

**CORETRONIC CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**WITH**

**REPORT OF INDEPENDENT ACCOUNTANTS**

**FOR THE NINE MONTHS ENDED**

**SEPTEMBER 30, 2020 AND 2019**

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English Translation of a Report Originally Issued in Chinese**Review Report of Independent Accountants**

To Coretronic Corporation

**Introduction**

We have reviewed the accompanying consolidated balance sheets of Coretronic Corporation (the "Company") and its subsidiaries as of September 30, 2020 and 2019, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended September 30, 2020 and 2019, changes in equity and cash flows for the nine-month periods ended September 30, 2020 and 2019, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements"). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

**Scope of Review**

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Basis for Qualified Conclusion**

As explained in Note 4(3), the financial statements of certain insignificant subsidiaries were not reviewed by independent accountants. Those statements reflect total assets of NT\$17,795,699 thousand and NT\$18,739,776 thousand, represented 37.43% and 35.90% of the consolidated total assets, and total liabilities of NT\$3,890,406 thousand and NT\$4,192,985 thousand, represented 16.40% and 14.66% of the consolidated total liabilities as of September 30, 2020 and 2019, respectively; and total comprehensive income of NT\$693,063 thousand, NT\$53,473 thousand, NT\$885,711 thousand and NT\$304,384 thousand, represented 58.83%, (36.60)%, 82.59% and 63.98% of the consolidated total comprehensive income for the three-month and nine-month periods ended September 30, 2020 and 2019, respectively. As explained in Note 6(8), the financial statements of certain associates and joint ventures accounted for using equity method were not reviewed by independent accountants. Those associates and joint ventures under equity method amounted to NT\$47,875 thousand and NT\$22,076 thousand as of September 30, 2020 and 2019, respectively. The related shares of gain (loss) from the associates and joint ventures under the equity method amounted to NT\$(166) thousand, NT\$133 thousand, NT\$(266) thousand and NT\$(4) thousand for the three-month and nine-month periods ended September 30, 2020 and 2019, respectively. The information related to above subsidiaries, and associates and joint ventures accounted for using equity method disclosed in Note 13 was also not reviewed by independent accountants.



## Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain insignificant subsidiaries, associates and joint ventures accounted for using equity method and the information been reviewed by independent accountants described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of September 30, 2020 and 2019, and their consolidated financial performance for the three-month and nine-month periods ended September 30, 2020 and 2019, and cash flows for the nine-month periods ended September 30, 2020 and 2019, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard No. 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Hsu, Hsin-Min

Chen, Chih-Chung

Ernst & Young, Taiwan  
October 26, 2020

### Notice to Readers

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

Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of September 30, 2020, December 31, 2019, and September 30, 2019

(September 30, 2020 and 2019 are unaudited)

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Note	September 30, 2020	%	December 31, 2019	%	September 30, 2019	%
<b>Current assets</b>							
Cash and cash equivalents	6(1)	\$ 17,021,630	35.80	\$ 20,161,863	40.88	\$ 20,239,026	38.77
Financial assets at fair value through profit or loss-current	6(2)	238,083	0.50	84,321	0.17	78,936	0.15
Hedging financial assets-current	6(3)	673	-	4,207	0.01	6,021	0.01
Notes receivable, net	6(5), 6(19)	39,092	0.08	41,467	0.08	29,503	0.06
Trade receivable, net	6(6), 6(19)	12,505,084	26.30	11,687,611	23.70	12,967,181	24.84
Trade receivable-related parties, net	6(6), 6(19), 7	1,136	-	201	-	488	-
Other receivables	8	397,903	0.84	252,722	0.51	350,256	0.67
Current tax assets	4, 6(24)	15,142	0.03	12,527	0.03	11,974	0.02
Inventories, net	6(7)	5,901,319	12.41	6,062,756	12.29	7,298,480	13.98
Prepayments		688,664	1.45	532,824	1.08	607,333	1.16
Other current assets		148,539	0.32	139,196	0.28	161,245	0.31
Total current assets		36,957,265	77.73	38,979,695	79.03	41,750,443	79.97
<b>Non-current assets</b>							
Financial assets at fair value through profit or loss-noncurrent	6(2)	32,088	0.07	35,412	0.07	35,797	0.07
Financial assets at fair value through other comprehensive income-noncurrent	6(4)	652,671	1.37	447,469	0.91	399,680	0.77
Investments accounted for using equity method (Unreviewed)	6(8)	47,875	0.10	22,934	0.05	22,076	0.04
Property, plant and equipment, net	6(9), 8	6,905,889	14.52	6,930,269	14.05	6,953,206	13.32
Right-of-use assests	6(20)	1,763,857	3.71	1,977,056	4.01	2,077,835	3.98
Investment property, net	6(10), 8	162,366	0.34	168,406	0.34	170,419	0.33
Intangible assets	6(11)	411,059	0.87	281,674	0.57	245,366	0.47
Deferred tax assets	4, 6(24)	370,527	0.78	303,144	0.61	299,990	0.57
Net defined benefit assets-noncurrent	6(15)	14,432	0.03	12,603	0.03	12,616	0.02
Other noncurrent assets	8	228,485	0.48	164,458	0.33	238,683	0.46
Total non-current assets		10,589,249	22.27	10,343,425	20.97	10,455,668	20.03
<b>Total assets</b>		\$ 47,546,514	100.00	\$ 49,323,120	100.00	\$ 52,206,111	100.00

(continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of September 30, 2020, December 31, 2019, and September 30, 2019

(September 30, 2020 and 2019 are unaudited)

(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Note	September 30, 2020	%	December 31, 2019	%	September 30, 2019	%
<b>Current liabilities</b>							
Short-term borrowings	6(12)	\$ 6,127,525	12.89	\$ 8,521,341	17.28	\$ 9,530,499	18.26
Financial liabilities at fair value through profit or loss-current	6(13)	27,970	0.06	153,107	0.31	67,871	0.13
Hedging financial liabilities-current	6(13)	-	-	-	-	1,533	-
Contract liabilities-current	6(18)	310,788	0.65	294,152	0.60	363,183	0.69
Notes payable		3,730	0.01	507	-	5,396	0.01
Accounts payable		8,975,787	18.88	8,441,190	17.11	9,901,216	18.96
Accounts payable-related parties	7	26,059	0.05	23,445	0.05	37,649	0.07
Other payables	7	3,547,886	7.46	4,092,358	8.30	4,096,204	7.85
Current tax liabilities	4, 6(24)	818,811	1.72	789,088	1.60	824,984	1.58
Provisions-current	6(16)	753,291	1.59	767,350	1.55	817,566	1.57
Lease liabilities-current	6(20)	258,253	0.54	335,921	0.68	347,392	0.67
Other current liabilities		622,740	1.31	453,986	0.92	475,275	0.91
Current portion of long-term borrowings	6(14)	85,144	0.18	6	-	164,249	0.32
Total current liabilities		21,557,984	45.34	23,872,451	48.40	26,633,017	51.02
<b>Non-current liabilities</b>							
Long-term borrowings	6(14)	548,289	1.15	183,427	0.37	164,267	0.31
Deferred tax liabilities	4, 6(24)	71,122	0.15	24,637	0.05	32,985	0.06
Lease liabilities-noncurrent	6(20)	1,319,436	2.78	1,439,424	2.92	1,516,613	2.91
Net defined benefit liabilities-noncurrent	6(15)	187,643	0.40	196,891	0.40	188,057	0.36
Other noncurrent liabilities		39,665	0.08	53,730	0.11	62,251	0.12
Total non-current liabilities		2,166,155	4.56	1,898,109	3.85	1,964,173	3.76
Total liabilities		23,724,139	49.90	25,770,560	52.25	28,597,190	54.78
<b>Equity attributable to owners of the parent</b>							
Share capital							
Common stock	6(17)	4,344,231	9.14	4,344,231	8.81	4,344,231	8.32
Capital surplus	6(17)	3,548,559	7.46	3,727,475	7.55	3,689,201	7.06
Retained earnings	6(17), 6(25)						
Legal reserve		3,889,871	8.18	3,774,564	7.65	3,774,564	7.23
Special reserve		2,469,437	5.19	2,469,437	5.01	2,469,437	4.73
Unappropriated retained earning		9,804,577	20.62	9,429,258	19.12	9,051,139	17.34
Total retained earnings		16,163,885	33.99	15,673,259	31.78	15,295,140	29.30
Other equity		(2,298,059)	(4.83)	(2,361,770)	(4.79)	(1,927,655)	(3.69)
Total equity attributable to owners of the parent		21,758,616	45.76	21,383,195	43.35	21,400,917	40.99
<b>Non-controlling interests</b>	6(17)	2,063,759	4.34	2,169,365	4.40	2,208,004	4.23
Total equity		23,822,375	50.10	23,552,560	47.75	23,608,921	45.22
<b>Total liabilities and equity</b>		\$ 47,546,514	100.00	\$ 49,323,120	100.00	\$ 52,206,111	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

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three-month and nine-month periods ended September 30, 2020 and 2019

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

Description	Note	For three months ended September 30				For nine months ended September 30			
		2020	%	2019	%	2020	%	2019	%
Net sales	6(18), 7	\$ 11,940,586	100.00	\$ 12,990,387	100.00	\$ 30,944,655	100.00	\$ 35,626,855	100.00
Operating costs	6(7), 6(11), 6(15), 6(20), 6(21), 7	9,835,777	82.37	10,587,971	81.51	25,549,076	82.56	29,208,131	81.98
Gross profit		2,104,809	17.63	2,402,416	18.49	5,395,579	17.44	6,418,724	18.02
Operating expenses	6(11), 6(15), 6(19), 6(20), 6(21)								
Selling expenses		411,652	3.45	476,921	3.67	1,202,509	3.89	1,442,993	4.05
General and administrative expenses		509,187	4.26	532,974	4.10	1,395,928	4.51	1,637,966	4.60
Research and development expenses		829,784	6.95	896,265	6.90	2,312,682	7.47	2,542,158	7.14
Total operating expenses		1,750,623	14.66	1,906,160	14.67	4,911,119	15.87	5,623,117	15.79
Operating income		354,186	2.97	496,256	3.82	484,460	1.57	795,607	2.23
Non-operating income and expenses									
Interest income	6(22)	102,035	0.85	116,461	0.89	337,626	1.09	340,925	0.96
Other income	6(22)	162,058	1.36	52,867	0.41	388,758	1.26	175,800	0.50
Other gains and losses	6(22)	128,710	1.08	63,612	0.49	300,601	0.97	142,839	0.40
Finance costs	6(22)	(33,435)	(0.28)	(85,700)	(0.66)	(164,564)	(0.53)	(255,154)	(0.72)
Share of (loss) gain of associates and joint ventures accounted for using equity method	6(8)	(166)	-	133	-	(266)	-	(4)	-
Total non-operating income and expenses		359,202	3.01	147,373	1.13	862,155	2.79	404,406	1.14
Income before income tax		713,388	5.98	643,629	4.95	1,346,615	4.36	1,200,013	3.37
Income tax expense	4, 6(24)	(160,702)	(1.35)	(164,381)	(1.26)	(327,093)	(1.06)	(399,209)	(1.12)
Net income		552,686	4.63	479,248	3.69	1,019,522	3.30	800,804	2.25
Other comprehensive income									
Items that will not be reclassified subsequently to profit or loss									
Unrealized gain from equity instrument investments measured at fair value through other comprehensive income	6(23)	192,472	1.61	4,555	0.04	207,445	0.67	39,104	0.11
Income tax related to items that will not be reclassified subsequently to profit or loss	6(23), 6(24)	445	0.01	(804)	(0.01)	1,061	-	(858)	-
Items that may be reclassified subsequently to profit or loss									
Exchange differences on translation of foreign operations	6(23)	432,425	3.62	(626,767)	(4.82)	(155,599)	(0.50)	(364,410)	(1.02)
(Loss) gain on hedging instruments	6(23)	-	-	(1,755)	(0.02)	-	-	808	-
Income tax related to items that may be reclassified subsequently to profit or loss	6(23), 6(24)	-	-	(586)	-	-	-	269	-
Other comprehensive income (loss), net of tax		625,342	5.24	(625,357)	(4.81)	52,907	0.17	(325,087)	(0.91)
Total comprehensive income (loss)		\$ 1,178,028	9.87	\$ (146,109)	(1.12)	\$ 1,072,429	3.47	\$ 475,717	1.34
Net income (loss) for the periods attributable to :									
Shareholders of the parent	6(25)	\$ 585,424		\$ 472,807		\$ 1,142,260		\$ 761,994	
Non-controlling interests	6(17), 6(26)	\$ (32,738)		\$ 6,441		\$ (122,738)		\$ 38,810	
Total comprehensive income (loss) for the periods attributable to :									
Shareholders of the parent		\$ 1,197,234		\$ (130,955)		\$ 1,205,971		\$ 448,157	
Non-controlling interests		\$ (19,206)		\$ (15,154)		\$ (133,542)		\$ 27,560	
Basic Earnings Per Share (in New Taiwan Dollars)	6(25)	\$ 1.35		\$ 1.08		\$ 2.63		\$ 1.75	
Diluted Earnings Per Share (in New Taiwan Dollars)	6(25)	\$ 1.33		\$ 1.07		\$ 2.60		\$ 1.73	

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

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the nine months ended September 30, 2020 and 2019

(Amounts in thousands of New Taiwan Dollars)

Description	Equity attributable to owners of the parent									Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings			Other equity			Total		
			Legal reserve	Special reserve	Unappropriated retained earning	Exchange differences on translation of foreign operations	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income (loss)	Gains or losses on hedging instruments			
Balance as of January 1, 2019	\$ 4,344,231	\$ 4,072,808	\$ 3,572,543	\$ 2,483,647	\$ 9,345,802	\$ (1,487,746)	\$ (125,341)	\$ (731)	\$ 22,205,213	\$ 2,060,440	\$ 24,265,653
Changes in capital surplus from investments in associates and joint ventures accounted for using equity method	-	80	-	-	-	-	-	-	80	-	80
Acquisition or disposal of the interest of subsidiaries	-	258,402	-	-	-	-	-	-	258,402	130,611	389,013
Changes in subsidiaries' ownership	-	9,546	-	-	-	-	-	-	9,546	(9,546)	-
The subsequent reversal of special reserve	-	-	-	(14,210)	14,210	-	-	-	-	-	-
Appropriation and distribution of 2018 earnings:											
Legal reserve	-	-	202,021	-	(202,021)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(868,846)	-	-	-	(868,846)	-	(868,846)
Cash dividends distributed from capital surplus	-	(651,635)	-	-	-	-	-	-	(651,635)	-	(651,635)
Net income for the nine months ended September 30, 2019	-	-	-	-	761,994	-	-	-	761,994	38,810	800,804
Other comprehensive (loss) income for the nine months ended September 30, 2019	-	-	-	-	-	(353,160)	38,246	1,077	(313,837)	(11,250)	(325,087)
Total comprehensive income (loss)	-	-	-	-	761,994	(353,160)	38,246	1,077	448,157	27,560	475,717
Decrease of non-controlling interests	-	-	-	-	-	-	-	-	-	(1,061)	(1,061)
Balance as of September 30, 2019	\$ 4,344,231	\$ 3,689,201	\$ 3,774,564	\$ 2,469,437	\$ 9,051,139	\$ (1,840,906)	\$ (87,095)	\$ 346	\$ 21,400,917	\$ 2,208,004	\$ 23,608,921
Balance as of January 1, 2020	\$ 4,344,231	\$ 3,727,475	\$ 3,774,564	\$ 2,469,437	\$ 9,429,258	\$ (2,324,947)	\$ (36,823)	\$ -	\$ 21,383,195	\$ 2,169,365	\$ 23,552,560
Changes in capital surplus from investments in associates and joint ventures accounted for using equity method	-	1,407	-	-	-	-	-	-	1,407	-	1,407
Acquisition or disposal of the interest of subsidiaries	-	36,889	-	-	-	-	-	-	36,889	33,554	70,443
Appropriation and distribution of 2019 earnings:											
Legal reserve	-	-	115,307	-	(115,307)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(651,634)	-	-	-	(651,634)	-	(651,634)
Cash dividends distributed from capital surplus	-	(217,212)	-	-	-	-	-	-	(217,212)	-	(217,212)
Net income (loss) for the nine months ended September 30, 2020	-	-	-	-	1,142,260	-	-	-	1,142,260	(122,738)	1,019,522
Other comprehensive (loss) income for the nine months ended September 30, 2020	-	-	-	-	-	(144,795)	208,506	-	63,711	(10,804)	52,907
Total comprehensive income (loss)	-	-	-	-	1,142,260	(144,795)	208,506	-	1,205,971	(133,542)	1,072,429
Decrease of non-controlling interests	-	-	-	-	-	-	-	-	-	(5,618)	(5,618)
Balance as of September 30, 2020	\$ 4,344,231	\$ 3,548,559	\$ 3,889,871	\$ 2,469,437	\$ 9,804,577	\$ (2,469,742)	\$ 171,683	\$ -	\$ 21,758,616	\$ 2,063,759	\$ 23,822,375

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  
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine months ended September 30, 2020 and 2019

(Amounts in thousands of New Taiwan Dollars)

Description	For the nine months ended September 30		Description	For the nine months ended September 30	
	2020	2019		2020	2019
Cash flows from operating activities :			Cash flows from investing activities :		
Net income before tax	\$ 1,346,615	\$ 1,200,013	Acquisition of investments accounted for using equity method	(23,800)	(22,000)
Adjustments for:			Acquisition of financial assets at fair value through profit or loss	(59,320)	(15,415)
The profit or loss items which did not affect cash flows:			Acquisition of property, plant and equipment	(706,975)	(1,290,683)
Expected credit loss (gain)	8,047	(86,101)	Proceeds from disposal of property, plant and equipment	2,797	26,550
Depreciation (including investment property and right-of-use assets )	948,675	1,005,765	Acquisition of intangible assets	(212,679)	(166,633)
Amortization (including other noncurrent assets)	83,605	77,185	Increase in other noncurrent assets	(21,811)	(11,857)
Interest expense	164,564	255,154	Net cash used in investing activities	(1,021,788)	(1,480,038)
Interest income	(337,626)	(340,925)			
Transfer of property, plant and equipment to expense	840	1,256	Cash flows from financing activities:		
Gain on disposal of property, plant and equipment	(1,120)	(13,417)	(Decrease) increase in short-term borrowings	(2,393,816)	3,115,858
(Gain) loss on disposal of investments	(23)	24,565	Increase (decrease) in long-term borrowings (including current portion of long-term borrowings)	450,000	(123,783)
Share of loss of associates and joint ventures accounted for using equity method	266	4	Decrease in guarantee deposits	(12,241)	(2,186)
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(216,255)	28,393	(Decrease) increase in other noncurrent liabilities	(1,824)	1,666
Changes in operating assets and liabilities:			Cash dividends	(868,846)	(1,520,481)
Notes receivable	2,375	227,290	Cash payment for the principal portion of lease liabilities	(234,322)	(221,907)
Accounts receivable	(824,879)	478,459	Proceed from disposal of subsidiaries' ownership (without a change of control)	72,664	389,345
Accounts receivable-related parties	(935)	1,424	Change in non-controlling interests	(5,618)	(1,061)
Other receivables	(131,773)	184,972	Net cash (used in) provided by financing activities	(2,994,003)	1,637,451
Inventories	167,502	588,899			
Prepayments	(155,840)	(123,505)	Effect of exchange rate changes on cash and cash equivalents	(127,540)	(333,225)
Other current assets	(9,343)	7,980			
Other operating assets	(37,687)	-	Net (decrease) increase in cash and cash equivalents	(3,140,233)	3,012,976
Contract liabilities	16,636	9,655	Cash and cash equivalents at the beginning of the period	20,161,863	17,226,050
Notes payable	3,223	5,396	Cash and cash equivalents at the end of the period	\$ 17,021,630	\$ 20,239,026
Accounts payable	534,597	629,090			
Accounts payable-related parties	2,614	(2,773)			
Other payables	(538,024)	(459,198)			
Provisions-current	(14,059)	(9,225)			
Other current liabilities	168,754	(68,609)			
Net defined benefit assets/liabilities	(11,077)	(6,606)			
Cash generated from operating activities	1,169,672	3,615,141			
Interest received	324,218	316,567			
Interest paid	(170,970)	(252,564)			
Income tax paid	(319,822)	(490,356)			
Net cash provided by operating activities	1,003,098	3,188,788			

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



# CORETRONIC CORPORATION AND SUBSIDIARIES

## NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2020 and 2019

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

### 1. HISTORY AND ORGANIZATION

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

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

The consolidated financial statements of CORE and its subsidiaries (“the Group”) were authorized for issue in accordance with the resolution of the Board of Directors’ meeting on October 26, 2020.

