CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
WITH
REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016

Address: No.11, Lixing Rd., East Dist., Hsinchu City 300, Taiwan (R.O.C.)
Telephone: +886-3-577-2000

EY 安永
Building a better working world

安永聯合會計師事務所
30078 新竹市新竹科學園區力行一路1號E-3
E-3, No.1, Lixing 1st Rd., Hsinchu Science Park
Hsinchu City, Taiwan, R.O.C.

Tel: 886 3 688 5678
Fax: 886 3 688 6000
www.ey.com/taiwan

Independent Auditors' Report

To Coretronic Corporation

Opinion

We have audited the accompanying consolidated balance sheets of Coretronic Corporation and its subsidiaries ("the Group") as of December 31, 2017 and 2016, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2017 and 2016, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter – Making Reference to the Audits of Component Auditors section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2017 and 2016, and its consolidated financial performance and cash flows for the years ended December 31, 2017 and 2016, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2017 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation for inventories

The Group recognized the allowance write-down of inventories amounted to NT$495,326 thousand for the year ended December 31, 2017. Due to the rapid technological changes and innovation for projectors, backlight, and FPD-related products, management estimates the write-down of inventories. Considering the amount of inventories was significant and the assessment of the amount of inventories write-downs requires the management's important judgement, we determined this is a key audit matter. Our audit procedures included, but not limited to, evaluating and testing the design and operating effectiveness of internal controls around inventories; evaluating the methodologies and assumptions used, including the reasonableness of the allowance write-down of inventories; testing the source of the basic data, including the aging and net realizable value of inventories, and recalculating its correctness; evaluating the overall adequacy of the allowance write-down of inventories through analytical review procedures. We also assessed the adequacy of disclosures of inventories. Please refer to Notes 5 and 6 to the Group's consolidated financial statements.

Maintenance warranties for products

The Group recognized the provision of maintenance warranties for products amounted to NT$742,629 thousand for the year ended December 31, 2017, the provision was based on the experience of maintenance warranties for products, management judges and estimates the provision of maintenance warranties. Considering the assessment of the amount of the provision of maintenance warranties requires the management's important judgement, we determined this is a key audit matter. Our audit procedures included, but not limited to, evaluating and testing the design and operating effectiveness of internal controls around the provision ratio of maintenance warranties; evaluating the reasonableness of accounting policies on the provision of maintenance warranties; testing the selected samples for the provision of maintenance warranties and confirming that whether to comply with the accounting policies; testing the source of the basic data. We also assessed the adequacy of disclosures of the provision of maintenance warranties for products. Please refer to Notes 5 and 6 to the Group's consolidated financial statements.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain consolidated subsidiary whose statements are based solely on the reports of other auditors. Total assets of the consolidated subsidiary amounted to NT$95,736 thousand, representing 0.18% of consolidated total assets as of December 31, 2017, and total operating revenues amounted to NT$14,497 thousand, representing 0.03% of the consolidated total operating revenues for the years ended December 31, 2017. We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of other auditors. These associates and joint ventures under equity method amounted to NT$0 thousand and NT$30,646 thousand, representing 0 % and 0.06% of consolidated total assets as of December 31, 2017 and 2016, respectively. The related shares of loss from the associates and joint ventures under the equity method amounted to NT$2,942 thousand and NT$2,046 thousand, representing (0.13)% and (0.08)% of the consolidated net income before tax for the years ended December 31, 2017 and 2016, respectively.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Group. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2017 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Others

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended December 31, 2017 and 2016.

Ernst & Young

Ernst & Young, Taiwan

Taiwan
Republic of China

January 29, 2018

Notice to Readers

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2017 and 2016

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Note	December 31, 2017	%	December 31, 2016	%
Current assets					
Cash and cash equivalents	4, 6(1)	$ 17,966,117	34.54	$ 15,302,189	30.39
Financial assets at fair value through profit or loss-current	4, 6(2)	67,435	0.13	171,055	0.34
Hedging derivative financial assets-current	4, 6(2), 12	147,519	0.29	146,604	0.29
Note receivables, net	4, 6(5)	131,232	0.25	54,056	0.11
Trade receivables, net	4, 6(6)	16,366,797	31.46	17,534,750	34.82
Trade receivables-related parties, net	4, 6(6), 7	1,374	-	229	-
Other receivables	4, 8	625,469	1.20	390,446	0.78
Current tax assets	4, 5, 6(23)	6,570	0.01	12,985	0.02
Inventories, net	4, 5, 6(7)	7,903,924	15.20	7,175,756	14.25
Prepayments		581,456	1.12	467,257	0.93
Other current assets		146,811	0.28	184,701	0.37
Total current assets		43,944,704	84.48	41,440,028	82.30
Non-current assets					
Available-for-sale financial assets-noncurrent	4, 6(3)	-	-	54,962	0.11
Financial assets measured at cost-noncurrent	4, 6(4)	315,029	0.61	327,480	0.65
Investments accounted for using the equity method	4, 6(8)	-	-	30,646	0.06
Property, plant and equipment, net	4, 6(9)	6,760,253	13.00	7,543,772	14.98
Investment property, net	4, 5, 6(10)	184,511	0.34	192,564	0.38
Intangible assets	4, 6(11)	171,728	0.33	120,774	0.24
Deferred tax assets	4, 5, 6(23)	237,983	0.46	241,359	0.48
Net defined benefit assets-noncurrent	5, 6(15)	10,117	0.02	-	-
Other noncurrent assets	8	394,684	0.76	401,844	0.80
Total non-current assets		8,074,305	15.52	8,913,401	17.70
Total assets		$ 52,019,009	100.00	$ 50,353,429	100.00

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English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2017 and 2016

(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Note	December 31, 2017	%	December 31, 2016	%
Current liabilities					
Short-term borrowings	6(12)	$ 8,176,659	15.72	$ 6,622,586	13.15
Financial liabilities at fair value through profit or loss-current	4, 6(13)	66,910	0.13	79,603	0.16
Hedging derivative financial liabilities-current	4, 6(13),12	156,598	0.30	143,274	0.28
Notes payable		581	-	2,777	0.01
Accounts payables		12,850,802	24.70	12,467,378	24.76
Accounts payables-related parties	7	39,911	0.08	40,850	0.08
Other payables		3,928,009	7.56	4,153,319	8.25
Current tax liabilities	4, 5, 6(23)	885,432	1.70	970,288	1.93
Provisions-current	4, 5, 6(16)	967,768	1.86	849,456	1.69
Other current liabilities		625,746	1.20	856,424	1.69
Current portion of long-term borrowings		49,024	0.09	1,875	-
Total current liabilities		27,747,440	53.34	26,187,830	52.00
Non-current liabilities					
Long-term borrowings	6(14)	459,251	0.88	28,125	0.06
Deferred tax liabilities	4, 5, 6(23)	34,246	0.07	62,048	0.12
Net defined benefit liabilities-noncurrent	5, 6(15)	185,387	0.36	297,754	0.59
Other noncurrent liabilities		46,024	0.09	22,997	0.05
Total non-current liabilities		724,908	1.40	410,924	0.82
Total liabilities		28,472,348	54.74	26,598,754	52.82
Equity attributable to owners of the parent					
Share capital					
Common stock	6(17)	4,344,231	8.35	4,344,231	8.63
Capital surplus	6(17)	4,092,423	7.87	4,627,479	9.19
Retained earnings	6(17), 6(22)				
Legal reserve		3,397,480	6.53	3,201,027	6.36
Special reserve		1,962,450	3.77	1,290,820	2.56
Unappropriated retained earning		8,928,344	17.16	8,841,168	17.56
Total retained earnings		14,288,274	27.46	13,333,015	26.48
Other equity		(1,192,827)	(2.29)	(671,630)	(1.33)
Total equity attributable to owners of the parent		21,532,101	41.39	21,633,095	42.97
Non-controlling interests	4, 6(17)	2,014,560	3.87	2,121,580	4.21
Total equity		23,546,661	45.26	23,754,675	47.18
Total liabilities and equity		$ 52,019,009	100.00	$ 50,353,429	100.00

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2017 and 2016

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

Description	Note	For the years ended December 31, 2017	%	For the years ended December 31, 2016	%
Net sales	4, 5, 6(16), 6(18), 7	$ 53,105,303	100.00	$ 57,057,665	100.00
Operating costs	4, 5, 6(7), 6(11), 6(19), 6(20), 7	44,014,785	82.88	47,523,347	83.29
Gross profit		9,090,518	17.12	9,534,318	16.71
Operating expenses	6(11), 6(15), 6(19), 6(20)				
Selling expenses		1,940,482	3.66	1,816,785	3.18
General and Administrative expenses		2,391,602	4.50	2,690,266	4.72
Research and development expenses		3,027,153	5.70	3,055,137	5.35
Total operating expenses		7,359,237	13.86	7,562,188	13.25
Operating income		1,731,281	3.26	1,972,130	3.46
Non-operating income and expenses					
Other income	6(21)	602,050	1.13	625,175	1.09
Other gains and losses	6(21)	69,217	0.13	167,914	0.29
Finance costs	6(21)	(177,224)	(0.33)	(102,292)	(0.18)
Share of loss of associates and joint ventures accounted for using equity method	6(8)	(2,942)	(0.01)	(2,046)	-
Total non-operating income and expenses		491,101	0.92	688,751	1.20
Income before income tax		2,222,382	4.18	2,660,881	4.66
Income tax expense	4, 5, 6(23)	(517,804)	(0.97)	(834,788)	(1.46)
Net income		1,704,578	3.21	1,826,093	3.20
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit pension plans	6(21)	94,550	0.18	(115,948)	(0.20)
Income tax related to items that will not be reclassified	6(22), 6(23)	(16,074)	(0.03)	19,711	0.03
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	6(22)	(594,048)	(1.12)	(1,650,870)	(2.89)
Unrealized gain (loss) on available-for-sale financial assets	6(22)	35,113	0.06	(467)	-
Loss on effective portion of cash flow hedges	6(22)	(12,427)	(0.02)	(5,839)	(0.01)
Income tax related to items that may be reclassified subsequently to profit or loss	6(22), 6(23)	4,442	0.01	1,244	-
Other comprehensive loss, net of tax		(488,444)	(0.92)	(1,752,169)	(3.07)
Total comprehensive income		$ 1,216,134	2.29	$ 73,924	0.13
Net income (loss) for the periods attributable to :					
Shareholders of the parent	6(24)	$ 1,750,627		$ 1,964,534	
Non-controlling interests	6(17), 6(26)	$ (46,049)		$ (138,441)	
Total comprehensive income (loss) for the periods attributable to :					
Shareholders of the parent		$ 1,302,908		$ 319,958	
Non-controlling interests		$ (86,774)		$ (246,034)	
Basic Earnings Per Share (in New Taiwan Dollars)	6(24)	$ 4.03		$ 4.01	
Diluted Earnings Per Share (in New Taiwan Dollars)	6(24)	$ 3.95		$ 3.92	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2017 and 2016

(Amounts in thousands of New Taiwan Dollars)

	Equity attributable to owners of the parent										
			Retained earnings			Other equity					
Description	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earning	Exchange differences on translation of foreign operations	Unrealized losses from available-for-sale financial assets	Effective hedging instrument from cash flow hedge	Total	Non-controlling interests	Total equity
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)	(752)	(60,812)
Changes in subsidiaries' ownership	-	3,271	-	-	-	-	-	-	3,271	11,041	14,312
Appropriation and distribution of 2015 earnings:											
Legal reserve	-	-	190,505	-	(190,505)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(814,543)	-	-	-	(814,543)	-	(814,543)
Net income for the year ended December 31, 2016	-	-	-	-	1,964,534	-	-	-	1,964,534	(138,441)	1,826,093
Other comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	(96,722)	(1,542,792)	(467)	(4,595)	(1,644,576)	(107,593)	(1,752,169)
Total comprehensive income (loss)	-	-	-	-	1,867,812	(1,542,792)	(467)	(4,595)	319,958	(246,034)	73,924
Decrease of non-controlling interests	-	-	-	-	-	-	-	-	-	(34,160)	(34,160)
Balance as of December 31, 2016	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	-	30,586	-	-	-	-	-	-	30,586	89,418	120,004
Changes in subsidiaries' ownership	-	85,993	-	-	-	-	-	-	85,993	(105,232)	(19,239)
Appropriation and distribution of 2016 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 year ended December 31, 2017	-	-	-	-	1,750,627	-	-	-	1,750,627	(46,049)	1,704,578
Other comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	73,478	(548,325)	35,113	(7,985)	(447,719)	(40,725)	(488,444)
Total comprehensive income (loss)	-	-	-	-	1,824,105	(548,325)	35,113	(7,985)	1,302,908	(86,774)	1,216,134
Decrease of non-controlling interests	-	-	-	-	-	-	-	-	-	(4,432)	(4,432)
Balance as of December 31, 2017	$ 4,344,231	$ 4,092,423	$ 3,397,480	$ 1,962,450	$ 8,928,344	$ (1,188,212)	$ -	$ (4,615)	$ 21,532,101	$ 2,014,560	$ 23,546,661

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2017 and 2016

(Amounts in thousands of New Taiwan Dollars)

Description	For the years ended December 31,	
	2017	2016
Cash flows from operating activities :		
Net income before tax	$ 2,222,382	$ 2,660,881
Adjustments for:		
The profit or loss items which did not affect cash flows:		
Bad debt expense	85,207	24,413
Depreciation (including investment property)	1,137,161	1,241,248
Amortization (including other noncurrent assets)	78,326	56,540
Interest expenses	177,224	102,292
Interest income	(304,800)	(255,704)
Dividend income	(2,261)	(7,335)
Transfer of property, plant and equipment to expense	727	2,470
(Gain) loss on disposal of property, plant and equipment	(550)	7,392
Loss on disposal of intangible assets	-	183
Transfer of intangible assets to expense	1,350	797
Gain from bargin purchase	(4,247)	-
Gain on disposal of investments	(27,414)	-
Share of loss of associates and joint ventures accounted for using equity method	2,942	2,046
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	90,927	(89,185)
Impairment of non-financial assets	51,546	103,074
Changes in operating assets and liabilities:		
Notes receivables	(77,176)	60,582
Accounts receivables	1,088,500	2,188,968
Accounts receivables-related parties	(1,145)	5,972
Other receivables	(226,118)	(103,358)
Inventories	(710,306)	(52,225)
Prepayments	(110,968)	264,582
Other current assets	37,890	(15,836)
Notes payables	(2,196)	(2,124)
Accounts payables	375,715	(2,429,249)
Accounts payables-related parties	(939)	15,326
Other payables	(238,604)	(422,728)
Provision-current	118,312	(18,176)
Other current liabilities	(230,678)	119,384
Net defined benefit assets/liabilities	(27,934)	(13,463)
Cash generated from operating activities	3,502,873	3,446,767
Dividend received	2,261	7,335
Interest received	295,940	242,942
Interest paid	(173,495)	(129,200)
Income tax paid	(638,168)	(935,048)
Net cash provided by operating activities	2,989,411	2,632,796

