

**CORETRONIC CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**WITH**

**REPORT OF INDEPENDENT ACCOUNTANTS**

**FOR THE NINE MONTHS ENDED**

**SEPTEMBER 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 September 30, 2019 and 2018, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended September 30, 2019 and 2018, changes in equity and cash flows for the nine-month periods ended September 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\$18,739,776 thousand and NT\$18,930,154 thousand, represented 35.90% and 37.87% of the consolidated total assets, and total liabilities of NT\$4,192,985 thousand and NT\$2,013,310 thousand, represented 14.66% and 7.60% of the consolidated total liabilities as of September 30, 2019 and 2018, respectively; and total comprehensive income of NT\$53,473 thousand, NT\$16,217 thousand, NT\$304,384 thousand and NT\$507,125 thousand, represented (30.60) %, (314.16) %, 63.98% and 51.36% of the consolidated total comprehensive income for the three-month and nine-month periods ended September 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\$22,076 thousand as of September 30, 2019. The related shares of gain(loss) from the associates and joint ventures under the equity method amounted to NT\$133 thousand and NT\$(4) thousand for the three-month and nine-month periods ended September 30, 2019, respectively. The information related to above subsidiaries, and associates and joint ventures accounted for using equity method disclosed in Note 13 was also not reviewed by independent accountants.



## Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain insignificant subsidiaries, associates and joint ventures accounted for using equity method and the information 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 September 30, 2019 and 2018, and their consolidated financial performance for the three-month and nine-month periods ended September 30, 2019 and 2018, and cash flows for the nine-month periods ended September 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  
October 28, 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 September 30, 2019, December 31, 2018, and September 30, 2018

(September 30, 2019 and 2018 are unaudited)

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Note	September 30, 2019	%	December 31, 2018	%	September 30, 2018	%
<b>Current assets</b>							
Cash and cash equivalents	6(1)	\$ 20,239,026	38.77	\$ 17,226,050	35.86	\$ 17,426,891	34.86
Financial assets at fair value through profit or loss-current	6(2)	78,936	0.15	63,250	0.13	73,361	0.15
Hedging financial assets-current	6(3), 12	6,021	0.01	11,613	0.03	4,396	0.01
Notes receivables, net	6(5), 6(19)	29,503	0.06	256,793	0.53	279,128	0.56
Trade receivables, net	6(6), 6(19)	12,967,181	24.84	13,358,726	27.81	14,388,395	28.78
Trade receivables-related parties, net	6(6), 6(19), 7	488	-	1,912	-	1,671	-
Other receivables	8	350,256	0.67	510,870	1.06	593,573	1.19
Current tax assets	4, 6(24)	11,974	0.02	19,146	0.04	7,410	0.01
Inventories, net	6(7)	7,298,480	13.98	7,882,359	16.41	8,455,912	16.92
Prepayments		607,333	1.16	483,352	1.01	576,483	1.15
Other current assets		161,245	0.31	169,225	0.35	155,123	0.32
Total current assets		41,750,443	79.97	39,983,296	83.23	41,962,343	83.95
<b>Non-current assets</b>							
Financial assets at fair value through profit or loss-noncurrent	6(2)	35,797	0.07	20,065	0.04	21,540	0.04
Financial assets at fair value through other comprehensive income-noncurrent	6(4)	399,680	0.77	359,859	0.75	450,329	0.90
Investments accounted for using equity method (Unreviewed)	6(8)	22,076	0.04	-	-	-	-
Property, plant and equipment, net	6(9), 8	6,953,206	13.32	6,551,312	13.64	6,446,410	12.90
Right-of-use assets	4, 6(20)	2,077,835	3.98	-	-	-	-
Investment property, net	6(10), 8	170,419	0.33	176,459	0.37	178,472	0.36
Intangible assets	6(11)	245,366	0.47	156,402	0.33	157,303	0.31
Deferred tax assets	4, 6(24)	299,990	0.57	302,673	0.63	302,860	0.61
Net defined benefit assets-noncurrent	6(15)	12,616	0.02	10,676	0.02	29,989	0.06
Other noncurrent assets	8	238,683	0.46	476,463	0.99	437,265	0.87
Total non-current assets		10,455,668	20.03	8,053,909	16.77	8,024,168	16.05
<b>Total assets</b>		<b>\$ 52,206,111</b>	<b>100.00</b>	<b>\$ 48,037,205</b>	<b>100.00</b>	<b>\$ 49,986,511</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 September 30, 2019, December 31, 2018, and September 30, 2018

(September 30, 2019 and 2018 are unaudited)

(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Note	September 30, 2019	%	December 31, 2018	%	September 30, 2018	%
<b>Current liabilities</b>							
Short-term borrowings	6(12)	\$ 9,530,499	18.26	\$ 6,414,641	13.35	\$ 7,386,570	14.78
Financial liabilities at fair value through profit or loss-current	6(13)	67,871	0.13	23,475	0.05	120,645	0.24
Hedging financial liabilities-current	6(13), 12	1,533	-	2,402	0.01	1,694	-
Contract liabilities-current	6(18)	363,183	0.69	353,528	0.74	452,728	0.91
Notes payable		5,396	0.01	-	-	3,034	0.01
Accounts payable		9,901,216	18.96	9,272,126	19.30	10,932,541	21.87
Accounts payable-related parties	7	37,649	0.07	40,422	0.08	24,913	0.05
Other payables	7	4,096,204	7.85	4,627,935	9.63	4,230,500	8.46
Current tax liabilities	4, 6(24)	824,984	1.58	925,636	1.93	1,010,415	2.02
Provisions-current	6(16)	817,566	1.57	826,791	1.72	858,845	1.72
Lease liabilities-current	4, 6(20)	347,392	0.67	-	-	-	-
Other current liabilities		475,275	0.91	543,884	1.13	683,134	1.37
Current portion of long-term borrowings	6(14)	164,249	0.32	165,004	0.34	166,247	0.33
Total current liabilities		26,633,017	51.02	23,195,844	48.28	25,871,266	51.76
<b>Non-current liabilities</b>							
Long-term borrowings	6(14)	164,267	0.31	287,295	0.60	334,558	0.67
Deferred tax liabilities	4, 6(24)	32,985	0.06	32,746	0.07	62,083	0.12
Lease liabilities-noncurrent	4, 6(20)	1,516,613	2.91	-	-	-	-
Net defined benefit liabilities-noncurrent	6(15)	188,057	0.36	192,723	0.40	188,503	0.38
Other noncurrent liabilities		62,251	0.12	62,944	0.13	47,063	0.09
Total non-current liabilities		1,964,173	3.76	575,708	1.20	632,207	1.26
Total liabilities		28,597,190	54.78	23,771,552	49.48	26,503,473	53.02
<b>Equity attributable to owners of the parent</b>							
Share capital							
Common stock	6(17)	4,344,231	8.32	4,344,231	9.04	4,344,231	8.69
Capital surplus	6(17)	3,689,201	7.06	4,072,808	8.48	4,073,189	8.15
Retained earnings	6(17), 6(25)						
Legal reserve		3,774,564	7.23	3,572,543	7.44	3,572,543	7.15
Special reserve		2,469,437	4.73	2,483,647	5.17	2,483,647	4.97
Unappropriated retained earning		9,051,139	17.34	9,345,802	19.46	8,659,777	17.32
Total retained earnings		15,295,140	29.30	15,401,992	32.07	14,715,967	29.44
Other equity		(1,927,655)	(3.69)	(1,613,818)	(3.36)	(1,691,484)	(3.38)
Total equity attributable to owners of the parent		21,400,917	40.99	22,205,213	46.23	21,441,903	42.90
<b>Non-controlling interests</b>	6(17)	2,208,004	4.23	2,060,440	4.29	2,041,135	4.08
Total equity		23,608,921	45.22	24,265,653	50.52	23,483,038	46.98
<b>Total liabilities and equity</b>		\$ 52,206,111	100.00	\$ 48,037,205	100.00	\$ 49,986,511	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 nine months ended September 30, 2019 and 2018  
(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Note	For three months ended September 30				For nine months ended September 30			
		2019	%	2018	%	2019	%	2018	%
Net sales	4,6(18), 7	\$ 12,990,387	100.00	\$ 14,938,117	100.00	\$ 35,626,855	100.00	\$ 41,259,177	100.00
Operating costs	4,6(7), 6(11), 6(20), 6(21), 7	10,587,971	81.51	11,956,120	80.04	29,208,131	81.98	33,757,583	81.82
Gross profit		2,402,416	18.49	2,981,997	19.96	6,418,724	18.02	7,501,594	18.18
Operating expenses	6(11), 6(15), 6(19), 6(20), 6(21)								
Selling expenses		476,921	3.67	533,844	3.58	1,442,993	4.05	1,551,179	3.76
General and administrative expenses		532,974	4.10	662,246	4.43	1,637,966	4.60	1,866,588	4.52
Research and development expenses		896,265	6.90	926,697	6.20	2,542,158	7.14	2,522,687	6.11
Total operating expenses		1,906,160	14.67	2,122,787	14.21	5,623,117	15.79	5,940,454	14.39
Operating income		496,256	3.82	859,210	5.75	795,607	2.23	1,561,140	3.79
Non-operating income and expenses									
Other income	6(22)	169,328	1.30	149,814	1.00	516,725	1.46	418,186	1.01
Other gains and losses	6(22)	63,612	0.49	44,777	0.30	142,839	0.40	191,616	0.46
Finance costs	6(22)	(85,700)	(0.66)	(60,772)	(0.40)	(255,154)	(0.72)	(175,209)	(0.42)
Share of gain (loss) of associates and joint ventures accounted for using equity method	6(8)	133	-	-	-	(4)	-	-	-
Total non-operating income and expenses		147,373	1.13	133,819	0.90	404,406	1.14	434,593	1.05
Income before income tax		643,629	4.95	993,029	6.65	1,200,013	3.37	1,995,733	4.84
Income tax expense	4, 6(24)	(164,381)	(1.26)	(255,591)	(1.71)	(399,209)	(1.12)	(573,517)	(1.39)
Net income		479,248	3.69	737,438	4.94	800,804	2.25	1,422,216	3.45
Other comprehensive income									
Items that will not be reclassified subsequently to profit or loss									
Unrealized gain (loss) from equity instrument investments measured at fair value through other comprehensive income	6(23)	4,555	0.04	(2,642)	(0.02)	39,104	0.11	25,329	0.06
Income tax related to items that will not be reclassified subsequently to profit or loss	6(23), 6(24)	(804)	(0.01)	(60)	-	(858)	-	1,885	-
Items that may be reclassified subsequently to profit or loss									
Exchange differences on translation of foreign operations	6(23)	(626,767)	(4.82)	(739,963)	(4.95)	(364,410)	(1.02)	(466,702)	(1.13)
Gain (loss) on hedging instruments	6(23)	(1,755)	(0.02)	142	-	808	-	8,696	0.02
Income tax related to items that may be reclassified subsequently to profit or loss	6(23), 6(24)	(586)	-	(77)	-	269	-	(4,113)	(0.01)
Other comprehensive income (loss), net of tax		(625,357)	(4.81)	(742,600)	(4.97)	(325,087)	(0.91)	(434,905)	(1.06)
Total comprehensive income (loss)		\$ (146,109)	(1.12)	\$ (5,162)	(0.03)	\$ 475,717	1.34	\$ 987,311	2.39
Net income for the periods attributable to:									
Shareholders of the parent	6(25)	\$ 472,807		\$ 673,737		\$ 761,994		\$ 1,322,257	
Non-controlling interests	6(17), 6(26)	\$ 6,441		\$ 63,701		\$ 38,810		\$ 99,959	
Total comprehensive income (loss) for the periods attributable to:									
Shareholders of the parent		\$ (130,955)		\$ (54,199)		\$ 448,157		\$ 885,445	
Non-controlling interests		\$ (15,154)		\$ 49,037		\$ 27,560		\$ 101,866	
Basic Earnings Per Share (in New Taiwan Dollars)	6(25)	\$ 1.08		\$ 1.55		\$ 1.75		\$ 3.04	
Diluted Earnings Per Share (in New Taiwan Dollars)	6(25)	\$ 1.07		\$ 1.53		\$ 1.73		\$ 3.01	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the nine months ended September 30, 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 earnings	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	\$ 2,014,360	\$ 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	-	197,963	-	-	-	-	-	-	-	197,963	(25,195)	172,768
Changes in subsidiaries' ownership	-	14	-	-	-	-	-	-	-	14	-	14
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 nine months ended September 30, 2018	-	-	-	-	1,322,257	-	-	-	-	1,322,257	99,959	1,422,216
Other comprehensive income (loss) for the nine months ended September 30, 2018	-	-	-	-	1,855	(468,857)	25,607	-	4,583	(436,812)	1,907	(434,905)
Total comprehensive income (loss)	-	-	-	-	1,324,112	(468,857)	25,607	-	4,583	885,445	101,866	987,311
Decrease of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(50,478)	(50,478)
Balance as of September 30, 2018	\$ 4,344,231	\$ 4,073,189	\$ 3,572,543	\$ 2,483,647	\$ 8,659,777	\$ (1,657,069)	\$ (34,383)	\$ -	\$ (32)	\$ 21,441,903	\$ 2,041,135	\$ 23,483,038
Balance as of January 1, 2019	\$ 4,344,231	\$ 4,072,808	\$ 3,572,543	\$ 2,483,647	\$ 9,345,802	\$ (1,487,746)	\$ (125,341)	\$ -	\$ (731)	\$ 22,205,213	\$ 2,060,440	\$ 24,265,653
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	80	-	-	-	-	-	-	-	80	-	80
Acquisition or disposal of the interest of subsidiaries	-	258,402	-	-	-	-	-	-	-	258,402	130,611	389,013
Changes in subsidiaries' ownership	-	9,546	-	-	-	-	-	-	-	9,546	(9,546)	-
The subsequent reversal of special reserve	-	-	-	(14,210)	14,210	-	-	-	-	-	-	-
Appropriation and distribution of 2018 earnings:												
Legal reserve	-	-	202,021	-	(202,021)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(868,846)	-	-	-	-	(868,846)	-	(868,846)
Cash dividends distributed from capital surplus	-	(651,635)	-	-	-	-	-	-	-	(651,635)	-	(651,635)
Net income for the nine months ended September 30, 2019	-	-	-	-	761,994	-	-	-	-	761,994	38,810	800,804
Other comprehensive income for the nine months ended September 30, 2019	-	-	-	-	-	(353,160)	38,246	-	1,077	(313,837)	(11,250)	(325,087)
Total comprehensive income	-	-	-	-	761,994	(353,160)	38,246	-	1,077	448,157	27,560	475,717
Decrease of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,061)	(1,061)
Balance as of September 30, 2019	\$ 4,344,231	\$ 3,689,201	\$ 3,774,564	\$ 2,469,437	\$ 9,051,139	\$ (1,840,906)	\$ (87,095)	\$ -	\$ 346	\$ 21,400,917	\$ 2,208,804	\$ 23,608,921

