

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

WITH

REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE THREE MONTHS ENDED

MARCH 31, 2019 AND 2018

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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 March 31, 2019 and 2018, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2019 and 2018, 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\$14,967,361 thousand and NT\$18,342,843 thousand, represented 30.92% and 38.39% of the consolidated total assets, and total liabilities of NT\$2,372,197 thousand and NT\$2,252,123 thousand, represented 10.14% and 9.5% of the consolidated total liabilities as of March 31, 2019 and 2018, respectively; and total comprehensive income of NT\$216,925 thousand and NT\$220,609 thousand, represented 35.48% and 48.26% of the consolidated total comprehensive income for the three-month periods ended March 31, 2019 and 2018, respectively. The information related to above subsidiaries 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 and the information disclosed in Note 13 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 March 31, 2019 and 2018, and their consolidated financial performance and cash flows for the three-month periods ended March 31, 2019 and 2018, 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.

Emphasis of Matter – Applying for New Accounting Standards

We draw attention to Note 3 of the consolidated financial statements, which describes the Company and its subsidiaries applied for the International Financial Reporting Standard 16, “Leases” starting from January 1, 2019, and elected not to restate the consolidated financial statements for prior periods. Our conclusion is not modified in respect of this matter.

Hsu, Hsin-Min

Chen, Chih-Chung

Ernst & Young, Taiwan
April 29, 2019

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 March 31, 2019, December 31, 2018, and March 31, 2018

(March 31, 2019 and 2018 are unaudited)

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Note	March 31, 2019	%	December 31, 2018	%	March 31, 2018	%
Current assets							
Cash and cash equivalents	6(1)	\$ 19,145,038	39.55	\$ 17,226,050	35.86	\$ 17,028,222	35.64
Financial assets at fair value through profit or loss-current	6(2)	56,055	0.12	63,250	0.13	150,959	0.31
Hedging financial assets-current	6(3), 12	5,638	0.01	11,613	0.03	109,017	0.23
Note receivables, net	6(5)	40,850	0.09	256,793	0.53	175,497	0.37
Trade receivables, net	6(6), 6(18)	10,930,854	22.58	13,358,726	27.81	12,524,329	26.21
Trade receivables-related parties, net	6(6), 6(18), 7	1,689	-	1,912	-	2,149	-
Other receivables	8	388,679	0.80	510,870	1.06	582,317	1.22
Current tax assets	4, 6(23)	33,280	0.07	19,146	0.04	7,893	0.02
Inventories, net	6(7)	7,414,919	15.32	7,882,359	16.41	8,186,305	17.13
Prepayments		480,001	0.99	483,352	1.01	615,119	1.29
Other current assets		191,729	0.40	169,225	0.35	166,676	0.35
Total current assets		38,688,732	79.93	39,983,296	83.23	39,548,483	82.77
Non-current assets							
Financial assets at fair value through profit or loss-noncurrent	6(2)	35,544	0.07	20,065	0.04	20,538	0.04
Financial assets at fair value through other comprehensive income-noncurrent	6(4)	376,382	0.78	359,859	0.75	438,552	0.92
Property, plant and equipment, net	6(8), 8	6,449,701	13.33	6,551,312	13.64	6,691,414	14.00
Right-of-use assests	4, 6(19)	2,010,957	4.15	-	-	-	-
Investment property, net	6(9), 8	174,445	0.36	176,459	0.37	182,498	0.38
Intangible assets	6(10)	149,194	0.31	156,402	0.33	160,936	0.34
Deferred tax assets	4, 6(23)	295,866	0.61	302,673	0.63	287,932	0.60
Net defined benefit assets-noncurrent	6(14)	11,327	0.02	10,676	0.02	28,570	0.06
Other noncurrent assets	8	212,594	0.44	476,463	0.99	423,982	0.89
Total non-current assets		9,716,010	20.07	8,053,909	16.77	8,234,422	17.23
Total assets		\$ 48,404,742	100.00	\$ 48,037,205	100.00	\$ 47,782,905	100.00

(continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of March 31, 2019, December 31, 2018, and March 31, 2018

(March 31, 2019 and 2018 are unaudited)

(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Note	March 31, 2019	%	December 31, 2018	%	March 31, 2018	%
Current liabilities							
Short-term borrowings	6(11)	\$ 6,875,175	14.20	\$ 6,414,641	13.35	\$ 6,970,083	14.59
Financial liabilities at fair value through profit or loss-current	6(12)	12,057	0.02	23,475	0.05	45,089	0.09
Hedging financial liabilities-current	6(12), 12	6,297	0.01	2,402	0.01	174,074	0.37
Contract liabilities-current	6(17)	428,721	0.89	353,528	0.74	420,466	0.88
Notes payable		12,100	0.02	-	-	9,606	0.02
Accounts payable		7,462,182	15.42	9,272,126	19.30	9,594,184	20.08
Accounts payable-related parties	7	25,813	0.05	40,422	0.08	24,107	0.05
Other payables		3,865,198	7.99	4,627,935	9.63	3,518,473	7.36
Current tax liabilities	4, 6(23)	877,595	1.81	925,636	1.93	883,567	1.85
Provisions-current	6(15)	831,929	1.72	826,791	1.72	798,545	1.67
Lease liabilities-current	4, 6(19)	327,299	0.68	-	-	-	-
Other current liabilities		550,561	1.14	543,884	1.13	465,115	0.97
Current portion of long-term borrowings	6(13)	164,685	0.34	165,004	0.34	88,231	0.19
Total current liabilities		21,439,612	44.29	23,195,844	48.28	22,991,540	48.12
Non-current liabilities							
Long-term borrowings	6(13)	246,250	0.51	287,295	0.60	417,733	0.87
Deferred tax liabilities	4, 6(23)	34,393	0.07	32,746	0.07	52,432	0.11
Lease liabilities-noncurrent	4, 6(19)	1,435,294	2.97	-	-	-	-
Net defined benefit liabilities-noncurrent	6(14)	191,123	0.39	192,723	0.40	191,368	0.40
Other noncurrent liabilities		48,852	0.10	62,944	0.13	46,427	0.10
Total non-current liabilities		1,955,912	4.04	575,708	1.20	707,960	1.48
Total liabilities		23,395,524	48.33	23,771,552	49.48	23,699,500	49.60
Equity attributable to owners of the parent							
Share capital							
Common stock	6(16)	4,344,231	8.97	4,344,231	9.04	4,344,231	9.09
Capital surplus	6(16)	4,144,596	8.56	4,072,808	8.48	4,092,443	8.56
Retained earnings	6(16), 6(24)						
Legal reserve		3,572,543	7.38	3,572,543	7.44	3,397,480	7.11
Special reserve		2,483,647	5.13	2,483,647	5.17	1,962,450	4.11
Unappropriated retained earning		9,439,908	19.50	9,345,802	19.46	9,313,310	19.49
Total retained earnings		15,496,098	32.01	15,401,992	32.07	14,673,240	30.71
Other equity		(1,122,803)	(2.32)	(1,613,818)	(3.36)	(1,012,470)	(2.12)
Total equity attributable to owners of the parent		22,862,122	47.22	22,205,213	46.23	22,097,444	46.24
Non-controlling interests	6(16)	2,147,096	4.45	2,060,440	4.29	1,985,961	4.16
Total equity		25,009,218	51.67	24,265,653	50.52	24,083,405	50.40
Total liabilities and equity		\$ 48,404,742	100.00	\$ 48,037,205	100.00	\$ 47,782,905	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 months ended March 31, 2019 and 2018
(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Note	For three months ended March 31		For three months ended March 31	
		2019	%	2018	%
Net sales	6(17), 7	\$ 11,273,976	100.00	\$ 12,374,645	100.00
Operating costs	6(7), 6(10), 6(19), 6(20), 7	9,432,835	83.67	10,392,715	83.98
Gross profit		1,841,141	16.33	1,981,930	16.02
Operating expenses	6(10), 6(14), 6(18), 6(19), 6(20)				
Selling expenses		457,950	4.06	514,021	4.15
General and administrative expenses		536,449	4.76	575,013	4.65
Research and development expenses		787,530	6.98	732,877	5.92
Total operating expenses		1,781,929	15.80	1,821,911	14.72
Operating income		59,212	0.53	160,019	1.30
Non-operating income and expenses					
Other income	6(21)	168,713	1.50	127,973	1.03
Other gains and losses	6(21)	50,999	0.45	68,287	0.55
Finance costs	6(21)	(97,550)	(0.87)	(51,599)	(0.42)
Total non-operating income and expenses		122,162	1.08	144,661	1.16
Income before income tax		181,374	1.61	304,680	2.46
Income tax expense	4, 6(23)	(80,646)	(0.72)	(101,749)	(0.82)
Net income		100,728	0.89	202,931	1.64
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Unrealized gains from equity instrument investments measured at fair value through other comprehensive income	6(22)	16,292	0.15	17,716	0.14
Income tax related to items that will not be reclassified subsequently to profit or loss	6(22), 6(23)	(83)	-	1,876	0.02
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	6(22)	493,258	4.38	279,781	2.26
Gain (loss) on hedging instruments	6(22)	856	-	(55,052)	(0.45)
Income tax related to items that may be reclassified subsequently to profit or loss	6(22), 6(23)	286	-	9,919	0.08
Other comprehensive income (loss), net of tax		510,609	4.53	254,240	2.05
Total comprehensive income (loss)		\$ 611,337	5.42	\$ 457,171	3.69
Net income (loss) for the periods attributable to :					
Shareholders of the parent	6(24)	\$ 94,106		\$ 193,426	
Non-controlling interests	6(16), 6(25)	\$ 6,622		\$ 9,505	
Total comprehensive income (loss) for the periods attributable to :					
Shareholders of the parent		\$ 585,121		\$ 435,674	
Non-controlling interests		\$ 26,216		\$ 21,497	
Basic Earnings Per Share (in New Taiwan Dollars)	6(24)	\$ 0.22		\$ 0.45	
Diluted Earnings Per Share (in New Taiwan Dollars)	6(24)	\$ 0.21		\$ 0.44	

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

CORETRONIC CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended March 31, 2019 and 2018

(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)	Effective hedging instrument from cash flow hedge	Gains or losses on hedging instruments				
Balance as of January 1, 2018	\$ 4,344,231	\$ 4,092,423	\$ 3,397,480	\$ 1,962,450	\$ 8,928,344	\$ (1,188,212)	\$ -	\$ (4,615)	\$ -	\$ 21,532,101	\$ 2,014,560	\$ 23,546,661	
Effects of retroactive application and restatement	-	-	-	-	189,639	-	(59,990)	4,615	(4,615)	129,649	342	129,991	
Restated balance as of January 1, 2018	4,344,231	4,092,423	3,397,480	1,962,450	9,117,983	(1,188,212)	(59,990)	-	(4,615)	21,661,750	2,014,902	23,676,652	
Changes in subsidiaries' ownership	-	20	-	-	-	-	-	-	-	20	-	20	
Net income for the three months ended March 31, 2018	-	-	-	-	193,426	-	-	-	-	193,426	9,505	202,931	
Other comprehensive income (loss) for the three months ended March 31, 2018	-	-	-	-	1,901	267,602	17,878	-	(45,133)	242,248	11,992	254,240	
Total comprehensive income (loss)	-	-	-	-	195,327	267,602	17,878	-	(45,133)	435,674	21,497	457,171	
Decrease of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(50,438)	(50,438)	
Balance as of March 31, 2018	\$ 4,344,231	\$ 4,092,443	\$ 3,397,480	\$ 1,962,450	\$ 9,313,310	\$ (920,610)	\$ (42,112)	\$ -	\$ (49,748)	\$ 22,097,444	\$ 1,985,961	\$ 24,083,405	
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	
Acquisition or disposal of the interest of subsidiaries	-	62,242	-	-	-	-	-	-	-	62,242	34,984	97,226	
Changes in subsidiaries' ownership	-	9,546	-	-	-	-	-	-	-	9,546	(9,546)	-	
Net income for the three months ended March 31, 2019	-	-	-	-	94,106	-	-	-	-	94,106	6,622	100,728	
Other comprehensive income for the three months ended March 31, 2019	-	-	-	-	-	473,664	16,209	-	1,142	491,015	19,594	510,609	
Total comprehensive income	-	-	-	-	94,106	473,664	16,209	-	1,142	585,121	26,216	611,337	
Increase of non-controlling interests	-	-	-	-	-	-	-	-	-	-	35,002	35,002	
Balance as of March 31, 2019	\$ 4,344,231	\$ 4,144,596	\$ 3,572,543	\$ 2,483,647	\$ 9,439,908	\$ (1,014,082)	\$ (109,132)	\$ -	\$ 411	\$ 22,862,122	\$ 2,147,096	\$ 25,009,218	

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 three months ended March 31, 2019 and 2018
(Amounts in thousands of New Taiwan Dollars)

Description	For the three months ended March 31		Description	For the three months ended March 31	
	2019	2018		2019	2018
Cash flows from operating activities :			Cash flows from investing activities :		
Net income before tax	\$ 181,374	\$ 304,680	Acquisition of property, plant and equipment	\$ (134,844)	\$ (127,496)
Adjustments for:			Proceeds from disposal of property, plant and equipment	14,195	3,746
The profit or loss items which did not affect cash flows:			Acquisition of intangible assets	(17,047)	(11,037)
Expected credit (gain)loss	(36,893)	29,333	Acquisition of financial assets at fair value through profit or loss	(15,415)	-
Depreciation (including investment property and right-of-use assests)	333,456	255,827	Increase in other noncurrent assets	(3,248)	(6,503)
Amortization (including other noncurrent assets)	26,376	24,057	Net cash used in investing activities	(156,359)	(141,290)
Interest expenses	97,550	51,599			
Interest income	(109,443)	(91,514)	Cash flows from financing activities:		
Transfer of property, plant and equipment to expense	-	35	Increase (decrease) in short-term borrowings	460,534	(1,206,576)
Gain on disposal of property, plant and equipment	(7,805)	(235)	Decrease in long-term borrowings	(41,380)	(2,473)
Net gain on financial assets and liabilities at fair value through profit or loss	(4,287)	(104,975)	Cash payment for the principal portion of the lease liabilities	(70,947)	-
Changes in operating assets and liabilities:			(Decrease) increase in other noncurrent liabilities	(13,919)	115
Note receivables	215,943	(44,265)	Change in non-controlling interests	34,999	-
Trade receivables	2,460,952	3,808,912	Proceed from disposal of subsidiaries' ownership (without a change of control)	95,467	-
Trade receivables-related parties	223	(775)	Net cash provided by (used in) financing activities	464,754	(1,208,934)
Other receivables	142,407	45,529			
Inventories	457,089	(286,906)	Effect of exchange rate changes on cash and cash equivalents	437,551	205,109
Prepayments	3,351	(33,663)			
Other current assets	(22,504)	(19,865)	Net increase (decrease) in cash and cash equivalents	1,918,988	(937,895)
Contract liabilities	75,193	32,044	Cash and cash equivalents at the beginning of the period	17,226,050	17,966,117
Notes payables	12,100	9,025	Cash and cash equivalents at the end of the period	\$ 19,145,038	\$ 17,028,222
Accounts payables	(1,809,944)	(3,256,618)			
Accounts payables-related parties	(14,609)	(15,804)			
Other payables	(694,098)	(457,701)			
Provisions-current	5,138	75,718			
Other current liabilities	6,677	(17,150)			
Net defined benefit assets/liabilities	(2,251)	(12,472)			
Cash generated from operating activities	1,315,995	294,816			
Interest received	89,227	89,137			
Interest paid	(98,016)	(53,852)			
Income tax paid	(134,164)	(122,881)			
Net cash provided by operating activities	1,173,042	207,220			

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

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2019 and 2018

(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 April 29, 2019.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

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 January 1, 2019. The nature and the impact of each new standard and amendment that has a material effect on the Group is described below:

IFRS 16 “Leases”

IFRS 16 “Leases” replaces IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, SIC-15 “Operating Leases - Incentives” and SIC-27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”.

