

**CORETRONIC CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**WITH**

**REPORT OF INDEPENDENT ACCOUNTANTS**

**FOR THE SIX MONTHS ENDED**

**JUNE 30, 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 June 30, 2019 and 2018, the related consolidated statements of comprehensive income for the three-month and six-month periods ended June 30, 2019 and 2018, changes in equity and cash flows for the six-month periods ended June 30, 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\$15,232,399 thousand and NT\$17,626,809 thousand, represented 31.46% and 36.04% of the consolidated total assets, and total liabilities of NT\$2,105,948 thousand and NT\$2,018,720 thousand, represented 8.50% and 7.91% of the consolidated total liabilities as of June 30, 2019 and 2018, respectively; and total comprehensive income of NT\$33,986 thousand, NT\$270,299 thousand, NT\$250,911 thousand and NT\$490,908 thousand, represented 324.02 %, 50.49%, 40.35% and 49.46% of the consolidated total comprehensive income for the three-month and six-month periods ended June 30, 2019 and 2018, respectively. As explained in Note 6(8), the financial statements of certain associates and joint ventures accounted for using equity method were not reviewed by independent accountants. Those associates and joint ventures under equity method amounted to NT\$21,863 thousand as of June 30, 2019. The related shares of loss from the associates and joint ventures under the equity method amounted to NT\$(137) thousand for the three-month and six-month periods ended June 30, 2019, both. The information related to above subsidiaries, and associates and joint ventures accounted for using equity method disclosed in Note 13 was also not reviewed by independent accountants.



## Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain insignificant subsidiaries, associates and joint ventures accounted for using equity method and the information 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 June 30, 2019 and 2018, and their consolidated financial performance for the three-month and six-month periods ended June 30, 2019 and 2018, and cash flows for the six-month periods ended June 30, 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  
July 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 June 30, 2019, December 31, 2018, and June 30, 2018

(June 30, 2019 and 2018 are unaudited)

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Note	June 30, 2019	%	December 31, 2018	%	June 30, 2018	%
<b>Current assets</b>							
Cash and cash equivalents	6(1)	\$ 18,448,703	38.11	\$ 17,226,050	35.86	\$ 18,385,682	37.59
Financial assets at fair value through profit or loss-current	6(2)	107,267	0.22	63,250	0.13	343,122	0.70
Hedging financial assets-current	6(3), 12	28,031	0.06	11,613	0.03	37,388	0.08
Notes receivables, net	6(5)	35,420	0.07	256,793	0.53	187,613	0.38
Trade receivables, net	6(6), 6(19)	11,056,027	22.84	13,358,726	27.81	13,332,016	27.26
Trade receivables-related parties, net	6(6), 6(18), 7	2,031	-	1,912	-	1,353	-
Other receivables	8	317,318	0.65	510,870	1.06	565,326	1.16
Current tax assets	4, 6(24)	13,362	0.03	19,146	0.04	6,369	0.01
Inventories, net	6(7)	7,349,496	15.18	7,882,359	16.41	7,143,082	14.61
Prepayments		511,471	1.06	483,352	1.01	659,523	1.35
Other current assets		156,025	0.32	169,225	0.35	153,792	0.32
Total current assets		38,025,151	78.54	39,983,296	83.23	40,815,266	83.46
<b>Non-current assets</b>							
Financial assets at fair value through profit or loss-noncurrent	6(2)	35,821	0.07	20,065	0.04	21,494	0.04
Financial assets at fair value through other comprehensive income-noncurrent	6(4)	395,169	0.82	359,859	0.75	452,780	0.93
Investments accounted for using equity method (Unreviewed)	4, 6(8)	21,863	0.05	-	-	-	-
Property, plant and equipment, net	6(9), 8	6,900,323	14.25	6,551,312	13.64	6,550,969	13.39
Right-of-use assests	4, 6(20)	2,145,934	4.43	-	-	-	-
Investment property, net	6(10), 8	172,432	0.36	176,459	0.37	180,485	0.37
Intangible assets	6(11)	142,746	0.29	156,402	0.33	159,412	0.33
Deferred tax assets	4, 6(24)	317,496	0.66	302,673	0.63	259,844	0.53
Net defined benefit assets-noncurrent	6(15)	11,974	0.02	10,676	0.02	29,382	0.06
Other noncurrent assets	8	244,480	0.51	476,463	0.99	435,567	0.89
Total non-current assets		10,388,238	21.46	8,053,909	16.77	8,089,933	16.54
<b>Total assets</b>		<b>\$ 48,413,389</b>	<b>100.00</b>	<b>\$ 48,037,205</b>	<b>100.00</b>	<b>\$ 48,905,199</b>	<b>100.00</b>

(continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of June 30, 2019, December 31, 2018, and June 30, 2018

(June 30, 2019 and 2018 are unaudited)

(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Note	June 30, 2019	%	December 31, 2018	%	June 30, 2018	%
<b>Current liabilities</b>							
Short-term borrowings	6(12)	\$ 6,657,721	13.75	\$ 6,414,641	13.35	\$ 7,576,181	15.49
Financial liabilities at fair value through profit or loss-current	6(13)	95,385	0.20	23,475	0.05	130,125	0.27
Hedging financial liabilities-current	6(13), 12	18,168	0.04	2,402	0.01	30,838	0.06
Contract liabilities-current	6(18)	423,354	0.87	353,528	0.74	419,716	0.86
Notes payable		8,778	0.02	-	-	6,438	0.01
Accounts payable		7,189,361	14.85	9,272,126	19.30	8,781,646	17.96
Accounts payable-related parties	7	24,751	0.05	40,422	0.08	35,292	0.07
Other payables		5,583,363	11.53	4,627,935	9.63	5,339,866	10.92
Current tax liabilities	4, 6(24)	819,528	1.69	925,636	1.93	957,510	1.96
Provisions-current	6(16)	813,474	1.68	826,791	1.72	852,139	1.74
Lease liabilities-current	4, 6(20)	338,137	0.70	-	-	-	-
Other current liabilities		552,774	1.14	543,884	1.13	600,327	1.23
Current portion of long-term borrowings	6(14)	164,329	0.34	165,004	0.34	127,349	0.26
Total current liabilities		22,689,123	46.86	23,195,844	48.28	24,857,427	50.83
<b>Non-current liabilities</b>							
Long-term borrowings	6(14)	205,208	0.42	287,295	0.60	375,944	0.77
Deferred tax liabilities	4, 6(24)	47,032	0.10	32,746	0.07	53,244	0.11
Lease liabilities-noncurrent	4, 6(20)	1,577,790	3.26	-	-	-	-
Net defined benefit liabilities-noncurrent	6(15)	189,568	0.39	192,723	0.40	190,013	0.39
Other noncurrent liabilities		64,956	0.14	62,944	0.13	48,394	0.10
Total non-current liabilities		2,084,554	4.31	575,708	1.20	667,595	1.37
Total liabilities		24,773,677	51.17	23,771,552	49.48	25,525,022	52.20
<b>Equity attributable to owners of the parent</b>							
Share capital							
Common stock	6(17)	4,344,231	8.97	4,344,231	9.04	4,344,231	8.88
Capital surplus	6(17)	3,611,285	7.46	4,072,808	8.48	3,925,869	8.03
Retained earnings	6(17), 6(25)						
Legal reserve		3,774,564	7.80	3,572,543	7.44	3,572,543	7.30
Special reserve		2,469,437	5.10	2,483,647	5.17	2,483,647	5.08
Unappropriated retained earning		8,578,332	17.72	9,345,802	19.46	7,986,040	16.33
Total retained earnings		14,822,333	30.62	15,401,992	32.07	14,042,230	28.71
Other equity		(1,323,893)	(2.73)	(1,613,818)	(3.36)	(963,548)	(1.97)
Total equity attributable to owners of the parent		21,453,956	44.32	22,205,213	46.23	21,348,782	43.65
<b>Non-controlling interests</b>	6(17)	2,185,756	4.51	2,060,440	4.29	2,031,395	4.15
Total equity		23,639,712	48.83	24,265,653	50.52	23,380,177	47.80
<b>Total liabilities and equity</b>		\$ 48,413,389	100.00	\$ 48,037,205	100.00	\$ 48,905,199	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 six months ended June 30, 2019 and 2018  
(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Note	For three months ended June 30				For six months ended June 30			
		2019	%	2018	%	2019	%	2018	%
Net sales	4,6(18), 7	\$ 11,362,492	100.00	\$ 13,946,415	100.00	\$ 22,636,468	100.00	\$ 26,321,060	100.00
Operating costs	4,6(7), 6(11), 6(20), 6(21), 7	9,187,325	80.86	11,408,748	81.80	18,620,160	82.26	21,801,463	82.83
Gross profit		2,175,167	19.14	2,537,667	18.20	4,016,308	17.74	4,519,597	17.17
Operating expenses	6(11), 6(15), 6(19), 6(20), 6(21)								
Selling expenses		508,122	4.47	503,314	3.61	966,072	4.27	1,017,335	3.86
General and administrative expenses		568,543	5.00	629,329	4.51	1,104,992	4.88	1,204,342	4.58
Research and development expenses		858,363	7.56	863,113	6.19	1,645,893	7.27	1,595,990	6.06
Total operating expenses		1,935,028	17.03	1,995,756	14.31	3,716,957	16.42	3,817,667	14.50
Operating income		240,139	2.11	541,911	3.89	299,351	1.32	701,930	2.67
Non-operating income and expenses									
Other income	6(22)	178,684	1.57	140,399	1.01	347,397	1.54	268,372	1.02
Other gains and losses	6(22)	28,228	0.25	78,552	0.56	79,227	0.35	146,839	0.56
Finance costs	6(22)	(71,904)	(0.63)	(62,838)	(0.45)	(169,454)	(0.75)	(114,437)	(0.44)
Share of loss of associates and joint ventures accounted for using equity method	6(8)	(137)	-	-	-	(137)	-	-	-
Total non-operating income and expenses		134,871	1.19	156,113	1.12	257,033	1.14	300,774	1.14
Income before income tax		375,010	3.30	698,024	5.01	556,384	2.46	1,002,704	3.81
Income tax expense	4, 6(24)	(154,182)	(1.36)	(216,177)	(1.55)	(234,828)	(1.04)	(317,926)	(1.21)
Net income		220,828	1.94	481,847	3.46	321,556	1.42	684,778	2.60
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(23)	18,257	0.16	10,255	0.07	34,549	0.15	27,971	0.11
Income tax related to items that will not be reclassified subsequently to profit or loss	6(23), 6(24)	29	-	69	-	(54)	-	1,945	0.01
Items that may be reclassified subsequently to profit or loss									
Exchange differences on translation of foreign operations	6(23)	(230,901)	(2.03)	(6,520)	(0.05)	262,357	1.16	273,261	1.04
Gain (loss) on hedging instruments	6(23)	1,707	0.01	63,606	0.46	2,563	0.01	8,554	0.03
Income tax related to items that may be reclassified subsequently to profit or loss	6(23), 6(24)	569	0.01	(13,955)	(0.10)	855	0.01	(4,036)	(0.02)
Other comprehensive income (loss), net of tax		(210,339)	(1.85)	53,455	0.38	300,270	1.33	307,695	1.17
Total comprehensive income (loss)		\$ 10,489	0.09	\$ 535,302	3.84	\$ 621,826	2.75	\$ 992,473	3.77
Net income (loss) for the periods attributable to :									
Shareholders of the parent	6(25)	\$ 195,081		\$ 455,094		\$ 289,187		\$ 648,520	
Non-controlling interests	6(17), 6(26)	\$ 25,747		\$ 26,753		\$ 32,369		\$ 36,258	
Total comprehensive income (loss) for the periods attributable to :									
Shareholders of the parent		\$ (6,009)		\$ 503,970		\$ 579,112		\$ 939,644	
Non-controlling interests		\$ 16,498		\$ 31,332		\$ 42,714		\$ 52,829	
Basic Earnings Per Share (in New Taiwan Dollars)	6(25)	\$ 0.45		\$ 1.04		\$ 0.67		\$ 1.49	
Diluted Earnings Per Share (in New Taiwan Dollars)	6(25)	\$ 0.45		\$ 1.04		\$ 0.66		\$ 1.48	

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 six months ended June 30, 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
Acquisition or disposal of the interest of subsidiaries	-	50,638	-	-	-	-	-	-	-	50,638	14,102	64,740
Changes in subsidiaries' ownership	-	19	-	-	-	-	-	-	-	19	-	19
Appropriation and distribution of 2017 earnings:												
Legal reserve	-	-	175,063	-	(175,063)	-	-	-	-	-	-	-
Special reserve	-	-	-	521,197	(521,197)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,086,058)	-	-	-	-	(1,086,058)	-	(1,086,058)
Cash dividends distributed from capital surplus	-	(217,211)	-	-	-	-	-	-	-	(217,211)	-	(217,211)
Net income for the six months ended June 30, 2018	-	-	-	-	648,520	-	-	-	-	648,520	36,258	684,778
Other comprehensive income for the six months ended June 30, 2018	-	-	-	-	1,855	256,443	28,308	-	4,518	291,124	16,571	307,695
Total comprehensive income	-	-	-	-	650,375	256,443	28,308	-	4,518	939,644	52,829	992,473
Decrease of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(50,438)	(50,438)
Balance as of June 30, 2018	\$ 4,344,231	\$ 3,925,869	\$ 3,572,543	\$ 2,483,647	\$ 7,986,040	\$ (931,769)	\$ (31,682)	\$ -	\$ (97)	\$ 21,348,782	\$ 2,031,395	\$ 23,380,177
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	-	180,566	-	-	-	-	-	-	-	180,566	90,171	270,737
Changes in subsidiaries' ownership	-	9,546	-	-	-	-	-	-	-	9,546	(9,546)	-
The subsequent reversal of special reserve	-	-	-	(14,210)	14,210	-	-	-	-	-	-	-
Appropriation and distribution of 2018 earnings:												
Legal reserve	-	-	202,021	-	(202,021)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(868,846)	-	-	-	-	(868,846)	-	(868,846)
Cash dividends distributed from capital surplus	-	(651,635)	-	-	-	-	-	-	-	(651,635)	-	(651,635)
Net income for the six months ended June 30, 2019	-	-	-	-	289,187	-	-	-	-	289,187	32,369	321,556
Other comprehensive income for the six months ended June 30, 2019	-	-	-	-	-	252,012	34,495	-	3,418	289,925	10,345	300,270
Total comprehensive income	-	-	-	-	289,187	252,012	34,495	-	3,418	579,112	42,714	621,826
Increase of non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,977	1,977
Balance as of June 30, 2019	\$ 4,344,231	\$ 3,611,285	\$ 3,774,564	\$ 2,469,437	\$ 8,578,332	\$ (1,235,734)	\$ (90,846)	\$ -	\$ 2,687	\$ 21,453,956	\$ 2,185,756	\$ 23,639,712

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 six months ended June 30, 2019 and 2018

(Amounts in thousands of New Taiwan Dollars)