Description	For the years ended December 31,	
	2017	2016
Cash flows from investing activities :		
Acquisition of financial assets at cost	-	(16,192)
Acquisition of investments accounted for using the equity method	-	(29,925)
Acquisition of subsidiaries (net of cash acquires)	(18,271)	(20,531)
Proceeds from disposal of available-for-sale financial assets	113,216	-
Proceeds from disposal of financial assets measured at cost	11,523	-
Acquisition of property, plant and equipment	(542,120)	(647,885)
Proceeds from disposal of property, plant and equipment	51,192	177,632
Acquisition of intangible assets	(74,561)	(31,773)
Proceeds from disposal of intangible assets	897	-
Decrease in other noncurrent assets	7,301	25,883
Net cash used in investing activities	(450,823)	(542,791)
Cash flows from financing activities :		
Increase in short-term borrowings	1,547,351	1,316,871
Increase (decrease) in long-term borrowings	467,272	(300,125)
Reduction of capital	-	(1,086,058)
Increase (decrease) in other noncurrent liabilities	1,627	(4,192)
Cash dividends	(1,520,481)	(814,543)
Acquisition of subsidiaries' ownership	-	(61,110)
Payment on subsidiaries' acquisition of treasury stock	(20,719)	-
Proceeds from disposal of subsidiaries' ownership(without a change of control)	57,685	-
Change in non-controlling interests	63,568	(22,614)
Net cash provided by (used in) financing activities	596,303	(971,771)
Effect of exchange rate changes on cash and cash equivalents	(470,963)	(1,260,795)
Net increase (decrease) in cash and cash equivalents	2,663,928	(142,561)
Cash and cash equivalents at the beginning of the period	15,302,189	15,444,750
Cash and cash equivalents at the end of the period	$ 17,966,117	$ 15,302,189

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

CORETRONIC CORPORATION AND SUBSIDIARIES NOTES
TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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 January 29, 2018.

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 and 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

(To be 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
IFRS 4	Insurance Contracts (Amendment)	January 1, 2018
IAS 40	Investment Property (Amendment)	January 1, 2018
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

Except for the followings, the above standards or interpretations issued by IASB and endorsed by FSC effective from 2018 has no significant impact to the Group's financial condition and operating result based on Group's assessment:

IFRS 15 "Revenue from Contracts with Customers" and 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 recognizes 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: Recognize 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 Group elected to recognize the cumulative effect of initially applying IFRS 15 at the date of initial application (1 January 2018). The Group also elected to apply this standard retrospectively only to contracts that are not completed contracts at the date of initial application.

The Group's principal activities are the sale of goods. The impacts arising from the adoption of IFRS 15 on the Group are summarized as follows:

A. Revenue from sale of goods is currently recognized when goods have been delivered to the buyer. Starting from the date of initial application, in accordance with the requirements of IFRS 15, the Group shall recognize revenue when (or as) the Group satisfies a performance obligation by transferring a promised good to a customer. IFRS 15 has no impact on the Group's revenue recognition from sale of goods. However, for some contracts, part of the consideration was received from customers upon signing the contract, then the Group has the obligation to provide the services subsequently. The Group recognized the consideration received in advance from customers as payment received in advance under other current liabilities. Starting from the date of initial application, in accordance with IFRS 15, it should be recognized as contract liabilities.

B. In accordance with the requirements of IFRS 15, more extensive disclosure would have to be made

<u>IFRS 9 "Financial Instruments"</u>

The 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 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:

A. Classification and measurement of financial assets

a. <u>Available-for-sale financial assets – equity instrument investments</u>
The assessment of the cash flow characteristics will be based on the facts and circumstances that exited as at the date of initial application. As these equity instrument investments are not held-for-trading, the Group elected to designate them as financial assets measured at fair value through other comprehensive income. On the date of initial application, the Group will reclassify available-for-sale financial assets to financial assets measured at fair value through other comprehensive income. Other related adjustments are described as follow:

(a) The stocks of unlisted companies currently measured at cost in accordance with IAS 39. The Group measured at fair value at the date of initial application and will adjust the carrying amount of financial assets measured at fair value through other comprehensive income.

(b) The stocks of listed companies are currently measured at fair value. As at the date of initial application, except for the reclassification to financial assets measured at fair value through other comprehensive income and other equity accounts, no other difference will incur.

b. <u>Available-for-sale financial assets – de-recognition of equity investments measured at fair value</u>
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

IFRS 9, subsequent fair value changes of the aforementioned equity investments are recognized in other comprehensive income and cannot be recycled to profit or loss. Upon de-recognition, the accumulated amounts in other component of equity is reclassified to retained earnings (reclassification to profit or loss is not allowed).

c. Impairment of financial assets

This is applicable to financial assets not measured at fair value through profit or loss. In accordance with 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). The aforementioned requirements on impairment is different from the current incurred loss model and have no material impact on the Group.

Besides, under IFRS 9, impairment assessment is not required for equity instruments. Therefore, as the Group elects to classify certain equity investments as financial assets measured at fair value through other comprehensive income, the Group will reclassify an accumulated impairment loss from retained earnings to other component of equity.

d. Hedge accounting

With respect to the hedge accounting provisions of IFRS 9 Financial Instruments, the Group defers the application of IFRS 9 and will continue to apply IAS 39.

B. Others

Consequential amendments on the related disclosures in IFRS 7 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.

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

Additional disclosure of a reconciliation of the carrying amount of liabilities arising from financing activities at the beginning and end of the period would be required.

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 recognizes 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 Group will prospectively apply the requirements upon initial application and recognition of the related asset, expense or income at the date of initial application.

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

(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 3	Business Combinations	January 1, 2019
IFRS 11	Joint Arrangements	January 1, 2019
IAS 12	Income Taxes	January 1, 2019
IAS 23	Borrowing Costs	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.

IAS 12“Income Taxes”

The amendments clarify that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. The amendments are effective for annual periods beginning on or after 1 January 2019.

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 Group’s consolidated financial statements for the years ended December 31, 2017 and 2016 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and standards, interpretations and amendments issued, revised or amended which are endorsed and became effective by FSC. 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.

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

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

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

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

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.

The consolidated entities are as follows:

			Percentage of Ownership	
Subsidiary	Relationship	Business nature	December 31, 2017	December 31, 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%
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%
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%

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

			Percentage of Ownership	
Subsidiary	Relationship	Business nature	December 31, 2017	December 31, 2016
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%
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%
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.	45.88%	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%

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

			Percentage of Ownership	
Subsidiary	Relationship	Business nature	December 31, 2017	December 31, 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%
Chung Tsen Investment Corp. ("CGT") and its subsidiaries	Subsidiary	CGT is an investment company for strategic purposes.	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%
Coretronic Venture Capital Co. ("CVC")	Subsidiary	The investment activities of company's business expansion.	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%	-

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

			Percentage of Ownership	
Subsidiary	Relationship	Business nature	December 31, 2017	December 31, 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%	-
InnoSpectra Corporation ("ISC")	Subsidiary	ISC is engaged in R&D and marketing of near-infrared spectrum and corresponding solutions.	80.00%	-
Coretronic Intelligent Robotics Corporation ("CIRC")	Subsidiary	CIRC is engaged in R&D, production and marketing of unmanned aerial vehicle and intelligent robotics.	100.00%	-

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 in February 2017. As such, CORE, CGT and Tseng 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 Tseng 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%.

(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 December 31, 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 December 31, 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 December 31, 2017.

(i) CORE made an investment to establish InnoSpectra Corporation (“ISC”) and has completed registration of establishment in December 2017. CORE held 80% ownership of ISC; therefore, ISC has been fully consolidated as of December 31, 2017.

(j) CORE made an investment to establish Coretronic Intelligent Robotics Corporation ("CIRC") and has completed registration of establishment in December 2017. CORE held 100% ownership of ISC; therefore, ISC has been fully consolidated as of December 31, 2017.

(k) Wisdom Success Hong Kong Limited made an investment to establish 100% held subsidiary Coretronic Optics(Suzhou) Co.,Ltd ("WJB") in December 2017. Therefore, WJB has been fully consolidated as of December 31, 2017.

(4) Foreign Currency Transactions

The Group's consolidated financial statements are presented in NT$, which is also the parent group's functional currency. Each entity in the Group determines its functional currency upon its primary economic environment and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

B. Foreign currency items within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are accounted for based on the accounting policy for financial instruments.

C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of Foreign Currency Financial Statements

The assets and liabilities of foreign operations are translated into New Taiwan Dollars at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of foreign operations that result in a loss of control, loss of significant influence or joint control but retain partial equity is considering as disposal.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and Non-Current Distinction

An asset is classified as current when:

A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle

B. The Group holds the asset primarily for the purpose of trading

C. The Group expects to realize the asset within twelve months after the reporting period

D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

A. The Group expects to settle the liability in its normal operating cycle

B. The Group holds the liability primarily for the purpose of trading

C. The liability is due to be settled within twelve months after the reporting period

D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and Cash Equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, including time deposits with original maturities of twelve months or less.

(8) Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Financial assets of the Group are classified as financial assets at fair value through profit or loss, available-for-sale financial assets and loans and receivables. The Group determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss.

A financial asset is classified as held for trading if:

(a) it is acquired or incurred principally for the purpose of selling or repurchasing it in short term;

(b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

(c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss; or a financial asset may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

(a) it eliminates or significantly reduces a measurement or recognition inconsistency; or

(b) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Financial assets at fair value through profit or loss are measured at fair value with changes in fair value recognized in profit or loss. Dividends or interests on financial assets at fair value through profit or loss are recognized in profit or loss (including those received during the period of initial investment).

If financial assets do not have quoted prices in an active market and their fair value cannot be reliably measured, then they are classified as financial assets measured at cost on balance sheet and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

Available-for-sale financial assets

Available-for-sale investments are non-derivative financial assets that are designated as available-for-sale or those not classified as financial assets at fair value through profit or loss, held-to-maturity financial assets, or loans and receivables.

Foreign exchange gains and losses and interest calculated using the effective interest method relating to monetary available-for-sale financial assets, or dividends on an available-for-sale equity instrument, are recognized in profit or loss. Subsequent measurement of available-for-sale financial assets at fair value is recognized in equity until the investment is derecognized, at which time the cumulative gain or loss is recognized in profit or loss.

If equity instrument investments do not have quoted prices in an active market and their fair value cannot be reliably measured, then they are classified as financial assets measured at cost on balance sheet and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group upon initial recognition designates as available for sale, classified as at fair value through profit or loss, or those for which the holder may not recover substantially all of its initial investment.

Loans and receivables are separately presented on the balance sheet as receivables or debt instrument investment for which no active market exists. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or transaction costs. The effective interest method amortization is recognized in profit or loss.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that an individual or a group of financial asset other than the financial assets at fair value through profit or loss is impaired. An individual or a group of financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more loss events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset. The carrying amount of the financial asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. A significant or prolonged decline in the fair value of an available-for-sale equity instrument below its cost is considered a loss event.

Other loss events include:

(a) significant financial difficulty of the issuer or obligor; or

(b) a breach of contract, such as a default or delinquency in interest or principal payments; or

(c) it becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

(d) the disappearance of an active market for that financial asset because of financial difficulties.

For held-to-maturity financial assets and loans and receivables measured at amortized cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial asset that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exits for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. Interest income is accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

In the case of equity instruments classified as available-for-sale, where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss - is removed from other comprehensive income and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recognized in profit or loss. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

Derecognition of financial assets

A financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired

(b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred

(c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

B. Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

A financial liability is classified as held for trading if:

(a) It is acquired or incurred principally for the purpose of selling or repurchasing it in short term.

(b) On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

(c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

(a) it eliminates or significantly reduces a measurement or recognition inconsistency or

(b) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel

Gains or losses on the subsequent measurement of liabilities held for trading including interest paid are recognized in profit or loss.

If the financial liabilities at fair value through profit or loss do not have quoted prices in an active market and their fair value cannot be reliably measured, then they are classified as financial liabilities measured at cost on balance sheet and carried at cost as at the reporting date.

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

C. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Derivative Financial Instrument

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

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

If a cash flow hedge meets the conditions in paragraph 88 of IAS 39 during the period, it shall be accounted for as follows:
(a) the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income; and
(b) the ineffective portion of the gain or loss on the hedging instrument shall be recognized in profit or loss.

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

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

(10) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability; or

B. In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques which are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(11) Inventories

Inventories are stated at acquisition cost, and the cost is measured by standard cost method. The Group considers the normal level of materials, labors, efficiency and equipment capacity when making regular reviews and adjustments according to the current situation.

Inventories are valued at lower of cost and net realizable item. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated cost necessary to make the sale.

(12) Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 “Property, plant and equipment”. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Name	Years
Buildings and facilities	2～50 years
Machinery and equipment	2～10 years
Transportation equipment	4～9 years
Furniture and fixtures	2～10 years
Leasing assets	2～5 years
Leasehold improvement	1～11 years
Miscellaneous equipment	3～15 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets’ residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate, and are treated as changes in accounting estimates.

(13) Investment Property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are measured using the cost model in accordance with the requirements of IAS 16 for that model, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Name	Years
Buildings	10～30 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Assets are transferred to or from investment properties when there is a change in use.

(14) Leases

The Group as a lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in profit or loss.

The leased assets are depreciated against the useful life of the asset, only if it can’t be reasonable determine the group will acquire the ownership off this asset when the leasing period expires, depreciation by which shorter of estimated durability years or Lease period.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

The Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Rent revenues form operation leases is according to straight-line method of lease period. Contingent rental recognize income during the earning of the rent.

(15) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each fiscal year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and is treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in other operating income and expenses.

Developing intangible assets - research and development costs

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

A. The technical feasibility of completing the intangible asset so that it will be available for use or sale

B. Its intention to complete and its ability to use or sell the asset

C. How the asset will generate future economic benefits

D. The availability of resources to complete the asset

E. The ability to measure reliably the expenditure during development

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

Patent rights and trademark rights

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

Computer software

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

(16) Impairment of Non-Financial Assets

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

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

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

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

(17) Provisions

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

Provision for decommissioning, restoration and rehabilitation costs

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

Maintenance warranties

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

Sales returns and allowances

A provision has been recognized for sales returns and allowances based on past experience and other known factors.