### 3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

- (1) The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2020. Apart from the nature and impact of the new standard and amendment which are described below, the remaining new standards and amendments had no material impact on the Group.

#### COVID-19-Related Rent Concessions (Amendment to IFRS 16)

The Group elected to early apply COVID-19-Related Rent Concessions (Amendment to IFRS 16) which is recognized by FSC for annual periods beginning on or after 1 January 2020, and in accordance with the requirements of the transition. For the rent concession arising as a direct consequence of the COVID-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment. Please refer to Note 6 for disclosure related to the lessee which required by the amendment.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below:

Standards or Interpretations Numbers	New, Revised or Amended Standards and Interpretations	Effective Dates
IFRS 10 and IAS 28	Amendment to “Consolidated Financial Statements” and “Investments in Associates and Joint Ventures” –Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

Standards or Interpretations Numbers	New, Revised or Amended Standards and Interpretations	Effective Dates
IFRS 17	Insurance Contracts	January 1, 2023
IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023
IFRS 3, IAS 16, and IAS 37	Narrow-scope amendments	January 1, 2022
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2	January 1, 2021

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

Narrow-scope amendments of IFRS - Amendments to IFRS 3, IAS 16 and IAS 37

A. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

B. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

C. Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

D. Annual Improvements to IFRS Standards 2018 - 2020

*Amendment to IFRS 1*

The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

CORETRONIC CORPORATION AND SUBSIDIARIES  
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*Amendment to IFRS 9 Financial Instruments*

The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

*Amendment to Illustrative Examples Accompanying IFRS 16 Leases*

The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee's leasehold improvements.

*Amendment to IAS 41*

The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The final phase amendments mainly relate to the effects of the interest rate benchmark reform on the companies' financial statements:

- A. A company will not have to derecognise or adjust the carrying amount of financial instruments for changes to contractual cash flows as required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- B. A company will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
- C. A company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

The abovementioned standards and interpretations issued by IASB have not yet been recognized by FSC, and the local effective dates are to be determined by FSC. As the Group is currently determining the potential impact of the standards and interpretations listed apart from the above items, the remaining standards and interpretations have no material impact on the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The consolidated financial statements of the Group for the nine months ended September 30, 2020 and 2019 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34 "Interim Financial Reporting" as endorsed and became effective by FSC.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

(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.

CORETRONIC CORPORATION AND SUBSIDIARIES  
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)  
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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:

Subsidiary	Relationship	Business nature	Percentage of Ownership		
			September 30, 2020	December 31, 2019	September 30, 2019
Tecpoint Limited ("Tecpoint") and its subsidiaries	Subsidiary	Tecpoint is a holding company and invests in Mainland China. Tecpoint's joint ventures are the production, manufacturing, marketing and R&D of acrylic plate, light guide plate and backlight module. The joint ventures also provide the after sales services.	100.00%	100.00%	100.00%
Visicorp Limited ("Visicorp") and its subsidiaries	Subsidiary	Visicorp is a holding company and invests in Mainland China. Visicorp's joint ventures are the R&D, production and marketing of backlight module and components. The joint ventures also provide after sales services.	100.00%	100.00%	100.00%
Coretronic (BVI) Investment Corp. ("Coretronic BVI") and its subsidiaries	Subsidiary	BVI is a holding company and invests in Mainland China. BVI's joint ventures are the R&D, production, manufacturing and marketing of digital projector, LCD monitor and components. The joint ventures also provide after sales services.	100.00%	100.00%	100.00%

CORETRONIC CORPORATION AND SUBSIDIARIES  
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)  
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Subsidiary	Relationship	Business nature	Percentage of Ownership		
			September 30, 2020	December 31, 2019	September 30, 2019
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 products.	100.00%	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 peripheral devices, and electronic material. YGE’s joint ventures are the R&D, production and marketing of transformers, inductors and power supply related products.	99.91%	99.91%	99.91%
Young Optics Inc. (“TYO”) and its subsidiaries	Subsidiary	TYO is engaged in the production, marketing and R&D of electronic components and optics. TYO’s joint ventures are the R&D, production and after sales services of electronic components, optical modules and components.	38.74%	39.77%	40.44%
Young Lighting Limited (YLL) and its subsidiaries	Subsidiary	YLL is a holding company and invests in Mainland China. YLL’s joint ventures are the R&D, production, manufacturing and marketing of backlight module, touch module, LCD module, other optical components and lighting application. YLL’s joint ventures also provide after sales services.	100.00%	100.00%	100.00%



CORETRONIC CORPORATION AND SUBSIDIARIES  
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)  
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Subsidiary	Relationship	Business nature	Percentage of Ownership		
			September 30, 2020	December 31, 2019	September 30, 2019
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.	100.00%	100.00%	100.00%
Chung Tsen Investment Corp. (“CGT”) and its subsidiaries	Subsidiary	CGT is an investment company for strategic purposes.	100.00%	100.00%	100.00%
Coretronic Intelligent Cloud Service Corporation (“CICS”) and its subsidiaries	Subsidiary	CICS is engaged in intelligent cloud, IT information, intelligent applications of new media and platform development. CICS’s joint ventures are contractor in intelligent building engineering and provide services to customers from various domains.	100.00%	100.00%	100.00%
Coretronic Venture Capital Co. (“CVC”)	Subsidiary	The investment activities of business expansion.	100.00%	100.00%	100.00%
uCare Medical Electronics Co., Ltd. (“UCM”)	Subsidiary	UCM is engaged in the R&D, design, production and marketing of intelligent exercise and medical care related software and hardware products.	60.69%	60.69%	60.69%

**CORETRONIC CORPORATION AND SUBSIDIARIES**  
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Subsidiary	Relationship	Business nature	Percentage of Ownership		
			September 30, 2020	December 31, 2019	September 30, 2019
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%	80.00%	80.00%
Calibre UK Ltd.	Subsidiary	CAL is engaged in R&D, design, production and marketing of image processing products.	100.00%	100.00%	100.00%
InnoSpectra Corporation ("ISC")	Subsidiary	ISC is engaged in R&D and marketing of near-infrared spectrum and corresponding solutions.	80.00%	80.00%	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%	100.00%	100.00%
Coretronic MEMS Corporation ("CMC")	Subsidiary	CMC is engaged in R&D, production and marketing of MEMS sensor, module and corresponding solutions.	100.00%	100.00%	100.00%
Coretronic Reality Inc. ("CRI")	Subsidiary	CRI is engaged in R&D, and marketing of AR (Augmented reality) and MR (Mixed reality) wearable display solutions.	100.00%	100.00%	-

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) uCare Medical Electronics Co., Ltd ("UCM") increased the capital by cash to attract the strategic investor in February 2019. The ownership percentage of UCM held by CORE decreased to 60.69%.
- (b) As part of a business strategy, Great Pride (HK) transferred its shareholdings in Suzhou Nano Display to Coretronic (Suzhou) in June 2019. The ownership percentage of Suzhou Nano Display held by CORE remains as the same 100%.

CORETRONIC CORPORATION AND SUBSIDIARIES  
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)  
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- (c) CORE made an investment to establish 100% held subsidiary Coretronic MEMS Corporation (“CMC”) and had completed registration of establishment in September 2019. CMC has been fully consolidated since the investment date.
- (d) CORE made an investment to establish 100% held subsidiary Coretronic Realty Inc. (“CRI”) and had completed registration of establishment in November 2019. CRI has been fully consolidated since the investment date.

The financial statements of certain consolidated subsidiaries listed above had not been reviewed by independent accountants. Including total assets amounted to NT\$17,795,699 thousand, and NT\$18,739,776 thousand, total liabilities amounted to NT\$3,890,406 thousand and NT\$4,192,985 thousand as of September 30, 2020 and 2019. The related total comprehensive income amounted to NT\$693,063 thousand and NT\$53,473 thousand for the three month periods ended September 30, 2020 and 2019, and the related total comprehensive income amount to NT\$885,711 thousand and NT\$304,384 thousand for the nine month periods ended September 30, 2020 and 2019, respectively.

- (4) Apart from the accounting policies which are described below, the same accounting policies of consolidation have been applied in the Group’s consolidated financial statements as those applied in the Group’s consolidated financial statements for the year ended December 31, 2019. For the summary of significant accounting policies, please refer to the Group’s consolidated financial statements for the year ended December 31, 2019.
  - A. Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.
  - B. Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The average annual effective income tax rate is estimated by current income tax expenses only. Deferred income tax is recognized and measured according to IAS 12 “Income Tax” and follows the same accounting policies of the Group’s annual consolidated financial statements. When income tax rate changes occur in interim period, the effect on deferred income tax is recognized in profit or loss, other comprehensive income or equity at once.
  - C. Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

CORETRONIC CORPORATION AND SUBSIDIARIES  
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5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The Group has considered the economic implications of COVID-19 on critical accounting estimates and will continue evaluating the impact on its financial position and financial performance as a result of the pandemic. The same significant accounting judgments, estimates and assumptions have been followed in the preparation of CORE's consolidated financial statements for the year ended December 31, 2019. Please refer to the consolidated financial statements for the year ended December 31, 2019 for the summary of significant accounting judgments, estimates and assumptions.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and Cash Equivalents

	September 30, 2020	December 31, 2019	September 30, 2019
Cash on hand, savings and checking accounts	\$6,071,252	\$3,230,100	\$3,882,111
Time deposits	10,950,378	16,931,763	16,356,915
Total	<u>\$17,021,630</u>	<u>\$20,161,863</u>	<u>\$20,239,026</u>

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

	September 30, 2020	December 31, 2019	September 30, 2019
Financial assets designated at fair value through profit or loss:			
Derivative not designated as hedging instruments			
Forward foreign exchange contracts	\$179,883	\$83,296	\$77,716
Forward cross currency contracts	-	1,025	1,220
Subtotal	<u>179,883</u>	<u>84,321</u>	<u>78,936</u>
Stocks	32,088	35,412	20,277
Convertible bond	-	-	15,520
Stock option	58,200	-	-
Total	<u>\$270,171</u>	<u>\$119,733</u>	<u>\$114,733</u>
Current	\$238,083	\$84,321	\$78,936
Noncurrent	32,088	35,412	35,797
Total	<u>\$270,171</u>	<u>\$119,733</u>	<u>\$114,733</u>

Financial assets at fair value through profit and loss were not pledged. Please refer to Note 12 for more detail.

CORETRONIC CORPORATION AND SUBSIDIARIES  
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(3) Hedging Financial Assets

	September 30, 2020	December 31, 2019	September 30, 2019
Hedging financial assets			
Forward foreign exchange contracts	\$673	\$4,207	\$6,021
Current	\$673	\$4,207	\$6,021
Noncurrent	-	-	-
Total	\$673	\$4,207	\$6,021

Hedging financial assets were not pledged. Please refer to Note 12 for more detail.

(4) Financial Assets at Fair Value through Other Comprehensive Income

	September 30, 2020	December 31, 2019	September 30, 2019
Equity instruments investments measured at fair value through other comprehensive income-noncurrent :			
Unlisted companies stocks	\$652,671	\$447,469	\$399,680

Financial assets at fair value through other comprehensive income were not pledged.

(5) Notes Receivable

	September 30, 2020	December 31, 2019	September 30, 2019
Notes Receivable - arose from operating activities	\$39,092	\$41,467	\$29,503

Notes receivables were not pledged.

The Group adopted IFRS 9 for impairment assessment. Please refer to Note 6(19) for more details on accumulated impairment and refer to Note 12 for more details on credit risk disclosure.

(6) Trade Receivable and Trade Receivable-Related Parties

	September 30, 2020	December 31, 2019	September 30, 2019
Trade receivable	\$12,552,692	\$11,728,918	\$13,004,789
Less: allowance for doubtful accounts	(47,608)	(41,307)	(37,608)
Subtotal	12,505,084	11,687,611	12,967,181
Trade receivable for related parties	1,136	201	488
Total	\$12,506,220	\$11,687,812	\$12,967,669

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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Trade receivable was not pledged.

Trade receivables are generally on 30-150 day terms. The total carrying amount as of September 30, 2020, December 31, 2019, and September 30, 2019, are NT\$12,553,828 thousand, NT\$11,729,119 thousand and NT\$13,005,277 thousand, respectively. Please refer to Note 6(19) for more details on impairment of trade receivables. Please refer to Note 12 for more details on credit risk management.

The Group entered into factoring contracts without recourse with a number of domestic banks. To wit, banks pay to the Group 100% of the accounts receivable factored as consideration. According to the arrangement, if the client of the trade receivables factoring delays the payment, the Group shall pay interests to the bank. Upon assignment of the factoring to the bank, the bank undertakes the associated credit risk. However, the Group still issues a promissory note to the bank. If the trade receivables cannot be collected as a result of trade disputes due to factors attributable to the Group, the Group should pay the promissory note in compensation for the bank. As of September 30, 2020, December 31, 2019 and September 30, 2019, the Group has no outstanding discounted trade receivables which were deducted from trade receivables. The credit line of factoring contracts provided by CTBC Bank is US\$40,000 thousand as of September 30, 2020, December 31, 2019 and September 30, 2019, respectively.

(7) Inventories

	September 30, 2020	December 31, 2019	September 30, 2019
Raw materials and supplies	\$3,310,734	\$3,218,963	\$3,854,930
Work in process	526,634	131,651	674,461
Finished goods	2,063,951	2,712,142	2,769,089
Total	<u>\$5,901,319</u>	<u>\$6,062,756</u>	<u>\$7,298,480</u>

The cost of inventories recognized in expenses amounted to NT\$9,835,777 thousand and NT\$10,587,971 thousand for the three months ended September 30, 2020 and 2019, including the write-down of inventories and obsolescence loss of NT\$32,402 thousand and NT\$83,365 thousand, respectively.

The cost of inventories recognized in expenses amounted to NT\$25,549,076 thousand and NT\$29,208,131 thousand for the nine months ended September 30, 2020 and 2019, including the write-down of inventories and obsolescence loss of NT\$90,589 thousand and NT\$208,711 thousand, respectively.

The allowance write-down of inventories amounted to NT\$677,084 thousand, NT\$670,061 thousand and NT\$649,581 thousand as of September 30, 2020, December 31, 2019, and September 30, 2019, respectively.

No inventories were pledged.



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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)  
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(8) Investments Accounted for Using Equity Method

Details of investments accounted for using equity method are as follows:

September 30, 2020		
Investees	Carrying Amount	Percentage of ownership (%)
Investments in associates:		
Eterge Opto-Electronics Co., LTD (“EOE”)	\$47,875	18.50%
Genejet Biotech Co., Ltd. (“Genejet”)	-	19.51%
	<u>\$47,875</u>	
December 31, 2019		
Investees	Carrying amount	Percentage of ownership (%)
Investments in associates:		
Eterge Opto-Electronics Co., LTD (“EOE”)	\$22,934	20.00%
Genejet Biotech Co., Ltd. (“Genejet”)	-	19.51%
	<u>\$22,934</u>	
September 30, 2019		
Investees	Carrying amount	Percentage of ownership (%)
Investments in associates:		
Eterge Opto-Electronics Co., LTD (“EOE”)	\$22,076	20.00%
Genejet Biotech Co., Ltd. (“Genejet”)	-	19.51%
	<u>\$22,076</u>	

In May 2019, the Group invested NT\$22,000 thousand in EOE and acquired 20% of the shareholdings. The Group accounted it for using equity method. In August 2020, EOE issued new shares by cash; however, the Group failed to acquire shares newly issued in EOE proportionately to its original ownership interest and reduced its stockholding percentage to 18.50%. The investment of EOE is not significant to the Group.

The Group recognized share of (loss) gain of associates and joint ventures accounted for using equity method in the amount of NT\$(166) thousand and NT\$133 thousand for the three months ended of September 30, 2020 and 2019 and recognized share of loss of associates and joint ventures accounted for using equity method in the amount of NT\$(266) thousand and NT\$(4) thousand for nine months ended September 30, 2020 and 2019, which were evaluated on the investees’ unreviewed financial statements.

The abovementioned associates had no contingent liabilities or capital commitments as of September 30, 2020, December 31, 2019 and September 30, 2019, respectively. No investments accounted for using equity method held by the Group was pledged to others.