The Group follows the transition provision in IFRS 16 and the date of initial application was January 1, 2019. The impacts arising from the adoption of IFRS 16 are summarized as follows:

- A. Please refer to Note 4 for the accounting policies before or after January 1, 2019.

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

- B. For the definition of a lease, the Group elected not to reassess whether a contract is, or contains, a lease on January 1, 2019. The Group is permitted to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 but not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4. That is, for contracts entered into (or changed) on or after January 1, 2019, the Group need to assess whether contracts are, or contain, leases applying IFRS 16. In comparing to IAS 17, IFRS 16 provides that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assessed most of the contracts are, or contain, leases and have no significant impact arisen.
- C. The Group is a lessee and elects not to restate comparative information in accordance with the transition provision in IFRS 16. Instead, the Group recognizes the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application.

(a) Leases previously classified as operating leases

For leases that were previously classified as operating leases applying IAS 17, the Group measured and recognized those leases as lease liability on January 1, 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. In addition, the Group chooses, on a lease-by-lease basis, to measure the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payment relating to that lease recognized.

On January 1, 2019, the Group's right-of-use asset and lease liability increased by NT\$1,799,385 thousand and NT\$1,812,953 thousand, respectively.

Besides, on January 1, 2019, for leases that were previously classified as operating leases applying IAS 17 and whose rent had been paid in full, the Group reclassified the long-term rental prepayment of NT\$263,375 thousand to the right-of-use asset.

In accordance with the transition provision in IFRS 16, the Group used the following practical expedients on a lease-by-lease basis to leases previously classified as operating leases:

- i. Apply a single discount rate to a portfolio of leases with reasonably similar characteristics.
- ii. Rely on its assessment of whether leases are onerous immediately before January 1, 2019 as an alternative to performing an impairment review.
- iii. Elect to account in the same way as short-term leases to leases for which the lease term ends within 12 months of January 1, 2019.

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

iv.Exclude initial direct costs from the measurement of the right-of-use asset
on January 1, 2019.

v.Use hindsight, such as in determining the lease term if the contract contains
options to extend or terminate the lease.

(b) Leases previously classified as finance leases

For leases that were previously classified as finance leases applying IAS 17, the Group reclassified the lease asset of NT\$253 thousand and the lease payable of NT\$253 thousand as measured by IAS 17 to the right-of-use asset of NT\$253 thousand and the lease liability of NT\$253 thousand, respectively, on January 1, 2019.

(c) Please refer to Note 4, Note 5 and Note 6 for additional disclosure of lessee and lessor which required by IFRS 16.

(d) As at January 1, 2019, the impacts arising from the adoption of IFRS 16 are summarized as follows:

i.The weighted average lessee's incremental borrowing rate applied to lease
liabilities recognized in the balance sheet on January 1, 2019 was 3.46%.

ii.An explanation of any difference between: 1) operating lease commitments
disclosed applying IAS 17 as at December 31, 2018, discounted using the
incremental borrowing rate on January 1, 2019; and 2) lease liabilities
recognized in the balance sheet as at January 1, 2019.

Significant operating lease commitments disclosed applying IAS 17 as at December 31, 2018	\$572,890
Insignificant operating lease commitments disclosed applying IAS 17 as at December 31, 2018	486,562
Operating lease commitments disclosed applying IAS 17 as at December 31, 2018	<u>\$1,059,452</u>

CORETRONIC CORPORATION AND SUBSIDIARIES
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Discounted using the incremental borrowing rate on January 1, 2019	\$966,466
Add: the carrying value of lease payables as at December 31, 2018	253
Less: adjustment to leases that meet and elect to account in the same way as short-term leases	(68,099)
Less: adjustment to leases that meet and elect the underlying asset of low value	(4,093)
Add/(less): adjustments to the options to extend or terminate the lease that is reasonably certain to exercise	918,426
The carrying value of lease liabilities recognized as at January 1, 2019	<u>\$1,812,953</u>

D.The additional disclosures of lessee and lessor required by IFRS 16 will be disclosed in the relevant notes.

- (2) Standards or interpretations issued by IASB but not yet endorsed by FSC (the effective dates are to be determined by FSC) are listed below:

Standards or Interpretations Numbers	New, Revised or Amended Standards and Interpretations	Effective for annual periods beginning on or after
IFRS 10 and IAS 28	Consolidated Financial Statements and Investments in Associates and Joint Ventures-Sale or Contribution of Assets between an Investor and its Associate or Joint Venture(Amendments)	To be determined by IASB
IFRS 17	Insurance Contracts	January 1, 2021
IFRS 3	Amendment to Business Combinations-Definition of a Business	January 1, 2020
IAS 1 and IAS 8	Amendment to Disclosure Initiative- Definition of Material	January 1, 2020

Definition of a Business (Amendments to IFRS 3)

The amendments clarify the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. IFRS 3 continues to adopt a market participant's perspective to determine whether an acquired set of activities and assets is a business. The amendments clarify the minimum requirements for a business; add guidance to help entities assess whether an acquired process is substantive; and narrow the definitions of a business and of outputs; etc.

CORETRONIC CORPORATION AND SUBSIDIARIES
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The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed apart from the above items, it is not practicable to estimate their impact on the Group at this point in time.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The consolidated financial statements of the Group for the three months ended March 31, 2019 and 2018 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.

(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;

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

If loses control of a subsidiary, it:

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

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

Subsidiary	Relationship	Business nature	Percentage of Ownership		
			March 31, 2019	December 31, 2018	March 31, 2018
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%
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%

CORETRONIC CORPORATION AND SUBSIDIARIES
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Subsidiary	Relationship	Business nature	Percentage of Ownership		
			March 31, 2019	December 31, 2018	March 31, 2018
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.	43.20%	44.11%	45.88%
Young Lighting Technology Inc. ("YLT") and its subsidiaries(Note)	Subsidiary	YLT is engaged in the design, production and marketing of general lighting application, electronic components and optical devices. YLT's joint ventures are the R&D, production, manufacturing and marketing of backlight module, touch module, LCD module, other optical components and lighting application. YLT's joint ventures also provide after sales services.	-	-	100.00%

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
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Subsidiary	Relationship	Business nature	Percentage of Ownership		
			March 31, 2019	December 31, 2018	March 31, 2018
Young Lighting Limited(YLL) and its subsidiaries(Note)	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%	-
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%	92.42%
Chung Tsen Investment Corp. ("CGT") and its subsidiaries	Subsidiary	CGT is an investment company for strategic purposes.	100.00%	100.00%	100.00%

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

Subsidiary	Relationship	Business nature	Percentage of Ownership		
			March 31, 2019	December 31, 2018	March 31, 2018
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%	80.00%	80.00%
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 CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
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Subsidiary	Relationship	Business nature	Percentage of Ownership		
			March 31, 2019	December 31, 2018	March 31, 2018
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%

Note: The Board of Directors adopted a resolution in October 2018 to merge 100% held subsidiary YLT with CORE and CORE acquired 100% shares of YLT’s subsidiary YLL.

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) CORE acquired 4,273 thousand outstanding shares and 2,072 thousand treasury shares of Optoma in September 2018. The ownership percentage of Optoma held by CORE increased to 100%.

(b) YLT’s dissolution and merger with CORE were approved by the Board of Director in October 2018 and the registration process of business merger had completed and approved by regulatory authority.

(c) Nano Precision (Suzhou) Co., Ltd made an investment to establish 100% held subsidiary Nano Precision Taiwan Limited (“NPT”) and had completed registration of establishment in October 2018. NPT has been fully consolidated since the investment date.

(d) uCare Medical Electronics Co., Ltd (“UCM”) increase the capital by cash to attract the strategic investor. The ownership percentage of UCM held by CORE decreased to 60.69%.

The financial statements of certain consolidated subsidiaries listed above had not been reviewed by independent accountants, including total assets amounted to NT\$14,967,361 thousand and NT\$18,342,843 thousand, total liabilities amounted to NT\$2,372,197 thousand and NT\$2,252,123 thousand as of March 31, 2019 and 2018. The related total comprehensive income amounted to NT\$216,925 thousand and NT\$220,609 thousand for the three months ended March 31, 2019 and 2018, respectively.

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
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(4) Leases

The accounting policy from January 1, 2019 as follows:

For contracts entered on or after January 1, 2019, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

- (a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
- (b) the right to direct the use of the identified asset.

The Group elected not to reassess whether a contract is, or contains, a lease on January 1, 2019. The Group is permitted to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 but not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

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- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable by the lessee under residual value guarantees;
- (d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which is increasing the carrying amount to reflect interest on the lease liability by using an effective interest method; and reducing the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the lessee; and
- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

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Except for leases that meet and elect short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and presents interest expense separately from the depreciation charge associate with those leases in the consolidated income statement.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

The accounting policy before January 1, 2019 as follows:

Group as a lessee

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

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

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Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

- (5) 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, 2018. For the summary of significant accounting policies, please refer to Note 4 of the Group's consolidated financial statements for the year ended December 31, 2018.

(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.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The same significant accounting judgments, estimates and assumptions have been followed in the consolidated financial statements for the three months ended March 31, 2019 and 2018 as were applied in the preparation of CORE's consolidated financial statements for the year ended December 31, 2018. Please refer to the consolidated financial statements for the year ended December 31, 2018 for the summary of significant accounting judgments, estimates and assumptions.

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6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and Cash Equivalents

	March 31, 2019	December 31, 2018	March 31, 2018
Cash on hand, savings and checking accounts	\$3,911,753	\$3,912,765	\$3,888,162
Time deposits	15,173,285	13,213,266	12,908,060
Cash Equivalents	60,000	100,019	232,000
Total	<u>\$19,145,038</u>	<u>\$17,226,050</u>	<u>\$17,028,222</u>

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

	March 31, 2019	December 31, 2018	March 31, 2018
Financial assets designated at fair value through profit or loss:			
Derivative not designated as hedging instruments			
Forward foreign exchange contracts	\$55,641	\$63,143	\$150,484
Forward cross currency contracts	414	107	475
Subtotal	<u>56,055</u>	<u>63,250</u>	<u>150,959</u>
Stocks	20,134	20,065	20,538
Convertible bond	15,410	-	-
Subtotal	<u>35,544</u>	<u>20,065</u>	<u>20,538</u>
Total	<u>\$91,599</u>	<u>\$83,315</u>	<u>\$171,497</u>

	March 31, 2019	December 31, 2018	March 31, 2018
Current	\$56,055	\$63,250	\$150,959
Noncurrent	35,544	20,065	20,538
Total	<u>\$91,599</u>	<u>\$83,315</u>	<u>\$171,497</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

	March 31, 2019	December 31, 2018	March 31, 2018
Hedging financial assets			
Forward foreign exchange contracts	\$5,638	\$11,613	\$109,017
Current	\$5,638	\$11,613	\$109,017
Noncurrent	-	-	-
Total	\$5,638	\$11,613	\$109,017

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

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

	March 31, 2019	December 31, 2018	March 31, 2018
Equity instruments investments measured at fair value through other comprehensive income- noncurrent			
Unlisted companies stocks	\$376,382	\$359,859	\$438,552

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

(5) Notes Receivables

	March 31, 2019	December 31, 2018	March 31, 2018
Notes Receivable - arose from			
Operating activities	\$40,850	\$256,793	\$175,497

Notes receivables were not pledged.

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

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(6) Trade Receivables and Trade Receivables-Related Parties

	March 31, 2019	December 31, 2018	March 31, 2018
Trade receivable	\$11,079,473	\$13,540,426	\$12,687,492
Less: allowance for doubtful accounts	(148,619)	(181,700)	(163,163)
Subtotal	10,930,854	13,358,726	12,524,329
Trade receivables for related parties	1,689	1,912	2,149
Total	<u>\$10,932,543</u>	<u>\$13,360,638</u>	<u>\$12,526,478</u>

Trade receivables were not pledged.

Trade receivables are generally on 30-150 day terms. The total carrying amount for periods end March 31, 2019, December 31, 2018, and March 31, 2018, are NT\$11,122,012 thousand, NT\$13,799,131 thousand and NT\$12,865,138 thousand, respectively. Please refer to Note 6(18) 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 March 31, 2019, December 31, 2018 and March 31, 2018, the Group has no outstanding discounted trade receivables which were deducted from trade receivables. The credit line of factoring contracts provided by CTBC Bank and Taishin Bank are both US\$80,000 thousand.

(7) Inventories

	March 31, 2019	December 31, 2018	March 31, 2018
Raw materials and supplies	\$4,187,916	\$5,393,686	\$4,407,616
Work in process	771,652	255,027	794,549
Finished goods	2,455,351	2,233,646	2,984,140
Total	<u>\$7,414,919</u>	<u>\$7,882,359</u>	<u>\$8,186,305</u>

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The cost of inventories recognized in expenses amounted to NT\$9,432,835 thousand and NT\$10,392,715 thousand for the three months ended March 31, 2019 and 2018, including the write-down of inventories and obsolescence loss of NT\$50,034 thousand and NT\$42,549 thousand, respectively.

The allowance write-down of inventories amounted to NT\$661,342 thousand, NT\$608,995 thousand and NT\$531,620 thousand as of March 31, 2019, December 31, 2018, and March 31, 2018, respectively.

No inventories were pledged.

(8) Property, Plant and Equipment

(a) Property, plant and equipment for own-use (after the application of IFRS 16)

	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, 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	-	10,689	30,384	6,637	950	-	1,622	49,590	38,480	138,352
Disposals	-	(3,406)	(140,183)	(8,030)	(1,001)	-	(6,486)	(51,333)	-	(210,439)
Transfers	-	3,780	62,130	(39)	419	-	317	6,710	(173,008)	(99,691)
Exchange differences	415	69,903	85,844	8,227	947	-	17,795	30,873	3,487	217,491
As of March 31, 2019	<u>\$39,461</u>	<u>\$7,045,368</u>	<u>\$5,413,676</u>	<u>\$473,854</u>	<u>\$44,462</u>	<u>\$-</u>	<u>\$841,397</u>	<u>\$1,776,096</u>	<u>\$181,151</u>	<u>\$15,815,465</u>
Depreciation and Impairment:										
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	-	78,625	120,326	8,501	948	-	10,839	32,096	-	251,335
Disposals	-	(3,150)	(138,110)	(8,014)	(615)	-	(5,997)	(48,163)	-	(204,049)
Transfers	-	-	(43,845)	(39)	-	-	(18)	(1,184)	-	(45,086)
Exchange differences	-	37,142	59,793	6,300	815	-	13,954	26,867	-	144,871
As of March 31, 2019	<u>\$-</u>	<u>\$3,243,956</u>	<u>\$3,525,985</u>	<u>\$378,070</u>	<u>\$37,012</u>	<u>\$-</u>	<u>\$714,488</u>	<u>\$1,466,253</u>	<u>\$-</u>	<u>\$9,365,764</u>
Net carrying amounts as of:										
March 31, 2019	<u>\$39,461</u>	<u>\$3,801,412</u>	<u>\$1,887,691</u>	<u>\$95,784</u>	<u>\$7,450</u>	<u>\$-</u>	<u>\$126,909</u>	<u>\$309,843</u>	<u>\$181,151</u>	<u>\$6,449,701</u>

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16

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

(b)Property, plant and equipment (prior to the application of IFRS 16)

	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, 2018	\$39,357	\$6,884,919	\$5,345,544	\$473,982	\$53,885	\$2,250	\$846,746	\$1,833,359	\$44,795	\$15,524,837
Additions	-	2,110	28,647	7,819	1,000	-	8,151	13,202	73,589	134,518
Disposals	-	(852)	(3,959)	(9,600)	(8,175)	-	(1,071)	(11,722)	-	(35,379)
Transfers	-	-	8,394	(134)	-	-	854	3,108	(12,969)	(747)
Exchange differences	300	48,448	60,996	5,412	805	(50)	12,152	23,745	111	151,919
As of March 31, 2018	<u>\$39,657</u>	<u>\$6,934,625</u>	<u>\$5,439,622</u>	<u>\$477,479</u>	<u>\$47,515</u>	<u>\$2,200</u>	<u>\$866,832</u>	<u>\$1,861,692</u>	<u>\$105,526</u>	<u>\$15,775,148</u>
Depreciation and Impairment:										
As of January 1, 2018	\$-	\$2,837,306	\$3,244,250	\$380,631	\$41,066	\$1,925	\$717,313	\$1,542,093	\$-	\$8,764,584
Depreciation	-	74,530	125,491	9,325	1,218	20	12,836	30,394	-	253,814
Disposals	-	(852)	(2,380)	(9,604)	(7,168)	-	(741)	(11,123)	-	(31,868)
Transfers	-	-	(648)	(64)	-	-	-	-	-	(712)
Exchange differences	-	24,377	39,157	4,072	645	(42)	7,559	22,148	-	97,916
As of March 31, 2018	<u>\$-</u>	<u>\$2,935,361</u>	<u>\$3,405,870</u>	<u>\$384,360</u>	<u>\$35,761</u>	<u>\$1,903</u>	<u>\$736,967</u>	<u>\$1,583,512</u>	<u>\$-</u>	<u>\$9,083,734</u>
Net carrying amounts as of:										
December 31, 2018	<u>\$39,046</u>	<u>\$3,833,063</u>	<u>\$1,847,680</u>	<u>\$95,737</u>	<u>\$7,283</u>	<u>\$253</u>	<u>\$132,439</u>	<u>\$283,619</u>	<u>\$312,192</u>	<u>\$6,551,312</u>
March 31, 2018	<u>\$39,657</u>	<u>\$3,999,264</u>	<u>\$2,033,752</u>	<u>\$93,119</u>	<u>\$11,754</u>	<u>\$297</u>	<u>\$129,865</u>	<u>\$278,180</u>	<u>\$105,526</u>	<u>\$6,691,414</u>

The Group evaluated the economic benefits for property, plant and equipment, no impairment loss identified for the three months ended March 31, 2019 and March 31, 2018.