(18) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from the sale of goods is recognized when all the following conditions have been satisfied:

A. the significant risks and rewards of ownership of the goods have passed to the buyer;

B. neither continuing managerial involvement nor effective control over the goods sold have been retained;

C. the amount of revenue can be measured reliably;

D. it is probable that the economic benefits associated with the transaction will flow to the entity; and

E. the costs incurred in respect of the transaction can be measured reliably.

Interest income

For all financial assets measured at amortized cost (including loans and receivables and held-to-maturity financial assets) and available-for-sale financial assets, interest income is recorded using the effective interest rate method and recognized in profit or loss.

Dividends

Revenue is recognized when the Group’s right to receive the payment is established.

(19) Post-Employment Benefits

All regular employees of the Group and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee’s name in the specific bank account and hence, not associated with the Group and its domestic subsidiaries. Therefore, fund assets are not included in the Group’s consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Group and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Group recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Remeasurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

A. The date of the plan amendment or curtailment; and

B. The date that the Group recognizes related restructuring or termination costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(20) Income Tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

Income tax on unappropriated earnings (excluding earnings from foreign consolidated subsidiaries) at a rate of 10% is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

Deferred tax

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

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

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

B. In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

B. In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(21) Business Combinations and Goodwill

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

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

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

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IAS 39 "Financial Instruments: Recognition and Measurement" either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

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

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

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

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group’s consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(1) Judgement

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

A. Investment properties

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

B. Operating lease commitments – the Group for lessor

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

(2) Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

B. Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Group uses judgment and estimates to determine the net realizable value of inventory at the end of each reporting period.

Due to the rapid technological changes, the Group estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventories is mainly determined based on assumptions of future demand within a specific time period, therefore material adjustments may occur. Please refer to Note 6(7).

C. Impairment of nonfinancial assets

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

D. Pension benefits

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

E. Maintenance warranties

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

F. Revenue recognition - sales returns and allowance

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the sales. Please refer to Note 6(18) for more details.

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

G. Income tax

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

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

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and Cash Equivalents

	December 31,	
	2017	2016
Cash on hand, savings and checking accounts	$3,934,756	$4,233,486
Time deposits	13,971,352	11,068,703
Cash Equivalents	60,009	-
Total	$17,966,117	$15,302,189

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

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

	December 31, 2017	December 31, 2016
Held for trading		
Derivative not designated as hedging instruments		
Forward foreign exchange contracts	$67,435	$162,609
Forward cross currency contracts	-	8,446
Subtotal	$67,435	$171,055
Current	$67,435	$171,055
Noncurrent	-	-
Total	$67,435	$171,055

	December 31, 2017	December 31, 2016
Derivative designated as hedging instruments		
Forward foreign exchange contracts	$147,519	$146,604
Current	$147,519	$146,604
Noncurrent	-	-
Total	$147,519	$146,604

Financial assets held for trading were not pledged. Please refer to Note 12 for more detail.

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

	December 31, 2017	December 31, 2016
Stocks－Celxpert Energy Corporation	$-	$54,962

Available-for-sale financial assets were not pledged.

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

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

	December 31,	
	2017	2016
Available-For-Sale Financial Assets		
SHIEH YONG INVESTMENT Co., LTD.	$210,787	$210,787
Unitech Capital, Inc.	56,946	61,710
Excel Global Limited ("Excel")	26,389	26,389
Nightingale Intelligent System, Inc.	17,966	17,966
GLO AB	2,720	2,720
Maxiam Ventures I Inc.	221	221
View Sonic Corp.	-	7,687
Total	$315,029	$327,480

Venture Orient sold financial assets measured at cost with carrying amount NT$7,687 thousand and recognized disposal gain NT$1,692 thousand during the year of 2017.

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

(5) Notes Receivables

	December 31,	
	2017	2016
Notes Receivable - arose from Operating activities	$131,232	$54,056

Notes receivables were not pledged.

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

(6) Trade Receivables and Trade Receivables-Related Parties

	December 31,	
	2017	2016
Trade receivable	$16,496,404	$17,579,127
Less: allowance for doubtful accounts	(129,607)	(44,377)
Subtotal	16,366,797	17,534,750
Trade receivables for related parties	1,374	229
Total	$16,368,171	$17,534,979

Trade receivables were not pledged.

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

	Collectively impaired
As of January 1, 2017	$44,377
Charge for the current period	85,207
Write-off for uncollectable accounts	-
Exchange differences	23
As of December 31, 2017	$129,607
As of January 1, 2016	$37,091
Charge for the current period	24,413
Write-off for uncollectable accounts	(15,219)
Exchange differences	(1,908)
As of December 31, 2016	$44,377

There is no impairment loss as a result of individual valuation of trade receivables for the years ended December 31, 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:

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

		Past due but not impaired					
As of	Neither past due nor impaired	1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 121 days	Total
December 31, 2017	$14,796,037	$1,456,816	$66,629	$25,903	$14,987	$7,799	$16,368,171
December 31, 2016	$15,616,365	$1,753,693	$141,710	$15,779	$3,453	$3,979	$17,534,979

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 December 31, 2017 and 2016, the Group has no outstanding discounted trade receivables which were deducted from trade receivables. The credit line of factoring contracts provided by CTBC Bank and Taishin Bank are both US$80,000 thousand.

(7) Inventories

	December 31,	
	2017	2016
Raw materials and Supplies	$4,579,258	$4,024,837
Work in process	191,537	508,276
Finished goods	3,133,129	2,642,643
Total	$7,903,924	$7,175,756

The cost of inventories recognized in expenses amounted to NT$44,014,785 thousand and NT$47,523,347 thousand for the years ended December 31, 2017 and 2016, including the write-down of inventories and obsolescence loss of NT$207,794 thousand and NT$245,361 thousand, respectively.

The allowance write-down of inventories amounts to NT$495,326 thousand and NT$486,063 thousand as of December 31, 2017 and 2016, respectively.

No inventories were pledged.

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

(8) Investments Accounted for Using the Equity Method

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

	December 31, 2017	
Investees	Carrying Amount	Percentage of ownership (%)
Investments in associates:		
Genejet Biotech Co., Ltd. (“Genejet”)	$-	19.51%

	December 31, 2016	
Investees	Carrying Amount	Percentage of ownership (%)
Investments in associates:		
Genejet Biotech Co., Ltd. (“Genejet”)	$30,646	19.51%

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 Group recognized share of profit or loss of these associates and joint ventures in the amount of NT$2,942 thousand and NT$2,046 thousand as of December 31, 2017 and 2016, respectively.

For continued worsening in operating condition, CVC assessed investment in Genejet was impaired and recognized an impairment loss of NT$27,704 thousand in 2017.

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

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

(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	43,410	100,678	35,043	1,786	403	54,564	113,801	164,265	515,716
Acquisitions through business combinations	13,339	-	790	1,011	25	-	51	1,578	-	16,794
Disposals	-	(57,149)	(472,922)	(80,354)	(26,377)	-	(54,146)	(266,599)	(135)	(957,682)
Transfers	-	248,192	571,623	(30,901)	1,716	-	8,967	(336,072)	(313,638)	149,887
Exchange differences	352	(69,051)	(97,057)	(1,073)	(2,069)	(161)	(17,584)	(23,107)	(3,832)	(213,582)
As of December 31, 2017	$39,357	$6,884,919	$5,345,544	$473,982	$53,885	$2,250	$846,746	$1,833,359	$44,795	$15,524,837
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	-	55,805	82,556	24,308	3,261	-	49,842	236,100	196,013	647,885
Acquisitions through business combinations	-	24	10	-	-	-	-	1,432	-	1,466
Disposals	-	(7,222)	(495,017)	(114,758)	(12,730)	-	(127,926)	(235,473)	-	(993,126)
Transfers	-	31,825	(436,077)	1,936	195	-	5,409	146,885	(234,644)	(484,471)
Exchange differences	-	(254,266)	(399,480)	(43,684)	(7,112)	(36)	(72,045)	(183,597)	(3,014)	(963,234)
As of December 31, 2016	$23,900	$6,719,517	$5,242,432	$550,256	$78,804	$2,008	$854,894	$2,343,758	$198,135	$16,013,704
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	-	330,969	504,864	38,371	6,930	74	83,284	164,616	-	1,129,108
Disposals	-	(57,116)	(429,104)	(78,589)	(25,479)	-	(51,730)	(265,022)	-	(907,040)
Transfers	-	193,866	80,258	(14,827)	-	-	(168)	(108,515)	-	150,614
Impairment losses	-	-	23,842	-	-	-	-	-	-	23,842
Exchange differences	-	(20,732)	(51,465)	(180)	(1,742)	(157)	(19,335)	(8,261)	-	(101,872)
As of December 31, 2017	$-	$2,837,306	$3,244,250	$380,631	$41,066	$1,925	$717,313	$1,542,093	$-	$8,764,584
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	-	295,633	514,706	44,435	7,163	-	103,028	268,231	-	1,233,196
Disposals	-	(6,309)	(365,347)	(96,315)	(11,983)	-	(112,664)	(215,484)	-	(808,102)
Transfers	-	-	(386,564)	-	-	-	-	(12,631)	-	(399,195)
Impairment losses	-	316	59,803	969	279	-	6,770	16,328	-	84,465
Exchange differences	-	(95,057)	(232,894)	(35,871)	(5,527)	(36)	(52,876)	(135,276)	-	(557,537)
As of December 31, 2016	$-	$2,390,319	$3,115,855	$435,856	$61,357	$2,008	$705,262	$1,759,275	$-	$8,469,932
Net carrying amounts as of:										
As of December 31, 2017	$39,357	$4,047,613	$2,101,294	$93,351	$12,819	$325	$129,433	$291,266	$44,795	$6,760,253
As of December 31, 2016	$23,900	$4,329,198	$2,126,577	$114,400	$17,447	$-	$149,632	$584,483	$198,135	$7,543,772

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

The Group evaluated the economic benefits for property, plant and equipment. The impairment loss for the years ended December 31, 2017 and 2016 was NT$23,842 thousand and NT$84,465 thousand, respectively and has been recognized in the Statements of comprehensive income, the items are as follows:

	December 31,	
	2017	2016
Property, Plant and Equipment		
Buildings	$-	$316
Machinery and equipment	23,842	59,803
Office fixtures	-	969
Transportation equipment	-	279
Leasehold improvement	-	6,770
Other Equipment	-	16,328
Total	$23,842	$84,465

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

(10) Investment Property

	Buildings
Cost:	
As of January 1, 2017	$244,538
Additions from acquisitions	-
Additions from subsequent expenditure	-
Disposals	-
As of December 31, 2017	$244,538
As of January 1, 2016	$244,538
Additions from acquisitions	-
Additions from subsequent expenditure	-
Disposals	-
As of December 31, 2016	$244,538

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

	Buildings
Depreciation and Impairment:	
As of January 1, 2017	$51,974
Depreciation	8,053
As of December 31, 2017	$60,027
As of January 1, 2016	$43,922
Depreciation	8,052
As of December 31, 2016	$51,974
Net carry amount as of:	
December 31, 2017	$184,511
December 31, 2016	$192,564

	December 31,	
	2017	2016
Rental income from investment property	$4,221	$2,070
Less:		
Direct operating expenses from investment property generating rental income	(8,053)	(8,052)
Total	$(3,832)	$(5,982)

No investment property was pledged. Please refer to Note 8 for more details.

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

	December 31,	
	2017	2016
Fair value of the investment property	$217,000	$226,300
Discount rates	4.095%	4.095%
Growth rates	0.4%	0.5%

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

(11) Intangible Assets

	Trade marks	Patents	Software	IPs	Goodwill	other	Total
Cost:							
As of January 1, 2017	$104,054	$16,045	$129,449	$59,786	$5,940	$49,681	$364,955
Acquisitions through business combinations	-	-	-	-	-	52,396	52,396
Additions	-	-	38,534	-	-	36,027	74,561
Disposals	-	-	(30,410)	-	-	(51,534)	(81,944)
Transfers	-	-	-	(1,904)	-	(1,350)	(3,254)
Exchange differences	(249)	(22)	(404)	-	-	889	214
As of December 31, 2017	$103,805	$16,023	$137,169	$57,882	$5,940	$86,109	$406,928
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	-	-	10,832	9,524	-	11,417	31,773
Disposals	-	-	(27,465)	-	-	-	(27,465)
Transfers	-	-	-	-	-	(797)	(797)
Exchange differences	(58)	(62)	(2,553)	-	-	(56)	(2,729)
As of December 31, 2016	$104,054	$16,045	$129,449	$59,786	$5,940	$49,681	$364,955
Amortization and Impairment:							
As of January 1, 2017	$84,994	$6,750	$99,881	$8,242	$-	$44,314	$244,181
Amortization	3,761	1,155	25,826	18,988	-	22,990	72,720
Disposals	-	-	(29,513)	-	-	(51,534)	(81,047)
Exchange differences	(41)	(3)	(317)	-	-	(293)	(654)
As of December 31, 2017	$88,714	$7,902	$95,877	$27,230	$-	$15,477	$235,200
As of January 1, 2016	$81,225	$5,623	$101,551	$-	$-	$33,909	$222,308
Amortization	3,773	1,131	27,216	8,242	-	10,391	50,753
Disposals	-	-	(27,282)	-	-	-	(27,282)
Exchange differences	(4)	(4)	(1,604)	-	-	14	(1,598)
As of December 31, 2016	$84,994	$6,750	$99,881	$8,242	$-	$44,314	$244,181
Net carrying amount as of:							
As of December 31, 2017	$15,091	$8,121	$41,292	$30,652	$5,940	$70,632	$171,728
As of December 31, 2016	$19,060	$9,295	$29,568	$51,544	$5,940	$5,367	$120,774

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

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

	December 31,	
	2017	2016
Operating Cost	$9,405	$10,309
Selling expenses	6,756	7,364
Administrative expense	23,124	16,796
Research and development expenses	33,435	16,284
Total	$72,720	$50,753

(12) Short-Term Borrowings

	December 31,	
	2017	2016
Unsecured bank loans	$8,176,659	$6,622,586
Interest rates (%)	0.69%~2.92%	0.72%~1.92%

The Group's unused short-term lines of credits amounted to NT$36,364,752 thousand and NT$39,472,895 thousand as of December 31, 2017 and 2016, respectively.