Description	For the six months ended June 30		Description	For the six months ended June 30	
	2019	2018		2019	2018
Cash flows from operating activities :			Cash flows from investing activities :		
Net income before tax	\$ 556,384	\$ 1,002,704	Acquisition of investments accounted for using equity method	\$ (22,000)	\$ -
Adjustments for:			Acquisition of financial assets at fair value through profit or loss	(15,415)	-
The profit or loss items which did not affect cash flows:			Acquisition of property, plant and equipment	(915,759)	(304,138)
Expected credit (gain) loss	(44,809)	23,528	Proceeds from disposal of property, plant and equipment	23,183	8,271
Depreciation (including investment property)	670,764	502,187	Acquisition of intangible assets	(37,021)	(43,909)
Amortization (including other noncurrent assets and right-of-use assets)	51,888	50,622	Increase in other noncurrent assets	(3,516)	(14,084)
Interest expenses	169,454	114,437	Net cash used in investing activities	(970,528)	(353,860)
Interest income	(224,464)	(191,100)			
Transfer of property, plant and equipment to expense	205	576	Cash flows from financing activities:		
Gain on disposal of property, plant and equipment	(12,190)	(177)	Increase (decrease) in short-term borrowings	243,080	(600,478)
Loss on disposal of investments	24,565	-	Decrease in long-term borrowings	(82,762)	(4,946)
Share of loss of associates and joint ventures accounted for using equity method	137	-	(Decrease) increase in guarantee deposits	(1,062)	119,787
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	27,552	(212,966)	Increase (decrease) in other noncurrent liabilities	3,247	(30)
Impairment of non-financial assets	-	40,104	Cash payment for the principle portion of lease liabilities	(144,028)	-
Changes in operating assets and liabilities:			Proceed from disposal of subsidiaries' ownership	272,569	65,032
Note receivables	221,373	(56,381)	Change in non-controlling interests	35,002	-
Accounts receivables	2,345,407	3,004,451	Net cash provided by (used in) financing activities	326,046	(420,635)
Accounts receivables-related parties	(119)	21			
Other receivables	210,968	61,017	Effect of exchange rate changes on cash and cash equivalents	206,878	214,483
Inventories	527,382	753,388			
Prepayments	(28,119)	(78,067)	Net increase in cash and cash equivalents	1,222,653	419,565
Other current assets	13,200	(6,981)	Cash and cash equivalents at the beginning of the period	17,226,050	17,966,117
Contract liabilities	69,826	31,294	Cash and cash equivalents at the end of the period	\$ 18,448,703	\$ 18,385,682
Notes payable	8,778	5,857			
Accounts payable	(2,082,765)	(4,069,156)			
Accounts payable-related parties	(15,671)	(4,619)			
Other payables	(524,428)	66,112			
Provisions-current	(13,317)	109,510			
Other current liabilities	8,890	20,473			
Net defined benefit assets/liabilities	(4,453)	(14,639)			
Cash generated from operating activities	1,956,438	1,152,195			
Interest received	207,048	190,226			
Interest paid	(168,341)	(114,174)			
Income tax paid	(334,888)	(248,670)			
Net cash provided by operating activities	1,660,257	979,577			

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



CORETRONIC CORPORATION AND SUBSIDIARIES  
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 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 July 29, 2019.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 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.

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)  
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- 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 needs 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 paid the rent 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.

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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 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>

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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.

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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 six months ended June 30, 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;

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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.



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The consolidated entities are as follows:

Subsidiary	Relationship	Business nature	Percentage of Ownership		
			June 30, 2019	December 31, 2018	June 30, 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  
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)  
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Subsidiary	Relationship	Business nature	Percentage of Ownership		
			June 30, 2019	December 31, 2018	June 30, 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, the production and after sales services of electronic components, optical modules and components.	41.59%	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		
			June 30, 2019	December 31, 2018	June 30, 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)  
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Subsidiary	Relationship	Business nature	Percentage of Ownership		
			June 30, 2019	December 31, 2018	June 30, 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%

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Subsidiary	Relationship	Business nature	Percentage of Ownership		
			June 30, 2019	December 31, 2018	June 30, 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 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 in February 2019. The ownership percentage of UCM held by CORE decreased to 60.69%.

(e) As part of a business strategy, Great Pride (HK) transferred its shareholdings in Suzhou Nano Display to Coretronic (Suzhou) in June 2019. The ownership percentage of Suzhou Nano Display held by CORE remains at the same 100%.

CORETRONIC CORPORATION AND SUBSIDIARIES  
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The financial statements of certain consolidated subsidiaries listed above had not been reviewed by independent accountants, including total assets amounted to NT\$15,232,399 thousand and NT\$17,626,809 thousand, total liabilities amounted to NT\$2,105,948 thousand and NT\$2,018,720 thousand as of June 30, 2019 and 2018. The related total comprehensive income amounted to NT\$33,986 thousand and NT\$270,229 thousand for the three months ended June 30, 2019 and 2018, and the related total comprehensive income amount to NT\$250,911 thousand and NT\$490,908 thousand for the six months ended June 30, 2019 and 2018, respectively.

(4) Leases

**The accounting policy from January 1, 2019 as follow:**

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.



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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:

- (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.

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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.

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 follow:**

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.

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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.

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 Note 4(4) 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 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.

CORETRONIC CORPORATION AND SUBSIDIARIES  
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6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and Cash Equivalents

	June 30, 2019	December 31, 2018	June 30, 2018
Cash on hand, savings and checking accounts	\$3,183,197	\$3,912,765	\$4,048,402
Time deposits	15,265,506	13,213,266	13,837,193
Cash equivalents	-	100,019	500,087
Total	<u>\$18,448,703</u>	<u>\$17,226,050</u>	<u>\$18,385,682</u>

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

	June 30, 2019	December 31, 2018	June 30, 2018
Financial assets designated at fair value through profit or loss:			
Derivative not designated as hedging instruments			
Forward foreign exchange contracts	\$107,267	\$63,143	\$325,625
Forward cross currency contracts	-	107	17,497
Subtotal	<u>107,267</u>	<u>63,250</u>	<u>343,122</u>
Stocks	20,291	20,065	21,494
Convertible bond	15,530	-	-
Subtotal	<u>35,821</u>	<u>20,065</u>	<u>21,494</u>
Total	<u>\$143,088</u>	<u>\$83,315</u>	<u>\$364,616</u>

  

	June 30, 2019	December 31, 2018	June 30, 2018
Current	\$107,267	\$63,250	\$343,122
Noncurrent	35,821	20,065	21,494
Total	<u>\$143,088</u>	<u>\$83,315</u>	<u>\$364,616</u>

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

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(3) Hedging Financial Assets

	June 30, 2019	December 31, 2018	June 30, 2018
Hedging financial assets			
Forward foreign exchange contracts	\$28,031	\$11,613	\$37,388
Current	\$28,031	\$11,613	\$37,388
Noncurrent	-	-	-
Total	\$28,031	\$11,613	\$37,388

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

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

	June 30, 2019	December 31, 2018	June 30, 2018
Equity instruments investments measured at fair value through other comprehensive income-noncurrent			
Unlisted companies stocks	\$395,169	\$359,859	\$452,780

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

(5) Notes Receivables

	June 30, 2019	December 31, 2018	June 30, 2018
Notes receivable - arose from Operating activities	\$35,420	\$256,793	\$187,613

Notes receivables were not pledged.

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

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(6) Trade Receivables and Trade Receivables-Related Parties

	June 30, 2019	December 31, 2018	June 30, 2018
Trade receivable	\$11,195,018	\$13,540,426	\$13,491,953
Less: allowance for doubtful accounts	(138,991)	(181,700)	(159,937)
Subtotal	11,056,027	13,358,726	13,332,016
Trade receivables for related parties	2,031	1,912	1,353
Total	<u>\$11,058,058</u>	<u>\$13,360,638</u>	<u>\$13,333,369</u>

Trade receivables were not pledged.

Trade receivables are generally on 30-150 day terms. The total carrying amount for periods end June 30, 2019, December 31, 2018, and June 30, 2018, are NT\$11,232,469 thousand, NT\$13,799,131 thousand and NT\$13,680,919 thousand, respectively. Please refer to Note 6(19) for more details on impairment of trade receivables. Please refer to Note 12 for more details on credit risk management.

The Group entered into factoring contracts without recourse with a number of domestic banks. To wit, banks pay to the Group 100% of the accounts receivable factored as consideration. According to the arrangement, if the client of the trade receivables factoring delays the payment, the Group shall pay interests to the bank. Upon assignment of the factoring to the bank, the bank undertakes the associated credit risk. However, the Group still issues a promissory note to the bank. If the trade receivables cannot be collected as a result of trade disputes due to factors attributable to the Group, the Group should pay the promissory note in compensation for the bank. As of June 30, 2019, December 31, 2018 and June 30, 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 US\$40,000 thousand, US\$80,000 thousand, and US\$80,000 thousand, respectively.



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(7) Inventories

	June 30, 2019	December 31, 2018	June 30, 2018
Raw materials and supplies	\$4,768,201	\$5,393,686	\$4,042,649
Work in process	218,895	255,027	179,610
Finished goods	2,362,400	2,233,646	2,920,823
Total	<u>\$7,349,496</u>	<u>\$7,882,359</u>	<u>\$7,143,082</u>

The cost of inventories recognized in expenses amounted to NT\$9,187,325 thousand and NT\$11,408,748 thousand for the three months ended June 30, 2019 and 2018, including the write-down of inventories and obsolescence loss of NT\$75,312 thousand and NT\$51,552 thousand, respectively.

The cost of inventories recognized in expenses amounted to NT\$18,620,160 thousand and NT\$21,801,463 thousand for the six months ended June 30, 2019 and 2018, including the write-down of inventories and obsolescence loss of NT\$125,346 thousand and NT\$94,101 thousand, respectively.

The allowance write-down of inventories amounts to NT\$600,768 thousand, NT\$608,995 thousand and NT\$546,197 thousand as of June 30, 2019, December 31, 2018, and June 30, 2018, respectively.

No inventories were pledged.

(8) Investments Accounted for Using Equity Method

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

	June 30, 2019	
Investees	Carrying Amount	Percentage of ownership (%)
Investments in associates:		
Eterge Opto-Electronics Co., LTD("EOE")	<u>\$21,863</u>	20.00%

In May 2019, the Group invested NT\$22,000 thousand in EOE and acquired 20% of the shareholdings. The Group accounted it for using the equity method. The investment of EOE is not significant to the Group.

The Group recognized share of loss of associates and joint ventures accounted for using equity method in the amount of NT\$137 thousand both for the three months and six months ended June 30, 2019, which were evaluated on the investees' unreviewed financial statements.

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The associates had no contingent liabilities or capital commitments as of June 30, 2019. No investments accounted for using equity method held by the Group was pledged to others.

(9) 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	-	25,365	58,755	16,779	2,885	-	4,084	103,127	676,222	887,217
Disposals	-	(11,685)	(230,717)	(13,874)	(2,370)	-	(28,069)	(68,646)	-	(355,361)
Transfers	-	31,518	37,683	1,038	419	-	299	13,178	(216,882)	(132,747)
Exchange differences	249	28,569	38,646	3,803	395	-	8,381	13,116	2,867	96,026
As of June 30, 2019	<u>\$39,295</u>	<u>\$7,038,169</u>	<u>\$5,279,868</u>	<u>\$474,805</u>	<u>\$44,476</u>	<u>\$-</u>	<u>\$812,844</u>	<u>\$1,801,031</u>	<u>\$774,399</u>	<u>\$16,264,887</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	-	157,815	238,176	16,844	2,062	-	21,943	67,644	-	504,484
Disposals	-	(11,174)	(222,880)	(13,845)	(1,580)	-	(26,553)	(68,336)	-	(344,368)
Transfers	-	-	(75,455)	(78)	-	-	(36)	(2,368)	-	(77,937)
Exchange differences	-	14,769	26,979	2,875	343	-	6,870	11,856	-	63,692
As of June 30, 2019	<u>\$-</u>	<u>\$3,292,749</u>	<u>\$3,494,641</u>	<u>\$377,118</u>	<u>\$36,689</u>	<u>\$-</u>	<u>\$697,934</u>	<u>\$1,465,433</u>	<u>\$-</u>	<u>\$9,364,564</u>
Net carrying amounts as of:										
June 30, 2019	<u>\$39,295</u>	<u>\$3,745,420</u>	<u>\$1,785,227</u>	<u>\$97,687</u>	<u>\$7,787</u>	<u>\$-</u>	<u>\$114,910</u>	<u>\$335,598</u>	<u>\$774,399</u>	<u>\$6,900,323</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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(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	-	21,257	102,730	11,840	1,486	-	13,619	37,934	118,773	307,639
Disposals	-	(1,056)	(22,980)	(13,983)	(8,175)	-	(1,347)	(38,178)	-	(85,719)
Transfers	-	-	24,710	(134)	-	-	853	3,753	(30,522)	(1,340)
Exchange differences	32	34,777	48,035	4,119	566	53	7,763	17,674	795	113,814
As of June 30, 2018	<u>\$39,389</u>	<u>\$6,939,897</u>	<u>\$5,498,039</u>	<u>\$475,824</u>	<u>\$47,762</u>	<u>\$2,303</u>	<u>\$867,634</u>	<u>\$1,854,542</u>	<u>\$133,841</u>	<u>\$15,859,231</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	-	147,103	244,546	18,509	2,438	39	24,131	61,395	-	498,161
Disposals	-	(1,056)	(18,631)	(14,034)	(7,168)	-	(932)	(35,804)	-	(77,625)
Transfers	-	-	(700)	36	-	-	-	(100)	-	(764)
Impairment losses	-	-	40,104	-	-	-	-	-	-	40,104
Exchange differences	-	18,113	34,747	3,560	455	48	8,978	17,901	-	83,802
As of June 30, 2018	<u>\$-</u>	<u>\$3,001,466</u>	<u>\$3,544,316</u>	<u>\$388,702</u>	<u>\$36,791</u>	<u>\$2,012</u>	<u>\$749,490</u>	<u>\$1,585,485</u>	<u>\$-</u>	<u>\$9,308,262</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>
June 30, 2018	<u>\$39,389</u>	<u>\$3,938,431</u>	<u>\$1,953,723</u>	<u>\$87,122</u>	<u>\$10,971</u>	<u>\$291</u>	<u>\$118,144</u>	<u>\$269,057</u>	<u>\$133,841</u>	<u>\$6,550,969</u>

The Group evaluated the economic benefits for property, plant and equipment and recognized impairment losses of NT\$0 thousand and NT\$40,104 thousand for the six months ended June 30, 2019 and 2018, respectively.