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

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
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(9) 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 4 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, 2019	\$244,538
Additions from acquisitions	-
Additions from subsequent expenditure	-
Disposals	-
As of March 31, 2019	<u>\$244,538</u>
As of January 1, 2018	\$244,538
Additions from acquisitions	-
Additions from subsequent expenditure	-
Disposals	-
As of March 31, 2018	<u>\$244,538</u>
Depreciation and Impairment:	
As of January 1, 2019	\$68,079
Depreciation	2,014
As of March 31, 2019	<u>\$70,093</u>
As of January 1, 2018	\$60,027
Depreciation	2,013
As of March 31, 2018	<u>\$62,040</u>
Net carry amount as of:	
March 31, 2019	<u>\$174,445</u>
December 31, 2018	<u>\$176,459</u>
March 31, 2018	<u>\$182,498</u>

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	Three months ended March 31	
	2019	2018
Rental income from investment property	\$4,424	\$1,226
Less: Direct operating expenses from investment property generating rental income	(2,014)	(2,013)
Total	\$2,410	\$(787)

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

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:

	March 31, 2019	December 31, 2018	March 31, 2018
Fair value of the investment property	\$222,400	\$222,400	\$217,000
Discount rates	4.095%	4.095%	4.095%
Growth rates	0.4%	0.4%	0.4%

(10) Intangible Assets

	Trade marks	Patents	Software	IPs	Goodwill	Other	Total
Cost:							
As of January 1, 2019	\$103,901	\$16,049	\$126,102	\$54,522	\$5,940	\$145,856	\$452,370
Additions	-	-	3,730	-	-	13,317	17,047
Disposals	-	-	(4,526)	-	-	-	(4,526)
Exchange differences	10	-	381	-	-	2,977	3,368
As of March 31, 2019	\$103,911	\$16,049	\$125,687	\$54,522	\$5,940	\$162,150	\$468,259
As of January 1, 2018	\$103,805	\$16,023	\$137,169	\$57,882	\$5,940	\$86,109	\$406,928
Additions	-	-	2,263	-	-	8,774	11,037
Disposals	-	-	(315)	(3,360)	-	(2,899)	(6,574)
Exchange differences	(66)	18	204	-	-	918	1,074
As of March 31, 2018	\$103,739	\$16,041	\$139,321	\$54,522	\$5,940	\$92,902	\$412,465

(continue)

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

(to be continue)

	Trade marks	Patents	Software	IPs	Goodwill	other	Total
Amortization and Impairment:							
As of January 1, 2019	\$92,498	\$9,063	\$87,398	\$41,985	\$-	\$65,024	\$295,968
Amortization	941	289	6,597	4,528	-	13,913	26,268
Disposals	-	-	(4,526)	-	-	-	(4,526)
Exchange differences	3	-	337	-	-	1,015	1,355
As of March 31, 2019	<u>\$93,442</u>	<u>\$9,352</u>	<u>\$89,806</u>	<u>\$46,513</u>	<u>\$-</u>	<u>\$79,952</u>	<u>\$319,065</u>
As of January 1, 2018	\$88,714	\$7,902	\$95,877	\$27,230	\$-	\$15,477	\$235,200
Amortization	938	289	6,736	4,529	-	10,131	22,623
Disposals	-	-	(315)	(3,360)	-	(2,899)	(6,574)
Exchange differences	(14)	3	168	-	-	123	280
As of March 31, 2018	<u>\$89,638</u>	<u>\$8,194</u>	<u>\$102,466</u>	<u>\$28,399</u>	<u>\$-</u>	<u>\$22,832</u>	<u>\$251,529</u>
Net carrying amount as of:							
March 31, 2019	<u>\$10,469</u>	<u>\$6,697</u>	<u>\$35,881</u>	<u>\$8,009</u>	<u>\$5,940</u>	<u>\$82,198</u>	<u>\$149,194</u>
December 31, 2018	<u>\$11,403</u>	<u>\$6,986</u>	<u>\$38,704</u>	<u>\$12,537</u>	<u>\$5,940</u>	<u>\$80,832</u>	<u>\$156,402</u>
March 31, 2018	<u>\$14,101</u>	<u>\$7,847</u>	<u>\$36,855</u>	<u>\$26,123</u>	<u>\$5,940</u>	<u>\$70,070</u>	<u>\$160,936</u>

Amortization expense of intangible assets:

	Three months ended March 31	
	2019	2018
Operating Cost	\$8,637	\$5,773
Selling expenses	1,981	1,503
General and administrative expense	6,428	5,799
Research and development expenses	9,222	9,548
Total	<u>\$26,268</u>	<u>\$22,623</u>

(11) Short-Term Borrowings

	March 31, 2019	December 31, 2018	March 31, 2018
Unsecured bank loans	<u>\$6,875,175</u>	<u>\$6,414,641</u>	<u>\$6,970,083</u>
Interest rates (%)	<u>0.93%~3.29%</u>	<u>0.93%~3.65%</u>	<u>0.92%~2.75%</u>

The Group's unused short-term lines of credits amounted to NT\$31,733,960 thousand, NT\$30,877,601 thousand, and NT\$37,994,841 thousand as of March 31, 2019, December 31, 2018 and March 31, 2018, respectively.

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
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(12) Derivative financial liabilities

Financial Liabilities at fair value through profit or loss:

	March 31, 2019	December 31, 2018	March 31, 2018
Derivatives not designated as hedging instruments - current			
Forward exchange contracts	\$11,988	\$21,115	\$43,734
Forward cross currency contracts	69	2,360	1,355
Total	<u>\$12,057</u>	<u>\$23,475</u>	<u>\$45,089</u>
Hedging financial liabilities			
	March 31, 2019	December 31, 2018	March 31, 2018
Forward exchange contracts	<u>\$6,297</u>	<u>\$2,402</u>	<u>\$174,074</u>

(13) Long-Term Borrowings

Details of long-term borrowings are as follows:

Lenders	March 31, 2019	Interest Rate (%)	Maturity date and terms of repayment
Secured long-term borrowings from First bank	\$18,750	1.48%	Effective from October 27, 2017. Principle is repaid in 16 quarterly payments.
Secured long-term borrowings from First bank	391,667	1.38%	Effective from October 27, 2018. Principle is repaid in 12 quarterly payments.
Secured long-term borrowings from Lombard Co.	266	4.11%	Effective from July 8, 2015. Principle is repaid in 48 monthly payments.
Secured long-term borrowings from Lombard Co.	252	3.81%	Effective from January 5, 2017. Principle is repaid in 36 monthly payments.
Less: current portion	<u>(164,685)</u>		
Total	<u>\$246,250</u>		

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

Lenders	December 31, 2018	Interest Rate (%)	Maturity date and terms of repayment
Secured long-term borrowings from First bank	\$20,625	1.48%	Effective from October 27, 2017. Principle is repaid in 16 quarterly payments.
Secured long-term borrowings from First bank	430,833	1.38%	Effective from October 27, 2018. Principle is repaid in 12 quarterly payments..
Secured long-term borrowings from Lombard Co.	515	4.11%	Effective from July 8, 2015. Principle is repaid in 48 monthly payments.
Secured long-term borrowings from Lombard Co.	326	3.81%	Effective from January 5, 2017. Principle is repaid in 36 monthly payments.
Less: current portion	(165,004)		
Total	<u>\$287,295</u>		

Lenders	March 31, 2018	Interest Rate (%)	Maturity date and terms of repayment
Secured long-term borrowings from First bank	\$26,250	1.38%	Effective from October 27, 2017. Principle is repaid in 16 quarterly payments.
Secured long-term borrowings from First bank	470,000	1.38%	Effective from October 27, 2018. Principle is repaid in 12 quarterly payments.
Secured long-term borrowings from NatWest bank	7,768	2.45%	Effective from May 2016. Principle is repaid in 108 monthly payments.
Secured long-term borrowings from Lombard Co.	1,351	4.11%	Effective from July 8, 2015. Principle is repaid in 48 monthly payments.
Secured long-term borrowings from Lombard Co.	595	3.81%	Effective from January 5, 2017. Principle is repaid in 36 monthly payments.
Less: current portion	(88,231)		
Total	<u>\$417,733</u>		

The Group's unused long-term lines of credits amounted to NT\$300,000 thousand, NT\$300,000 thousand, and NT\$302,022 thousand as of March 31, 2019, December 31, 2018, and March 31, 2018, respectively.

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
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(14) Post-Employment Benefits

Defined contribution plan

Pension expenses under the defined contribution plan for the three months ended March 31, 2019 and 2018 were NT\$95,654 thousand and NT\$94,749 thousand, respectively.

Defined benefits plan

Pension expenses under the defined benefits plan for the three months ended March 31, 2019 and 2018 were NT\$868 thousand and NT\$1,102 thousand, respectively.

(15) Provisions

	Maintenance warranties
As of January 1, 2019	\$826,791
Arising during the period (reversed)	55,385
Utilized during the period	(61,767)
Exchange differences	11,520
As of March 31, 2019	<u>\$831,929</u>
Current	\$831,929
Non-current	-
As of March 31, 2019	<u>\$831,929</u>

	Maintenance warranties
As of January 1, 2018	\$742,629
Arising during the period (reversed)	100,230
Utilized during the period	(48,675)
Effect of exchange rate changes	4,361
As of March 31, 2018	<u>\$798,545</u>
Current	\$798,545
Non-current	-
As of March 31, 2018	<u>\$798,545</u>

Maintenance warranties

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

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

A. Common stock

CORE's authorized capital was NT\$10,000,000 thousand as of March 31, 2019, December 31, 2018, and March 31, 2018, respectively (including NT\$700,000 thousand reserved for exercise of share warrant, preferred shares with warrants and corporate bonds with warrants), each at a par value of NT\$10. CORE's issued capital was NT\$4,344,231 thousand divided into 434,423 thousand shares. Each share has one voting right and a right to receive dividends.

B. Capital surplus

	March 31, 2019	December 31, 2018	March 31, 2018
Additional paid-in capital	\$3,569,001	\$3,569,001	\$3,786,212
Treasury Stock transactions	116,614	116,614	114,569
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	360,190	297,948	102,411
Changes in ownership interests in subsidiaries	98,791	89,245	89,251
Total	<u>\$4,144,596</u>	<u>\$4,072,808</u>	<u>\$4,092,443</u>

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

C. Retained earnings and dividend policies:

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;

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- (d) Allocation or reverse of special reserve as required by law or government authorities;
- (e) The remaining net profits and the retained earnings from previous years will be allocated as shareholders' dividend. The Board of Directors will prepare a distribution proposal and submit the same to the shareholders' meeting for review and approval by a resolution.

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

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

Following the adoption of TIFRS, the FSC on 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.

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
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The appropriations of earnings for 2018 were resolved by the Board of Director's meeting on March 25, 2019, subject to the resolution of general shareholders' meeting which will be held in June 2019.

Details of the 2018 earnings distribution and dividends per share as approved by the Board of Directors' meeting on March 25, 2019 and details of the 2017 earnings distribution and dividends per share as resolved by shareholders' meeting on June 14, 2018 are as follows:

	Appropriation of earnings		Dividends per share (NT\$)	
	2018	2017	2018	2017
Legal reserve	\$202,022	\$175,063		
Special reserve	-	521,197		
Common stock -cash dividend	868,846	1,086,058	\$2	\$2.5

In addition, the Board of Director's meeting and shareholders' meeting resolved to distribute the paid-in capital in excess of par-common stock by cash in the amount of NT\$651,635 thousand, NT\$1.5 per share and NT\$217,211 thousand, NT\$0.5 per share in 2019 and 2018, respectively.

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

D. Non-controlling interests:

	Three months ended March 31	
	2019	2018
Beginning balance	\$2,060,440	\$2,014,560
Profit attributable to non-controlling interests	6,622	9,505
Other comprehensive income (loss) attributable to non-controlling interests, net of tax:		
Exchange differences on translation of foreign operations	19,594	12,179
Effect of tax rate changes on defined benefit plans	-	(185)
Unrealized income from financial assets at fair value through other comprehensive income	-	340
Cash dividends	-	(50,438)
Acquisition or disposal of the interest of subsidiaries	34,984	-
Changes in subsidiaries' ownership	25,456	-
Ending balance	\$2,147,096	\$1,985,961

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS--(Continued)
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(17) Operating Income

	Three months ended March 31	
	2019	2018
Contract revenue from customers		
Sale of goods	\$11,009,841	\$11,982,662
Revenue arising from rendering of services	182,968	178,535
Other operating revenues	81,167	213,448
Total	<u>\$11,273,976</u>	<u>\$12,374,645</u>

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

A. Revenue of Segments

For the three months ended March 31, 2019

	Energy – saving products segment	Image products and brand segment	Optical component segment	Other Segment	Elimination	Total
Sale of goods	\$5,297,773	\$3,878,640	\$1,233,530	\$918,236	\$(318,338)	\$11,009,841
Revenue arising from rendering of services	144,222	15,376	6,729	29,629	(12,988)	182,968
Other operating	28,229	36,323	16,077	1,284	(746)	81,167
Total	<u>\$5,470,224</u>	<u>\$3,930,339</u>	<u>\$1,256,336</u>	<u>\$949,149</u>	<u>\$(332,072)</u>	<u>\$11,273,976</u>

The timing of revenue
recognition:

At a point in time	<u>\$5,470,224</u>	<u>\$3,930,339</u>	<u>\$1,256,336</u>	<u>\$949,149</u>	<u>\$(332,072)</u>	<u>\$11,273,976</u>
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(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

For the three months ended March 31, 2018

	Energy – saving products segment	Image products and brand segment	Optical component segment	Other Segment	Elimination	Total
Sale of goods	\$5,734,346	\$4,559,353	\$1,101,983	\$1,056,553	\$(469,573)	\$11,982,662
Revenue arising from rendering of services	135,796	11,504	-	40,277	(9,042)	178,535
Other operating revenues	77,891	41,384	90,344	5,321	(1,492)	213,448
Total	<u>\$5,948,033</u>	<u>\$4,612,241</u>	<u>\$1,192,327</u>	<u>\$1,102,151</u>	<u>\$(480,107)</u>	<u>\$12,374,645</u>
The timing of revenue recognition:						
At a point in time	<u>\$5,948,033</u>	<u>\$4,612,241</u>	<u>\$1,192,327</u>	<u>\$1,102,151</u>	<u>\$(480,107)</u>	<u>\$12,374,645</u>

B. Contract balance

Contract liabilities-current

	March 31, 2019	December 31, 2018	March 31, 2018	January 1, 2018
Sale of goods	\$334,184	\$241,829	\$300,325	\$263,047
Revenue arising from rendering of services	372	675	1,498	434
Other operating revenues	94,165	111,024	118,643	124,941
Total	<u>\$428,721</u>	<u>\$353,528</u>	<u>\$420,466</u>	<u>\$388,422</u>

C. Transaction price allocated to unsatisfied performance obligations

As of March 31, 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.