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES  
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the nine months ended September 30, 2019 and 2018  
(Amounts in thousands of New Taiwan Dollars)

Description	For the nine months ended September 30		Description	For the nine months ended September 30	
	2019	2018		2019	2018
Cash flows from operating activities :			Cash flows from investing activities :		
Net income before tax	\$ 1,200,013	\$ 1,995,733	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	(1,290,633)	(611,637)
Expected credit (gain) loss	(86,101)	38,101	Proceeds from disposal of property, plant and equipment	26,550	21,945
Depreciation (including investment property)	1,005,765	766,447	Acquisition of intangible assets	(166,633)	(70,915)
Amortization (including other noncurrent assets and right-of-use assets)	77,185	80,330	Proceeds from disposal of intangible assets	-	303
Interest expenses	255,154	175,209	Increase in other noncurrent assets	(11,857)	(40,974)
Interest income	(340,925)	(300,764)		(1,480,038)	(701,278)
Transfer of property, plant and equipment to expense	1,256	576			
(Gain) loss on disposal of property, plant and equipment	(13,417)	1,815			
Loss on disposal of intangible assets	-	4			
Loss on disposal of investments	24,565	-	Cash flows from financing activities:		
Share of loss of associates and joint ventures accounted for using equity method	4	-	Increase (decrease) in short-term borrowings	3,115,858	(790,089)
Net loss on financial assets and liabilities at fair value through profit or loss	28,393	47,269	Decrease in long-term borrowings	(123,783)	(7,437)
Impairment of non-financial assets	-	40,104	Decrease (increase) in guarantee deposits	(2,186)	115,841
Changes in operating assets and liabilities:			Increase (decrease) in other noncurrent liabilities	1,666	(51)
Note receivables	227,290	(147,896)	Cash dividends	(1,520,481)	(1,303,269)
Accounts receivables	478,459	1,943,880	Repayment of the principle portion of lease liabilities	(221,907)	-
Accounts receivables-related parties	1,424	(297)	Cash payment for disposal of subsidiaries' ownership	389,345	237,594
Other receivables	184,972	44,741	Change in non-controlling interests	(1,061)	(113,662)
Inventories	588,899	(544,780)	Net cash provided by (used in) financing activities	1,637,451	(1,861,073)
Prepayments	(123,505)	4,973			
Other current assets	7,980	(8,312)			
Contract liabilities	9,655	64,306	Effect of exchange rate changes on cash and cash equivalents	(333,225)	(390,132)
Notes payable	5,396	2,453			
Accounts payable	629,090	(1,918,261)	Net increase (decrease) in cash and cash equivalents	3,012,976	(539,226)
Accounts payable-related parties	(2,773)	(14,998)	Cash and cash equivalents at the beginning of the period	17,226,050	17,966,117
Other payables	(459,198)	309,582	Cash and cash equivalents at the end of the period	\$ 20,239,026	\$ 17,426,891
Provisions-current	(9,225)	116,216			
Other current liabilities	(68,609)	105,941			
Net defined benefit assets/liabilities	(6,606)	(16,756)			
Cash generated from operating activities	3,615,141	2,785,616			
Interest received	316,567	287,919			
Interest paid	(252,564)	(173,567)			
Income tax paid	(490,356)	(486,711)			
Net cash provided by operating activities	3,188,788	2,413,257			

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



CORETRONIC CORPORATION AND SUBSIDIARIES  
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 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 October 28, 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.

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

- B. For the definition of a lease, the Group elected not to reassess whether a contract is, or contains, a lease on January 1, 2019. The Group is permitted to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 but not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4. That is, for contracts entered into (or changed) on or after January 1, 2019, the Group 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.

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

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

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

(b) Leases previously classified as finance leases

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

(c) Please refer to Note 4 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
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Insignificant operating lease commitments disclosed

applying IAS 17 as at December 31, 2018	486,562
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Operating lease commitments disclosed applying IAS

17 as at December 31, 2018	\$1,059,452
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CORETRONIC CORPORATION AND SUBSIDIARIES  
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

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 International Accounting Standards Board (“IASB”) and endorsed by FSC, but not yet adopted by the Group as at the end of reporting period are listed below:

Standards or Interpretations Numbers	New, Revised or Amended Standards and Interpretations	Effective Dates
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.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC for annual periods beginning on or after January 1, 2020. As the Group is currently determining the potential impact of the standards and interpretations listed apart from the above items, the remaining standards and interpretations have no material impact on the Group.

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

- (3) Standards or interpretations issued, revised or amended, by IASB but not yet endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below :

Standards or Interpretations Numbers	New, Revised or Amended Standards and Interpretations	Effective Dates
IFRS 10 and IAS 28	Amendment to “Consolidated Financial Statements” and “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
IFRS 17	Insurance Contracts	January 1, 2021
IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform	January 1, 2020

The abovementioned standards and interpretations issued by IASB have not yet been recognized by FSC at the date of issuance of the Group’s financial statements, the local effective dates are to be determined by FSC. All standards and interpretations have no material impact on the Group.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### (1) Statement of Compliance

The consolidated financial statements of the Group for the nine months ended September 30, 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:



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

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

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

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

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

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

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

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

If loses control of a subsidiary, it:

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

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

The consolidated entities are as follows:

Subsidiary	Relationship	Business nature	Percentage of Ownership		
			September 30, 2019	December 31, 2018	September 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)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Subsidiary	Relationship	Business nature	Percentage of Ownership		
			September 30, 2019	December 31, 2018	September 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.	40.44%	44.11%	44.15%
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)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Subsidiary	Relationship	Business nature	Percentage of Ownership		
			September 30, 2019	December 31, 2018	September 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%	100.00%
Chung Tsen Investment Corp. ("CGT") and its subsidiaries	Subsidiary	CGT is an investment company for strategic purposes.	100.00%	100.00%	100.00%

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

Subsidiary	Relationship	Business nature	Percentage of Ownership		
			September 30, 2019	December 31, 2018	September 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%



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

Subsidiary	Relationship	Business nature	Percentage of Ownership		
			September 30, 2019	December 31, 2018	September 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%
Coretronic MEMS Corporation ("CMC")	Subsidiary	CMC is engaged in R&D, production and marketing of MEMS sensor, module and corresponding solutions.	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") increased the capital by cash to attract the strategic investor in February 2019. The ownership percentage of UCM held by CORE decreased to 60.69%.
- (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%.
- (f) CORE made an investment to establish 100% held subsidiary Coretronic MEMS Corporation ("CMC") and had completed registration of establishment in September 2019. CMC has been fully consolidated since the investment date.

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

The financial statements of certain consolidated subsidiaries listed above had not been reviewed by independent accountants, including total assets amounted to NT\$18,739,776 thousand and NT\$18,930,154 thousand, total liabilities amounted to NT\$4,192,985 thousand and NT\$2,013,310 thousand as of September 30, 2019 and 2018. The related total comprehensive income amounted to NT\$53,473 thousand and NT\$16,217 thousand for the three months ended September 30, 2019 and 2018, and the related total comprehensive income amount to NT\$304,384 thousand and NT\$507,125 thousand for the nine months ended September 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.

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

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.

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

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.

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

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

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and Cash Equivalents

	September 30, 2019	December 31, 2018	September 30, 2018
Cash on hand, savings and checking accounts	\$3,882,111	\$3,912,765	\$4,888,952
Time deposits	16,356,915	13,213,266	12,537,939
Cash equivalents	-	100,019	-
Total	<u>\$20,239,026</u>	<u>\$17,226,050</u>	<u>\$17,426,891</u>

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

	September 30, 2019	December 31, 2018	September 30, 2018
Financial assets designated at fair value through profit or loss:			
Derivative not designated as hedging instruments			
Forward foreign exchange contracts	\$77,716	\$63,143	\$73,282
Forward cross currency contracts	1,220	107	79
Subtotal	<u>78,936</u>	<u>63,250</u>	<u>73,361</u>
Stocks	20,277	20,065	21,540
Convertible bond	15,520	-	-
Subtotal	<u>35,797</u>	<u>20,065</u>	<u>21,540</u>
Total	<u>\$114,733</u>	<u>\$83,315</u>	<u>\$94,901</u>

  

	September 30, 2019	December 31, 2018	September 30, 2018
Current	\$78,936	\$63,250	73,361
Noncurrent	35,787	20,065	21,540
Total	<u>\$114,733</u>	<u>\$83,315</u>	<u>\$94,901</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

	September 30, 2019	December 31, 2018	September 30, 2018
Hedging financial assets			
Forward foreign exchange contracts	\$6,021	\$11,613	\$4,396
Current	\$6,021	\$11,613	\$4,396
Noncurrent	-	-	-
Total	\$6,021	\$11,613	\$4,396

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

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

	September 30, 2019	December 31, 2018	September 30, 2018
Equity instruments investments measured at fair value through other comprehensive income-noncurrent			
Unlisted companies stocks	\$399,680	\$359,859	\$450,329

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

(5) Notes Receivables

	September 30, 2019	December 31, 2018	September 30, 2018
Notes receivable - arose from Operating activities	\$29,503	\$256,793	\$279,128

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

	September 30, 2019	December 31, 2018	September 30, 2018
Trade receivable	\$13,004,789	\$13,540,426	\$14,546,105
Less: allowance for doubtful accounts	(37,608)	(181,700)	(157,710)
Subtotal	12,967,181	13,358,726	14,388,395
Trade receivables for related parties	488	1,912	1,671
Total	<u>\$12,967,669</u>	<u>\$13,360,638</u>	<u>\$14,390,066</u>

Trade receivables were not pledged.

Trade receivables are generally on 30-150 day terms. The total carrying amount for periods ended September 30, 2019, December 31, 2018, and September 30, 2018, are NT\$13,034,780 thousand, NT\$13,799,131 thousand and \$14,826,904 thousand, respectively. Please refer to Note 6(19) for more details on impairment of trade receivables. Please refer to Note 12 for more details on credit risk management.

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

	September 30, 2019	December 31, 2018	September 30, 2018
Raw materials and supplies	\$3,854,930	\$5,393,686	\$5,101,432
Work in process	674,461	255,027	742,741
Finished goods	2,769,089	2,233,646	2,611,739
Total	<u>\$7,298,480</u>	<u>\$7,882,359</u>	<u>\$8,455,912</u>

The cost of inventories recognized in expenses amounted to NT\$10,587,971 thousand and NT\$11,956,120 thousand for the three months ended September 30, 2019 and 2018, including the write-down of inventories and obsolescence loss of NT\$83,365 thousand and NT\$64,962 thousand, respectively.

The cost of inventories recognized in expenses amounted to NT\$29,208,131 thousand and NT\$33,757,583 thousand for the nine months ended September 30, 2019 and 2018, including the write-down of inventories and obsolescence loss of NT\$208,711 thousand and NT\$159,063 thousand, respectively.

The allowance write-down of inventories amounts to NT\$649,581 thousand, NT\$608,995 thousand and NT\$554,213 thousand as of September 30, 2019, December 31, 2018, and September 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:

Investees	September 30, 2019	
	Carrying Amount	Percentage of ownership (%)
Investments in associates:		
Eterge Opto-Electronics Co., LTD("EOE")	<u>\$22,076</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 gain of associates and joint ventures accounted for using equity method in the amount of NT\$133 thousand for the three months ended September 30, 2019 and recognized share of loss of associates and joint ventures accounted for using equity method in the amount of NT\$4 thousand for nine months ended September 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 September 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	-	78,034	161,906	19,890	3,086	-	18,475	129,868	863,277	1,274,536
Disposals	-	(16,651)	(336,324)	(25,409)	(2,950)	-	(33,176)	(118,416)	-	(532,926)
Transfers	-	114,369	(81,193)	(4,291)	419	-	710	8,209	(337,579)	(299,356)
Exchange differences	(156)	(61,055)	(65,870)	(6,443)	(800)	-	(13,160)	(26,065)	(122)	(173,671)
As of September 30, 2019	<u>\$38,890</u>	<u>\$7,079,099</u>	<u>\$5,054,020</u>	<u>\$450,806</u>	<u>\$42,902</u>	<u>\$-</u>	<u>\$800,998</u>	<u>\$1,733,852</u>	<u>\$837,768</u>	<u>\$16,038,335</u>
Depreciation and Impairment:										
As of January 1, 2019	\$-	\$3,131,339	\$3,527,821	\$371,322	\$35,864	\$2,069	\$695,710	\$1,456,637	\$-	\$9,220,762
Effects of retrospective application and restatement	-	-	-	-	-	(2,069)	-	-	-	(2,069)
Depreciation	-	239,044	351,094	25,105	3,129	-	29,417	102,827	-	750,616
Disposals	-	(16,026)	(328,180)	(24,202)	(2,135)	-	(31,660)	(117,590)	-	(519,793)
Transfers	-	(178)	(222,784)	(5,749)	-	-	(55)	(16,284)	-	(245,050)
Exchange differences	-	(35,291)	(46,147)	(5,269)	(702)	-	(10,232)	(21,696)	-	(119,337)
As of September 30, 2019	<u>\$-</u>	<u>\$3,318,888</u>	<u>\$3,281,804</u>	<u>\$361,207</u>	<u>\$36,156</u>	<u>\$-</u>	<u>\$683,180</u>	<u>\$1,403,894</u>	<u>\$-</u>	<u>\$9,085,129</u>
Net carrying amounts as of:										
September 30, 2019	<u>\$38,890</u>	<u>\$3,760,211</u>	<u>\$1,772,216</u>	<u>\$89,599</u>	<u>\$6,746</u>	<u>\$-</u>	<u>\$117,818</u>	<u>\$329,958</u>	<u>\$837,768</u>	<u>\$6,953,206</u>