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

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(10) Investment Property

Investment property held by the group is for own-use. The Group signed the commercial property lease contracts with periods during 2 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 June 30, 2019	<u>\$244,538</u>
As of January 1, 2018	\$244,538
Additions from acquisitions	-
Additions from subsequent expenditure	-
Disposals	-
As of June 30, 2018	<u>\$244,538</u>
Depreciation and Impairment:	
As of January 1, 2019	\$68,079
Depreciation	4,027
As of June 30, 2019	<u>\$72,106</u>
As of January 1, 2018	\$60,027
Depreciation	4,026
As of June 30, 2018	<u>\$64,053</u>
Net carry amount as of:	
June 30, 2019	<u>\$172,432</u>
December 31, 2018	<u>\$176,459</u>
June 30, 2018	<u>\$180,485</u>

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	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Rental income from investment property	\$4,753	\$1,226	\$9,177	\$2,452
Less: Direct operating expenses from investment property generating rental income	(2,013)	(2,013)	(4,027)	(4,026)
Total	\$2,740	\$(787)	\$5,150	\$(1,574)

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:

	June 30, 2019	December 31, 2018	June 30, 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%

(11) 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	-	-	10,396	-	-	26,625	37,021
Disposals	-	-	(8,224)	-	-	-	(8,224)
Exchange differences	34	21	198	-	-	1,023	1,276
As of June 30, 2019	\$103,935	\$16,070	\$128,472	\$54,522	\$5,940	\$173,504	\$482,443
As of January 1, 2018	\$103,805	\$16,023	\$137,169	\$57,882	\$5,940	\$86,109	\$406,928
Additions	-	-	11,714	-	-	32,195	43,909
Disposals	-	-	(21,514)	(3,360)	-	(2,899)	(27,773)
Transfers	-	-	(8,205)	-	-	-	(8,205)
Exchange differences	70	21	(7)	-	-	(383)	(299)
As of June 30, 2018	\$103,875	\$16,044	\$119,157	\$54,522	\$5,940	\$115,022	\$414,560

(continue)

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(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	1,883	579	13,437	9,057	-	26,524	51,480
Disposals	-	-	(8,224)	-	-	-	(8,224)
Exchange differences	9	7	163	-	-	294	473
As of June 30, 2019	<u>\$94,390</u>	<u>\$9,649</u>	<u>\$92,774</u>	<u>\$51,042</u>	<u>\$-</u>	<u>\$91,842</u>	<u>\$339,697</u>
As of January 1, 2018	\$88,714	\$7,902	\$95,877	\$27,230	\$-	\$15,477	\$235,200
Amortization	1,878	578	13,213	9,057	-	23,139	47,865
Disposals	-	-	(21,514)	(3,360)	-	(2,899)	(27,773)
Exchange differences	18	3	4	-	-	(169)	(144)
As of June 30, 2018	<u>\$90,610</u>	<u>\$8,483</u>	<u>\$87,580</u>	<u>\$32,927</u>	<u>\$-</u>	<u>\$35,548</u>	<u>\$255,148</u>
Net carrying amount as of:							
June 30, 2019	<u>\$9,545</u>	<u>\$6,421</u>	<u>\$35,698</u>	<u>\$3,480</u>	<u>\$5,940</u>	<u>\$81,662</u>	<u>\$142,746</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>
June 30, 2018	<u>\$13,265</u>	<u>\$7,561</u>	<u>\$31,577</u>	<u>\$21,595</u>	<u>\$5,940</u>	<u>\$79,474</u>	<u>\$159,412</u>

Amortization expense of intangible assets:

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Operating Cost	\$7,332	\$8,746	\$15,969	\$14,519
Selling expenses	2,561	1,485	4,542	2,988
General and administrative expense	6,543	5,864	12,971	11,663
Research and development expenses	8,776	9,147	17,998	18,695
Total	<u>\$25,212</u>	<u>\$25,242</u>	<u>\$51,480</u>	<u>\$47,865</u>

(12) Short-Term Borrowings

	June 30, 2019	December 31, 2018	June 30, 2018
Unsecured bank loans	<u>\$6,657,721</u>	<u>\$6,414,641</u>	<u>\$7,576,181</u>
Interest rates (%)	<u>0.93%~3.24%</u>	<u>0.93%~3.65%</u>	<u>0.93%~2.79%</u>

The Group's unused short-term lines of credits amounted to NT\$33,495,332 thousand, NT\$30,877,601 thousand, and NT\$35,770,537 thousand as of June 30, 2019, December 31, 2018 and June 30, 2018, respectively.



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(13) Derivative financial liabilities

Financial Liabilities at fair value through profit or loss :

	June 30, 2019	December 31, 2018	June 30, 2018
Derivatives not designated as hedging instruments - current			
Forward exchange contracts	\$90,076	\$21,115	\$130,125
Forward cross currency contracts	5,309	2,360	-
Total	<u>\$95,385</u>	<u>\$23,475</u>	<u>\$130,125</u>
Hedging financial liabilities			
	June 30, 2019	December 31, 2018	June 30, 2018
Forward exchange contracts	<u>\$18,168</u>	<u>\$2,402</u>	<u>\$30,838</u>

(14) Long-Term Borrowings

Details of long-term borrowings are as follows:

Lenders	June 30, 2019	Interest Rate (%)	Maturity date and terms of repayment
Secured long-term borrowings from First bank	\$16,875	1.48%	Effective from October 27, 2017. Principle is repaid in 16 quarterly payments.
Secured long-term borrowings from First bank	352,500	1.38%	Effective from October 27, 2018. Principle is repaid in 12 quarterly payments.
Secured long-term borrowings from Lombard Co.	162	3.81%	Effective from January 5, 2017. Principle is repaid in 36 monthly payments.
Less: current portion	<u>(164,329)</u>		
Total	<u>\$205,208</u>		

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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	June 30, 2018	Interest Rate (%)	Maturity date and terms of repayment
Secured long-term borrowings from First bank	\$24,375	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	7,359	2.45%	Effective from May 2016. Principle is repaid in 108 monthly payments.
Secured long-term borrowings from Lombard Co.	1,059	4.11%	Effective from July 8, 2015. Principle is repaid in 48 monthly payments.
Secured long-term borrowings from Lombard Co.	500	3.81%	Effective from January 5, 2017. Principle is repaid in 36 monthly payments.
Less: current portion	(127,349)		
Total	<u>\$375,944</u>		

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The Group's unused long-term lines of credits amounted to NT\$700,000 thousand, NT\$300,000 thousand, and NT\$303,191 thousand as of June 30, 2019, December 31, 2018, and June 30, 2018, respectively.

(15) Post-Employment Benefits

Defined contribution plan

Pension expenses under the defined contribution plan for the three months ended June 30, 2019 and 2018 were NT\$92,984 thousand and NT\$96,150 thousand, respectively.

Pension expenses under the defined contribution plan for the six months ended June 30, 2019 and 2018 were NT\$188,638 thousand and NT\$192,142 thousand, respectively.

Defined benefits plan

Pension expenses under the defined benefits plan for the three months ended June 30, 2019 and 2018 were NT\$880 thousand and NT\$1,430 thousand, respectively.

Pension expenses under the defined benefits plan for the six months ended June 30, 2019 and 2018 were NT\$1,748 thousand and NT\$2,532 thousand, respectively.

(16) Provisions

	<u>Maintenance warranties</u>
As of January 1, 2019	\$826,791
Arising during the period (reversed)	98,254
Utilized during the period	(116,961)
Exchange differences	5,390
As of June 30, 2019	<u>\$813,474</u>

Current	\$813,474
Non-current	-
As of June 30, 2019	<u>\$813,474</u>

	<u>Maintenance warranties</u>
As of January 1, 2018	\$742,629
Arising during the period (reversed)	200,059
Utilized during the period	(92,336)
Exchange differences	1,787
As of June 30, 2018	<u>\$852,139</u>

Current	\$852,139
Non-current	-
As of June 30, 2018	<u>\$852,139</u>

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Maintenance warranties

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

(17) Equities

A. Common stock

CORE's authorized capital was NT\$10,000,000 thousand as of June 30, 2019, December 31, 2018, and June 30, 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

	June 30, 2019	December 31, 2018	June 30, 2018
Additional paid-in capital	\$2,917,366	\$3,569,001	\$3,569,001
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	478,514	297,948	153,049
Changes in ownership interests in subsidiaries	98,791	89,245	89,250
Total	<u>\$3,611,285</u>	<u>\$4,072,808</u>	<u>\$3,925,869</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 etc. The dividend could be paid in the form of shares or cash. In the consideration of the factors such as financial, sales and operating conditions, if the distribution of cash dividends is determined, the cash dividends should account for at least 10% of the total distribution based on the CORE's Article of Incorporation. If CORE incurs no earning or considers the factors such as financial conditions, sales and operations, the dividend could be paid by whole or partial legal reserve in accordance with the Company Act and CORE's Article of Incorporation.

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

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

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

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The special reserve of the first adoption of the TIFRS was reversed to unappropriated retained earnings because of the disposal of related assets for the six months ended June 30, 2019.

The details are as follows:

	Six months ended June 30	
	2019	2018
Beginning balance	\$1,290,820	\$1,290,820
Disposal of subsidiaries	(14,210)	-
Ending balance	<u>\$1,276,610</u>	<u>\$1,290,820</u>

Details of the 2018 and 2017 earning distribution and dividends per share as resolved by shareholders' meeting on June 13, 2019 and June 14, 2018 are as follows :

	Appropriation of earnings		Dividends per share (NT\$)	
	2018	2017	2018	2017
Legal reserve	\$202,021	\$175,063		
Special reserve	-	521,197		
Common stock -cash dividend	868,846	1,086,058	\$2	\$2.5

In addition, 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(21) for further details on employees' compensation and remuneration to directors and supervisors.

**D. Non-controlling interests:**

	Six months ended June 30	
	2019	2018
Beginning balance	\$2,060,440	\$2,014,560
Profit attributable to non-controlling interests	32,369	36,258
Other comprehensive income (loss) attributable to non-controlling interests, net of tax:		
Exchange differences on translation of foreign operations	10,345	16,818
Effect of tax rate changes on defined benefit plans	-	(185)
Unrealized loss from financial assets at fair value through other comprehensive income	-	280
Cash dividends	(33,025)	(50,438)
Acquisition or disposal of the interest of subsidiaries	90,171	14,102
Changes in subsidiaries' ownership	25,456	-
Ending balance	<u>\$2,185,756</u>	<u>\$2,031,395</u>

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(18) Operating Income

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Contract revenue from customers				
Sale of goods	\$10,986,960	\$13,569,070	\$21,996,801	\$25,551,732
Revenue arising from rendering				
of services	264,060	244,169	447,028	422,704
Other operating revenues	111,472	133,176	192,639	346,624
Total	<u>\$11,362,492</u>	<u>\$13,946,415</u>	<u>\$22,636,468</u>	<u>\$26,321,060</u>

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

A. Revenue of Segments

For the three months ended June 30, 2019

	Energy – saving products segment	Image products and brand segment	Optical component segment	Other segment	Elimination	Total
Sale of goods	\$5,164,846	\$4,059,474	\$1,120,425	\$979,250	\$(337,035)	\$10,986,960
Revenue arising from rendering of services	220,143	17,148	10,688	27,103	(11,022)	264,060
Other operating revenues	25,632	29,614	48,281	7,956	(11)	111,472
Total	<u>\$5,410,621</u>	<u>\$4,106,236</u>	<u>\$1,179,394</u>	<u>\$1,014,309</u>	<u>\$(348,068)</u>	<u>\$11,362,492</u>
The timing of revenue recognition:						
At a point in time	<u>\$5,410,621</u>	<u>\$4,106,236</u>	<u>\$1,179,394</u>	<u>\$1,014,309</u>	<u>\$(348,068)</u>	<u>\$11,362,492</u>

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For the three months ended June 30, 2018

	Energy – saving products segment	Image products and brand segment	Optical component segment	Other segment	Elimination	Total
Sale of goods	\$5,832,028	\$5,520,135	\$1,593,737	\$1,079,698	\$(456,528)	\$13,569,070
Revenue arising from rendering of services	199,924	10,910	6,632	35,418	(8,715)	244,169
Other operating revenues	69,296	44,012	14,049	6,450	(631)	133,176
Total	<u>\$6,101,248</u>	<u>\$5,575,057</u>	<u>\$1,614,418</u>	<u>\$1,121,566</u>	<u>\$(465,874)</u>	<u>\$13,946,415</u>
The timing of revenue recognition:						
At a point in time	<u>\$6,101,248</u>	<u>\$5,575,057</u>	<u>\$1,614,418</u>	<u>\$1,121,566</u>	<u>\$(465,874)</u>	<u>\$13,946,415</u>

For the six months ended June 30, 2019

	Energy – saving products segment	Image products and brand segment	Optical component segment	Other segment	Elimination	Total
Sale of goods	\$10,462,619	\$7,938,114	\$2,353,955	\$1,897,486	\$(655,373)	\$21,996,801
Revenue arising from rendering of services	364,365	32,524	17,417	56,732	(24,010)	447,028
Other operating revenues	53,861	65,937	64,358	9,240	(757)	192,639
Total	<u>\$10,880,845</u>	<u>\$8,036,575</u>	<u>\$2,435,730</u>	<u>\$1,963,458</u>	<u>\$(680,140)</u>	<u>\$22,636,468</u>
The timing of revenue recognition:						
At a point in time	<u>\$10,880,845</u>	<u>\$8,036,575</u>	<u>\$2,435,730</u>	<u>\$1,963,458</u>	<u>\$(680,140)</u>	<u>\$22,636,468</u>



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For the six months ended June 30, 2018

	Energy – saving products segment	Image products and brand segment	Optical component segment	Other segment	Elimination	Total
Sale of goods	\$11,566,374	\$10,079,488	\$2,695,720	\$2,136,251	\$(926,101)	\$25,551,732
Revenue arising from rendering of services	335,720	22,414	6,632	75,695	(17,757)	422,704
Other operating revenues	147,187	85,396	104,393	11,771	(2,123)	346,624
Total	<u>\$12,049,281</u>	<u>\$10,187,298</u>	<u>\$2,806,745</u>	<u>\$2,223,717</u>	<u>\$(945,981)</u>	<u>\$26,321,060</u>
The timing of revenue recognition:						
At a point in time	<u>\$12,049,281</u>	<u>\$10,187,298</u>	<u>\$2,806,745</u>	<u>\$2,223,717</u>	<u>\$(945,981)</u>	<u>\$26,321,060</u>

B. Contract balance

Contract liabilities-current

	June 30, 2019	December 31, 2018	June 30, 2018	January 1, 2018
Sale of goods	\$333,939	\$241,829	\$287,412	\$263,047
Revenue arising from rendering of services	1,292	675	5,363	434
Other operating revenues	88,123	111,024	126,941	124,941
Total	<u>\$423,354</u>	<u>\$353,528</u>	<u>\$419,716</u>	<u>\$388,422</u>

C. Transaction price allocated to unsatisfied performance obligations

As of June 30, 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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(19) Expected credit (gain) losses

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Operating expenses – Expected credit (gain) losses				
Trade receivables	<u>\$(7,916)</u>	<u>\$(5,805)</u>	<u>\$(44,809)</u>	<u>\$23,528</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 June 30, 2019, December 31, 2018 and June 30, 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 June 30, 2019

		Past due					
	Neither past due (Note)	1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 121 days	Total
Gross carrying amount	\$10,271,169	\$710,302	\$82,601	\$21,964	\$12,930	\$133,503	\$11,232,469
Loss ratio	0%	0-2%	5%	30%	50%	100%	
Expected credit losses	(146)	(2,220)	(3,359)	(4,436)	(3,043)	(125,787)	(138,991)
Subtotal	<u>\$10,271,023</u>	<u>\$708,082</u>	<u>\$79,242</u>	<u>\$17,528</u>	<u>\$9,887</u>	<u>\$7,716</u>	<u>\$11,093,478</u>

Note: The Group recognized expected losses in amount of NT\$146 thousand based on assessing certain accounts with significant credit risks.