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

	December 31,	
	2017	2016
Derivatives not designated as hedging Instruments - Current		
Forward exchange contracts	$62,762	$79,603
Forward cross currency contracts	4,148	-
Total	$66,910	$79,603

	December 31,	
	2017	2016
Derivative designated as hedging instruments		
Forward foreign exchange contracts	$156,598	$143,274

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

(14) Long-Term Borrowings

Details of long-term borrowings are as follow:

Lenders	As of December 31, 2017	Interest Rate (%)	Maturity date and terms of repayment
Secured long-term borrowings from First bank	$28,125	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	7,889	2.45%	Effective from May 2016. Principle is repaid 108 monthly.
Secured long-term borrowings from Lombard Co.	1,593	4.11%	Effective from July 8, 2015. Principle is repaid 48 monthly.
Secured long-term borrowings from Lombard Co.	668	3.81%	Effective from January 5, 2017. Principle is repaid 36 monthly.
Less: current portion	(49,024)		
Total	$459,251		

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	$28,125		

The Group's unused long-term lines of credits amounted to NT$461,738 thousand and NT$4,537,500 thousand as of December 31, 2017 and 2016, respectively.

(15) Post-Employment Benefits

Defined contribution plan

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

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

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

Expenses under the defined contribution plan for the years ended December 31, 2017 and 2016 are NT$468,991 thousand and NT$458,982 thousand, respectively.

Defined benefits plan

The Group and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Group and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Group and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Group and its domestic subsidiaries will make up the difference in one appropriation before the end of March the following year.

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

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Group does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT$14,218 thousand to its defined benefit plan during the 12 months beginning after December 31, 2017.

The weighted average duration of the defined benefits plan obligation was 14.6 to 17.61years and 13.97 to 19.69 years as of December 31, 2017 and 2016, respectively.

Pension costs recognized in profit or loss are as follows:

	December 31,	
	2017	2016
Current service costs	$1,562	$1,925
Net interest on the net defined benefit liabilities (assets)	9,054	10,311
Expect return on plan assets	(5,051)	(6,795)
Settlement profit	(18,813)	-
Total	$(13,248)	$5,441

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

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

	December 31,		January 1,
	2017	2016	2016
Present value of defined benefit obligation	$541,301	$658,244	$550,305
Plan assets at fair value	(366,031)	(360,490)	(355,036)
Net defined benefit liabilities(assets)	$175,270	$297,754	$195,269
Other non-current liabilities －Carrying amount on the net defined benefit liabilities	$185,387	$297,754	$195,269
Other non-current assets －Carrying amount on the net defined benefit assets	$(10,117)	$-	$-

Reconciliations of net defined benefit liabilities (assets) are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
As of January 1, 2016	$550,305	$355,036	$195,269
Current Service Cost	1,925	-	1,925
Interest expense (revenue)	10,311	6,795	3,516
Settlement profit or loss	-	-	-
Subtotal	562,541	361,831	200,710

(To be continued)

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

(Continued)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Remeasurements of the defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	103,114	-	103,114
Experience adjustments	8,581	(4,253)	12,834
Subtotal	111,695	(4,253)	115,948
Paid pension	(15,992)	(12,371)	(3,621)
Contributions by employer	-	15,283	(15,283)
Other	-	-	-
As of December 31, 2016	$658,244	$360,490	$297,754
As of January 1, 2017	$658,244	$360,490	$297,754
Current Service Cost	1,562	-	1,562
Interest expense (revenue)	9,054	5,051	4,003
Settlement profit or loss	(18,813)	-	(18,813)
Subtotal	650,047	365,541	284,506
Remeasurements of the defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(92,649)	(76)	(92,573)
Experience adjustments	(3,417)	(1,440)	(1,977)
Subtotal	(96,066)	(1,516)	(94,550)
Paid pension	(12,680)	(12,545)	(135)
Contributions by employer	-	14,551	(14,551)
Other	-	-	-
As of December 31, 2017	$541,301	$366,031	$175,270

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

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

	December 31, 2017	December 31, 2016
Discount rate	1.625%	1.125%~1.50%
Expected rate of salary increases	1.00%~5.00%	1.00%~5.00%

Sensitivity analysis of significant assumptions is as follows:

	December 31, 2017		December 31, 2016	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.25%	$-	$18,838	$-	$24,496
Discount rate decrease by 0.25%	19,809	-	25,682	-
Future salary increase by 0.25%	19,004	-	24,456	-
Future salary decrease by 0.25%	-	18,274	-	23,471

The sensitivity analysis above is based on a change in one significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

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

(16) Provisions

	Maintenance warranties	Sales returns and allowances	total
As of January 1, 2017	$655,919	$193,537	$849,456
Arising during the period	420,732	206,786	627,518
Utilized during the period	(252,158)	(168,175)	(420,333)
Unused provision reversed	(78,828)	(987)	(79,815)
Effect of exchange rate changes	(3,036)	(6,022)	(9,058)
As of December 31, 2017	$742,629	$225,139	$967,768
Current－As of December 31, 2017	$742,629	$225,139	$967,768
Non-Current－As of December 31, 2017	-	-	-
As of December 31, 2017	$742,629	$225,139	$967,768
Current－As of December 31, 2016	$655,919	$193,537	$849,456
Non-Current－As of December 31, 2016	-	-	-
As of December 31, 2016	$655,919	$193,537	$849,456

Maintenance warranties

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

Sales returns and allowances

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

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

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.

B. Capital surplus

	December 31,	
	2017	2016
Additional paid-in capital	$3,786,212	$4,437,847
Treasury Stock transactions	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	102,411	71,825
Changes in ownership interests in subsidiaries	89,231	3,238
Total	$4,092,423	$4,627,479

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 Incorportaion, 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.

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.

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

Details of the 2016 and 2015 earnings distribution and dividends per share as approved and resolved by the Board of Directors' meeting and shareholders' 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:

	December 31,	
	2017	2016
Beginning balance	$2,121,580	$2,391,485
Profit (loss) attributable to non-controlling interests	(46,049)	(138,441)
Other comprehensive income (loss) attributable to non-controlling interests, net of tax:		
Exchange differences on translation of foreign operations	(45,723)	(108,078)

(To be continued)

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

(Continued)

	December 31, 2017	December 31, 2016
Remeasurements of defined benefit plans	4,998	485
Acquisition or disposal of the interest of subsidiaries	89,418	(752)
Changes in subsidiaries' ownership	(105,232)	11,041
Cash dividends	(4,432)	(34,160)
Ending balance	$2,014,560	$2,121,580

(18) Operating Income

	Year ended December, 2017	Year ended December, 2016
Sale of goods	$52,900,639	$56,757,871
Less: Sales returns, discounts and allowances	(1,132,275)	(1,174,917)
Revenue arising from rendering of services	452,469	741,822
Other Operating revenues	884,470	732,889
Total	$53,105,303	$57,057,665

(19) Operating Lease

A. Operating lease commitments - the Group as lessee

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

Location	Current annual rent	Lease period
Hsinchu Science Industrial Park	$6,498	2017.07.01-2136.12.31
Jhunan Science Park	3,916	2001.07.01-2020.12.31
Tainan Science Industrial Park	8,458	2003.11.01-2022.12.31

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

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

	December 31,	
	2017	2016
Not later than one year	$63,825	$80,536
Later than one year but not later than five years	183,031	132,089
Later than five years	143,275	155,763
Total	$390,131	$368,388

Operating lease expense as follow:

	Year ended December,	
	2017	2016
Minimum lease payments	$345,971	$360,607

B. Operating lease commitments - the Group as lessor

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

Future minimum rentals receivable under non-cancellable operating leases as at December 31, 2017 and 2016, are as follows:

	December 31,	
	2017	2016
Not later than one year	$13,822	$12,843
Later than one year but not later than five years	6,372	12,702
Later than five years	-	423
Total	$20,194	$25,968

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

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

	Year ended December 31					
	2017			2016		
	Operating Cost	Operating expenses	Total amount	Operating Cost	Operating expenses	Total amount
Employee benefits expense	$4,598,867	$4,495,932	$9,094,799	$4,753,460	$4,649,747	$9,403,207
Salaries	3,830,502	3,914,707	7,745,209	3,966,768	4,037,314	8,004,082
Labor and health insurance	212,023	284,688	496,711	174,062	286,360	460,422
Pension	289,343	166,400	455,743	273,269	191,154	464,423
Other employee benefits expense	266,999	130,137	397,136	339,361	134,919	474,280
Depreciation	811,356	288,266	1,099,622	961,950	246,742	1,208,692
Amortization	17,006	61,320	78,326	14,753	41,787	56,540

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 year ended December 31, 2017 and 2016, and the amounts of employees' compensation was $256,596 thousand and $305,945 thousand, respectively. 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.

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

A resolution was approved at a Board of Directors' meeting held on January 29, 2018 to distribute NT$256,596 thousand in cash as employees' compensation.

CORE estimated the amounts of the employee bonuses for the year ended December 31, 2016 to be NT$305,945 thousand. No material differences exist between the estimated amount and the actual distribution of the employee bonuses for the year ended December 31, 2016.

(21) Non-Operating Income and Expenses

A. Other income

	Year ended December 31,	
	2017	2016
Interest income	$304,800	$255,704
Rental income	41,417	38,006
Dividend income	2,261	7,335
Other	253,572	324,130
Total	$602,050	$625,175

B. Other gains and losses

	Year ended December 31,	
	2017	2016
Gain (losses) on disposal of property, plant and equipment	$550	$(7,392)
Gain (losses) on disposal of investment	27,414	(1,852)
Foreign exchange gain (losses), net	286,920	(140,591)
Impairment loss	(51,546)	(103,074)
(Loss) gains on financial assets at fair value through profit or loss	(158,390)	439,268
Other loss	(35,731)	(18,445)
Total	$69,217	$167,914

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

C. Finance cost

	Year ended December 31,	
	2017	2016
Interest on borrowings from bank	$177,224	$102,292

(22) Components of Other Comprehensive Income

For the year ended December 31, 2017

	Arising during the period	Adjustment during the period	Income tax income (expense)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:				
Remeasurements of defined benefit plans	$94,550	$-	$(16,074)	$78,476
To be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	(594,048)	-	-	(594,048)
Unrealized losses from available-for-sale financial assets	43,508	(8,395)	-	35,113
(Loss) gain on effective portion of cash flow hedges	(7,577)	(4,850)	4,442	(7,985)
Total of other comprehensive income	$(463,567)	$(13,245)	$(11,632)	$(488,444)

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

For the year ended December 31, 2016

	Arising during the period	Adjustment during the period	Income tax income (expense)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:				
Remeasurements of defined benefit plans	$(115,948)	$-	$19,711	$(96,237)
To be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	(1,650,870)	-	-	(1,650,870)
Unrealized losses from available-for-sale financial assets	(467)	-	-	(467)
(Loss) gain on effective portion of cash flow hedges	2,279	(8,118)	1,244	(4,595)
Total of other comprehensive income	$(1,765,006)	$(8,118)	$20,955	$(1,752,169)

(23) Income Tax

The major components of income tax expense are as follows:

Income tax expense (income) recognized in profit or loss

	Year ended December 31, 2017	Year ended December 31, 2016
Current income tax expense (income):		
Current income tax charge	$593,074	$815,215
Adjustments in respect of current income tax of prior periods	(29,759)	(9,325)
Deferred tax expense (income):		
Deferred tax (income) expense relating to origination and reversal of temporary differences	(102,461)	32,043

(To be continued)

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

(Continued)

	Year ended December 31, 2017	Year ended December 31, 2016
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	1,580	(46,515)
Tax (income) expense recognized in the period for previously unrecognized tax loss, tax credit or temporary difference of prior periods	(1,449)	46,898
Deferred tax expense (income) arising from write-down or reversal of write-down of deferred tax asset	55,402	(5,307)
Other	1,417	1,779
Total income tax expense	$517,804	$834,788

Income tax relating to components of other comprehensive income

	Year ended December 31, 2017	Year ended December 31, 2016
Deferred income tax income (expense):		
Unrealized loss of cash flow hedges	$4,442	$1,244
Remeasurements of defined benefit plans	(16,074)	19,711
Total	$(11,632)	$20,955

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

	Year ended December 31, 2017	Year ended December 31, 2016
Accounting profit before tax from continuing operations	$2,222,382	$2,660,881
Tax at the domestic rates applicable to profits in the country concerned	$800,936	$978,059
Tax effect of expenses not deductible for tax purposes	(242,351)	(241,881)
Tax effect of deferred tax assets/liabilities	25,613	33,113

(To be continued)

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

(Continued)

	Year ended December 31, 2017	Year ended December 31, 2016
10 % surtax on undistributed retained earnings	13,088	101,509
Operating loss carryforward	(25,459)	(22,274)
Investment tax credits	(40,888)	(9,072)
Adjustments in respect of current income tax of prior periods	(29,759)	(9,325)
Other	16,624	4,659
Total income tax expense recognized in profit or loss	$517,804	$834,788

Deferred tax assets (liabilities) related to the following:

For the year ended December 31, 2017

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Business combination	Ending balance
Temporary differences						
Unrealized allowance for inventory obsolescence	$15,700	$18,744	$-	$(553)	$-	$33,891
Depreciation difference for tax purpose	3,328	(4,295)	-	(602)	-	(1,569)
Unrealized intragroup profits and losses	38,986	9,177	-	(158)	-	48,005
Net unrealized exchange gains or losses	(34,907)	40,825	-	-	-	5,918
Provisions - maintenance warranties	20,169	7,974	-	(890)	-	27,253
Provision-sales returns and allowances	22,932	4,199	-	(260)	-	26,871
Impairment on property, plant and equipment	4,614	-	-	-	-	4,614
Defined benefit liabilities-noncurrent	50,198	(4,704)	(16,074)	-	-	29,420
Investments accounted for using the equity method	(54,874)	31,071	-	-	-	(23,803)
Accrued expense of tax differences	67,317	(25,482)	-	(687)	-	41,148
Allowance for bad debts	614	(470)	-	184	-	328
Cash flow hedges	(321)	-	4,442	-	-	4,121

(To be continued)

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

(Continued)

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Business combination	Ending balance
Others	5,321	(18,592)	-	316	(5,865)	(18,820)
Unused tax losses	7,255	5,505	-	-	-	12,760
Foreign unused tax losses	32,979	(17,024)	-	(2,355)	-	13,600
Deferred tax (expense) income		$46,928	$(11,632)	$(5,005)	$(5,865)	
Net deferred tax assets (liabilities)	$179,311					$203,737
Reflected in balance sheet as follows:						
Deferred tax assets	$241,359					$237,983
Deferred tax liabilities	$(62,048)					$(34,246)

For the year ended December 31, 2016

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Temporary differences					
Unrealized allowance for inventory obsolescence	$17,496	$(1,717)	$-	$(79)	$15,700
Depreciation difference for tax purpose	3,559	(164)	-	(67)	3,328
Unrealized intragroup profits and losses	38,903	106	-	(23)	38,986
Net unrealized exchange gains or losses	(2,264)	(32,645)	-	2	(34,907)
Provisions - maintenance warranties	15,224	5,114	-	(169)	20,169
Provision-sales returns and allowances	19,394	3,635	-	(97)	22,932
Impairment on property, plant and equipment	5,523	(909)	-	-	4,614
Defined benefit liabilities-noncurrent	32,801	(2,314)	19,711	-	50,198
Investments accounted for using the equity method	(44,672)	(10,202)	-	-	(54,874)
Accrued expense of tax differences	56,983	10,619	-	(285)	67,317
Allowance for bad debts	27	463	-	124	614

(To be continued)

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

(Continued)

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Cash flow hedges	(1,565)	-	1,244	-	(321)
Others	8	5,328	-	(15)	5,321
Unused tax losses	8,560	(1,305)	-	-	7,255
Foreign unused tax losses	36,883	(3,128)	-	(776)	32,979
Deferred tax (expense) income		$(27,119)	$20,955	$(1,385)	
Net deferred tax assets (liabilities)	$186,860				$179,311
Reflected in balance sheet as follows:					
Deferred tax assets	$239,440				$241,359
Deferred tax liabilities	$(52,580)				$(62,048)

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

For the year ended December 31, 2017

Accumulated loss	Unutilized accumulated loss	Expiration Year
$83,884	$23,688	2018
44,478	44,478	2019
6,304	6,304	2020
210	210	2021
168,925	42,067	2022
7,678	-	2025
261,292	254,974	2026
35,323	35,323	2027(Expected)
$608,094	$407,044	

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

For the year ended December 31, 2016

Accumulated loss	Unutilized accumulated loss	Expiration Year
$83,884	$23,688	2018
44,478	44,478	2019
6,304	6,304	2020
210	210	2021
172,876	48,100	2022
7,678	-	2025
261,180	261,180	2026(Expected)
$576,610	$383,960	

CORE and its domestic subsidiaries have no unused investment tax credit as of December 31, 2017 and 2016.