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**(9) Property, Plant and Equipment**

Property, plant and equipment for own-use

	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, 2020	\$39,192	\$7,008,069	\$4,974,961	\$451,454	\$44,155	\$-	\$714,600	\$1,700,497	\$903,758	\$15,836,686
Additions	-	55,287	47,967	19,498	33	-	8,700	51,303	515,218	698,006
Disposals	-	(329,389)	(118,567)	(3,000)	(2,849)	-	(5,146)	(35,890)	-	(494,841)
Transfers	-	629,812	(47,806)	13,917	(988)	-	406	41,338	(764,700)	(128,021)
Exchange differences	(697)	(22,845)	(31,149)	(2,525)	(266)	-	(4,318)	(8,674)	(1,698)	(72,172)
As of September 30, 2020	<u>\$38,495</u>	<u>\$7,340,934</u>	<u>\$4,825,406</u>	<u>\$479,344</u>	<u>\$40,085</u>	<u>\$-</u>	<u>\$714,242</u>	<u>\$1,748,574</u>	<u>\$652,578</u>	<u>\$15,839,658</u>
As of January 1, 2019	\$39,046	\$6,964,402	\$5,375,501	\$467,059	\$43,147	\$2,322	\$828,149	\$1,740,256	\$312,192	\$15,772,074
Effects of retrospective application and restatement	-	-	-	-	-	(2,322)	-	-	-	(2,322)
Additions	-	78,034	161,906	19,890	3,086	-	18,475	129,868	863,277	1,274,536
Disposals	-	(16,651)	(336,324)	(25,409)	(2,950)	-	(33,176)	(118,416)	-	(532,926)
Transfers	-	114,369	(81,193)	(4,291)	419	-	710	8,209	(337,579)	(299,356)
Exchange differences	(156)	(61,055)	(65,870)	(6,443)	(800)	-	(13,160)	(26,065)	(122)	(173,671)
As of September 30, 2019	<u>\$38,890</u>	<u>\$7,079,099</u>	<u>\$5,054,020</u>	<u>\$450,806</u>	<u>\$42,902</u>	<u>\$-</u>	<u>\$800,998</u>	<u>\$1,733,852</u>	<u>\$837,768</u>	<u>\$16,038,335</u>
Depreciation and Impairment:										
As of January 1, 2020	\$-	\$3,348,812	\$3,205,707	\$341,641	\$35,710	\$-	\$601,131	\$1,373,416	\$-	\$8,906,417
Depreciation	-	232,865	322,217	27,806	2,595	-	18,976	90,050	-	694,509
Disposals	-	(329,389)	(117,977)	(2,978)	(2,847)	-	(4,383)	(35,590)	-	(493,164)
Transfers	-	14	(121,334)	(936)	(989)	-	-	(4,015)	-	(127,260)
Exchange differences	-	(10,536)	(20,337)	(2,126)	(255)	-	(5,331)	(8,148)	-	(46,733)
As of September 30, 2020	<u>\$-</u>	<u>\$3,241,766</u>	<u>\$3,268,276</u>	<u>\$363,407</u>	<u>\$34,214</u>	<u>\$-</u>	<u>\$610,393</u>	<u>\$1,415,713</u>	<u>\$-</u>	<u>\$8,933,769</u>
As of January 1, 2019	\$-	\$3,131,339	\$3,527,821	\$371,322	\$35,864	\$2,069	\$695,710	\$1,456,637	\$-	\$9,220,762
Effects of retrospective application and restatement	-	-	-	-	-	(2,069)	-	-	-	(2,069)
Depreciation	-	239,044	351,094	25,105	3,129	-	29,417	102,827	-	750,616
Disposals	-	(16,026)	(328,180)	(24,202)	(2,135)	-	(31,660)	(117,590)	-	(519,793)
Transfers	-	(178)	(222,784)	(5,749)	-	-	(55)	(16,284)	-	(245,050)
Exchange differences	-	(35,291)	(46,147)	(5,269)	(702)	-	(10,232)	(21,696)	-	(119,337)
As of September 30, 2019	<u>\$-</u>	<u>\$3,318,888</u>	<u>\$3,281,804</u>	<u>\$361,207</u>	<u>\$36,156</u>	<u>\$-</u>	<u>\$683,180</u>	<u>\$1,403,894</u>	<u>\$-</u>	<u>\$9,085,129</u>
Net carrying amounts as of:										
September 30, 2020	<u>\$38,495</u>	<u>\$4,099,168</u>	<u>\$1,557,130</u>	<u>\$115,937</u>	<u>\$5,871</u>	<u>\$-</u>	<u>\$103,849</u>	<u>\$332,861</u>	<u>\$652,578</u>	<u>\$6,905,889</u>
December 31, 2019	<u>\$39,192</u>	<u>\$3,659,257</u>	<u>\$1,769,254</u>	<u>\$109,813</u>	<u>\$8,445</u>	<u>\$-</u>	<u>\$113,469</u>	<u>\$327,081</u>	<u>\$903,758</u>	<u>\$6,930,269</u>
September 30, 2019	<u>\$38,890</u>	<u>\$3,760,211</u>	<u>\$1,772,216</u>	<u>\$89,599</u>	<u>\$6,746</u>	<u>\$-</u>	<u>\$117,818</u>	<u>\$329,958</u>	<u>\$837,768</u>	<u>\$6,953,206</u>

CORETRONIC CORPORATION AND SUBSIDIARIES  
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The Group evaluated the economic benefits for property, plant and equipment, no impairment loss identified for the nine months ended September 30, 2020 and 2019.

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

(10) Investment Property

Investment property held by the group is for own-use. The Group signed the commercial property lease contracts with periods during 1 to 3 years, which include clauses to enable upward revision of the rental change on an annual base according to prevailing market conditions.

	<u>Buildings</u>
Cost:	
As of January 1, 2020	\$244,538
Additions from acquisitions	-
As of September 30, 2020	<u>\$244,538</u>
As of January 1, 2019	\$244,538
Additions from acquisitions	-
As of September 30, 2019	<u>\$244,538</u>
Depreciation and Impairment:	
As of January 1, 2020	\$76,132
Depreciation	6,040
As of September 30, 2020	<u>\$82,172</u>
As of January 1, 2019	\$68,079
Depreciation	6,040
As of September 30, 2019	<u>\$74,119</u>
Net carry amount as of:	
September 30, 2020	<u>\$162,366</u>
December 31, 2019	<u>\$168,406</u>
September 30, 2019	<u>\$170,419</u>

	<u>Three months ended September 30</u>		<u>Nine months ended September 30</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Rental income from investment property	\$4,818	\$4,514	\$13,846	\$13,691
Less: Direct operating expenses from investment property generating rental income	<u>(2,014)</u>	<u>(2,123)</u>	<u>(6,040)</u>	<u>(6,150)</u>
Total	<u>\$2,804</u>	<u>\$2,391</u>	<u>\$7,806</u>	<u>\$7,541</u>

Information about the investment property that was pledged to others as collaterals is provided in Note 8.

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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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:

	September 30, 2020	December 31, 2019	September 30, 2019
Fair value of the investment property	\$219,800	\$219,800	\$222,400
Discount rates	4.095%	4.095%	4.095%
Growth rates	0.4%	0.4%	0.4%

(11) Intangible Assets

	Trade marks	Patents	Software	IPs	Goodwill	Other	Total
Cost:							
As of January 1, 2020	\$103,827	\$49,796	\$160,647	\$83,872	\$5,940	\$232,918	\$637,000
Additions	-	129,725	56,454	3,251	-	23,249	212,679
Disposals	-	-	(5,141)	-	-	-	(5,141)
Transfers	-	-	(121)	-	-	-	(121)
Exchange differences	(88)	(1)	(243)	-	-	(7,861)	(8,193)
As of September 30, 2020	\$103,739	\$179,520	\$211,596	\$87,123	\$5,940	\$248,306	\$836,224
As of January 1, 2019	\$103,901	\$16,049	\$126,102	\$54,522	\$5,940	\$145,856	\$452,370
Additions	-	33,752	29,649	-	-	103,232	166,633
Disposals	-	-	(8,780)	-	-	-	(8,780)
Transfers	-	-	(1,075)	-	-	1,075	-
Exchange differences	32	19	(191)	-	-	(2,478)	(2,618)
As of September 30, 2019	\$103,933	\$49,820	\$145,705	\$54,522	\$5,940	\$247,685	\$607,605
Amortization and Impairment:							
As of January 1, 2020	\$98,193	\$12,468	\$95,149	\$52,746	\$-	\$96,770	\$355,326
Amortization	2,669	7,532	23,679	2,984	-	42,088	78,952
Disposals	-	-	(5,141)	-	-	-	(5,141)
Exchange differences	(88)	(1)	(266)	-	-	(3,617)	(3,972)
As of September 30, 2020	\$100,774	\$19,999	\$113,421	\$55,730	\$-	\$135,241	\$425,165
As of January 1, 2019	\$92,498	\$9,063	\$87,398	\$41,985	\$-	\$65,024	\$295,968
Amortization	2,824	1,431	20,150	9,705	-	42,194	76,304
Disposals	-	-	(8,780)	-	-	-	(8,780)
Exchange differences	9	7	(194)	-	-	(1,075)	(1,253)
As of September 30, 2019	\$95,331	\$10,501	\$98,574	\$51,690	\$-	\$106,143	\$362,239
Net carrying amount as of:							
September 30, 2020	\$2,965	\$159,521	\$98,175	\$31,393	\$5,940	\$113,065	\$411,059
December 31, 2019	\$5,634	\$37,328	\$65,498	\$31,126	\$5,940	\$136,148	\$281,674
September 30, 2019	\$8,602	\$39,319	\$47,131	\$2,832	\$5,940	\$141,542	\$245,366

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Amortization expense of intangible assets:

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Operating Cost	\$1,791	\$9,806	\$16,734	\$25,775
Selling expenses	4,066	2,060	12,143	6,602
General and administrative expenses	2,402	989	7,476	13,960
Research and development expenses	15,049	11,969	42,599	29,967
Total	<u>\$23,308</u>	<u>\$24,824</u>	<u>\$78,952</u>	<u>\$76,304</u>

(12) Short-Term Borrowings

	September 30, 2020	December 31, 2019	September 30, 2019
Unsecured bank loans	<u>\$6,127,525</u>	<u>\$8,521,341</u>	<u>\$9,530,499</u>
Interest rates (%)	<u>0.39%~1.98%</u>	<u>0.86%~2.74%</u>	<u>0.93%~2.89%</u>

The Group's unused short-term lines of credits amounted to NT\$38,180,430 thousand, NT\$33,685,409 thousand, and NT\$32,153,345 thousand as of September 30, 2020, December 31, 2019 and September 30, 2019, respectively.

(13) Derivative financial liabilities

Financial liabilities at fair value through profit or loss:

	September 30, 2020	December 31, 2019	September 30, 2019
Derivatives not designated as hedging instruments - current			
Forward exchange contracts	\$23,247	\$145,980	\$65,527
Forward cross currency contracts	4,723	7,127	2,344
Total	<u>\$27,970</u>	<u>\$153,107</u>	<u>\$67,871</u>

Hedging financial liabilities:

	September 30, 2020	December 31, 2019	September 30, 2019
Forward exchange contracts	<u>\$-</u>	<u>\$-</u>	<u>\$1,533</u>

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(14) Long-Term Borrowings

Details of long-term borrowings are as follows:

Lenders	September 30, 2020	Interest Rate (%)	Maturity date and terms of repayment
Secured long-term borrowings from First bank	\$58,333	1.20%	Effective from April 27, 2021. Principle is repaid in 2 quarterly payments.
Secured long-term borrowings from First bank	100	1.20%	Effective from December 20, 2020. Principle is repaid in 16 quarterly payments.
Secured long-term borrowings from Hua Nan Commercial bank	5,000	1.02%	Effective from July 25, 2021. Principle is repaid in 14 quarterly payments.
Secured long-term borrowings from Hua Nan Commercial bank	120,000	1.02%	Effective from July 25, 2021. Principle is repaid in 14 quarterly payments.
Secured long-term borrowings from Hua Nan Commercial bank	250,000	1.00%	Effective from July 25, 2021. Principle is repaid in 14 quarterly payments.
Credited long-term borrowings from Export-Import bank of the Republic of China	105,000	0.62%	Principle is repaid on May 8, 2022.
Credited long-term borrowings from Export-Import bank of the Republic of China	95,000	0.62%	Principle is repaid on May 13, 2022.
Less: current portion	(85,144)		
Total	<u>\$548,289</u>		

Lenders	December 31, 2019	Interest Rate (%)	Maturity date and terms of repayment
Secured long-term borrowings from First bank	\$58,333	1.35%	Effective from April 27, 2021. Principle is repaid in 2 quarterly payments.
Secured long-term borrowings from First bank	100	1.35%	Effective from December 20, 2020. Principle is repaid in 16 quarterly payments.
Secured long-term borrowings from Hua Nan Commercial bank	5,000	1.30%	Effective from July 25, 2021. Principle is repaid in 14 quarterly payments.

(Continued)



CORETRONIC CORPORATION AND SUBSIDIARIES

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

(To be continued)

Lenders	December 31, 2019	Interest Rate (%)	Maturity date and terms of repayment
Secured long-term borrowings from Hua Nan Commercial bank	120,000	1.30%	Effective from July 25, 2021. Principle is repaid in 14 quarterly payments.
Less: current portion	(6)		
Total	<u>\$183,427</u>		

Lenders	September 30, 2019	Interest Rate (%)	Maturity date and terms of repayment
Secured long-term borrowings from First bank	\$15,000	1.38%	Effective from October 27, 2017. Principle is repaid in 16 quarterly payments.
Secured long-term borrowings from First bank	313,333	1.38%	Effective from October 27, 2018. Principle is repaid in 12 quarterly payments.
Secured long-term borrowings from First bank	100	1.38%	Effective from December 20, 2020. Principle is repaid in 16 quarterly payments.
Secured long-term borrowings from Lombard Co.	83	3.81%	Effective from January 5, 2017. Principle is repaid in 36 monthly payments.
Less: current portion	(164,249)		
Total	<u>\$164,267</u>		

The Group's unused long-term lines of credits amounted to NT\$966,567 thousand, NT\$1,216,567 thousand, and NT\$1,271,567 thousand as of September 30, 2020, December 31, 2019, and September 30, 2019, respectively.

(15) Post-Employment Benefits

Defined contribution plan

Pension expenses under the defined contribution plan for the three months ended September 30, 2020 and 2019 were NT\$66,898 thousand and NT\$95,194 thousand, respectively.

Pension expenses under the defined contribution plan for the nine months ended September 30, 2020 and 2019 were NT\$214,577 thousand and NT\$283,832 thousand, respectively.

CORETRONIC CORPORATION AND SUBSIDIARIES  
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)  
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Defined benefits plan

Pension expenses under the defined benefits plan for the three months ended September 30, 2020 and 2019 were NT\$672 thousand and NT\$869 thousand, respectively.

Pension expenses under the defined benefits plan for the nine months ended September 30, 2020 and 2019 were NT\$2,017 thousand and NT\$2,617 thousand, respectively.

(16) Provisions

	<u>Warranties</u>
As of January 1, 2020	\$767,350
Arising during the period (reversed)	145,249
Utilized during the period	(158,986)
Exchange differences	(322)
As of September 30, 2020	<u>\$753,291</u>
Current	\$753,291
Non-current	-
As of September 30, 2020	<u>\$753,291</u>
	<u>Warranties</u>
As of January 1, 2019	\$826,791
Arising during the period (reversed)	165,430
Utilized during the period	(167,205)
Exchange differences	(7,450)
As of September 30, 2019	<u>\$817,566</u>
Current	\$817,566
Non-current	-
As of September 30, 2019	<u>\$817,566</u>

Warranties

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

(17) Equities

A. Common stock

CORE's authorized capital was NT\$10,000,000 thousand as of September 30, 2020, December 31, 2019, and September 30, 2019, (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.

CORETRONIC CORPORATION AND SUBSIDIARIES  
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B. Capital surplus

	September 30, 2020	December 31, 2019	September 30, 2019
Additional paid-in capital	\$2,700,154	\$2,917,366	\$2,917,366
Treasury Stock transactions	116,614	116,614	116,614
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	631,443	594,554	556,350
Changes in ownership interests in subsidiaries	98,791	98,791	98,791
Changes from investments in associates and joint ventures accounted for using the equity method	1,557	150	80
Total	<u>\$3,548,559</u>	<u>\$3,727,475</u>	<u>\$3,689,201</u>

According to the Company Act, the capital reserve shall not be used except for covering losses of the company. When the 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:

According to the Articles of Incorporation, current year's earnings shall be distributed in the following order:

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

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

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 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 April 6, 2012 issued Order No. Financial-Supervisory-Securities-Corporate-1010012865, which sets out the following provisions for compliance:

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

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The special reserve of the first adoption of the IFRS as of September 30, 2020 and 2019 amounted to NT\$1,276,610 thousand.

Details of the 2019 and 2018 earning distribution and dividends per share as resolved respectively by the shareholders' meeting on June 12, 2020 and June 13, 2019 are as follows:

	Appropriation of earnings		Dividends per share (NT\$)	
	2019	2018	2019	2018
Legal reserve	\$115,307	\$202,021		
Common stock -cash dividend	651,634	868,846	\$1.5	\$2
	(Note)			

Note: The cash dividend distribution of 2019 has been approved by the Board of Directors' meeting on March 16, 2020.

In addition, the Board of Directors' meeting and shareholders' meeting resolved to distribute the paid-in capital in excess of par-common stock by cash in the amount of NT\$217,212 thousand, NT\$0.5 per share and NT\$651,635 thousand, NT\$1.5 per share in 2020 and 2019, respectively.

Please refer to Note 6(21) for further details on employees' compensation and remuneration to directors and supervisors.

D. Non-controlling interests:

	Nine months ended September 30	
	2020	2019
Beginning balance	\$2,169,365	\$2,060,440
(Loss) profit attributable to non-controlling interests	(122,738)	38,810
Other comprehensive (loss) income attributable to non-controlling interests, net of tax:		
Exchange differences on translation of foreign operations	(10,804)	(11,250)
Cash dividends	(5,618)	(36,063)
Acquisition or disposal of the interest of subsidiaries	33,554	130,611
Changes in subsidiaries' ownership	-	25,456
Ending balance	\$2,063,759	\$2,208,004

(18) Sales

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Contract revenue from customers				
Sale of goods	\$11,526,178	\$12,522,008	\$29,840,602	\$34,518,809
Revenue arising from rendering of services	322,219	339,581	767,146	786,609
Other operating revenues	92,189	128,798	336,907	321,437
Total	\$11,940,586	\$12,990,387	\$30,944,655	\$35,626,855

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Analysis of contract revenue from customers during the periods is as follows:

A. Revenue of Segments

For the three months ended September 30, 2020

	Energy – saving products segment	Image products and brand segment	Optical component segment	Other Segment	Elimination	Total
Sale of goods	\$6,293,903	\$3,542,500	\$1,065,414	\$948,383	\$(324,022)	\$11,526,178
Revenue arising from rendering of services	240,283	23,101	10,896	106,753	(58,814)	322,219
Other operating revenues	12,118	19,489	23,120	41,651	(4,189)	92,189
Total	<u>\$6,546,304</u>	<u>\$3,585,090</u>	<u>\$1,099,430</u>	<u>\$1,096,787</u>	<u>\$(387,025)</u>	<u>\$11,940,586</u>
The timing of revenue recognition:						
At a point in time	<u>\$6,546,304</u>	<u>\$3,585,090</u>	<u>\$1,099,430</u>	<u>\$1,096,787</u>	<u>\$(387,025)</u>	<u>\$11,940,586</u>

For the three months ended September 30, 2019

	Energy – saving products segment	Image products and brand segment	Optical component segment	Other Segment	Elimination	Total
Sale of goods	\$6,682,550	\$4,167,651	\$1,172,485	\$881,353	\$(382,031)	\$12,522,008
Revenue arising from rendering of services	299,675	20,842	8,186	69,774	(58,896)	339,581
Other operating revenues	48,421	45,996	27,769	6,673	(61)	128,798
Total	<u>\$7,030,646</u>	<u>\$4,234,489</u>	<u>\$1,208,440</u>	<u>\$957,800</u>	<u>\$(440,988)</u>	<u>\$12,990,387</u>
The timing of revenue recognition:						
At a point in time	<u>\$7,030,646</u>	<u>\$4,234,489</u>	<u>\$1,208,440</u>	<u>\$957,800</u>	<u>\$(440,988)</u>	<u>\$12,990,387</u>



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For the nine months ended September 30, 2020

	Energy – saving products segment	Image products and brand segment	Optical component segment	Other segment	Elimination	Total
Sale of goods	\$15,931,094	\$9,552,515	\$2,731,130	\$2,496,839	\$(870,976)	\$29,840,602
Revenue arising from rendering of services	579,028	56,277	34,790	273,016	(175,965)	767,146
Other operating revenues	93,817	92,796	92,714	65,710	(8,130)	336,907
Total	<u>\$16,603,939</u>	<u>\$9,701,588</u>	<u>\$2,858,634</u>	<u>\$2,835,565</u>	<u>\$(1,055,071)</u>	<u>\$30,944,655</u>
The timing of revenue recognition:						
At a point in time	<u>\$16,603,939</u>	<u>\$9,701,588</u>	<u>\$2,858,634</u>	<u>\$2,835,565</u>	<u>\$(1,055,071)</u>	<u>\$30,944,655</u>

For the nine months ended September 30, 2019

	Energy – saving products segment	Image products and brand segment	Optical component segment	Other segment	Elimination	Total
Sale of goods	\$17,145,169	\$12,105,765	\$3,526,440	\$2,778,839	\$(1,037,404)	\$34,518,809
Revenue arising from rendering of services	664,040	53,366	25,603	126,506	(82,906)	786,609
Other operating revenues	102,282	111,933	92,127	15,913	(818)	321,437
Total	<u>\$17,911,491</u>	<u>\$12,271,064</u>	<u>\$3,644,170</u>	<u>\$2,921,258</u>	<u>\$(1,121,128)</u>	<u>\$35,626,855</u>
The timing of revenue recognition:						
At a point in time	<u>\$17,911,491</u>	<u>\$12,271,064</u>	<u>\$3,644,170</u>	<u>\$2,921,258</u>	<u>\$(1,121,128)</u>	<u>\$35,626,855</u>

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B. Contract balance

Contract liabilities-current

	September 30, 2020	December 31, 2019	September 30, 2019	January 1, 2019
Sale of goods	\$217,411	\$196,044	\$254,771	\$241,829
Revenue arising from rendering of services	334	904	320	675
Other operating revenues	93,043	97,204	108,092	111,024
Total	<u>\$310,788</u>	<u>\$294,152</u>	<u>\$363,183</u>	<u>\$353,528</u>

C. Transaction price allocated to unsatisfied performance obligations

As of September 30, 2020 and 2019, there is no need to provide relevant information of the unsatisfied performance obligations as the contracts with customers about the sales of goods are all within one year.