As of December 31, 2018

		Past due					
	Neither past due (Note)	1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 121 days	Total
Gross carrying amount	\$12,113,859	\$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>

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

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As of June 30, 2018

		Past due					
	Neither	1 to 30	31 to 60	61 to 90	91 to 120	More than	Total
	past due	days	days	days	days	121 days	
Gross carrying amount	\$12,660,985	\$751,638	\$60,012	\$16,887	\$27,372	\$164,025	\$13,680,919
Loss ratio	0%	0-2%	5%	30%	50%	100%	
Expected credit losses	-	(1,276)	(1,691)	(743)	(1,373)	(154,854)	(159,937)
Subtotal	\$12,660,985	\$750,362	\$58,321	\$16,144	\$25,999	\$9,171	\$13,520,982

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	(44,809)
Exchange differences	2,100
As of June 30, 2019	\$138,991

	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	23,528
Exchange differences	6,802
As of June 30, 2018	\$159,937

(20) 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 of between one and fifty years.

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

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(a) Amounts recognized in the balance sheet

i. Right-of-use asset

The carrying amount of right-of-use assets

	June 30, 2019	December 31, 2018 (Note)	June 30, 2018 (Note)
Land	\$1,361,838		
Buildings	725,427		
Machinery and equipment	367		
Transportation equipment	57,732		
Office fixtures	356		
Other equipment	214		
Total	<u>\$2,145,934</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 six-month periods ended June 30, 2019, the additions to right-of-use assets of the Group amounted to NT\$240,606 thousand.

ii. Lease liability

	June 30, 2019	December 31, 2018 (Note)	June 30, 2018 (Note)
Lease liability			
Current	\$338,137		
Non-current	1,577,790		
Total	<u>\$1,915,927</u>		

Please refer to Note 6(22)(C.) for the interest on lease liability recognized during the three-month periods and six-month periods ended June 30, 2019 and refer to Note 12 (5) for the maturity analysis for lease liabilities at June 30, 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 June 30		Six months ended June 30	
	2019	2018(Note)	2019	2018(Note)
Land	\$10,454		\$20,907	
Buildings	66,088		130,466	
Machinery and equipment	62		124	
Transportation equipment	5,478		10,634	
Office fixtures	44		81	
Other equipment	20		41	
Total	<u>\$82,146</u>		<u>\$162,253</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 June 30		Six months ended June 30	
	2019	2018(Note)	2019	2018(Note)
The expense relating to short-term leases	\$13,683		\$30,018	
The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of low-value assets)	1,508		2,993	
The expense relating to variable lease payments not included in the measurement of lease liabilities	<u>6,556</u>		<u>10,521</u>	
Total	<u>\$21,747</u>		<u>\$43,532</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 six-month periods ended June 30, 2019, the Group's total cash outflow for leases amounted to NT\$218,092 thousand.

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(e) Other information relating to leasing activities

i. Variable lease payments

Some of the Group's building lease agreements contain variable payment terms that are linked to actual usage condition. The amount links to certain 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:

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

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

	June 30, 2019 (Note)	December 31, 2018	June 30, 2018
Not later than one year		\$85,800	\$86,548
Later than one year but not later than five years		256,255	250,634
Later than five years		230,835	222,797
Total		<u>\$572,890</u>	<u>\$559,979</u>

Operating lease expense as follows:

	Three months ended		Six months ended	
	June 30		June 30	
	2019(Note)	2018	2019(Note)	2018
Minimum lease payments		\$90,664		\$181,272

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

None of the financing lease contracts were signed.

	Three months ended		Six months ended	
	June 30		June 30	
	2019	2018(Note)	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	\$9,563		\$18,681	
Income relating to variable lease payments that do not depend on an index or a rate	-		-	
Total	\$9,563		\$18,681	

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(10) for relevant disclosure of investment properties for operating leases which required by IFRS 16. For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining periods as at June 30, 2019 are as follow:

	June 30, 2019	December 31, 2018 (Note)	June 30, 2018 (Note)
Not later than one year	\$28,909		
Later than one year but not later than two year	20,364		
Later than two year but not later than three year	1,588		
Later than three year but not later than four year	246		
Total	<u>\$51,107</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.

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 rentals receivable under non-cancellable operating leases as of June 30, 2019, December 31, 2018, and June 30, 2018, are as follows:

	June 30, 2019 (Note)	December 31, 2018	June 30, 2018
Not later than one year		\$28,178	\$15,738
Later than one year but not later than five years		35,899	23,333
Total		<u>\$64,077</u>	<u>\$39,071</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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(21) Summary Statement of Employee Benefits, Depreciation and Amortization Expenses by Function

	Three months ended June 30					
	2019			2018		
	Operating Cost	Operating expenses	Total amount	Operating Cost	Operating expenses	Total amount
Employee benefits expense	\$842,118	\$1,204,649	\$2,046,767	\$860,591	\$1,236,517	\$2,097,108
Salaries	707,169	1,043,709	1,750,878	747,540	1,083,823	1,831,363
Labor and health insurance	31,545	75,438	106,983	33,258	72,486	105,744
Pension	43,790	50,074	93,864	50,143	47,437	97,580
Other employee benefits expense	59,614	35,428	95,042	29,650	32,771	62,421
Depreciation	236,689	93,180	329,869	181,110	57,632	238,742
Amortization	7,430	18,082	25,512	7,296	19,269	26,565

	Six months ended June 30					
	2019			2018		
	Operating Cost	Operating expenses	Total amount	Operating Cost	Operating expenses	Total amount
Employee benefits expense	\$1,683,685	\$2,345,533	\$4,029,218	\$1,715,766	\$2,350,811	\$4,066,577
Salaries	1,405,334	2,012,617	3,417,951	1,454,177	2,037,469	3,491,646
Labor and health insurance	65,177	159,314	224,491	66,871	147,623	214,494
Pension	90,209	100,177	190,386	99,909	94,765	194,674
Other employee benefits expense	122,965	73,425	196,390	94,809	70,954	165,763
Depreciation	478,226	177,647	655,873	370,681	116,333	487,014
Amortization	16,075	35,813	51,888	12,373	38,249	50,622

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.

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CORE accrued employees' compensation based on a specific rate of profit for the three months ended June 30, 2019 and 2018. The amounts of employees' compensation was NT\$35,231 thousand and NT\$67,271 thousand for the three months ended June 30, 2019 and 2018, respectively. The amounts of employees' compensation was NT\$51,338 thousand and NT\$93,641 thousand for six months ended June 30, 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.

(22) Non-Operating Income and Expenses

A. Other income

	<u>Three months ended June 30</u>		<u>Six months ended June 30</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Interest income				
Financial assets				
measured at				
amortized cost	\$115,021	\$99,586	\$224,464	\$191,100
Rental income	9,563	11,234	18,681	22,662
Other	54,100	29,579	104,252	54,610
Total	<u>\$178,684</u>	<u>\$140,399</u>	<u>\$347,397</u>	<u>\$268,372</u>

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**B. Other gains and losses**

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Gain (losses) on disposal of property, plant and equipment	\$4,385	\$(58)	\$12,190	\$177
Foreign exchange loss, net	(2,372)	(166,416)	(74,102)	(120,932)
Gain (loss) on financial assets at fair value through profit or loss (Note)	59,743	299,832	183,102	330,254
Gain on lease modification	3	-	3	-
Losses on disposal of investments	(24,565)	(5,157)	(24,565)	(5,157)
Impairment losses	-	(40,104)	-	(40,104)
Other loss	(8,966)	(9,545)	(17,401)	(17,399)
Total	<u>\$28,228</u>	<u>\$78,552</u>	<u>\$79,227</u>	<u>\$146,839</u>

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

**C. Finance cost**

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Interest on borrowings from bank	\$56,944	\$62,838	\$138,922	\$114,431
Interest on lease liabilities	14,960	(Note)	30,532	(Note)
Interest on obligations under finance leases	(Note)	-	(Note)	6
Total	<u>\$71,904</u>	<u>\$62,838</u>	<u>\$169,454</u>	<u>\$114,437</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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(23) Components of Other Comprehensive Income

For the three months ended June 30, 2019

	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 gains from equity instruments investments measured at fair value through other comprehensive income	\$18,257	\$29	\$18,286
<u>To be reclassified to profit or loss in subsequent periods:</u>			
Exchange differences on translation of foreign operations	(230,901)	-	(230,901)
Gain from hedging instruments	1,707	569	2,276
Total of other comprehensive income	<u>\$(210,937)</u>	<u>\$598</u>	<u>\$(210,339)</u>

For the three months ended June 30, 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	\$10,255	\$115	\$10,370
Remeasurements of defined benefit plans	-	(46)	(46)
<u>To be reclassified to profit or loss in subsequent periods:</u>			
Exchange differences on translation of foreign operations	(6,520)	-	(6,520)
Gain from hedging instruments	63,606	(13,955)	49,651
Total of other comprehensive income	<u>\$67,341</u>	<u>\$(13,886)</u>	<u>\$53,455</u>

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For the six months ended June 30, 2019

	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 gains from equity instruments investments measured at fair value through other comprehensive income	\$34,549	\$(54)	\$34,495
<u>To be reclassified to profit or loss in subsequent periods:</u>			
Exchange differences on translation of foreign operations	262,357	-	262,357
Gain from hedging instruments	2,563	855	3,418
Total of other comprehensive income	<u>\$299,469</u>	<u>\$801</u>	<u>\$300,270</u>

For the six months ended June 30, 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	\$27,971	\$275	\$28,246
Remeasurements of defined benefit plans	-	1,670	1,670
<u>To be reclassified to profit or loss in subsequent periods:</u>			
Exchange differences on translation of foreign operations	273,261	-	273,261
Gain from hedging instruments	8,554	(4,036)	4,518
Total of other comprehensive income	<u>\$309,786</u>	<u>\$(2,091)</u>	<u>\$307,695</u>

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(24) 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 June 30		Six months ended June 30	
	2019	2018	2019	2018
Current income tax expense (income):				
Current income tax charge	\$199,902	\$207,444	\$269,984	\$318,211
Adjustments in respect of current income tax of prior periods	(15,750)	(3,332)	(11,708)	1,206
Deferred tax expense (income):				
Deferred tax (income) expense relating to origination and reversal of temporary differences	(25,695)	50,942	(24,531)	33,707
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	14,629	(78,530)	13,722	(77,681)
Deferred tax expense (income) relating to changes in tax rate or the imposition of new taxes	-	(723)	-	(31,858)
Tax (income) expense recognized in the period for previously unrecognized tax loss, tax credit or temporary difference of prior periods	(39,778)	83,192	(42,414)	81,937
Deferred tax expense arising from write-down or reversal of write-down of deferred tax asset	20,874	(37,213)	29,775	(7,788)
Other	-	(5,603)	-	192
Total income tax expense	\$154,182	\$216,177	\$234,828	\$317,926

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Income tax relating to components of other comprehensive income

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Deferred income tax income				
(expense):				
Gain on hedging instruments	\$569	\$(13,955)	\$855	\$(4,036)
Remeasurements of defined benefit plans	-	(46)	-	1,670
Unrealized (losses)gains from equity instruments investments measured at fair value through other comprehensive income	29	115	(54)	275
Total	<u>\$598</u>	<u>\$(13,886)</u>	<u>\$801</u>	<u>\$(2,091)</u>

The assessment of income tax returns

As of June 30, 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 2017
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

(25) 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.

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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.

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
A. Basic earnings per share				
Profit attributable to ordinary shareholders of the parent (in thousand NT\$)	\$195,081	\$455,094	\$289,187	\$648,520
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	434,423	434,423	434,423	434,423
Basic earnings per share (NT\$)	\$0.45	\$1.04	\$0.67	\$1.49

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
B. Diluted earnings per share				
Profit attributable to ordinary shareholders of the parent after dilution (in thousand NT\$)	\$195,081	\$455,094	\$289,187	\$648,520
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	434,423	434,423	434,423	434,423
Effect of dilution:				
Employee Bonus—stock (in thousand)	1,183	2,201	4,281	4,942
Weighted average number of ordinary shares outstanding after dilution (in thousand)	435,606	436,624	438,704	439,365
Diluted earnings per share (NT\$)	\$0.45	\$1.04	\$0.66	\$1.48



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

(26) Subsidiaries that have Material Non-Controlling Interests

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

Percentage of equity interest held by non-controlling interests:

Subsidiary	Country of incorporation and operation	June 30, 2019	December 31, 2018	June 30, 2018
Young Optics Inc.	Taiwan	58.41%	55.89%	54.52%
		June 30, 2019	December 31, 2018	June 30, 2018
Accumulated balance of material non-controlling interests				
Young Optics, Inc.		<u>\$2,066,597</u>	<u>\$1,977,334</u>	<u>\$1,890,273</u>

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Profit allocated to material non-controlling interest				
Young Optics, Inc.	<u>\$19,541</u>	<u>\$29,068</u>	<u>\$22,253</u>	<u>\$31,388</u>

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

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

	Young Optics Inc.
Operating revenue	\$1,179,394
Gain for the period from continuing operations	32,963
Total comprehensive income for the period	14,084

Summarized information of profit or loss for the three months ended June 30, 2018:

	Young Optics Inc.
Operating revenue	\$1,614,418
Loss for the period from continuing operations	53,525
Total comprehensive income for the period	54,562

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Summarized information of profit or loss for the six months ended June 30, 2019:

	<u>Young Optics Inc.</u>
Operating revenue	\$2,435,730
Loss for the period from continuing operations	37,726
Total comprehensive income for the period	57,836

Summarized information of profit or loss for the six months ended June 30, 2018:

	<u>Young Optics Inc.</u>
Operating revenue	\$2,806,745
Loss for the period from continuing operations	57,703
Total comprehensive income for the period	83,278

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

	<u>Young Optics Inc.</u>
Current assets	\$3,168,035
Non-current assets	3,111,839
Current liabilities	(2,065,549)
Non-current liabilities	(682,349)

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 June 30, 2018:

	<u>Young Optics Inc.</u>
Current assets	\$3,587,252
Non-current assets	2,404,465
Current liabilities	(2,125,504)
Non-current liabilities	(405,860)

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Summarized cash flow information for the six months ended June 30, 2019:

	<u>Young Optics Inc.</u>
Operating activities	\$280,496
Investing activities	(238,751)
Financing activities	(40,774)
Net increase in cash and cash equivalents	18,417

Summarized cash flow information for the six months ended June 30, 2018:

	<u>Young Optics Inc.</u>
Operating activities	\$171,825
Investing activities	(204,347)
Financing activities	214,715
Net increase in cash and cash equivalents	203,261

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 June 30</u>		<u>Six months ended June 30</u>	
	2019	2018	2019	2018
DongGuan Guan Zhi	\$4,307	\$3,723	\$7,242	\$8,244

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.