Unrecognized deferred tax assets

As of December 31, 2017 and 2016, deferred tax assets that have not been recognized amount to NT$331,364 thousand and NT$342,091 thousand, respectively.

Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Group did not recognize deferred tax liabilities associated with tax payable for unremitted earnings of the Group's overseas subsidiaries, as the Group has determined that not all distributed profits of its subsidiaries will be distributed in the foreseeable future. As of December 31, 2017 and 2016, the amount of taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities were NT$16,850,792 thousand and NT$14,920,958 thousand, respectively.

Imputation credit information

	December 31,	
	2017	2016
Balances of imputation credit amounts	$752,013	$852,065

The expected creditable ratio for 2017 and the actual creditable ratio for 2016 were 8.98% and 10.00%, respectively.

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

Unappropriated retained earnings:

	December 31,	
	2017	2016
Earnings generated in and before 1997	$43,393	$43,393
Earnings generated in and after 1998	8,884,951	8,797,775
Total	$8,928,344	$8,841,168

The assessment of income tax returns

As of December 31, 2017 the assessment of the income tax returns of the Group and its subsidiaries is as follows:

	The assessment of income tax returns
CORE	Assessed and approved up to 2014
TYO	Assessed and approved up to 2015
Optoma	Assessed and approved up to 2015
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 Optical Corp.	Assessed and approved up to 2015
CICS	Assessed and approved up to 2015
CVC	Assessed and approved up to 2015

(24) Earnings Per Share

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

	Year ended December 31,	
	2017	2016
Basic earnings per share		
Profit attributable to ordinary shareholders of the parent (in thousand NT$)	$1,750,627	$1,964,534
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	434,423	490,506
Basic earnings per share (NT$)	$4.03	$4.01

	Year ended December 31,	
	2017	2016
A. Diluted earnings per share		
Profit attributable to ordinary shareholders of the parent after dilution (in thousand NT$)	$1,750,627	$1,964,534
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	434,423	490,506
Effect of dilution:		
Employee Bonus－stock (in thousand)	9,161	10,081
Weighted average number of ordinary shares outstanding after dilution (in thousand)	443,584	500,587
Diluted earnings per share (NT$)	$3.95	$3.92

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

(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.

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

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:

	Fair value recognized on the acquisition date
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	(-)
Identifiable net assets	$24,104

Goodwill of Mejiro Genossen Inc. is as follows:

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

Cash flow for acquisition:

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

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.

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

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:

	Fair value recognized on the acquisition date
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
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	(5,865)
Identifiable net assets	$44,088

Gain from bargain purchase of CAL is as follows:

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

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

Cash flow for acquisition:

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

From the date of acquisition to December 31, 2017, revenues and loss before income tax from Calibre UK Ltd. attributable to the Group as a going concern amounted to NT$14,497 thousand and NT$20,889 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$53,130,596 thousand and NT$2,209,071 thousand, respectively.

(26) Subsidiaries that have Material Non-Controlling Interests

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

Percentage of equity interest held by non-controlling interests:

Subsidiary	Country of incorporation and operation	December 31, 2017	December 31, 2016
Young Optics Inc.	Taiwan	54.12%	53.48%

	December 31, 2017	December 31, 2016
Accumulated balance of material non-controlling interests		
Young Optics, Inc.	$1,830,848	$1,919,871

	December 31, 2017	December 31, 2016
Profit allocated to material non-controlling interest		
Young Optics, Inc.	$(78,846)	$(109,861)

	December 31, 2017	December 31, 2016
Dividends paid to material non-controlling interests		
Young Optics Inc.	$-	$34,160

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

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 year ended December 31, 2017:

	Young Optics Inc.
Operating revenue	$4,455,012
Loss for the period from continuing operations	(148,191)
Total comprehensive income for the period	(207,319)

Summarized information of profit or loss for the year ended December 31, 2016:

	Young Optics Inc.
Operating revenue	$4,115,786
Loss for the period from continuing operations	(202,293)
Total comprehensive income for the period	(379,531)

Summarized information of financial position as of December 31, 2017:

	Young Optics Inc.
Current assets	$3,116,813
Non-current assets	2,264,930
Current liabilities	(1,524,075)
Non-current liabilities	(480,774)

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

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

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

Summarized cash flow information for the year ended December 31, 2017:

	Young Optics Inc.
Operating activities	$(10,394)
Investing activities	(231,302)
Financing activities	(146,288)
Net decrease in cash and cash equivalents	(424,395)

Summarized cash flow information for the year ended December 31, 2016:

	Young Optics Inc.
Operating activities	$52,240
Investing activities	(124,628)
Financing activities	447,514
Net increase in cash and cash equivalents	208,181

7. Related Party Transactions

(1) Relaty Party Name and Catagories

Related Party Name	Related Party Catagories
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

(2) Significant transactions with related parties

A. Sales

	Year ended December 31,	
	2017	2016
DongGuan Guan Zhi	$11,555	$24,913

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

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

	Year ended December 31,	
	2017	2016
DongGuan Guan Zhi	$72	$851
Gunze	245,062	256,723
Total	$245,134	$257,574

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

	December 31, 2017	December 31, 2016
DongGuan Guan Zhi	$1,374	$229

D. Accounts Payable from Related Parties

	December 31, 2017	December 31, 2016
Gunze	$39,911	$40,850

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 December 31, 2017.

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

F. Key Management Personnel Compensation

	December 31, 2017	December 31, 2016
Short-term employee benefits	$130,603	$184,087
Post-employment benefits	1,524	4,633
Total	$132,127	$188,720

8. Assets Pledged As Collateral

The following assets of the Group pledged as collateral:

	Carrying amount		
Assets pledged as collateral	December 31, 2017	December 31, 2016	Purpose of pledge
Land	$13,501	$-	Collateral for long-term borrowings
Buildings (including investment property)	801,133	836,348	Collateral for long-term borrowings
Time deposits (shown as “Other receivables”)	24,166	23,393	Lease execution deposits
Time deposits (shown as “Other receivables”)	9,718	19,367	Customs import guarantee
Bank deposits (Shown as “Other receivables”)	8,928	9,675	Derivative execution deposits
Bank deposits (Shown as “Other receivables”)	2,063	-	Export tax guarantee
Time deposits (shown as “Other receivables”)	1,438	-	Subsidy performance guarantee
Time deposits (shown as “Other noncurrent assets”)	20,765	20,761	Lease execution deposits
Time deposits (shown as “Other noncurrent assets”)	1,058	1,050	Customs import guarantee
Total	$882,770	$910,594	

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

9. Commitments and Contingencies

Amounts available under unused letters of credit as of December 31, 2017 are NT$79,493 thousand.

10. Losses due to Major Disasters

None.

11. Significant Subsequent Events

On January 18 2018, it was announced by the Legislative Yuan that the Income Tax Law in the R.O.C. was amended and, starting from 2018, the corporate income tax rate will be adjusted from 17% to 20%. After the change of the tax rates, the deferred tax assets and deferred tax liabilities recognized as of December 31, 2017 are expected to be adjusted and would increased by NT$41,997 thousand and NT$6,043 thousand, respectively, in 2018.

12. Others

(1) Categories of Financial Instruments

Financial assets

	December 31,	
	2017	2016
Financial assets at fair value through profit or loss:		
Held for trading	$67,435	$171,055
Available-for-sale financial assets (including financial assets measured at cost)	315,029	382,442
Loans and receivables:		
Cash and cash equivalents (excluding cash on hand)	17,960,942	15,296,435
Note receivables, net	131,232	54,056
Trade receivables, net	16,366,797	17,534,750
Trade receivables from related parties	1,374	229
Other receivables	625,469	390,446
Subtotal	35,085,814	33,275,916
Derivative financial assets for hedging	147,519	146,604
Total	$35,615,797	$33,976,017

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

Financial liabilities

	December 31,	
	2017	2016
Financial liabilities at amortized cost:		
Short-term borrowings	$8,176,659	$6,622,586
Trade payables (including related parties)	12,891,294	12,511,005
Other payables	3,928,009	4,153,319
Long-term borrowings (including current portion)	508,275	30,000
Subtotal	25,504,237	23,316,910
Financial liabilities at fair value through profit or loss:		
Held for trading	66,910	79,603
Derivative financial liability for hedging	156,598	143,274
Total	$25,727,745	$23,539,787

(2) Financial Risk Management Objectives and Policies

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

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

(3) Market Risk

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

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

Foreign currency risk

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

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

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

When NTD appreciates or depreciates against USD by 1%, the profit for the years ended December 31, 2017 and 2016 is decreased/increased by NT$111,403 thousand and NT$140,065 thousand, respectively, the equity is decreased/increased by NT$234,584 thousand and NT$226,503 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.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments and bank borrowings with variable interest rate swaps. At the reporting date, an increase/decrease of 1% of interest rate in a reporting period could cause the profit for the years ended December 31, 2017 and 2016 to decreased/increased by NT$62,450 thousand and NT$59,303 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.

At December 31, 2017 and 2016, a increase/decrease of 1% in the price of the listed equity securities classified as available-for-sale could have an impact of NT$0 thousand and NT$550 thousand on the income or equity attributable to the Group.

(4) Credit Risk Management

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

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

As of December 31, 2017 and 2016, receivables from top ten 67% and 72% of the total trade receivables of the Group, respectively. The credit concentration risk of other accounts receivables was insignificant.

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

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 5years	Total
As of December 31, 2017					
Borrowings	$8,240,580	$339,847	$125,846	$3,155	$8,709,428
Trade payables					
(including related parties)	12,891,294	-	-	-	12,891,294
Other payables	3,928,009	-	-	-	3,928,009
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

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

Derivative financial instruments

	Less than 1 year	1 to 3 years	Total
As of December 31, 2017			
Inflows	$-	$-	$-
Outflows	223,508	-	223,508
Net	$223,508	$-	$223,508
As of December 31, 2016			
Inflows	$-	$-	$-
Outflows	222,877	-	222,877
Net	$222,877	$-	$222,877

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.

(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.

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

(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 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 as follows:

Forward currency contracts and cross currency contracts

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

Item (by contract)	Notional Amount		Contract Period
As of December 31, 2017			
Forward currency contract			
Selling forward currency contracts	USD	210,000 thousand	From January 2018 to July 2018
Buying forward currency contracts	USD	210,500 thousand	From January 2018 to March 2018
Selling forward currency contracts	EUR	14,500 thousand	From January 2018 to February 2018
Selling forward currency contracts	CAD	300 thousand	March 2018
Forward cross currency contract	USD	22,500 thousand	From January 2018 to March 2018
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	EUR	10,000 thousand	From January 2017 to March 2017
Forward cross currency contract	USD	20,500 thousand	From January 2017 to March 2017

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

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:

Item (by contract)	Notional Amount		Contract Period
As of December 31, 2017			
Forward currency contract			
Selling forward currency contracts	USD	369,500 thousand	From January 2018 to September 2018
Buying forward currency contracts	USD	369,500 thousand	From January 2018 to September 2018
Selling forward currency contracts	GBP	5,500 thousand	From January 2018 to March 2018
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

(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

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

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

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

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

	December 31, 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	$-	$67,435	$-	$67,435
Hedging derivative financial assets-current	-	147,519	-	147,519
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward currency contract	-	62,762	-	62,762
Forward cross currency contract	-	4,148	-	4,148
Hedging derivative financial liabilities-current	-	156,598	-	156,598

	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

(To be continued)

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

(Continued)

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Stock	54,962	-	-	54,962
Hedging derivative financial assets-current	-	146,604	-	146,604
Liabilities measured 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

Transfers between the Level 1 and Level 2 during the period

During the years ended December 31, 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

	December 31, 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))	$-	$-	$217,000	$217,000

	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

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

(9) Significant Assets and Liabilities Denominated in Foreign Currencies

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

	December 31, 2017		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary item:			
USD	$1,032,825	29.76	$30,736,872
GBP	13,305	40.11	533,664
JPY	164,149	0.2642	43,368
RMB	3,741	4.5645	17,076
Non-Monetary items			
USD	$1,914	29.76	$56,946
Financial Liabilities			
Monetary items			
USD	$658,486	29.76	$19,596,543
GBP	19,532	40.11	783,429
JPY	56,975	0.2642	15,053

	December 31, 2016		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
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
Financial Liabilities			
Monetary items			
USD	$528,462	32.25	$17,042,900
JPY	22,247	0.2756	6,131

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 and loss was NT$286,920 thousand and NT$140,591 thousand for the years ended December 31, 2017 and 2016, respectively.

(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 year ended December 31, 2017: Please refer to Attachment 1-3.