D. Cost of Assets from acquire or performance of customer contracts:

None.

(19) Expected Credit (Gain) Losses

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Operating expenses – Expected credit (gain) losses				
Trade receivables	<u>\$(378)</u>	<u>\$(41,292)</u>	<u>\$8,047</u>	<u>\$(86,101)</u>

The Group measures trade receivables (including notes receivable and trade receivable) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of September 30, 2020, December 31, 2019, and September 30, 2019 is as follows:

The Group needs to consider the grouping of trade receivables by counterparties' credit rating, by geographical region and by industry sector, and its loss allowance is measured by using a provision matrix. Details are as below:

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As of September 30, 2020

		Past due					
	Neither past due	1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 121 days	Total
Gross carrying amount	\$12,133,240	\$310,958	\$95,629	\$2,799	\$4,211	\$46,083	\$12,592,920
Loss ratio	0%	0-2%	5%	30%	50%	100%	
Expected credit losses	-	(1,005)	(3,981)	(1,187)	(214)	(41,221)	(47,608)
Subtotal	\$12,133,240	\$309,953	\$91,648	\$1,612	\$3,997	\$4,862	\$12,545,312

As of December 31, 2019

		Past due					
	Neither past due	1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 121 days	Total
Gross carrying amount	\$11,124,945	\$530,593	\$36,962	\$17,895	\$12,360	\$47,831	\$11,770,586
Loss ratio	0%	0-2%	5%	30%	50%	100%	
Expected credit losses	-	(796)	(1,796)	(2,241)	(2,593)	(33,881)	(41,307)
Subtotal	\$11,124,945	\$529,797	\$35,166	\$15,654	\$9,767	\$13,950	\$11,729,279

As of September 30, 2019

		Past due					
	Neither past due	1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 121 days	Total
Gross carrying amount	\$12,397,778	\$482,285	\$103,418	\$8,203	\$10,359	\$32,737	\$13,034,780
Loss ratio	0%	0-2%	5%	30%	50%	100%	
Expected credit losses	-	(1,087)	(2,747)	(814)	(3,363)	(29,597)	(37,608)
Subtotal	\$12,397,778	\$481,198	\$100,671	\$7,389	\$6,996	\$3,140	\$12,997,172

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The movement of contract assets, notes receivables and provision for impairment of trade receivables during the period is as follows:

	Provision for impairment
As of January 1, 2020	\$41,307
Accrual for the current period	8,047
Write off	(1,105)
Exchange differences	(641)
As of September 30, 2020	\$47,608

  

	Provision for impairment
As of January 1, 2019	\$181,700
Reversal for the current period	(86,101)
Write off	(57,178)
Exchange differences	(813)
As of September 30, 2019	\$37,608

(20) Leases

A. Group as lessee

The Group leases various property (land and buildings), machinery equipment, and transportation equipment. These leases have terms between one and fifty years.

The effects that leases have on the financial position, financial performance and cash flows of the Group are as follows:

(a) Amounts recognized in the balance sheet

i. Right-of-use assets

The carrying amount of right-of-use assets

	September 30, 2020	December 31, 2019	September 30, 2019
Land	\$1,289,154	\$1,327,891	\$1,345,816
Buildings	435,109	606,821	686,287
Machinery and equipment	-	233	297
Transportation equipment	36,666	41,340	44,540
Office fixtures	2,824	604	702
Other equipment	104	167	193
Total	\$1,763,857	\$1,977,056	\$2,077,835

During the nine-month periods ended September 30, 2020 and 2019, the additions to right-of-use assets of the Group amounted to NT\$74,594 thousand and NT\$296,089 thousand, respectively.

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ii. Lease liability

	September 30, 2020	December 31, 2019	September 30, 2019
Lease liability			
Current	\$258,253	\$335,921	\$347,392
Non-current	1,319,436	1,439,424	1,516,613
Total	<u>\$1,577,689</u>	<u>\$1,775,345</u>	<u>\$1,864,005</u>

Please refer to Note 6(22)D. for the interest on lease liability recognized during the three-month and nine-month periods ended September 30, 2020 and 2019. Please refer to Note 12(5) for the maturity analysis for lease liabilities as of September 30, 2020, December 31, 2019, and September 30, 2019.

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Land	\$11,829	\$11,696	\$35,309	\$32,603
Buildings	63,811	69,484	196,591	199,950
Machinery and equipment	-	61	-	185
Transportation equipment	5,270	5,514	15,691	16,148
Office fixtures	218	80	475	161
Other equipment	20	21	60	62
Total	<u>\$81,148</u>	<u>\$86,856</u>	<u>\$248,126</u>	<u>\$249,109</u>

(c) Income and costs relating to leasing activities

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
The expense relating to short-term leases	\$14,060	\$10,587	\$39,552	\$40,605
The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of low-value assets)	10,646	1,931	21,186	4,924
The expense relating to variable lease payments not included in the measurement of lease liabilities	20	7,294	80	17,815
Total	<u>\$24,726</u>	<u>\$19,812</u>	<u>\$60,818</u>	<u>\$63,344</u>

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For the rent concession arising as a direct consequence of the COVID-19 pandemic, the Group recognized in profit or loss for the three-month and the nine-month period ended September 30, 2020 were NT\$3,986 thousand and NT\$7,063 thousand, respectively, to reflect changes in lease payments that arose from such rent concessions to which the Group has applied the practical expedient.

(d) Cash outflow relating to leasing activities

During the nine-month periods ended September 30, 2020 and 2019, the Group's total cash outflow for leases amounted to NT\$334,047 thousand and NT\$331,245 thousand.

(e) Other information relating to leasing activities

i. Variable lease payments

Some of the Group's building leases agreements contain variable payment terms that are linked to actual usage condition. The amount links to percentage of actual usage of underlying asset. The changes in variable lease payments are linked to actual usage and it is very common for entering contract with variable lease payments in the industry of the Group. As such variable lease payments do not meet the definition of lease payments, and those payments are not included in the measurement of the assets and liabilities.

ii. Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group's property rental agreement. In determining the lease term, the non-cancellable period for which the Group has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The Group would reassess the lease term when significant issue or change occur.

iii. Residual value guarantees

To optimize lease costs during the contract period, the Group doesn't provide residual value guarantees in relation to rental agreement. No residual value guarantees are counted in lease liability.

B. The Group as lessor

Please refer to Note 6(10) for details on the Group's owned investment properties and investment properties held by the Group as right-of-use assets. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

No financing lease contracts were signed.

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	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Lease income for operating leases				
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$10,270	\$9,112	\$29,666	\$27,793
Income relating to variable lease payments that do not depend on an index or a rate	-	-	-	-
Total	<u>\$10,270</u>	<u>\$9,112</u>	<u>\$29,666</u>	<u>\$27,793</u>

Please refer to Note 6(10) for relevant disclosure of investment properties for operating leases which required by IFRS 16. For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining periods are as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Not later than one year	\$17,695	\$28,358	\$28,386
Later than one year but not later than two years	1,581	8,164	14,812
Later than two years but not later than three years	123	492	492
Later than three year but not later than four years	-	-	123
Total	<u>\$19,399</u>	<u>\$37,014</u>	<u>\$43,813</u>

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

Function  Items	Three months ended September 30					
	2020			2019		
	Operating Cost	Operating expenses	Total amount	Operating Cost	Operating expenses	Total amount
Employee benefits expense	\$909,426	\$1,148,966	\$2,058,392	\$900,005	\$1,268,045	\$2,168,050
Salaries	792,862	997,683	1,790,545	757,500	1,095,410	1,852,910
Labor and health insurance	32,251	74,000	106,251	32,348	83,088	115,436
Pension	25,118	42,452	67,570	44,917	51,146	96,063
Other employee benefits expense	59,195	34,831	94,026	65,240	38,401	103,641
Depreciation	208,558	100,347	308,905	228,717	99,016	327,733
Amortization	2,154	21,630	23,784	10,102	14,899	25,001

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Function  Items	Nine months ended September 30					
	2020			2019		
	Operating Cost	Operating expenses	Total amount	Operating Cost	Operating expenses	Total amount
Employee benefits expense	\$2,435,248	\$3,272,190	\$5,707,438	\$2,583,690	\$3,613,578	\$6,197,268
Salaries	2,088,463	2,812,803	4,901,266	2,162,834	3,108,027	5,270,861
Labor and health insurance	84,543	220,285	304,828	97,525	242,402	339,927
Pension	83,440	133,154	216,594	135,126	151,323	286,449
Other employee benefits expense	178,802	105,948	284,750	188,205	111,826	300,031
Depreciation	639,987	286,742	926,729	706,943	276,663	983,606
Amortization	17,817	62,501	80,318	26,177	50,712	76,889

According to the Articles of Incorporation of the Company, 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 thereto a report of such distribution is submitted to the shareholders' meeting. The employees of the Company's subsidiaries who fulfill specific requirements stipulated by the Board of Directors may be granted such compensation. 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 three months ended September 30, 2020 and 2019. The amounts of employees' compensation were NT\$83,751 thousand and NT\$66,479 thousand for the three months ended September 30, 2020 and 2019, respectively. The amounts of employees' compensation recognized as salaries were NT\$163,142 thousand and NT\$117,817 thousand for nine months ended September 30, 2020 and 2019, respectively. 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 in the profit or loss in the subsequent period.

A resolution was approved by Board of Directors' meeting held on February 17, 2020 to distribute NT\$175,700 thousand in cash as employees' compensation. No material differences exist between the resolution and the estimated amount for the year ended December 31, 2019.

No material differences exist between the estimated amount and the actual distribution of the employee bonuses for the year ended December 31, 2018.



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(22) Non-Operating Income and Expenses

A. Interest income

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Financial assets measured at amortized cost	\$102,035	\$116,461	\$337,626	\$340,925

B. Other income

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Government grants income	\$123,163	\$11,782	\$253,719	\$29,580
Rental income	10,270	9,112	29,666	27,793
Other	28,625	31,973	105,373	118,427
Total	\$162,058	\$52,867	\$388,758	\$175,800

C. Other gains and losses

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Gain on disposal of property, plant and equipment	\$491	\$1,227	\$1,120	\$13,417
Foreign exchange gain (loss), net	61,634	53,025	147,151	(21,077)
Gain on financial assets (liabilities) at fair value through profit or loss (Note)	74,848	17,679	176,585	200,781
Gain on lease modification	396	156	511	159
Gain (losses) on disposal of investments	-	-	23	(24,565)
Other losses	(8,659)	(8,475)	(24,789)	(25,876)
Total	\$128,710	\$63,612	\$300,601	\$142,839

Note: Balances were arising from financial assets mandatorily measured at fair value through profit or loss.

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D. Finance cost

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Interest on borrowings from bank	\$21,656	\$70,238	\$126,704	\$209,160
Interest on lease liabilities	11,779	15,462	37,860	45,994
Total	<u>\$33,435</u>	<u>\$85,700</u>	<u>\$164,564</u>	<u>\$255,154</u>

(23) Components of Other Comprehensive Income

For the three months ended September 30, 2020

	Arising during the period	Income tax benefit (expense)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:			
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	\$192,472	\$445	\$192,917
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	432,425	-	432,425
Total of other comprehensive income	<u>\$624,897</u>	<u>\$445</u>	<u>\$625,342</u>

For the three months ended September 30, 2019

	Arising during the period	Income tax income (expense)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:			
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	\$4,555	\$(804)	\$3,751
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	(626,767)	-	(626,767)
Losses from hedging instruments	(1,755)	(586)	(2,341)
Total of other comprehensive income	<u>\$(623,967)</u>	<u>\$(1,390)</u>	<u>\$(625,357)</u>

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For the nine months ended September 30, 2020

	Arising during the period	Income tax income (expense)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:			
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	\$207,445	\$1,061	\$208,506
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	(155,599)	-	(155,599)
Total of other comprehensive income	<u>\$51,846</u>	<u>\$1,061</u>	<u>\$52,907</u>

For the nine months ended September 30, 2019

	Arising during the period	Income tax income (expense)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:			
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	\$39,104	\$(858)	\$38,246
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	(364,410)	-	(364,410)
Gain from hedging instruments	808	269	1,077
Total of other comprehensive income	<u>\$(324,498)</u>	<u>\$(589)</u>	<u>\$(325,087)</u>

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(24) Income Tax

The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Current income tax expense (income):				
Current income tax charge	\$154,979	\$158,088	\$357,077	\$428,072
Adjustments in respect of current income tax of prior periods	879	3,019	(8,781)	(8,689)
Deferred tax expense (income):				
Deferred tax expense (income) relating to origination and reversal of temporary differences	46,009	9,074	(103,048)	(15,457)
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	(7,713)	(29,213)	(10,482)	(15,491)
Tax (income) expense recognized in the period for previously unrecognized tax loss, tax credit or temporary difference of prior periods	-	33,951	(3)	(8,463)
Deferred tax expense arising from write-down or reversal of write-down of deferred tax asset	(33,452)	(10,538)	92,330	19,237
Total income tax expense	<u>\$160,702</u>	<u>\$164,381</u>	<u>\$327,093</u>	<u>\$399,209</u>

Income tax relating to components of other comprehensive income

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Deferred income tax income (expense):				
(Loss) gain on hedging instruments	\$-	\$(586)	\$-	\$269
Unrealized gain (losses) from equity instruments investments measured at fair value through other comprehensive income	445	(804)	1,061	(858)
Total	<u>\$445</u>	<u>\$(1,390)</u>	<u>\$1,061</u>	<u>\$(589)</u>

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The assessment of income tax returns

As of September 30, 2020 the assessment of the income tax returns of the Group and its subsidiaries is as follows:

	<u>The assessment of income tax returns</u>
CORE	Assessed and approved up to 2017
TYO	Assessed and approved up to 2017
Optoma	Assessed and approved up to 2018
CGT	Assessed and approved up to 2018
Tsen Ming Investment Corp.	Assessed and approved up to 2018
YGE	Assessed and approved up to 2018
YLT	Assessed and approved up to 2018
Aptek Optical Corp.	Assessed and approved up to 2018
CICS	Assessed and approved up to 2017
CVC	Assessed and approved up to 2018
UCM	Assessed and approved up to 2018
ISC	Assessed and approved up to 2018
CVD	Assessed and approved up to 2017
CIRC	Assessed and approved up to 2018
CRI	Established in 2019 and unapproved
CMC	Established in 2019 and unapproved

(25) Earnings Per Share

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

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 period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	<u>Three months ended September 30</u>		<u>Nine months ended September 30</u>	
	2020	2019	2020	2019
A. Basic earnings per share				
Profit attributable to ordinary shareholders of the parent (in thousand NT\$)	\$585,424	\$472,807	\$1,142,260	\$761,994
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	434,423	434,423	434,423	434,423
Basic earnings per share (NT\$)	\$1.35	\$1.08	\$2.63	\$1.75

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	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
B. Diluted earnings per share				
Profit attributable to ordinary shareholders of the parent after dilution (in thousand NT\$)	<u>\$585,424</u>	<u>\$472,807</u>	<u>\$1,142,260</u>	<u>\$761,994</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	434,423	434,423	434,423	434,423
Effect of dilution:				
Employee Bonus — stock (in thousand)	<u>4,884</u>	<u>3,159</u>	<u>5,900</u>	<u>5,213</u>
Weighted average number of ordinary shares outstanding after dilution (in thousand)	<u>439,307</u>	<u>437,582</u>	<u>440,323</u>	<u>439,636</u>
Diluted earnings per share (NT\$)	<u>\$1.33</u>	<u>\$1.07</u>	<u>\$2.60</u>	<u>\$1.73</u>

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.