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ii. Purchases

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Gunze	\$55,739	\$68,825	\$106,244	\$122,686
DongGuan Guan Zhi	68	464	68	733
Total	\$55,807	\$69,289	\$106,312	\$123,419

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

	June 30, 2019	December 31, 2018	June 30, 2018
DongGuan Guan Zhi	\$2,031	\$1,912	\$1,353

iv. Accounts Payable to Related Parties

	June 30, 2019	December 31, 2018	June 30, 2018
Gunze	\$24,683	\$40,356	\$35,100
DongGuan Guan Zhi	68	66	192
Total	\$24,751	\$40,422	\$35,292

v. Key Management Personnel Compensation

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Short-term employee benefits	\$24,972	\$38,248	\$68,233	\$77,738
Post-employment benefits	305	431	693	863
Total	\$25,277	\$38,679	\$68,926	\$78,601

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8. Assets Pledged As Collateral

The following assets of the Group pledged as collateral:

Assets pledged as collateral	Carrying amount			Purpose of pledge
	June 30, 2019	December 31, 2018	June 30, 2018	
Land	\$13,258	\$13,086	\$13,450	Collateral for long-term borrowings
Buildings (including investment property)	900,315	765,918	783,526	Collateral for long-term borrowings
Time deposits (shown as "Other receivables")	54,710	22,511	23,994	Lease execution deposits
Time deposits (shown as "Other receivables")	2,050	33,825	9,045	Customs import guarantee
Bank deposits (Shown as "Other receivables")	9,318	59,215	9,138	Derivative execution deposits
Bank deposits (Shown as "Other receivables")	895	2,027	2,085	Export tax guarantee
Time deposits (shown as "Other receivables")	1,472	1,472	2,910	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")	1,070	1,066	1,062	Customs import guarantee
Total	<u>\$1,003,861</u>	<u>\$919,889</u>	<u>\$865,979</u>	

9. Commitments and Contingencies

Amounts available under unused letters of credit as of June 30, 2019 are NT\$27,519 thousand.

10. Losses due to Major Disasters

None.

11. Significant Subsequent Events

None.

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12. Others

(1) Categories of Financial Instruments

Financial assets

	June 30, 2019	December 31, 2018	June 30, 2018
Financial assets at fair value through profit or loss:			
Mandatorily measured at fair value through profit or loss	\$143,088	\$83,315	\$364,616
Financial assets at fair value through other comprehensive income	395,169	359,859	452,780
Financial assets measured at amortized cost (Note a)	29,855,013	31,348,949	32,466,498
Hedging financial assets	28,031	11,613	37,388
Total	<u>\$30,421,301</u>	<u>\$31,803,736</u>	<u>\$33,321,282</u>

Financial liabilities

	June 30, 2019	December 31, 2018	June 30, 2018
Financial liabilities at amortized cost:			
Short-term borrowings	\$6,657,721	\$6,414,641	\$7,576,181
Accounts payables (including related parties)	7,222,890	9,312,548	8,823,376
Other payables	5,583,363	4,627,935	5,339,866
Lease liability (including current and non current)	1,915,927	(Note b)	(Note b)
Long-term borrowings (including current portion)	369,537	452,299	503,293
Subtotal	<u>21,749,438</u>	<u>20,807,423</u>	<u>22,242,716</u>
Financial liabilities at fair value through profit or loss:			
Mandatorily measured at fair value through profit or loss-current	95,385	23,475	130,125
Hedging financial liabilities-current	18,168	2,402	30,838
Total	<u>\$21,862,991</u>	<u>\$20,833,300</u>	<u>\$22,403,679</u>

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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.

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:

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When NTD appreciates or depreciates against USD by 1%, the profit for the six months ended June 30, 2019 and 2018 is decreased/increased by NT\$75,102 thousand and NT\$93,347 thousand, while equity is decreased/increased by NT\$252,021 thousand and NT\$245,156 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 six months ended June 30, 2019 and 2018 to decreased/increased by NT\$32,717 thousand and NT\$30,261 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.

For the six months ended June 30, 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\$203 thousand and NT\$215 thousand on income attributable to the Group.

For the six months ended June 30, 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\$3,952 thousand and NT\$4,528 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.



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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 June 30, 2019, December 31, 2018, and June 30, 2018, receivables from top ten customers represented 57% , 59% , and 70% 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.

Non-derivative financial liabilities

	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
As of June 30, 2019					
Borrowings	\$6,839,597	\$206,980	\$-	\$-	\$7,046,577
Accounts payables (including related parties)	7,222,890	-	-	-	7,222,890
Other payables	5,583,363	-	-	-	5,583,363
Lease liability	356,968	482,218	217,867	1,332,970	2,390,023
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

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	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
As of June 30, 2018					
Borrowings	\$7,720,289	\$336,577	\$43,171	\$2,613	\$8,102,650
Accounts payables (including related parties)	8,823,376	-	-	-	8,823,376
Other payables	5,339,866	-	-	-	5,339,866

Financial liabilities

	Less than 1 year	1 to 3 years	Total
As of June 30, 2019			
Inflows	\$-	\$-	\$-
Outflows	113,553	-	113,553
Net	<u>\$113,553</u>	<u>\$-</u>	<u>\$113,553</u>

As of December 31, 2018

	Less than 1 year	1 to 3 years	Total
Inflows	\$-	\$-	\$-
Outflows	25,877	-	25,877
Net	<u>\$25,877</u>	<u>\$-</u>	<u>\$25,877</u>

As of June 30, 2018

	Less than 1 year	1 to 3 years	Total
Inflows	\$-	\$-	\$-
Outflows	160,963	-	160,963
Net	<u>\$160,963</u>	<u>\$-</u>	<u>\$160,963</u>

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

(6) Reconciliation of liabilities arising from financing activities:

Reconciliation of liabilities as of June 30, 2019:

	Short-term borrowings	Long-term borrowings	Leases liabilities	Guarantee deposits received	Other liabilities- noncurrent	Total liabilities from financing activities
January 1, 2019	\$6,414,641	\$452,299	\$1,812,953	\$38,069	\$24,702	\$8,742,664
Cash flows	243,080	(82,762)	(144,028)	(1,062)	3,247	18,475
Additional leases	-	-	239,967	-	-	239,967
Exchange differences	-	-	7,035	-	-	7,035
June 30, 2019	<u>\$6,657,721</u>	<u>\$369,537</u>	<u>\$1,915,927</u>	<u>\$37,007</u>	<u>\$27,949</u>	<u>\$9,008,141</u>

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Reconciliation of liabilities as of June 30, 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	(600,478)	(4,946)	119,787	(30)	(485,667)
Exchange differences	-	(36)	-	4	(32)
June 30, 2018	<u>\$7,576,181</u>	<u>\$503,293</u>	<u>\$140,316</u>	<u>\$25,469</u>	<u>\$8,245,259</u>

(7) Fair Value of Financial Instruments

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

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

- (a) The carrying amount of cash and cash equivalents, trade receivables, short-term borrowings, trade payable and other current liabilities approximate their fair value due to their short maturities.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price at the reporting date.
- (c) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model or other valuation method.
- (d) The fair value of long-term borrowings without active market is determined by using valuation techniques. Therefore, the fair value is estimated using the present value of the expected cash flows. The assumption of interest rate and discount rate mainly is measured by similar financial instruments.

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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:

Item (by contract)	Notional Amount	Contract Period
As of June 30, 2019		
Forward currency contract		
Selling forward currency contracts	USD 336,000 thousand	From July 2019 to December 2019
Buying forward currency contracts	USD 404,500 thousand	From July 2019 to October 2019
Selling forward currency contracts	EUR 11,000 thousand	From July 2019 to September 2019
Selling forward currency contracts	CAD 1,500 thousand	From July 2019 to October 2019
Forward cross currency contract	USD 30,500 thousand	From July 2019 to September 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

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Item (by contract)	Notional Amount	Contract Period
As of June 30, 2018		
Forward currency contract		
Selling forward currency contracts	USD 305,000 thousand	From July 2018 to December 2018
Buying forward currency contracts	USD 369,086 thousand	From July 2018 to October 2018
Selling forward currency contracts	EUR 9,880 thousand	From July 2018 to August 2018
Selling forward currency contracts	CAD 2,039 thousand	From July 2018 to October 2018
Forward cross currency contract	USD 31,500 thousand	From July 2018 to September 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 June 30, 2019		
Forward currency contract		
Selling forward currency contracts	USD 60,000 thousand	From July 2019 to October 2019
Buying forward currency contracts	USD 60,000 thousand	From July 2019 to September 2019
Selling forward currency contracts	GBP 5,500 thousand	From July 2019 to August 2019

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 June 30, 2018

Forward currency contract		
Selling forward currency contracts	USD 42,000 thousand	From July 2018 to September 2018
Buying forward currency contracts	USD 42,000 thousand	From July 2018 to September 2018
Selling forward currency contracts	GBP 5,500 thousand	July 2018

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(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:

June 30, 2019				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward currency contract	\$-	\$107,267	\$-	\$107,267
Stock	-	-	20,291	20,291
convertible bond	-	-	15,530	15,530
Hedging financial assets-current	-	28,031	-	28,031
Equity instrument measured at fair value through other comprehensive income	-	-	395,169	395,169

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June 30, 2019				
	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward currency contract	\$-	\$90,076	\$-	\$90,076
Forward cross currency contract	-	5,309	-	5,309
Hedging financial liabilities-current	-	18,168	-	18,168
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

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June 30, 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	\$-	\$325,625	\$-	\$325,625
Forward cross currency contract	-	17,497	-	17,497
Stock	-	-	21,494	21,494
Hedging financial assets-current	-	37,388	-	37,388
Equity instrument measured at fair value through other comprehensive income				
	-	-	452,780	452,780
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward currency contract	-	130,125	-	130,125
Hedging financial liabilities-current	-	30,838	-	30,838

Transfers between the Level 1 and Level 2 during the period

During the six months ended June 30, 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:



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	Assets		
	At fair value through At fair value through other comprehensive profit or loss		At fair value through income
	Stock and convertible bonds	Stock	Total
As of January 1, 2019:	\$20,065	\$359,859	\$379,924
Total gains and losses recognized for the six months period ended June 30, 2019:			
Amount recognized in profit or loss (presented in “other profit or loss”)	341	-	341
Amount recognized in OCI (presented in “unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	-	34,495	34,495
Gain/Acquisition	15,415	-	15,415
Tax effect	-	54	54
Exchange differences	-	761	761
As of June 30, 2019	\$35,821	\$395,169	\$430,990

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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 six months period ended June 30, 2018:			
Amount recognized in profit or loss (presented in “other profit or loss”)	493	-	493
Amount recognized in OCI (presented in “unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	-	28,246	28,246
Tax effect	-	(275)	(275)
Exchange differences	-	2,052	2,052
As of June 30, 2018	\$21,494	\$452,780	\$474,274

Total gains and losses recognized in profit or loss for the six months ended June 30, 2019 in the table above contain gains (losses) related to assets on hand as of June 30, 2018 in the amount of NT\$341 thousand and NT\$493 thousand.

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Information on significant unobservable inputs to valuation

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

At June 30, 2019

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets :					
At fair value through profit or loss					
Stock	Income Approach	Lack of marketability	27.2%	The higher the discount for lack of marketability, the lower the fair value estimated	10% increase (decrease) in the discount for lack of marketability would result in decrease/increase in profit or loss by NT\$758 thousand /NT\$774 thousand.
Financial assets at fair value through other comprehensive income					
Stock	Asset-Based Approach	Not Applicable	-	-	-
	Market Approach	P/E ratio of similar entities	1.00	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\$2,567 thousand/ NT\$3,096 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 June 30, 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	27.20%	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\$744 thousand /NT\$759 thousand.
Financial assets					
at fair value					
through other					
comprehensive					
income					
Stock	Asset-Based Approach	Not Applicable	-	-	-
	Market Approach	P/E ratio of similar entities	1.12	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\$2,831 thousand/ NT\$2,831 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

June 30, 2019				
	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (please refer to Note 6(10))	\$-	\$-	\$222,400	\$222,400

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(10))	\$-	\$-	\$222,400	\$222,400

June 30, 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(10))	\$-	\$-	\$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:

June 30, 2019			
	Foreign currencies	Exchange rate	NTD thousand
<u>Financial assets</u>			
Monetary item:			
USD	\$821,713	31.06	\$25,522,965
JPY	241,626	0.2886	69,733
GBP	242	39.39	9,532
EUR	497	35.38	17,584
CHF	36	31.85	1,147
Non-Monetary items:			
USD	\$2,277	31.06	\$70,724
<u>Financial liabilities</u>			
Monetary items:			
USD	\$579,935	31.06	\$18,012,781
JPY	138,081	0.2886	39,850
GBP	3,332	39.39	131,248
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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	June 30, 2018		
	Foreign currencies	Exchange rate	NTD thousand
<u>Financial assets</u>			
Monetary item:			
USD	\$920,979	30.46	\$28,053,020
JPY	192,550	0.2754	53,028
RMB	3,771	4.6036	17,360
GBP	270	39.96	10,789
EUR	292	35.40	10,337
Non-Monetary items:			
USD	\$2,706	30.46	\$82,439
<u>Financial Liabilities</u>			
Monetary items:			
USD	\$614,522	30.46	\$18,718,340
JPY	105,646	0.2754	29,095
GBP	507	39.96	20,260

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\$(74,102) thousand and NT\$(120,932) thousand for the six months ended June 30, 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 six months ended June 30, 2019: None.
- B. Endorsement/Guarantee provided to others for the six months ended June 30, 2019: Please refer to Attachment 1.
- C. Securities held as of six months ended June 30, 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 six months ended June 30, 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 six months ended June 30, 2019: Please refer to Attachment 3.
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the six months ended June 30, 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 six months ended June 30, 2019: Please refer to Attachment 4.
- H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of six months ended June 30, 2019: Please refer to Attachment 5.
- I. The business relationship between the parent and the subsidiaries and significant transactions between them: Please refer to Attachment 6.
- J. Financial instruments and derivative transactions: Please refer to Note 6(2), Note 6(3), Note 6(13), Note 12(1), Note 12(8) and Attachment 9.

(2) Information on investees

- A. Relevant information on investees when the investees have significant influence or direct or indirect control. Please refer to Attachments 7, 7-1, 7-2, and 7-3.
- 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, 4-1, 5-1 and 10.
- C. Financial instruments and derivative transactions: Please refer to Attachment 9.

(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 8, 8-1 and 8-2.
- B. Directly or indirectly significant transactions with the investees in Mainland China, please refer to Attachment 6.