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
<b>Cost:</b>										
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	-	40,919	224,555	26,140	1,650	-	77,902	78,071	137,728	586,965
Disposals	-	(1,849)	(121,707)	(27,657)	(11,808)	-	(19,094)	(95,392)	-	(277,507)
Transfers	-	10,770	27,496	(169)	88	-	2,000	5,769	(47,294)	(1,340)
Exchange differences	(34)	(78,900)	(99,104)	(8,135)	(972)	58	(18,983)	(36,074)	190	(241,954)
As of September 30, 2018	\$39,323	\$6,855,859	\$5,376,784	\$464,161	\$42,843	\$2,308	\$888,571	\$1,785,733	\$135,419	\$15,591,001
<b>Depreciation and Impairment:</b>										
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	-	223,696	375,754	26,873	3,617	60	37,849	92,559	-	760,408
Disposals	-	(1,849)	(106,263)	(27,285)	(9,200)	-	(18,679)	(90,471)	-	(253,747)
Transfers	-	-	(701)	33	-	-	-	(96)	-	(764)
Impairment losses	-	-	40,104	-	-	-	-	-	-	40,104
Exchange differences	-	(42,586)	(71,403)	(6,357)	(824)	52	(13,384)	(31,492)	-	(165,994)
As of September 30, 2018	\$-	\$3,016,567	\$3,481,741	\$373,895	\$34,659	\$2,037	\$723,099	\$1,512,593	\$-	\$9,144,591
<b>Net carrying amounts as of:</b>										
December 31, 2018	\$39,046	\$3,833,063	\$1,847,680	\$95,737	\$7,283	\$253	\$132,439	\$283,619	\$312,192	\$6,551,312
September 30, 2018	\$39,323	\$3,839,292	\$1,895,043	\$90,266	\$8,184	\$271	\$165,472	\$273,140	\$135,419	\$6,446,410

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 nine months ended September 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 September 30, 2019	<u>\$244,538</u>
As of January 1, 2018	\$244,538
Additions from acquisitions	-
Additions from subsequent expenditure	-
Disposals	-
As of September 30, 2018	<u>\$244,538</u>
Depreciation and Impairment:	
As of January 1, 2019	\$68,079
Depreciation	6,040
As of September 30, 2019	<u>\$74,119</u>
As of January 1, 2018	\$60,027
Depreciation	6,039
As of September 30, 2018	<u>\$66,066</u>
Net carry amount as of:	
September 30, 2019	<u>\$170,419</u>
December 31, 2018	<u>\$176,459</u>
September 30, 2018	<u>\$178,472</u>

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	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Rental income from investment property	\$4,514	\$3,358	\$13,691	\$5,810
Less: Direct operating expenses from investment property generating rental income	(2,123)	(2,013)	(6,150)	(6,039)
Total	\$2,391	\$1,345	\$7,541	\$(229)

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:

	September 30, 2019	December 31, 2018	September 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	-	33,752	29,649	-	-	103,232	166,633
Disposals	-	-	(8,780)	-	-	-	(8,780)
Transfers	-	-	(1,075)	-	-	1,075	-
Exchange differences	32	19	(191)	-	-	(2,478)	(2,618)
As of September 30, 2019	\$103,933	\$49,820	\$145,705	\$54,522	\$5,940	\$247,685	\$607,605
As of January 1, 2018	\$103,805	\$16,023	\$137,169	\$57,882	\$5,940	\$86,109	\$406,928
Additions	-	-	17,687	-	-	53,228	70,915
Disposals	-	-	(27,926)	(3,360)	-	(2,899)	(34,185)
Transfers	-	-	(8,733)	-	-	-	(8,733)
Exchange differences	77	9	(118)	-	-	(529)	(561)
As of September 30, 2018	\$103,882	\$16,032	\$118,079	\$54,522	\$5,940	\$135,909	\$434,364



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	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	2,824	1,431	20,150	9,705	-	42,194	76,304
Disposals	-	-	(8,780)	-	-	-	(8,780)
Exchange differences	9	7	(194)	-	-	(1,075)	(1,253)
As of September 30, 2019	<u>\$95,331</u>	<u>\$10,501</u>	<u>\$98,574</u>	<u>\$51,690</u>	<u>\$-</u>	<u>\$106,143</u>	<u>\$362,239</u>
As of January 1, 2018	\$88,714	\$7,902	\$95,877	\$27,230	\$-	\$15,477	\$235,200
Amortization	2,818	867	18,976	13,586	-	39,792	76,039
Disposals	-	-	(27,619)	(3,360)	-	(2,899)	(33,878)
Exchange differences	20	-	(111)	-	-	(209)	(300)
As of September 30, 2018	<u>\$91,552</u>	<u>\$8,769</u>	<u>\$87,123</u>	<u>\$37,456</u>	<u>\$-</u>	<u>\$52,161</u>	<u>\$277,061</u>
Net carrying amount as of:							
September 30, 2019	<u>\$8,602</u>	<u>\$39,319</u>	<u>\$47,131</u>	<u>\$2,832</u>	<u>\$5,940</u>	<u>\$141,542</u>	<u>\$245,366</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>
September 30, 2018	<u>\$12,330</u>	<u>\$7,263</u>	<u>\$30,956</u>	<u>\$17,066</u>	<u>\$5,940</u>	<u>\$83,748</u>	<u>\$157,303</u>

Amortization expense of intangible assets:

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Operating Cost	\$9,806	\$12,648	\$25,775	\$27,167
Selling expenses	2,060	1,926	6,602	4,914
General and administrative expense	989	5,286	13,960	16,949
Research and development expenses	11,969	8,314	29,967	27,009
Total	<u>\$24,824</u>	<u>\$28,174</u>	<u>\$76,304</u>	<u>\$76,039</u>

(12) Short-Term Borrowings

	September 30, 2019	December 31, 2018	September 30, 2018
Unsecured bank loans	<u>\$9,530,499</u>	<u>\$6,414,641</u>	<u>\$7,386,570</u>
Interest rates (%)	<u>0.93%~2.89%</u>	<u>0.93%~3.65%</u>	<u>0.92%~2.99%</u>

The Group's unused short-term lines of credits amounted to NT\$32,153,345 thousand, NT\$30,877,601 thousand, and NT\$26,379,356 thousand as of September 30, 2019, December 31, 2018 and September 30, 2018, respectively.

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(13) Derivative financial liabilities

Financial Liabilities at fair value through profit or loss :

	September 30, 2019	December 31, 2018	September 30, 2018
Derivatives not designated as hedging instruments - current			
Forward exchange contracts	\$65,527	\$21,115	\$116,663
Forward cross currency contracts	2,344	2,360	3,982
Total	<u>\$67,871</u>	<u>\$23,475</u>	<u>\$120,645</u>
Hedging financial liabilities			
	September 30, 2019	December 31, 2018	September 30, 2018
Forward exchange contracts	<u>\$1,533</u>	<u>\$2,402</u>	<u>\$1,694</u>

(14) Long-Term Borrowings

Details of long-term borrowings are as follows:

Lenders	September 30, 2019	Interest Rate (%)	Maturity date and terms of repayment
Secured long-term borrowings from First bank	\$15,000	1.38%	Effective from October 27, 2017. Principle is repaid in 16 quarterly payments.
Secured long-term borrowings from First bank	313,333	1.38%	Effective from October 27, 2018. Principle is repaid in 12 quarterly payments.
Secured long-term borrowings from First bank	100	1.38%	Effective from December 20, 2020. Principle is repaid in 16 quarterly payments.
Secured long-term borrowings from Lombard Co.	83	3.81%	Effective from January 5, 2017. Principle is repaid in 36 monthly payments.
Less: current portion	<u>(164,249)</u>		
Total	<u>\$164,267</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	September 30, 2018	Interest Rate (%)	Maturity date and terms of repayment
Secured long-term borrowings from First bank	\$22,500	1.48%	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	7,097	2.45%	Effective from May 2016. Principle is repaid in 108 monthly payments.
Secured long-term borrowings from Lombard Co.	792	4.11%	Effective from July 8, 2015. Principle is repaid in 48 monthly payments.
Secured long-term borrowings from Lombard Co.	416	3.81%	Effective from January 5, 2017. Principle is repaid in 36 monthly payments.
Less: current portion	(166,247)		
Total	<u>\$334,558</u>		

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The Group's unused long-term lines of credits amounted to NT\$1,271,567 thousand, NT\$300,000 thousand, and NT\$302,479 thousand as of September 30, 2019, December 31, 2018, and September 30, 2018, respectively.

(15) Post-Employment Benefits

Defined contribution plan

Pension expenses under the defined contribution plan for the three months ended September 30, 2019 and 2018 were NT\$95,194 thousand and NT\$102,395 thousand, respectively.

Pension expenses under the defined contribution plan for the nine months ended September 30, 2019 and 2018 were NT\$283,832 thousand and NT\$294,537 thousand, respectively.

Defined benefits plan

Pension expenses under the defined benefits plan for the three months ended September 30, 2019 and 2018 were NT\$869 thousand and NT\$863 thousand, respectively.

Pension expenses under the defined benefits plan for the nine months ended September 30, 2019 and 2018 were NT\$2,617 thousand and NT\$3,395 thousand, respectively.

(16) Provisions

	<u>Maintenance warranties</u>
As of January 1, 2019	\$826,791
Arising during the period (reversed)	165,430
Utilized during the period	(167,205)
Exchange differences	(7,450)
As of September 30, 2019	<u>\$817,566</u>

Current	\$817,566
Non-current	-
As of September 30, 2019	<u>\$817,566</u>

	<u>Maintenance warranties</u>
As of January 1, 2018	\$742,629
Arising during the period (reversed)	262,750
Utilized during the period	(140,061)
Exchange differences	(6,473)
As of September 30, 2018	<u>\$858,845</u>

Current	\$858,845
Non-current	-
As of September 30, 2018	<u>\$858,845</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 September 30, 2019, December 31, 2018, and September 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

	September 30, 2019	December 31, 2018	September 30, 2018
Additional paid-in capital	\$2,917,366	\$3,569,001	\$3,569,001
Treasury stock transactions	116,614	116,614	116,614
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	556,350	297,948	298,329
Changes in ownership interests in subsidiaries	98,791	89,245	89,245
Changes from investments in associates and joint ventures accounted for using the equity method	80	-	-
Total	<u>\$3,689,201</u>	<u>\$4,072,808</u>	<u>\$4,073,189</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.

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C. Retained earnings and dividend policies:

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

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

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:

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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.

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 nine months ended September 30, 2019.

The details are as follows:

	Nine months ended September 30	
	2019	2018
Beginning balance	\$1,290,820	\$1,290,820
Disposal of subsidiaries	(14,210)	-
Ending balance	\$1,276,610	\$1,290,820

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.

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D. Non-controlling interests:

	Nine months ended September 30	
	2019	2018
Beginning balance	\$2,060,440	\$2,014,560
Profit attributable to non-controlling interests	38,810	99,959
Other comprehensive income (loss) attributable to non-controlling interests, net of tax:		
Exchange differences on translation of foreign operations	(11,250)	2,154
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	(36,063)	(50,438)
Acquisition or disposal of the interest of subsidiaries	130,611	(25,195)
Changes in subsidiaries' ownership	25,456	-
Ending balance	<u>\$2,208,004</u>	<u>\$2,041,135</u>

(18) Operating Income

	Three months ended		Nine months ended	
	September 30		September 30	
	2019	2018	2019	2018
Contract revenue from customers				
Sale of goods	\$12,522,008	\$14,524,656	\$34,518,809	\$40,076,388
Revenue arising from rendering of services	339,581	301,433	786,609	724,137
Other operating revenues	128,798	112,028	321,437	458,652
Total	<u>\$12,990,387</u>	<u>\$14,938,117</u>	<u>\$35,626,855</u>	<u>\$41,259,177</u>



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

A. Revenue of Segments

For the three months ended September 30, 2019

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

The timing of revenue  
recognition:

At a point in time	<u>\$7,030,646</u>	<u>\$4,234,489</u>	<u>\$1,208,440</u>	<u>\$957,800</u>	<u>\$(440,998)</u>	<u>\$12,990,387</u>
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For the three months ended September 30, 2018

	Energy – saving products segment	Image products and brand segment	Optical component segment	Other segment	Elimination	Total
Sale of goods	\$6,430,611	\$5,521,590	\$2,029,558	\$1,065,527	\$(522,630)	\$14,524,656
Revenue arising from rendering of services	261,408	11,375	7,685	29,892	(8,927)	301,433
Other operating revenues	18,919	59,003	24,206	10,316	(416)	112,028
<b>Total</b>	<b>\$6,710,938</b>	<b>\$5,591,968</b>	<b>\$2,061,449</b>	<b>\$1,105,735</b>	<b>\$(531,973)</b>	<b>\$14,938,117</b>

The timing of revenue  
recognition:

At a point in time	<u>\$6,710,938</u>	<u>\$5,591,968</u>	<u>\$2,061,449</u>	<u>\$1,105,735</u>	<u>\$(531,973)</u>	<u>\$14,938,117</u>
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For the nine months ended September 30, 2019

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

For the nine months ended September 30, 2018

	Energy – saving products segment	Image products and brand segment	Optical component segment	Other segment	Elimination	Total
Sale of goods	\$17,996,985	\$15,601,078	\$4,725,278	\$3,201,778	\$(1,448,731)	\$40,076,388
Revenue arising from rendering of services	597,128	33,789	14,317	105,587	(26,684)	724,137
Other operating revenues	166,106	144,399	128,599	22,087	(2,539)	458,652
Total	<u>\$18,760,219</u>	<u>\$15,779,266</u>	<u>\$4,868,194</u>	<u>\$3,329,452</u>	<u>\$(1,477,954)</u>	<u>\$41,259,177</u>
The timing of revenue recognition:						
At a point in time	<u>\$18,760,219</u>	<u>\$15,779,266</u>	<u>\$4,868,194</u>	<u>\$3,329,452</u>	<u>\$(1,477,954)</u>	<u>\$41,259,177</u>

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B. Contract balance

Contract liabilities-current

	September 30, 2019	December 31, 2018	September 30, 2018	January 1, 2018
Sale of goods	\$254,771	\$241,829	\$346,778	\$263,047
Revenue arising from rendering of services	320	675	122	434
Other operating revenues	108,092	111,024	105,828	124,941
Total	<u>\$363,183</u>	<u>\$353,528</u>	<u>\$452,728</u>	<u>\$388,422</u>

C. Transaction price allocated to unsatisfied performance obligations

As of September 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.