(26) Subsidiaries that have Material Non-Controlling Interests

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

Percentage of equity interest held by non-controlling interests:

Subsidiary	Country of incorporation and operation	September 30, 2020	December 31, 2019	September 30, 2019
Young Optics Inc.	Taiwan	61.26%	60.23%	59.56%
		September 30, 2020	December 31, 2019	September 30, 2019
Accumulated balance of material non-controlling interests				
Young Optics, Inc.		<u>\$1,979,459</u>	<u>\$2,059,303</u>	<u>\$2,092,154</u>

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Profit allocated to material non-controlling interest				
Young Optics, Inc.	<u>\$(29,696)</u>	<u>\$9,443</u>	<u>\$(103,004)</u>	<u>\$31,696</u>

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

Summarized information of profit or loss for the three months ended September 30, 2020:

	Young Optics Inc.
Operating revenue	\$1,099,430
Loss for the period from continuing operations	(48,384)
Total comprehensive income for the period	(25,713)

Summarized information of profit or loss for the three months ended September 30, 2019:

	Young Optics Inc.
Operating revenue	\$1,208,440
Gain for the period from continuing operations	15,266
Total comprehensive income for the period	(25,656)

Summarized information of profit or loss for the nine months ended September 30, 2020:

	Young Optics Inc.
Operating revenue	\$2,858,634
Loss for the period from continuing operations	(169,719)
Total comprehensive income for the period	(187,079)

Summarized information of profit or loss for the nine months ended September 30, 2019:

	Young Optics Inc.
Operating revenue	\$3,644,170
Gain for the period from continuing operations	52,992
Total comprehensive income for the period	32,180

Summarized information of financial position as of September 30, 2020:

	Young Optics Inc.
Current assets	\$2,794,449
Non-current assets	3,089,123
Current liabilities	(1,672,422)
Non-current liabilities	(985,412)

CORETRONIC CORPORATION AND SUBSIDIARIES  
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Summarized information of financial position as of December 31, 2019:

	<u>Young Optics Inc.</u>
Current assets	\$2,983,426
Non-current assets	3,200,759
Current liabilities	(2,125,429)
Non-current liabilities	(645,939)

Summarized information of financial position as of September 30, 2019:

	<u>Young Optics Inc.</u>
Current assets	\$3,332,802
Non-current assets	3,232,251
Current liabilities	(2,421,922)
Non-current liabilities	(636,811)

Summarized cash flow information for the nine months ended September 30, 2020:

	<u>Young Optics Inc.</u>
Operating activities	\$142,975
Investing activities	(220,265)
Financing activities	126,568
Net increase in cash and cash equivalents	45,647

Summarized cash flow information for the nine months ended September 30, 2019:

	<u>Young Optics Inc.</u>
Operating activities	\$443,072
Investing activities	(379,312)
Financing activities	109,434
Net increase in cash and cash equivalents	154,404

7. Related Party Transactions

(1) Related Party Name and Categories

<u>Related Party Name</u>	<u>Related Party Categories</u>
Gunze Limited (“Gunze”)	Joint Venture
DongGuan Guan Zhi Electronics Ltd. (“DongGuan Guan Zhi”)	Associate of Joint Venture
Etergo Opto-Electronics Co., LTD (“EOE”)	Associate
Chi Hua Fitness Co., LTD. (“CHI HUA”)	Substantive related party



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(2) Significant transactions with related parties

A. Sales

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
DongGuan Guan Zhi	\$-	\$3,206	\$142	\$10,448
CHI HUA	1,606	219	3,059	219
Total	\$1,606	\$3,425	\$3,201	\$10,667

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

B. Purchases

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Gunze	\$31,198	\$50,580	\$88,598	\$156,824
EOE	12,961	13,505	40,261	13,505
DongGuan Guan Zhi	84	118	167	186
Total	\$44,243	\$64,203	\$129,026	\$170,515

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. Trade Receivable from Related Parties

	September 30, 2020	December 31, 2019	September 30, 2019
CHI HUA	\$1,136	\$-	\$345
DongGuan Guan Zhi	-	201	143
Total	\$1,136	\$201	\$488

D. Accounts Payable to Related Parties

	September 30, 2020	December 31, 2019	September 30, 2019
Gunze	\$14,990	\$14,386	\$28,463
EOE	11,069	9,041	9,186
DongGuan Guan Zhi	-	18	-
Total	\$26,059	\$23,445	\$37,649

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E. Other Payables to Related Parties

	September 30, 2020	December 31, 2019	September 30, 2019
EOE	\$2,830	\$8,378	\$1,837

F. Others

For the nine months ended September 30, 2020 and 2019, the Group purchased molds from EOE amounted to NT\$13,335 thousand and NT\$3,571 thousand, respectively.

G. Key Management Personnel Compensation

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Short-term employee benefits	\$38,179	\$31,884	\$105,321	\$100,117
Post-employment benefits	450	487	1,342	1,180
Total	\$38,629	\$32,371	\$106,663	\$101,297

8. Assets Pledged As Collateral

The following assets of the Group are pledged as collateral:

Assets pledged as collateral	Carrying amount			Purpose of pledge
	September 30, 2020	December 31, 2019	September 30, 2019	
Land	\$12,555	\$13,249	\$12,858	Collateral for long-term borrowings
Buildings (including investment property)	848,095	879,427	889,871	Collateral for long-term borrowings
Time deposits (shown as "Other receivables")	30,635	30,170	30,170	Lease execution deposits
Time deposits (shown as "Other noncurrent assets")	20,776	20,773	20,773	Lease execution deposits
Time deposits (shown as "Other receivables")	2,082	2,066	2,066	Customs import guarantee
Bank deposits (Shown as "Other receivables")	14,398	8,994	9,312	Derivative execution deposits
Time deposits (shown as "Other noncurrent assets")	1,079	1,075	1,070	Customs import guarantee
Bank deposits (Shown as "Other receivables")	846	851	869	Export tax guarantee
Total	\$930,466	\$956,605	\$966,989	

9. Commitments and Contingencies

Amounts available under unused letters of credit as of September 30, 2020 are NT\$17,730 thousand.

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)  
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10. Losses due to Major Disasters

None.

11. Significant Subsequent Events

None.

12. Others

(1) Categories of Financial Instruments

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Financial assets</u>			
Financial assets at fair value through profit or loss:			
Mandatorily measured at fair value through profit or loss	\$270,171	\$119,733	\$114,733
Financial assets at fair value through other comprehensive income	652,671	447,469	399,680
Financial assets measured at amortized cost (Note)	29,960,349	32,139,214	33,581,741
Hedging financial assets	-	4,207	6,021
Total	<u>\$30,883,191</u>	<u>\$32,710,623</u>	<u>\$34,102,175</u>
	September 30, 2020	December 31, 2019	September 30, 2019
<u>Financial liabilities</u>			
Financial liabilities at amortized cost:			
Short-term borrowings	\$6,127,525	\$8,521,341	\$9,530,499
Accounts payables (including related parties)	9,005,576	8,465,142	9,944,261
Other payables	3,547,886	4,092,358	4,096,204
Lease liability (including current and non current)	1,577,689	1,775,345	1,864,005
Long-term borrowings (including current portion)	633,433	183,433	328,516
Subtotal	<u>20,892,109</u>	<u>23,037,619</u>	<u>25,763,485</u>
Financial liabilities at fair value through profit or loss :			
Mandatorily measured at fair value through profit or loss-current	27,970	153,107	67,871
Hedging financial liabilities-current	-	-	1,533
Total	<u>\$20,920,079</u>	<u>\$23,190,726</u>	<u>\$25,832,889</u>

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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Note: Including cash and cash equivalents (exclude cash on hand), notes receivable, trade receivable, and other receivables.

(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 nine months ended September 30, 2020 and 2019 is decreased/increased by NT\$88,013 thousand and NT\$66,025 thousand, while equity is decreased/increased by NT\$249,842 thousand and NT\$249,896 thousand, respectively.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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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 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, bank borrowings with variable interest rate and swaps. At the reporting date, an increase/decrease of 1% of interest rate in a reporting period could cause the profit for the nine months ended September 30, 2020 and 2019 to decreased/increased by NT\$40,246 thousand and NT\$66,426 thousand, respectively.

Equity price risk

The fair value of the Group's listed and unlisted 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.

For the nine months ended September 30, 2020 and 2019, an increase/decrease of 1% in the price of the unlisted equity securities classified as equity instrument at fair value through profit or loss could have an impact of NT\$321 thousand and NT\$203 thousand on income attributable to the Group.

For the nine months ended September 30, 2020 and 2019, an increase/decrease of 1% in the price of the unlisted equity securities classified as equity instrument at fair value through other comprehensive income could have an impact of NT\$6,527 thousand and NT\$3,997 thousand on the 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 receivable and notes receivable) 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 and insurance.

As of September 30, 2020, December 31, 2019, and September 30, 2019, receivables from top ten customers represented 66%, 58% , and 68% of the total trade receivables of the Group, respectively. The credit concentration risk of other accounts receivables was insignificant.

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

(5) Liquidity Risk Management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings and convertible bonds. 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 liabilities

	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
As of September 30, 2020					
Borrowings	\$6,223,401	\$419,933	\$134,740	\$-	\$6,778,074
Accounts payables					
(including related parties)	9,005,576	-	-	-	9,005,576
Other payables					
(including related parties)	3,547,886	-	-	-	3,547,886
Lease liability	270,654	286,483	197,185	1,230,083	1,984,405
As of December 31, 2019					
Borrowings	\$8,540,858	\$115,050	\$72,363	\$-	\$8,728,271
Accounts payables					
(including related parties)	8,465,142	-	-	-	8,465,142
Other payables					
(including related parties)	4,092,358	-	-	-	4,092,358
Lease liability	353,002	350,621	204,781	1,308,061	2,216,465
As of September 30, 2019					
Borrowings	\$9,715,635	\$165,257	\$51	\$-	\$9,880,943
Accounts payables					
(including related parties)	9,944,261	-	-	-	9,944,261
Other payables	4,096,204	-	-	-	4,096,204
Lease liability	366,359	407,977	214,295	1,333,657	2,322,288

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Derivative financial liabilities

	Less than 1 year	1 to 3 years	Total
As of September 30, 2020			
Inflows	\$-	\$-	\$-
Outflows	27,970	-	27,970
Net	<u>\$27,970</u>	<u>\$-</u>	<u>\$27,970</u>
As of December 31, 2019			
Inflows	\$-	\$-	\$-
Outflows	153,107	-	153,107
Net	<u>\$153,107</u>	<u>\$-</u>	<u>\$153,107</u>
As of September 30, 2019			
Inflows	\$-	\$-	\$-
Outflows	69,404	-	69,404
Net	<u>\$69,404</u>	<u>\$-</u>	<u>\$69,404</u>

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

(6) Reconciliation of liabilities arising from financing activities:

Reconciliation of liabilities for the nine months ended September 30, 2020:

	Short-term borrowings	Long-term borrowings	Leases liabilities	Guarantee deposits received	Other liabilities-noncurrent	Total liabilities from financing activities
January 1, 2020	\$8,521,341	\$183,433	\$1,775,345	\$36,458	\$17,272	\$10,533,849
Cash flows	(2,393,816)	450,000	(234,322)	(12,241)	(1,824)	(2,192,203)
Additional leases	-	-	39,944	-	-	39,944
Exchange differences	-	-	(3,278)	-	-	(3,278)
September 30, 2020	<u>\$6,127,525</u>	<u>\$633,433</u>	<u>\$1,577,689</u>	<u>\$24,217</u>	<u>\$15,448</u>	<u>\$8,378,312</u>

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Reconciliation of liabilities for the nine months ended September 30, 2019:

	Short-term borrowings	Long-term borrowings	Leases liabilities	Guarantee deposits received	Other liabilities- noncurrent	Total liabilities from financing activities
January 1, 2019	\$6,414,641	\$452,299	\$1,812,953	\$38,069	\$24,702	\$8,742,664
Cash flows	3,115,858	(123,783)	(221,907)	(2,186)	1,666	2,769,648
Additional leases	-	-	284,233	-	-	284,233
Exchange differences	-	-	(11,274)	-	-	(11,274)
September 30, 2019	<u>\$9,530,499</u>	<u>\$328,516</u>	<u>\$1,864,005</u>	<u>\$35,883</u>	<u>\$26,368</u>	<u>\$11,785,271</u>

(7) 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, short-term borrowings, 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.
- (d) The fair value of long-term borrowings without active market is determined by using valuation techniques. Therefore, the fair value is estimated using the present value of the expected cash flows. The assumption of interest rate and discount rate mainly is measured by similar financial instruments.

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.



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C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative Instruments

The related information for derivative financial instruments not yet settled is 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 September 30, 2020		
Forward currency contract		
Selling forward currency contracts	USD 339,500 thousand	From October 2020 to June 2021
Buying forward currency contracts	USD 392,500 thousand	From October 2020 to December 2020
Selling forward currency contracts	CAD 1,300 thousand	From October 2020 to November 2020
Forward cross currency contract	USD 30,500 thousand	From October 2020 to November 2020
As of December 31, 2019		
Forward currency contract		
Selling forward currency contracts	USD 401,000 thousand	From January 2020 to September 2020
Buying forward currency contracts	USD 452,000 thousand	From January 2020 to February 2020
Selling forward currency contracts	CAD 2,100 thousand	From January 2020 to May 2020
Forward cross currency contract	USD 30,500 thousand	From January 2020 to February 2020
As of September 30, 2019		
Forward currency contract		
Selling forward currency contracts	USD 265,000 thousand	From October 2019 to November 2019
Buying forward currency contracts	USD 415,500 thousand	From October 2019 to January 2020
Selling forward currency contracts	EUR 14,500 thousand	From October 2019 to December 2019
Selling forward currency contracts	CAD 1,200 thousand	From October 2019 to January 2020
Forward cross currency contract	USD 30,500 thousand	From October 2019 to November 2019

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 contracts to manage its exposure to financial risk, but these contracts are designated as hedging instruments.

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

Item (by contract)	Notional Amount		Contract Period
As of September 30, 2020			
Forward currency contract			
Selling forward currency contracts	EUR	3,000 thousand	From August 2020 to September 2020
As of December 31, 2019			
Forward currency contract			
Selling forward currency contracts	GBP	5,500 thousand	January 2020
As of September 30, 2019			
Forward currency contract			
Selling forward currency contracts	USD	18,000 thousand	October 2019
Buying forward currency contracts	USD	18,000 thousand	October 2019
Selling forward currency contracts	GBP	5,500 thousand	October 2019

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability

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

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:

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September 30, 2020				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward currency contract	\$-	\$179,883	\$-	\$179,883
Stock	-	-	32,088	32,088
Stock Option	-	-	58,200	58,200
Equity instrument measured at fair value through other comprehensive income				
	-	-	652,671	652,671
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward currency contract	-	23,247	-	23,247
Forward cross currency contract	-	4,723	-	4,723

December 31, 2019				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward currency contract	\$-	\$83,296	\$-	\$83,296
Forward cross currency contract	-	1,025	-	1,025
Stock	-	-	35,412	35,412
Hedging financial assets-current	-	4,207	-	4,207
Equity instrument measured at fair value through other comprehensive income				
	-	-	447,469	447,469
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward currency contract	-	145,980	-	145,980
Forward cross currency contract	-	7,127	-	7,127

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	September 30, 2019			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward currency contract	\$-	\$77,716	\$-	\$77,716
Forward cross currency contract	-	1,220	-	1,220
Stock	-	-	20,277	20,277
Convertible bonds	-	-	15,520	15,520
Hedging financial assets-current	-	6,021	-	6,021
Equity instrument measured at fair value through other comprehensive income				
	-	-	399,680	399,680
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward currency contract	-	65,527	-	65,527
Forward cross currency contract	-	2,344	-	2,344
Hedging financial liabilities-current	-	1,533	-	1,533

Transfers between the Level 1 and Level 2 during the period

During the nine months ended September 30, 2020 and 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

Change in reconciliation for fair value measurements in Level 3

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

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	Assets		Total
	At fair value through profit or loss	At fair value through other comprehensive income	
	Stock and stock option	Stock	
As of January 1, 2020:	\$35,412	\$447,469	\$482,881
Total gains and losses recognized for the nine months ended September 30, 2020:			
Amount recognized in profit or loss (presented in “other profit or loss”)	(4,444)	-	(4,444)
Amount recognized in OCI (presented in “unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	-	208,506	208,506
Acquisition	59,320	-	59,320
Tax effect	-	(1,061)	(1,061)
Exchange differences	-	(2,243)	(2,243)
As of September 30, 2020	<u>\$90,288</u>	<u>\$652,671</u>	<u>\$742,959</u>

	Assets		Total
	At fair value through profit or loss	At fair value through other comprehensive income	
	Stock and convertible bonds	Stock	
As of January 1, 2019:	\$20,065	\$359,859	\$379,924
Total gains and losses recognized for the nine months ended September 30, 2019:			
Amount recognized in profit or loss (presented in “other profit or loss”)	317	-	317
Amount recognized in OCI (presented in “unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	-	38,246	38,246
Acquisition	15,415	-	15,415
Tax effect	-	858	858
Exchange differences	-	717	717
As of September 30, 2019	<u>\$35,797</u>	<u>\$399,680</u>	<u>\$435,477</u>

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Total gains and losses recognized in profit or loss for the nine months ended September 30, 2020 and 2019 in the table above contain gains (losses) related to assets on hand in the amount of NT\$(4,444) thousand and NT\$317 thousand, respectively.

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

At September 30, 2020

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets :					
At fair value through profit or loss					
Stock	Income Approach	Lack of marketability	27.2%	The higher the discount for lack of marketability, the lower the fair value estimated.	10% increase (decrease) in the discount for lack of marketability would result in decrease/increase in profit or loss by NT\$1,105 thousand /NT\$1,119 thousand.
Financial assets at fair value through other comprehensive income					
Stock	Asset-Based Approach	Not Applicable	-	-	-
	Market Approach	P/E ratio of similar entities	1.03	The higher the P/E ratio of similar entities, the higher the fair value estimated.	10% increase (decrease) in the P/E ratio of similar entities would result in increase /decrease in equity by NT\$2,645 thousand/ NT\$2,645 thousand.

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At December 31, 2019

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets :					
At fair value through profit or loss					
Stock	Income Approach	Lack of marketability	27.2%	The higher the discount for lack of marketability, the lower the fair value estimated.	10% increase (decrease) in the discount for lack of marketability would result in decrease/increase in profit or loss by NT\$732 thousand /NT\$747 thousand.
Financial assets at fair value through other comprehensive income					
Stock	Asset-Based Approach	Not Applicable	-	-	-
	Market Approach	P/E ratio of similar entities	1.17	The higher the P/E ratio of similar entities, the higher the fair value estimated.	10% increase (decrease) in the P/E ratio of similar entities would result in increase /decrease in equity by NT\$3,079 thousand/ NT\$3,332 thousand.

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At September 30, 2019

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets :					
At fair value through profit or loss					
Stock	Income Approach	Lack of marketability	27.2%	The higher the discount for lack of marketability, the lower the fair value estimated.	10% increase (decrease) in the discount for lack of marketability would result in decrease/increase in profit or loss by NT\$758 thousand /NT\$773 thousand.
Financial assets at fair value through other comprehensive income					
Stock	Asset-Based Approach	Not Applicable	-	-	-
	Market Approach	P/E ratio of similar entities	1.17	The higher the P/E ratio of similar entities, the higher the fair value estimated.	10% increase (decrease) in the P/E ratio of similar entities would result in increase /decrease in equity by NT\$3,174 thousand/ NT\$3,436 thousand.



CORETRONIC CORPORATION AND SUBSIDIARIES

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Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Assets Management Center (AMC) is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. AMC analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

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

September 30, 2020				
	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))	\$-	\$-	\$219,800	\$219,800

December 31, 2019				
	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))	\$-	\$-	\$219,800	\$219,800

September 30, 2019				
	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))	\$-	\$-	\$222,400	\$222,400

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(10) Significant Assets and Liabilities Denominated in Foreign Currencies

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

September 30, 2020			
	Foreign currencies	Exchange rate	NTD thousand
<u>Financial assets</u>			
Monetary item:			
USD	\$ 907,535	29.10	\$28,242,569
JPY	122,931	0.2756	33,880
AUD	355	20.715	7,354
GBP	179	37.30	6,677
EUR	79	34.15	2,698
Non-Monetary items:			
USD	\$6,913	29.10	\$201,168
<u>Financial liabilities</u>			
Monetary items:			
USD	\$668,084	29.10	\$19,441,244
JPY	66,193	0.2756	18,243
GBP	4,411	37.30	164,532
 December 31, 2019			
	Foreign currencies	Exchange rate	NTD thousand
<u>Financial assets</u>			
Monetary item:			
USD	\$960,264	29.98	\$28,788,715
JPY	257,661	0.276	71,114
GBP	345	39.36	13,579
EUR	226	33.59	7,591
CHF	36	30.9	1,113
Non-Monetary items:			
USD	\$2,548	29.98	\$76,389
<u>Financial liabilities</u>			
Monetary items:			
USD	\$659,850	29.98	\$19,782,303
JPY	120,664	0.276	33,303
GBP	3,501	39.36	137,802

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	September 30, 2019		
	Foreign currencies	Exchange rate	NTD thousand
<u>Financial assets</u>			
Monetary item:			
USD	\$947,080	31.04	\$29,397,363
JPY	202,627	0.288	58,357
GBP	168	38.2	6,418
EUR	562	33.95	19,080
CHF	36	31.27	1,126
Non-Monetary items:			
USD	\$2,325	31.04	\$72,168
<u>Financial liabilities</u>			
Monetary items:			
USD	\$734,370	31.04	\$22,794,845
JPY	120,726	0.288	34,769
GBP	3,261	38.2	124,573

The Group's entities functional currency are various, and hence is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gain (loss) was NT\$147,151 thousand and NT\$(21,077) thousand for the nine months ended September 30, 2020 and 2019, respectively.

