
Young Optics Inc.	<u>\$1,815,474</u>	<u>\$1,919,871</u>	<u>\$1,941,495</u>

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Profit allocated to material non-controlling interest				
Young Optics Inc.	<u>\$(19,922)</u>	<u>\$(16,435)</u>	<u>\$(80,709)</u>	<u>\$(94,795)</u>

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Dividends paid to material non-controlling interests				
Young Optics Inc.	<u>\$-</u>	<u>\$34,160</u>	<u>\$-</u>	<u>\$34,160</u>

The summarized financial information of these subsidiaries is provided below. This information is based on the amount before inter-company sales.

Summarized information of profit or loss for the three months ended September 30, 2017:

	Young Optics Inc.
Operating revenue	\$1,190,433
Loss for the period from continuing operations	(37,966)
Total comprehensive income for the period	(12,758)

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Summarized information of profit or loss for the three months ended September 30, 2016:

	<u>Young Optics Inc.</u>
Operating revenue	\$991,941
Loss for the period from continuing operations	(29,654)
Total comprehensive income for the period	(110,677)

Summarized information of profit or loss for the nine months ended September 30, 2017:

	<u>Young Optics Inc.</u>
Operating revenue	\$3,085,541
Loss for the period from continuing operations	(150,059)
Total comprehensive income for the period	(212,563)

Summarized information of profit or loss for the nine months ended September 30, 2016:

	<u>Young Optics Inc.</u>
Operating revenue	\$2,945,319
Loss for the period from continuing operations	(174,996)
Total comprehensive income for the period	(339,986)

Summarized information of financial position as of September 30, 2017:

	<u>Young Optics Inc.</u>
Current assets	\$3,113,448
Non-current assets	2,249,337
Current liabilities	(1,466,965)
Non-current liabilities	(524,170)

Summarized information of financial position as of December 31, 2016:

	<u>Young Optics Inc.</u>
Current assets	\$3,240,562
Non-current assets	2,291,496
Current liabilities	(1,851,045)
Non-current liabilities	(96,800)

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Summarized information of financial position as of September 30, 2016:

	<u>Young Optics Inc.</u>
Current assets	\$3,158,559
Non-current assets	2,318,121
Current liabilities	(1,756,068)
Non-current liabilities	(96,854)

Summarized cash flow information for the nine months ended September 30, 2017:

	<u>Young Optics Inc.</u>
Operating activities	\$(156,566)
Investing activities	(149,274)
Financing activities	(135,880)
Net decrease in cash and cash equivalents	(482,332)

Summarized cash flow information for the nine months ended September 30, 2016:

	<u>Young Optics Inc.</u>
Operating activities	\$(223,195)
Investing activities	(82,912)
Financing activities	377,618
Net increase in cash and cash equivalents	(77,237)

7. Related Party Transactions

(1) Related Party Name and Categories

<u>Related Party Name</u>	<u>Related Party Categories</u>
Gunze Limited (“Gunze”)	Joint Venture
DongGuan Guan Zhi Electronics Ltd. (“DongGuan Guan Zhi”)	Associate of Joint Venture
Mr. Wade Chang	Chairman of the Company
Relative within the second degree of the CORE’s chairman	Other related parties

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(2) Significant transactions with related parties

A. Sales

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
DongGuan Guan Zhi	\$3,249	\$4,983	\$6,570	\$22,094

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

B. Purchases

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Gunze	\$83,081	\$84,641	\$184,944	\$203,687
DongGuan Guan Zhi	69	199	72	851
Total	\$83,150	\$84,840	\$185,016	\$204,538

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

C. Accounts Receivable from Related Parties

	September 30, 2017	December 31, 2016	September 30, 2016
DongGuan Guan Zhi	\$1,855	\$229	\$2,579

D. Accounts Payable to Related Parties

	September 30, 2017	December 31, 2016	September 30, 2016
Gunze	\$43,135	\$40,850	\$33,814

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E. Others

In May 2017, Optoma bought back 250,000 shares and 751,550 shares of treasury stocks from Chairman of CORE and relative within the second degree of the CORE's Chairman. The purchase prices of treasury stock are NT\$2,500 thousands and NT\$7,516 thousands, respectively. Payments have been paid as of September 30, 2017.

F. Key Management Personnel Compensation

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Short-term employee benefits	\$20,290	\$26,662	\$92,255	\$150,291
Post-employment benefits	318	224	1,092	4,267
Total	<u>\$20,608</u>	<u>\$26,886</u>	<u>\$93,347</u>	<u>\$154,558</u>

8. Assets Pledged As Collateral

The following assets of the Group pledged as collateral:

Assets pledged as collateral	Carrying amount			Purpose of pledge
	September 30, 2017	December 31, 2016	September 30, 2016	
Land	\$13,339	\$-	\$-	Collateral for long-term borrowings
Buildings (including investment property)	809,937	836,348	845,151	Collateral for long-term borrowings
Time deposits (shown as "Other receivables")	24,166	23,393	27,758	Lease execution deposits
Time deposits (shown as "Other receivables")	13,954	19,367	20,727	Customs import guarantee
Bank deposits (shown as "Other receivables")	9,078	9,675	9,408	Derivative execution deposits
Time deposits (shown as "Other receivables")	1,438	-	-	Subsidy performance guarantee
Time deposits (shown as "Other noncurrent assets")	20,765	20,761	20,761	Lease execution deposits
Time deposits (shown as "Other noncurrent assets")	1,054	1,050	1,045	Customs import guarantee
Total	<u>\$893,731</u>	<u>\$910,594</u>	<u>\$924,850</u>	

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9. Commitments and Contingencies

Amounts available under unused letters of credit as of September 30, 2017 are NT\$51,154 thousand.

10. Losses due to Major Disasters

None.

11. Significant Subsequent Events

None.

12. Others

(1) Categories of Financial Instruments

Financial assets

	September 30, 2017	December 31, 2016	September 30, 2016
Financial assets at fair value through profit or loss:			
Held for trading	\$69,934	\$171,055	\$25,271
Available-for-sale financial assets (Include Financial assets measured at cost)	366,053	382,442	381,949
Loans and receivables:			
Cash and cash equivalents (excluding cash on hand)	\$15,132,336	\$15,296,435	\$13,347,556
Debt instrument investments without active market	-	-	13,917
Note receivables, net	126,949	54,056	113,332
Trade receivables, net	17,066,770	17,534,750	16,897,042
Trade receivables from related parties	1,855	229	2,579
Other receivables	530,826	390,446	396,098
Subtotal	32,858,736	33,275,916	30,770,524
Derivative financial assets for hedging	192,666	146,604	260,611
Total	\$33,487,389	\$33,976,017	\$31,438,355

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Financial liabilities

	September 30, 2017	December 31, 2016	September 30, 2016
Financial liabilities at amortized cost:			
Short-term borrowings	\$7,424,641	\$6,622,586	\$5,134,104
Trade payables (including related parties)	13,013,669	12,511,005	12,623,850
Other payables	3,724,651	4,153,319	3,669,523
Long-term borrowings (including current portion)	510,872	30,000	30,000
Subtotal	<u>24,673,833</u>	<u>23,316,910</u>	<u>21,457,477</u>
Financial liabilities at fair value through profit or loss:			
Held for trading	<u>36,187</u>	<u>79,603</u>	<u>30,994</u>
Derivative financial liability for hedging	<u>188,865</u>	<u>143,274</u>	<u>227,649</u>
Total	<u><u>\$24,898,885</u></u>	<u><u>\$23,539,787</u></u>	<u><u>\$21,716,120</u></u>

(2) Financial Risk Management Objectives and Policies

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

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

(3) Market Risk

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

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

Foreign currency risk

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

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

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

When NTD appreciates or depreciates against USD by 1%, the profit for the nine months ended September 30, 2017 and 2016 is decreased/increased by NT\$100,212 thousand and NT\$111,760 thousand, respectively, the equity is decreased/increased by NT\$231,204 thousand and NT\$220,578 thousand, respectively.

Interest rate risk

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

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The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments and bank borrowings with variable interest rate swaps. At the reporting date, an increase/decrease of 1% of interest rate in a reporting period could cause the profit for the nine months ended September 30, 2017 and 2016 to decreased/increased by NT\$52,656 thousand and NT\$45,321 thousand, respectively.

Equity price risk

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

A change of 1% in the price of the listed equity securities classified under available-for-sale could cause the other comprehensive income for the nine months ended September 30, 2017 and 2016 to increase/decrease by NT\$501 thousand and NT\$557 thousand, respectively.

(4) Credit Risk Management

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

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

As of September 30, 2017, December 31, 2016 and September 30, 2016, receivables from top ten 68%, 72%, and 73% of the total trade receivables of the Group, respectively. The credit concentration risk of other accounts receivables was insignificant.

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

(5) Liquidity Risk Management

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

Non-derivative financial instruments

	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
As of September 30, 2017					
Borrowings	\$7,446,990	\$341,335	\$167,431	\$3,464	\$7,959,220
Trade payables					
(including related parties)	13,013,669	-	-	-	13,013,669
Other payables	3,724,651	-	-	-	3,724,651
As of December 31, 2016					
Borrowings	\$6,629,449	\$15,586	\$13,287	\$-	\$6,658,322
Trade payables					
(including related parties)	12,511,005	-	-	-	12,511,005
Other payables	4,153,319	-	-	-	4,153,319
As of September 30, 2016					
Borrowings	\$5,137,314	\$31,242	\$-	\$-	\$5,168,556
Trade payables					
(including related parties)	12,623,850	-	-	-	12,623,850
Other payables	3,669,523	-	-	-	3,669,523

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Derivative financial instruments

	<u>Less than 1 year</u>	<u>1 to 3 years</u>	<u>Total</u>
As of September 30, 2017			
Inflows	\$-	\$-	\$-
Outflows	225,052	-	225,052
Net	<u>\$225,052</u>	<u>\$-</u>	<u>\$225,052</u>
As of December 31, 2016			
Inflows	\$-	\$-	\$-
Outflows	222,877	-	222,877
Net	<u>\$222,877</u>	<u>\$-</u>	<u>\$222,877</u>
As of September 30, 2016			
Inflows	\$-	\$-	\$-
Outflows	258,643	-	258,643
Net	<u>\$258,643</u>	<u>\$-</u>	<u>\$258,643</u>

The table above contains the undiscounted net cash flows of derivative financial instruments.

(6) Fair Value of Financial Instruments

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

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

- (a) The carrying amount of cash and cash equivalents, trade receivables, trade payable and other current liabilities approximate their fair value due to their short maturities.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price at the reporting date.

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- (c) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model or other valuation method.
- (d) The fair value of long-term borrowings without active market is determined by using valuation techniques. Therefore, the fair value is estimated using the present value of the expected cash flows. The assumption of interest rate and discount rate mainly is measured by similar financial instruments.