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14. Segment information

(1) General Information

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

B. The Group has three reportable segments:

- (a) Energy-saving products segments: mainly engaged in the R&D 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 June 30, 2019							
	Energy - saving products segment	Image products and brand segment	Optical components segment	Subtotal	Other segment (Note a)	Adjustment and elimination (Note b)	Total
Revenue							
Net revenue from external customers	\$5,350,409	\$4,093,926	\$1,094,885	\$10,539,220	\$823,272	\$-	\$11,362,492
Net revenue from sales among intersegments	60,212	12,310	84,509	157,031	191,037	(348,068)	-
Total revenue	<u>\$5,410,621</u>	<u>\$4,106,236</u>	<u>\$1,179,394</u>	<u>\$10,696,251</u>	<u>\$1,014,309</u>	<u>\$(348,068)</u>	<u>\$11,362,492</u>
Segment income	<u>\$229,481</u>	<u>\$135,346</u>	<u>\$12,272</u>	<u>\$377,099</u>	<u>\$20,068</u>	<u>\$(22,157)</u>	<u>\$375,010</u>

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For the three months ended June 30, 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	\$5,995,746	\$5,562,731	\$1,474,624	\$13,033,101	\$913,314	\$-	\$13,946,415
Net revenue from sales among intersegments	105,502	12,326	139,794	257,622	208,252	(465,874)	-
Total revenue	<u>\$6,101,248</u>	<u>\$5,575,057</u>	<u>\$1,614,418</u>	<u>\$13,290,723</u>	<u>\$1,121,566</u>	<u>\$(465,874)</u>	<u>\$13,946,415</u>
Segment income	<u>\$302,773</u>	<u>\$387,749</u>	<u>\$41,799</u>	<u>\$732,321</u>	<u>\$7,815</u>	<u>\$(42,112)</u>	<u>\$698,024</u>

For the six months ended June 30, 2019

	Energy - saving products segment	Image products and brand segment	Optical components segment	Subtotal	Other segment (Note a)	Adjustment and elimination (Note b)	Total
Revenue							
Net revenue from external customers	\$10,782,134	\$8,015,848	\$2,254,888	\$21,052,870	\$1,583,598	\$-	\$22,636,468
Net revenue from sales among intersegments	98,711	20,727	180,842	300,280	379,860	(680,140)	-
Total revenue	<u>\$10,880,845</u>	<u>\$8,036,575</u>	<u>\$2,435,730</u>	<u>\$21,353,150</u>	<u>\$1,963,458</u>	<u>\$(680,140)</u>	<u>\$22,636,468</u>
Segment income	<u>\$422,105</u>	<u>\$151,489</u>	<u>\$20,430</u>	<u>\$594,024</u>	<u>\$9,160</u>	<u>\$(46,800)</u>	<u>\$556,384</u>
Segment Assets (Note c)	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$48,413,389</u>	<u>\$48,413,389</u>

For the six months ended June 30, 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	\$11,832,327	\$10,154,750	\$2,522,035	\$24,509,112	\$1,811,948	\$-	\$26,321,060
Net revenue from sales among intersegments	216,954	32,548	284,710	534,212	411,769	(945,981)	-
Total revenue	<u>\$12,049,281</u>	<u>\$10,187,298</u>	<u>\$2,806,745</u>	<u>\$25,043,324</u>	<u>\$2,223,717</u>	<u>\$(945,981)</u>	<u>\$26,321,060</u>
Segment income	<u>\$497,471</u>	<u>\$462,612</u>	<u>\$58,519</u>	<u>\$1,018,602</u>	<u>\$3,958</u>	<u>\$(19,856)</u>	<u>\$1,002,704</u>
Segment Assets (Note c)	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$48,905,199</u>	<u>\$48,905,199</u>

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

Note a: Seven operating segments did not meet the quantitative thresholds for reportable segments as of the six months ended June 30, 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 June 30		Six months ended June 30	
	2019	2018	2019	2018
Net income of reportable segment	\$377,099	\$732,321	\$594,024	\$1,018,602
Income of other segment	20,068	7,815	9,160	3,958
Unallocated amount:				
Interest income	115,021	99,586	224,464	191,100
Interest expense	(71,904)	(62,838)	(169,454)	(114,437)
Financial assets (liabilities) at fair value through profit or loss	59,743	299,832	183,102	330,254
Exchange loss	(2,372)	(166,416)	(74,102)	(120,932)
Others	(122,645)	(212,276)	(210,810)	(305,841)
Income before income tax	<u>\$375,010</u>	<u>\$698,024</u>	<u>\$556,384</u>	<u>\$1,002,704</u>

ATTACHMENT 1 (Endorsement/Guarantee provided to others for the six months ended June 30, 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	11,431,061 (Note)	\$ 1,775	\$ -	\$ -	-	0.00%	\$ 22,862,122 (Note)	Yes	No	No
0	Coretronic Corporation	Nano Precision Taiwan Limited	Associate	11,431,061 (Note)	100,000	100,000	65,577	-	0.44%	22,862,122 (Note)	Yes	No	No
0	Coretronic Corporation	Coretronic Intelligent Robotics Corporation	Subsidiary	11,431,061 (Note)	12,600	12,600	12,600	-	0.06%	22,862,122 (Note)	Yes	No	No
0	Coretronic Corporation	YLG Optotech	Associate	11,431,061 (Note)	145,044 (USD4,590 thousands)	142,565 (USD4,590 thousands)	102,964	-	0.62%	22,862,122 (Note)	Yes	No	Yes
0	Coretronic Corporation	Calibre UK Ltd.	Subsidiary	11,431,061 (Note)	201,945 (GBP5,060 thousands)	199,313 (GBP5,060 thousands)	118,664	-	0.87%	22,862,122 (Note)	Yes	No	No
	Total				<u>\$ 461,364</u>	<u>\$ 454,478</u>							

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

ATTACHMENT 1-1 (Financing provided to others for the six months ended June 30, 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	Calibre UK Ltd.	Accounts receivables - related parties	Yes	\$ 20,185	\$ 7,878	\$ 7,878	1.45%	The need for short-term financing	-	Business turnover	-	None	-	\$ 90,054	\$ 90,054
1	Young Green Energy	Coretronic Intelligent Robotics Corporation	Accounts receivables - related parties	Yes	30,000	30,000	30,000	0.6%	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	429,212	429,212	0.5%	The need for short-term financing	-	Business turnover	-	None	-	3,343,863	3,343,863
2	Coretronic (Ningbo)	YLG Optotech	Accounts receivables - related parties	Yes	169,007	166,600	166,600	0.5%	The need for short-term financing	-	Business turnover	-	None	-	3,343,863	3,343,863
3	Coretronic (Suzhou)	Coretronic Display (Suzhou)	Accounts receivables - related parties	Yes	709,936	700,294	700,294	0.5%	The need for short-term financing	-	Business turnover	-	None	-	4,159,441	4,159,441
3	Coretronic (Suzhou)	Coretronic System Engineering (Shanghai)	Accounts receivables - related parties	Yes	36,795	20,331	20,331	0.5%	The need for short-term financing	-	Business turnover	-	None	-	4,159,441	4,159,441
4	Bigshine (HK)	Core-Flex	Accounts receivables - related parties	Yes	136,070	133,744	133,744	0.5%	The need for short-term financing	-	Business turnover	-	None	-	279,288	279,288
4	Bigshine (HK)	Coretronic Corporation	Accounts receivables - related parties	Yes	252,800	248,480	248,480	0%	The need for short-term financing	-	Business turnover	-	None	-	698,221	698,221
5	Venture Orient	Coretronic Corporation	Accounts receivables - related parties	Yes	93,180	93,180	93,180	0%	The need for short-term financing	-	Business turnover	-	None	-	491,726	491,726
6	Great Pride	Coretronic Corporation	Accounts receivables - related parties	Yes	34,760	34,166	34,166	0%	The need for short-term financing	-	Business turnover	-	None	-	2,445,582	2,445,582
7	Lead Bright (HK)	Coretronic Corporation	Accounts receivables - related parties	Yes	154,840	152,194	152,194	0%	The need for short-term financing	-	Business turnover	-	None	-	3,496,777	3,496,777
8	Investdragon (HK)	Coretronic Corporation	Accounts receivables - related parties	Yes	123,240	121,134	121,134	0%	The need for short-term financing	-	Business turnover	-	None	-	121,872	121,872
9	Wisdom Success (HK)	Coretronic Corporation	Accounts receivables - related parties	Yes	44,240	43,484	43,484	0%	The need for short-term financing	-	Business turnover	-	None	-	5,390,167	5,390,167
10	Greendale	Coretronic Corporation	Accounts receivables - related parties	Yes	464,836	456,893	456,893	0%	The need for short-term financing	-	Business turnover	-	None	-	5,316,590	5,316,590
11	Bigshine	Coretronic Corporation	Accounts receivables - related parties	Yes	47,400	46,590	46,590	0%	The need for short-term financing	-	Business turnover	-	None	-	340,101	340,101
11	Bigshine	Brightbridge	Accounts receivables - related parties	Yes	2,781	2,749	2,749	0.5%	The need for short-term financing	-	Business turnover	-	None	-	340,101	340,101
12	Nano Precision	Coretronic Corporation	Accounts receivables - related parties	Yes	211,720	208,102	208,102	0%	The need for short-term financing	-	Business turnover	-	None	-	211,024	211,024
13	Dynamic Time	Optoma Corporation	Accounts receivables - related parties	Yes	537,200	528,020	528,020	0%	The need for short-term financing	-	Business turnover	-	None	-	768,272	768,272
13	Dynamic Time	Optoma USA	Accounts receivables - related parties	Yes	173,800	170,830	170,830	2.37%-2.55%	The need for short-term financing	-	Business turnover	-	None	-	1,920,680	1,920,680
14	Modern Smart	Optoma Corporation	Accounts receivables - related parties	Yes	20,540	20,189	20,189	0%	The need for short-term financing	-	Business turnover	-	None	-	55,284	55,284
14	Modern Smart	Optoma USA	Accounts receivables - related parties	Yes	20,540	20,189	20,189	2.55%	The need for short-term financing	-	Business turnover	-	None	-	138,210	138,210
15	Masterview	Young Optics (BD)	Other receivables - related parties	Yes	126,400	124,240	124,240	2.50%	The need for short-term financing	-	Business turnover	-	None	-	1,426,838	1,426,838
16	Grace China	Young Optics (BD)	Other receivables - related parties	Yes	88,480	86,968	86,968	3.00%	The need for short-term financing	-	Business turnover	-	None	-	1,114,766	1,114,766

Note a : Limit of financing amount for individual counter-party and total financing amount should not exceed 100% of lender's net worth from the latest financial statement, including Bigshine (HK), Bigshine, Great Pride, Greendale, Investdragon (HK), Lead Bright(HK), Venture Orient, Wisdom Success (HK), Nano Precision.

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

Note b : Limit of financing amount for individual counter-party and total financing amount should not exceed 100% of lender's net worth from the latest financial statement, including Dynamic, Modern Smart, Bigshine, Coretronic (Ningbo), Coretronic (Suzhou), Masterview, Grace China.

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

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

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

ATTACHMENT 1-2 (Endorsement/Guarantee provided to others for the six months ended June 30, 2019)  
(The certain information is based on the unreviewed financial statements)  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorser/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	\$ 2,079,721 (Note)	\$ 444,742	\$ 444,742	\$ 173,661	-	10.69%	\$ 4,159,441 (Note)	No	No	Yes
2	Coretronic Optotech (Suzhou)	Coretronic Display (Suzhou)	Associate	396,327 (Note)	206,971	203,311	203,311	-	25.65%	792,654 (Note)	No	No	Yes
3	Optoma Corporation	Optoma USA	Associate	485,526 (Note)	9,480	9,318	9,318	-	0.96%	971,053 (Note)	No	No	No
Total					\$ 661,193	\$ 657,371							

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

ATTACHMENT 2 (Securities held as of June 30, 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	June 30, 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	\$ 635	5.26%	\$ 635	
Coretronic Corporation	Nightingale Intelligent Systems, Inc.	-	Financial assets at fair value through profit or loss-noncurrent	697,034	17,667	3.98%	17,667	
Coretronic Corporation	Convertible Bonds-Nightingale Intelligent Systems, Inc.	-	Financial assets at fair value through profit or loss-noncurrent	-	15,530	-	15,530	
Coretronic Corporation	GLO AB	-	Financial assets at fair value through profit or loss-noncurrent	50,000	2,624	0.24%	2,624	
Coretronic Corporation	Eterge Opto-Electronics Co., LTD	-	Investments accounted for using the equity method- noncurrent	1,000,000	21,863	20.00%	-	

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



ATTACHMENT 2-1 (Securities held as of June 30, 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	Financial Statement Account	June 30, 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	\$ 296,231	4.47%	\$ 296,231	
Venture Orient	Unitech Capital	-	Financial assets at fair value through other comprehensive income-noncurrent	2,500,000	USD 2,277,107	5.00%	USD 2,277,107	
Optoma Corporation	LIULIGONGFANG	-	Financial assets at fair value through other comprehensive income-noncurrent	242,094	3,096	3.06%	3,096	
	Excel Global	-	Financial assets at fair value through other comprehensive income-noncurrent	812,506	24,479	19.90%	24,479	
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 (Acquisition of individual real estate with cost exceeding NT\$300 million or 20 percent of capital stock for the six months ended June 30, 2019 )  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Types of property	Transaction date	Transaction amount	Payment term	Counter-party	Relationship	Prior transaction of related counter-party				Price reference	Purpose of acquisition and usage	Other terms
							Owner	Relationship	Transfer date	Amount			
Coretronic Corporation	Buildings	April, 2019	\$ 450,000	Settlement by the construction progress and acceptance dealt in the contracts	TAYIH KENMOS AUTO PARTS CO., LTD	None	-	-	-	-	Real estate valuation report	Business purpose	-

ATTACHMENT 4 (Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the six months ended June 30, 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	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
Coretronic Corporation	Optoma Corporation	Subsidiary	Sales	\$ 2,158,724	24.30%	90 days	-	-	\$ 1,897,122	34.56%	

ATTACHMENT 4-1 (Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the six months ended June 30, 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	\$ 645,382	24.05%	60 days	-	-	\$ 303,036	26.66 %	
Young Optics	Grace China	Associate	Purchases	1,614,236	81.75%	60 days	-	-	(681,030)	(64.29%)	
Young Optics	Aptek Optical	Subsidiary	Sales	182,063	6.78%	60 days	-	-	13,372	1.18 %	
Young Optics (Kunshan)	Grace China	Associate	Sales	1,458,913	84.88 %	60 days	-	-	778,292	86.95 %	
Young Optics (Kunshan)	Grace China	Associate	Purchases	636,779	47.08 %	30 days	-	-	(294,753)	(60.78%)	
Young Optics (Kunshan)	Coretronic Optics (Kunshan)	Associate	Sales	176,033	10.25 %	90 days	-	-	82,131	9.18 %	
Young Optics(BD)	Grace China	Associate	Sales	185,561	100.00 %	60 days	-	-	158,976	100.00 %	
Optoma Corporation	Optoma Europe	Associate	Sales	1,881,861	44.65%	90 days	-	-	282,132	18.11 %	
Optoma Corporation	Optoma USA	Associate	Sales	1,081,276	40.85%	120 days	-	-	1,156,719	74.26 %	
Optoma China	Coretronic Projection (Kunshan)	Associate	Purchases	183,567	90.69%	90 days	-	-	493,143	(97.05%)	
Nano Precision (Suzhou)	Coretronic (Suzhou)	Associate	Sales	162,497	22.89%	60 days	-	-	81,671	17.38 %	
Nano Precision (Suzhou)	Great Pride (HK)	Associate	Sales	190,263	26.81%	60 days	-	-	160,374	34.13 %	
Nano Precision Taiwan Limited	Nano Precision (Suzhou)	Associate	Sales	120,342	68.43%	60 days	-	-	47,517	66.14 %	
Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)	Associate	Sales	323,914	4.73%	60 days	-	-	137,533	4.23%	
Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	Associate	Sales	3,584,180	99.84%	60 days	-	-	999,902	99.90%	
Coretronic Projection (Kunshan)	Champ Vision Display	Associate	Sales	621,698	9.07%	60 days	-	-	259,588	7.98%	
Champ Vision Display	Coretronic Projection (Kunshan)	Associate	Sales	270,644	21.03%	60 days	-	-	64,877	13.30%	

ATTACHMENT 5 (Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of June 30, 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 expected credit losses
					Amount	Collection status		
Accounts receivables : Coretronic Corporation	Optoma Corporation	Subsidiary	\$ 1,897,122	2.08	\$ -	-	\$ -	\$ -