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(18) Expected credit (gain) losses

	Three months ended	
	March 31	
	2019	2018
Operating expenses – Expected credit (gain) losses		
Trade Receivables	<u>\$(36,893)</u>	<u>\$29,333</u>

The Group measures trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of March 31, 2019 and 2018 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 as below:

As of March 31, 2019

	Neither past due (Note)	Past due					Total
		1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 121 days	
Gross carrying amount	\$9,912,941	\$993,981	\$54,372	\$25,638	\$6,138	\$128,942	\$11,122,012
Loss ratio	0%	0-2%	5%	30%	50%	100%	
Expected credit losses	(14,176)	(1,140)	(1,008)	(4,903)	(1,714)	(125,678)	(148,619)
Subtotal	<u>\$9,898,765</u>	<u>\$992,841</u>	<u>\$53,364</u>	<u>\$20,735</u>	<u>\$4,424</u>	<u>\$3,264</u>	<u>\$10,973,393</u>

Note: The Group recognized expected losses in the amount of NT\$14,176 thousand based on assessing certain accounts with significant credit risks.

As of December 31, 2018

	Neither past due (Note)	Past due					Total
		1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 121 days	
Gross carrying amount	\$12,113,859	\$1,390,646	\$143,266	\$9,572	\$5,364	\$136,424	\$13,799,131
Loss ratio	0%	0-2%	5%	30%	50%	100%	
Expected credit losses	(44,537)	(711)	(5,507)	(1,710)	(1,834)	(127,401)	(181,700)
Subtotal	<u>\$12,069,322</u>	<u>\$1,389,935</u>	<u>\$137,759</u>	<u>\$7,862</u>	<u>\$3,530</u>	<u>\$9,023</u>	<u>\$13,617,431</u>

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Note: The Group recognized expected losses in the amount of NT\$44,537 thousand based on assessing certain accounts with significant credit risks.

As of March 31, 2018

	Neither past due	Past due					Total
		1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 121 days	
Gross carrying amount	\$11,413,470	\$1,026,608	\$228,917	\$31,749	\$14,938	\$149,456	\$12,865,138
Loss ratio	0%	0-2%	5%	30%	50%	100%	
Expected credit losses	-	(550)	(10,981)	(6,985)	(2,535)	(142,112)	(163,163)
Subtotal	\$11,413,470	\$1,026,058	\$217,936	\$24,764	\$12,403	\$7,344	\$12,701,975

The movement of contract asset、note receivables and provision for impairment of trade receivables during the period is as follows:

	Trade receivables
As of January 1, 2019 (IFRS 9)	\$181,700
Reversal for the current period	(36,893)
Exchange differences	3,812
As of March 31, 2019	\$148,619

	Trade receivables
As of January 1, 2018 (IAS 39)	\$129,607
Beginning adjusted retained earnings	-
As of January 1, 2018 (IFRS 9)	129,607
Charge for the current period	29,333
Exchange differences	4,223
As of March 31, 2018	\$163,163

(19) Leases

A. Group as lessee (after the application of IFRS 16)

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:

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(a) Amounts recognized in the balance sheet

i. Right-of-use assets

The carrying amount of right-of-use assets

	March 31, 2019	December 31, 2018 (Note)	March 31, 2018 (Note)
Land	\$1,164,845		
Buildings	790,774		
Machinery and equipment	435		
Transportation equipment	54,267		
Office fixtures	403		
Other equipment	233		
Total	<u>\$2,010,957</u>		

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate, prior periods in accordance with the transition provision in IFRS 16.

During the three-month periods ended March 31, 2019, the additions to right-of-use assets of the Group amounted to NT\$6,580 thousand.

ii. Lease liability

	March 31, 2019	December 31, 2018 (Note)	March 31, 2018 (Note)
Lease liability			
Current	\$327,299		
Non-current	1,435,294		
Total	<u>\$1,762,593</u>		

Please refer to Note 6 (21)(C.) for the interest on lease liability recognized during the three-month period ended March 31, 2019 and refer to Note 12 (5) for the maturity analysis for lease liabilities at March 31, 2019.

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

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

Depreciation charge for right-of-use assets

	Three months ended March 31	
	2019	2018(NOTE)
Land	\$10,453	
Buildings	64,378	
Machinery and equipment	62	
Transportation equipment	5,156	
Office fixtures	37	
Other equipment	21	
Total	<u>\$80,107</u>	

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(c) Income and costs relating to leasing activities

	Three months ended March 31	
	2019	2018(NOTE)
The expense relating to short-term leases	\$16,335	
The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of low-value assets)	1,485	
The expense relating to variable lease payments not included in the measurement of lease liabilities	3,965	
Total	<u>\$21,785</u>	

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(d) Cash outflow relating to leasing activities

During the three-month period ended March 31, 2019, the Group's total cash outflow for leases amounted to NT\$108,304 thousand.

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(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. Residual value guarantees without counting in lease liability

B. Operating lease commitments - Group as lessee (applicable to the disclosure of IAS 17)

The Group's land for its Science Park plant is leased from the Science Industry Park Bureau, and as follows:

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Location	Current annual rent(Note)	Lease period
Hsinchu Science Industrial Park	\$7,103	2017.07.01-2036.12.31
Jhunan Science Park	3,916	2001.07.01-2020.12.31
Tainan Science Industrial Park	8,951	2003.11.01-2022.12.31

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

	March 31, 2019 (Note)	December 31, 2018	March 31, 2018
Not later than one year		\$85,800	\$89,731
Later than one year but not later than five years		256,255	252,710
Later than five years		230,835	224,178
Total		<u>\$572,890</u>	<u>\$566,619</u>

Operating lease expense as follows:

	Three months ended March 31
	2019(Note) 2018
Minimum lease payments	<u>\$90,508</u>

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

C. The Group as lessor (applicable to the disclosure requirement in IFRS 16)

Please refer to Note 6(9) 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.

None of the financing lease contracts were signed.

	Three months ended March 31
	2019 2018(Note)
Lease income for operating leases	
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$9,118
Income relating to variable lease payments that do not depend on an index or a rate	-
Total	<u>\$9,118</u>

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

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Please refer to Note 6(9) 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 as at March 31, 2019 are as follow:

	March 31, 2019	December 31, 2018 (Note)	March 31, 2018 (Note)
Not later than one year	\$28,693		
Later than one year but not later than two years	23,729		
Later than two years but not later than three years	4,757		
Later than three year but not later than four years	369		
Total	<u>\$57,548</u>		

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

D. Operating lease commitments - Group as lessor (applicable to the disclosure of IAS 17)

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

Future minimum rental receivables under non-cancellable operating leases as of March 31, 2019, December 31, 2018, and March 31, 2018, are as follows:

	March 31, 2019 (Note)	December 31, 2018	March 31, 2018
Not later than one year		\$28,178	\$10,668
Later than one year but not later than five years		35,899	5,682
Total		<u>\$64,077</u>	<u>\$16,350</u>

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

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

	Three months ended March 31					
	2019			2018		
	Operating Cost	Operating expenses	Total amount	Operating Cost	Operating expenses	Total amount
Employee benefits expense	\$841,567	\$1,140,884	\$1,982,451	\$996,646	\$1,109,512	\$2,106,158
Salaries	698,165	968,908	1,667,073	845,008	953,614	1,798,622
Labor and health insurance	33,632	83,876	117,508	36,972	75,890	112,862
Pension	46,419	50,103	96,522	49,062	46,789	95,851
Other employee benefits expense	63,351	37,997	101,348	65,604	33,219	98,823
Depreciation	241,537	84,467	326,004	189,571	58,701	248,272
Amortization	8,645	17,731	26,376	5,077	18,980	24,057

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 Articles of Incorporation are to be amended in the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

CORE accrued employees' compensation based on a specific rate of profit for the three months ended March 31, 2019 and 2018. The amounts of employees' compensation was NT\$16,107 thousand and NT\$26,370 thousand for the three months ended March 31, 2019 and 2018, 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 to next year income.

A resolution was approved at a Board of Directors' meeting held on January 28, 2019 to distribute NT\$290,398 thousand in cash as employees' compensation. No material differences exist between the resolution and the estimated amount for the year ended December 31, 2018.

No material differences exist between the estimated amount and the actual distribution of the employee bonuses for the year ended December 31, 2017.

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(21) Non-Operating Income and Expenses

A. Other income

	Three months ended March 31	
	2019	2018
Interest income		
Financial assets measured at amortized cost	\$109,443	\$91,514
Rental income	9,118	11,428
Other	50,152	25,031
Total	<u>\$168,713</u>	<u>\$127,973</u>

B. Other gains and losses

	Three months ended March 31	
	2019	2018
Gain (losses) on disposal of property, plant and equipment	\$7,805	\$235
Foreign exchange gain, net	(71,730)	45,484
Gain (loss) on financial assets at fair value through profit or loss (Note)	123,359	30,422
Other loss	(8,435)	(7,854)
Total	<u>\$50,999</u>	<u>\$68,287</u>

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

C. Finance cost

	Three months ended March 31	
	2019	2018
Interest on borrowings from bank	\$81,978	\$51,593
Interest on lease liabilities	15,572	(Note)
Interest on obligations under finance leases	(Note)	6
Total	<u>\$97,550</u>	<u>\$51,599</u>

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

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(22) Components of Other Comprehensive Income

For the three months ended March 31, 2019

	Arising during the period	Income tax benefit (expense)	Other comprehensive income, net of tax
<u>Not to be reclassified to profit or loss:</u>			
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	\$16,292	\$(83)	\$16,209
<u>To be reclassified to profit or loss in subsequent periods:</u>			
Exchange differences on translation of foreign operations	493,258	-	493,258
Gain from hedging instruments	856	286	1,142
Total of other comprehensive income	<u>\$510,406</u>	<u>\$203</u>	<u>\$510,609</u>

For the three months ended March 31, 2018

	Arising during the period	Income tax income (expense)	Other comprehensive income, net of tax
<u>Not to be reclassified to profit or loss:</u>			
Unrealized losses from equity instruments investments measured at fair value through other comprehensive income	\$17,716	\$160	\$17,876
Remeasurements of defined benefit plans	-	1,716	1,716
<u>To be reclassified to profit or loss in subsequent periods:</u>			
Exchange differences on translation of foreign operations	279,781	-	279,781
Gain (losses) from hedging instruments	(55,052)	9,919	(45,133)
Total of other comprehensive income	<u>\$242,445</u>	<u>\$11,795</u>	<u>\$254,240</u>

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(23) Income Tax

Based on the amendments to the Income Tax Act announced on February 7, 2018, CORE's applicable corporate income tax rate for 2018 has changed from 17% to 20%. The corporate income surtax on undistributed retained earnings has changed from 10% to 5%.

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

Income tax expense (income) recognized in profit or loss

	Three months ended March 31	
	2019	2018
Current income tax expense (income):		
Current income tax charge	\$70,082	\$110,767
Adjustments in respect of current income tax of prior periods	4,042	4,538
Deferred tax expense (income):		
Deferred tax (income) expense relating to origination and reversal of temporary differences	1,164	(17,235)
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	(907)	849
Deferred tax expense (income) relating to changes in tax rate or the imposition of new taxes	-	(31,135)
Tax (income) expense recognized in the period for previously unrecognized tax loss, tax credit or temporary difference of prior periods	(2,636)	(1,255)
Deferred tax expense arising from write-down or reversal of write-down of deferred tax asset	8,901	29,425
Other	-	5,795
Total income tax expense	<u>\$80,646</u>	<u>\$101,749</u>

Income tax relating to components of other comprehensive income

	Three months ended March 31	
	2019	2018
Deferred income tax income (expense):		
Gain on hedging instruments	\$286	\$9,919
Remeasurements of defined benefit plans	-	1,716
Unrealized (losses) gains from equity instruments investments measured at fair value through other comprehensive income	(83)	160
Total	<u>\$203</u>	<u>\$11,795</u>

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The assessment of income tax returns

As of March 31, 2019 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 2016
TYO	Assessed and approved up to 2016
Optoma	Assessed and approved up to 2016
CGT	Assessed and approved up to 2017
Tsen Ming Investment Corp.	Assessed and approved up to 2017
YGE	Assessed and approved up to 2017
YLT	Assessed and approved up to 2015
Aptek Optical Corp.	Assessed and approved up to 2017
CICS	Assessed and approved up to 2017
CVC	Assessed and approved up to 2017
UCM	Assessed and approved up to 2017
ISC	Assessed and approved up to 2017
CVD	Assessed and approved up to 2017
CIRC	Assessed and approved up to 2017

(24) Earnings Per Share

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

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

	<u>Three months ended March 31</u>	
	<u>2019</u>	<u>2018</u>
A. Basic earnings per share		
Profit attributable to ordinary shareholders of the parent (in thousand NT\$)	<u>\$94,106</u>	<u>\$193,426</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>434,423</u>	<u>434,423</u>
Basic earnings per share (NT\$)	<u>\$0.22</u>	<u>\$0.45</u>

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	Three months ended March 31	
	2019	2018
B. Diluted earnings per share		
Profit attributable to ordinary shareholders of the parent after dilution (in thousand NT\$)	\$94,106	\$193,426
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	434,423	434,423
Effect of dilution:		
Employee Bonus—stock (in thousand)	6,563	6,124
Weighted average number of ordinary shares outstanding after dilution (in thousand)	440,986	440,547
Diluted earnings per share (NT\$)	\$0.21	\$0.44

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

(25) 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	March 31, 2019	December 31, 2018	March 31, 2018
Young Optics Inc.	Taiwan	56.80%	55.89%	54.12%
		March 31, 2019	December 31, 2018	March 31, 2018
Accumulated balance of material non-controlling interests				
Young Optics, Inc.		\$2,034,065	\$1,977,334	\$1,846,454

	Three months ended March 31	
	2019	2018
Profit allocated to material non-controlling interest		
Young Optics, Inc.	\$2,712	\$2,320

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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 March 31, 2019:

	<u>Young Optics Inc.</u>
Operating revenue	\$1,256,336
Gain for the period from continuing operations	4,763
Total comprehensive income for the period	43,752

Summarized information of profit or loss for the three months ended March 31, 2018:

	<u>Young Optics Inc.</u>
Operating revenue	\$1,192,327
Loss for the period from continuing operations	4,178
Total comprehensive income for the period	28,716

Summarized information of financial position as of March 31, 2019:

	<u>Young Optics Inc.</u>
Current assets	\$3,101,166
Non-current assets	2,997,709
Current liabilities	(1,782,673)
Non-current liabilities	(741,280)

Summarized information of financial position as of December 31, 2018:

	<u>Young Optics Inc.</u>
Current assets	\$3,224,346
Non-current assets	2,477,139
Current liabilities	(1,858,724)
Non-current liabilities	(311,591)

Summarized information of financial position as of March 31, 2018:

	<u>Young Optics Inc.</u>
Current assets	\$3,212,199
Non-current assets	2,323,886
Current liabilities	(1,683,073)
Non-current liabilities	(447,402)

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Summarized cash flow information for the three months ended March 31, 2019:

	<u>Young Optics Inc.</u>
Operating activities	\$292,626
Investing activities	(80,073)
Financing activities	(103,810)
Net increase in cash and cash equivalents	144,196

Summarized cash flow information for the three months ended March 31, 2018:

	<u>Young Optics Inc.</u>
Operating activities	\$(26,729)
Investing activities	(118,569)
Financing activities	143,578
Net increase in cash and cash equivalents	27,916