B. Fair value of financial instruments measured at amortized cost

The Group's financial assets and liabilities measured at amortized cost whose carrying amount approximate their fair values is provided below:

	Book value		
	September 30, 2017	December 31, 2016	September 30, 2016
Investment in debt instrument without active market-noncurrent	\$-	\$-	\$13,917

	Fair value		
	September 30, 2017	December 31, 2016	September 30, 2016
Investment in debt instrument without active market-noncurrent	\$-	\$-	\$13,917

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Group.

(7) Derivative Financial Instruments

The Group's derivative financial instruments include forward currency contracts, forward cross currency contracts and embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled is as follows:

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Forward currency contracts and cross currency contracts

The Group entered into forward currency and cross currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments.

The table below lists the information related to forward currency contracts:

Item (by contract)	Notional Amount		Contract Period
As of September 30, 2017			
Forward currency contract			
Selling forward currency contracts	USD	173,000 thousand	From October 2017 to March 2018
Buying forward currency contracts	USD	188,500 thousand	From October 2017 to January 2018
Selling forward currency contracts	EUR	10,500 thousand	From October 2017 to November 2017
Selling forward currency contracts	CAD	350 thousand	November 2017
Forward cross currency contract	USD	22,500 thousand	From October 2017 to December 2017
As of December 31, 2016			
Forward currency contract			
Selling forward currency contracts	USD	311,500 thousand	From January 2017 to February 2017
Buying forward currency contracts	USD	233,000 thousand	From January 2017 to June 2017
Selling forward currency contracts	USD	10,000 thousand	From January 2017 to March 2017
Forward cross currency contract	USD	20,500 thousand	From January 2017 to March 2017
As of September 30, 2016			
Forward currency contract			
Selling forward currency contracts	USD	157,000 thousand	From October 2016 to November 2016
Buying forward currency contracts	USD	126,500 thousand	From October 2016 to January 2017
Selling forward currency contracts	EUR	8,000 thousand	From October 2016 to November 2016
Forward cross currency contract	USD	14,000 thousand	From October 2016 to November 2016

Hedging forward currency contracts

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

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Item (by contract)	Notional Amount		Contract Period
As of September 30, 2017			
Forward currency contract			
Selling forward currency contracts	USD	457,500 thousand	From October 2017 to M ay 2018
Buying forward currency contracts	USD	457,500 thousand	From October 2017 to M ay 2018
Selling forward currency contracts	GBP	5,500 thousand	From October 2017 to December 2017
As of December 31, 2016			
Forward currency contract			
Selling forward currency contracts	USD	341,000 thousand	From January 2017 to June 2017
Buying forward currency contracts	USD	341,000 thousand	From January 2017 to June 2017
Selling forward currency contracts	GBP	3,500 thousand	March 2017
As of September 30, 2016			
Forward currency contract			
Selling forward currency contracts	USD	411,500 thousand	From October 2016 to April 2017
Buying forward currency contracts	USD	411,500 thousand	From October 2016 to April 2017
Selling forward currency contracts	GBP	3,500 thousand	December 2016

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability

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

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

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

	As of September 30, 2017			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward currency contract	\$-	\$68,712	\$-	\$68,712
Forward cross currency contract	-	1,222	-	1,222
Available-for-sale financial assets				
Stock	50,067	-	-	50,067
Hedging derivative financial assets-current	-	192,666	-	192,666

Liabilities at fair value:

Financial liabilities at fair value through profit or loss				
Forward currency contract	-	35,094	-	35,094
Forward cross currency contract	-	1,093	-	1,093
Hedging derivative financial liabilities-current	-	188,865	-	188,865

	As of December 31, 2016			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward currency contract	\$-	\$162,609	\$-	\$162,609
Forward cross currency contract	-	8,446	-	8,446
Available-for-sale financial assets				
Stock	54,962	-	-	54,962
Hedging derivative financial assets-current	-	146,604	-	146,604

Liabilities at fair value:

Financial liabilities at fair value through profit or loss				
Forward currency contract	-	79,603	-	79,603
Hedging derivative financial liabilities-current	-	143,274	-	143,274

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	As of September 30, 2016			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward currency contract	\$-	\$22,648	\$-	\$22,648
Forward cross currency contract	-	392	-	392
Available-for-sale financial assets				
Stock	55,741	-	-	55,741
Hedging derivative financial assets-current	-	260,611	-	260,611
Liabilities at fair value:				
Financial liabilities at fair value through profit or loss				
Forward currency contract	-	26,761	-	26,761
Forward cross currency contract	-	4,233	-	4,233
Hedging derivative financial liabilities-current	-	227,649	-	227,649

Transfers between the Level 1 and Level 2 during the period

During the nine months ended September 30, 2017 and 2016, there were no transfers between Level 1 and Level 2 fair value measurements.

- C. Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

	As of September 30, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (please refer to Note 6(10))	\$-	\$-	\$226,300	\$226,300

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		As of December 31, 2016			
		Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:					
Investment properties					
(please refer to Note 6(10))		\$-	\$-	\$226,300	\$226,300
		As of September 30, 2016			
		Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:					
Investment properties					
(please refer to Note 6(10))		\$-	\$-	\$240,200	\$240,200

(9) Significant Assets and Liabilities Denominated in Foreign Currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

		September 30, 2017		
		Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>				
Monetary item:				
USD		\$999,930	30.26	\$30,257,882
GBP		10,298	40.56	417,687
JPY		171,486	0.2691	46,147
Non-Monetary items:				
USD		\$1,914	30.26	\$57,903
<u>Financial Liabilities</u>				
Monetary items:				
USD		\$668,761	30.26	\$20,236,708
GBP		22,276	40.56	903,515
JPY		37,593	0.2691	10,116

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December 31, 2016			
	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>			
Monetary item:			
USD	\$962,773	32.25	\$31,049,429
JPY	50,795	0.2756	13,999
Non-Monetary items:			
USD	\$2,152	32.25	\$69,397
<u>Financial Liabilities</u>			
Monetary items:			
USD	\$528,462	32.25	\$17,042,900
JPY	22,247	0.2756	6,131
September 30, 2016			
	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>			
Monetary item:			
USD	\$942,629	31.36	\$29,560,845
JPY	40,348	0.3109	12,544
Non-Monetary items:			
USD	\$2,152	31.36	\$67,482
<u>Financial Liabilities</u>			
Monetary items:			
USD	\$586,250	31.36	\$18,384,800
JPY	12,504	0.3109	3,887

The Group's entities functional currency are various, and hence is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gain (loss) was NT\$218,179 thousand and NT\$(48,520) thousand for the nine months ended September 30, 2017 and 2016, respectively.

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(10) Capital Management

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

13. Additional Disclosures

(1) The following are additional disclosures for the Group and its affiliates:

- A. Financing provided to others for the nine months ended September 30, 2017: Please refer to Attachment 1-3.
- B. Endorsement/Guarantee provided to others for the nine months ended September 30, 2017: Please refer to Attachment 1.
- C. Securities held as of September 30, 2017 (excluding subsidiaries, associates and joint venture): Please refer to Attachment 2.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the nine months ended September 30, 2017: None.
- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the nine months ended September 30, 2017: None.
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the nine months ended September 30, 2017: None.
- G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the nine months ended September 30, 2017: Please refer to Attachment 3.

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- H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of September 30, 2017: Please refer to Attachment 4.
- I. The business relationship between the parent and the subsidiaries and significant transactions between them: Please refer to Attachment 5.
- J. Financial instruments and derivative transactions: Please refer to Note 6(2), Note 12(1), Note 12(7) and Attachment 8.

(2) Information on investees

- A. Relevant information on investees when the investees have significant influence or direct or indirect control. Please refer to Attachments 6 and 6-1 to 6-3.
- B. When the investees have significant influence or direct or indirect control, the above items from A to I shall be disclosed. Please refer to Attachments 1-1, 1-2, 2-1, 3-1, 4-1, 4-2 and 9.
- C. Financial instruments and derivative transactions: Please refer to Attachment 8.

(3) Investment in Mainland China

- A. Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, percentage of ownership, investment income (loss), carrying amount of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 7, Attachment 7-1 and Attachment 7-2.
- B. Directly or indirectly significant transactions with the investees in Mainland China, please refer to Attachment 5.

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14. Segment information

(1) General Information

- A. The Group's reportable segments are organized into business units based on their products and services, and that they will be available for managing units to earn revenues and incur expense. Every unit needs unique technologies and marketing strategies, and the Group's chief operating decision maker manages every unit individually. The Group determined its reportable segments based on the Group's internal reports.
- B. The Group has three reportable segments:
- (a) Energy-saving products segments: mainly engaged in the R&D, production and marketing of backlighting, panel modules, medical displays and energy-efficient lighting equipment.
 - (b) Image products and brand segments: mainly engaged in the R&D, design, production and marketing of projector and brand management.
 - (c) Optical components segments: mainly engaged in the R&D, production and marketing of projection-related applications of optics related components.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements. However, financial cost, income and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

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(2) Segment income, assets and liabilities information

For the three months ended September 30, 2017							
	Energy - saving products segment	Image products and brand segment	Optical components segment	Subtotal	Other segment (Note1)	Adjustment and elimination (Note2)	Total
Revenue							
Net revenue from external customers	\$7,630,821	\$5,217,707	\$1,021,451	\$13,869,979	\$23,060	\$-	\$13,893,039
Net revenue from sales among intersegments	8,909	13,519	168,981	191,409	-	(191,409)	-
Total revenue	<u>\$7,639,730</u>	<u>\$5,231,226</u>	<u>\$1,190,432</u>	<u>\$14,061,388</u>	<u>\$23,060</u>	<u>\$(191,409)</u>	<u>\$13,893,039</u>
Segment income	<u>\$222,013</u>	<u>\$321,500</u>	<u>\$(35,636)</u>	<u>\$507,877</u>	<u>\$(2,861)</u>	<u>\$32,706</u>	<u>\$537,722</u>

For the three months ended September 30, 2016							
	Energy - saving products segment	Image products and brand segment	Optical components segment	Subtotal	Other segment (Note1)	Adjustment and elimination (Note2)	Total
Revenue							
Net revenue from external customers	\$8,672,493	\$5,229,251	\$794,946	\$14,696,690	\$81,199	\$-	\$14,777,889
Net revenue from sales among intersegments	7,829	7,348	196,994	212,171	925	(213,096)	-
Total revenue	<u>\$8,680,322</u>	<u>\$5,236,599</u>	<u>\$991,940</u>	<u>\$14,908,861</u>	<u>\$82,124</u>	<u>\$(213,096)</u>	<u>\$14,777,889</u>
Segment income	<u>\$435,166</u>	<u>\$326,625</u>	<u>\$(23,192)</u>	<u>\$738,599</u>	<u>\$(305)</u>	<u>\$50,830</u>	<u>\$789,124</u>