(11) 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.

(12) Other Items

Due to the impact of the COVID-19 pandemic, local governments of some subsidiaries' locations are implementing measures such as isolation, tourism ban, or temporarily suspending operation, resulting in substantial decline in sales for the nine months ended September, 2020. With the pandemic slowing and the policy loosening, the Group expects that operations will gradually return to normal.

In response to the impact of the pandemic, the Group took the following actions:

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A. Adjust operating strategies

Inspect internal production capacity and conditions of supply chain to manage various resources effectively.

B. Government relief measures

The Group has successively applied to governments for various subsidies such as salaries, working capital, rents, etc.

13. Additional Disclosures

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

A. Financing provided to others for the nine months ended September 30, 2020: None.

B. Endorsement/Guarantee provided to others for the nine months ended September 30, 2020: Please refer to Attachment 1.

C. Securities held as of September 30, 2020 (excluding subsidiaries, associates and joint venture): Please refer to Attachment 2.

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the nine months ended September 30, 2020: None.

E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the nine months ended September 30, 2020: None.

F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the nine months ended September 30, 2020: None.

G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the nine months ended September 30, 2020: 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 September 30, 2020: 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 6(3), Note 6(13), Note 12(1), Note 12(8) 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, 6-1 and 9.

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

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)  
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(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.

(4) Information on major shareholders

Please refer to Attachment 10.

14. Segment information

(1) General Information

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

B. The Group has three reportable segments:

- (a) Energy-saving products segments: mainly engaged in the R&D design, manufacturing and marketing of backlighting, panel modules, medical displays and energy-efficient lighting equipment.
- (b) Image products and brand segments: mainly engaged in the R&D design, manufacturing and marketing of projector and brand management.
- (c) Optical components segments: mainly engaged in the R&D, production and marketing of projection-related applications of optics related components.

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

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

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

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(2) Segment income, assets and liabilities information

For the three months ended September 30, 2020							
	Energy - saving products segment	Image products and brand segment	Optical components segment	Subtotal	Other segment (Note a)	Adjustment and elimination (Note b)	Total
Revenue							
Net revenue from							
external customers	\$6,511,030	\$3,580,191	\$998,212	\$11,089,433	\$851,153	\$-	\$11,940,586
Net revenue from sales							
among intersegments	35,274	4,899	101,218	141,391	245,634	(387,025)	-
Total revenue	<u>\$6,546,304</u>	<u>\$3,585,090</u>	<u>\$1,099,430</u>	<u>\$11,230,824</u>	<u>\$1,096,787</u>	<u>\$(387,025)</u>	<u>\$11,940,586</u>
Segment income	<u>\$373,180</u>	<u>\$223,137</u>	<u>\$(37,893)</u>	<u>\$558,424</u>	<u>\$19,651</u>	<u>\$135,313</u>	<u>\$713,388</u>

For the three months ended September 30, 2019							
	Energy - saving products segment	Image products and brand segment	Optical components segment	Subtotal	Other segment (Note a)	Adjustment and elimination (Note b)	Total
Revenue							
Net revenue from							
external customers	\$6,966,671	\$4,228,098	\$1,098,539	\$12,293,308	\$697,079	\$-	\$12,990,387
Net revenue from sales							
among intersegments	63,975	6,391	109,901	180,267	260,721	(440,988)	-
Total revenue	<u>\$7,030,646</u>	<u>\$4,234,489</u>	<u>\$1,208,440</u>	<u>\$12,473,575</u>	<u>\$957,800</u>	<u>(440,988)</u>	<u>\$12,990,387</u>
Segment income	<u>\$425,898</u>	<u>\$209,381</u>	<u>\$13,567</u>	<u>\$648,846</u>	<u>\$25,555</u>	<u>\$(30,772)</u>	<u>\$643,629</u>

For the nine months ended September 30, 2020							
	Energy - saving products segment	Image products and brand segment	Optical components segment	Subtotal	Other segment (Note a)	Adjustment and elimination (Note b)	Total
Revenue							
Net revenue from							
external customers	\$16,494,182	\$9,667,136	\$2,628,028	\$28,789,346	\$2,155,309	\$-	\$30,944,655
Net revenue from sales							
among intersegments	109,757	34,452	230,606	374,815	680,256	(1,055,071)	-
Total revenue	<u>\$16,603,939</u>	<u>\$9,701,588</u>	<u>\$2,858,634</u>	<u>\$29,164,161</u>	<u>\$2,835,565</u>	<u>\$(1,055,071)</u>	<u>\$30,944,655</u>
Segment income	<u>\$890,326</u>	<u>\$335,931</u>	<u>\$(171,178)</u>	<u>\$1,055,079</u>	<u>\$43,069</u>	<u>\$248,467</u>	<u>\$1,346,615</u>
Segment Assets (Note c)	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$47,546,514</u>	<u>\$47,546,514</u>

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For the nine months ended September 30, 2019

	Energy - saving products segment	Image products and brand segment	Optical components segment	Subtotal	Other segment (Note a)	Adjustment and elimination (Note b)	Total
Revenue							
Net revenue from							
external customers	\$17,748,805	\$12,243,946	\$3,353,427	\$33,346,178	\$2,280,677	\$-	\$35,626,855
Net revenue from sales							
among intersegments	162,686	27,118	290,743	480,547	640,581	(1,121,128)	-
Total revenue	<u>\$17,911,491</u>	<u>\$12,271,064</u>	<u>\$3,644,170</u>	<u>\$33,826,725</u>	<u>\$2,921,258</u>	<u>\$(1,121,128)</u>	<u>\$35,626,855</u>
Segment income	<u>\$848,003</u>	<u>\$360,870</u>	<u>\$33,997</u>	<u>\$1,242,870</u>	<u>\$34,715</u>	<u>\$(77,572)</u>	<u>\$1,200,013</u>
Segment Assets (Note c)	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$52,206,111</u>	<u>\$52,206,111</u>

Note a: Eight operating segments did not meet the quantitative thresholds for reportable segments for the nine months ended September 30, 2020 and 2019, respectively. They have been combined into other segments.

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

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

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Net income of reportable segment	\$558,424	\$648,846	\$1,055,079	\$1,242,870
Income of other segment	19,651	25,555	43,069	34,715
Unallocated amount:				
Interest income	102,035	116,461	337,626	340,925
Interest expense	(33,435)	(85,700)	(164,564)	(255,154)
Financial assets (liabilities) at fair value through profit or loss	74,848	17,679	176,585	200,781
Exchange net gain or (loss)	61,634	53,025	147,151	(21,077)
Others	(69,769)	(132,237)	(248,331)	(343,047)
Income before income tax	<u>\$713,388</u>	<u>\$643,629</u>	<u>\$1,346,615</u>	<u>\$1,200,013</u>

ATTACHMENT 1 (Endorsement/Guarantee provided to others for the nine months ended September 30, 2020)  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorsor/guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party	Maximum balance for the period	Ending balance	Actual amount provided	Amount of endorsement/ guarantee collateralized by properties	Percentage of accumulated guarantee amount to net worth from the latest financial statement	Limit of total guarantee/ endorsement amount	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiary in Mainland China
		Company name	Relationship										
0	Coretronic Corporation	Nano Precision Taiwan Limited	Associate	\$ 10,271,709 (Note)	\$ 350,000	\$ 350,000	\$ 51,138	-	1.70%	\$ 20,543,419 (Note)	Yes	No	No
0	Coretronic Corporation	Coretronic Intelligent Robotics Corporation	Subsidiary	10,271,709 (Note)	402,250	402,250	20,500	-	1.96%	20,543,419 (Note)	Yes	No	No
0	Coretronic Corporation	Coretronic Display (Suzhou)	Associate	10,271,709 (Note)	196,183 (RMB45,000 thousands)	-	-	-	-	20,543,419 (Note)	Yes	No	Yes
0	Coretronic Corporation	YLG Optotech	Associate	10,271,709 (Note)	138,848 (USD4,590 thousands)	133,569 (USD4,590 thousands)	96,467	-	0.65%	20,543,419 (Note)	Yes	No	Yes
0	Coretronic Corporation	Optoma Technology Inc.	Associate	10,271,709 (Note)	15,010	14,550	14,550	-	0.07%	20,543,419 (Note)	Yes	No	No
0	Coretronic Corporation	Calibre UK Ltd.	Subsidiary	10,271,709 (Note)	206,560 (GBP5,260 thousands)	196,198 (GBP5,260 thousands)	160,026	-	0.96%	20,543,419 (Note)	Yes	No	No
	Total				<u>\$ 1,308,851</u>	<u>\$ 1,096,567</u>							

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



ATTACHMENT 1-1 (Financing provided to others for the nine months ended September 30, 2020)

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

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

No.	Lender	Counter-party	Financial statement account	Related party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for expected credit losses	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
1	Bigshine (HK)	Coretronic Corporation	Accounts receivables - related parties	Yes	\$ 211,750	\$ 52,380	\$ 52,380	-	The need for short-term financing	-	Business turnover	-	None	-	\$ 629,684	\$ 629,684
1	Bigshine (HK)	Core-Flex Limited	Accounts receivables - related parties	Yes	130,814	125,945	125,945	-	The need for short-term financing	-	Business turnover	-	None	-	251,873	251,873
1	Bigshine (HK)	Optoma USA	Accounts receivables - related parties	Yes	185,884	178,965	178,965	1.5%	The need for short-term financing	-	Business turnover	-	None	-	629,684	629,684
2	Lead Bright (HK)	Coretronic Corporation	Accounts receivables - related parties	Yes	148,225	142,590	142,590	-	The need for short-term financing	-	Business turnover	-	None	-	3,360,408	3,360,408
3	Tecpoint	Coretronic Corporation	Accounts receivables - related parties	Yes	6,050	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	3,103,768	3,103,768
4	Venture Orient	Coretronic Corporation	Accounts receivables - related parties	Yes	112,575	109,125	109,125	-	The need for short-term financing	-	Business turnover	-	None	-	488,420	488,420
5	Great Pride(HK)	Coretronic Corporation	Accounts receivables - related parties	Yes	102,850	98,940	98,940	-	The need for short-term financing	-	Business turnover	-	None	-	2,404,831	2,404,831
6	Coretronic (Suzhou)	Coretronic Corporation	Accounts receivables - related parties	Yes	136,125	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	4,585,981	4,585,981
6	Coretronic (Suzhou)	Coretronic Display (Suzhou)	Accounts receivables - related parties	Yes	1,800,525	1,376,196	1,376,196	0.5%	The need for short-term financing	-	Business turnover	-	None	-	4,585,981	4,585,981
6	Coretronic (Suzhou)	Coretronic Optics (Suzhou)	Accounts receivables - related parties	Yes	256,384	256,384	256,384	0.5%	The need for short-term financing	-	Business turnover	-	None	-	4,585,981	4,585,981
6	Coretronic (Suzhou)	Coretronic System Engineering (Shanghai)	Accounts receivables - related parties	Yes	17,438	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	4,585,981	4,585,981
7	Bigshine	Coretronic Corporation	Accounts receivables - related parties	Yes	15,125	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	266,493	266,493
7	Bigshine	Brightbridge	Accounts receivables - related parties	Yes	2,677	2,587	2,587	-	The need for short-term financing	-	Business turnover	-	None	-	266,493	266,493
8	Greendale	Coretronic Corporation	Accounts receivables - related parties	Yes	19,360	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	4,728,188	4,728,188
9	Young Green Energy	Calibre UK Ltd	Accounts receivables - related parties	Yes	7,928	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	91,834	91,834
9	Young Green Energy	Coretronic Intelligent Robotics Corporation	Accounts receivables - related parties	Yes	30,000	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	91,834	91,834
9	Young Green Energy	Coretronic Intelligent Cloud Service Corp.	Accounts receivables - related parties	Yes	35,000	35,000	35,000	0.4%	The need for short-term financing	-	Business turnover	-	None	-	91,834	91,834
10	Coretronic (Ningbo)	YLG Optotech	Accounts receivables - related parties	Yes	239,778	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	3,309,743	3,309,743
11	Great Pride (Samoa)	Coretronic Corporation	Accounts receivables - related parties	Yes	33,275	32,010	32,010	-	The need for short-term financing	-	Business turnover	-	None	-	2,437,956	2,437,956
12	Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)	Accounts receivables - related parties	Yes	448,673	448,673	448,673	0.5%	The need for short-term financing	-	Business turnover	-	None	-	5,118,018	5,118,018
13	Dynamic Time	Optoma Corporation	Accounts receivables - related parties	Yes	514,250	484,515	484,515	-	The need for short-term financing	-	Business turnover	-	None	-	688,292	688,292
13	Dynamic Time	Optoma USA	Accounts receivables - related parties	Yes	166,375	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	1,720,729	1,720,729
13	Dynamic Time	Coretronic Corporation	Accounts receivables - related parties	Yes	166,238	160,050	160,050	-	The need for short-term financing	-	Business turnover	-	None	-	1,720,729	1,720,729
14	Modern Smart	Optoma USA	Accounts receivables - related parties	Yes	19,663	-	-	-	The need for short-term financing	-	Business turnover	-	None	-	91,416	91,416
14	Modern Smart	Optoma Corporation	Accounts receivables - related parties	Yes	39,293	36,375	36,375	-	The need for short-term financing	-	Business turnover	-	None	-	36,566	36,566
15	Wisdom Success (HK)	Coretronic Corporation	Accounts receivables - related parties	Yes	1,222,200	1,222,200	1,222,200	-	The need for short-term financing	-	Business turnover	-	None	-	5,580,683	5,580,683

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 Bigshine (HK) Limited, GREAT PRIDE INC. (Samoa), Great Pride Hong Kong Limited, Lead Bright (HK) Limited, Venture Orient Limited, Wisdom Success (HK) Limited, and Dynamic Time Investments Limited.

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

Note b : 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 Bigshine International Limited, Bigshine (HK) Limited, Coretronic (Suzhou), and Coretronic Projection (Kunshan).

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

Note c : 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 Investments Limited, Modern Smart Ltd., Bigshine (HK) Limited, and Young Green Energy Co., LTD.

ATTACHMENT 1-2 (Endorsement/Guarantee provided to others for the nine months ended September 30, 2020)  
(The certain information is based on the unreviewed financial statements)  
(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	\$ 2,292,990 (Note)	\$ 780,878	\$ 765,156	\$ 421,173	-	16.68%	\$ 4,585,981 (Note)	No	No	Yes
2	Coretronic Optotech (Suzhou)	Coretronic Optics (Suzhou)	Associate	409,393 (Note)	107,463	106,827	106,827	-	13.05%	818,786 (Note)	No	No	Yes
3	Coretronic Optotech (Suzhou)	Coretronic Display (Suzhou)	Associate	409,393 (Note)	405,269	213,654	213,654	-	26.09%	818,786 (Note)	No	No	Yes
Total					<u>\$ 1,293,610</u>	<u>\$ 1,085,637</u>							

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

ATTACHMENT 2 (Securities held as of September 30, 2020)  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Held company name	Marketable securities type and name	Relationship with the company	Financial statement account	September 30, 2020				Note
				Shares/Units	Carrying amount	Percentage of ownership (%)	Fair value(Note)	
Coretronic Corporation	Maxima Venture I, Inc.	-	Financial assets at fair value through other comprehensive income-noncurrent	29,400	\$ 1,342	5.26%	\$ 1,342	
Coretronic Corporation	Nightingale Intelligent Systems, Inc.	-	Financial assets at fair value through profit or loss-noncurrent	1,148,617	32,088	4.17%	32,088	
Coretronic Corporation	GLO AB	-	Financial assets at fair value through profit or loss-noncurrent	50,000	-	0.24%	-	
Coretronic Corporation	Flexenable Limited	-	Financial assets at fair value through profit or loss-current	-	58,200	-	58,200	
Coretronic Corporation	Etergo Opto-Electronics Co., LTD	-	Investments accounted for using the equity method- noncurrent	1,850,000	47,875	18.50%	-	

Note : The Group measured the fair value of investments in accordance with IFRS9.

ATTACHMENT 2-1 (Securities held as of September 30, 2020)  
(The certain information is based on the unreviewed financial statements)  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Held company name	Marketable securities type and name	Relationship with the company	Financial statement account	September 30, 2020				Note
				Shares/Units	Carrying amount	Percentage of ownership (%)	Fair value (Note a)	
Chung Tsen Investment Corp.	Shieh Yong Investment	-	Financial assets at fair value through other comprehensive income-noncurrent	34,107,900	\$ 536,357	4.47%	\$ 536,357	
Venture Orient	Unitech Capital	-	Financial assets at fair value through other comprehensive income-noncurrent	2,500,000	USD 3,038,082	5.00%	USD 3,038,082	
Optoma Corporation	LIULIGONGFANG	-	Financial assets at fair value through other comprehensive income-noncurrent	242,094	4,103	3.06%	4,103	
	Excel Global	-	Financial assets at fair value through other comprehensive income-noncurrent	812,506	22,462	19.90%	22,462	
Coretronic Venture Capital	GeneJet Biotech	-	Investments accounted for using the equity method- noncurrent	1,575,000	- (Note b)	19.51%	-	

Note a : The Group measured the fair value of investments in accordance with IFRS9.