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

(2) Significant transactions with related parties

i. Sales

	<u>Three months ended March 31</u>	
	<u>2019</u>	<u>2018</u>
DongGuan Guan Zhi	<u>\$2,935</u>	<u>\$4,521</u>

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.

ii. Purchases

	<u>Three months ended March 31</u>	
	<u>2019</u>	<u>2018</u>
Gunze	\$50,505	\$53,861
DongGuan Guan Zhi	-	269
Total	<u>\$50,505</u>	<u>\$54,130</u>

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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.

iii. Accounts Receivable from Related Parties

	March 31, 2019	December 31, 2018	March 31, 2018
DongGuan Guan Zhi	\$1,689	\$1,912	\$2,149

iv. Accounts Payable to Related Parties

	March 31, 2019	December 31, 2018	March 31, 2018
Gunze	\$25,813	\$40,356	\$23,966
DongGuan Guan Zhi	-	66	141
Total	\$25,813	\$40,422	\$24,107

v. Key Management Personnel Compensation

	Three months ended March 31	
	2019	2018
Short-term employee benefits	\$43,261	\$39,490
Post-employment benefits	388	432
Total	\$43,649	\$39,922

8. Assets Pledged As Collateral

The following assets of the Group pledged as collateral:

Assets pledged as collateral	Carrying amount			Purpose of pledge
	March 31, 2019	December 31, 2018	March 31, 2018	
Land	\$13,500	\$13,086	\$13,730	Collateral for long-term borrowings
Buildings (including investment property)	757,115	765,918	792,329	Collateral for long-term borrowings
Time deposits (shown as "Other receivables")	55,130	22,511	23,994	Lease execution deposits
Time deposits (shown as "Other receivables")	2,050	33,825	9,786	Customs import guarantee
Bank deposits (Shown as "Other receivables")	9,246	59,215	8,732	Derivative execution deposits
Bank deposits (Shown as "Other receivables")	2,966	2,027	2,097	Export tax guarantee

(Continue)

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(To be continue)

Assets pledged as collateral	March 31, 2019	December 31, 2018	March 31, 2018	Purpose of pledge
Time deposits (shown as "Other receivables")	1,472	1,472	1,438	Subsidy performance guarantee
Time deposits (shown as "Other noncurrent assets")	20,773	20,769	20,769	Lease execution deposits
Time deposits (shown as "Other noncurrent assets")	1,066	1,066	1,058	Customs import guarantee
Total	<u>\$863,318</u>	<u>\$919,889</u>	<u>\$873,933</u>	

9. Commitments and Contingencies

Amounts available under unused letters of credit as of March 31, 2019 are NT\$19,779 thousand.

10. Losses due to Major Disasters

None.

11. Significant Subsequent Events

None.

12. Others

(1) Categories of Financial Instruments

Financial assets

	March 31, 2019	December 31, 2018	March 31, 2018
Financial assets at fair value through profit or loss:			
Mandatorily measured at fair value through profit or loss	\$91,599	\$83,315	\$171,497
Financial assets at fair value through other comprehensive income	376,382	359,859	438,552
Financial assets measured at amortized cost (Note a)	30,502,276	31,348,949	30,304,243
Hedging financial assets	5,638	11,613	109,017
Total	<u>\$30,975,895</u>	<u>\$31,803,736</u>	<u>\$31,023,309</u>

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Financial liabilities

	March 31, 2019	December 31, 2018	March 31, 2018
Financial liabilities at amortized cost:			
Short-term borrowings	\$6,875,175	\$6,414,641	\$6,970,083
Accounts payables (including related parties)	7,500,095	9,312,548	9,627,897
Other payables	3,865,198	4,627,935	3,518,473
Lease liability (including current and non current)	1,762,593	(Note b)	(Note b)
Long-term borrowings (including current portion)	410,935	452,299	505,964
Subtotal	20,413,996	20,807,423	20,622,417
Financial liabilities at fair value through profit or loss:			
Mandatorily measured at fair value through profit or loss-current			
Subtotal	12,057	23,475	45,089
Hedging financial liabilities-current	6,297	2,402	174,074
Total	\$20,432,350	\$20,833,300	\$20,841,580

Note:

- (a) Including cash and cash equivalents(exclude cash on hand), notes receivables, trade receivables, and other receivables.
- (b) The Group adopted IFRS16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS16.

(2) Financial Risk Management Objectives and Policies

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

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

(3) Market Risk

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

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

Foreign currency risk

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

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

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

When NTD appreciates or depreciates against USD by 1%, the profit for the three months ended March 31, 2019 and 2018 is decreased/increased by NT\$74,332 thousand and NT\$95,253 thousand, while equity is decreased/increased by NT\$251,567 thousand and NT\$240,477 thousand, respectively.

Interest rate risk

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments and bank borrowings with variable interest rate swaps. At the reporting date, an increase/decrease of 1% of interest rate in a reporting period could cause the profit for the three months ended March 31, 2019 and 2018 to decreased/increased by NT\$17,521 thousand and NT\$14,321 thousand, respectively.

Equity price risk

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

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For the three months ended March 31, 2019 and 2018, an increase/decrease of 1% in the price of the listed equity securities classified as equity instrument at fair value through profit or loss could have an impact of NT\$201 thousand and NT\$205 thousand on income attribute to the Group.

For the three months ended March 31, 2019 and 2018, an increase/decrease of 1% in the price of the listed equity securities classified as equity instrument at fair value through other comprehensive income could have an impact of NT\$3,764 thousand and NT\$4,386 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 receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

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

As of March 31, 2019, December 31, 2018, and March 31, 2018, receivables from top ten customers represented 58% , 59% , and 67% of the total trade receivables of the Group, respectively. The credit concentration risk of other accounts receivables was insignificant.

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

(5) Liquidity Risk Management

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

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Non-derivative financial liabilities

	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
As of March 31, 2019					
Borrowings	\$7,054,253	\$248,832	\$-	\$-	\$7,303,085
Accounts payables (including related parties)	7,500,095	-	-	-	7,500,095
Other payables	3,865,198	-	-	-	3,865,198
Lease liability	367,808	553,318	254,444	1,089,792	2,265,362
As of December 31, 2018					
Borrowings	\$6,599,493	\$290,838	\$-	\$-	\$6,890,331
Accounts payables (including related parties)	9,312,548	-	-	-	9,312,548
Other payables	4,627,935	-	-	-	4,627,935
As of March 31, 2018					
Borrowings	\$7,076,772	\$338,266	\$84,472	\$2,939	\$7,502,449
Accounts payables (including related parties)	9,627,897	-	-	-	9,627,897
Other payables	3,518,473	-	-	-	3,518,473

Financial liabilities

	Less than 1 year	1 to 3 years	Total
As of March 31, 2019			
Inflows	\$-	\$-	\$-
Outflows	18,354	-	18,354
Net	\$18,354	\$-	\$18,354
As of December 31, 2018			
Inflows	\$-	\$-	\$-
Outflows	25,877	-	25,877
Net	\$25,877	\$-	\$25,877
As of March 31, 2018			
Inflows	\$-	\$-	\$-
Outflows	219,163	-	219,163
Net	\$219,163	\$-	\$219,163

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

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(6) Reconciliation of liabilities arising from financing activities:

Reconciliation of liabilities as of March 31, 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	460,534	(41,380)	(70,947)	(17,527)	3,608	334,288
Additional leases	-	-	6,580	-	-	6,580
Exchange differences	-	16	14,007	-	-	14,023
March 31, 2019	<u>\$6,875,175</u>	<u>\$410,935</u>	<u>\$1,762,593</u>	<u>\$20,542</u>	<u>\$28,310</u>	<u>\$9,097,555</u>

Reconciliation of liabilities as of March 31, 2018:

	Short-term borrowings	Long-term borrowings	Guarantee deposits received	Other liabilities- noncurrent	Total liabilities from financing activities
January 1, 2018	\$8,176,659	\$508,275	\$20,529	\$25,495	\$8,730,958
Cash flows	(1,206,576)	(2,473)	119	(4)	(1,208,934)
Exchange differences	-	162	-	288	450
March 31, 2018	<u>\$6,970,083</u>	<u>\$505,964</u>	<u>\$20,648</u>	<u>\$25,779</u>	<u>\$7,522,474</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.

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(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.

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 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:

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Item (by contract)	Notional Amount	Contract Period
As of March 31, 2019		
Forward currency contract		
Selling forward currency contracts	USD 273,000 thousand	From April 2019 to September 2019
Buying forward currency contracts	USD 352,000 thousand	From April 2019 to July 2019
Selling forward currency contracts	EUR 14,000 thousand	From April 2019 to May 2019
Selling forward currency contracts	CAD 1,800 thousand	From April 2019 to July 2019
Forward cross currency contract	USD 30,500 thousand	From May 2019 to June 2019

As of December 31, 2018

Forward currency contract		
Selling forward currency contracts	USD 322,000 thousand	From January 2019 to April 2019
Buying forward currency contracts	USD 360,500 thousand	From January 2019 to April 2019
Selling forward currency contracts	EUR 15,500 thousand	From January 2019 to February 2019
Selling forward currency contracts	CAD 2,500 thousand	From January 2019 to April 2019
Forward cross currency contract	USD 30,500 thousand	From January 2019 to March 2019

As of March 31, 2018

Forward currency contract		
Selling forward currency contracts	USD 264,000 thousand	From April 2018 to November 2018
Buying forward currency contracts	USD 299,551 thousand	From April 2018 to July 2018
Selling forward currency contracts	EUR 9,950 thousand	From April 2018 to August 2018
Selling forward currency contracts	CAD 1,600 thousand	From April 2018 to July 2018
Forward cross currency contract	USD 30,500 thousand	From April 2018 to June 2018

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

Item (by contract)	Notional Amount	Contract Period
As of March 31, 2019		
Forward currency contract		
Selling forward currency contracts	USD 58,000 thousand	From April 2019 to June 2019
Buying forward currency contracts	USD 58,000 thousand	From April 2019 to June 2019
Selling forward currency contracts	GBP 5,500 thousand	April 2019

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Item (by contract)	Notional Amount	Contract Period
As of December 31, 2018		
Forward currency contract		
Selling forward currency contracts	USD 20,000 thousand	February 2019
Buying forward currency contracts	USD 20,000 thousand	February 2019
Selling forward currency contracts	GBP 5,500 thousand	January 2019
As of March 31, 2018		
Forward currency contract		
Selling forward currency contracts	USD 165,500 thousand	From April 2018 to July 2018
Buying forward currency contracts	USD 165,500 thousand	From April 2018 to July 2018
Selling forward currency contracts	GBP 5,500 thousand	From April 2018 to June 2018

(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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	March 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	\$-	\$55,641	\$-	\$55,641
Forward cross currency contract	-	414	-	414
Stock	-	-	20,134	20,134
Convertible bonds	-	-	15,410	15,410
Hedging financial assets-current	-	5,638	-	5,638
Equity instrument measured at fair value through other comprehensive income	-	-	376,382	376,382
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward currency contract	-	11,988	-	11,988
Forward cross currency contract	-	69	-	69
Hedging financial liabilities-current	-	6,297	-	6,297

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December 31, 2018				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward currency contract	\$-	\$63,143	\$-	\$63,143
Forward cross currency contract	-	107	-	107
Stock	-	-	20,065	20,065
Hedging financial assets-current	-	11,613	-	11,613
Equity instrument measured at fair value through other comprehensive income	-	-	359,859	359,859
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward currency contract	-	21,115	-	21,115
Forward cross currency contract	-	2,360	-	2,360
Hedging financial liabilities-current	-	2,402	-	2,402
March 31, 2018				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward currency contract	\$-	\$150,484	\$-	\$150,484
Forward cross currency contract	-	475	-	475
Stock	-	-	20,538	20,538
Hedging financial assets-current	-	109,017	-	109,017
Equity instrument measured at fair value through other comprehensive income	-	-	438,552	438,552
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward currency contract	-	43,734	-	43,734
Forward cross currency contract	-	1,355	-	1,355
Hedging financial liabilities-current	-	174,074	-	174,074

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Transfers between the Level 1 and Level 2 during the period

During the three months ended March 31, 2019 and 2018, 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:

	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 three months period ended March 31, 2019:			
Amount recognized in profit or loss (presented in “other profit or loss”)	64	-	64
Amount recognized in OCI (presented in “unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	-	16,209	16,209
Acquisition	15,415	-	15,415
Tax effect	-	83	83
Exchange differences	-	231	231
As of March 31, 2019	\$35,544	\$376,382	\$411,926

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	Assets		
	At fair value through		
	At fair value through other comprehensive		
	profit or loss	income	
	Stock	Stock	Total
As of January 1, 2018:	\$21,001	\$422,757	\$443,758
Total gains and losses recognized for the three months period ended March 31, 2018:			
Amount recognized in profit or loss (presented in “other profit or loss”)	(370)	-	(370)
Amount recognized in OCI (presented in “unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	-	17,876	17,876
Tax effect	(93)	(160)	(253)
Exchange differences	-	(1,921)	(1,921)
As of March 31, 2018	\$20,538	\$438,552	\$459,090

Total gains and losses recognized in profit or loss for the three months ended March 31, 2019 in the table above contain gains (losses) related to assets on hand as of March 31, 2018 in the amount of NT\$64 thousand and NT\$(370) thousand.

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:

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At March 31, 2019

	Valuation	Significant	Quantitative	Relationship	Sensitivity of the
	techniques	unobservable	information	between inputs	input to fair value
		inputs		and fair value	
Financial assets :					
At fair value					
through profit					
or loss					
Stock	Income	Lack of	27.2%	The higher the	10% increase
	Approach	marketability		discount for	(decrease) in the
				lack of	discount for lack of
				marketability,	marketability would
				the lower the	result in
				fair value	decrease/increase in
				estimated	profit or loss by
					NT\$752 thousand
					/NT\$767 thousand.
Financial assets					
at fair value					
through other					
comprehensive					
income					
Stock	Asset-Based	Not Applicable	-	-	-
	Approach				
	Market	P/E ratio of	1.02	The higher the	10% increase
	Approach	similar entities		P/E ratio of	(decrease) in the P/E
				similar entities,	ratio of similar
				the higher the	entities would result
				fair value	in increase /decrease
				estimated	in equity by
					NT\$2,816 thousand/
					NT\$2,814 thousand.

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At December 31, 2018

	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\$734 thousand /NT\$735 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\$1,842 thousand/ NT\$3,772 thousand.

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At March 31, 2018

	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%	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\$710 thousand /NT\$725 thousand.
Financial assets					
at fair value					
through other					
comprehensive					
income					
Stock	Asset-Based Approach	Not Applicable	-	-	-
	Market Approach	P/E ratio of similar entities	1.23	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\$2,755 thousand/ NT\$2,991 thousand.

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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

		March 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(9))		\$-	\$-	\$222,400	\$222,400

		December 31, 2018			
		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(9))		\$-	\$-	\$222,400	\$222,400

		March 31, 2018			
		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(9))		\$-	\$-	\$217,000	\$217,000

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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:

March 31, 2019			
	Foreign currencies	Exchange rate	NTD thousand
<u>Financial assets</u>			
Monetary item:			
USD	\$823,658	30.82	\$25,385,140
JPY	165,257	0.2783	45,991
RMB	502	4.5771	2,298
GBP	119	40.11	4,773
EUR	423	34.61	14,640
CHF	502	30.94	15,529
Non-Monetary items:			
USD	\$2,324	30.82	\$71,626
<u>Financial liabilities</u>			
Monetary items:			
USD	\$582,476	30.82	\$17,951,910
JPY	69,327	0.2783	19,294
GBP	2,864	40.11	114,873
December 31, 2018			
	Foreign currencies	Exchange rate	NTD thousand
<u>Financial assets</u>			
Monetary item:			
USD	\$876,864	30.715	\$26,932,878
JPY	160,598	0.2782	44,678
RMB	3,822	4.4753	17,105
GBP	112	38.88	4,354
EUR	355	35.2	12,496
Non-Monetary items:			
USD	\$2,200	30.715	\$67,573
<u>Financial Liabilities</u>			
Monetary items:			
USD	\$629,534	30.715	\$19,336,137
JPY	97,179	0.2782	27,035
GBP	2,149	38.88	83,551

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	March 31, 2018		
	Foreign currencies	Exchange rate	NTD thousand
<u>Financial assets</u>			
Monetary item:			
USD	\$952,214	29.105	\$27,714,188
JPY	136,909	0.2739	37,499
RMB	3,787	4.6286	17,528
GBP	288	40.79	11,748
Non-Monetary items:			
USD	\$2,879	29.105	\$83,793
<u>Financial Liabilities</u>			
Monetary items:			
USD	\$624,942	29.105	\$18,188,937
JPY	78,541	0.2739	21,512
GBP	452	40.79	18,437

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 (loss) gain was NT\$(71,730) thousand and NT\$45,484 thousand for the three months ended March 31, 2019 and 2018, 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.