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For the nine months ended September 30, 2017							
	Energy - saving products segment	Image products and brand segment	Optical components segment	Subtotal	Other segment (Note1)	Adjustment and elimination (Note2)	Total
Revenue							
Net revenue from external customers	\$21,350,259	\$13,975,873	\$2,654,514	\$37,980,646	\$69,808	\$-	\$38,050,454
Net revenue from sales among intersegments	20,122	41,140	431,027	492,289	-	(492,289)	-
Total revenue	<u>\$21,370,381</u>	<u>\$14,017,013</u>	<u>\$3,085,541</u>	<u>\$38,472,935</u>	<u>\$69,808</u>	<u>\$(492,289)</u>	<u>\$38,050,454</u>
Segment income	<u>\$703,546</u>	<u>\$660,786</u>	<u>\$(144,042)</u>	<u>\$1,220,290</u>	<u>\$(1,658)</u>	<u>\$43,441</u>	<u>\$1,262,073</u>
Segment Assets(Note3)	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$50,518,204</u>	<u>\$50,518,204</u>

For the nine months ended September 30, 2016							
	Energy - saving products segment	Image products and brand segment	Optical components segment	Subtotal	Other segment (Note1)	Adjustment and elimination (Note2)	Total
Revenue							
Net revenue from external customers	\$25,698,608	\$13,689,203	\$2,446,401	\$41,834,212	\$412,285	\$-	\$42,246,497
Net revenue from sales among intersegments	10,972	26,961	498,918	536,851	1,012	(537,863)	-
Total revenue	<u>\$25,709,580</u>	<u>\$13,716,164</u>	<u>\$2,945,319</u>	<u>\$42,371,063</u>	<u>\$413,297</u>	<u>\$(537,863)</u>	<u>\$42,246,497</u>
Segment income	<u>\$927,030</u>	<u>\$677,125</u>	<u>\$(144,147)</u>	<u>\$1,460,008</u>	<u>\$1,444</u>	<u>\$206,713</u>	<u>\$1,668,165</u>
Segment Assets(Note3)	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$47,922,283</u>	<u>\$47,922,283</u>

Note1: Two operating segments did not meet the quantitative thresholds for reportable segments for the three months and nine months ended September 30, 2017 and 2016. They have been combined into other segments.

Note2: Inter-segment revenue are eliminated on consolidation and recorded under the “adjustment and elimination” column, all other adjustments and eliminations are disclosed below.

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
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Note 3: If the measurements of the asset were not provided to the decision makers, the amount of the assets to be disclosed by every segment may be expressed as zero and listed as group asset.

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Net income of reportable segment	\$507,877	\$738,599	\$1,220,290	\$1,460,008
Income of other segment	(2,861)	(305)	(1,658)	1,444
Unallocated amount:				
Interest income	78,840	65,762	219,383	192,044
Interest expenses	(43,956)	(22,476)	(124,138)	(71,962)
Financial assets (liabilities) at fair value through profit or loss	20,087	6,411	(125,406)	259,851
Exchange net (loss) gain	23,182	36,820	218,179	(48,520)
Others	(45,447)	(35,687)	(144,577)	(124,700)
Income before income tax	<u>\$537,722</u>	<u>\$789,124</u>	<u>\$1,262,073</u>	<u>\$1,668,165</u>

ATTACHMENT 1 (Endorsement/Guarantee provided to others for the nine months ended September 30, 2017)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorsor/Guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party	Maximum balance for the period	Ending balance	Actual amount provided	Amount of Endorsement/ Guarantee collateralized by properties	Percentage of accumulated guarantee amount to net worth from the latest financial statement	Limit of total guarantee/endorsement amount	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiary in Mainland China
		Company Name	Relationship										
0	Coretronic Corporation	Young Lighting Technology	Subsidiary	\$ 9,984,144 (Note a)	\$ 327,955 (USD10,700 thousands)	\$ 311,678 (USD10,300 thousands)	\$ 311,678	-	1.56%	\$ 19,968,287 (Note a)	Yes	No	No
0	Coretronic Corporation	Suzhou Nano Display	Associate	9,984,144 (Note a)	6,269 (USD200 thousands)	-	-	-	-	19,968,287 (Note a)	Yes	No	Yes
0	Coretronic Corporation	Lead Bright (HK)	Associate	9,984,144 (Note a)	156,725 (USD5,000 thousands)	-	-	-	-	19,968,287 (Note a)	Yes	No	No
0	Coretronic Corporation	YLG Optotech	Associate	9,984,144 (Note a)	143,874 (USD4,590 thousands)	138,893 (USD4,590 thousands)	100,312	-	0.70%	19,968,287 (Note a)	Yes	No	Yes
0	Coretronic Corporation	Coretronic Display (Suzhou)	Associate	9,984,144 (Note a)	306,500 (USD10,000 thousands)	211,820 (USD7,000 thousands)	-	-	1.06%	19,968,287 (Note a)	Yes	No	Yes
	Total				<u>\$ 941,323</u>	<u>\$ 662,391</u>							

Note a: Based on the procedures of endorsement/guarantee provided to others, the amount of endorsements/guarantees for any single entity shall not exceed 50% of the Company's net worth from the latest financial statement.
Based on the procedures of endorsement/guarantee provided to others, the total amount of endorsements/guarantees shall not exceed 100% of the Company's net worth from the latest financial statement.

ATTACHMENT 1-1 (Financing provided to others for the nine months ended September 30, 2017)
(The certain information is based on the unreviewed financial statements)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Lender	Counter-party	Financial statement account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
1	Coretronic (Suzhou)	Coretronic System Engineering (Shanghai)	Accounts receivables - related parties	Yes	\$ 18,807	\$ 18,338	\$ 18,338	0.5%	The need for short-term financing	-	Business turnover	-	None	-	\$ 3,383,151	\$ 3,383,151
1	Coretronic (Suzhou)	Coretronic Display (Suzhou)	Accounts receivables - related parties	Yes	1,028,707	1,025,857	1,025,857	0.5%-1%	The need for short-term financing	-	Business turnover	-	None	-	3,383,151	3,383,151
2	Coretronic Projection	Coretronic Display (Suzhou)	Accounts receivables - related parties	Yes	160,021	159,578	159,578	1%	The need for short-term financing	-	Business turnover	-	None	-	4,162,663	4,162,663
3	Coretronic (Ningbo)	YLG Optotech	Accounts receivables - related parties	Yes	266,433	257,210	257,210	1%	The need for short-term financing	-	Business turnover	-	None	-	3,218,846	3,218,846
3	Coretronic (Ningbo)	Coretronic Display (Suzhou)	Accounts receivables - related parties	Yes	274,322	273,562	273,562	1%	The need for short-term financing	-	Business turnover	-	None	-	3,218,846	3,218,846
4	Young Green Energy	Calibre UK Ltd.	Accounts receivables - related parties	Yes	20,280	20,280	20,280	5%	The need for short-term financing	-	Business turnover	-	None	-	84,798	84,798
5	MAT	Brightbridge	Accounts receivables - related parties	Yes	2,718	2,651	2,651	0.5%	The need for short-term financing	-	Business turnover	-	None	-	846,930	846,930
6	Greendale	Coretronic Display (Suzhou)	Accounts receivables - related parties	Yes	266,433	151,300	151,300	1%	The need for short-term financing	-	Business turnover	-	None	-	4,433,260	4,433,260
7	Lead Bright (HK)	Core-Flex	Accounts receivables - related parties	Yes	132,056	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	1,288,802	1,288,802
7	Lead Bright (HK)	Coretronic Display (Suzhou)	Accounts receivables - related parties	Yes	106,470	105,910	105,910	1%	The need for short-term financing	-	Business turnover	-	None	-	3,222,004	3,222,004
8	Bigshine (HK)	Core-Flex	Accounts receivables - related parties	Yes	129,102	128,423	128,423	1%	The need for short-term financing	-	Business turnover	-	None	-	415,095	415,095
9	Dynamic Time	Optoma Corporation	Other receivables - related parties	Yes	501,520	484,160	484,160	-	The need for short-term financing	-	Business turnover	-	None	-	616,446	616,446
9	Dynamic Time	Optoma USA	Other receivables - related parties	Yes	109,708	105,910	105,910	1.01%-1.18%	The need for short-term financing	-	Business turnover	-	None	-	1,541,115	1,541,115
10	Modern Smart	Optoma USA	Other receivables - related parties	Yes	20,374	19,669	19,669	1.01%	The need for short-term financing	-	Business turnover	-	None	-	108,173	108,173
10	Modern Smart	Optoma Corporation	Other receivables - related parties	Yes	20,374	19,669	19,669	-	The need for short-term financing	-	Business turnover	-	None	-	43,269	43,269
11	Masterview	Young Optics (BD)	Other receivables - related parties	Yes	123,813	119,527	119,527	2.25%	The need for short-term financing	-	Business turnover	-	None	-	2,025,984	2,025,984
11	Masterview	Mejiro Genossen Inc.	Other receivables - related parties	Yes	15,021	14,801	14,801	2.5%	The need for short-term financing	-	Business turnover	-	None	-	2,025,984	2,025,984

Note a: Limit of financing amount for individual counter-party and total financing amount should not exceed 100% of lender's net worth from the latest financial statement, including Dynamic Time, Modern Smart, Greendale, Lead Bright (HK), MAT, Coretronic Projection (Kunshan), Coretronic (Ningbo) and Coretronic (Suzhou).

The above restriction only applies to the foreign subsidiaries whose shares are 100% owned, directly or indirectly, by the Company.

Note b: Limit of total financing amount for individual counter-party should not exceed 40% of lender's net worth from the latest financial statement, and limit of financing amount should not exceed 100% of the latest financial statements of lender, including Dynamic Time, Modern Smart, Bigshine (HK) and Young Green Energy. The above restriction only applies to the need for short-term financing.

Note c: Limit of financing amount for individual counter-party and total financing amount should not exceed 100% of lender's net worth from the latest financial statement of Masterview Enterprises Limited. The above restriction only applies to the foreign subsidiaries whose shares are 100% owned, directly or indirectly, by the Company.

Note d: The latest financial statements were recognized based on the audited financial statements.

ATTACHMENT 1-2 (Endorsement/Guarantee provided to others for the nine months ended September 30, 2017)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorsor/Guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party	Maximum balance for the period	Ending balance	Actual amount provided	Amount of Endorsement/ Guarantee collateralized by properties	Percentage of accumulated guarantee amount to net worth from the latest financial statement	Limit of total guarantee/ endorsement amount	Guarantee Provided by Parent Company	Guarantee Provided by A subsidiary	Guarantee Provided to Subsidiary in Mainland China
		Company name	Relationship										
1	Coretronic (Suzhou)	Coretronic Display (Suzhou)	Associate	\$ 1,691,575 (Note a)	\$ 14,681	\$ 14,640	\$ 14,640	-	0.43%	\$ 3,383,151 (Note a)	No	No	Yes

Note a: Based on the procedures of endorsement/guarantee provided to others, the amount of endorsements/guarantees for any single entity shall not exceed 50% of the Company's net worth from the latest financial statement.
Based on the procedures of endorsement/guarantee provided to others, the total amount of endorsements/guarantees shall not exceed 100% of the Company's net worth from the latest financial statement.