B. Endorsement/Guarantee provided to others for the year ended December 31, 2017: Please refer to Attachment 1.

C. Securities held as of December 31, 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 year ended December 31, 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 year ended December 31, 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 year ended December 31, 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 year ended December 31, 2017: Please refer to Attachment 3.

H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of December 31, 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, 6-1, 6-2, and 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 and 9.

C. Financial instruments and derivative transactions: Please refer to Attachment 8.

(3) Investment in Mainland China

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

B. Directly or indirectly significant transactions with the investees in Mainland China, please refer to Attachment 5.

14. Segment information

(1)General Information

A. The Group's reportable segments are organized into business units based on their products and services, and that they will be available for managing units to earn revenues and occur expense. Every unit needs unique technologies and marketing strategies, and the Group's chief operating decision maker manages every unit individually. The Group determined its reportable segments based on the Group's internal reports.

B. The Group has three reportable segments:

(a) Energy-saving products segments: mainly engaged in the R&D, 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, 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.

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

(2) Segment income, assets and liabilities information

	Year ended December 31, 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	$28,891,202	$20,250,435	$3,872,681	$53,014,318	$90,985	$-	$53,105,303
Net revenue from sales among intersegments	25,169	53,458	582,331	660,958	897	(661,855)	-
Total revenue	$28,916,371	$20,303,893	$4,455,012	$53,675,276	$91,882	$(661,855)	$53,105,303
Segment income	$943,234	$1,398,027	$(124,929)	$2,216,332	$(2,297)	$8,347	$2,222,382
Segment Assets(Note3)	$-	$-	$-	$-	$-	$52,019,009	$52,019,009

	Year ended December 31, 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	$33,855,300	$19,144,616	$3,445,872	$56,445,788	$611,877	$-	$57,057,665
Net revenue from sales among intersegments	15,872	41,442	669,914	727,228	1,012	(728,240)	-
Total revenue	$33,871,172	$19,186,058	$4,115,786	$57,173,016	$612,889	$(728,240)	$57,057,665
Segment income	$1,375,980	$1,302,474	$(181,839)	$2,496,615	$4,589	$159,677	$2,660,881
Segment Assets(Note3)	$-	$-	$-	$-	$-	$50,353,429	$50,353,429

Note1: Two operating segments did not meet the quantitative thresholds for reportable segments as of December 31, 2017 and 2016, respectively. 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.

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

Note3: If the measurements of the asset were not provided to the decision makers, the amount of the assets to be disclosed by every segment may be expressed as zero and listed as group asset.

	Years ended December 31,	
	2017	2016
Net income of reportable segment	$2,216,332	$2,496,615
Income of other segment	(2,297)	4,589
Unallocated amount:		
Interest income	304,800	255,704
Interest expense	(177,224)	(102,292)
Financial assets at fair value through profit or loss	(158,390)	439,268
Exchange net gain(loss)	286,920	(140,591)
Others	(247,759)	(292,412)
Income before income tax	$2,222,382	$2,660,881

(3) Geographical information

A. Sales to other than consolidated entities

	Years ended December 31,	
	2017	2016
Mainland China (including Hong Kong)	$17,541,082	$17,397,905
Taiwan	12,554,703	13,698,949
United States	4,685,588	4,404,569
Korea	4,311,545	4,227,373
Japan	4,050,421	6,157,804
United Kingdom	3,798,717	3,862,994
Malaysia	2,636,458	3,717,756
Switzerland	1,426,635	1,556,254
Others	2,100,154	2,034,061
Total	$53,105,303	$57,057,665

Sales are presented by customers’ country.

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

B. Non-current assets

	December 31,	
	2017	2016
Taiwan	$3,358,056	$3,521,528
Mainland China (including Hong Kong)	3,646,444	4,318,365
Bangladesh	245,115	259,418
Europe	109,562	7,651
United States	5,318	9,690
Total	$7,364,495	$8,116,652

(4) Major customers information

2017 and 2016 for a single customer sales accounted for more than 10% of net sales are listed below:

None.

ATTACHMENT 1 (Endorsement/Guarantee provided to others for the year ended December 31, 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	Young Lighting Technology	Subsidiary	$ 10,369,391 (Note a)	$ 327,955 (USD10,700 thousands)	$ 276,768 (USD9,300 thousands)	$ 276,768	-	1.33%	$ 20,738,782 (Note a)	Yes	No	No
0	Coretronic	Champ Vision Display	Subsidiary	10,369,391 (Note a)	700,000	700,000	-	-	3.38%	20,738,782 (Note a)	Yes	No	No
0	Coretronic	Suzhou Nano Display	Associate	10,369,391 (Note a)	6,269 (USD200 thousands)	-	-	-	-	20,738,782 (Note a)	Yes	No	Yes
0	Coretronic	Lead Bright (HK)	Associate	10,369,391 (Note a)	156,725 (USD5,000 thousands)	-	-	-	-	20,738,782 (Note a)	Yes	No	No
0	Coretronic	YLG Optotech	Associate	10,369,391 (Note a)	143,874 (USD4,590 thousands)	136,598 (USD4,590 thousands)	98,654	-	0.66%	20,738,782 (Note a)	Yes	No	Yes
0	Coretronic	Coretronic Display (Suzhou)	Associate	10,369,391 (Note a)	306,500 (USD10,000 thousands)	-	-	-	-	20,738,782 (Note a)	Yes	No	Yes
	Total				$ 1,641,323	$ 1,113,366							

Note a: Based on the procedures of endorsement/guarantee provided to others, the amount of endorsements/guarantees for any sigle 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 lastest financial statement.

ATTACHMENT 1-1 (Financing provided to others for the year ended December 31, 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 (Suzhou)	Coretronic System Engineering (Shanghai)	Accounts receivables - related parties	Yes	$ 18,807	$ 18,035	$ 18,035	0.5%	The need for short-term financing	-	Business turnover	-	None	-	$ 3,465,533	$ 3,465,533
1	Coretronic (Suzhou)	Coretronic Display (Suzhou)	Accounts receivables - related parties	Yes	1,028,707	774,265	774,265	0.5%	The need for short-term financing	-	Business turnover	-	None	-	3,465,533	3,465,533
2	Coretronic Projection (Kunshan)	Coretronic Display (Suzhou)	Accounts receivables - related parties	Yes	160,021	159,408	159,408	1%	The need for short-term financing	-	Business turnover	-	None	-	4,158,221	4,158,221
3	Coretronic (Ningbo)	YLG Optotech	Accounts receivables - related parties	Yes	266,433	252,960	252,960	1%	The need for short-term financing	-	Business turnover	-	None	-	3,215,411	3,215,411
3	Coretronic (Ningbo)	Coretronic Display (Suzhou)	Accounts receivables - related parties	Yes	523,768	523,768	523,768	0.5%	The need for short-term financing	-	Business turnover	-	None	-	3,215,411	3,215,411
4	Young Green Energy	Calibre UK Ltd.	Accounts receivables - related parties	Yes	40,410	40,110	40,110	5%	The need for short-term financing	-	Business turnover	-	None	-	84,798	84,798
5	MAT	Brightbridge	Accounts receivables - related parties	Yes	2,718	2,607	2,607	0.5%	The need for short-term financing	-	Business turnover	-	None	-	832,935	832,935
6	Greendale	Coretronic Display (Suzhou)	Accounts receivables - related parties	Yes	266,433	148,800	148,800	1%	The need for short-term financing	-	Business turnover	-	None	-	4,360,007	4,360,007
7	Lead Bright (HK)	Core-Flex	Accounts receivables - related parties	Yes	132,056	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	1,267,506	1,267,506
7	Lead Bright (HK)	Coretronic Display (Suzhou)	Accounts receivables - related parties	Yes	106,470	104,160	104,160	1%	The need for short-term financing	-	Business turnover	-	None	-	3,168,766	3,168,766
8	Bigshine (HK)	Core-Flex	Accounts receivables - related parties	Yes	129,102	126,301	126,301	1%	The need for short-term financing	-	Business turnover	-	None	-	408,236	408,236
9	Dynamic Time	Optoma Corporation	Other receivables - related parties	Yes	501,520	476,160	476,160	-	The need for short-term financing	-	Business turnover	-	None	-	606,260	606,260
9	Dynamic Time	Optoma USA	Other receivables - related parties	Yes	109,708	104,160	104,160	1.01%-1.18%	The need for short-term financing	-	Business turnover	-	None	-	1,515,651	1,515,651
10	Modern Smart	Optoma USA	Other receivables - related parties	Yes	20,374	19,344	19,344	1.01%	The need for short-term financing	-	Business turnover	-	None	-	106,386	106,386
10	Modern Smart	Optoma Corporation	Other receivables - related parties	Yes	20,374	19,344	19,344	-	The need for short-term financing	-	Business turnover	-	None	-	42,554	42,554
11	Masterview	Young Optics (BD)	Other receivables - related parties	Yes	123,813	117,552	117,552	2.25%	The need for short-term financing	-	Business turnover	-	None	-	2,054,083	2,054,083
11	Masterview	Mejiro Genossen Inc.	Other receivables - related parties	Yes	15,021	14,531	14,531	2.5%	The need for short-term financing	-	Business turnover	-	None	-	2,054,083	2,054,083

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 year ended December 31, 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	$ 1,732,767 (Note a)	$ 151,260	$ 151,260	$ 151,260	-	4.36%	$ 3,465,533 (Note a)	No	No	Yes
2	Optoma Corporation	Optoma USA	Subsidiary	601,177 (Note a)	32,736	32,736	32,736	-	2.72%	1,202,354 (Note a)	No	No	No
	Total				$ 183,996	$ 183,996							

Note a: Based on the procedures of endorsement/guarantee provided to others, the amount of endorsements/guarantees for any sigle 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 lastest financial statement.

ATTACHMENT 1-3(Financing provided to others for the year ended December 31, 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 parties	Yes	$ 15,818	$ 6,016	$ 6,016	10%	The need for short-term financing	-	Business turnover	-	None	-	$ 8,295,513 (Note a)	$ 8,295,513 (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 December 31, 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	December 31, 2017				Note
				Shares/Units	Carrying amount	Percentage of ownership (%)	Fair value	
Coretronic Corporation	Maxima Venture I, 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	3.98%	(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 December 31, 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	December 31, 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)	
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	GeneJet Biotech	-	Investments accounted for using the equity method, noncurrent	1,575,000	- (Note b)	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 year ended December 31, 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	$ 4,935,127	25.23%	120 days	-	-	$ 2,110,170	27.49%	
Coretronic Corporation	Young Lighting Technology	Subsidiary	Sales	179,046	0.92%	60 days	-	-	8,506	0.11%	
Coretronic Corporation	Vimax (Kunshan)	Associate	Sales	153,899	0.79%	60 days	-	-	81,248	1.06%	

ATTACHMENT 3-1 (Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock for the year ended December 31, 2017)

(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	$ 383,376	10.34%	60 days	-	-	$ 161,385	26.22 %	
Young Optics	Grace China	Associate	Purchases	2,218,410	76.30%	60~90 days	-	-	(624,844)	(77.25%)	
Young Optics	Aptek Optical	Associate	Sales	339,045	9.14%	60 days	-	-	121,652	19.76 %	
Young Optics (Kunshan)	Coretronic Projection (Kunshan)	Associate	Sales	364,722	12.65 %	90 days	-	-	3,902	0.43 %	
Young Optics (Kunshan)	Coretronic Optics (Kunshan) Corporation	Associate	Sales	206,511	7.02 %	90 days	-	-	144,492	15.92 %	
Young Optics (Kunshan)	Grace China	Associate	Sales	1,991,665	68.60 %	60~90 days	-	-	617,202	68.01 %	
Young Optics (Kunshan)	Grace China	Associate	Purchases	418,936	15.85 %	60 days	-	-	(137,224)	(28.43%)	
Young Optics (Kunshan)	Young Optics (Suzhou)	Associate	Sales	333,641	11.43 %	60 days	-	-	141,053	15.54 %	
Young Optics (Suzhou)	Grace China	Associate	Sales	154,820	26.65 %	60 days	-	-	37,193	36.20 %	
Young Optics(BD)	Grace China	Associate	Sales	292,268	100.00 %	60 days	-	-	82,187	100.00 %	
Young Optics(BD)	Grace China	Associate	Purchases	176,263	89.15 %	60 days	-	-	(309,563)	(100.00%)	
Optoma Corporation	Optoma Europe	Associate	Sales	2,846,298	48.53%	90 days	-	-	962,988	45.64 %	
Optoma Corporation	Optoma USA	Associate	Sales	2,018,863	34.42%	120 days	-	-	971,015	46.02 %	
Optoma China	Vimax (Kunshan)	Associate	Purchases	501,875	44.47%	90 days	-	-	(171,555)	(34.56%)	
Optoma China	Coretronic Projection (Kunshan)	Associate	Purchases	489,448	43.37%	90 days	-	-	(283,922)	(57.19%)	
Young Lighting Technology	Coretronic Projection (Kunshan)	Associate	Purchases	624,754	8.76%	60 days	-	-	(272,060)	(16.90%)	
Young Lighting Technology	YLG Optotech	Associate	Purchases	798,740	11.20%	60 days	-	-	(162,967)	(10.13%)	
Young Lighting Technology	Coretronic (Suzhou)	Associate	Purchases	515,933	7.23%	60 days	-	-	(2)	(0.00%)	
Young Lighting Technology	Coretronic Display (Suzhou)	Associate	Purchases	3,163,996	44.36%	60 days	-	-	(249,514)	(15.50%)	
Nano Precision (Suzhou)	Coretronic (Suzhou)	Associate	Sales	450,441	30.75%	60 days	-	-	86,807	18.36 %	
Nano Precision (Suzhou)	Great Pride (HK)	Associate	Sales	259,848	17.74%	60 days	-	-	119,886	25.35 %	
YLG Optotech	Coretronic Display (Suzhou)	Associate	Sales	334,421	19.64%	60 days	-	-	73,307	26.00%	
Coretronic Projection	Vimax (Kunshan)	Associate	Sales	1,350,855	7.47%	60 days	-	-	718,380	17.09%	
Vimax (Kunshan)	Coretronic Projection (Kunshan)	Associate	Sales	201,775	4.81%	60 days	-	-	155,429	17.46%	
Coretronic Projection	Coretronic Optics (Kunshan) Corporation	Associate	Sales	2,090,699	11.55%	60 days	-	-	496,558	11.82%	
Coretronic Display (Suzhou)	YLG Optotech	Associate	Sales	193,036	2.95%	60 days	-	-	65,336	5.21%	
Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	Associate	Sales	3,488,662	99.95%	60 days	-	-	1,763,223	99.91%	

ATTACHMENT 4 (Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of December 31, 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	$ 2,110,170	2.61	$ -	-	$ -	$ -