ATTACHMENT 5-1 (Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of June 30, 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	Accounts receivables - related parties Balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for expected credit losses
					Amount	Collection status		
Accounts receivable :								
Optoma Corporation	Optoma USA	Associate	\$ 1,156,719	1.99	\$ -	-	\$ -	\$ -
Optoma Corporation	Optoma Europe	Associate	282,132	4.27	-	-	-	-
Young Optics	Grace China	Associate	303,036	6.04	-	-	-	-
Young Optics (Kunshan)	Grace China	Associate	778,292	4.16	-	-	-	-
Grace China	Young Optics	Associate	681,030	5.36	-	-	-	-
Grace China	Young Optics (Kunshan)	Associate	294,753	5.85	-	-	-	-
Grace China	Young Optics (BD)	Associate	432,171	0.33	-	-	-	-
Young Optics (BD)	Grace China	Associate	158,976	2.52	-	-	-	-
Nano Precision (Suzhou)	Great Pride (HK)	Associate	160,374	2.62	-	-	-	-
Coretronic Projection (Kunshan)	Champ Vision Display	Associate	259,588	4.56	-	-	-	-
Coretronic Projection (Kunshan)	Optoma China	Associate	493,143	1.20	-	-	-	-
Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)	Associate	137,533	3.76	-	-	-	-
Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	Associate	999,902	5.63	-	-	-	-
Other receivables :								
Dynamic Time	Optoma Corporation	Associate	528,020	-	-	-	-	-
Dynamic Time	Optoma USA	Associate	171,406	-	-	-	-	-
Young Optics	Grace China	Associate	248,754	-	-	-	-	-
Grace China	Young Optics (BD)	Associate	254,895	-	-	-	-	-

ATTACHMENT 6 (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	1,897,122	—	3.92%
			1	Sales	2,158,724	—	9.54%
		Coretronic(Suzhou)	1	Accounts receivables	265,045	—	0.55%
			1	Sales	1,119,238	—	4.94%
		Greendale	1	Accounts receivables	1,401,860	—	2.90%
			1	Sales	2,533,991	—	11.19%
		Coretronic Projection (Kunshan)	1	Accounts receivables	44,247	—	0.09%
			1	Sales	44,358	—	0.20%
		Wisdom Success (HK)	1	Accounts receivables	31,904	—	0.07%
			1	Sales	59,688	—	0.26%
		YLG Optotech	1	Accounts receivables	142,300	—	0.29%
			1	Sales	302,516	—	1.34%
		Coretronic Display (Suzhou)	1	Accounts receivables	833,768	—	1.72%
			1	Sales	1,266,187	—	5.59%
1	Optoma Corporation	Optoma USA	3	Accounts receivables	1,156,719	—	2.39%
			3	Sales	1,081,276	—	4.78%
		Optoma Europe	3	Accounts receivables	282,132	—	0.58%
			3	Sales	1,181,861	—	5.22%
2	Young Optics	Grace China	3	Other receivables	248,754	—	0.51%
			3	Accounts receivables	303,036	—	0.63%
			3	Sales	645,382	—	2.85%
		Aptek Optical	3	Sales	182,063	—	0.80%
3	Grace China	Young Optics	3	Accounts receivables	681,030	—	1.41%
			3	Sales	1,613,750	—	7.13%
		Young Optics(Kunshan)	3	Accounts receivables	294,753	—	0.61%
			3	Sales	636,841	—	2.81%
		Young Optics (SuZhou)	3	Sales	42,151	—	0.19%
			3	Other receivables	314,780	—	0.65%
		Young Optics (BD)	3	Accounts receivables	372,286	—	0.77%
			3	Sales	57,712	—	0.26%
4	Young Optics(Kunshan)	Grace China	3	Accounts receivables	778,292	—	1.61%
			3	Sales	1,458,913	—	6.45%
		Young Optics (SuZhou)	3	Sales	63,897	—	0.28%
			3	Accounts receivables	29,733	—	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)
4	Young Optics(Kunshan)	Coretronic Optics (Kunshan)	3	Accounts receivables	82,131	—	0.17%
			3	Sales	176,033	—	0.78%
5	Dynamic Time	Optoma Corporation	3	Other receivables	528,020	—	1.09%
		Optoma USA	3	Other receivables	171,406	—	0.35%
6	Wisdom Success	Coretronic(Suzhou)	3	Accounts receivables	1,249,263	—	2.58%
			3	Sales	2,619,908	—	11.57%
7	Coretronic(Suzhou)	Coretronic Corporation	2	Accounts receivables	686,416	—	1.42%
			2	Sales	390,967	—	1.73%
		Wisdom Success	3	Accounts receivables	1,929,853	—	3.99%
			3	Sales	1,134,742	—	5.01%
		Coretronic Display (Suzhou)	3	Other receivables	701,854	—	1.45%
			3	Sales	32,411	—	0.14%
8	Venture Orient	Coretronic Corporation	2	Other receivables	93,180	—	0.19%
9	Masterview	Young Optics (BD)	3	Other receivables	127,065	—	0.26%
10	Best Alpha	Young Optics (SuZhou)	3	Other receivables	114,534	—	0.24%
11	Young Optics (SuZhou)	Grace China	3	Sales	61,035	—	0.27%
12	Great Pride	Coretronic Corporation	2	Other receivables	34,166	—	0.07%
13	Nano Precision (Suzhou)	Coretronic(Suzhou)	3	Accounts receivables	81,671	—	0.17%
			3	Sales	162,497	—	0.72%
		Great Pride (HK)	3	Accounts receivables	160,374	—	0.33%
			3	Sales	190,263	—	0.84%
		Coretronic Display (Suzhou)	3	Sales	41,796	—	0.18%
		Coretronic Optotech (Suzhou)	3	Sales	49,510	—	0.22%
14	Bigshine	Coretronic Corporation	2	Other receivables	46,590	—	0.10%
15	Greendale	Coretronic Corporation	2	Other receivables	2,208,724	—	4.56%
		Coretronic Optics (Kunshan)	3	Other receivables	1,383,878	—	2.86%
16	Coretronic Projection (Kunshan)	Optoma China	3	Accounts receivables	441,731	—	0.91%
			3	Sales	359,135	—	1.59%
		Greendale	3	Accounts receivables	1,750,892	—	3.62%
			3	Sales	3,810,083	—	16.83%
		Champ Vision Display	3	Accounts receivables	259,588	—	0.54%
			3	Sales	621,698	—	2.75%
		Coretronic Optics (Kunshan)	3	Accounts receivables	137,533	—	0.28%
			3	Sales	323,914	—	1.43%
17	Young Green Energy	Coretronic Intelligent Robotics	3	Other receivables	30,003	—	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	Coretronic (Ningbo)	YLG Optotech	3	Other receivables	166,819	—	0.34%
		Coretronic Display (Suzhou)	3	Other receivables	430,754	—	0.89%
19	Nano Precision	Coretronic Corporation	2	Other receivables	208,102	—	0.43%
20	Wisdom Success (HK)	Coretronic Corporation	2	Other receivables	43,484	—	0.09%
		Coretronic(Suzhou)	3	Other receivables	31,904	—	0.07%
			3	Sales	59,733	—	0.26%
21	Bigshine (HK)	Coretronic Corporation	2	Other receivables	248,480	—	0.51%
		Core-Flex	3	Other receivables	133,744	—	0.28%
22	Investdragon (HK)	Coretronic Corporation	2	Other receivables	121,134	—	0.25%
23	Lead Bright (HK)	Coretronic Corporation	2	Other receivables	159,954	—	0.33%
24	YLG Optotech	Coretronic Corporation	2	Accounts receivables	299,991	—	0.62%
			2	Sales	691,741	—	3.06%
		Champ Vision Display	3	Sales	78,285	—	0.35%
25	Young Optics (BD)	Grace China	3	Accounts receivables	158,976	—	0.33%
			3	Sales	185,561	—	0.82%
26	Coretronic Display (Suzhou)	Coretronic Corporation	2	Accounts receivables	738,614	—	1.53%
			2	Sales	1,391,307	—	6.15%
		YLG Optotech	3	Accounts receivables	30,200	—	0.06%
			3	Sales	85,805	—	0.38%
27	Coretronic Optotech (Suzhou)	Coretronic Corporation	2	Accounts receivables	929,440	—	1.92%
			2	Sales	710,521	—	3.14%
28	Champ Vision Display	Coretronic Corporation	2	Other receivables	32,914	—	0.07%
		Coretronic Projection (Kunshan)	3	Accounts receivables	64,877	—	0.13%
			3	Sales	270,644	—	1.20%
		YLG Optotech	3	Sales	36,464	—	0.16%
29	Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	3	Accounts receivables	999,902	—	2.07%
			3	Sales	3,584,180	—	15.83%
30	Nano Precision Taiwan	Nano Precision (Suzhou)	3	Accounts receivables	47,517	—	0.10%
			3	Sales	120,342	—	0.53%

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 7 : (Names, locations and related information of investee companies as of June 30, 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 June 30, 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%	\$5,313,501	\$17,522	\$17,522	Subsidiary
Coretronic Corporation	Optoma Corporation	New Taipei City, Taiwan	Engaged in the production and marketing of data storage and processing equipment, electronic components, optical	518,465	518,465	58,462,000	100.00%	618,635.00	(26,745)	(26,745)	Subsidiary
Coretronic Corporation	Young Optics Inc	Hsinchu City, Taiwan	Engaged in the production, marketing and R&D of electronic components and optics.	561,850	574,658	42,112,586	36.92%	1,300,826	37,382	14,929	Subsidiary
Coretronic Corporation	Viscorp Limited	B.V.I.	Holding company	614,303	614,303	18,700	100.00%	11,508,827	394,702	394,702	Subsidiary
Coretronic Corporation	Sinolink Global Limited	B.V.I.	Holding company	34,100	34,100	980	100.00%	1,259,692	24,238	24,238	Subsidiary
Coretronic Corporation	Chung Tsen Investment Corp.	New Taipei City, Taiwan	Investing company for strategic purposes.	692,696	692,696	127,099,664	100.00%	1,569,505	1,447	1,447	Subsidiary
Coretronic Corporation	Tecpoint Limited	B.V.I.	Holding company	1,156,668	1,156,668	36,522,900	78.06%	2,668,872	61,173	47,752	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%	243,172	10,213	10,204	Subsidiary
Coretronic Corporation	Young Lighting Limited	Samoa	Holding company	118,134	118,134	3,907,000	100.00%	(278,943)	16,527	16,527	Subsidiary
Coretronic Corporation	Coretronic Intelligent Cloud Service Corp.	Hsinchu County, Taiwan	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%	160,617	(2,982)	(2,982)	Subsidiary
Coretronic Corporation	Coretronic Venture Capital Corp.	New Taipei City, Taiwan	The investment activities of company's business expansion.	300,000	300,000	30,000,000	100.00%	302,264	735	735	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	144,000	144,000	14,400,000	80.00%	153,444	23,863	19,091	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%	53,850	(9,557)	(6,324)	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%	(28,184)	(17,001)	(17,001)	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%	475	(27,144)	(27,144)	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%	27,065	(9,516)	(7,613)	Subsidiary

ATTACHMENT 7 -1 : (Names, locations and related information of investee companies as of June 30, 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 June 30, 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 171,480,762	USD 542,052	(Note a)	Associate
Visicorp	Wisdom Success	Cayman Islands	Holding company	USD 11,750,000	USD 11,750,000	11,750	100.00 %	USD 299,944,200	USD 11,926,491	(Note a)	Associate
Visicorp	Bigshine	Samoa	Holding company	USD 3,000,000	USD 3,000,000	3,000	100.00 %	USD 10,608,621	(USD 336,845)	(Note a)	Associate
Visicorp	Investdragon	Samoa	Holding company	USD 3,000,000	USD 3,000,000	3,000	100.00 %	USD 2,371,138	USD 10,048	(Note a)	Associate
Visicorp	Lead Bright	Samoa	Holding company	USD 4,700,000	USD 4,700,000	4,700	100.00 %	USD 29,805,889	USD 464,426	(Note a)	Associate
Visicorp	Elite View	Samoa	Holding company	USD 5,000,400	USD 5,000,400	5,000	100.00 %	USD 14,477,252	USD 426,226	(Note a)	Associate
Visicorp	Tecpoint	B.V.I.	Holding company	USD 5,665,000	USD 5,665,000	5,665,000	12.11 %	USD 13,327,829	USD 1,965,168	(Note a)	Associate
Wisdom Success	Wisdom Success (HK)	HK	Holding company	USD 18,000,000	USD 18,000,000	18,000	100.00 %	USD 176,043,004	USD 10,151,883	(Note a)	Associate
Wisdom Success	Lead Bright (HK)	HK	Holding company	USD 13,300,000	USD 13,300,000	13,300	73.89 %	USD 84,349,034	USD 1,778,728	(Note a)	Associate
Wisdom Success	Investdragon (HK)	HK	Holding company	USD 2,000,000	USD 2,000,000	2,000	40.00 %	USD 1,576,198	USD 16,725	(Note a)	Associate
Wisdom Success	Elite View (HK)	HK	Holding company	USD 7,999,600	USD 7,999,600	8,000	61.54 %	USD 23,164,956	USD 1,108,232	(Note a)	Associate
Wisdom Success	Bigshine (HK)	HK	Holding company	USD 5,000,000	USD 5,000,000	5,000	62.50 %	USD 13,827,992	(USD 343,375)	(Note a)	Associate
Bigshine	Bigshine (HK)	HK	Holding company	USD 3,000,000	USD 3,000,000	3,000	37.50 %	USD 8,296,795	(USD 343,375)	(Note a)	Associate
Investdragon	Investdragon (HK)	HK	Holding company	USD 3,000,000	USD 3,000,000	3,000	60.00 %	USD 2,364,298	USD 16,725	(Note a)	Associate
Lead Bright	Lead Bright (HK)	HK	Holding company	USD 4,700,000	USD 4,700,000	4,700	26.11 %	USD 29,805,837	USD 1,778,728	(Note a)	Associate
Elite View	Elite View (HK)	HK	Holding company	USD 5,000,400	USD 5,000,400	5,000	38.46 %	USD 14,477,156	USD 1,108,232	(Note a)	Associate
Sinolink	Mat Limited	Samoa	Holding company	USD 980,000	USD 980,000	980	100.00 %	USD 40,556,339	USD 781,414	(Note a)	Associate
Tecpoint	Great Pride	Samoa	Holding company	USD 11,800,000	USD 11,800,000	11,800,000	100.00 %	USD 80,485,489	USD 2,013,024	(Note a)	Associate
Tecpoint	Core-Flex	Cayman Islands	Holding company	USD 23,260,000	USD 23,260,000	213,260,000	94.36 %	USD 7,151,534	USD 247,840	(Note a)	Associate
Tecpoint	Nano Precision	HK	Holding company	USD 6,800,000	USD 6,800,000	6,800,000	100.00 %	USD 6,999,820	(USD 819,312)	(Note a)	Associate
Tecpoint	Nano Display	HK	Holding company	USD 7,800,000	USD 7,800,000	7,800,000	100.00 %	USD 15,288,961	USD 451,122	(Note a)	Associate
Great Pride	Great Pride (HK)	HK	Holding company	USD 11,800,000	USD 11,800,000	11,800	100.00 %	USD 79,347,196	USD 2,012,999	(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 54,983,476	(RMB 11,275,572)	(Note a)	Associate