ATTACHMENT 1-3(Financing provided to others for the nine months ended September 30, 2017)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Lender	Counter-party	Financial statement account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
1	Coretronic Corporation	Calibre UK Ltd.	Accounts receivables - related	Yes	\$ 15,818	\$ 6,084	\$ 6,084	10%	The need for short-term financing	-	Business turnover	-	None	-	\$ 7,987,315 (Note a)	\$ 7,987,315 (Note a)

Note a: Limit of total financing amount for individual counter-party should not exceed 40% of lender's net worth from the latest financial statement, and limit of financing amount should not exceed 50% of the latest financial statements of lender. The above restriction applies to Coretronic corporation with the need for short-term financing.

ATTACHMENT 2 (Securities held as of September 30, 2017)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	September 30, 2017				Note
				Shares/Units	Carrying amount	Percentage of ownership (%)	Fair value	
Coretronic Corporation	Maxima Venture 1, Inc.	-	Financial assets measured at cost, noncurrent	29,400	\$ 221	5.26%	(Note a)	
Coretronic Corporation	Nightingale Intelligent Systems, Inc.	-	Financial assets measured at cost, noncurrent	697,034	17,966	5.10%	(Note a)	

Note a : The securities held are not traded in the open market, and there are no fair value.

ATTACHMENT 2-1 (Securities held as of September 30, 2017)
(The certain information is based on the unreviewed financial statements)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	September 30, 2017				Note
				Shares/Units	Carrying amount	Percentage of ownership (%)	Fair value	
Chung Tsen Investment	Shieh Yong Investment	-	Financial assets measured at cost, noncurrent	34,107,900	\$ 210,787	4.47%	(Note a)	
	YODN Lighting	-	Financial assets measured at cost, noncurrent	17,000	- (Note b)	0.10%	(Note a)	
Venture Orient	Unitech Capital	-	Financial assets measured at cost, noncurrent	2,500,000	USD 1,913,500	5.00%	(Note a)	
Optoma Corporation	LIULIGONGFANG	-	Financial assets measured at cost, noncurrent	242,094	- (Note b)	5.13%	(Note a)	
	Excel Global	-	Financial assets measured at cost, noncurrent	812,506	26,389	19.90%	(Note a)	
Coretronic Venture Capital	Celxpert Energy	-	Available-for-sale financial assets, noncurrent	1,063,000	50,067	1.22%	50,067	
	GeneJet Biotech	-	Investments accounted for using the equity method, noncurrent	1,575,000	28,095	19.51%	(Note a)	
Young Lighting Technology	GLO AB	-	Financial assets measured at cost, noncurrent	50,000	2,720	0.42%	(Note a)	

Note a : The shares are not traded in the open market, and there is no fair value.

Note b : The impairment loss was recognized as the difference between the recoverable amount of the security and its carrying value.

ATTACHMENT 3 (Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the nine months ended September 30, 2017)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
Coretronic Corporation	Optoma Corporation	Subsidiary	Sales	\$ 3,362,870	25.01%	120 days	-	-	\$ 1,808,696	22.00%	
Coretronic Corporation	Young Lighting Technology	Subsidiary	Sales	172,654	1.28%	60 days	-	-	10,417	0.13%	

ATTACHMENT 3-1 (Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the nine months ended September 30, 2017)
(The certain information is based on the unreviewed financial statements)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Counter-party	Relationship	Transaction				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
Young Optics	Grace China	Associate	Sales	\$ 263,344	10.07%	60 days	-	-	\$ 155,875	24.50 %	
Young Optics	Grace China	Associate	Purchases	1,552,503	76.08%	60~90 days	-	-	(547,499)	(72.16%)	
Young Optics	Aptek Optica	Associate	Sales	215,883	8.26%	60 days	-	-	106,810	16.79 %	
Young Optics (Kunshan)	Coretronic Projection (Kunshan)	Associate	Sales	360,779	17.91 %	90 days	-	-	104,526	12.82 %	
Young Optics (Kunshan)	Grace China	Associate	Sales	1,401,897	69.39 %	60~90 days	-	-	556,171	68.24 %	
Young Optics (Kunshan)	Grace China	Associate	Purchases	301,483	16.56 %	60 days	-	-	(145,834)	(32.76%)	
Young Optics (Kunshan)	Young Optics (Suzhou)	Associate	Sales	192,571	9.47 %	60 days	-	-	93,439	11.46 %	
Young Optics (Suzhou)	Grace China	Associate	Sales	117,377	31.29 %	60~90 days	-	-	17,782	22.31 %	
Young Optics(BD)	Grace China	Associate	Sales	195,184	100.00 %	60 days	-	-	76,185	100.00 %	
Young Optics(BD)	Grace China	Associate	Purchases	116,151	83.39 %	60 days	-	-	(278,109)	(100.00%)	
Optoma Corporation	Optoma Europe	Associate	Sales	1,811,723	45.57%	90 days	-	-	635,718	37.50 %	
Optoma Corporation	Optoma USA	Associate	Sales	1,414,460	35.58%	120 days	-	-	852,298	50.27 %	
Optoma China	Vimax (Kunshan)	Associate	Purchases	379,808	48.52%	90 days	-	-	(174,473)	(35.39%)	
Optoma China	Coretronic Projection (Kunshan)	Associate	Purchases	306,451	39.15%	90 days	-	-	(287,520)	(58.32%)	
Young Lighting Technology	Coretronic Projection (Kunshan)	Associate	Purchases	495,452	8.99%	60 days	-	-	(201,254)	(9.85%)	
Young Lighting Technology	YLG Optotech	Associate	Purchases	609,045	11.05%	60 days	-	-	(162,411)	(7.95%)	
Young Lighting Technology	Coretronic (Suzhou)	Associate	Purchases	515,931	9.36%	60 days	-	-	(96,513)	(4.73%)	
Young Lighting Technology	Coretronic Display (Suzhou)	Associate	Purchases	2,339,466	42.43%	60 days	-	-	(213,845)	(10.47%)	
Nano Precision (Suzhou)	Coretronic (Suzhou)	Associate	Sales	361,966	32.83%	60 days	-	-	125,405	23.50 %	
Nano Precision (Suzhou)	Great Pride (HK)	Associate	Sales	185,892	16.86%	60 days	-	-	115,222	21.59 %	
YLG Optotech	Coretronic Display (Suzhou)	Associate	Sales	266,833	20.18%	60 days	-	-	44,484	14.00%	
Coretronic Projection (Kunshan)	Vimax (Kunshan)	Associate	Sales	737,281	5.76%	60 days	-	-	271,124	6.06%	
Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan) Corporation	Associate	Sales	1,587,748	12.40%	60 days	-	-	1,584,794	35.41%	
Coretronic Display	YLG Optotech	Associate	Sales	127,379	2.64%	60 days	-	-	52,807	4.05%	
Coretronic Optics	Coretronic Projection (Kunshan)	Associate	Sales	798,636	99.98%	60 days	-	-	803,010	99.98%	

ATTACHMENT 4 (Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of September 30, 2017)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Counter-party	Relationship	Ending balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for doubtful accounts
					Amount	Collection status		
Accounts receivable Coretronic Corporation	Optoma Corporation	Subsidiary	\$ 1,808,696	2.57	\$ -	-	\$ -	\$ -

ATTACHMENT 4-1 (Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of September 30, 2017)

(The certain information is based on the unreviewed financial statements)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Counter-party	Relationship	Ending balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for doubtful accounts
					Amount	Collection status		
Accounts receivables:								
Optoma Corporation	Optoma USA	Associate	\$ 852,298	2.27	\$ -	-	\$ -	\$ -
Optoma Corporation	Optoma Europe	Associate	635,718	3.49	-	-	-	-
Young Optics	Grace China	Associate	155,875	2.37	-	-	-	-
Young Optics	Aptek Optica	Associate	106,810	3.73	-	-	-	-
Young Optics (Kunshan)	Coretronic Projection (Kunshan)	Associate	104,526	3.52	-	-	-	-
Young Optics (Kunshan)	Grace China	Associate	556,171	3.93	-	-	-	-
Grace China	Young Optics	Associate	547,499	4.30	-	-	-	-
Grace China	Young Optics (Kunshan)	Associate	145,834	2.75	-	-	-	-
Grace China	Young Optics (BD)	Associate	278,109	0.78	-	-	-	-
Nano Precision (Suzhou)	Coretronic (Suzhou)	Associate	125,405	3.63	-	-	-	-
Nano Precision (Suzhou)	Great Pride (HK)	Associate	115,222	3.21	-	-	-	-
Vimax (Kunshan)	Optoma China	Associate	174,473	1.83	-	-	-	-
Coretronic Projection (Kunshan)	Vimax (Kunshan)	Associate	271,124	0.87	-	-	-	-
Coretronic Projection (Kunshan)	Optoma China	Associate	287,520	2.84	-	-	-	-
Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan) Corporation	Associate	1,584,794	2.67	-	-	-	-
Coretronic Optics (Kunshan) Corporation	Coretronic Projection (Kunshan)	Associate	803,010	2.65	-	-	-	-

ATTACHMENT 4-2 (Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of September 30, 2017)

(The certain information is based on the unreviewed financial statements)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Counter-party	Relationship	Ending balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for doubtful accounts
					Amount	Collection status		
Other Receivables:								
Coretronic Projection (Kunshan)	Young Lighting Technology	Associate	201,254	-	-	-	-	-
YLG Optotech	Young Lighting Technology	Associate	162,411	-	-	-	-	-
Coretronic Display (Suzhou)	Young Lighting Technology	Associate	213,845	-	-	-	-	-

ATTACHMENT 5 (Significant intercompany transactions between consolidated entities)

(Amounts in thousand; Currency denomination in NTD or in foreign currencies)

No. (Note a)	Related party	Counter-party	Relationship with Coretronic Corporation (Note b)	Transactions			
				Accounts	Amount	Collection periods (Note c)	Percentage of consolidated operating revenues or consolidated total assets (Note d)
0	Coretronic Corporation	Optoma Corporation	1	Accounts receivables	1,808,696	—	3.58%
			1	Sales	3,362,870	—	8.84%
		Coretronic(Suzhou)	1	Accounts receivables	823,156	—	1.63%
			1	Sales	910,478	—	2.39%
		Nano Precision (Suzhou)	1	Accounts receivables	78,707	—	0.16%
			1	Sales	210,355	—	0.55%
		Young Lighting Technology	1	Sales	172,654	—	0.45%
		Greendale	1	Accounts receivables	1,445,566	—	2.86%
			1	Sales	5,327,711	—	14.00%
		Coretronic (Ningbo)	1	Sales	44,911	—	0.12%
		Wisdom Success (HK)	1	Sales	101,905	—	0.27%
		Coretronic Display (Suzhou)	1	Sales	32,836	—	0.09%
		Coretronic Optotech (Suzhou)	1	Accounts receivables	3,778,907	—	7.48%
			1	Sales	8,388,007	—	22.04%
1	Optoma Corporation	Optoma USA	3	Accounts receivables	852,298	—	1.69%
			3	Sales	1,414,460	—	3.72%
		Optoma Europe	3	Accounts receivables	635,718	—	1.26%
			3	Sales	1,811,723	—	4.76%
2	Young Optics	Grace China	3	Other receivables	41,461	—	0.08%
			3	Accounts receivables	155,875	—	0.31%
			3	Sales	263,344	—	0.69%