(19) Expected credit (gain) losses

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Operating expenses – Expected credit (gain) losses				
Trade receivables	<u>\$(41,292)</u>	<u>\$14,573</u>	<u>\$(86,101)</u>	<u>\$38,101</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 September 30, 2019, December 31, 2018 and September 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:

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As of September 30, 2019

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

As of December 31, 2018

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

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

As of September 30, 2018

	Neither past due	Past due					Total
		1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 121 days	
Gross carrying amount	\$13,681,727	\$829,182	\$138,277	\$10,045	\$10,801	\$156,872	\$14,826,904
Loss ratio	0%	0-2%	5%	30%	50%	100%	
Expected credit losses	-	(721)	(4,818)	(1,450)	(3,218)	(147,503)	(157,710)
Subtotal	\$13,681,727	\$828,461	\$133,459	\$8,595	\$7,583	\$9,369	\$14,669,194

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

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	Trade receivables
As of January 1, 2019 (IFRS 9)	\$181,700
Reversal for the current period	(86,101)
Write off	(57,178)
Exchange differences	(813)
As of September 30, 2019	<u>\$37,608</u>

	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	38,101
Write off	(6,419)
Exchange differences	(3,579)
As of September 30, 2018	<u>\$157,710</u>

(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:

(a) Amounts recognized in the balance sheet

i. Right-of-use asset

The carrying amount of right-of-use assets

	September 30, 2019	December 31, 2018 (Note)	September 30, 2018 (Note)
Land	\$1,345,816		
Buildings	686,287		
Machinery and equipment	297		
Transportation equipment	44,540		
Office fixtures	702		
Other equipment	193		
Total	<u>\$2,077,835</u>		

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

ii. Lease liability

	September 30, 2019	December 31, 2018 (Note)	September 30, 2018 (Note)
Lease liability			
Current	\$347,392		
Non-current	1,516,613		
Total	<u>\$1,864,005</u>		

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

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

Depreciation charge for right-of-use assets

	Three months ended September 30		Nine months ended September 30	
	2019	2018(Note)	2019	2018(Note)
Land	\$11,696		\$32,603	
Buildings	69,484		199,950	
Machinery and equipment	61		185	
Transportation equipment	5,514		16,148	
Office fixtures	80		161	
Other equipment	21		62	
Total	<u>\$86,856</u>		<u>\$249,109</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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(c)Income and costs relating to leasing activities

	Three months ended September 30		Nine months ended September 30	
	2019	2018(Note)	2019	2018(Note)
The expense relating to short-term leases	\$10,587		\$40,605	
The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of low-value assets)	1,931		4,924	
The expense relating to variable lease payments not included in the measurement of lease liabilities	7,294		17,815	
Total	\$19,812		\$63,344	

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

(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.

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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

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

	September 30, 2019 (Note)	December 31, 2018	September 30, 2018
Not later than one year		\$85,800	\$82,467
Later than one year but not later than five years		256,255	244,276
Later than five years		230,835	210,931
Total		<u>\$572,890</u>	<u>\$537,674</u>

Operating lease expense as follows:

	Three months ended September 30		Nine months ended September 30	
	2019(Note)	2018	2019(Note)	2018
Minimum lease payments		\$85,454		\$266,626

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.



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None of the financing lease contracts were signed.

	Three months ended September 30		Nine months ended September 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	\$9,112		\$27,793	
Income relating to variable lease payments that do not depend on an index or a rate	-		-	
Total	<u>\$9,112</u>		<u>\$27,793</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.

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 on September 30, 2019 are as follow:

	September 30, 2019	December 31, 2018 (Note)	September 30, 2018 (Note)
Not later than one year	\$28,386		
Later than one year but not later than two years	14,812		
Later than two years but not later than three years	492		
Later than three years but not later than four years	123		
Total	<u>\$43,813</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.

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

	September 30, 2019 (Note)	December 31, 2018	September 30, 2018
Not later than one year		\$28,178	\$28,377
Later than one year but not later than five years		35,899	42,944
Total		<u>\$64,077</u>	<u>\$71,321</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.

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

	Three months ended September 30					
	2019			2018		
	Operating Cost	Operating expenses	Total amount	Operating Cost	Operating expenses	Total amount
Employee benefits expense	\$900,005	\$1,268,045	\$2,168,050	\$1,040,934	\$1,329,631	\$2,370,565
Salaries	757,500	1,095,410	1,852,910	882,544	1,163,432	2,045,976
Labor and health insurance	32,348	83,088	115,436	36,969	79,602	116,571
Pension	44,917	51,146	96,063	54,392	48,866	103,258
Other employee benefits expense	65,240	38,401	103,641	67,029	37,731	104,760
Depreciation	228,717	99,016	327,733	196,553	60,275	256,828
Amortization	10,102	14,899	25,001	11,222	18,486	29,708

	Nine months ended September 30					
	2019			2018		
	Operating Cost	Operating expenses	Total amount	Operating Cost	Operating expenses	Total amount
Employee benefits expense	\$2,583,690	\$3,613,578	\$6,197,268	\$2,756,700	\$3,680,442	\$6,437,142
Salaries	2,162,834	3,108,027	5,270,861	2,336,721	3,200,901	5,537,622
Labor and health insurance	97,525	242,402	339,927	103,840	227,225	331,065
Pension	135,126	151,323	286,449	154,301	143,631	297,932
Other employee benefits expense	188,205	111,826	300,031	161,838	108,685	270,523
Depreciation	706,943	276,663	983,606	567,234	176,608	743,842
Amortization	26,177	50,712	76,889	23,595	56,735	80,330

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

CORE accrued employees' compensation based on a specific rate of profit for the three months ended September 30, 2019 and 2018. The amounts of employees' compensation was NT\$66,479 thousand and NT\$93,321 thousand for the three months ended September 30, 2019 and 2018, respectively. The amounts of employees' compensation was NT\$117,817 thousand and NT\$186,962 thousand for nine months ended September 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**

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Interest income				
Financial assets measured at amortized cost	\$116,461	\$109,664	\$340,925	\$300,764
Rental income	9,112	3,721	27,793	12,650
Other	43,755	36,429	148,007	104,772
Total	<u>\$169,328</u>	<u>\$149,814</u>	<u>\$516,725</u>	<u>\$418,186</u>

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B. Other gains and losses

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Gain (loss) on disposal of property, plant and equipment	\$1,227	\$(1,992)	\$13,417	\$(1,815)
Foreign exchange (loss) gain, net	53,025	98,293	(21,077)	(22,639)
Gain (loss) on financial assets at fair value through profit or loss (Note)	17,679	(39,587)	200,781	290,667
Gain on lease modification	156	-	159	-
Loss on disposal of investments	-	-	(24,565)	(5,157)
Impairment losses	-	-	-	(40,104)
Other loss	(8,475)	(11,937)	(25,876)	(29,336)
Total	<u>\$63,612</u>	<u>\$44,777</u>	<u>\$142,839</u>	<u>\$191,616</u>

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

C. Finance cost

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Interest on borrowings from bank	\$70,238	\$60,772	\$209,160	\$175,203
Interest on lease liabilities	15,462	(Note)	45,994	(Note)
Interest on obligations under finance leases	(Note)	-	(Note)	6
Total	<u>\$85,700</u>	<u>\$60,772</u>	<u>\$255,154</u>	<u>\$175,209</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 September 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	\$4,555	\$(804)	\$3,751
<u>To be reclassified to profit or loss in subsequent periods:</u>			
Exchange differences on translation of foreign operations	(626,767)	-	(626,767)
Losses from hedging instruments	(1,755)	(586)	(2,341)
Total of other comprehensive income	<u><u>\$(623,967)</u></u>	<u><u>\$(1,390)</u></u>	<u><u>\$(625,357)</u></u>

For the three months ended September 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	\$(2,642)	\$(60)	\$(2,702)
<u>To be reclassified to profit or loss in subsequent periods:</u>			
Exchange differences on translation of foreign operations	(739,963)	-	(739,963)
Gains from hedging instruments	142	(77)	65
Total of other comprehensive income	<u><u>\$(742,463)</u></u>	<u><u>\$(137)</u></u>	<u><u>\$(742,600)</u></u>

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For the nine months ended September 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	\$39,104	\$(858)	\$38,246
<u>To be reclassified to profit or loss in subsequent periods:</u>			
Exchange differences on translation of foreign operations	(364,410)	-	(364,410)
Gains from hedging instruments	808	269	1,077
Total of other comprehensive income	<u>\$ (324,498)</u>	<u>\$ (589)</u>	<u>\$ (325,087)</u>

For the nine months ended September 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 gains from equity instruments investments measured at fair value through other comprehensive income	\$25,329	\$215	\$25,544
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	(466,702)	-	(466,702)
Gains from hedging instruments	8,696	(4,113)	4,583
Total of other comprehensive income	<u>\$ (432,677)</u>	<u>\$ (2,228)</u>	<u>\$ (434,905)</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 September 30		Nine months ended September 30	
	2019	2018	2019	2018
Current income tax expense (income):				
Current income tax charge	\$158,088	\$302,937	\$428,072	\$621,148
Adjustments in respect of current income tax of prior periods	3,019	(19,071)	(8,689)	(17,865)
Deferred tax expense (income):				
Deferred tax (income) expense relating to origination and reversal of temporary differences	9,074	(53,329)	(15,457)	(19,622)
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	(29,213)	55,593	(15,491)	(22,088)
Deferred tax expense (income) relating to changes in tax rate or the imposition of new taxes	-	-	-	(31,858)
Tax (income) expense recognized in the periods for previously unrecognized tax loss, tax credit or temporary difference of prior periods	33,951	(55,941)	(8,463)	25,996
Deferred tax expense arising from write-down or reversal of write-down of deferred tax asset	(10,538)	19,377	19,237	11,589
Other	-	6,025	-	6,217
Total income tax expense	\$164,381	\$255,591	\$399,209	\$573,517

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Income tax relating to components of other comprehensive income

	Three months ended		Nine months ended	
	September 30		September 30	
	2019	2018	2019	2018
Deferred income tax income				
(expense):				
Gains(loss) on hedging				
instruments	\$(586)	\$(77)	\$269	\$(4,113)
Remeasurements of defined				
benefit plans	-	-	-	1,670
Unrealized gains (loss) from				
equity instruments				
investments measured at fair				
value through other				
comprehensive income	(804)	(60)	(858)	215
Total	<u>\$(1,390)</u>	<u>\$(137)</u>	<u>\$(589)</u>	<u>\$(2,228)</u>

The assessment of income tax returns

As of September 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 2017
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 2017(except 2016)
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



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(25) Earnings Per Share

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

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

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
A. Basic earnings per share				
Profit attributable to ordinary shareholders of the parent (in thousand NT\$)	\$472,807	\$673,737	\$761,994	\$1,322,257
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	434,423	434,423	434,423	434,423
Basic earnings per share (NT\$)	\$1.08	\$1.55	\$1.75	\$3.04
	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
B. Diluted earnings per share				
Profit attributable to ordinary shareholders of the parent after dilution (in thousand NT\$)	\$472,807	\$673,737	\$761,994	\$1,322,257
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)	3,159	3,475	5,213	5,293
Weighted average number of ordinary shares outstanding after dilution (in thousand)	437,582	437,898	439,636	439,716
Diluted earnings per share (NT\$)	\$1.07	\$1.53	\$1.73	\$3.01

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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	September 30, 2019	December 31, 2018	September 30, 2018
Young Optics Inc.	Taiwan	59.56%	55.89%	55.85%

	September 30, 2019	December 31, 2018	September 30, 2018
Accumulated balance of material non-controlling interests			
Young Optics, Inc.	\$2,092,154	\$1,977,334	\$1,962,452

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Profit allocated to material non-controlling interest				
Young Optics, Inc.	\$9,443	\$63,977	\$31,696	\$95,365

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

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

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

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

	Young Optics Inc.
Operating revenue	\$2,061,448
Gain for the period from continuing operations	115,411
Total comprehensive income for the period	47,244

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

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

Summarized information of profit or loss for the nine months ended September 30, 2018:

	<u>Young Optics Inc.</u>
Operating revenue	\$4,868,193
Gain for the period from continuing operations	173,114
Total comprehensive income for the period	130,522

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

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

Summarized 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 September 30, 2018:

	<u>Young Optics Inc.</u>
Current assets	\$3,938,919
Non-current assets	2,404,702
Current liabilities	(2,465,244)
Non-current liabilities	(370,780)

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

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

Summarized cash flow information for the nine months ended September 30, 2018:

	<u>Young Optics Inc.</u>
Operating activities	\$260,510
Investing activities	(262,547)
Financing activities	259,683
Net increase in cash and cash equivalents	211,751

7. Related Party Transactions

(1) Related Party Name and Categories

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

(2) Significant transactions with related parties

i. Sales

	<u>Three months ended</u> <u>September 30</u>		<u>Nine months ended</u> <u>September 30</u>	
	2019	2018	2019	2018
DongGuan Guan Zhi	\$3,206	\$2,936	\$10,448	\$11,180
CHI HUA	219	-	219	-
Total	<u>\$3,425</u>	<u>\$2,936</u>	<u>\$10,667</u>	<u>\$11,180</u>

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

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ii. Purchases

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Gunze	\$50,580	\$53,118	\$156,824	\$175,804
EOE	13,505	-	13,505	-
DongGuan Guan Zhi	118	390	186	1,123
Total	\$64,203	\$53,508	\$170,515	\$176,927

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

	September 30, 2019	December 31, 2018	September 30, 2018
DongGuan Guan Zhi	\$345	\$1,912	\$1,671
CHI HUA	143	-	-
Total	\$488	\$1,912	\$1,671

iv. Accounts Payable to Related Parties

	September 30, 2019	December 31, 2018	September 30, 2018
Gunze	\$28,463	\$40,356	\$24,819
EOE	9,186	-	-
DongGuan Guan Zhi	-	66	94
Total	\$37,649	\$40,422	\$24,913

v. Other Payable to Related Parties

	September 30, 2019	December 31, 2018	September 30, 2018
EOE	\$1,837	\$-	\$-

vi. Others

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

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vii. Key Management Personnel Compensation

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Short-term employee benefits	\$31,884	\$29,938	\$100,117	\$107,676
Post-employment benefits	487	432	1,180	1,295
Total	<u>\$32,371</u>	<u>\$30,370</u>	<u>\$101,297</u>	<u>\$108,971</u>

8. Assets Pledged As Collateral

The following assets of the Group pledged as collateral:

Assets pledged as collateral	Carrying amount			Purpose of pledge
	September 30, 2019	December 31, 2018	September 30, 2018	
Land	\$12,858	\$13,086	\$13,430	Collateral for long-term borrowings
Buildings (including investment property)	889,871	765,918	774,722	Collateral for long-term borrowings
Time deposits (shown as "Other receivables")	30,170	22,511	23,994	Lease execution deposits
Time deposits (shown as "Other receivables")	2,066	33,825	33,572	Customs import guarantee
Bank deposits (shown as "Other receivables")	9,312	59,215	9,158	Derivative execution deposits
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
Bank deposits (shown as "Other receivables")	869	2,027	2,010	Export tax guarantee
Time deposits (shown as "Other receivables")	-	1,472	1,472	Subsidy performance guarantee
Total	<u>\$966,989</u>	<u>\$919,889</u>	<u>\$880,189</u>	

9. Commitments and Contingencies

Amounts available under unused letters of credit as of September 30, 2019 are NT\$24,767 thousand.