13. Additional Disclosures

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

- A. Financing provided to others for the three months ended March 31, 2019: None.
- B. Endorsement/Guarantee provided to others for the three months ended March 31, 2019: Please refer to Attachment 1.
- C. Securities held as of three months ended March 31, 2019 (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 three months ended March 31, 2019: None.

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- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the three months ended March 31, 2019: 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 three months ended March 31, 2019: 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 three months ended March 31, 2019: 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 three months ended March 31, 2019: 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(12), 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 and 9.
- C. Financial instruments and derivative transactions: Please refer to Attachment 8.

(3) Investment in Mainland China

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

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14. Segment information

(1) General Information

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

B. The Group has three reportable segments:

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

(2) Segment income, assets and liabilities information

	For the three months ended March 31, 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	\$5,431,725	\$3,921,922	\$1,160,003	\$10,513,650	\$760,326	\$-	\$11,273,976
Net revenue from sales among intersegments	38,499	8,417	96,333	143,249	188,823	(332,072)	-
Total revenue	\$5,470,224	\$3,930,339	\$1,256,336	\$10,656,899	\$949,149	\$(332,072)	\$11,273,976
Segment income	\$192,624	\$16,143	\$8,158	\$216,925	\$(10,908)	\$(24,643)	\$181,374
Segment Assets(Note c)	\$-	\$-	\$-	\$-	\$-	\$48,404,742	\$48,404,742

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

	For the three months ended March 31, 2018						
	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	\$5,836,581	\$4,592,019	\$1,047,411	\$11,476,011	\$898,634	\$-	\$12,374,645
Net revenue from sales among intersegments	111,452	20,222	144,916	276,590	203,517	(480,107)	-
Total revenue	<u>\$5,948,033</u>	<u>\$4,612,241</u>	<u>\$1,192,327</u>	<u>\$11,752,601</u>	<u>\$1,102,151</u>	<u>\$(480,107)</u>	<u>\$12,374,645</u>
Segment income	<u>\$194,698</u>	<u>\$74,862</u>	<u>\$16,721</u>	<u>\$286,281</u>	<u>\$(3,857)</u>	<u>\$22,256</u>	<u>\$304,680</u>
Segment Assets (Note c)	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$47,782,905</u>	<u>\$47,782,905</u>

Note a: Seven operating segments did not meet the quantitative thresholds for reportable segments as of the three months ended March 31, 2019 and 2018, 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 March 31	
	2019	2018
Net income of reportable segment	\$216,925	\$286,281
Income of other segment	(10,908)	(3,857)
Unallocated amount:		
Interest income	109,443	91,514
Interest expense	(97,550)	(51,599)
Financial assets (liabilities) at fair value through profit or loss	123,359	30,422
Exchange net gain(loss)	(71,730)	45,484
Others	(88,165)	(93,565)
Income before income tax	\$181,374	\$304,680

ATTACHMENT 1 (Endorsement/Guarantee provided to others for the three months ended March 31, 2019)
(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	Coretronic Intelligent Cloud Service Corp.	Subsidiary	\$ 11,102,607 (Note a)	\$ 1,775	\$ -	\$ -	-	0.00%	\$ 22,205,213 (Note a)	Yes	No	No
0	Coretronic Corporation	Nano Precision Taiwan Limited	Associate	11,102,607 (Note a)	100,000	100,000	71,698	-	0.45%	22,205,213 (Note a)	Yes	No	No
0	Coretronic Corporation	Coretronic Intelligent Robotics Corporation	Subsidiary	11,102,607 (Note a)	12,600	12,600	12,600	-	0.06%	22,205,213 (Note a)	Yes	No	No
0	Coretronic Corporation	YLG Optotech	Associate	11,102,607 (Note a)	141,464 (USD4,590 thousands)	141,464 (USD4,590 thousands)	102,168	-	0.64%	22,205,213 (Note a)	Yes	No	Yes
0	Coretronic Corporation	Calibre UK Ltd.	Subsidiary	11,102,607 (Note a)	122,460 (GBP3,000 thousands)	120,330 (GBP3,000 thousands)	107,205	-	0.54%	22,205,213 (Note a)	Yes	No	No
	Total				<u>\$ 378,299</u>	<u>\$ 374,394</u>							

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

ATTACHMENT 1-1 (Financing provided to others for the three months ended March 31, 2019)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Lender	Counter-party	Financial statement account	Related party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
1	Young Green Energy	Calibro UK Ltd.	Accounts receivables - related parties	Yes	\$ 20,185	\$ 8,022	\$ 8,022	5%	The need for short-term financing	-	Business turnover	-	None	-	\$ 90,054	\$ 90,054
2	Coretronic (Ningbo)	Coretronic Display (Suzhou)	Accounts receivables - related parties	Yes	1,008,832	846,766	846,766	0.5%	The need for short-term financing	-	Business turnover	-	None	-	3,387,597	3,387,597
2	Coretronic (Ningbo)	YLG Optotech	Accounts receivables - related parties	Yes	138,061	76,591	76,591	0.5%	The need for short-term financing	-	Business turnover	-	None	-	3,387,597	3,387,597
3	Coretronic (Suzhou)	Coretronic Display (Suzhou)	Accounts receivables - related parties	Yes	298,957	297,512	297,512	0.5%	The need for short-term financing	-	Business turnover	-	None	-	4,093,402	4,093,402
3	Coretronic (Suzhou)	Coretronic System Engineering (Shanghai)	Accounts receivables - related parties	Yes	36,795	36,617	36,617	0.5%	The need for short-term financing	-	Business turnover	-	None	-	4,093,402	4,093,402
4	Bigshine (HK)	Core-Flex	Accounts receivables - related parties	Yes	132,711	132,711	132,711	0.5%	The need for short-term financing	-	Business turnover	-	None	-	277,130	277,130
4	Bigshine (HK)	Coretronic Corporation	Accounts receivables - related parties	Yes	246,560	246,560	246,560	0%	The need for short-term financing	-	Business turnover	-	None	-	692,826	692,826
5	Venture Orient	Coretronic Corporation	Accounts receivables - related parties	Yes	67,804	67,804	67,804	0%	The need for short-term financing	-	Business turnover	-	None	-	487,926	487,926
6	Great Pride	Coretronic Corporation	Accounts receivables - related parties	Yes	33,902	33,902	33,902	0%	The need for short-term financing	-	Business turnover	-	None	-	2,426,683	2,426,683
7	Lead Bright (HK)	Coretronic Corporation	Accounts receivables - related parties	Yes	149,477	149,477	149,477	0%	The need for short-term financing	-	Business turnover	-	None	-	3,469,757	3,469,757
8	Investdragon (HK)	Coretronic Corporation	Accounts receivables - related parties	Yes	120,198	120,198	120,198	0%	The need for short-term financing	-	Business turnover	-	None	-	120,931	120,931
9	Wisdom Success (HK)	Coretronic Corporation	Accounts receivables - related parties	Yes	43,148	43,148	43,148	0%	The need for short-term financing	-	Business turnover	-	None	-	5,125,320	5,125,320
10	Greendale	Coretronic Corporation	Accounts receivables - related parties	Yes	453,362	453,362	453,362	0%	The need for short-term financing	-	Business turnover	-	None	-	5,275,508	5,275,508
11	Bigshine	Coretronic Corporation	Accounts receivables - related parties	Yes	46,230	46,230	46,230	0%	The need for short-term financing	-	Business turnover	-	None	-	337,473	337,473
11	Bigshine	Brightbridge	Accounts receivables - related parties	Yes	2,712	2,712	2,712	0.5%	The need for short-term financing	-	Business turnover	-	None	-	337,473	337,473
12	Dynamic Time	Optoma Corporation	Accounts receivables - related parties	Yes	523,940	523,940	523,940	0%	The need for short-term financing	-	Business turnover	-	None	-	762,370	762,370
12	Dynamic Time	Optoma USA	Accounts receivables - related parties	Yes	169,510	169,510	169,510	2.34%-2.55%	The need for short-term financing	-	Business turnover	-	None	-	1,905,924	1,905,924
13	Modern Smart	Optoma Corporation	Accounts receivables - related parties	Yes	20,033	20,033	20,033	0%	The need for short-term financing	-	Business turnover	-	None	-	54,857	54,857
13	Modern Smart	Optoma USA	Accounts receivables - related parties	Yes	20,033	20,033	20,033	2.55%	The need for short-term financing	-	Business turnover	-	None	-	137,142	137,142
14	Masterview	Young Optics (BD)	Other receivables - related parties	Yes	123,280	123,280	123,280	2.50%	The need for short-term financing	-	Business turnover	-	None	-	1,877,649	1,877,649
15	Grace China	Young Optics (BD)	Other receivables - related parties	Yes	86,296	86,296	86,296	3.00%	The need for short-term financing	-	Business turnover	-	None	-	1,119,001	1,119,001

Note a : Limit of financing amount for individual counter-party and total financing amount should not exceed 100% of lender's net worth from the latest financial statement, including Dynamic 、 Modern Smart 、 Bigshine (HK) 、 Bigshine 、 Great Pride 、 Greendale 、 Investdragon (HK) 、 Lead Bright (HK) 、 Venture 、 Wisdom Success (HK) 、 Coretronic (Ningbo) 、 Coretronic (Suzhou). The above restriction only applies to the foreign subsidiaries whose shares are 100% owned, directly or indirectly, by the Company.

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

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

ATTACHMENT 1-2 (Endorsement/Guarantee provided to others for the three months ended March 31, 2019)
(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	\$ 2,046,701 (Note a)	\$ 337,339	\$ 335,808	\$ 183,449	-	8.20%	\$ 4,093,402 (Note a)	No	No	Yes
2	Coretronic Optotech (Suzhou)	Coretronic Display (Suzhou)	Associate	401,510 (Note a)	206,971	205,970	205,970	-	25.65%	803,020 (Note a)	No	No	Yes
3	Optoma Corporation	Optoma USA	Associate	491,469 (Note a)	9,246	9,246	9,246	-	0.94%	982,937 (Note a)	No	No	No
Total					<u>\$ 553,556</u>	<u>\$ 551,024</u>							

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

ATTACHMENT 2 (Securities held as of March 31, 2019)
(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	March 31, 2019				Note
				Shares/Units	Carrying amount	Percentage of ownership (%)	Fair value(Note a)	
Coretronic Corporation	Maxima Venture I, Inc.	-	Financial assets at fair value through other comprehensive income-noncurrent	29,400	\$ 735	5.26%	\$ 735	
Coretronic Corporation	Nightingale Intelligent Systems, Inc.	-	Financial assets at fair value through profit or loss-noncurrent	697,034	17,530	3.98%	17,530	
Coretronic Corporation	Convertible Bond-Nightingale Intelligent Systems, Inc.	-	Financial assets at fair value through profit or loss-noncurrent	-	15,410	-	15,410	
Coretronic Corporation	GLO AB	-	Financial assets at fair value through profit or loss-noncurrent	50,000	2,604	0.24%	2,604	

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

ATTACHMENT 2-1 (Securities held as of March 31, 2019)(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	March 31, 2019				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	\$ 276,296	4.47%	\$ 276,296	
Venture Orient	Unitech Capital	-	Financial assets at fair value through other comprehensive income-noncurrent	2,500,000	USD 2,323,872	5.00%	USD 2,323,872	
Optoma Corporation	LIULIGONGFANG	-	Financial assets at fair value through other comprehensive income-noncurrent	242,094	3,109	3.06%	3,109	
	Excel Global	-	Financial assets at fair value through other comprehensive income-noncurrent	812,506	24,620	19.90%	24,620	
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 three months ended March 31, 2019)

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

Company Name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
Coretronic Corporation	Optoma Corporation	Subsidiary	Sales	\$ 1,112,772	23.12%	90 days	-	-	\$ 1,883,801	30.70%	

ATTACHMENT 3-1 (Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the three months ended March 31, 2019)
(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	\$ 204,868	16.32%	60 days	-	-	\$ 195,722	26.66 %	
Young Optics	Grace China	Associate	Purchases	748,941	81.22%	60 days	-	-	(542,153)	(71.32%)	
Young Optics	Aptek Optical	Subsidiary	Sales	119,058	9.48%	60 days	-	-	119,062	16.22 %	
Young Optics (Kunshan)	Grace China	Associate	Sales	668,536	82.86 %	60 days	-	-	659,542	83.25 %	
Young Optics (Kunshan)	Grace China	Associate	Purchases	207,893	30.86 %	60 days	-	-	(205,678)	(52.28%)	
Optoma Corporation	Optoma Europe	Associate	Sales	694,608	49.92%	90 days	-	-	486,697	31.22 %	
Optoma Corporation	Optoma USA	Associate	Sales	483,487	34.75%	120 days	-	-	927,073	59.48 %	
Optoma China	Coretronic Projection (Kunshan)	Associate	Purchases	183,567	89.24%	90 days	-	-	(491,753)	(95.61%)	
Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)	Associate	Sales	176,228	5.24%	60 days	-	-	158,100	5.72%	
Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	Associate	Sales	1,729,924	99.72%	60 days	-	-	1,001,745	99.58%	
Coretronic Projection (Kunshan)	Champ Vision Display	Associate	Sales	318,771	9.48%	60 days	-	-	299,146	10.83%	
Champ Vision Display	Coretronic Projection (Kunshan)	Associate	Sales	173,466	25.82%	60 days	-	-	125,163	23.17%	

ATTACHMENT 4 (Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of March 31, 2019)

(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 doubtful accounts
					Amount	Collection status		
Accounts receivable : Coretronic Corporation	Optoma Corporation	Subsidiary	\$ 1,883,801	2.15	\$ -	-	\$ -	\$ -

ATTACHMENT 4-1 (Receivables from related parties with amounts exceeding the lower of NTS\$100 million or 20 percent of capital stock as of March 31, 2019)
(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 doubtful accounts
					Amount	Collection status		
Accounts receivables :								
Optoma Corporation	Optoma USA	Associate	\$ 927,073	1.99	\$ -	-	\$ -	\$ -
Optoma Corporation	Optoma Europe	Associate	486,697	4.24	-	-	-	-
Young Optics	Grace China	Associate	195,722	5.12	-	-	-	-
Young Optics	Aptek Optical	Subsidiary	119,062	3.69	-	-	-	-
Young Optics (Kunshan)	Grace China	Associate	659,542	4.16	-	-	-	-
Grace China	Young Optics	Associate	542,153	5.63	-	-	-	-
Grace China	Young Optics (Kunshan)	Associate	205,678	4.80	-	-	-	-
Grace China	Young Optics (BD)	Associate	348,116	0.47	-	-	-	-
Young Optics (BD)	Grace China	Associate	125,699	3.01	-	-	-	-
Nano Precision (Suzhou)	Great Pride (HK)	Associate	113,558	2.43	-	-	-	-
Coretronic Projection (Kunshan)	Champ Vision Display	Associate	299,146	4.36	-	-	-	-
Champ Vision Display	Coretronic Projection (Kunshan)	Associate	125,163	0.23	-	-	-	-
Coretronic Projection (Kunshan)	Optoma China	Associate	493,143	1.18	-	-	-	-
Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)	Associate	158,100	3.86	-	-	-	-
Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	Associate	1,001,745	5.43	-	-	-	-
Other receivables :								
Dynamic Time	Optoma Corporation	Associate	523,940	-	-	-	-	-
Dynamic Time	Optoma USA	Associate	170,290	-	-	-	-	-
Young Optics	Grace China	Associate	156,201	-	-	-	-	-
Grace China	Young Optics (BD)	Associate	220,903	-	-	-	-	-