No. (Note a)	Related party	Counter-party	Relationship with Coretronic Corporation (Note b)	Transactions			
				Accounts	Amount	Collection periods (Note c)	Percentage of consolidated operating revenues or consolidated total assets (Note d)
2	Young Optics	Aptek Optical	3	Accounts receivables	106,810	—	0.21%
			3	Sales	215,883	—	0.57%
3	Grace China	Young Optics	3	Accounts receivables	547,499	—	1.08%
			3	Sales	1,552,503	—	4.08%
		Young Optics(Kunshan)	3	Accounts receivables	145,834	—	0.28%
			3	Sales	301,483	—	0.79%
		Young Optics (BD)	3	Other receivables	22,202	—	0.04%
			3	Accounts receivables	278,109	—	0.55%
			3	Sales	116,151	—	0.31%
			3	Sales	1,401,897	—	3.68%
4	Young Optics(Kunshan)	Grace China	3	Accounts receivables	556,171	—	1.10%
			3	Sales	1,401,897	—	3.68%
		Young Optics (SuZhou)	3	Accounts receivables	93,439	—	0.19%
			3	Sales	192,571	—	0.51%
		Coretronic Projection (Kunshan)	3	Accounts receivables	104,526	—	0.21%
			3	Sales	360,779	—	0.95%
		Coretronic Optics (Kunshan)	3	Accounts receivables	60,429	—	0.12%
			3	Sales	60,190	—	0.16%
5	Dynamic Time	Optoma Corporation	3	Other receivables	484,160	—	0.96%
		Optoma USA	3	Other receivables	106,220	—	0.21%
6	Optoma China	Coretronic System Engineering (Shanghai)	3	Accounts receivables	34,035	—	0.07%
7	Wisdom Success	Coretronic(Suzhou)	3	Accounts receivables	1,027,215	—	2.03%
			3	Sales	3,073,268	—	8.08%

No. (Note a)	Related party	Counter-party	Relationship with Coretronic Corporation (Note b)	Transactions			
				Accounts	Amount	Collection periods (Note c)	Percentage of consolidated operating revenues or consolidated total assets (Note d)
8	Coretronic(Suzhou)	Coretronic Corporation	2	Accounts receivables	1,295,227	—	2.56%
			2	Sales	460,857	—	1.21%
		Wisdom Success	3	Accounts receivables	1,878,548	—	3.72%
			3	Sales	1,705,313	—	4.48%
		Young Lighting Technology	3	Accounts receivables	63,177	—	0.13%
			3	Sales	519,089	—	1.36%
		Young Bright Optical (SuZhou)	3	Sales	31,456	—	0.08%
		Coretronic Display (Suzhou)	3	Other receivables	1,030,044	—	2.04%
			3	Sales	34,076	—	0.09%
9	Vimax(Kunshan)	Optoma China	3	Accounts receivables	174,473	—	0.34%
			3	Sales	379,808	—	1.01%
		Coretronic Projection (Kunshan)	3	Accounts receivables	46,538	—	0.09%
			3	Sales	69,141	—	0.18%
10	Masterview	Young Optics (BD)	3	Other receivables	119,972	—	0.24%
11	Young Optics (SuZhou)	Grace China	3	Sales	117,377	—	0.31%
12	Nano Precision (Suzhou)	Coretronic Corporation	2	Sales	68,711	—	0.18%
		Coretronic(Suzhou)	3	Accounts receivables	125,405	—	0.25%
			3	Sales	361,966	—	0.95%
		Coretronic (Ningbo)	3	Sales	40,066	—	0.11%
		Great Pride (HK)	3	Accounts receivables	115,222	—	0.23%
			3	Sales	185,892	—	0.49%
		Coretronic Display (Suzhou)	3	Sales	70,008	—	0.18%

No. (Note a)	Related party	Counter-party	Relationship with Coretronic Corporation (Note b)	Transactions			
				Accounts	Amount	Collection periods (Note c)	Percentage of consolidated operating revenues or consolidated total assets (Note d)
13	Young Lighting Technology	Coretronic(Suzhou)	3	Sales	1,945,299	—	5.11%
		Coretronic Projection (Kunshan)	3	Accounts receivables	139,647	—	0.28%
			3	Sales	439,983	—	1.16%
		Coretronic (Guangzhou)	3	Sales	68,615	—	0.18%
		YLG Optotech	3	Accounts receivables	197,809	—	0.39%
			3	Sales	514,523	—	1.35%
		Coretronic Display (Suzhou)	3	Accounts receivables	654,209	—	1.30%
			3	Sales	1,304,232	—	3.43%
		CHAMP VISION DISPLAY	3	Other receivables	40,475	—	0.08%
14	Greendale	Coretronic Corporation	2	Other receivables	1,511,603	—	2.99%
		Vimax(Kunshan)	3	Other receivables	97,527	—	0.19%
		Coretronic Projection (Kunshan)	3	Other receivables	1,445,409	—	2.86%
		Coretronic Display (Suzhou)	3	Other receivables	151,993	—	0.30%
15	Coretronic Projection (Kunshan)	Optoma China	3	Accounts receivables	287,520	—	0.57%
			3	Sales	306,451	—	0.80%
		Vimax(Kunshan)	3	Accounts receivables	271,124	—	0.54%
			3	Sales	737,281	—	1.94%
		Young Lighting Technology	3	Accounts receivables	260,848	—	0.52%
			3	Sales	937,503	—	2.46%
		Greendale	3	Accounts receivables	1,608,996	—	3.19%
			3	Sales	8,371,019	—	22.00%

No. (Note a)	Related party	Counter-party	Relationship with Coretronic Corporation (Note b)	Transactions			
				Accounts	Amount	Collection periods (Note c)	Percentage of consolidated operating revenues or consolidated total assets (Note d)
15	Coretronic Projection (Kunshan)	Coretronic Display (Suzhou)	3	Other receivables	160,429	—	0.32%
		Coretronic Optics (Kunshan)	3	Accounts receivables	1,584,794	—	3.14%
			3	Sales	1,587,748	—	4.17%
16	Boom Power Electronics (Su Zhou)	Coretronic Projection (Kunshan)	3	Sales	50,047	—	0.13%
17	Coretronic (Ningbo)	Lead Bright (HK)	3	Accounts receivables	667,260	—	1.32%
			3	Sales	1,140,271	—	3.00%
		YLG Optotech	3	Other receivables	258,366	—	0.51%
		Coretronic Display (Suzhou)	3	Other receivables	275,674	—	0.55%
18	Young Bright Optical (SuZhou)	Nano Precision (Suzhou)	3	Sales	44,302	—	0.12%
19	Nano Display (SuZhou)	Coretronic Optotech (Suzhou)	3	Sales	45,690	—	0.12%
20	Wisdom Success (HK)	Coretronic(Suzhou)	3	Sales	101,854	—	0.27%
21	Bigshine (HK)	Core-Flex	3	Other receivables	129,041	—	0.26%
22	Lead Bright (HK)	Coretronic Display (Suzhou)	3	Other receivables	106,395	—	0.21%
23	Elite View (HK)	Coretronic Corporation	2	Other receivables	38,475	—	0.08%
24	YLG Optotech	Young Lighting Technology	3	Accounts receivables	263,736	—	0.52%
			3	Sales	1,036,548	—	2.72%
		Coretronic Display (Suzhou)	3	Accounts receivables	44,484	—	0.09%
			3	Sales	266,833	—	0.70%
25	Young Optics (BD)	Grace China	3	Accounts receivables	76,185	—	0.15%
			3	Sales	195,184	—	0.51%

No. (Note a)	Related party	Counter-party	Relationship with Coretronic Corporation (Note b)	Transactions			
				Accounts	Amount	Collection periods (Note c)	Percentage of consolidated operating revenues or consolidated total assets (Note d)
26	Coretronic Display (Suzhou)	Young Lighting Technology	3	Accounts receivables	814,269	—	1.61%
			3	Sales	3,605,424	—	9.48%
		YLG Optotech	3	Accounts receivables	52,807	—	0.10%
			3	Sales	127,379	—	0.33%
27	Coretronic Optotech (Suzhou)	Coretronic Corporation	2	Accounts receivables	4,217,056	—	8.35%
			2	Sales	2,202,484	—	5.79%
28	Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	3	Accounts receivables	803,010	—	1.59%
			3	Sales	798,636	—	2.10%

Note 1: Coretronic Corporation and its subsidiaries are coded as follows:

1. Coretronic Corporation is coded "0"
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows:

1. The holding company to subsidiary.
2. The subsidiary to holding company.
3. Subsidiaries to subsidiaries.

Note 3: In principle, the received/payment terms were month-end 90 days or 30-150 days.

Note 4: The percentage with respect to the consolidated asset/liability for transactions of balance sheet items are based on each item's balance at period-end. For profit or loss items, cumulative balances are used as basis.

ATTACHMENT 6 : (Names, locations and related information of investee companies as of September 30, 2017) (Not including investment in Mainland China)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Address	Main businesses and products	Initial Investment		Investment as of September 30, 2017			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
Coretronic Corporation	Calibre UK Ltd.	UK	Engaged in R&D, design, production and marketing of image processing products.	\$ 44,088	\$ -	101,042	100.00%	\$ 35,927	(\$8,963)	(\$8,963)	Subsidiary
Coretronic Corporation	Coretronic (BVI) Investment Corp.	B.V.I.	Holding company	1,566,475	1,566,475	47,220,000	100.00%	4,824,344	218,432	218,432	Subsidiary
Coretronic Corporation	Sinolink Global Limited	B.V.I.	Holding company	34,100	34,100	980	100.00%	1,109,919	223,179	223,179	Subsidiary
Coretronic Corporation	Tecpoint Limited	B.V.I.	Holding company	1,156,668	1,156,668	36,522,900	78.06%	2,476,086	198,252	154,756	Subsidiary
Coretronic Corporation	Visicorp Limited	B.V.I.	Holding company	614,303	614,303	18,700	100.00%	10,269,604	449,589	449,589	Subsidiary
Coretronic Corporation	Coretronic Venture Capital Corp.	Miaoli County, Taiwan	The investment activities of company's business expansion	300,000	300,000	30,000,000	100.00%	331,232	9,004	9,004	Subsidiary
Coretronic Corporation	Coretronic Intelligent Cloud Service Corp. (Original name "Coretronic System Engineering Corporation")	Hsinchu County, Taiwan	Engaged in intelligent cloud, IT information, intelligent applications and platform development related business of new media.	105,000	105,000	10,500,000	100.00%	(3,935)	(2,911)	(2,911)	Subsidiary
Coretronic Corporation	Chung Tsen Investment Corp.	Miaoli County, Taiwan	Investing company for strategic purposes	692,696	692,696	127,099,664	100.00%	1,173,090	11,425	11,425	Subsidiary
Coretronic Corporation	uCare Medical Electronics Co., Ltd.	Hsinchu County, Taiwan	Engaged in the R&D, design, production and marketing of intelligent movement and medical care related software and hardware products.	80,000	-	8,000,000	80.00%	77,369	(3,289)	(2,631)	Subsidiary
Coretronic Corporation	Young Green Energy Co., LTD	Hsinchu County, Taiwan	Engaged in the production, wholesale and retail trade of Electronic Components, Battery, Computer and its Peripheral Devices, and Electronic Material	214,620	175,122	18,833,220	99.91%	210,628	(6,094)	(4,915)	Subsidiary
Coretronic Corporation	Young Optics Inc	Hsinchu City, Taiwan	Engaged in the production, marketing and R&D of Electronic Components and Optics	583,798	583,798	43,757,586	38.36%	1,291,361	(149,032)	(57,174)	Subsidiary
Coretronic Corporation	Young Lighting Technology Inc.	Hsinchu City, Taiwan	Engaged in the design, production and marketing of General Lighting Application, Electronic Components and Optical Devices	201,617	201,617	43,172,191	100.00%	775,949	(67,245)	(67,245)	Subsidiary
Coretronic Corporation	Optoma Corporation	New Taipei City, Taiwan	Engaged in the production and marketing of data storage and processing equipment, electronic components, optical devices, wireless communications equipment and electronic	448,548	358,198	52,117,440	92.42%	1,041,496	60,815	57,965	Subsidiary
Coretronic Corporation	Champ Vision Display Inc.	Hsinchu County, Taiwan	Engaged in R&D, design, production and marketing of innovative intelligent display products and system integration solution.	144,000	-	14,400,000	80.00%	134,464	(11,920)	(9,536)	Subsidiary