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10. Losses due to Major Disasters

None.

11. Significant Subsequent Events

None.

12. Others

(1) Categories of Financial Instruments

Financial assets

	September 30, 2019	December 31, 2018	September 30, 2018
Financial assets at fair value through profit or loss:			
Mandatorily measured at fair value through profit or loss	\$114,733	\$83,315	94,901
Financial assets at fair value through other comprehensive income	399,680	359,859	450,329
Financial assets measured at amortized cost (Note a)	33,581,741	31,348,949	32,684,217
Hedging financial assets	6,021	11,613	4,396
Total	<u>\$34,102,175</u>	<u>\$31,803,736</u>	<u>\$33,233,843</u>

Financial liabilities

	September 30, 2019	December 31, 2018	September 30, 2018
Financial liabilities at amortized cost:			
Short-term borrowings	\$9,530,499	\$6,414,641	\$7,386,570
Accounts payables (including related parties)	9,944,261	9,312,548	10,960,488
Other payables	4,096,204	4,627,935	4,230,500
Lease liability (including current and noncurrent)	1,864,005	(Note b)	(Note b)
Long-term borrowings (including current portion)	328,516	452,299	500,805
Subtotal	<u>25,763,485</u>	<u>20,807,423</u>	<u>23,078,363</u>

(Continued)

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	September 30, 2019	December 31, 2018	September 30, 2018
Financial liabilities at fair value through profit or loss:			
Mandatorily measured at fair value through profit or loss-current	67,871	23,475	120,645
Hedging financial liabilities-current	1,533	2,402	1,694
Total	<u>\$25,832,889</u>	<u>\$20,833,300</u>	<u>\$23,200,702</u>

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.



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

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

When NTD appreciates or depreciates against USD by 1%, the profit for the nine months ended September 30, 2019 and 2018 is decreased/increased by NT\$66,025 thousand and NT\$93,259 thousand, while equity is decreased/increased by NT\$249,896 thousand and NT\$244,907 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 nine months ended September 30, 2019 and 2018 to decreased/increased by NT\$66,426 thousand and NT\$49,667 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 nine months ended September 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 nine months ended September 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\$3,997 thousand and NT\$4,503 thousand on the equity attributable to the Group.

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(4) Credit Risk Management

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

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

As of September 30, 2019, December 31, 2018, and September 30, 2018, receivables from top ten customers represented 68%, 59%, and 63% 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 September 30, 2019					
Borrowings	\$9,715,635	\$165,257	\$51	\$-	\$9,880,943
Accounts payables					
(including related parties)	9,944,261	-	-	-	9,944,261
Other payables	4,096,204	-	-	-	4,096,204
Lease liability	366,359	407,977	214,295	1,333,657	2,322,288

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	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
As of December 31, 2018					
Borrowings	\$6,599,493	\$290,838	\$-	\$-	\$6,890,331
Accounts payables					
(including related parties)	9,312,548	-	-	-	9,312,548
Other payables	4,627,935	-	-	-	4,627,935
As of September 30, 2018					
Borrowings	\$7,571,564	\$335,253	\$2,062	\$2,346	\$7,911,225
Accounts payables					
(including related parties)	10,960,488	-	-	-	10,960,488
Other payables	4,230,500	-	-	-	4,230,500

Derivative financial liabilities

	Less than 1 year	1 to 3 years	Total
As of September 30, 2019			
Inflows	\$-	\$-	\$-
Outflows	69,404	-	69,404
Net	\$69,404	\$-	\$69,404

As of December 31, 2018			
Inflows	\$-	\$-	\$-
Outflows	25,877	-	25,877
Net	\$25,877	\$-	\$25,877

As of September 30, 2018			
Inflows	\$-	\$-	\$-
Outflows	122,339	-	122,339
Net	\$122,339	\$-	\$122,339

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

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(6) Reconciliation of liabilities arising from financing activities:

Reconciliation of liabilities as of September 30, 2019:

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

Reconciliation of liabilities as of September 30, 2018:

	Short-term borrowings	Long-term borrowings	Guarantee deposits received	Other liabilities- noncurrent	Total liabilities from financing activities
As of January 1, 2018	\$8,176,659	\$508,275	\$20,529	\$25,495	\$8,730,958
Cash flows	(790,089)	(7,437)	115,841	(51)	(681,736)
Exchange differences	-	(33)	-	(21)	(54)
As of September 30, 2018	<u>\$7,386,570</u>	<u>\$500,805</u>	<u>\$136,370</u>	<u>\$25,423</u>	<u>\$8,049,168</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.

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(c) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model or other valuation method.

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

B. Fair value of financial instruments measured at amortized cost

The 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:

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:

Forward currency contracts and cross currency contracts

Item (by contract)	Notional Amount	Contract Period
As of September 30, 2019		
Forward currency contract		
Selling forward currency contracts	USD 265,000 thousand	From October 2019 to November 2019
Buying forward currency contracts	USD 415,500 thousand	From October 2019 to January 2020
Selling forward currency contracts	EUR 14,500 thousand	From October 2019 to December 2019
Selling forward currency contracts	CAD 1,200 thousand	From October 2019 to January 2020
Forward cross currency contract	USD 30,500 thousand	From October 2019 to 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 September 30, 2018		
Forward currency contract		
Selling forward currency contracts	USD 277,000 thousand	From October 2018 to January 2019
Buying forward currency contracts	USD 353,000 thousand	From October 2018 to January 2019
Selling forward currency contracts	EUR 11,500 thousand	From October 2018 to November 2018
Selling forward currency contracts	CAD 1,500 thousand	From October 2018 to December 2018
Forward cross currency contract	USD 30,500 thousand	From October 2018 to December 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 September 30, 2019		
Forward currency contract		
Selling forward currency contracts	USD 18,000 thousand	October 2019
Buying forward currency contracts	USD 18,000 thousand	October 2019
Selling forward currency contracts	GBP 5,500 thousand	October 2019

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 September 30, 2018

Forward currency contract		
Selling forward currency contracts	USD 6,000 thousand	December 2018
Buying forward currency contracts	USD 6,000 thousand	December 2018
Selling forward currency contracts	GBP 5,500 thousand	October 2018

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

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

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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:

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

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September 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	-	65,527	-	65,527
Forward cross currency contract	-	2,344	-	2,344
Hedging financial liabilities-current	-	1,533	-	1,533
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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	September 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	\$-	\$73,282	\$-	\$73,282
Forward cross currency contract	-	79	-	79
Stock	-	-	21,540	21,540
Hedging financial assets-current	-	4,396	-	4,396
Equity instrument measured at fair value through other comprehensive income	-	-	450,329	450,329
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward currency contract	-	116,663	-	116,663
Forward cross currency contract	-	3,982	-	3,982
Hedging financial liabilities-current	-	1,694	-	1,694

Transfers between the Level 1 and Level 2 during the period

During the nine months ended September 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		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 nine months ended September 30, 2019:			
Amount recognized in profit or loss (presented in "other profit or loss")	317	-	317
Amount recognized in OCI (presented in "unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income")	-	38,246	38,246
Acquisition	15,415	-	15,415
Tax effect	-	858	858
Exchange differences	-	717	717
As of September 30, 2019	\$35,797	\$399,680	\$435,477

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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 nine months ended September 30, 2018:			
Amount recognized in profit or loss (presented in “other profit or loss”)	539	-	539
Amount recognized in OCI (presented in “unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”)	-	25,544	25,544
Tax effect	-	(215)	(215)
Exchange differences	-	2,243	2,243
As of September 30, 2018	\$21,540	\$450,329	\$471,869

Total gains and losses recognized in profit or loss for the nine months ended September 30, 2019 and 2018 in the amount of NT\$317 thousand and NT\$539 thousand, respectively.

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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:

As of September 30, 2019

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

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As of 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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As of September 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\$745 thousand /NT\$760 thousand.
Financial assets at fair value through other comprehensive income					
Stock	Asset-Based Approach	Not Applicable	-	-	-
	Market Approach	P/E ratio of similar entities	1.14	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\$2,578 thousand/ NT\$2,824 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

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

		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

		September 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:

September 30, 2019			
	Foreign currencies	Exchange rate	NTD thousand
<u>Financial assets</u>			
Monetary item:			
USD	\$947,080	31.04	\$29,397,363
JPY	202,627	0.288	58,357
GBP	168	38.2	6,418
EUR	562	33.95	19,080
CHF	36	31.27	1,126
Non-Monetary items:			
USD	\$2,325	31.04	\$72,168
<u>Financial liabilities</u>			
Monetary items:			
USD	\$734,370	31.04	\$22,794,845
JPY	120,726	0.288	34,769
GBP	3,261	38.2	124,573
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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	September 30, 2018		
	Foreign currencies	Exchange rate	NTD thousand
<u>Financial assets</u>			
Monetary item:			
USD	\$968,551	30.53	\$29,565,019
JPY	162,988	0.2692	43,876
RMB	3,796	4.4373	16,844
GBP	209	39.90	8,339
EUR	327	35.48	11,602
Non-Monetary items:			
USD	\$2,200	30.53	\$67,155
<u>Financial Liabilities</u>			
Monetary items:			
USD	\$663,034	30.53	\$20,239,113
JPY	106,208	0.2692	28,591
GBP	1,475	39.90	58,851

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 was NT\$(21,077) thousand and NT\$(22,639) thousand for the nine months ended September 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 nine months ended September 30, 2019: None.
- B. Endorsement/Guarantee provided to others for the nine months ended September 30, 2019: Please refer to Attachment 1.
- C. Securities held as of nine months ended September 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 nine months ended September 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 nine months ended September 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 nine months ended September 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 nine months ended September 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 nine months ended September 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 September 30, 2019						
	Energy - saving products segment	Image products and brand segment	Optical components segment	Subtotal	Other segment (Note a)	Adjustment and elimination (Note b)      Total
Revenue						
Net revenue from external customers	\$6,966,671	\$4,228,098	\$1,098,539	\$12,293,308	\$697,079	\$-      \$12,990,387
Net revenue from sales among intersegments	63,975	6,391	109,901	180,267	260,721	(440,988)      -
Total revenue	<u>\$7,030,646</u>	<u>\$4,234,489</u>	<u>\$1,208,440</u>	<u>\$12,473,575</u>	<u>\$957,800</u>	<u>(440,988)</u> <u>\$12,990,387</u>
Segment income	<u>\$425,898</u>	<u>\$209,381</u>	<u>\$13,567</u>	<u>\$648,846</u>	<u>\$25,555</u>	<u>\$(30,772)</u> <u>\$643,629</u>

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

For the three months ended September 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	\$6,643,237	\$5,547,292	\$1,871,318	\$14,061,847	\$876,270	\$-	\$14,938,117
Net revenue from sales							
among intersegments	67,701	44,676	190,131	302,508	229,465	(531,973)	-
Total revenue	<u>\$6,710,938</u>	<u>\$5,591,968</u>	<u>\$2,061,449</u>	<u>\$14,364,355</u>	<u>\$1,105,735</u>	<u>\$(531,973)</u>	<u>\$14,938,117</u>
Segment income	<u>\$412,654</u>	<u>\$521,033</u>	<u>\$127,095</u>	<u>\$1,060,782</u>	<u>\$47,873</u>	<u>\$(115,626)</u>	<u>\$993,029</u>

For the nine months ended September 30, 2019

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

For the nine months ended September 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	\$18,475,564	\$15,702,042	\$4,393,353	\$38,570,959	\$2,688,218	\$-	\$41,259,177
Net revenue from sales							
among intersegments	284,655	77,224	474,841	836,720	641,234	(1,477,954)	-
Total revenue	<u>\$18,760,219</u>	<u>\$15,779,266</u>	<u>\$4,868,194</u>	<u>\$39,407,679</u>	<u>\$3,329,452</u>	<u>\$(1,477,954)</u>	<u>\$41,259,177</u>
Segment income	<u>\$910,125</u>	<u>\$983,645</u>	<u>\$185,614</u>	<u>\$2,079,384</u>	<u>\$51,831</u>	<u>\$(135,482)</u>	<u>\$1,995,733</u>
Segment Assets (Note c)	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$49,986,511</u>	<u>\$49,986,511</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: Eight operating segments did not meet the quantitative thresholds for reportable segments as of the nine months ended September 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 September 30		Nine months ended September 30	
	2019	2018	2019	2018
Net income of reportable segment	\$648,846	\$1,060,782	\$1,242,870	\$2,079,384
Income of other segment	25,555	47,873	34,715	51,831
Unallocated amount:				
Interest income	116,461	109,664	340,925	300,764
Interest expense	(85,700)	(60,772)	(255,154)	(175,209)
Financial assets (liabilities) at fair value through profit or loss	17,679	(39,587)	200,781	290,667
Exchange loss	53,025	98,293	(21,077)	(22,639)
Others	(132,237)	(223,224)	(343,047)	(529,065)
Income before income tax	<u>\$643,629</u>	<u>\$993,029</u>	<u>\$1,200,013</u>	<u>\$1,995,733</u>