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

ATTACHMENT 7 -2 : (Names, locations and related information of investee companies as of June 30, 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 June 30, 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 5,550,000	USD 5,550,000	5,550	100.00 %	\$502,169	\$6,325	(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	48,888	61,867	3,578,317	3.14 %	110,531	37,382	(Note a)	Subsidiary
Chung Tsen Investment Corp.	Tsen Ming Investment	New Taipei City, Taiwan	Investing company for strategic purposes	102,000	102,000	32,443,180	100.00 %	433,348	(2,397)	(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 %	3,384	7,635	(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 10,822,270	USD 1,965,168	(Note a)	Subsidiary
Tsen Ming Investment	Young Optics	Hsinchu City, Taiwan	Engaged in the production, marketing and R&D of electronic components and optics	32,861	50,859	1,748,886	1.53 %	54,999	37,382	(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 %	14,331	7,635	(Note a)	Associate
Young Green Energy	Boom Power	B.V.I.	Holding company	31,060	31,060	10,000	100.00 %	105,985	6,505	(Note a)	Associate
Young Optics	Masterview	B.V.I.	Holding company	USD 6,000,000	USD 6,000,000	6,000,000	100.00 %	1,834,376	(61,984)	(Note a)	Associate
Young Optics	Young Optics Inc.	USA	Operating maintenance services business	USD 50,000	USD 50,000	50,000	100.00 %	126	(88)	(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 %	99,348	16,440	(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 %	44,035	(2,895)	(Note a)	Associate
Masterview	Best Alpha	Samoa	Holding company	USD 1,000,000	USD 1,000,000	1,000,000	100.00 %	USD 21,080,960	(USD 349,368)	(Note a)	Associate
Masterview	Grace China	Cayman Islands	Holding company	USD 8,156,458	USD 8,156,458	8,156,458	100.00 %	USD 35,325,034	(USD 1,436,141)	(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 2,163,911)	(USD 735,777)	(Note a)	Associate
Masterview	Young Optics Europe GmbH	Germany	Manufacturing and selling of 3D printer	EUR 18,750	EUR 18,750	-	75.00 %	USD 24,565	(USD 110,257)	(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 2,163,911)	(USD 735,777)	(Note a)	Associate
Optoma Corporation	Dynamic Time	Cayman Islands	Holding company	USD 14,122,230	USD 14,122,230	14,856	100.00 %	1,866,581	(USD 854,422)	(Note a)	Associate

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

ATTACHMENT 7-3 (Names, locations and related information of investee companies as of June 30, 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	Address	Main businesses and products	Initial Investment		Investment as of June 30, 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 29,135,645	GBP 1,386,553	(Note a)	Associate
Dynamic Time	Optoma USA	USA	Marketing and after sales service of Optoma in Americas region	USD 8,821,889	USD 8,821,889	825,000	100.00 %	USD 3,225,701	(USD 1,962,913)	(Note a)	Associate
Dynamic Time	Modern Smart	B.V.I.	Holding company	USD 1,200,000	USD 1,200,000	1,200,000	100.00 %	USD 3,849,161	(USD 603,696)	(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 301,086	(HKD 239,949)	(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 1,993,612	EUR 145,661	(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 282,022	(EUR 24,221)	(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 154,484	(NOK 704,722)	(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 413,659	(EUR 16,544)	(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 248,178	(EUR 109,625)	(Note a)	Associate
Young Lighting Limited	Young Lighting (HK)	HK	Holding company	USD 847,000	USD 847,000	847	100.00 %	USD 237,488	USD 3,147	(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 600,100	USD 687,387	(Note a)	Associate
Young Lighting Limited	Brightbridge	Samoa	Holding company	USD 1	USD 1	29,500,000	100.00 %	(USD 5,631,499)	USD 100,554	(Note a)	Associate
Young Lighting Limited	Crystal Word	Samoa	Holding company	USD 1	USD 1	22,258,000	100.00 %	(USD 4,187,653)	USD 76,030	(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 %	13,968	USD 142,286	(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 449,701	USD 142,286	(Note a)	Associate

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

ATTACHMENT 8 : (Investment in Mainland China as of June 30, 2019)  
(The certain information is based on the unreviewed financial statements)  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee company	Main businesses and products	Total amount of paid-in capita	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2019	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized	Carrying value as of June 30, 2019	Accumulated inward remittance of earnings as of June 30, 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 maintenance services	\$ 1,525,064 (USD46,000,000)	Indirect investment from the third region (Greendale)	\$ 1,525,064 (USD46,000,000)	\$ -	\$ -	\$ 1,525,064 (USD46,000,000)	14,872	100.00%	14,872	\$ 4,853,347	\$ -
Technology Service (Kunshan)	LCD monitor maintenance and technical services	13,259 (USD400,000)	Indirect investment from the third region (Greendale)	13,259 (USD400,000)	-	-	13,259 (USD400,000)	1,432	100.00%	1,432	23,375	-
Coretronic Optics (Kunshan)	Production and sales of projector module products and spectrometer	RMB10,000,000	Indirect investment from the Mainland China subsidiary (CPC)	-	-	-	-	559	100.00%	559	322,412	-
Vimax (Kunshan)	Design, research and development and production of projectors, sales of the company's own products and provide after sales maintenance services for self-produced and non-self-produced products	62,252 (USD1,800,000)	Indirect investment from the third region (Mat Limited)	62,252 (USD1,800,000)	-	-	62,252 (USD1,800,000)	27,655	100.00%	27,655	1,238,602	-
Coretronic (Suzhou)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	660,657 (USD20,000,000)	Indirect investment from the third region (Wisdom Success HK)	271,297 (USD8,000,000)	-	-	271,297 (USD8,000,000)	291,471	100.00%	291,471	4,294,545	-
Coretronic Optics (Suzhou)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	USD10,000,000	Indirect investment from the third region (Wisdom Success HK)	-	-	-	-	407	100.00%	407	306,474	-
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)	-	-	-	-	25,501	100.00%	25,501	817,753	-
Coretronic (Shanghai)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	257,829 (USD8,000,000)	Indirect investment from the third region (Brightshine HK)	95,254 (USD3,000,000)	-	-	95,254 (USD3,000,000)	(11,568)	100.00%	(11,568)	304,450	-
Coretronic Display (Suzhou)	Research and development, manufacturing panel modules and related components of the business, sales of the company's own products and provide related after-sales maintenance services	1,547,564 (USD51,758,000)	Indirect investment from the third region (Brightbridge and Crystal Word)	88,972 (USD2,967,283)	-	-	88,972 (USD2,967,283)	5,589	100.00%	5,589	(302,320)	-
Coretronic (Ningbo)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services	650,050 (USD20,000,000)	Indirect investment from the third region (Lead Bright HK)	151,490 (USD4,700,000)	-	-	151,490 (USD4,700,000)	55,174	100.00%	55,174	3,393,286	-
Young Bright Optical (Suzhou)	Research and development, processing, manufacturing backlight optical film products	1,178,240 (USD36,000,000)	Indirect investment from the third region (Core-Flex)	759,827 (USD23,260,000)	-	-	759,827 (USD23,260,000)	7,970	100.00%	7,970	377,746	-
Nano Precision (Suzhou)	Manufacture and sales of acrylic panels and light guide plate	426,839 (USD13,300,000)	Indirect investment from the third region (Great Pride HK)	330,478 (USD10,392,880)	-	-	330,478 (USD10,392,880)	65,129	100.00%	65,129	2,365,670	-
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 (USD2,900,000)	Indirect investment from the third region (Great Pride HK)	-	-	-	-	7	100.00%	7	98,803	99,026 (USD3,215,142) (Note a and Note 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 (USD13,000,000)	Indirect investment from the third region (Elite View HK)	29,020 (USD1,000,000)	-	-	29,020 (USD1,000,000)	34,363	100.00%	34,363	1,169,148	-
Nano Precision (Nanjing)	Manufacture and sales of acrylic panels and light guide plate	217,659 (USD6,800,000)	Indirect investment from the third region (Nano Precision)	119,025 (USD3,700,000)	-	-	119,025 (USD3,700,000)	(1,405)	100.00%	(1,405)	-	63,605 (USD2,065,438) (Note a and Note 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 (USD7,800,000)	Indirect investment from the third region (Nano Display)	9,820 (USD308,797)	-	-	9,820 (USD308,797)	14,035	100.00%	14,035	474,855	-
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	21,269	51.00%	10,847	18,622	-
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	4,442	100.00%	4,442	13,968	-
Boon 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 (Boon Power)	USD 1,000,000	-	-	USD 1,000,000	6,505	100.00%	6,505	6,525	-

Accumulated investment in Mainland China as of June 30, 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)	\$3,285,801 (USD 105,788,828)	\$12,872,374

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 =31.06 NTD as of June 30, 2019.

ATTACHMENT 8-1 (Investment in Mainland China as of June 30, 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 June 30, 2019	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized(Note a)	Carrying value as of June 30, 2019(Note a)	Accumulated inward remittance of earnings as of June 30, 2019
					Outflow	Inflow						
Young Optics (Kunshan)	Researching and developing, manufacturing of optics engine and related optics electronic	\$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)	\$(31,325) (USD 1,018,755)	100.00%	\$(31,448) (-USD 1,022,672)	\$1,177,778 (USD 37,919,451)	\$74,505 (USD 2,457,289) (Note b and Note j~Note k and Note m~Note n)
Young Optics (Suzhou)	Researching and developing, manufacturing of optics engine and related optics electronic	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)	13,065 (USD 422,394)	100.00%	13,056 (USD 422,104)	219,219 (USD 7,057,915)	1,328,957 (USD 31,295,415 and RMB 80,635,502) (Note b and Note f~Note i and Note l and Note o)

Accumulated investment in Mainland China as of June 30, 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.

Note m : Best Alpha Investments Limited received cash dividends amounted to USD 1,136,426 for distribution profits from Young Optics (Kunshan) in 2019 and had not remitted it back to Young Optics.

Note n : Grace China Investments Limited received cash dividends amounted to USD 3,492,602 for distribution profits from Young Optics (Kunshan) in 2019 and had not remitted it back to Young Optics.

Note o : Best Alpha Investments Limited received cash dividends amounted to USD 4,097,220 for distribution profits from Young Optics (Suzhou) in 2019 and had not remitted it back to Young Optics.

ATTACHMENT 8-2 (Investment in Mainland China as of June 30, 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 June 30, 2019	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized(Note a)	Carrying value as of June 30, 2019	Accumulated inward remittance of earnings as of June 30, 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)	\$ (18,714) (-USD 4,099,596)	100.00%	\$ (18,714) (-USD 4,074,564)	\$ 76,403 RMB 16,910,802	\$ -

Accumulated investment in Mainland China as of June 30, 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)	\$588,224

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

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

Note b : To use historical currency rates.

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

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

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



ATTACHMENT 9 (Financial instrument and derivative transaction as of June 30, 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 (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Buying USD	From Jul to Oct, 2019	USD 397,500,000	\$ (31,716)	\$ (31,716)	Note a
Coretronic Corporation	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From Jul to Aug, 2019	USD 274,000,000	67,184	67,184	Note a
Coretronic Corporation	Hedging financial Products-current	Forward foreign exchange contract	Buying USD	From Jul to Sep, 2019	USD 60,000,000	(9,888)	(9,888)	Note a
Coretronic Corporation	Hedging financial Products-current	Forward foreign exchange contract	Selling USD	From Jul to Sep, 2019	USD 60,000,000	13,246	13,246	Note a
Coretronic (Suzhou)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From Jul to Dec, 2019	USD 40,000,000	(8,930)	(8,930)	Note b
Nano Precision (Suzhou)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From Jul to Oct, 2019	USD 10,000,000	98	98	Note c
Coretronic (Ningbo)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From Apr to May, 2019	-	-	-	Note d
Coretronic Optotech (Suzhou)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	Aug, 2019	USD 2,000,000	(263)	(263)	Note e
Coretronic Display (Suzhou)	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	From Jul to Aug, 2019	USD 7,000,000	(2,466)	(2,466)	Note f
Optoma Corporation	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	Jul, 2019	USD 2,000,000	649	649	Note g
Optoma Corporation	Financial assets (liabilities) at fair value through profit or loss, current	Forward cross currency contract	—	From Jul to Sep, 2019	USD 30,500,000	(5,309)	(5,309)	Note g
Optoma Europe	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Sell GBP/Buy USD	From Jul to Aug, 2019	USD 1,500,000	68	68	Note h
Optoma Europe	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Buy GBP/Sell EUR	Sep, 2019	EUR 1,000,000	3	3	Note h
Optoma Europe	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Sell GBP/Buy USD	From Jul to Aug, 2019	USD 5,500,000	(936)	(936)	Note h
Optoma Europe	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Buy GBP/Sell EUR	From Jul to Sep, 2019	EUR 10,000,000	(5,576)	(5,576)	Note h
Optoma USA	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Sell CAD/Buy USD	From Jul to Oct, 2019	CAD 1,500,000	(899)	(899)	Note i
Dynamic Time	Hedging financial Products-current	Forward foreign exchange contract	Sell GBP/Buy USD	From Jul to Aug, 2019	GBP 5,500,000	6,505	6,505	Note j
Champ Vision Display	Financial assets (liabilities) at fair value through profit or loss, current	Forward foreign exchange contract	Selling USD	Jul, 2019	USD 1,000,000	(25)	(25)	Note k

Note a : Coretronic Corporation entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$137,315 thousands for the three months ended June 30, 2019.

Note b : Associate Coretronic (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$26,020 thousands for the three months ended June 30, 2019.

Note c : Associate Nano Precision (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$4,330 thousands for the three months ended June 30, 2019.

Note d : Associate Coretronic (Ningbo) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$1,889 thousands for the three months ended June 30, 2019.

Note e : Associate Coretronic Optotech (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$1,170 thousands for the three months ended June 30, 2019.

Note f : Associate Coretronic Display (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$3,295 thousands for the three months ended June 30, 2019.

Note g : Subsidiary Optoma Corporation entered into forward cross currency contracts and acquired realized profit amounted to NT\$25,431 thousands for the three months ended June 30, 2019.

Note h : Associate Optoma Europe entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$12,684 thousands for the three months ended June 30, 2019.

Note i : Associate Optoma USA entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$902 thousands for the three months ended June 30, 2019.

Note j : Associate Dynamic Time entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$5,410 thousands for the three months ended June 30, 2019.

Note k : Subsidiary Champ Vision Display entered into forward cross currency contracts and acquired realized loss amounted to NT\$515 thousands for the three months ended June 30, 2019.

ATTACHMENT 10 (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 six months ended June 30, 2019.)  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor company	Marketable Securities Type and Name	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal				June 30, 2019	
					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 85,000,000	-	-	RMB 85,000,000	RMB 764,282	-	-
Young Optics (Suzhou)	RMB Structured Deposit of Liduoduo	Financial assets measured at amortized cost-current	Shanghai Pudong Development Bank	-	-	-	-	RMB 60,000,000	-	-	RMB 60,000,000	RMB 540,998	-	-

Note : To be recognized in interest revenue.