ATTACHMENT 5 (Significant intercompany transactions between consolidated entities)

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

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

No. (Note a)	Related party	Counter-party	Relationship with Coretronic Corporation (Note b)	Transactions				
				Accounts	Amount	Collection periods (Note c)	Percentage of consolidated operating revenues or consolidated total assets (Note d)	
0	Coretronic Corporation	Optoma Corporation	1	Accounts receivables	1,883,801	—	3.89%	
			1	Sales	1,112,772	—	9.87%	
		Coretronic(Suzhou)	1	Accounts receivables	573,489	—	1.18%	
			1	Sales	838,832	—	7.44%	
		Greendale	1	Accounts receivables	1,274,904	—	2.63%	
			1	Sales	1,115,818	—	9.90%	
		Wisdom Success (HK)	1	Accounts receivables	31,261	—	0.06%	
		YLG Optotech	1	Accounts receivables	130,567	—	0.27%	
			1	Sales	134,046	—	1.19%	
		Coretronic Display (Suzhou)	1	Accounts receivables	310,358	—	0.64%	
			1	Sales	385,238	—	3.42%	
		Coretronic Optotech (Suzhou)	1	Accounts receivables	1,304,547	—	2.70%	
			1	Sales	870,875	—	7.72%	
1	Optoma Corporation	Optoma Technology	1	Other receivables	41,999	—	0.09%	
			3	Accounts receivables	927,073	—	1.92%	
		Optoma Europe	3	Sales	483,487	—	4.29%	
			3	Accounts receivables	486,697	—	1.01%	
2	Young Optics	Grace China	3	Sales	694,608	—	6.16%	
			3	Other receivables	156,201	—	0.32%	
			3	Accounts receivables	195,722	—	0.40%	
		Aptek Optical	3	Sales	204,868	—	1.82%	
			3	Accounts receivables	119,062	—	0.25%	
			3	Sales	119,058	—	1.06%	
3	Grace China	Young Optics	3	Accounts receivables	542,153	—	1.12%	
			3	Sales	748,941	—	6.64%	
		Young Optics(Kunshan)	3	Accounts receivables	205,678	—	0.42%	
			3	Sales	207,893	—	1.84%	
		Young Optics (BD)	3	Other receivables	220,903	—	0.46%	
			3	Accounts receivables	348,116	—	0.72%	
4	Young Optics(Kunshan)	Grace China	3	Sales	36,288	—	0.32%	
			3	Accounts receivables	659,542	—	1.36%	
		Young Optics (SuZhou)	3	Sales	668,536	—	5.93%	
			3	Accounts receivables	33,973	—	0.07%	
		Coretronic Optics (Kunshan)	3	Sales	33,827	—	0.30%	
			3	Accounts receivables	93,651	—	0.19%	
				3	Sales	93,641	—	0.83%

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)
5	Dynamic Time	Optoma Corporation	3	Other receivables	523,940	—	1.08%
		Optoma Technology	3	Other receivables	170,290	—	0.35%
6	Wisdom Success	Coretronic(Suzhou)	3	Accounts receivables	984,338	—	2.03%
			3	Sales	1,166,701	—	10.35%
7	Coretronic(Suzhou)	Coretronic Corporation	2	Accounts receivables	1,083,182	—	2.24%
			2	Sales	238,639	—	2.12%
		Wisdom Success	3	Accounts receivables	1,593,444	—	3.29%
			3	Sales	564,675	—	5.01%
		Coretronic System Engineering (Shanghai)	3	Other receivables	36,710	—	0.08%
		Coretronic Display (Suzhou)	3	Other receivables	298,335	—	0.62%
8	Venture Orient	Coretronic Corporation	2	Other receivables	67,804	—	0.14%
9	Masterview	Young Optics (BD)	3	Other receivables	125,315	—	0.26%
10	Young Optics (SuZhou)	Grace China	3	Accounts receivables	37,269	—	0.08%
			3	Sales	37,289	—	0.33%
11	Great Pride	Coretronic Corporation	2	Other receivables	33,902	—	0.07%
12	Nano Precision (Suzhou)	Coretronic(Suzhou)	3	Accounts receivables	80,365	—	0.17%
			3	Sales	80,510	—	0.71%
		Great Pride (HK)	3	Accounts receivables	113,558	—	0.23%
			3	Sales	73,968	—	0.66%
13	Bigshine	Coretronic Corporation	2	Other receivables	46,230	—	0.10%
14	Greendale	Coretronic Corporation	2	Other receivables	1,915,115	—	3.96%
		Coretronic Optics (Kunshan)	3	Other receivables	1,253,345	—	2.59%
15	Coretronic Projection (Kunshan)	Optoma China	3	Accounts receivables	493,143	—	1.02%
			3	Sales	183,567	—	1.64%
		Greendale	3	Accounts receivables	1,457,549	—	3.01%
			3	Sales	2,026,984	—	17.98%
		Champ Vision Display	3	Accounts receivables	299,146	—	0.62%
			3	Sales	318,771	—	2.83%
		Coretronic Optics (Kunshan)	3	Accounts receivables	158,100	—	0.33%
			3	Sales	176,228	—	1.56%
16	Coretronic (Ningbo)	YLG Optotech	3	Other receivables	77,144	—	0.16%
		Coretronic Display (Suzhou)	3	Other receivables	849,302	—	1.75%
17	Wisdom Success (HK)	Coretronic Corporation	2	Other receivables	43,148	—	0.09%
		Coretronic(Suzhou)	3	Other receivables	31,261	—	0.06%

No. (Note a)	Related party	Counter-party	Relationship with Coretronic Corporation (Note b)	Transactions			
				Accounts	Amount	Collection periods (Note c)	Percentage of consolidated operating revenues or consolidated total assets (Note d)
18	Bigshine (HK)	Coretronic Corporation	2	Other receivables	246,560	—	0.51%
		Core-Flex	3	Other receivables	132,711	—	0.27%
19	Investdragon (HK)	Coretronic Corporation	2	Other receivables	120,198	—	0.25%
20	Lead Bright (HK)	Coretronic Corporation	2	Other receivables	160,698	—	0.33%
21	YLG Optotech	Coretronic Corporation	2	Accounts receivables	205,839	—	0.43%
			2	Sales	322,596	—	2.86%
22	Young Optics (BD)	Grace China	3	Accounts receivables	125,699	—	0.26%
			3	Sales	98,144	—	0.87%
23	Coretronic Display (Suzhou)	Coretronic Corporation	2	Accounts receivables	598,555	—	1.24%
			2	Sales	834,652	—	7.40%
		YLG Optotech	3	Accounts receivables	47,366	—	0.10%
			3	Sales	47,287	—	0.42%
24	Coretronic Optotech (Suzhou)	Coretronic Corporation	2	Accounts receivables	1,455,119	—	3.01%
			2	Sales	416,494	—	3.69%
25	Champ Vision Display	Coretronic Corporation	2	Other receivables	32,963	—	0.07%
		Coretronic Projection (Kunshan)	3	Accounts receivables	125,163	—	0.26%
			3	Sales	173,466	—	1.54%
26	Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	3	Accounts receivables	1,001,745	—	2.07%
			3	Sales	1,729,924	—	15.34%
27	Nano Precision Taiwan	Nano Precision (Suzhou)	3	Accounts receivables	64,713	—	0.13%
			3	Sales	64,737	—	0.57%

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 March 31, 2019) (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 March 31, 2019			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%	5,318,769	(37,454)	(37,454)	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%	971,053	(34,603)	(34,603)	Subsidiary
Coretronic Corporation	Young Optics Inc	Hsinchu City, Taiwan	Engaged in the production, marketing and R&D of electronic components and optics.	569,989	574,658	42,722,586	37.46%	1,336,102	5,318	2,498	Subsidiary
Coretronic Corporation	Viscorp Limited	B.V.I.	Holding company	614,303	614,303	18,700	100.00%	11,393,909	150,038	150,038	Subsidiary
Coretronic Corporation	Sinolink Global Limited	B.V.I.	Holding company	34,100	34,100	980	100.00%	1,261,610	10,171	10,171	Subsidiary
Coretronic Corporation	Chung Tsen Investment Corp.	Miaoli County, Taiwan	Investing company for strategic purposes.	692,696	692,696	127,099,664	100.00%	1,487,316	1,015	1,015	Subsidiary
Coretronic Corporation	Tecpoint Limited	B.V.I.	Holding company	1,156,668	1,156,668	36,522,900	78.06%	2,654,488	26,462	20,656	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%	238,952	4,608	4,604	Subsidiary
Coretronic Corporation	Young Lighting Limited	Samoa	Holding company	118,134	118,134	3,907,000	100.00%	(289,435)	9,849	9,849	Subsidiary
Coretronic Corporation	Coretronic Intelligent Cloud Service Corp.	Hsinchu County,	Engaged in intelligent cloud, IT information, intelligent applications and platform development related business of new media.	254,990	254,990	15,000,000	100.00%	157,498	(6,267)	(6,267)	Subsidiary
Coretronic Corporation	Coretronic Venture Capital Corp.	Miaoli County, Taiwan	The investment activities of company's business expansion.	300,000	300,000	30,000,000	100.00%	301,717	188	188	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%	139,949	6,996	5,597	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%	55,552	(6,752)	(4,622)	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%	(19,492)	(7,798)	(7,798)	Subsidiary
Coretronic Corporation	Coretronic Intelligent Robotics Corporation	Hsinchu City, Taiwan	Engaged in R&D, production and marketing of unmanned aerial vehicle and intelligent robotics.	60,000	60,000	6,000,000	100.00%	15,171	(12,448)	(12,448)	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%	30,612	(5,083)	(4,067)	Subsidiary

ATTACHMENT 6 -1 : (Names, locations and related information of investee companies as of March 31, 2019) (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 March 31, 2019			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 172,983,903	(USD 1,217,694)	(Note a)	Associate
Visicorp	Wisdom Success	Cayman Islands	Holding company	USD 11,750,000	USD 11,750,000	11,750	100.00 %	USD 298,506,340	USD 4,608,153	(Note a)	Associate
Visicorp	Bigshine	Samoa	Holding company	USD 3,000,000	USD 3,000,000	3,000	100.00 %	USD 10,845,582	(USD 177,679)	(Note a)	Associate
Visicorp	Investdragon	Samoa	Holding company	USD 3,000,000	USD 3,000,000	3,000	100.00 %	USD 2,370,956	USD 9,865	(Note a)	Associate
Visicorp	Lead Bright	Samoa	Holding company	USD 4,700,000	USD 4,700,000	4,700	100.00 %	USD 30,056,022	USD 120,787	(Note a)	Associate
Visicorp	Elite View	Samoa	Holding company	USD 5,000,400	USD 5,000,400	5,000	100.00 %	USD 14,553,541	USD 202,274	(Note a)	Associate
Visicorp	Tecpoint	B.V.I.	Holding company	USD 5,665,000	USD 5,665,000	5,665,000	12.11 %	USD 13,359,233	USD 858,373	(Note a)	Associate
Wisdom Success	Wisdom Success (HK)	HK	Holding company	USD 18,000,000	USD 18,000,000	18,000	100.00 %	USD 173,540,468	USD 4,059,290	(Note a)	Associate
Wisdom Success	Lead Bright (HK)	HK	Holding company	USD 13,300,000	USD 13,300,000	13,300	73.89 %	USD 85,056,898	USD 462,608	(Note a)	Associate
Wisdom Success	Investdragon (HK)	HK	Holding company	USD 2,000,000	USD 2,000,000	2,000	40.00 %	USD 1,576,081	USD 16,432	(Note a)	Associate
Wisdom Success	Elite View (HK)	HK	Holding company	USD 7,999,600	USD 7,999,600	8,000	61.54 %	USD 23,287,027	USD 525,934	(Note a)	Associate
Wisdom Success	Bigshine (HK)	HK	Holding company	USD 5,000,000	USD 5,000,000	5,000	62.50 %	USD 14,066,665	(USD 168,949)	(Note a)	Associate
Bigshine	Bigshine (HK)	HK	Holding company	USD 3,000,000	USD 3,000,000	3,000	37.50 %	USD 8,439,999	(USD 168,949)	(Note a)	Associate
Investdragon	Investdragon (HK)	HK	Holding company	USD 3,000,000	USD 3,000,000	3,000	60.00 %	USD 2,364,122	USD 16,432	(Note a)	Associate
Lead Bright	Lead Bright (HK)	HK	Holding company	USD 4,700,000	USD 4,700,000	4,700	26.11 %	USD 30,055,970	USD 462,608	(Note a)	Associate
Elite View	Elite View (HK)	HK	Holding company	USD 5,000,400	USD 5,000,400	5,000	38.46 %	USD 14,553,446	USD 525,934	(Note a)	Associate
Sinoflink	Mat Limited	Samoa	Holding company	USD 980,000	USD 980,000	980	100.00 %	USD 40,934,394	USD 329,983	(Note a)	Associate
Tecpoint	Great Pride	Samoa	Holding company	USD 11,800,000	USD 11,800,000	11,800,000	100.00 %	USD 80,641,453	USD 603,607	(Note a)	Associate
Tecpoint	Core-Flex	Cayman Islands	Holding company	USD 23,260,000	USD 23,260,000	213,260,000	94.36 %	USD 7,397,090	USD 194,341	(Note a)	Associate
Tecpoint	Nano Precision	HK	Holding company	USD 6,800,000	USD 6,800,000	6,800,000	100.00 %	USD 6,888,569	(USD 35,706)	(Note a)	Associate
Tecpoint	Nano Display	HK	Holding company	USD 7,800,000	USD 7,800,000	7,800,000	100.00 %	USD 15,259,035	USD 106,076	(Note a)	Associate
Great Pride	Great Pride (HK)	HK	Holding company	USD 11,800,000	USD 11,800,000	11,800	100.00 %	USD 79,503,178	USD 603,600	(Note a)	Associate
Nano Precision (Suzhou)	Nano Precision Taiwan Limited	Taiwan	Engaged in the design, production and marketing of general lighting application, electronic components and optical devices	300,000	300,000	30,000,000	100.00 %	RMB 59,182,342.75	(RMB 6,358,396.00)	(Note a)	Associate

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

ATTACHMENT 6-2 : (Names, locations and related information of investee companies as of March 31, 2019) (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 March 31, 2019			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 3,550,000	USD 3,550,000	5,550	100.00 %	500,377	2,773	(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	57,222	61,867	4,188,317	3.67 %	130,984	5,318	(Note a)	Subsidiary
Chung Tsen Investment Corp.	Tsen Ming Investment	Miaoli County, Taiwan	Investing company for strategic purposes	102,000	102,000	32,443,180	100.00 %	395,994	(754)	(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 %	3,469	5,984	(Note a)	Associate
Venture Orient	Tecpoint	B.V.I.	Holding company	USD 4,600,000	USD 4,600,000	4,600,000	9.83 %	USD 10,847,770	USD 858,373	(Note a)	Subsidiary
Tsen Ming Investment	Young Optics	Hsinchu City, Taiwan	Engaged in the production, marketing and R&D of electronic components and optics	44,322	50,859	2,358,886	2.07 %	75,089	5,318	(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 %	14,699	5,984	(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 %	104,009	USD 102,166	(Note a)	Associate
Young Optics	Masterview	B.V.I.	Holding company	USD 6,000,000	USD 6,000,000	6,000,000	100.00 %	1,890,462	(26,159)	(Note a)	Associate
Young Optics	Young Optics Inc.	USA	Operating maintenance services business	USD 50,000	USD 50,000	50,000	100.00 %	184	(28)	(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 %	81,621	(2,724)	(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 %	44,530	(1,122)	(Note a)	Associate
Masterview	Best Alpha	Samoa	Holding company	USD 1,000,000	USD 1,000,000	1,000,000	100.00 %	USD 21,912,010	USD 15,859	(Note a)	Associate
Masterview	Grace China	Cayman Islands	Holding company	USD 8,156,458	USD 8,156,458	8,156,458	100.00 %	USD 36,505,939	(USD 899,900)	(Note a)	Associate
Masterview	Young Optics (BD) LTD.	Bengal	Manufacturing of optics components	USD 1,000,000	USD 1,000,000	799,985	50.00 %	(USD 1,919,709)	(USD 235,881)	(Note a)	Associate
Masterview	Young Optics Europe GmbH	Germany	Manufacturing and selling of 3D printer	EUR 18,750	EUR 18,750	-	75.00 %	USD 73,842	(USD 43,941)	(Note a)	Associate
Grace China	Young Optics (BD) LTD.	Bengal	Manufacturing of optics components	USD 1,000,000	USD 1,000,000	799,985	50.00 %	(USD 1,919,709)	(USD 235,881)	(Note a)	Associate
Optoma Corporation	Dynamic Time	Cayman Islands	Holding company	USD 14,122,230	USD 14,122,230	14,856	100.00 %	1,846,014	(USD 987,495)	(Note a)	Associate