ATTACHMENT 1 (Endorsement/Guarantee provided to others for the nine months ended September 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	10,726,978 (Note)	\$ 1,775	\$ -	\$ -	-	0.00%	\$ 21,453,956 (Note)	Yes	No	No
0	Coretronic Corporation	Nano Precision Taiwan Limited	Associate	10,726,978 (Note)	300,000	300,000	95,070	-	1.40%	21,453,956 (Note)	Yes	No	No
0	Coretronic Corporation	Coretronic Intelligent Robotics Corporation	Subsidiary	10,726,978 (Note)	60,000	60,000	-	-	0.28%	21,453,956 (Note)	Yes	No	No
0	Coretronic Corporation	YLG Optotech	Associate	10,726,978 (Note)	145,044 (USD4,590 thousands)	142,474 (USD4,590 thousands)	102,898	-	0.66%	21,453,956 (Note)	Yes	No	Yes
0	Coretronic Corporation	Calibre UK Ltd.	Subsidiary	10,726,978 (Note)	201,945 (GBP5,060 thousands)	193,292 (GBP5,060 thousands)	118,064	-	0.90%	21,453,956 (Note)	Yes	No	No
	Total				\$ 708,764	\$ 695,766							

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

ATTACHMENT 1-1 (Financing provided to others for the nine months ended September 30, 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 expected credit losses	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	\$ 7,640	\$ 7,640	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	0.63%	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	416,916	416,916	0.5%	The need for short-term financing	-	Business turnover	-	None	-	3,248,071	3,248,071
2	Coretronic (Ningbo)	YLG Optotech	Accounts receivables - related parties	Yes	203,229	197,487	197,487	0.5%	The need for short-term financing	-	Business turnover	-	None	-	3,248,071	3,248,071
3	Coretronic (Suzhou)	Coretronic Display (Suzhou)	Accounts receivables - related parties	Yes	709,936	680,231	680,231	0.5%	The need for short-term financing	-	Business turnover	-	None	-	4,204,885	4,204,885
3	Coretronic (Suzhou)	Coretronic System Engineering (Slaughai)	Accounts receivables - related parties	Yes	36,795	17,554	17,554	0.5%	The need for short-term financing	-	Business turnover	-	None	-	4,204,885	4,204,885
3	Coretronic (Suzhou)	Coretronic Corporation	Accounts receivables - related parties	Yes	141,255	139,680	139,680	2.332%	The need for short-term financing	-	Business turnover	-	None	-	1,261,465	1,261,465
4	Bigshine (HK)	Core-Flex	Accounts receivables - related parties	Yes	136,070	133,658	133,658	0.5%	The need for short-term financing	-	Business turnover	-	None	-	279,109	279,109
4	Bigshine (HK)	Coretronic Corporation	Accounts receivables - related parties	Yes	252,800	248,320	248,320	0%	The need for short-term financing	-	Business turnover	-	None	-	697,772	697,772
5	Venture Orient	Coretronic Corporation	Accounts receivables - related parties	Yes	94,170	93,120	93,120	0%	The need for short-term financing	-	Business turnover	-	None	-	491,409	491,409
6	Great Pride	Coretronic Corporation	Accounts receivables - related parties	Yes	34,760	34,144	34,144	0%	The need for short-term financing	-	Business turnover	-	None	-	2,444,007	2,444,007
7	Lead Bright (HK)	Coretronic Corporation	Accounts receivables - related parties	Yes	154,840	152,096	152,096	0%	The need for short-term financing	-	Business turnover	-	None	-	3,494,525	3,494,525
8	Investdragon (HK)	Coretronic Corporation	Accounts receivables - related parties	Yes	123,240	-	-	0%	The need for short-term financing	-	Business turnover	-	None	-	121,794	121,794
9	Wisdom Success (HK)	Coretronic Corporation	Accounts receivables - related parties	Yes	44,240	40,352	40,352	0%	The need for short-term financing	-	Business turnover	-	None	-	5,464,375	5,464,375
10	Greendale	Coretronic Corporation	Accounts receivables - related parties	Yes	464,836	456,598	456,598	0%	The need for short-term financing	-	Business turnover	-	None	-	5,313,166	5,313,166
11	Bigshine	Coretronic Corporation	Accounts receivables - related parties	Yes	47,400	46,560	46,560	0%	The need for short-term financing	-	Business turnover	-	None	-	339,882	339,882
11	Bigshine	Brightbridge	Accounts receivables - related parties	Yes	2,781	2,747	2,747	0.5%	The need for short-term financing	-	Business turnover	-	None	-	339,882	339,882
12	Nano Precision	Coretronic Corporation	Accounts receivables - related parties	Yes	211,720	-	-	0%	The need for short-term financing	-	Business turnover	-	None	-	210,888	210,888
13	Tecpoint	Coretronic Corporation	Accounts receivables - related parties	Yes	103,587	102,432	102,432	0%	The need for short-term financing	-	Business turnover	-	None	-	3,336,640	3,336,640
14	Great Pride (HK)	Coretronic Corporation	Accounts receivables - related parties	Yes	106,726	105,536	105,536	0%	The need for short-term financing	-	Business turnover	-	None	-	2,425,053	2,425,053
15	Dynamic Time	Optoma Corporation	Accounts receivables - related parties	Yes	537,200	527,680	527,680	0%	The need for short-term financing	-	Business turnover	-	None	-	767,777	767,777
15	Dynamic Time	Optoma USA	Accounts receivables - related parties	Yes	173,800	170,720	170,720	2.37%-2.55%	The need for short-term financing	-	Business turnover	-	None	-	1,919,444	1,919,444
16	Modern Smart	Optoma Corporation	Accounts receivables - related parties	Yes	20,540	20,176	20,176	0%	The need for short-term financing	-	Business turnover	-	None	-	55,248	55,248
16	Modern Smart	Optoma USA	Accounts receivables - related parties	Yes	20,540	20,176	20,176	2.55%	The need for short-term financing	-	Business turnover	-	None	-	138,121	138,121
17	Masterview	Young Optics (BD)	Other receivables - related parties	Yes	126,400	-	-	2.50%	The need for short-term financing	-	Business turnover	-	None	-	1,409,288	1,409,288
18	Grace China	Young Optics (BD)	Other receivables - related parties	Yes	88,480	24,832	24,832	3.00%	The need for short-term financing	-	Business turnover	-	None	-	1,085,830	1,085,830

Note a : Limit of financing amount for individual counter-party and total financing amount should not exceed 100% of lender's net worth from the latest financial statement, including Bigshine (HK) Limited, Bigshine International Limited, GREAT PRIDE INC. (Samoa), Greendale Investments Limited, Lead Bright (HK) Limited, Venture Orient Limited, Wisdom Success (HK) Limited, Great Pride Hong Kong Limited, TEC POINT LIMITED (BVI).

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 Time Investments Limited, Modern Smart Ltd., Bigshine International Limited, 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 Time Investments Limited, Modern Smart Ltd., Bigshine (HK) Limited, Young Green Energy.

Note d : For the outside-of-Taiwan loans of Coretronic (Suzhou), the total limit of financing amount should not exceed 30% of the Company's net worth in the latest audited financial statement.

Note e : The latest financial statements were recognized based on the reviewed financial statements.

ATTACHMENT 1-2 (Endorsement/Guarantee provided to others for the nine months ended September 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	\$ 2,102,442 (Note)	\$ 676,645	\$ 676,645	\$ 479,159	-	16.09%	\$ 4,204,885 (Note)	No	No	Yes
2	Coretronic Optotech (Suzhou)	Coretronic Display (Suzhou)	Associate	384,973 (Note)	206,971	197,487	197,487	-	25.65%	769,946 (Note)	No	No	Yes
3	Optoma Corporation	Optoma USA	Associate	309,318 (Note)	9,480	-	-	-	0.00%	618,635 (Note)	No	No	No
Total					<u>\$ 893,096</u>	<u>\$ 874,132</u>							

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



ATTACHMENT 2 (Securities held as of September 30, 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	September 30, 2019				Note
				Shares/Units	Carrying amount	Percentage of ownership (%)	Fair value(Note)	
Coretronic Corporation	Maxima Venture I, Inc.	-	Financial assets at fair value through other comprehensive income-noncurrent	29,400	\$ 635	5.26%	\$ 635	
Coretronic Corporation	Nightingale Intelligent Systems, Inc.	-	Financial assets at fair value through profit or loss-noncurrent	697,034	17,655	3.98%	17,655	
Coretronic Corporation	Convertible Bonds-Nightingale Intelligent Systems,	-	Financial assets at fair value through profit or loss-noncurrent	-	15,520	-	15,520	
Coretronic Corporation	GLO AB	-	Financial assets at fair value through profit or loss-noncurrent	50,000	2,622	0.24%	2,622	
Coretronic Corporation	Etergo Opto-Electronics Co., LTD	-	Investments accounted for using the equity method-noncurrent	1,000,000	22,076	20.00%	-	

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

ATTACHMENT 2-1 (Securities held as of September 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 Company	Financial Statement Account	September 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	\$ 294,414	4.47%	\$ 294,414	
Venture Orient	Unitech Capital	-	Financial assets at fair value through other comprehensive income-noncurrent	2,500,000	USD 2,325,435	5.00%	USD 2,325,435	
Optoma Corporation	LIULIGONGFANG	-	Financial assets at fair value through other comprehensive income-noncurrent	242,094	3,950	3.06%	3,950	
	Excel Global	-	Financial assets at fair value through other comprehensive income-noncurrent	812,506	28,499	19.90%	28,499	
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 NTS300 million or 20 percent of capital stock for the nine months ended September 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	S 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 NTS100 million or 20 percent of capital stock for the nine months ended September 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)	
Corctronic Corporation	Optoma Corporation	Subsidiary	Sales	\$ 3,141,090	23.63%	90 days	-	-	\$ 2,074,556	32.88%	

ATTACHMENT 4-1 (Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the nine months ended September 30, 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	\$ 1,158,957	27.82%	60 days	-	-	\$ 510,531	37.85 %	
Young Optics	Grace China	Associate	Purchases	2,447,126	79.50%	60 days	-	-	(795,789)	(64.09%)	
Young Optics	Aptek Optical	Subsidiary	Sales	230,730	5.54%	60 days	-	-	34,835	2.58 %	
Young Optics (Kunshan)	Grace China	Associate	Sales	2,215,999	84.62 %	60 days	-	-	726,066	84.05 %	
Young Optics (Kunshan)	Grace China	Associate	Purchases	1,114,822	51.83 %	30 days	-	-	(198,563)	(47.89%)	
Young Optics (Kunshan)	Coretronic Optics (Kunshan)	Associate	Sales	283,842	10.86 %	90 days	-	-	107,177	12.41 %	
Young Optics(3D)	Grace China	Associate	Sales	274,050	100.00 %	60 days	-	-	159,898	100.00 %	
Optoma Corporation	Optoma Europe	Associate	Sales	1,944,686	50.97%	90 days	-	-	619,982	36.72 %	
Optoma Corporation	Optoma USA	Associate	Sales	1,308,806	34.31%	120 days	-	-	963,558	57.06 %	
Optoma China	Coretronic Projection (Kunshan)	Associate	Purchases	605,210	92.28%	90 days	-	-	(387,685)	(99.11%)	
Nano Precision (Suzhou)	Coretronic (Suzhou)	Associate	Sales	258,930	23.46%	60 days	-	-	79,953	16.42%	
Nano Precision (Suzhou)	Great Pride (HK)	Associate	Sales	286,088	25.92%	60 days	-	-	159,848	32.82%	
Nano Precision Taiwan Limited	Nano Precision (Suzhou)	Associate	Sales	198,350	68.83%	60 days	-	-	64,370	65.63%	
Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)	Associate	Sales	477,161	4.54%	60 days	-	-	135,973	4.92%	
Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	Associate	Sales	5,760,384	99.76%	60 days	-	-	1,440,406	99.58%	
Coretronic Projection (Kunshan)	Champ Vision Display	Associate	Sales	844,365	8.03%	60 days	-	-	207,497	7.50%	
Champ Vision Display	Coretronic Projection (Kunshan)	Associate	Sales	389,446	21.36%	60 days	-	-	78,009	18.71%	

ATTACHMENT 5 (Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of September 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 receivable : Coretronic Corporation	Optoma Corporation	Subsidiary	\$ 2,074,556	1.94	\$ -	-	\$ -	\$ -

ATTACHMENT 5-1 (Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of September 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	\$ 963,558	1.76	\$ -	-	\$ -	\$ -
Optoma Corporation	Optoma Europe	Associate	619,982	3.59	-	-	-	-
Young Optics	Grace China	Associate	510,531	6.04	-	-	-	-
Young Optics (Kunshan)	Grace China	Associate	726,066	4.38	-	-	-	-
Grace China	Young Optics	Associate	795,789	4.95	-	-	-	-
Grace China	Young Optics (Kunshan)	Associate	198,563	8.76	-	-	-	-
Grace China	Young Optics (BD)	Associate	430,076	0.33	-	-	-	-
Young Optics (BD)	Grace China	Associate	159,898	2.47	-	-	-	-
Nano Precision (Suzhou)	Great Pride (HK)	Associate	159,848	2.63	-	-	-	-
Coretronic Projection (Kunshan)	Champ Vision Display	Associate	207,497	4.56	-	-	-	-
Coretronic Projection (Kunshan)	Optoma China	Associate	387,685	1.40	-	-	-	-
Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)	Associate	135,973	3.71	-	-	-	-
Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	Associate	1,440,406	5.14	-	-	-	-
Other receivables :								
Dynamic Time	Optoma Corporation	Associate	527,680	-	-	-	-	-
Dynamic Time	Optoma USA	Associate	172,039	-	-	-	-	-
Young Optics	Grace China	Associate	280,586	-	-	-	-	-
Grace China	Young Optics (BD)	Associate	208,922	-	-	-	-	-