ATTACHMENT 6 -1 : (Names, locations and related information of investee companies as of September 30, 2017) (Not including investment in Mainland China)
(The certain information is based on the unreviewed financial statements)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Address	Main businesses and products	Initial Investment		Investment as of September 30, 2017			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of share	Percentage of ownership	Carrying amount			
Coretronic BVI	Greendale	Samoa	Holding company	USD 46,400,000	USD 46,400,000	46,400	100.00 %	USD 159,838,474	USD 7,170,421	(Note a)	Associate
Visicorp	Wisdom Success	Cayman Islands	Holding company	USD 8,000,000	USD 8,000,000	8,000	100.00 %	USD 265,814,461	USD 14,815,303	(Note a)	Associate
Visicorp	Bigshine	Samoa	Holding company	USD 3,000,000	USD 3,000,000	3,000	100.00 %	USD 15,736,555	(USD 776,798)	(Note a)	Associate
Visicorp	Investdragon	Samoa	Holding company	USD 3,000,000	USD 3,000,000	3,000	100.00 %	USD 2,203,630	(USD 100,444)	(Note a)	Associate
Visicorp	Lead Bright	Samoa	Holding company	USD 4,700,000	USD 4,700,000	4,700	100.00 %	USD 29,195,734	USD 201,070	(Note a)	Associate
Visicorp	Elite View	Samoa	Holding company	USD 5,000,400	USD 5,000,400	5,000	100.00 %	USD 13,736,088	(USD 180,634)	(Note a)	Associate
Visicorp	Tecpoint	B.V.I.	Holding company	USD 5,665,000	USD 5,665,000	5,665,000	12.11 %	USD 12,692,000	USD 6,528,448	(Note a)	Associate
Wisdom Success	Wisdom Success (HK)	HK	Holding company	USD 8,000,000	USD 8,000,000	8,000	100.00 %	USD 137,847,989	USD 15,203,820	(Note a)	Associate
Wisdom Success	Lead Bright (HK)	HK	Holding company	USD 13,300,000	USD 13,300,000	13,300	73.89 %	USD 82,622,325	USD 770,089	(Note a)	Associate
Wisdom Success	Investdragon (HK)	HK	Holding company	USD 2,000,000	USD 2,000,000	2,000	40.00 %	USD 1,464,551	(USD 167,418)	(Note a)	Associate
Wisdom Success	Elite View (HK)	HK	Holding company	USD 7,999,600	USD 7,999,600	8,000	61.54 %	USD 21,979,016	(USD 469,668)	(Note a)	Associate
Wisdom Success	Bigshine (HK)	HK	Holding company	USD 5,000,000	USD 5,000,000	5,000	62.50 %	USD 20,917,842	(USD 1,340,077)	(Note a)	Associate
Bigshine	Bigshine (HK)	HK	Holding company	USD 3,000,000	USD 3,000,000	3,000	37.50 %	USD 12,550,705	(USD 1,340,077)	(Note a)	Associate
Investdragon	Investdragon (HK)	HK	Holding company	USD 3,000,000	USD 3,000,000	3,000	60.00 %	USD 2,196,826	(USD 167,418)	(Note a)	Associate
Lead Bright	Lead Bright (HK)	HK	Holding company	USD 4,700,000	USD 4,700,000	4,700	26.11 %	USD 29,195,682	USD 770,089	(Note a)	Associate
Elite View	Elite View (HK)	HK	Holding company	USD 5,000,400	USD 5,000,400	5,000	38.46 %	USD 13,735,992	(USD 469,668)	(Note a)	Associate
Sinolink	Mat Limited	Samoa	Holding company	USD 980,000	USD 980,000	980	100.00 %	USD 36,679,024	USD 7,323,679	(Note a)	Associate
Tecpoint	Great Pride	Samoa	Holding company	USD 11,800,000	USD 11,800,000	11,800,000	100.00 %	USD 73,196,413	USD 5,038,172	(Note a)	Associate
Tecpoint	Core-Flex	Cayman Islands	Holding company	USD 23,260,000	USD 23,260,000	213,260,000	94.36 %	USD 6,800,328	USD 1,678,507	(Note a)	Associate
Tecpoint	Nano Precision	HK	Holding company	USD 6,800,000	USD 6,800,000	6,800,000	100.00 %	USD 9,176,436	(USD 93,569)	(Note a)	Associate
Tecpoint	Nano Display	HK	Holding company	USD 7,800,000	USD 7,800,000	7,800,000	100.00 %	USD 13,959,960	(USD 1,564)	(Note a)	Associate
Great Pride	Great Pride (HK)	HK	Holding company	USD 11,800,000	USD 11,800,000	11,800	100.00 %	USD 72,079,609	USD 4,936,380	(Note a)	Associate

Note a: The share of profit/loss of associates were recognized by the holding company.

ATTACHMENT 6-2 : (Names, locations and related information of investee companies as of September 30, 2017) (Not including investment in Mainland China)

(The certain information is based on the unreviewed financial statements)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Address	Main businesses and products	Initial Investment		Investment as of September 30, 2017			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
Chung Tsen Investment	Venture Orient	Samoa	Holding company	USD 5,550,000	USD 5,550,000	5,550	100.00 %	\$ 437,878	\$ 21,773	(Note a)	Associate
Chung Tsen Investment	Young Optics	Hsinchu City, Taiwan	Engaged in the production, marketing and R&D of Electronic Components and Optics	70,952	71,089	5,193,317	4.55 %	153,265	(149,032)	(Note a)	Subsidiary
Chung Tsen Investment	Young Green Energy	Hsinchu County, Taiwan	Engaged in the production, wholesale and retail trade of electronic components, battery, computer and its peripheral devices and electronic material	-	18,000	-	-	-	(6,094)	(Note a)	Subsidiary
Chung Tsen Investment	Tsen Ming Investment	Miaoli County, Taiwan	Investing company for strategic purpose	102,000	102,000	32,443,180	100.00 %	294,518	(5,620)	(Note a)	Associate
Chung Tsen Investment	Optoma Corporation	New Taipei City, Taiwan	Engaged in the production and marketing of data storage and processing equipment, electronic components, optical devices, Wireless communications equipment and electronic appliances	-	31,500	-	-	-	60,815	(Note a)	Subsidiary
Chung Tsen Investment	Core-Flex	Cayman Islands	Holding company	USD 3,130,000	USD 3,130,000	3,130,000	1.39 %	3,141	51,283	(Note a)	Associate
Venture Orient	Tecpoint	B.V.I.	Holding company	USD 4,600,000	USD 4,600,000	4,600,000	9.83 %	USD 10,305,973	USD 6,528,448	(Note a)	Subsidiary
Tsen Ming Investment	Young Optics	Hsinchu City, Taiwan	Engaged in the production, marketing and R&D of electronic components and optics	71,022	77,035	3,779,886	3.31 %	113,446	(149,032)	(Note a)	Subsidiary
Tsen Ming Investment	Young Green Energy	Hsinchu County, Taiwan	Engaged in the production, wholesale and retail trade of electronic components, battery, computer and its peripheral devices and electronic material	-	26,379	-	-	-	(6,094)	(Note a)	Subsidiary
Tsen Ming Investment	Optoma Corporation	New Taipei City, Taiwan	Engaged in the production and marketing of data storage and processing equipment, electronic components, optical devices, wireless communications equipment and electronic appliances	-	52,625	-	-	-	60,815	(Note a)	Subsidiary
Tsen Ming Investment	Core-Flex	Cayman Islands	Holding company	USD 1,718,289	USD 1,718,289	8,170,000	3.61 %	14,960	51,283	(Note a)	Associate
Young Green Energy	Boom Power	B.V.I.	Holding company	USD 1,000,000	USD 1,000,000	10,000	100.00 %	80,405	8,723	(Note a)	Associate
Young Optics	Masterview	B.V.I.	Holding company	USD 6,000,000	USD 6,000,000	6,000,000	100.00 %	2,054,083	9,310	(Note a)	Associate
Young Optics	Young Optics Inc.	USA	Operating maintenance services business	USD 50,000	USD 50,000	50,000	100.00 %	361	(110)	(Note a)	Associate
Young Optics	Aptek Optcal	Hsinchu County, Taiwan	Manufacturing and selling of optics instruments and electronic components	298,140	298,140	9,250,000	92.50 %	51,988	(27,885)	(Note a)	Associate
Young Optics	Mejiro Genossen Inc.	JP	Researching, developing, manufacturing and selling of optics machines	JPY 96,850,908	JPY 96,850,908	2,970	99.00 %	14,389	(10,397)	(Note a)	Associate
Masterview	Best Alpha	Samoa	Holding company	USD 1,000,000	USD 1,000,000	1,000,000	100.00 %	USD 26,898,950	USD 971,518	(Note a)	Associate
Masterview	Grace China	Cayman Islands	Holding company	USD 8,156,458	USD 8,156,458	8,156,458	100.00 %	USD 36,938,313	(USD 432,376)	(Note a)	Associate
Masterview	Young Optics (BD)	Bengal	Manufacturing of optics components	USD 1,000,000	USD 1,000,000	799,985	50.00 %	(USD 682,414)	(USD 715,211)	(Note a)	Associate
Masterview	Young Optics Europe GmbH	Germany	Manufacturing and selling of 3D printer	EUR 18,750	EUR 18,750	-	75.00 %	USD 117,696	USD 152,464	(Note a)	Associate
Grace China	Young Optics (BD)	Bengal	Manufacturing of optics components	USD 1,000,000	USD 1,000,000	799,985	50.00 %	(USD 682,414)	(USD 715,211)	(Note a)	Associate
Optoma Corporation	Dynamic Time	Cayman Islands	Holding company	USD 14,122,230	USD 14,122,230	14,856	100.00 %	1,623,888	USD 2,284,624	(Note a)	Associate

Note a: The share of profit/loss of associates were recognized by the holding company.