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

ATTACHMENT 3 (Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the nine months ended September 30, 2020 )

(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 Europe	Subsidiary	Sales	\$ 1,497,292	13.79%	90 days	-	-	\$ 509,152	8.44%	
Coretronic Corporation	Optoma USA	Subsidiary	Sales	925,098	8.52%	90 days	-	-	725,752	12.03%	
Coretronic Corporation	Optoma Corporation	Subsidiary	Sales	232,130	2.14%	90 days	-	-	544,320	9.02%	

ATTACHMENT 3-1 (Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the nine months ended September 30, 2020 )  
(The certain information is based on the unreviewed financial statements)  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company name	Counter-party	Relationship	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)	
Young Optics	Grace China	Associate	Sales	\$ 172,818	5.44%	60 days	-	-	\$ 2,894	0.38 %	
Young Optics	Grace China	Associate	Purchases	192,082	8.46%	60 days	-	-	-	-	
Young Optics	Young Optics (Kunshan)	Associate	Sales	522,129	16.43%	60 days	-	-	39,275	5.17 %	
Young Optics	Young Optics (Kunshan)	Associate	Purchases	1,399,101	61.65%	60 days	-	-	(602,731)	(62.62%)	
Young Optics	Aptek Optical	Associate	Sales	142,693	4.49%	60 days	-	-	15,407	2.03 %	
Young Optics (Kunshan)	Grace China	Associate	Sales	137,294	7.22%	60 days	-	-	-	-	
Young Optics (Kunshan)	Grace China	Associate	Purchases	163,990	10.15%	30 days	-	-	-	-	
Young Optics (Kunshan)	Coretronic Optics (Kunshan)	Associate	Sales	242,419	12.95%	90 days	-	-	97,172	13.16 %	
Optoma Corporation	Optoma Europe	Associate	Sales	114,712	17.17%	90 days	-	-	38,618	21.13 %	
Optoma China	Coretronic Projection (Kunshan)	Associate	Purchases	455,719	95.40%	90 days	-	-	(312,541)	(98.79%)	
Nano Precision (Suzhou)	Coretronic (Suzhou)	Associate	Sales	190,280	15.84%	60 days	-	-	58,977	11.00 %	
Nano Precision (Suzhou)	Great Pride (HK)	Associate	Sales	196,363	16.34%	60 days	-	-	116,562	21.74 %	
Nano Precision (Suzhou)	Coretronic Optotech (Suzhou)	Associate	Sales	109,942	9.15%	60 days	-	-	58,996	11.00 %	
Nano Precision Taiwan Limited	Nano Precision (Suzhou)	Associate	Sales	254,802	61.91%	60 days	-	-	-	-	
Coretronic Projection (Kunshan)	Champ Vision Display	Associate	Sales	655,824	8.15%	60 days	-	-	214,894	7.40 %	
Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	Associate	Sales	4,459,978	99.87%	60 days	-	-	1,248,489	99.90 %	
Champ Vision Display	Coretronic Projection (Kunshan)	Associate	Sales	325,089	24.31%	60 days	-	-	102,479	22.42 %	

ATTACHMENT 4 (Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of September 30, 2020)

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

Company name	Counter-party	Relationship	Accounts receivables - related parties Balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for expected credit losses
					Amount	Collection status		
Accounts receivables :								
Coretronic Corporation	Optoma Corporation	Subsidiary	\$ 544,320	0.27	\$ -	-	\$ -	\$ -
Coretronic Corporation	Optoma Europe	Subsidiary	509,152	7.71	-	-	-	-
Coretronic Corporation	Optoma USA	Subsidiary	725,752	3.38	-	-	-	-

ATTACHMENT 4-1 (Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of September 30, 2020)

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

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

Company name	Counter-party	Relationship	Accounts receivables - related parties balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for expected credit losses
					Amount	Collection status		
Accounts receivables :								
Young Optics	Grace China	Associate	\$ 2,894	1.03	-	-	-	-
Young Optics (Kunshan)	Young Optics	Associate	602,731	6.19	-	-	-	-
Grace China	Young Optics (BD)	Associate	427,408	0.09	-	-	-	-
Young Optics (BD)	Grace China	Associate	120,796	0.88	-	-	-	-
Nano Precision (Suzhou)	Great Pride (HK)	Associate	116,562	2.03	-	-	-	-
Coretronic Projection (Kunshan)	Champ Vision Display	Associate	214,894	4.67	-	-	-	-
Coretronic Projection (Kunshan)	Optoma China	Associate	312,541	1.77	-	-	-	-
Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	Associate	1,248,489	4.72	-	-	-	-
Champ Vision Display	Coretronic Projection (Kunshan)	Associate	102,479	4.92	-	-	-	-
Other receivables :								
Dynamic Time	Coretronic Corporation	Associate	160,050	-	-	-	-	-
Dynamic Time	Optoma Corporation	Associate	484,515	-	-	-	-	-
Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)	Associate	452,492	-	-	-	-	-
Young Optics	Grace China	Associate	328,251	-	-	-	-	-
Young Optics (Kunshan)	Young Optics	Associate	92	-	-	-	-	-
Grace China	Young Optics (BD)	Associate	208,155	-	-	-	-	-
Best Alpha	Young Optics (Suzhou)	Associate	108,636	-	-	-	-	-



ATTACHMENT 5 (Significant intercompany transactions between consolidated entities)

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

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

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	544,320	—	1.14%
			1	Sales	232,130	—	0.75%
		Optoma Technology	1	Accounts receivables	725,752	—	1.53%
			1	Sales	925,098	—	2.99%
		Optoma Europe	1	Accounts receivables	509,152	—	1.07%
			1	Sales	1,497,292	—	4.84%
		Greendale	1	Accounts receivables	639,526	—	1.35%
			1	Sales	2,719,194	—	8.79%
		Coretronic Projection (Kunshan)	1	Sales	39,525	—	0.13%
		YLG Optotech	1	Accounts receivables	72,629	—	0.15%
			1	Sales	235,352	—	0.76%
		Coretronic Display (Suzhou)	1	Accounts receivables	1,007,557	—	2.12%
			1	Sales	3,697,407	—	11.95%
1	Optoma Corporation	Coretronic Corporation	1	Accounts receivables	2,226,000	—	4.68%
			3	Sales	3,346,515	—	10.81%
		Optoma Technology	2	Sales	47,107	—	0.15%
			3	Sales	43,437	—	0.14%
2	Young Optics	Optoma Europe	3	Accounts receivables	38,618	—	0.08%
			3	Sales	114,712	—	0.37%
			3	Sales	172,818	—	0.56%
		Grace China	3	Accounts receivables	2,894	—	0.01%
			3	Other receivables	328,251	—	0.69%
			3	Sales	522,129	—	1.69%
		Young Optics (Kunshan)	3	Accounts receivables	39,275	—	0.08%
			3	Sales	62,622	—	0.20%
		Young Optics (Suzhou)	3	Sales	62,622	—	0.20%
			3	Accounts receivables	33,809	—	0.07%

No. (Note a)	Related party	Counter-party	Relationship with Coretronic Corporation (Note b)	Transactions			
				Accounts	Amount	Collection periods (Note c)	Percentage of consolidated operating revenues or consolidated total assets (Note d)
2	Young Optics	Aptek Optical	3	Sales	142,693	—	0.46%
			3	Accounts receivables	15,407	—	0.03%
			3	Other receivables	136	—	-
		Young Optics (BD) LTD.	3	Sales	31,217	—	0.10%
			3	Accounts receivables	30,476	—	0.06%
			3	Other receivables	9,862	—	0.02%
		Young Optics Europe GmbH	3	Sales	5,318	—	0.02%
			3	Accounts receivables	1,105	—	-
3	Grace China	Young Optics	3	Sales	192,082	—	0.62%
		Young Optics (Suzhou)	3	Sales	14,086	—	0.05%
		Coretronic Optics (Kunshan)	3	Sales	163,990	—	0.53%
		Young Optics (BD) LTD.	3	Sales	27,887	—	0.09%
			3	Other receivables	208,155	—	0.44%
			3	Accounts receivables	427,408	—	0.90%
4	Young Optics (Kunshan)	Young Optics	3	Accounts receivables	607,731	—	1.27%
			3	Other receivables	92	—	-
			3	Sales	1,399,101	—	4.52%
		Grace China	3	Sales	137,294	—	0.44%
		Young Optics (Suzhou)	3	Sales	74,454	—	0.24%
			3	Accounts receivables	34,042	—	0.07%
		Coretronic Optics (Kunshan)	3	Sales	242,419	—	0.78%
			3	Accounts receivables	97,172	—	0.20%
		Young Optics (BD) LTD.	3	Sales	232	—	-
			3	Accounts receivables	226	—	-
		Mejiro Genossen Inc.	3	Sales	1,554	—	0.01%
			3	Accounts receivables	1,546	—	-
5	Aptek Optical	Young Optics	3	Sales	2,526	—	0.01%
6	Dynamic Time	Coretronic Corporation	2	Other receivables	160,050	—	0.34%
		Optoma Corporation	3	Other receivables	484,515	—	1.02%
7	Modern Smart	Optoma Corporation	3	Other receivables	36,375	—	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)
8	Coretronic (Suzhou)	Wisdom Success (HK)	3	Accounts receivables	3,655,550	—	7.69%
			3	Sales	1,955,946	—	6.32%
		Coretronic Display (Suzhou)	3	Other receivables	1,378,363	—	2.90%
		Coretronic Optics (Suzhou)	3	Other receivables	257,656	—	0.54%
9	Venture Orient	Coretronic Corporation	2	Other receivables	109,125	—	0.23%
10	Best Alpha	Young Optics (Suzhou)	3	Other receivables	108,636	—	0.23%
11	Young Optics (Suzhou)	Young Optics	3	Sales	35,666	—	0.12%
			3	Accounts receivables	4,176	—	0.01%
		Coretronic Optics (Kunshan)	3	Sales	1,990	—	0.01%
			3	Accounts receivables	1,368	—	-
		Grace China	3	Sales	5,101	—	0.02%
12	Great Pride	Coretronic Corporation	2	Other receivables	32,010	—	0.07%
13	Nano Precision (Suzhou)	Coretronic (Suzhou)	3	Accounts receivables	58,977	—	0.12%
			3	Sales	190,280	—	0.61%
		Great Pride (HK)	3	Accounts receivables	116,562	—	0.25%
			3	Sales	196,363	—	0.63%
		Coretronic Display (Suzhou)	3	Sales	91,307	—	0.30%
		Coretronic Optotech (Suzhou)	3	Accounts receivables	58,996	—	0.12%
			3	Sales	109,942	—	0.36%
14	Greendale	Coretronic Corporation	2	Other receivables	1,776,668	—	3.74%
		Coretronic Optics (Kunshan)	3	Other receivables	635,029	—	1.34%
15	Coretronic Projection (Kunshan)	Optoma China	3	Accounts receivables	312,541	—	0.66%
			3	Sales	455,719	—	1.47%
		Greendale	3	Accounts receivables	1,776,207	—	3.74%
			3	Sales	5,060,571	—	16.35%
		Coretronic Intelligent Cloud Service Corporation	3	Sales	84,424	—	0.27%
		Champ Vision Display	3	Accounts receivables	214,894	—	0.45%
			3	Sales	655,824	—	2.12%
		Coretronic Optics (Kunshan)	3	Other receivables	452,492	—	0.95%
			3	Accounts receivables	96,593	—	0.20%
			3	Sales	396,778	—	1.28%

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)
16	Young Green Energy	Coretronic Intelligent Cloud Service Corporation	3	Other receivables	35,036	—	0.07%
17	Coretronic (Ningbo)	Coretronic Corporation	2	Accounts receivables	225,146	—	0.47%
			2	Sales	227,638	—	0.74%
18	Nano Display (Guangzhou)	Coretronic (Guangzhou)	3	Sales	53,073	—	0.17%
19	Great Pride (HK)	Coretronic Corporation	2	Other receivables	98,940	—	0.21%
20	Wisdom Success (HK)	Coretronic Corporation	2	Other receivables	1,222,200	—	2.57%
		Coretronic (Suzhou)	3	Accounts receivables	1,739,484	—	3.66%
			3	Sales	5,405,956	—	17.47%
21	Bigshine (HK)	Coretronic Corporation	2	Other receivables	52,380	—	0.11%
		Optoma Technology	3	Other receivables	178,965	—	0.38%
		Core-Flex	3	Other receivables	125,945	—	0.26%
22	Lead Bright (HK)	Coretronic Corporation	2	Other receivables	142,590	—	0.30%
23	Coretronic Intelligent Cloud Service Corporation	Coretronic Corporation	2	Accounts receivables	79,225	—	0.17%
			2	Sales	202,732	—	0.66%
		Optoma Corporation	3	Sales	30,965	—	0.10%
24	YLG Optotech	Coretronic Corporation	2	Accounts receivables	117,314	—	0.25%
			2	Sales	490,764	—	1.59%
		Champ Vision Display	3	Sales	86,336	—	0.28%
25	Young Optics (BD) LTD.	Young Optics	3	Sales	63,714	—	0.21%
			3	Accounts receivables	35,460	—	0.07%
		Young Optics (Kunshan)	3	Sales	40,880	—	0.13%
			3	Accounts receivables	17,868	—	0.04%
		Grace China	3	Sales	82,204	—	0.27%
			3	Accounts receivables	120,796	—	0.25%
26	Coretronic Display (Suzhou)	Coretronic Corporation	2	Accounts receivables	1,491,661	—	3.14%
			2	Sales	1,801,522	—	5.82%
		YLG Optotech	3	Sales	66,447	—	0.21%

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)
27	Coretronic Optotech (Suzhou)	Coretronic Corporation	2	Accounts receivables	2,412,317	—	5.07%
			2	Sales	1,107,801	—	3.58%
		Coretronic Display (Suzhou)	3	Accounts receivables	131,943	—	0.28%
			3	Sales	268,765	—	0.87%
28	Champ Vision Display	Coretronic Projection (Kunshan)	3	Accounts receivables	102,479	—	0.22%
			3	Sales	325,089	—	1.05%
		YLG Optotech	3	Sales	50,032	—	0.16%
29	Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	3	Accounts receivables	1,248,489	—	2.63%
			3	Sales	4,459,978	—	14.41%
30	Nano Precision Taiwan	Coretronic Corporation	2	Other receivables	30,029	—	0.06%
		Coretronic (Suzhou)	3	Sales	48,895	—	0.16%
		Nano Precision (Suzhou)	3	Sales	254,802	—	0.82%
		Coretronic (Ningbo)	3	Sales	57,987	—	0.19%

Note a: 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 b: Transactions are categorized as follows:

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

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

Note d: The percentage with respect to the consolidated asset/liability for transactions of balance sheet items are based on each item's balance at period-end.

For profit or loss items, cumulative balances are used as basis.

ATTACHMENT 6 : (Names, locations and related information of investee companies as of September 30, 2020) (Not including investment in Mainland China)  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor company	Investee company	Address	Main businesses and products	Initial Investment		Investment as of September 30, 2020			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	Coretronic (BVI) Investment Corp.	B.V.I.	Holding company	\$1,566,475	\$1,566,475	47,220,000	100.00%	\$4,976,851	\$143,911	\$143,911	Subsidiary
Coretronic Corporation	Optoma Corporation	New Taipei City, Taiwan	Engaged in the production and marketing of data storage and processing equipment, electronic components, optical devices, wireless communications equipment and electronic appliances	518,465	518,465	58,462,000	100.00%	683,356	115,023	115,023	Subsidiary
Coretronic Corporation	Young Optics Inc.	Hsinchu City, Taiwan	Engaged in the production, marketing and R&D of electronic components and optics.	532,219	547,842	39,891,586	34.97%	1,125,132	(169,256)	(59,399)	Subsidiary
Coretronic Corporation	Viscorp Limited	B.V.I.	Holding company	467,241	467,241	40,781	100.00%	11,770,057	512,533	512,533	Subsidiary
Coretronic Corporation	Sinolink Global Limited	B.V.I.	Holding company	34,100	34,100	980	100.00%	1,240,977	29,227	29,227	Subsidiary
Coretronic Corporation	Chung Tsen Investment Corp.	New Taipei City, Taiwan	Investing company for strategic purposes	692,696	692,696	127,099,664	100.00%	1,876,961	18,707	18,707	Subsidiary
Coretronic Corporation	Tecpoint Limited	B.V.I.	Holding company	1,064,802	1,064,802	33,556,599	78.06%	2,660,246	223,752	174,662	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	214,620	18,833,220	99.91%	227,658	13,713	13,700	Subsidiary
Coretronic Corporation	Young Lighting Limited	Samoa	Holding company	118,134	118,134	3,907,000	100.00%	422,354	418,748	418,748	Subsidiary
Coretronic Corporation	Coretronic Intelligent Cloud Service Corp.	Hsinchu County, Taiwan	Engaged in intelligent cloud, IT information, intelligent applications of new media and platform development related business of new media.	254,990	254,990	15,000,000	100.00%	166,210	23,655	23,655	Subsidiary
Coretronic Corporation	Coretronic Venture Capital Corp.	New Taipei City, Taiwan	The investment activities of company's business expansion	300,000	300,000	30,000,000	100.00%	304,301	977	977	Subsidiary
Coretronic Corporation	Champ Vision Display Inc.	Miaoli County, Taiwan	Engaged in R&D, design, production and marketing of innovative intelligent display products and system integration solution.	144,000	144,000	14,400,000	80.00%	167,781	26,435	21,148	Subsidiary
Coretronic Corporation	uCare Medical Electronics Co., Ltd.	Miaoli County, Taiwan	Engaged in the R&D, design, production and marketing of intelligent movement and medical care related software and hardware products.	80,000	80,000	8,000,000	60.69%	40,190	(12,684)	(7,698)	Subsidiary
Coretronic Corporation	Calibre UK Limited	UK	Engaged in R&D, design, production and marketing of image processing products.	44,088	44,088	101,042	100.00%	(62,520)	(25,840)	(25,840)	Subsidiary
Coretronic Corporation	Coretronic Intelligent Robotics Corporation	Hsinchu City, Taiwan	Engaged in R&D, production and marketing of unmanned aerial vehicle and intelligent robotics.	260,600	150,000	15,000,000	100.00%	84,748	(65,272)	(65,272)	Subsidiary
Coretronic Corporation	InnoSpectra Corporation	Hsinchu City, Taiwan	Engaged in R&D and marketing of near-infrared spectrum and corresponding solutions	48,000	48,000	4,800,000	80.00%	14,229	(9,473)	(7,579)	Subsidiary
Coretronic Corporation	Coretronic MEMS Corporation	Hsinchu County, Taiwan	Engaged in R&D, production and marketing of MEMS sensor, module and corresponding solutions.	180,000	180,000	18,000,000	100.00%	119,283	(41,120)	(41,120)	Subsidiary
Coretronic Corporation	Coretronic Reality Inc.	Hsinchu County, Taiwan	Engaged in R&D, production and marketing of wearable and embedded projector, system, and display solutions.	100,000	100,000	10,000,000	100.00%	79,369	(20,565)	(20,565)	Subsidiary