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	2,074,556	—	3.97%
			1	Sales	3,141,090	—	8.82%
		Optoma Europe	1	Sales	34,146	—	0.10%
		Coretronic(Suzhou)	1	Sales	1,107,113	—	3.11%
		Greendale	1	Accounts receivables	1,787,591	—	3.42%
			1	Sales	4,116,877	—	11.56%
		Coretronic Projection (Kunshan)	1	Sales	71,253	—	0.20%
		Wisdom Success (HK)	1	Sales	82,407	—	0.23%
		YLG Optotech	1	Accounts receivables	123,465	—	0.24%
			1	Sales	491,105	—	1.38%
		Coretronic Display (Suzhou)	1	Accounts receivables	2,067,384	—	3.96%
			1	Sales	3,427,647	—	9.62%
		Coretronic Optotech (Suzhou)	1	Accounts receivables	1,021,772	—	1.96%
			1	Sales	2,746,097	—	7.71%
		Nano Precision Taiwan	1	Other receivables	61,154	—	0.12%
1	Optoma Corporation	Optoma Technology	3	Accounts receivables	963,558	—	1.85%
			3	Sales	1,308,806	—	3.67%
		Optoma Europe	3	Accounts receivables	619,982	—	1.19%
			3	Sales	1,944,686	—	5.46%
2	Young Optics	Grace China	3	Other receivables	280,586	—	0.54%
			3	Accounts receivables	510,531	—	0.98%
			3	Sales	1,158,957	—	3.25%
		Aptek Optical	3	Accounts receivables	34,835	—	0.07%
			3	Sales	230,730	—	0.65%



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)
3	Grace China	Young Optics	3	Accounts receivables	795,789	—	1.52%
			3	Sales	2,447,126	—	6.87%
		Young Optics(Kunshan)	3	Accounts receivables	198,563	—	0.38%
			3	Sales	1,114,822	—	3.13%
		Young Optics (SuZhou)	3	Accounts receivables	36,291	—	0.07%
			3	Sales	78,627	—	0.22%
		Young Optics (BD)	3	Other receivables	208,922	—	0.40%
			3	Accounts receivables	430,076	—	0.82%
			3	Sales	86,432	—	0.24%
4	Young Optics(Kunshan)	Grace China	3	Accounts receivables	726,066	—	1.39%
			3	Sales	2,215,999	—	6.22%
		Young Optics (SuZhou)	3	Sales	92,703	—	0.26%
		Coretronic Optics (Kunshan)	3	Accounts receivables	107,177	—	0.21%
			3	Sales	283,842	—	0.80%
5	Dynamic Time	Optoma Corporation	3	Other receivables	527,680	—	1.01%
		Optoma Technology	3	Other receivables	172,039	—	0.33%
6	Wisdom Success	Coretronic(Suzhou)	3	Accounts receivables	980,272	—	1.88%
			3	Sales	3,913,554	—	10.98%
7	Coretronic(Suzhou)	Coretronic Corporation	2	Other receivables	139,979	—	0.27%
			2	Sales	396,735	—	1.11%
		Wisdom Success	3	Accounts receivables	1,596,955	—	3.06%
			3	Sales	1,650,986	—	4.63%
		Wisdom Success (HK)	3	Accounts receivables	988,310	—	1.89%
			3	Sales	272,537	—	0.77%
		Coretronic Display (Suzhou)	3	Other receivables	694,064	—	1.33%
			3	Accounts receivables	49,947	—	0.10%

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)
7	Coretronic(Suzhou)	Coretronic Display (Suzhou)	3	Sales	60,917	—	0.17%
8	Venture Orient	Coretronic Corporation	2	Other receivables	93,120	—	0.18%
9	Best Alpha	Young Optics (SuZhou)	3	Other receivables	114,460	—	0.22%
10	Young Optics (SuZhou)	Grace China	3	Sales	80,322	—	0.23%
11	Teepoint	Coretronic Corporation	2	Other receivables	102,432	—	0.20%
12	Great Pride	Coretronic Corporation	2	Other receivables	34,144	—	0.07%
13	Nano Precision (Suzhou)	Coretronic(Suzhou)	3	Accounts receivables	79,953	—	0.15%
			3	Sales	258,930	—	0.73%
		Great Pride (HK)	3	Accounts receivables	159,848	—	0.31%
			3	Sales	286,088	—	0.80%
		Coretronic Display (Suzhou)	3	Sales	62,711	—	0.18%
		Coretronic Optotech (Suzhou)	3	Accounts receivables	36,788	—	0.07%
			3	Sales	86,512	—	0.24%
14	Bigshine	Coretronic Corporation	2	Other receivables	46,560	—	0.09%
15	Greendale	Coretronic Corporation	2	Other receivables	1,786,223	—	3.42%
		Coretronic Optics (Kunshan)	3	Other receivables	1,765,548	—	3.38%
16	Coretronic Projection (Kunshan)	Optoma China	3	Accounts receivables	387,685	—	0.74%
			3	Sales	605,201	—	1.69%
		Greendale	3	Accounts receivables	1,323,645	—	2.54%
			3	Sales	5,726,842	—	16.07%
		Young Green Energy	3	Sales	30,441	—	0.09%
		Champ Vision Display	3	Accounts receivables	207,497	—	0.40%
			3	Sales	844,365	—	2.37%
		Coretronic Optics (Kunshan)	3	Accounts receivables	135,973	—	0.26%
			3	Sales	477,161	—	1.34%

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)
17	Young Green Energy	Coretronic Intelligent Robotics	3	Other receivables	30,066	—	0.06%
18	Boom Power Electronics (SuZhou)	Coretronic Projection (Kunshan)	3	Sales	39,212	—	0.11%
19	Coretronic (Ningbo)	YLG Optotech	3	Other receivables	197,900	—	0.38%
		Coretronic Display (Suzhou)	3	Other receivables	418,952	—	0.80%
20	Nano Display (Guangzhou)	Coretronic (Guangzhou)	3	Sales	41,277	—	0.12%
21	Great Pride (HK)	Coretronic Corporation	2	Other receivables	105,536	—	0.20%
22	Wisdom Success (HK)	Coretronic Corporation	2	Other receivables	40,352	—	0.08%
		Coretronic(Suzhou)	3	Accounts receivables	821,836	—	1.57%
			3	Sales	907,036	—	2.55%
23	Bigshine (HK)	Coretronic Corporation	2	Other receivables	248,320	—	0.48%
		Core-Flex	3	Other receivables	133,658	—	0.26%
24	Lead Bright (HK)	Coretronic Corporation	2	Other receivables	156,030	—	0.30%
25	CORETRONIC INTELLIGENT CLOUD SERVICE CORPORATION	Coretronic Corporation	2	Accounts receivables	40,114	—	0.08%
			2	Sales	72,443	—	0.20%
26	YLG Optotech	Coretronic Corporation	2	Accounts receivables	352,659	—	0.68%
			2	Sales	1,036,628	—	2.91%
		Champ Vision Display	3	Accounts receivables	32,322	—	0.06%
			3	Sales	125,432	—	0.35%
27	Young Optics (BD)	Grace China	3	Accounts receivables	159,898	—	0.31%
			3	Sales	274,050	—	0.77%
28	Coretronic Display (Suzhou)	Coretronic Corporation	2	Accounts receivables	1,472,488	—	2.82%
			2	Sales	2,175,474	—	6.11%
		YLG Optotech	3	Accounts receivables	35,650	—	0.07%
			3	Sales	126,693	—	0.36%

No. (Note a)	Related party	Counter-party	Relationship with Coretronic Corporation (Note b)	Transactions			
				Accounts	Amount	Collection periods (Note c)	Percentage of consolidated operating revenues or consolidated total assets (Note d)
29	Coretronic Optotech (Suzhou)	Coretronic Corporation	2	Accounts receivables	1,311,180	—	2.51%
			2	Sales	1,130,296	—	3.17%
		Coretronic Display (Suzhou)	3	Accounts receivables	70,169	—	0.13%
			3	Sales	98,035	—	0.28%
30	Champ Vision Display	Coretronic Corporation	2	Other receivables	32,914	—	0.06%
		Coretronic Projection (Kunshan)	3	Accounts receivables	78,009	—	0.15%
			3	Sales	389,446	—	1.09%
30	Champ Vision Display	YLG Optotech	3	Accounts receivables	33,490	—	0.06%
			3	Sales	70,471	—	0.20%
31	Coretronic Optics (Kunshan)	Coretronic Projection (Kunshan)	3	Accounts receivables	1,440,406	—	2.76%
			3	Sales	5,760,384	—	16.17%
32	Nano Precision Taiwan	Nano Precision (Suzhou)	3	Accounts receivables	64,370	—	0.12%
			3	Sales	198,350	—	0.56%
		Coretronic Display (Suzhou)	3	Sales	31,071	—	0.09%

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.

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 September 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 September 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%	\$5,300,133	\$144,875	\$144,875	Subsidiary
Coretronic Corporation	Optoma Corporation	New Taipei City, Taiwan	Engaged in the production and marketing of data storage and processing equipment, electronic components, optical devices, wireless communications equipment and electronic appliances.	518,465	518,465	58,462,000	100.00%	595,764	(31,089)	(31,089)	Subsidiary
Coretronic Corporation	Young Optics Inc	Hsinchu City, Taiwan	Engaged in the production, marketing and R&D of electronic components and optics.	553,445	574,658	41,482,586	36.37%	1,271,699	51,698	20,647	Subsidiary
Coretronic Corporation	Viscorp Limited	B.V.I.	Holding company	614,303	614,303	18,700	100.00%	11,530,102	727,779	727,779	Subsidiary
Coretronic Corporation	Sinolink Global Limited	B.V.I.	Holding company	34,100	34,100	980	100.00%	1,235,124	35,419	35,419	Subsidiary
Coretronic Corporation	Chung Tsen Investment Corp.	Miaoli County, Taiwan	Investing company for strategic purposes	692,696	692,696	127,099,664	100.00%	1,602,929	7,187	7,187	Subsidiary
Coretronic Corporation	Tecpoint Limited	B.V.I.	Holding company	1,064,802	1,156,668	33,556,599	78.06%	2,560,770	130,059	101,525	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 peripheral devices, and electronic material	214,620	214,620	18,833,220	99.91%	230,552	16,215	16,201	Subsidiary
Coretronic Corporation	Young Lighting Limited	Samoa	Holding company	118,134	118,134	3,907,000	100.00%	(147,729)	141,003	141,003	Subsidiary
Coretronic Corporation	Coretronic Intelligent Cloud Service Corp.	Hsinchu County, Taiwan	Engaged in intelligent cloud, IT information, intelligent applications of new media and platform development related business of new media.	254,990	254,990	15,000,000	100.00%	144,592	(7,072)	(7,072)	Subsidiary
Coretronic Corporation	Coretronic Venture Capital Corp.	Miaoli County, Taiwan	The investment activities of business expansion	300,000	300,000	30,000,000	100.00%	302,527	998	998	Subsidiary
Coretronic Corporation	Champ Vision Display Inc.	Miaoli County, Taiwan	Engaged in R&D, design, production and marketing of innovative intelligent display products and system integration solution.	144,000	144,000	14,400,000	80.00%	163,119	35,958	28,766	Subsidiary
Coretronic Corporation	nCare Medical Electronics Co., Ltd.	Miaoli County, Taiwan	Engaged in the R&D, design, production and marketing of intelligent exercise and medical care related software and hardware products.	80,000	80,000	8,000,000	60.69%	49,866	(16,122)	(10,308)	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%	(32,288)	(21,972)	(21,972)	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%	(24,547)	(52,166)	(52,166)	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%	25,001	(12,097)	(9,678)	Subsidiary
Coretronic Corporation	Coretronic MEMS Corporation	Hsinchu County, Taiwan	Engaged in R&D, production and marketing of MEMS sensor, module and corresponding solutions.	180,000	-	18,000,000	100.00%	172,566	(7,434)	(7,434)	Subsidiary