ATTACHMENT 6-3 (Names, locations and related information of investee companies as of September 30, 2017) (Not including investment in Mainland China)
(The certain information is based on the unreviewed financial statements)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Address	Main businesses and products	Initial Investment		Investment as of September 30, 2017			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
Dynamic Time	Optoma Europe	U.K.	Marketing and after sales service of Optoma in European region	USD 2,451,350	USD 2,451,350	1,200,000	100.00 %	USD 23,216,746	GBP 2,066,849	(Note a)	Associate
Dynamic Time	Optoma USA	USA	Marketing and after sales service of Optoma in Americas region	USD 8,821,889	USD 8,821,889	825,000	100.00 %	USD 3,588,425	(USD 58,791)	(Note a)	Associate
Dynamic Time	Modern Smart	B.V.I.	Holding company	USD 1,200,000	USD 1,200,000	1,200,000	100.00 %	USD 3,451,791	(USD 205,775)	(Note a)	Associate
Dynamic Time	Optoma (China&HK) Ltd.	HK	Marketing and after sales service of Optoma in Hong Kong and the Asia-Pacific region	USD 309,546	USD 309,546	2,400,000	100.00 %	USD 373,355	(HKD 541,624)	(Note a)	Associate
Optoma Europe	Optoma Deutschland GmbH	Germany	Marketing and after sales service of Optoma in European region	EUR 958,000	EUR 958,000	-	100.00 %	GBP 2,194,713	EUR 523,418	(Note a)	Associate
Optoma Europe	Optoma France	France	Marketing and after sales service of Optoma in European region	GBP 67,376	GBP 67,376	-	100.00 %	GBP 574,756	EUR 12,081	(Note a)	Associate
Optoma Europe	Optoma Scandinavia A.S.	Norway	Marketing and after sales service of Optoma in European region	GBP 8,260	GBP 8,260	100	100.00 %	GBP 582,213	NOK 337,394	(Note a)	Associate
Optoma Europe	Optoma Espana, S.L.	Spain	Marketing and after sales service of Optoma in European region	EUR 103,006	EUR 103,006	5,150,280	100.00 %	GBP 611,014	EUR 66,496	(Note a)	Associate
Optoma Europe	Optoma Benelux B.V.	Netherlands	Marketing and after sales service of Optoma in European region	EUR 18,000	EUR 18,000	18,000	100.00 %	GBP 623,124	EUR 8,938	(Note a)	Associate
Young Lighting Technology	Young Lighting Limited	Samoa	Holding company	118,134	118,134	3,907,000	100.00 %	(531,538)	(75,663)	(Note a)	Associate
Young Lighting Limited	Young Lighting (HK)	HK	Holding company	USD 847,000	USD 847,000	847	100.00 %	USD 228,388	USD 2,278	(Note a)	Associate
Young Lighting Limited	YLG Limited	Samoa	Holding company	USD 3,060,000	USD 3,060,000	3,060,000	51.00 %	(USD 84,111)	USD 905,944	(Note a)	Associate
Young Lighting Limited	Brightbridge	Samoa	Holding company	USD 1	USD 1	29,500,000	100.00 %	(USD 10,129,363)	(USD 1,665,893)	(Note a)	Associate
Young Lighting Limited	Crystal Word	Samoa	Holding company	USD 1	USD 1	22,258,000	100.00 %	(USD 7,580,783)	(USD 1,256,300)	(Note a)	Associate
Coretronic Intelligent Cloud Service Corp. (Original name "Coretronic System Engineering Corporation")	Coretronic System Engineering Limited	Samoa	Holding company	USD 1,500,000	USD 1,500,000	1,500,000	100.00 %	(7,014)	(USD 49,482)	(Note a)	Associate
Coretronic System Engineering Limited	Coretronic System Engineering (HK)	HK	Holding company	USD 1,500,000	USD 1,500,000	1,500,000	100.00 %	(USD 231,776)	(USD 49,482)	(Note a)	Associate

Note a: The share of profit/loss of associates were recognized by the holding company.

ATTACHMENT 7 : (Investment in Mainland China as of September 30, 2017)
(Except for Coretronic (Suzhou), the certain information is based on the unreviewed financial statements)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2017	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2017	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized	Carrying value as of September 30, 2017	Accumulated inward remittance of earnings as of September 30, 2017
					Outflow	Inflow						
Coretronic Projection (Kunshan)	Digital projectors, LCD monitors and related components of the research and development, processing, manufacturing and sales of the company's products and engaged in after-sales maintenance services	\$ 1,525,064 (USD46,000,000)	Indirect investment from the third region (Greendale)	\$ 1,525,064 (USD46,000,000)	\$ -	\$ -	\$ 1,525,064 (USD46,000,000)	\$ 213,728	100.00%	\$ 213,728	\$ 4,386,036	\$ -
Technology Service (Kunshan)	LCD monitor maintenance and technical services	13,259 (USD400,000)	Indirect investment from the third region (Greendale)	13,259 (USD400,000)	-	-	13,259 (USD400,000)	619	100.00%	619	19,942	-
Coretronic Optics (Kunshan)	Production and sales of projector module products and spectrometer	RMB10,000,000	Indirect investment from the Mainland China subsidiary (CPC)	-	-	-	-	5,332	100.00%	5,332	50,890	-
Vimax (Kunshan)	Design, research and development and production of projectors, sales of the company's own products and provide after sales maintenance services for self-produced and non-self-produced products	62,252 (USD1,800,000)	Indirect investment from the third region (Mat Limited)	62,252 (USD1,800,000)	-	-	62,252 (USD1,800,000)	227,833	100.00%	227,833	1,078,415	-
Coretronic (Suzhou)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	660,657 (USD20,000,000)	Indirect investment from the third region (Wisdom Success HK)	271,297 (USD8,000,000)	-	-	271,297 (USD8,000,000)	329,773	100.00%	329,773	3,432,536	-
Coretronic Optotech (Suzhou)	Research and development, manufacturing and processing optical components such as backlight module, LCD module, LCD TV and panel display, Sales of the company's own products and provide after-sales maintenance services	390,000 (USD 12,000,000)	Indirect investment from the third region (Wisdom Success HK)	-	-	-	-	136,376	100.00%	136,376	682,302	-
Coretronic (Shanghai)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide related after-sales maintenance services	257,829 (USD8,000,000)	Indirect investment from the third region (Bigshine HK)	95,254 (USD3,000,000)	-	-	95,254 (USD3,000,000)	(42,604)	100.00%	(42,604)	343,993	-
Coretronic (Nanjing)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide related after-sales maintenance services	160,883 (USD5,000,000)	Indirect investment from the third region (Investdragon HK)	96,263 (USD3,000,000)	-	-	96,263 (USD3,000,000)	(5,211)	100.00%	(5,211)	110,793	-
Coretronic Display (Suzhou)	Research and development, manufacturing panel modules and related components of the business, sales of the company's own production and provide related after-sales maintenance services	1,547,564 (USD51,758,000)	Indirect investment from the third region (Brightbridge and Crystal Word)	88,972 (USD2,967,283)	-	-	88,972 (USD2,967,283)	(124,222)	100.00%	(124,222)	(559,470)	-
Coretronic (Ningbo)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide related after-sales maintenance services	650,050 (USD20,000,000)	Indirect investment from the third region (Lead Bright HK)	151,490 (USD4,700,000)	-	-	151,490 (USD4,700,000)	21,878	100.00%	21,878	3,236,194	-
Young Bright Optical (Suzhou)	Research and development, processing, manufacturing backlight optical film products	1,178,240 (USD36,000,000)	Indirect investment from the third region (Core-Flex)	759,827 (USD23,260,000)	-	-	759,827 (USD23,260,000)	52,263	100.00%	52,263	355,298	-
Nano Precision (Suzhou)	Manufacture and sale of acrylic panels and light guide plate	426,839 (USD13,300,000)	Indirect investment from the third region (Great Pride HK)	330,478 (USD10,392,880)	-	-	330,478 (USD10,392,880)	156,446	100.00%	156,446	1,975,507	-
Nano Display (Suzhou)	Research and development, manufacturing backlight module related components, sales of the company's own products and provide related after-sales maintenance services	92,088 (USD2,800,000)	Indirect investment from the third region (Great Pride HK)	-	-	-	-	(6,633)	100.00%	(6,633)	203,147	-
Coretronic (Guangzhou)	Research and development, manufacturing backlight module related components, sales of the company's own products and provide related after-sales maintenance services	417,580 (USD13,000,000)	Indirect investment from the third region (Elite View HK)	29,020 (USD1,000,000)	-	-	29,020 (USD1,000,000)	(13,982)	100.00%	(13,982)	1,080,721	-
Nano Precision (Nanjing)	Manufacture and sale of acrylic panels and light guide plate	217,659 (USD6,800,000)	Indirect investment from the third region (Nano Precision)	119,025 (USD3,700,000)	-	-	119,025 (USD3,700,000)	(2,995)	100.00%	(2,995)	280,151	-
Nano Display (Guangzhou)	Research and development, processing, manufacture of liquid crystal display light guide plate, the sale of the company's products and provide related services	238,740 (USD7,800,000)	Indirect investment from the third region (Nano Display)	9,820 (USD308,797)	-	-	9,820 (USD308,797)	(127)	100.00%	(127)	422,409	-
YLG Optotech	Research and development, processing, manufacturing display components, sales of production for products and provide after-sales service	USD 6,000,000	Indirect investment from the third region (YLG Limited)	USD 3,060,000	-	-	USD 3,060,000	27,579	51.00%	14,065	(2,561)	-
Coretronic System Engineering (Shanghai)	Contractor in intelligent building engineering and provide related services to customers	USD 1,500,000	Indirect investment from the third region (Coretronic System Engineering HK)	USD 1,500,000	-	-	USD 1,500,000	1,500	100.00%	1,500	(7,014)	-
Boom Power Electronics (Suzhou)	Research and development, production and sales of cold cathode tube drive and related products	USD 1,000,000	Indirect investment from the third region (Boom Power)	USD 1,000,000	-	-	USD 1,000,000	8,915	100.00%	8,915	80,387	-

Accumulated investment in Mainland China as of September 30, 2017 (Note a), (Note b)	Investment amounts authorized by Investment Commission, MOEA (Note b)	Upper limit on investment
\$3,612,114 (USD110,418,960)	\$3,358,945 (USD110,418,960)	\$12,443,269

Note a: To use historical currency rates.