ATTACHMENT 6 -1 : (Names, locations and related information of investee companies as of September 30, 2020) (Not including investment in Mainland China)  
(The certain information is based on the unreviewed financial statements)  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor company	Investee company	Address	Main businesses and products	Initial Investment		Investment as of September 30, 2020			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
Coretronic BVI	Greendale	Samoa	Holding company	USD 46,400,000	USD 46,400,000	46,400	100.00 %	USD 171,434,353	USD 4,865,214	(Note)	Associate
Visicorp	Wisdom Success	Cayman Islands	Holding company	USD 10,176,000	USD 10,176,000	43,300	100.00 %	USD 332,268,508	USD 15,238,387	(Note)	Associate
Visicorp	Bigshine	Samoa	Holding company	USD 3,000,000	USD 3,000,000	3,000	100.00 %	USD 8,716,321	(USD 521,279)	(Note)	Associate
Visicorp	Investdragon	Samoa	Holding company	USD 636,000	USD 636,000	212,000	100.00 %	USD 18,570	USD 202	(Note)	Associate
Visicorp	Lead Bright	Samoa	Holding company	USD 4,700,000	USD 4,700,000	4,700	100.00 %	USD 31,671,347	USD 792,462	(Note)	Associate
Visicorp	Elite View	Samoa	Holding company	USD 5,000,400	USD 5,000,400	5,000	100.00 %	USD 16,641,612	USD 741,416	(Note)	Associate
Visicorp	Tecpoint	B.V.I.	Holding company	USD 5,204,902	USD 5,204,902	5,204,902	12.11 %	USD 14,179,543	USD 7,507,656	(Note)	Associate
Wisdom Success	Wisdom Success (HK)	HK	Holding company	USD 18,000,000	USD 18,000,000	18,000	100.00 %	USD 201,648,784	USD 12,099,843	(Note)	Associate
Wisdom Success	Lead Bright (HK)	HK	Holding company	USD 13,300,000	USD 13,300,000	13,300	73.89 %	USD 89,628,185	USD 3,035,089	(Note)	Associate
Wisdom Success	Investdragon (HK)	HK	Holding company	USD 2,000,000	USD 2,000,000	2,000	40.00 %	USD 1,576,163	-	(Note)	Associate
Wisdom Success	Elite View (HK)	HK	Holding company	USD 7,999,600	USD 7,999,600	8,000	61.54 %	USD 26,628,156	USD 1,927,759	(Note)	Associate
Wisdom Success	Bigshine (HK)	HK	Holding company	USD 5,000,000	USD 5,000,000	5,000	62.50 %	USD 13,349,312	(USD 492,442)	(Note)	Associate
Bigshine	Bigshine (HK)	HK	Holding company	USD 3,000,000	USD 3,000,000	3,000	37.50 %	USD 8,009,587	(USD 492,442)	(Note)	Associate
Investdragon	Investdragon (HK)	HK	Holding company	USD 3,000,000	USD 3,000,000	3,000	60.00 %	USD 2,364,245	-	(Note)	Associate
Lead Bright	Lead Bright (HK)	HK	Holding company	USD 4,700,000	USD 4,700,000	4,700	26.11 %	USD 31,671,294	USD 3,035,089	(Note)	Associate
Elite View	Elite View (HK)	HK	Holding company	USD 5,000,400	USD 5,000,400	5,000	38.46 %	USD 16,641,516	USD 1,927,759	(Note)	Associate
Sinolink	Mat Limited	Samoa	Holding company	USD 980,000	USD 980,000	980	100.00 %	USD 42,644,858	USD 981,380	(Note)	Associate
Tecpoint	Great Pride	Samoa	Holding company	USD 11,800,000	USD 11,800,000	11,800,000	100.00 %	USD 92,657,234	USD 6,680,674	(Note)	Associate
Tecpoint	Core-Flex	Cayman Islands	Holding company	USD 23,260,000	USD 23,260,000	213,260,000	94.36 %	USD 7,773,198	USD 282,786	(Note)	Associate
Tecpoint	Nano Precision	HK	Holding company	USD 6,800,000	USD 6,800,000	6,800,000	100.00 %	USD 6,999,523	-	(Note)	Associate
Tecpoint	Nano Display	HK	Holding company	USD 7,800,000	USD 7,800,000	7,800,000	100.00 %	USD 16,408,115	USD 559,405	(Note)	Associate
Great Pride	Great Pride (HK)	HK	Holding company	USD 11,800,000	USD 11,800,000	11,800	100.00 %	USD 91,518,921	USD 6,680,666	(Note)	Associate
Nano Precision (Suzhou)	Nano Precision Taiwan Limited	Taiwan	Engaged in the production, R&D, marketing and imports/exports of high-end electronic devices' plastic enclosures, frames, and optical component injection	300,000	300,000	30,000,000	100.00 %	RMB 36,890,358	(RMB 10,886,793)	(Note)	Associate

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

ATTACHMENT 6 -2 : (Names, locations and related information of investee companies as of September 30, 2020) (Not including investment in Mainland China) (The certain information is based on the unreviewed financial statements)  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor company	Investee company	Address	Main businesses and products	Initial investment		Investment as of September 30, 2020			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 Corp.	Venture Orient	Samoa	Holding company	USD 5,550,000	USD 5,550,000	5,550	100.00 %	\$ 532,742	\$ 22,153	(Note a)	Associate
Chung Tsen Investment Corp.	Young Optics	Hsinchu City, Taiwan	Engaged in the production, marketing and R&D of electronic components and optics	35,471	35,471	2,596,317	2.28 %	73,229	(169,256)	(Note a)	Subsidiary
Chung Tsen Investment Corp.	Tsen Ming Investment	New Taipei City, Taiwan	Investing company for strategic purposes	102,000	102,000	32,443,180	100.00 %	434,365	(812)	(Note a)	Associate
Chung Tsen Investment Corp.	Core-Flex	Cayman Islands	Holding company	USD 3,130,000	USD 3,130,000	3,130,000	1.39 %	3,437	8,476	(Note a)	Associate
Venture Orient	Tecpoint	B.V.I.	Holding company	USD 4,226,399	USD 4,226,399	4,226,399	9.83 %	USD 11,513,867	USD 7,507,656	(Note a)	Subsidiary
Tsen Ming Investment	Young Optics	Hsinchu City, Taiwan	Engaged in the production, marketing and R&D of electronic components and optics	31,921	31,921	1,698,886	1.49 %	48,866	(169,256)	(Note a)	Subsidiary
Tsen Ming Investment	Core-Flex	Cayman Islands	Holding company	USD 1,718,289	USD 1,718,289	8,170,000	3.61 %	14,686	8,476	(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 %	112,094	USD 207,899	(Note a)	Associate
Young Optics	Masterview	B.V.I.	Holding company	USD 6,000,000	USD 6,000,000	6,000,000	100.00 %	1,704,617	(71,774)	(Note a)	Associate
Young Optics	Young Optics Inc.	USA	Operating maintenance services business	(Note b)	USD 50,000	-	-	-	(3)	(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 %	96,024	(2,373)	(Note a)	Associate
Young Optics	Mejiro Genossen Inc.	Japan	Researching, developing, manufacturing and selling of optics machines	JPY 161,200,908	JPY 161,200,908	4,950	99.00 %	38,290	(5,255)	(Note a)	Associate
Masterview	Best Alpha	Samoa	Holding company	USD 1,000,000	USD 1,000,000	1,000,000	100.00 %	USD 21,857,273	USD 254,141	(Note a)	Associate
Masterview	Grace China	Cayman Islands	Holding company	USD 8,156,458	USD 8,156,458	8,156,458	100.00 %	USD 37,095,153	(USD 537,356)	(Note a)	Associate
Masterview	Young Optics (BD) LTD.	Bengal	Manufacturing of optics components	USD 5,000,000	USD 5,000,000	4,149,936	62.50 %	(USD 1,243,848)	(USD 3,261,997)	(Note a)	Associate
Masterview	Young Optics Europe GmbH	Germany	Manufacturing and selling of 3D printer	EUR 18,750	EUR 18,750	-	75.00 %	USD 55,740	(USD 30,250)	(Note a)	Associate
Grace China	Young Optics (BD) LTD.	Bengal	Manufacturing of optics components	USD 3,000,000	USD 3,000,000	2,479,960	37.50 %	(USD 746,309)	(USD 3,261,997)	(Note a)	Associate
Optoma Corporation	Dynamic Time	Cayman Islands	Holding company	USD 14,122,230	USD 14,122,230	14,856	100.00 %	1,883,770	USD 4,467,648	(Note a)	Associate

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

b : The registration process of business dissolution had completed and approved by regulatory authority in February 2020.



ATTACHMENT 6 -3 : (Names, locations and related information of investee companies as of September 30, 2020) (Not including investment in Mainland China)

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

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

Investor company	Investee company	Address	Main businesses and products	Initial investment		Investment as of September 30, 2020			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 35,253,706	EUR 2,333,464	(Note)	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 1,277,420	USD 1,042,928	(Note)	Associate
Dynamic Time	Modern Smart	B.V.I.	Holding company	USD 1,200,000	USD 1,200,000	1,200,000	100.00 %	USD 3,952,486	USD 751,359	(Note)	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 320,634	(HKD 239,277)	(Note)	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 %	EUR 1,944,786	EUR 591,653	(Note)	Associate
Optoma Europe	Optoma France	France	Marketing and after sales service of Optoma in European region	GBP 67,376	GBP 67,376	-	100.00 %	EUR 539,631	EUR 54,148	(Note)	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 %	EUR 102,738	(NOK 101,215)	(Note)	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 %	EUR 319,194	(EUR 103,762)	(Note)	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 %	EUR 258,300	(EUR 120,150)	(Note)	Associate
Young Lighting Limited	Young Lighting (HK)	HK	Holding company	USD 847,000	USD 847,000	847	100.00 %	USD 240,920	USD 634	(Note)	Associate
Young Lighting Limited	YLG Limited	Samoa	Holding company	USD 3,060,000	USD 3,060,000	3,060,000	51.00 %	(USD 277,209)	(USD 1,244,496)	(Note)	Associate
Young Lighting Limited	Brightbridge	Samoa	Holding company	USD 1	USD 1	29,500,000	100.00 %	USD 8,257,429	USD 8,381,796	(Note)	Associate
Young Lighting Limited	Crystal Word	Samoa	Holding company	USD 1	USD 1	22,258,000	100.00 %	USD 6,290,887	USD 6,323,261	(Note)	Associate
Coretronic Intelligent Cloud Service Corp.	Coretronic System Engineering Limited	Samoa	Holding company	USD 1,500,000	USD 1,500,000	1,500,000	100.00 %	22,095	5,129	(Note)	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 759,280	USD 171,243	(Note)	Associate

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

ATTACHMENT 7 : (Investment in Mainland China as of September 30, 2020)  
(Except for Coretronic (Suzhou), the information is based on the unreviewed financial statements)  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2020	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized	Carrying value as of September 30, 2020	Accumulated inward remittance of earnings as of September 30, 2020
					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)	\$ 141,609	100.00%	\$ 141,609	\$ 4,949,897	\$ 428,855 (USD14,065,436)
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)	533	100.00%	533	24,162	(Note a and Note c) -
Coretronic Optics (Kunshan)	Production and sales of projector module products and spectrometer	RMB42,000,000	Indirect investment from the Mainland China subsidiary (CPC)	-	-	-	-	36,014	100.00%	36,014	381,183	-
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)	33,282	100.00%	33,282	1,228,360	-
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)	324,753	100.00%	324,753	4,675,904	-
Coretronic Optics (Suzhou)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	USD10,000,000	Indirect investment from the third region (Wisdom Success HK)	-	-	-	-	(30,376)	100.00%	(30,376)	262,299	-
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 after-sales maintenance services	390,000 (USD 12,000,000)	Indirect investment from the third region (Wisdom Success HK)	-	-	-	-	70,244	100.00%	70,244	889,584	-
Coretronic (Shanghai)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide 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)	(16,033)	100.00%	(16,033)	261,181	30,490 (USD1,000,000)
Coretronic Display (Suzhou)	Research and development, manufacturing panel modules and related components of the business, sales of the company's own products 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)	351,651	100.00%	351,651	425,845	(Note a and Note d) -
Coretronic (Ningbo)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide 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)	90,719	100.00%	90,719	3,387,065	-
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)	8,601	100.00%	8,601	373,521	-
Nano Precision (Suzhou)	Manufacture and sales 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)	198,688	100.00%	198,688	2,563,866	85,228 (USD2,795,270)
Coretronic (Guangzhou)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide 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)	57,187	100.00%	57,187	1,259,133	(Note a and Note e) -
Nano Display (Guangzhou)	Research and development, processing, manufacture of liquid crystal display light guide plate, sales 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)	16,729	100.00%	16,729	477,457	-
YLG Optotech	Research and development, processing, manufacturing display components, sales of the company's products and provide related services	USD 6,000,000	Indirect investment from the third region (YLG Limited)	USD 3,060,000	-	-	USD 3,060,000	(37,156)	51.00%	(18,950)	(8,082)	-
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	5,129	100.00%	5,129	22,095	-
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	6,182	100.00%	6,182	112,075	-

Accumulated investment in Mainland China as of September 30, 2020 (Note a, b)	Investment amounts authorized by Investment Commission, MOEA (Note b~ Note i)	Upper limit on investment
\$2,611,653 (USD 81,513,914)	\$2,372,055 (USD 81,513,914)	\$13,055,170

Note a : To use historical currency rates.

Note b : The investment amounts in Flying Success and Coretronic (Nanjing) had been not remitted to Coretronic Corporation in the event of liquidation in December, 2012 and June 2018, and related registration processes for Investment Commission, MOEA were not applicable.

Note c : Greendale Investments Limited received cash dividends amounted to USD 14,065,436.4 for distribution profits from Coretronic Projection (Kunshan) from 2006 to 2007 and had remitted it back to Coretronic Corporation.

Note d : Bigshine (HK)Limited received cash dividends amounted to USD 8,735,525.72 for distribution profits from Coretronic (Shanghai) in 2006 and had remitted it back USD 1,000,000 to Coretronic Corporation.

Note e : Tecpoint received USD 2,795,270 in 2019 from Nano Precision (Suzhou), which was from the liquidation of Nano Precision (Nanjing) in 2006. Tecpoint had remitted it back to Coretronic Corporation.

Note f : Great Pride (HK) Investments Limited received cash dividends amounted to USD 3,565,645 for distribution profits from Nano Display (Suzhou) in 2018 and had remitted USD 3,215,142 back to Coretronic Corporation.

Note g : Nano Precision Investments Limited received cash dividends amounted to USD 2,290,604 for distribution profits from Nano Precision (Nanjing) in 2018 and had remitted USD 2,065,438 back to Coretronic Corporation.

Note h : Dissolution of Nano Display (Suzhou) and merger with Coretronic (Suzhou) were approved by regulatory authority in August, 2019.

Note i : Include the investment amount USD2,966,301 of Nano Precision (Nanjing) which company's registration was cancelled in April, 2019. The investment amount cancellation was approved by MOEA.

Note j : To use the currency rate 1 USD ≈29.1 NTD as of September 30, 2020.

ATTACHMENT 7-1 (Investment in Mainland China as of September 30, 2020)  
(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, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2020	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note a)	Carrying value as of September 30, 2020 (Note a)	Accumulated inward remittance of earnings as of September 30, 2020
					Outflow	Inflow						
Young Optics (Kunshan)	Researching and developing, manufacturing of optics engine and related optics electronic equipment	\$727,119 (USD 22,200,000) (Note d and Note e)	Indirect investment from the third region (Best Alpha and Grace China)	\$164,450 (USD 5,000,000)	\$-	\$-	\$164,450 (USD 5,000,000)	\$27,179 (USD 918,004)	100.00%	\$27,179 (USD 918,004)	\$1,194,802 (USD 41,058,486)	\$74,505 (USD 2,457,289) (Note b and Note j~Note k)
Young Optics (Suzhou)	Researching and developing, manufacturing of optics 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)	(804) (-USD 24,953)	100.00%	(804) (-USD 24,953)	203,632 (USD 6,997,665)	1,328,957 (USD 31,295,415 and RMB 80,635,502) (Note b, Note f~Note i and Note l)

Accumulated investment in Mainland China as of September 30, 2020 (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)	Note c

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

Note b : To use historical currency rates.

Note c : Young Optics Company has obtained the certificate of being qualified for operating headquarters issued by Industrial Development Bureau, MOEA in June 2018, the upper limit on investment in mainland China pursuant to "Principle of Investment or Technical Cooperation in Mainland China" is not applicable.

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

Note e : 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 f : 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 g : 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 h : 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 i : 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 j : 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 k : Grace China Investments Limited received cash dividends amounted to USD 1,854,025 for distribution profits from Young Optics (Kunshan) in 2017 and had remitted it back to Young Optics.

Note l : Best Alpha Investments Limited received cash dividends amounted to USD 6,531,714 for distribution profits from Young Optics (Suzhou) in 2018 and had remitted it back to Young Optics.

ATTACHMENT 7-2 (Investment in Mainland China as of September 30, 2020)

(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, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2020	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note a, b)	Carrying value as of September 30, 2020	Accumulated inward remittance of earnings as of September 30, 2020
					Outflow	Inflow						
Optoma China	Marketing and after-sales service of Optoma's technology products in 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)	\$21,890 RMB 5,261,818	100.00%	\$21,890 RMB 5,261,818 (Note a (2) - e)	\$74,407 RMB 17,413,032	\$-

Accumulated investment in Mainland China as of September 30, 2020 (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)	\$410,014

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 certified 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.

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

ATTACHMENT 8 (Financial instrument and derivative transaction as of September 30, 2020)

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

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

Investment company	Financial statement account	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 November, 2020 to December, 2020	USD 382,500,000	\$ 23,441	\$ 23,441	Note a
Coretronic Corporation	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From November, 2020 to December, 2020	USD 240,000,000	67,149	67,149	Note a
Champ Vision Display	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From October, 2020 to November, 2020	USD 5,000,000	931	931	Note e
Nano Precision Taiwan Limited	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From October, 2020 to November, 2020	USD 2,500,000	260	260	Note f
Coretronic (Suzhou)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From October, 2020 to February, 2021	USD 45,000,000	31,860	31,860	Note b
Nano Precision (Suzhou)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From October, 2020 to June, 2021	USD 22,000,000	17,828	17,828	Note c
Coretronic Projection (Kunshan)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From October, 2020 to December, 2020	USD 12,000,000	4,846	4,846	Note l
Coretronic (Ningbo)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From December, 2020 to February, 2021	USD 5,000,000	3,870	3,870	Note d
Coretronic Optotech (Suzhou)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	December, 2020	USD 2,000,000	400	400	-
Optoma Corporation	Financial liabilities at fair value through profit or loss, current	Forward cross currency contract	—	November, 2020	USD 30,500,000	(4,723)	(4,723)	Note g
Optoma Europe	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Sell EUR/Buy USD	From November, 2020 to December, 2020	USD 10,000,000	438	438	Note h
Optoma USA	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Sell CAD/Buy USD	From October, 2020 to November, 2020	CAD 1,300,000	79	79	Note i
Dynamic Time	Derivative financial assets for hedging, current	Forward foreign exchange contract	Sell EUR/Buy USD	October, 2020	EUR 3,000,000	673	673	Note j
Young Optics (Kunshan)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	October, 2020	USD 6,000,000	5,533	5,533	Note k

Note a : Coretronic Corporation entered into forward foreign exchange contracts and acquired realized loss amounted to NT\$11,769 thousands for the nine months ended September 30, 2020.

Note b : Associate Coretronic (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$15,574 thousands for the nine months ended September 30, 2020.

Note c : Nano Precision (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$4,605 thousands for the nine months ended September 30, 2020.

Note d : Associate Coretronic (Ningbo) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$368 thousands for the nine months ended September 30, 2020.

Note e : Subsidiary Champ Vision Display entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$1,473 thousands for the nine months ended September 30, 2020.

Note f : Nano Precision Taiwan Limited entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$150 thousands for the nine months ended September 30, 2020.

Note g : Subsidiary Optoma Corporation entered into forward foreign exchange contracts and acquired realized loss amounted to NT\$26,696 thousands for the nine months ended September 30, 2020.

Note h : Associate Optoma Europe entered into forward foreign exchange contracts and acquired realized loss amounted to NT\$24,799 thousands for the nine months ended September 30, 2020.

Note i : Associate Optoma USA entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$962 thousands for the nine months ended September 30, 2020.

Note j : Associate Dynamic Time entered into forward foreign exchange contracts and acquired realized loss amounted to NT\$7,138 thousands for the nine months ended September 30, 2020.

Note k : Associate Young Optics (Kunshan) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$0 thousands for the nine months ended September 30, 2020.

Note l : Associate Coretronic Projection (Kunshan) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$860 thousands for the nine months ended September 30, 2020.

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 periods ended September 30, 2020.)  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee company	Marketable securities type and name	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal				September 30, 2020	
					Units / shares	Amount	Units / shares	Amount	Units / shares	Selling Price	Carrying amount	Gain (Loss) from disposal (Note)	Units / shares	Amount
Young Optics (Kunshan)	Structured Deposits	Financial assets measured at amortized cost-current	Shanghai Pudong Development Bank	-	-	-	-	RMB 90,000,000	-	-	RMB 90,000,000	RMB 725,712	-	-

Note : To be recognized in interest revenue.

ATTACHMENT 10 (The information of Major shareholder as of September 30, 2020)

Name	Shares	Number of shares (Units/shares)	Percentage of ownership (%)
Taiwei Advanced Technology Co., Ltd.		30,823,196	7.09%