ATTACHMENT 4-1 (Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of December 31, 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 receivables:								
Optoma Corporation	Optoma USA	Associate	$ 971,015	2.27	$ -	-	$ -	$ -
Optoma Corporation	Optoma Europe	Associate	962,988	3.32	-	-	-	-
Young Optics	Grace China	Associate	161,385	2.54	-	-	-	-
Young Optics	Aptek Optical	Subsidiary	121,652	4.01	-	-	-	-
Young Optics (Kunshan)	Coretronic Optics (Kunshan)	Associate	144,492	2.86	-	-	-	-
Young Optics (Kunshan)	Grace China	Associate	617,202	3.93	-	-	-	-
Young Optics (Kunshan)	Young Optics (Suzhou)	Associate	141,053	2.21	-	-	-	-
Grace China	Young Optics	Associate	624,844	4.27	-	-	-	-
Grace China	Young Optics (Kunshan)	Associate	137,224	2.95	-	-	-	-
Grace China	Young Optics (BD)	Associate	263,983	0.83	-	-	-	-
Nano Precision (Suzhou)	Great Pride (HK)	Associate	119,886	3.27	-	-	-	-
Vimax (Kunshan)	Optoma China	Associate	171,555	1.82	-	-	-	-
Coretronic Projection (Kunshan)	Vimax (Kunshan)	Associate	718,380	0.99	-	-	-	-
Vimax (Kunshan)	Coretronic Projection (Kunshan)	Associate	155,429	2.48	-	-	-	-
Coretronic Projection (Kunshan)	Optoma China	Associate	283,922	2.84	-	-	-	-
Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)	Associate	496,558	8.42	-	-	-	-
Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	Associate	1,763,223	3.96	-	-	-	-
Other Receivables:								
Coretronic Projection (Kunshan)	Young Lighting Technology	Associate	272,060	-	-	-	-	-
YLG Optotech	Young Lighting Technology	Associate	162,967	-	-	-	-	-
Coretronic Display (Suzhou)	Young Lighting Technology	Associate	249,514	-	-	-	-	-

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	2,110,170	—	4.06%
			1	Sales	4,935,127	—	9.29%
		Optoma Europe	1	Sales	35,197	—	0.07%
		Coretronic(Suzhou)	1	Accounts receivables	1,706,271	—	3.28%
			1	Sales	2,953,514	—	5.56%
		Vimax(Kunshan)	1	Accounts receivables	81,248	—	0.16%
			1	Sales	153,899	—	0.29%
		Nano Precision (Suzhou)	1	Accounts receivables	57,837	—	0.11%
			1	Sales	275,301	—	0.52%
		Young Lighting Technlogy	1	Sales	179,046	—	0.34%
		Greendale	1	Accounts receivables	1,994,608	—	3.83%
			1	Sales	7,345,308	—	13.83%
		Coretronic (Ningbo)	1	Sales	56,240	—	0.11%
		Wisdom Success (HK)	1	Sales	125,105	—	0.24%
		Coretronic Display (Suzhou)	1	Sales	44,043	—	0.08%
		Coretronic Optotech (Suzhou)	1	Accounts receivables	3,407,837	—	6.55%
			1	Sales	11,277,246	—	21.24%
1	Optoma Corporation	Optoma Technology	3	Accounts receivables	971,015	—	1.87%
			3	Sales	2,018,863	—	3.80%
		Optoma Europe	3	Accounts receivables	962,988	—	1.85%
			3	Sales	2,846,298	—	5.36%
2	Young Optics	Grace China	3	Other receivables	62,350	—	0.12%
			3	Accounts receivables	161,385	—	0.31%
			3	Sales	383,376	—	0.72%
		Aptek Optical	3	Accounts receivables	121,652	—	0.23%
			3	Sales	339,045	—	0.64%
3	Grace China	Young Optics	3	Accounts receivables	624,844	—	1.20%
			3	Sales	2,218,410	—	4.18%
		Young Optics(Kunshan)	3	Accounts receivables	137,224	—	0.26%
			3	Sales	418,936	—	0.79%
		Young Optics (BD)	3	Other receivables	86,035	—	0.17%
			3	Accounts receivables	309,563	—	0.51%
			3	Sales	176,263	—	0.33%

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)
4	Young Optics(Kunshan)	Grace China	3	Accounts receivables	617,202	—	1.19%
			3	Sales	1,991,665	—	3.75%
		Young Optics (SuZhou)	3	Accounts receivables	141,053	—	0.27%
			3	Sales	333,641	—	0.63%
		Coretronic Projection (Kunshan)	3	Sales	364,722	—	0.69%
		Coretronic Optics (Kunshan)	3	Accounts receivables	144,492	—	0.28%
			3	Sales	206,511	—	0.39%
5	Dynamic Time	Optoma Corporation	3	Other receivables	476,160	—	0.92%
		Optoma Technology	3	Other receivables	104,665	—	0.20%
6	Optoma China	Coretronic System Engineering (Shanghai)	3	Sales	40,588	—	0.08%
7	Wisdom Success	Coretronic(Suzhou)	3	Accounts receivables	906,988	—	1.74%
			3	Sales	4,099,383	—	7.72%
8	Coretronic(Suzhou)	Coretronic Corporation	2	Accounts receivables	2,805,255	—	5.39%
			2	Sales	1,543,885	—	2.91%
		Wisdom Success	3	Accounts receivables	1,628,350	—	3.13%
			3	Sales	2,255,270	—	4.25%
		Young Lighting Technlogy	3	Sales	519,092	—	0.98%
		Young Bright Optical (SuZhou)	3	Sales	48,869	—	0.09%
		Coretronic Display (Suzhou)	3	Other receivables	775,747	—	1.49%
			3	Sales	46,607	—	0.09%
9	Vimax(Kunshan)	Optoma China	3	Accounts receivables	171,555	—	0.33%
			3	Sales	501,875	—	0.95%
		Coretronic Projection (Kunshan)	3	Accounts receivables	155,429	—	0.30%
			3	Sales	201,775	—	0.38%
10	Technology Service (Kunshan)	Coretronic Corporation	2	Sales	32,487	—	0.06%
11	Masterview	Young Optics (BD)	3	Other receivables	118,666	—	0.23%
12	Young Optics (SuZhou)	Grace China	3	Accounts receivables	37,193	—	0.07%
			3	Sales	154,820	—	0.29%
13	Nano Precision (Suzhou)	Coretronic Corporation	2	Sales	81,515	—	0.15%
		Coretronic(Suzhou)	3	Accounts receivables	86,807	—	0.17%
			3	Sales	450,441	—	0.85%
		Coretronic (Ningbo)	3	Sales	43,799	—	0.08%

No. (Note a)	Related party	Counter-party	Relationship with Coretronic Corporation (Note b)	Transactions			
				Accounts	Amount	Collection periods (Note c)	Percentage of consolidated operating revenues or consolidated total assets (Note d)
13	Nano Precision (Suzhou)	Great Pride (HK)	3	Accounts receivables	119,886	—	0.23%
			3	Sales	259,848	—	0.49%
		Coretronic Display (Suzhou)	3	Sales	95,145	—	0.18%
		Coretronic Optotech (Suzhou)	3	Sales	57,561	—	0.11%
14	Young Lighting Technlogy	Coretronic(Suzhou)	3	Sales	1,946,673	—	3.67%
		Coretronic Projection (Kunshan)	3	Accounts receivables	145,616	—	0.28%
			3	Sales	642,971	—	1.21%
		Coretronic (Guangzhou)	3	Sales	68,615	—	0.13%
		YLG Optotech	3	Accounts receivables	102,086	—	0.20%
			3	Sales	615,266	—	1.16%
		Coretronic Display (Suzhou)	3	Accounts receivables	406,676	—	0.78%
			3	Sales	1,755,079	—	3.30%
15	Greendale	Coretronic Corporation	2	Other receivables	1,722,498	—	3.31%
		Vimax(Kunshan)	3	Other receivables	225,577	—	0.43%
		Coretronic Projection (Kunshan)	3	Other receivables	259,074	—	0.50%
		Coretronic Display (Suzhou)	3	Other receivables	149,862	—	0.29%
		Coretronic Optics (Kunshan)	3	Other receivables	1,735,950	—	3.34%
16	Coretronic Projection (Kunshan)	Optoma China	3	Accounts receivables	238,922	—	0.55%
			3	Sales	489,448	—	0.92%
		Vimax(Kunshan)	3	Accounts receivables	718,380	—	1.38%
			3	Sales	1,350,855	—	2.54%
		Young Lighting Technlogy	3	Accounts receivables	309,581	—	0.60%
			3	Sales	1,270,507	—	2.39%
		Greendale	3	Accounts receivables	1,946,376	—	3.74%
			3	Sales	11,492,734	—	21.64%
		Young Green Energy	3	Sales	35,976	—	0.07%
		Coretronic Display (Suzhou)	3	Other receivables	160,665	—	0.31%
		Champ Vision Display	3	Accounts receivables	57,348	—	0.11%
			3	Sales	57,901	—	0.11%
		Coretronic Optics (Kunshan)	3	Accounts receivables	496,558	—	0.95%
			3	Sales	2,090,699	—	3.94%
17	Young Green Energy	Calibre	3	Other receivables	39,984	—	0.08%

No. (Note a)	Related party	Counter-party	Relationship with Coretronic Corporation (Note b)	Transactions			
				Accounts	Amount	Collection periods (Note c)	Percentage of consolidated operating revenues or consolidated total assets (Note d)
18	Boom Power Electronics (Su Zhou)	Coretronic Projection (Kunshan)	3	Sales	68,473	—	0.13%
19	Coretronic (Ningbo)	Lead Bright (HK)	3	Accounts receivables	593,354	—	1.14%
			3	Sales	1,442,229	—	2.72%
		YLG Optotech	3	Other receivables	254,743	—	0.49%
		Coretronic Display (Suzhou)	3	Other receivables	523,942	—	1.01%
20	Young Bright Optical (SuZhou)	Nano Precision (Suzhou)	3	Sales	44,302	—	0.08%
21	Nano Display (SuZhou)	Coretronic(Suzhou)	3	Sales	54,017	—	0.10%
		Coretronic Optotech (Suzhou)	3	Sales	57,851	—	0.11%
22	Coretronic (Guangzhou)	Elite View (HK)	3	Sales	50,350	—	0.09%
23	Wisdom Success (HK)	Coretronic(Suzhou)	3	Sales	125,052	—	0.24%
		Coretronic Display (Suzhou)	3	Other receivables	43,610	—	0.08%
24	Bigshine (HK)	Core-Flex	3	Other receivables	126,301	—	0.24%
25	Lead Bright (HK)	Coretronic Corporation	2	Sales	35,526	—	0.07%
		Coretronic Display (Suzhou)	3	Other receivables	104,904	—	0.20%
26	Elite View (HK)	Coretronic Corporation	2	Sales	50,283	—	0.09%
27	YLG Optotech	Young Lighting Technlogy	3	Accounts receivables	192,918	—	0.37%
			3	Sales	1,328,240	—	2.50%
		Coretronic Display (Suzhou)	3	Accounts receivables	73,307	—	0.14%
			3	Sales	334,421	—	0.63%
28	Young Optics (BD)	Grace China	3	Accounts receivables	82,187	—	0.16%
			3	Sales	292,268	—	0.55%
29	Coretronic Display (Suzhou)	Coretronic Corporation	2	Sales	35,711	—	0.07%
		Young Lighting Technlology	3	Accounts receivables	625,547	—	1.20%
			3	Sales	4,826,335	—	9.09%
		Wisdom Success (HK)	3	Accounts receivables	43,697	—	0.08%
		YLG Optotech	3	Accounts receivables	65,336	—	0.13%
			3	Sales	193,036	—	0.36%

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)
30	Coretronic Optotech (Suzhou)	Coretronic Corporation	2	Accounts receivables	3,165,470	—	6.09%
			2	Sales	2,857,776	—	5.38%
31	Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	3	Accounts receivables	1,763,223	—	3.39%
			3	Sales	3,488,662	—	6.57%

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.

ATTACHMENT 6 ：(Names, locations and related information of investee companies as of December 31, 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 December 31, 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%	$ 22,695	$ (21,773)	$ (21,773)	Subsidiary
Coretronic Corporation	Coretronic (BVI) Investment Corp.	B.V.I.	Holding company	1,566,475	1,566,475	47,220,000	100.00%	4,870,397	275,981	275,981	Subsidiary
Coretronic Corporation	Sinolink Global Limited	B.V.I.	Holding company	34,100	34,100	980	100.00%	1,189,147	304,128	304,128	Subsidiary
Coretronic Corporation	Tecpoint Limited	B.V.I.	Holding company	1,156,668	1,156,668	36,522,900	78.06%	2,544,341	286,487	223,634	Subsidiary
Coretronic Corporation	Visicorp Limited	B.V.I.	Holding company	614,303	614,303	18,700	100.00%	10,346,880	550,927	550,927	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%	299,237	(4,863)	(4,863)	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.	254,990	105,000	15,000,000	100.00%	145,408	(3,576)	(3,576)	Subsidiary
Coretronic Corporation	Coretronic Intelligent Robotics Corporation	Hsinchu County, Taiwan	Engaged in R&D, production and marketing of unmanned aerial vehicle and intelligent robotics.	60,000	-	6,000,000	100.00%	59,988	(12)	(12)	Subsidiary
Coretronic Corporation	Chung Tsen Investment Corp.	Miaoli County, Taiwan	Investing company for strategic purposes	692,696	692,696	127,099,664	100.00%	1,199,147	19,773	19,773	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%	72,858	(8,928)	(7,142)	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%	211,383	(7,138)	(5,958)	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%	1,292,663	(149,021)	(57,170)	Subsidiary
Coretronic Corporation	Young Lighting Technology Inc.	Hsinchu City, Taiwan	Engaged in the design, production and marketing of general lighting application, electronic components and	201,617	201,617	43,172,191	100.00%	862,252	2,639	2,639	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	448,548	358,198	52,117,440	92.42%	1,213,862	266,685	248,231	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	144,000	-	14,400,000	80.00%	125,653	(22,934)	(18,347)	Subsidiary
Coretronic Corporation	InnoSpectra Corporation	Hsinchu County, Taiwan	Engaged in R&D and marketing of near-infrared spectrum and corresponding solutions	48,000	-	4,800,000	80.00%	47,989	(14)	(11)	Subsidiary