Note b: The investment amounts in Flying Success had been not remitted to Coretronic Corporation in the event of liquidation in December, 2012, and related registration processes for Investment Commission, MOEA were not applicable.

Note c: To use the currency rate 1 USD = 30.26 NT\$ as of September 30, 2017.

ATTACHMENT 7-1 (Investment in Mainland China as of September 30, 2017)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2017	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2017	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note a)	Carrying value as of September 30, 2017 (Note a)	Accumulated inward remittance of earnings as of September 30, 2017
					Outflow	Inflow						
Young Optics (Kunshan)	Researching and developing, manufacturing of engine and related optics electronic equipment	\$727,119 (USD 22,200,000) (Note c and Note d)	Indirect investment from the third region (Best Alpha and Grace China)	\$164,450 (USD 5,000,000)	\$ -	\$ -	\$164,450 (USD 5,000,000)	\$(5,173) (-USD 156,401)	100.00%	\$(5,173) (-USD 156,401)	\$1,280,769 (USD 42,325,472)	\$74,505 (USD 2,457,289) (Note b and Note i~j)
Young Optics (Suzhou)	Researching and developing, manufacturing of engine and related optics electronic equipment	33,951 (USD 1,000,000)	Indirect investment from the third region (Best Alpha)	33,951 (USD 1,000,000)	-	-	33,951 (USD 1,000,000)	31,126 (USD 1,011,721)	100.00%	31,126 (USD 1,011,721)	499,516 (USD 16,507,456)	1,127,708 (USD 24,763,701 and RMB 80,635,502) (Note b and Note e~h)

Accumulated investment in Mainland China as of September 30, 2017 (Note b)	Investment amounts authorized by Investment Commission, MOEA (Note b)	Upper limit on investment
\$198,401 (USD 6,000,000)	\$233,101 (USD 7,020,000)	\$2,019,661

Note a: The investments were fully consolidated in accordance with the Regulations.

Note b: To use historical currency rates.

Note c: Young Optics (Kunshan) invested USD 9,800 thousand through capitalization of earnings in 2007. Best Alpha Investments Limited invested USD 2,300 thousand.

Note d: Young Optics (Kunshan) invested USD 1,300 thousand through capitalization of earnings in April 2009. Grace China Investments Limited invested USD 824,850. Best Alpha Investments Limited invested USD 2,975,150.

Note e: Best Alpha Investments Limited received cash dividends amounted to USD 20,235,299 for distribution profits from Young Optics (Suzhou) in 2011 and had remitted it back to Young Optics.

Note f: Best Alpha Investments Limited received cash dividends amounted to RMB 27,691,452 and USD 4,509,641 for distribution profits from Young Optics (Suzhou) in 2014. The RMB 24,922,307 of them had been remitted back to Young Optics.

Note g: Best Alpha Investments Limited received cash dividends amounted to RMB 52,944,050 for distribution profits from Young Optics (Suzhou) in 2015 and had remitted it back to Young Optics.

Note h: Best Alpha Investments Limited received cash dividends amounted to USD 4,528,402 for distribution profits from Young Optics (Suzhou) in 2017 and had remitted it back to Young Optics.

Note i: Best Alpha Investments Limited received cash dividends amounted to USD 603,264 for distribution profits from Young Optics (Kunshan) in 2017 and had remitted it back to Young Optics.

Note j: Grace China Investments Limited received cash dividends amounted to USD 1,854,024 for distribution profits from Young Optics (Kunshan) in 2017 and had remitted it back to Young Optics.

ATTACHMENT7-2(Investment in Mainland China as of September 30, 2017)

(The information is based on the unreviewed financial statements)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2017	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2017	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note a)	Carrying value as of September 30, 2017	Accumulated inward remittance of earnings as of September 30, 2017
					Outflow	Inflow						
Optoma China	Marketing and after-sales service of Optoma's technology products in the Mainland China	\$ 38,412 (USD1,200,000)	Indirect investment from the third region (Modern Smart)	\$38,412 (USD1,200,000)	\$ -	\$ -	\$ 38,412 (USD1,200,000)	\$ (6,483) (RMB 1,466,745)	100.00%	\$ (6,483) (RMB 1,466,745)	\$ 62,779 RMB 13,769,133	\$ -

Accumulated investment in Mainland China as of September 30, 2017 (Note b)	Investment amounts authorized by Investment Commission, MOEA (Note b)	Upper limit on investment (Note c)
\$38,412 (USD1,200,000)	\$176,798 (USD5,900,000) (Note d)	\$676,150

Note a : The investment income (loss) were determined based on the following basis:

- 1.The financial report was audited and certified by an international accounting firm in cooperation with an R.O.C. accounting firm.
- 2.The financial statements was certificated by the CPA of the parent company in Taiwan.
- 3.Other: The financial statements were not audited by the CPA.

Note b : To use historical currency rates.

Note c : Based on Regulations Governing the Approval of Investment or Technical Cooperation in Mainland Chian promulgated by Investment Commission, MOEA.

Note d : LIULI and LIULI(HK) had disposed the shares of Tou Ming Si Kao (Shanghai) on March 21, 2011. The related registration processes were completed on September 13, 2011, and reported to Investment Commission, MOEA. The investment amounts have no change when the amounts had been not remitted to Optoma.

ATTACHMENT8 (Financial instrument and derivative transaction as of September 30, 2017)

(The certain information is based on the unreviewed financial statements)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investment company	Account item	Financial Product	Type	Contract expiry date	Contract amount	Book value	Fair value	Note
Coretronic Corporation	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Buying USD	From Oct, 2017 to Jan, 2018	USD 101,000,000	\$ 18,724	\$ 18,724	Note a
Coretronic Corporation	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	Oct, 2017	USD 50,000,000	(9,075)	(9,075)	Note a
Coretronic Corporation	Hedging derivative financial assets (liabilities), current	Forward foreign exchange contract	Buying USD	From Oct, 2017 to May, 2018	USD 321,000,000	(90,088)	(90,088)	Note a
Coretronic Corporation	Hedging derivative financial assets (liabilities), current	Forward foreign exchange contract	Selling USD	From Oct, 2017 to May, 2018	USD 321,000,000	97,721	97,721	Note a
Young Lighting Technology	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Buying USD	From Oct, 2017 to Jan, 2018	USD 63,000,000	14,508	14,508	Note b
Young Lighting Technology	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	Oct, 2017	USD 65,000,000	(9,652)	(9,652)	Note b
Young Lighting Technology	Hedging derivative financial assets (liabilities), current	Forward foreign exchange contract	Buying USD	From Oct, 2017 to May, 2018	USD 136,500,000	(3,424)	(3,424)	Note b
Young Lighting Technology	Hedging derivative financial assets (liabilities), current	Forward foreign exchange contract	Selling USD	From Oct, 2017 to May, 2018	USD 136,500,000	4,996	4,996	Note b
Coretronic (Suzhou)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From Oct, 2017 to Mar, 2018	USD 44,000,000	18,283	18,283	Note c
Coretronic (Suzhou)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Buying USD	From Oct, 2017	USD 7,000,000	70	70	Note c
Nano Precision (Suzhou)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From Oct, 2017 to Mar, 2018	USD 14,000,000	4,163	4,163	Note d
Optoma Corporation	Financial assets at fair value through profit or loss, current	Forward cross currency contract	—	From Nov to Dec, 2017	USD 7,500,000	1,222	1,222	Note e
Optoma Corporation	Financial liabilities at fair value through profit or loss, current	Forward cross currency contract	—	From Oct to Dec, 2017	USD 15,000,000	(1,093)	(1,093)	Note e
Optoma Europe	Financial assets at fair value through profit or loss, current	Forward foreign exchange contract	Buy GBP / Sell EUR	From Oct to Nov, 2017	EUR 10,500,000	7,303	7,303	Note f
Optoma Europe	Financial liabilities at fair value through profit or loss, current	Forward foreign exchange contract	Sell GBP / Buy USD	From Oct to Dec, 2017	USD 17,500,000	(10,660)	(10,660)	Note f
Optoma USA	Financial liabilities at fair value through profit or loss, current	Forward foreign exchange contract	Sell CAD / Buy USD	Nov, 2017	CAD 350,000	(46)	(46)	Note g
Dynamic Time	Hedging derivative financial liabilities, current	Forward foreign exchange contract	Sell GBP / Buy USD	From Oct to Dec, 2017	GBP 5,500,000	(5,404)	(5,404)	Note h

Note a : Coretronic Corporation entered into forward foreign exchange contracts and acquired realized loss amounted to NT\$16,779 thousand for the nine months ended September 30, 2017.

Note b : Young Lighting Technology entered into forward foreign exchange contracts and acquired realized loss amounted to NT\$28,879 thousand for the nine months ended September 30, 2017.

Note c : Coretronic (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$39,987 thousand for the nine months ended September 30, 2017.

Note d : Nano Precision (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$17,823 thousand for the nine months ended September 30, 2017.

Note e : Optoma Corporation entered into forward cross currency contracts and acquired realized loss amounted to NT\$25,922 thousand for the nine months ended September 30, 2017.

Note f : Optoma Europe Limited entered into forward foreign exchange contracts and acquired realized loss amounted to NT\$49,693 thousand for the nine months ended September 30, 2017.

Note g : Optoma Technology, Inc. entered into forward foreign exchange contracts and acquired realized loss amounted to NT\$0 thousand for the nine months ended September 30, 2017.

Note h : Dynamic Time Investments Limited entered into forward foreign exchange contracts and acquired realized loss amounted to NT\$9,578 thousand for the nine months ended September 30, 2017.

ATTACHMENT 9 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the nine months ended September 30, 2017)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee company	Name of securities	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal				Ending Balance	
					Units / shares	Amount	Units / shares	Amount	Units / shares	Selling Price	Carrying Amount	Gain (Loss) from disposal (Note)	Units / shares	Amount
Young Optics (Kunshan)	RMB Structured Deposit of Liduoduo	Acquisition of debt investments with no active market-current	Shanghai Pudong Development Bank	-	-	\$ -	-	RMB100,000,000	-	\$ -	RMB100,000,000	RMB300,364	-	\$ -
Young Optics (Kunshan)	BOC guaranteed financial	Acquisition of debt investments with no active market-current	Bank of China	-	-	-	-	RMB80,000,000	-	-	RMB80,000,000	RMB549,645	-	-
Young Optics (Suzhou)	Yun Tong Fortune Increasing S Profits Financial Products	Financial assets at fair value through profit or loss, current	Bank of Communications	-	-	-	-	RMB 60,000,000	-	-	RMB 60,000,000	RMB392,427	-	-
Young Optics (Suzhou)	Yun Tong wealth win to fortune daily	Acquisition of debt investments with no active market-current	Bank of Communications	-	-	-	-	RMB 110,000,000	-	-	RMB 110,000,000	RMB853,690	-	-

Note : To be recognized in interest revenue.