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

ATTACHMENT 6-3 (Names, locations and related information of investee companies as of March 31, 2019) (Not including investment in Mainland China)
(The certain information is based on the unaudited financial statements)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main businesses and products	Initial Investment		Investment as of March 31, 2019			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 28,496,485	GBP 421,556	(Note a)	Associate
Dynamic Time	Optoma USA	USA	Marketing and after sales service of Optoma in Americas region	USD 8,821,889	USD 8,821,889	825,000	100.00 %	USD 4,344,328	(USD 854,210)	(Note a)	Associate
Dynamic Time	Modera Smart	B.V.I.	Holding company	USD 1,200,000	USD 1,200,000	1,200,000	100.00 %	USD 3,903,783	(USD 600,917)	(Note a)	Associate
Dynamic Time	Optoma (China&HK) Ltd.	HK	Marketing and after sales service of Optoma in Hong Kong and the Asia-Pacific region	USD 309,546	USD 309,546	2,400,000	100.00 %	USD 305,861	(HKD 182,090)	(Note a)	Associate
Optoma Europe	Optoma Deutschland GmbH	Germany	Marketing and after sales service of Optoma in European region	EUR 958,000	EUR 958,000	-	100.00 %	GBP 1,836,491	EUR 55,227	(Note a)	Associate
Optoma Europe	Optoma France	France	Marketing and after sales service of Optoma in European region	GBP 67,376	GBP 67,376	-	100.00 %	GBP 208,748	(EUR 96,252)	(Note a)	Associate
Optoma Europe	Optoma Scandinavia. A.S.	Norway	Marketing and after sales service of Optoma in European region	GBP 8,260	GBP 8,260	100	100.00 %	GBP 190,300	(NOK 233,628)	(Note a)	Associate
Optoma Europe	Optoma Espana, S.L.	Spain	Marketing and after sales service of Optoma in European region	EUR 103,006	EUR 103,006	5,150,280	100.00 %	GBP 404,502	(EUR 8,100)	(Note a)	Associate
Optoma Europe	Optoma Benelux B.V.	Netherlands	Marketing and after sales service of Optoma in European region	EUR 18,000	EUR 18,000	18,000	100.00 %	GBP 291,157	(EUR 48,306)	(Note a)	Associate
Young Lighting Limited	Young Lighting (HK)	HK	Holding company	USD 847,000	USD 847,000	847	100.00 %	USD 235,886	USD 1,545	(Note a)	Associate
Young Lighting Limited	YLG Limited	Samoa	Holding company	USD 3,060,000	USD 3,060,000	3,060,000	51.00 %	USD 450,383	USD 371,726	(Note a)	Associate
Young Lighting Limited	Brightbridge	Samoa	Holding company	USD 1	USD 1	29,500,000	100.00 %	(USD 5,779,105)	USD 73,273	(Note a)	Associate
Young Lighting Limited	Crystal World	Samoa	Holding company	USD 1	USD 1	22,258,000	100.00 %	(USD 4,298,492)	USD 55,362	(Note a)	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 %	9,522	(USD 5,498)	(Note a)	Associate
Coretronic System Engineering Limited	Coretronic System Engineering (HK)	HK	Holding company	USD 1,500,000	USD 1,500,000	1,500,000	100.00 %	USD 308,951	(USD 5,498)	(Note a)	Associate

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

ATTACHMENT 7 : (Investment in Mainland China as of March 31, 2019)
(The certain information is based on the unaudited 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, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2019	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized	Carrying value as of March 31, 2019	Accumulated inward remittance of earnings as of March 31, 2019
					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	\$ 1,525,064 (USD 46,000,000)	Indirect investment from the third region (Greendale)	\$ 1,525,064 (USD 46,000,000)	\$ -	\$ -	\$ 1,525,064 (USD 46,000,000)	(38,612)	100.00%	(38,612)	\$ 4,863,173	\$ -
Technology Service (Kunshan)	LCD monitor maintenance and technical services	13,259 (USD 400,000)	Indirect investment from the third region (Greendale)	13,259 (USD 400,000)	-	-	13,259 (USD 400,000)	530	100.00%	530	22,776	-
Coretronic Optics (Kunshan)	Production and sales of projector module products and spectrometer	RMB10,000,000	Indirect investment from the Mainland China subsidiary (CPC)	-	-	-	-	(17,358)	100.00%	(17,358)	308,567	-
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 (USD 1,800,000)	Indirect investment from the third region (Mai Limited)	62,252 (USD 1,800,000)	-	-	62,252 (USD 1,800,000)	12,007	100.00%	12,007	1,239,117	-
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 (USD 20,000,000)	Indirect investment from the third region (Wisdom Success HK)	271,297 (USD 8,000,000)	-	-	271,297 (USD 8,000,000)	119,970	100.00%	119,970	4,178,894	-
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	USD 10,000,000	Indirect investment from the third region (Wisdom Success HK)	-	-	-	-	(2,739)	100.00%	(2,739)	307,326	-
Coretronic Optotech (Suzhou)	Research and development, manufacturing and processing optical components such as backlight module, LCD module, LCD TV and panel display. Sales of the company's own products and provide after-sales maintenance services	390,000 (USD 12,000,000)	Indirect investment from the third region (Wisdom Success HK)	-	-	-	-	9,251	100.00%	9,251	812,196	-
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 (USD 8,000,000)	Indirect investment from the third region (Bigshine HK)	95,254 (USD 3,000,000)	-	-	95,254 (USD 3,000,000)	(5,974)	100.00%	(5,974)	314,035	-
Coretronic (Nanjing)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	160,883 (USD 5,000,000)	Indirect investment from the third region (Investdragon HK)	96,263 (USD 3,000,000)	-	-	96,263 (USD 3,000,000)	4,595	100.00%	4,595	-	-
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 (USD 51,758,000)	Indirect investment from the third region (Highbridge and Crystal Ward)	88,972 (USD 2,967,283)	-	-	88,972 (USD 2,967,283)	3,960	100.00%	3,960	(307,971)	-
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 (USD 20,000,000)	Indirect investment from the third region (Lead Bright HK)	151,490 (USD 4,700,000)	-	-	151,490 (USD 4,700,000)	14,345	100.00%	14,345	3,396,738	-
Young Bright Optical (Suzhou)	Research and development, processing, manufacturing backlight optical film products	1,178,240 (USD 36,000,000)	Indirect investment from the third region (Core-Flex)	759,827 (USD 23,260,000)	-	-	759,827 (USD 23,260,000)	6,149	100.00%	6,149	382,680	-
Nano Precision (Suzhou)	Manufacture and sales of acrylic panels and light guide plate	426,839 (USD 13,300,000)	Indirect investment from the third region (Great Pride HK)	330,478 (USD 10,392,880)	-	-	330,478 (USD 10,392,880)	38,657	100.00%	38,657	2,352,947	-
Nano Display (Suzhou)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	92,088 (USD 2,800,000)	Indirect investment from the third region (Great Pride HK)	-	-	-	-	(2,781)	100.00%	(2,781)	97,292	99,026 (USD 3,215,142) (Note a, c)
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 (USD 13,000,000)	Indirect investment from the third region (Elite View HK)	29,020 (USD 1,000,000)	-	-	29,020 (USD 1,000,000)	16,204	100.00%	16,204	1,166,228	-
Nano Precision (Nanjing)	Manufacture and sales of acrylic panels and light guide plate	217,659 (USD 6,800,000)	Indirect investment from the third region (Nano Precision)	119,025 (USD 3,700,000)	-	-	119,025 (USD 3,700,000)	(3,705)	100.00%	(3,705)	212,271	63,605 (USD 2,065,438) (Note a, d)
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 (USD 7,800,000)	Indirect investment from the third region (Nano Display)	9,820 (USD 308,797)	-	-	9,820 (USD 308,797)	3,271	100.00%	3,271	470,263	-
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	11,460	51.00%	5,845	13,864	-
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	(5,974)	100.00%	(5,974)	9,522	-
Bloom 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 (Bloom Power)	USD 1,000,000	-	-	USD 1,000,000	3,149	100.00%	13,728	103,989	-

Accumulated investment in Mainland China as of March 31, 2019 (Note a, b)	Investment amounts authorized by Investment Commission, MOEA (Note b, c, d, e)	Upper limit on investment
\$3,612,114 (USD 110,572,776)	\$3,260,412 (USD 105,788,828)	\$13,717,273

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 : 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 it back USD 3,215,142 to Coretronic Corporation.

Note d : 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 it back USD 2,065,438 to Coretronic Corporation.

Note e : To use the currency rate 1 USD =30.82 NTD as of March 31, 2019.

ATTACHMENT 7-1 (Investment in Mainland China as of March 31, 2019)
(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, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2019	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note a)	Carrying value as of March 31, 2019 (Note a)	Accumulated inward remittance of earnings as of March 31, 2019
					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)	\$ (32,820) (USD 1,064,940)	100.00%	\$ (32,820) (USD 1,064,940)	\$1,337,843 (USD 43,408,258)	\$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)	8,543 (USD 277,008)	100.00%	8,543 (USD 277,008)	346,861 (USD 11,254,409)	1,328,957 (USD 31,295,415 and RMB 80,635,502) (Note b and Note f--Note i and Note l)

Accumulated investment in Mainland China as of March 31, 2019 (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 : As the 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.

ATTACHMENT7-2(Investment in Mainland China as of March 31, 2019)
(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, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2019	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized(Note a)	Carrying value as of March 31, 2019	Accumulated inward remittance of earnings as of March 31, 2019
					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)	\$ (18,570) (RMB 4,074,565)	100.00%	\$ (18,570) (RMB 4,074,565)	\$ 77,517 RMB 16,935,833	\$ -

Accumulated investment in Mainland China as of March 31, 2019 (Note b)	Investment amounts authorized by Investment Commission, MOEA (Note b)	Upper limit on investment
\$38,412 (USD1,200,000)	\$176,798 (USD5,900,000) (Note d)	\$582,632

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 China 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.

ATTACHMENTS (Financial instrument and derivative transaction as of March 31, 2019)

(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 at fair value through profit or loss-current	Forward foreign exchange contract	Buying USD	From Apr to Jul, 2019	USD 338,500,000	\$ 37,886	\$ 37,886	Note a
Coretronic Corporation	Financial liabilities at fair value through profit or loss-current	Forward foreign exchange contract	Selling USD	From Apr to May, 2019	USD 207,000,000	(1,717)	(1,717)	Note a
Coretronic Corporation	Hedging derivative financial assets-current	Forward foreign exchange contract	Buying USD	From Apr to Jun, 2019	USD 58,000,000	4,550	4,550	Note a
Coretronic Corporation	Hedging derivative financial liabilities-current	Forward foreign exchange contract	Selling USD	From Apr to Jun, 2019	USD 58,000,000	(4,036)	(4,036)	Note a
Coretronic (Suzhou)	Financial assets at fair value through profit or loss-current	Forward foreign exchange contract	Selling USD	From Apr to Sep, 2019	USD 33,000,000	4,403	4,403	Note b
Nano Precision (Suzhou)	Financial liabilities at fair value through profit or loss-current	Forward foreign exchange contract	Selling USD	From Apr to Jul, 2019	USD 9,000,000	(287)	(287)	Note c
Coretronic (Ningbo)	Financial liabilities at fair value through profit or loss-current	Forward foreign exchange contract	Selling USD	From Apr to May, 2019	USD 5,000,000	(653)	(653)	Note d
Coretronic Optotech (Suzhou)	Financial liabilities at fair value through profit or loss-current	Forward foreign exchange contract	Selling USD	From Apr to Jun, 2019	USD 6,000,000	(762)	(762)	Note e
Coretronic Display (Suzhou)	Financial assets at fair value through profit or loss-current	Forward foreign exchange contract	Selling USD	From Apr to Jul, 2019	USD 13,000,000	371	371	Note f
Optoma Corporation	Financial assets at fair value through profit or loss-current	Forward cross currency contract	—	From Mar to Jun, 2019	USD 21,000,000	414	414	Note g
Optoma Corporation	Financial liabilities at fair value through profit or loss-current	Forward cross currency contract	—	Jun, 2019	USD 9,500,000	(69)	(69)	Note g
Optoma Europe	Financial assets at fair value through profit or loss-current	Forward foreign exchange contract	Sell GBP/Buy USD	From Apr to May, 2019	USD 10,000,000	3,485	3,485	Note h
Optoma Europe	Financial assets at fair value through profit or loss-current	Forward foreign exchange contract	Buy GBP/Sell EUR	From Apr to May, 2019	EUR 10,500,000	2,114	2,114	Note h
Optoma Europe	Financial liabilities at fair value through profit or loss-current	Forward foreign exchange contract	Sell GBP/Buy USD	Apr, 2019	USD 3,500,000	(563)	(563)	Note h
Optoma Europe	Financial liabilities at fair value through profit or loss-current	Forward foreign exchange contract	Buy GBP/Sell EUR	From Apr to May, 2019	EUR 3,500,000	(554)	(554)	Note h
Optoma USA	Financial liabilities at fair value through profit or loss-current	Forward foreign exchange contract	Sell CAD/Buy USD	From Apr to Jul, 2019	CAD 1,800,000	(70)	(70)	Note i
Dynamic Time	Hedging derivative financial liabilities-current	Forward foreign exchange contract	Sell GBP/Buy USD	Apr, 2019	GBP 5,500,000	(1,173)	(1,173)	Note j

Note a : Coretronic Corporation entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$62,680 thousands for the three months ended March 31, 2019.

Note b : Associate Coretronic (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$27,264 thousands for the three months ended March 31, 2019.

Note c : Associate Nano Precision (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$7,825 thousands for the three months ended March 31, 2019.

Note d : Associate Coretronic (Ningbo) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$5,053 thousands for the three months ended March 31, 2019.

Note e : Associate Coretronic Optotech (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$3,457 thousands for the three months ended March 31, 2019.

Note f : Associate Coretronic Display (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$6,215 thousands for the three months ended March 31, 2019.

Note g : Subsidiary Optoma Corporation entered into forward cross currency contracts and acquired realized profit amounted to NT\$7,110 thousands for the three months ended March 31, 2019.

Note h : Associate Optoma Europe entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$2,665 thousands for the three months ended March 31, 2019.

Note i : Associate Optoma USA entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$789 thousands for the three months ended March 31, 2019.

Note j : Associate Dynamic Time entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$6,191 thousands for the three months ended March 31, 2019.

Note k : Subsidiary Champ Vision Display entered into forward cross currency contracts and acquired realized profit amounted to NT\$60 thousands for the three months ended March 31, 2019.

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 three months ended March 31, 2019.)
(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				Ending balance	
					Units / shares	Amount	Units / shares	Amount	Units / shares	Selling Price	Carrying amount	Gain (Loss) from disposal (Note)	Units / shares	Amount
Young Optics (Kunshan)	RMB Structured Deposit of Liduoduo	Financial assets measured at amortized cost-current	Shanghai Pudong Development Bank	-	-	-	-	RMB 50,000,000	-	-	RMB 50,000,000	RMB 458,871	-	-

Note : To be recognized in interest revenue.