ATTACHMENT 6 -1：(Names, locations and related information of investee companies as of December 31, 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 December 31, 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 164,064,537	USD 9,085,533	(Note a)	Associate
Visicorp	Wisdom Success	Cayman Islands	Holding company	USD 11,750,000	USD 8,000,000	11,750	100.00 %	USD 276,934,423	USD 18,214,971	(Note a)	Associate
Visicorp	Bigshine	Samoa	Holding company	USD 3,000,000	USD 3,000,000	3,000	100.00 %	USD 11,831,083	(USD 998,162)	(Note a)	Associate
Visicorp	Investdragon	Samoa	Holding company	USD 3,000,000	USD 3,000,000	3,000	100.00 %	USD 2,215,663	(USD 122,704)	(Note a)	Associate
Visicorp	Lead Bright	Samoa	Holding company	USD 4,700,000	USD 4,700,000	4,700	100.00 %	USD 29,778,289	USD 343,043	(Note a)	Associate
Visicorp	Elite View	Samoa	Holding company	USD 5,000,400	USD 5,000,400	5,000	100.00 %	USD 13,656,598	(USD 472,063)	(Note a)	Associate
Visicorp	Tecpoint	B.V.I.	Holding company	USD 5,665,000	USD 5,665,000	5,665,000	12.11 %	USD 13,260,982	USD 9,462,333	(Note a)	Associate
Wisdom Success	Wisdom Success (HK)	HK	Holding company	USD 18,000,000	USD 8,000,000	18,000	100.00 %	USD 153,687,202	USD 18,791,372	(Note a)	Associate
Wisdom Success	Lead Bright (HK)	HK	Holding company	USD 13,300,000	USD 13,300,000	13,300	73.89 %	USD 84,270,927	USD 1,313,837	(Note a)	Associate
Wisdom Success	Investdragon (HK)	HK	Holding company	USD 2,000,000	USD 2,000,000	2,000	40.00 %	USD 1,472,571	(USD 204,524)	(Note a)	Associate
Wisdom Success	Elite View (HK)	HK	Holding company	USD 7,999,600	USD 7,999,600	8,000	61.54 %	USD 21,851,824	(USD 1,227,413)	(Note a)	Associate
Wisdom Success	Bigshine (HK)	HK	Holding company	USD 5,000,000	USD 5,000,000	5,000	62.50 %	USD 14,666,900	(USD 1,517,295)	(Note a)	Associate
Bigshine	Bigshine (HK)	HK	Holding company	USD 3,000,000	USD 3,000,000	3,000	37.50 %	USD 8,800,140	(USD 1,517,295)	(Note a)	Associate
Investdragon	Investdragon (HK)	HK	Holding company	USD 3,000,000	USD 3,000,000	3,000	60.00 %	USD 2,208,856	(USD 204,524)	(Note a)	Associate
Lead Bright	Lead Bright (HK)	HK	Holding company	USD 4,700,000	USD 4,700,000	4,700	26.11 %	USD 29,778,238	USD 1,313,837	(Note a)	Associate
Elite View	Elite View (HK)	HK	Holding company	USD 5,000,400	USD 5,000,400	5,000	38.46 %	USD 13,656,502	(USD 1,227,413)	(Note a)	Associate
Sinolink	Mat Limited	Samoa	Holding company	USD 980,000	USD 980,000	980	100.00 %	USD 39,957,522	USD 10,011,216	(Note a)	Associate
Tecpoint	Great Pride	Samoa	Holding company	USD 11,800,000	USD 11,800,000	11,800,000	100.00 %	USD 77,028,091	USD 7,687,053	(Note a)	Associate
Tecpoint	Core-Flex	Cayman Islands	Holding company	USD 23,260,000	USD 23,260,000	213,260,000	94.36 %	USD 7,232,744	USD 1,905,457	(Note a)	Associate
Tecpoint	Nano Precision	HK	Holding company	USD 6,800,000	USD 6,800,000	6,800,000	100.00 %	USD 9,335,146	(USD 79,306)	(Note a)	Associate
Tecpoint	Nano Display	HK	Holding company	USD 7,800,000	USD 7,800,000	7,800,000	100.00 %	USD 14,235,876	USD 54,447	(Note a)	Associate
Great Pride	Great Pride (HK)	HK	Holding company	USD 11,800,000	USD 11,800,000	11,800	100.00 %	USD 75,907,031	USD 7,581,004	(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 December 31, 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 December 31, 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 %	$ 444,658	$ 30,717	(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	5,183,317	4.54 %	153,123	(149,021)	(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	-	-	-	(7,138)	(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 %	313,079	(6,230)	(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	-	-	-	266,685	(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 %	3,278	58,116	(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 10,767,990	USD 9,462,333	(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	3,393,886	2.98 %	102,156	(149,021)	(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	-	-	-	(7,138)	(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	-	-	-	266,685	(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 %	15,251	58,116	(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 %	84,488	USD 424,264	(Note a)	Associate
Young Optics	Masterview	B.V.I.	Holding company	USD 6,000,000	USD 6,000,000	6,000,000	100.00 %	2,063,865	24,132	(Note a)	Associate
Young Optics	Young Optics Inc.	USA	Operating maintenance services business	USD 50,000	USD 50,000	50,000	100.00 %	334	(132)	(Note a)	Associate
Young Optics	Aptek Optical	Hsinchu County, Taiwan	Manufacturing and selling of optics instruments and electronic components	298,140	298,140	9,250,000	92.50 %	74,228	(3,842)	(Note a)	Associate
Young Optics	Mejiro Genossen Inc.	Japan	Researching, developing, manufacturing and selling of optics machines	JPY 96,850,908	JPY 96,850,908	2,970	99.00 %	19,766	(4,708)	(Note a)	Associate
Masterview	Best Alpha	Samoa	Holding company	USD 1,000,000	USD 1,000,000	1,000,000	100.00 %	USD 27,869,262	USD 1,512,794	(Note a)	Associate
Masterview	Grace China	Cayman Islands	Holding company	USD 8,156,458	USD 8,156,458	8,156,458	100.00 %	USD 37,654,056	(USD 253,732)	(Note a)	Associate
Masterview	Young Optics (BD) LTD.	Bengal	Manufacturing of optics components	USD 1,000,000	USD 1,000,000	799,985	50.00 %	(USD 925,353)	(USD 1,240,293)	(Note a)	Associate
Masterview	Young Optics Europe GmbH	Germany	Manufacturing and selling of 3D printer	EUR 18,750	EUR 18,750	-	75.00 %	USD 119,007	USD 152,521	(Note a)	Associate
Grace China	Young Optics (BD) LTD.	Bengal	Manufacturing of optics components	USD 1,000,000	USD 1,000,000	799,985	50.00 %	(USD 925,353)	(USD 1,240,293)	(Note a)	Associate
Optoma Corporation	Dynamic Time	Cayman Islands	Holding company	USD 14,122,230	USD 14,122,230	14,856	100.00 %	1,700,819	USD 5,534,145	(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 December 31, 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 December 31, 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 24,145,618	GBP 2,670,145	(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 5,223,932	USD 1,582,000	(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 4,305,328	USD 605,460	(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 361,494	(HKD 770,288)	(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 2,280,084	EUR 598,410	(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 187,680	EUR 69,961	(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 625,752	NOK 1,073,838	(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 687,975	EUR 147,366	(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 279,369	EUR 115,208	(Note a)	Associate
Young Lighting Technology	Young Lighting Limited	Samoa	Holding company	118,134	118,134	3,907,000	100.00 %	(463,278)	(8,026)	(Note a)	Associate
Young Lighting Limited	Young Lighting (HK)	HK	Holding company	USD 847,000	USD 847,000	847	100.00 %	USD 229,315	USD 3,206	(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 101,156	USD 1,268,192	(Note a)	Associate
Young Lighting Limited	Brightbridge	Samoa	Holding company	USD 1	USD 1	29,500,000	100.00 %	(USD 9,096,369)	(USD 489,315)	(Note a)	Associate
Young Lighting Limited	Crystal Word	Samoa	Holding company	USD 1	USD 1	22,258,000	100.00 %	(USD 6,801,421)	(USD 368,620)	(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 %	(7,702)	(USD 72,137)	(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 258,789)	(USD 72,137)	(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 December 31, 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 December 31, 2017	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized	Carrying value as of December 31, 2017	Accumulated inward remittance of earnings as of December 31, 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)	$ 268,866	100.00%	$ 268,866	$ 4,436,641	$ -
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)	783	100.00%	783	20,085	-
Coretronic Optics (Kunshan)	Porduction and sales of projector module products and spectrometer	RMB10,000,000	Indirect investment from the Mainland China subsidiary (CPC)	-	-	-	-	39,958	100.00%	39,958	231,248	-
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)	310,174	100.00%	310,174	1,159,540	-
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)	408,860	100.00%	408,860	3,507,984	-
Coretronic Optics (Suzhou)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide related after-sales maintenance services	USD10,000,000	Indirect investment from the third region (Wisdom Success HK)	-	-	-	-	(1,856)	100.00%	(1,856)	297,803	-
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)	-	-	-	-	168,522	100.00%	168,522	713,601	-
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)	(50,085)	100.00%	(50,085)	336,149	-
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)	(6,325)	100.00%	(6,325)	109,559	-
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)	(27,705)	100.00%	(27,705)	(470,604)	-
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)	37,817	100.00%	37,817	3,248,649	-
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)	59,423	100.00%	59,423	363,388	-
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)	231,706	100.00%	231,706	2,049,364	-
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)	-	-	-	-	(2,371)	100.00%	(2,371)	207,194	-
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)	(36,879)	100.00%	(36,879)	1,056,713	-
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)	(2,560)	100.00%	(2,560)	280,245	-
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)	1,558	100.00%	1,558	423,640	-
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	38,435	51.00%	19,602	2,995	-
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	(2,175)	100.00%	(2,175)	(7,702)	-
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	12,895	100.00%	12,895	84,469	-

Accumulated investment in Mainland China as of December 31, 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 (USD 110,418,960)	$12,919,261

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 = 29.76 NTD as of December 31, 2017.

ATTACHMENT 7-1 (Investment in Mainland China as of December 31, 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 December 31, 2017	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note a)	Carrying value as of December 31, 2017 (Note a)	Accumulated inward remittance of earnings as of December 31, 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)	$11,896 (USD 410,838)	100.00%	$11,896 (USD 410,838)	$1,296,477 (USD 43,564,416)	$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)	43,227 (USD1,413,733)	100.00%	43,227 (USD1,413,733)	511,086 (USD 17,173,600)	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 December 31, 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)	$2,021,697

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 December 31, 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 December 31, 2017	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note a)	Carrying value as of December 31, 2017	Accumulated inward remittance of earnings as of December 31, 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)	$ 17,890 (RMB 3,887,420)	100.00%	$ 17,890 (RMB 3,887,420)	$ 87,097 (RMB 19,123,298)	$ -

Accumulated investment in Mainland China as of December 31, 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)	$788,051

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 December 31, 2017)

(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 Jan to Mar, 2018	USD 124,000,000	$ (24,565)	$ (24,565)	Note a
Coretronic Corporation	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	Jan, 2018	USD 89,000,000	15,888	15,888	Note a
Coretronic Corporation	Hedging derivative financial assets (liabilities), current	Forward foreign exchange contract	Buying USD	From Jan to Jul, 2018	USD 258,000,000	(85,626)	(85,626)	Note a
Coretronic Corporation	Hedging derivative financial assets (liabilities), current	Forward foreign exchange contract	Selling USD	From Jan to Jul, 2018	USD 258,000,000	61,382	61,382	Note a
Young Lighting Technology	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Buying USD	From Jan to Feb, 2018	USD 62,000,000	(13,955)	(13,955)	Note b
Young Lighting Technology	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	Jan, 2018	USD 34,000,000	3,359	3,359	Note b
Young Lighting Technology	Hedging derivative financial assets (liabilities), current	Forward foreign exchange contract	Buying USD	From Jan to Sep, 2018	USD 111,500,000	(36,567)	(36,567)	Note b
Young Lighting Technology	Hedging derivative financial assets (liabilities), current	Forward foreign exchange contract	Selling USD	From Jan to Sep, 2018	USD 111,500,000	52,074	52,074	Note b
Coretronic (Suzhou)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From Jan to Jul, 2018	USD 57,000,000	26,835	26,835	Note c
Coretronic (Ningbo)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From Mar to Apr, 2018	USD 8,000,000	903	903	Note c
Nano Precision (Suzhou)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From Jan to Jul, 2018	USD 22,000,000	9,221	9,221	Note d
Optoma Corporation	Financial assets (liabilities) at fair value through profit or loss, current	Forward cross currency contract	—	From Jan to Mar, 2018	USD 22,500,000	(4,148)	(4,148)	Note e
Optoma Europe	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Buy GBP/ Sell EUR	Jan, 2018	EUR 2,000,000	476	476	Note f
Optoma Europe	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Buy GBP/ Sell EUR	From Jan to Feb, 2018	EUR 12,500,000	(2,709)	(2,709)	Note f
Optoma Europe	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Sell GBP/ Buy USD	From Jan to Mar, 2018	USD 24,500,000	(10,780)	(10,780)	Note f
Optoma USA	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Sell CAD/ Buy USD	Mar, 2018	CAD 300,000	1	1	Note g
Dynamic Time	Hedging derivative financial liabilities, current	Forward foreign exchange contract	Sell GBP/ Buy USD	From Jan to Mar, 2018	GBP 5,500,000	(342)	(342)	Note h

Note a：Coretronic Corporation entered into forward foreign exchange contracts and acquired realized loss amounted to NT$29,558 thousand for the year ended December 31, 2017.

Note b：Young Lighting Technology entered into forward foreign exchange contracts and acquired realized loss amounted to NT$40,954 thousand for the year ended December 31, 2017.

Note c：Coretronic (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT$62,670 thousand for the year ended December 31, 2017.

Note d：Nano Precision (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT$25,502 thousand for the year ended December 31, 2017.

Note e：Optoma Corporation entered into forward cross currency contracts and acquired realized loss amounted to NT$29,768 thousand for the year ended December 31, 2017.

Note f：Optoma Europe Limited entered into forward foreign exchange contracts and acquired realized loss amounted to NT$51,290 thousand for the year ended December 31, 2017.

Note g：Optoma Technology, Inc. entered into forward foreign exchange contracts and acquired realized profit amounted to NT$156 thousand for the year ended December 31, 2017.

Note h：Dynamic Time Investments Limited entered into forward foreign exchange contracts and acquired realized loss amounted to NT$15,196 thousand for the year ended December 31, 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 year ended December 31, 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 (Kunshan)	Yun Tong wealth win for fortune daily	Acquisition of debt investments with no active market-current	Bank of Communications	-	-	-	-	RMB80,000,000	-	-	RMB80,000,000	RMB673,765	-	-
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 for 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.