ATTACHMENT 7 -1 : (Names, locations and related information of investee companies as of September 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 September 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 171,160,320	USD 4,626,183	(Note a)	Associate
Visicorp	Wisdom Success	Cayman Islands	Holding company	USD 10,176,000	USD 11,750,000	43,300	100.00 %	USD 299,354,746	USD 20,993,683	(Note a)	Associate
Visicorp	Bigshine	Samoa	Holding company	USD 3,000,000	USD 3,000,000	3,000	100.00 %	USD 10,322,359	(USD 520,911)	(Note a)	Associate
Visicorp	Investdragon	Samoa	Holding company	USD 636,000	USD 3,000,000	212,000	100.00 %	USD 17,287	USD 20,196	(Note a)	Associate
Visicorp	Lead Bright	Samoa	Holding company	USD 4,700,000	USD 4,700,000	4,700	100.00 %	USD 29,484,187	USD 946,910	(Note a)	Associate
Visicorp	Elite View	Samoa	Holding company	USD 5,000,400	USD 5,000,400	5,000	100.00 %	USD 15,084,531	USD 1,455,223	(Note a)	Associate
Visicorp	Tecpoint	B.V.I.	Holding company	USD 5,204,902	USD 5,665,000	5,204,902	12.11 %	USD 12,796,229	USD 4,173,180	(Note a)	Associate
Wisdom Success	Wisdom Success (HK)	HK	Holding company	USD 18,000,000	USD 18,000,000	18,000	100.00 %	USD 177,236,092	USD 16,306,691	(Note a)	Associate
Wisdom Success	Lead Bright (HK)	HK	Holding company	USD 13,300,000	USD 13,300,000	13,300	73.89 %	USD 83,438,633	USD 3,626,617	(Note a)	Associate
Wisdom Success	Investdragon (HK)	HK	Holding company	USD 2,000,000	USD 2,000,000	2,000	40.00 %	USD 1,576,163	USD 16,637	(Note a)	Associate
Wisdom Success	Elite View (HK)	HK	Holding company	USD 7,999,600	USD 7,999,600	8,000	61.54 %	USD 24,136,665	USD 3,783,731	(Note a)	Associate
Wisdom Success	Bigshine (HK)	HK	Holding company	USD 5,000,000	USD 5,000,000	5,000	62.50 %	USD 13,549,597	(USD 516,281)	(Note a)	Associate
Bigshine	Bigshine (HK)	HK	Holding company	USD 3,000,000	USD 3,000,000	3,000	37.50 %	USD 8,129,758	(USD 516,281)	(Note a)	Associate
Investdragon	Investdragon (HK)	HK	Holding company	USD 3,000,000	USD 3,000,000	3,000	60.00 %	USD 2,364,245	USD 16,637	(Note a)	Associate
Lead Bright	Lead Bright (HK)	HK	Holding company	USD 4,700,000	USD 4,700,000	4,700	26.11 %	USD 29,484,135	USD 3,626,617	(Note a)	Associate
Elite View	Elite View (HK)	HK	Holding company	USD 5,000,400	USD 5,000,400	5,000	38.46 %	USD 15,084,435	USD 3,783,731	(Note a)	Associate
Sinolink	Mat Limited	Samoa	Holding company	USD 980,000	USD 980,000	980	100.00 %	USD 39,790,986	USD 1,140,164	(Note a)	Associate
Tecpoint	Great Pride	Samoa	Holding company	USD 11,800,000	USD 11,800,000	11,800,000	100.00 %	USD 80,212,883	USD 3,707,575	(Note a)	Associate
Tecpoint	Core-Flex	Cayman Islands	Holding company	USD 23,260,000	USD 23,260,000	213,260,000	94.36 %	USD 6,972,567	USD 480,921	(Note a)	Associate
Tecpoint	Nano Precision	HK	Holding company	USD 6,800,000	USD 6,800,000	6,800,000	100.00 %	USD 6,999,523	USD (735,125)	(Note a)	Associate
Tecpoint	Nano Display	HK	Holding company	USD 7,800,000	USD 7,800,000	7,800,000	100.00 %	USD 15,129,259	USD 723,933	(Note a)	Associate
Great Pride	Great Pride (HK)	HK	Holding company	USD 11,800,000	USD 11,800,000	11,800	100.00 %	USD 79,074,583	USD 3,707,543	(Note a)	Associate
Nano Precision (Suzhou)	Nano Precision Taiwan Limited	Taiwan	Engaged in the design, production and marketing of general lighting application, electronic components	300,000	300,000	30,000,000	100.00 %	RMB 30,339,107	(RMB 17,431,517)	(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 September 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 September 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 %	\$501,565	\$13,120	(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	40,280	61,867	2,948,317	2.58 %	90,385	51,698	(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 %	436,018	(1,635)	(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 %	3,300	14,903	(Note a)	Associate
Venture Orient	Tecpoint	B.V.I.	Holding company	USD 4,226,399	USD 4,600,000	4,226,399	9.83 %	USD 10,390,608	USD 4,173,180	(Note a)	Subsidiary
Tsen Ming Investment	Young Optics	Hsinchu City, Taiwan	Engaged in the production, marketing and R&D of electronic components and optics	31,921	50,859	1,698,886	1.49 %	53,030	51,698	(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 %	13,869	14,903	(Note a)	Associate
Young Green Energy	Boom Power	B.V.I.	Holding company	USD 1,000,000	USD 1,000,000	10,000	100.00 %	106,111	9,715	(Note a)	Associate
Young Optics	Masterview	B.V.I.	Holding company	USD 6,000,000	USD 6,000,000	6,000,000	100.00 %	1,812,510	(43,044)	(Note a)	Associate
Young Optics	Young Optics Inc.	USA	Operating maintenance services business	USD 50,000	USD 50,000	50,000	100.00 %	100	(114)	(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 %	107,085	24,804	(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 %	44,341	(2,397)	(Note a)	Associate
Masterview	Best Alpha	Samoa	Holding company	USD 1,000,000	USD 1,000,000	1,000,000	100.00 %	USD 20,906,426	(USD 64,536)	(Note a)	Associate
Masterview	Grace China	Cayman Islands	Holding company	USD 8,156,458	USD 8,156,458	8,156,458	100.00 %	USD 35,985,135	(USD 617,921)	(Note a)	Associate
Masterview	Young Optics (BD) LTD.	Bengal	Manufacturing of optics components	USD 5,000,000	USD 1,000,000	4,149,936	62.50 %	USD 643,624	(USD 1,377,994)	(Note a)	Associate
Masterview	Young Optics Europe GmbH	Germany	Manufacturing and selling of 3D printer	EUR 18,750	EUR 18,750	-	75.00 %	USD 53,412	(USD 69,316)	(Note a)	Associate
Grace China	Young Optics (BD) LTD.	Bengal	Manufacturing of optics components	USD 3,000,000	USD 1,000,000	2,479,960	37.50 %	USD 386,174	(USD 1,377,994)	(Note a)	Associate
Optoma Corporation	Dynamic Time	Cayman Islands	Holding company	USD 14,122,230	USD 14,122,230	14,856	100.00 %	1,831,223	(USD 1,050,646)	(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 September 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 September 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 29,351,958	GBP 2,277,067	(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 2,036,256	(USD 3,151,829)	(Note a)	Associate
Dynamic Time	Modem Smart	B.V.I.	Holding company	USD 1,200,000	USD 1,200,000	1,200,000	100.00 %	USD 3,692,418	(USD 701,390)	(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 332,534	(HKD 87,722)	(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 1,063,847	(EUR 879,192)	(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 350,547	EUR 55,860	(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 127,483	(NOK 960,500)	(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 380,366	(EUR 49,589)	(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 152,239	(EUR 214,925)	(Note a)	Associate
Young Lighting Limited	Young Lighting (HK)	HK	Holding company	USD 847,000	USD 847,000	847	100.00 %	USD 238,992	USD 4,651	(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 505,950	USD 532,356	(Note a)	Associate
Young Lighting Limited	Brightbridge	Samoa	Holding company	USD 1	USD 1	29,500,000	100.00 %	(USD 3,172,497)	USD 2,418,915	(Note a)	Associate
Young Lighting Limited	Crystal Word	Samoa	Holding company	USD 1	USD 1	22,258,000	100.00 %	(USD 2,331,928)	USD 1,825,057	(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 %	14,952	USD 188,227	(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 481,699	USD 188,227	(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 September 30, 2019)  
(The certain information is based on the unaudited financial statements)  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor 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 September 30, 2019	Net income (loss) of investor company	Percentage of ownership	Investment income (loss) recognized	Carrying value as of September 30, 2019	Accumulated inward remittance of earnings as of September 30, 2019
					Outflow	Inflow						
Coretronic Projection (Kunshan)	Digital projectors, LCD modules 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 (Greenlake)	\$ 1,525,064 (USD46,000,000)	-	-	\$ 1,525,064 (USD46,000,000)	140,589	100.00%	140,589	\$ 4,839,314	-
Technology Service (Kunshan)	LCD module maintenance and technical services	13,259 (USD400,000)	Indirect investment from the third region (Greenlake)	13,259 (USD400,000)	-	-	13,259 (USD400,000)	2,464	100.00%	2,464	23,719	-
Coretronic Optics (Kunshan)	Production and sales of projector module products and spectrometer	RMB10,000,000	Indirect investment from the Mainland China subsidiary (CPC)	0	-	-	0	21,257	100.00%	21,257	334,119	-
Vimax (Kunshan)	Design, research, development and production of projectors, sales of the company's own products and after-sales maintenance services for self-produced and non-self-produced products	62,252 (USD1,500,000)	Indirect investment from the third region (Mat Limited)	62,252 (USD1,500,000)	-	-	62,252 (USD1,500,000)	-40,613	100.00%	-40,613	1,215,817	-
Coretronic (Suzhou)	Research, development, manufacturing backlight module and related components, sales of the company's own products and after-sales maintenance services	660,657 (USD20,000,000)	Indirect investment from the third region (Wisdom Success HK)	271,297 (USD8,500,000)	-	-	271,297 (USD8,500,000)	-465,850	100.00%	-465,850	4,343,118	-
Coretronic Optics (Suzhou)	Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales	USD10,800,000	Indirect investment from the third region (Wisdom Success HK)	-	-	-	-	3,636	100.00%	3,636	200,855	-
Coretronic Optoelect (Suzhou)	Research and development, manufacturing and processing optical components such as backlight module, LCD module, LCD TV and panel display; Sales of the company's own products and after-sales maintenance services	390,000 (USD 12,000,000)	Indirect investment from the third region (Wisdom Success HK)	-	-	-	-	-41,389	100.00%	-41,389	809,701	-
Coretronic (Shanghai)	Research and development, manufacturing backlight module and related components, sales of the company's own products and after-sales maintenance services	257,529 (USD8,000,000)	Indirect investment from the third region (Brightshine HK)	95,254 (USD3,000,000)	-	-	95,254 (USD3,000,000)	(17,134)	100.00%	(17,134)	290,257	-
Coretronic Display (Suzhou)	Research and development, manufacturing panel modules and related components of the business, sales of the company's own products and related after-sales	1,547,564 (USD51,758,000)	Indirect investment from the third region (Brightbridge and Crystal Ward)	88,972 (USD2,867,283)	-	-	88,972 (USD2,867,283)	116,556	100.00%	116,556	115,921	-
Coretronic (Ningbo)	Research and development, manufacturing backlight module and related components, sales of the company's own products and after-sales maintenance	650,050 (USD20,000,000)	Indirect investment from the third region (Lead Bright HK)	151,490 (USD4,700,000)	-	-	151,490 (USD4,700,000)	112,864	100.00%	112,864	3,352,856	-
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)	15,410	100.00%	15,410	371,786	-
Nano Precision (Suzhou)	Manufacturing 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)	110,940	100.00%	110,940	2,345,525	-
Nano Display (Suzhou)	Research and development, manufacturing backlight module and related components, sales of the company's own products and after-sales maintenance services	92,088 (USD2,800,000)	Indirect investment from the third region (Great Pride HK)	-	-	-	-	8,000	100.00%	8,000	-	99,026 (USD3,215,142) (Note a - Note c and Note e)
Coretronic (Nanqiao)	Research and development, manufacturing backlight module and related components, sales of the company's own products and after-sales maintenance	417,580 (USD13,000,000)	Indirect investment from the third region (Elite View HK)	29,020 (USD1,000,000)	-	-	29,020 (USD1,000,000)	117,699	100.00%	117,699	1,217,407	-
Nano Precision (Nanjing)	Manufacturing, sales of acrylic panels and light guide plate	217,659 (USD6,800,000)	Indirect investment from the third region (Nano Precision)	119,025 (USD3,709,000)	-	91,866 (USD2,966,491)	27,159 (USD733,699)	(1,405)	100.00%	(1,405)	-	61,605 (USD2,065,438) (Note a and Note d)
Nano Display (Guangzhou)	Research and development, processing, manufacturing of liquid crystal display light guide plate, sales of the company's products and related services	238,740 (USD7,800,000)	Indirect investment from the third region (Nano Display)	9,820 (USD308,797)	-	-	9,820 (USD308,797)	22,547	100.00%	22,547	-469,592	-
YLG Optoelect	Research and development, processing, manufacturing display components, sales of the company's products and related services	USD 6,000,000	Indirect investment from the third region (YLG Limited)	USD 3,060,000	-	-	USD 3,060,000	16,419	51.00%	8,374	30,761	-
Coretronic System Engineering (Shanghai)	Contractor in intelligent engineering building and related services	USD 1,500,000	Indirect investment from the third region (Coretronic System Engineering HK)	USD 1,500,000	-	-	USD 1,500,000	5,555	100.00%	5,555	14,952	-
Boon Power Electronics (Suzhou)	Research, 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	9,715	100.00%	9,715	9,715	-

Accumulated investment in Mainland China as of September 30, 2019 (Note a, b)	Investment amounts authorized by Investment Commission, MOEA (Note b ~ Note g)	Upper limit on investment
53,423,985 (USD 162,822,527)	53,191,611 (USD 162,822,527)	512,840,550

Note a : To use historical currency rates.

Note b : The investment amounts in Tying 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 : Dissolution of Nano Display (Suzhou) and merger with Coretronic (Suzhou) were approved by regulatory authority in August, 2019.

Note f : Includes the investment amount USD2,966,301 of Nano Precision (Nanjing) whose company registration was cancelled in April, 2019. The investment amount cancellation is waiting for approval from MOEA.

Note g : To use the currency rate 1 USD =31.04 NTD as of September 30, 2019.

ATTACHMENT 8-1 (Investment in Mainland China as of September 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 September 30, 2019	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note a)	Carrying value as of September 30, 2019 (Note a)	Accumulated inward remittance of earnings as of September 30, 2019
					Outflow	Inflow						
Young Optics (Kunshan)	Research and development, manufacturing of optics engine and related optics electronic equipment	\$727,119 (USD 22,200,000) (Note d and Note e)	Indirect investment from the third region (Best Alpha and Grace China)	\$164,450 (USD 5,000,000)	\$ -	\$ -	\$164,450 (USD 5,000,000)	\$4,410 (USD 126,085)	100.00%	\$4,238 (USD 122,169)	\$1,179,200 (USD 37,989,659)	\$74,505 (USD 2,457,289) (Note b + Note d + Note e + Note j and Note k)
Young Optics (Suzhou)	Research and development, manufacturing of optics engine and related optics electronic equipment	33,951 (USD 1,000,000)	Indirect investment from the third region (Best Alpha)	33,951 (USD 1,000,000)	-	-	33,951 (USD 1,000,000)	13,004 (USD 419,895)	100.00%	12,995 (USD 419,608)	212,930 (USD 6,859,867)	1,328,957 (USD 31,295,415 and RMB 80,635,502) (Note b + Note f + Note i and Note l)

Accumulated investment in Mainland China as of September 30, 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.

ATTACHMENT 8-2 (Investment in Mainland China as of September 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 September 30, 2019	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note a (2))	Carrying value as of September 30, 2019	Accumulated inward remittance of earnings as of September 30, 2019
					Outflow	Inflow						
Optima China	Marketing and after-sales service of Optima's technology products in Mainland China	\$ 38,412 (USD1,200,000)	Indirect investment from the third region (Modern Smart)	\$38,412 (USD1,200,000)	\$ -	\$ -	\$ 38,412 (USD1,200,000)	\$ (21,828) (-RMB4,759,674)	100.00%	\$ (21,828) (-RMB4,759,674)	\$ 71,318 RMB 16,250,725	\$ -

Accumulated investment in Mainland China as of September 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)	\$357,459

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 China promulgated by Investment Commission, MOEA.

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

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

ATTACHMENT 9 (Financial instrument and derivative transaction as of September 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 Oct, 2019 to Jan, 2020	USD 398,500,000	\$ (29,608)	\$ (29,608)	Note a
Coretronic Corporation	Financial assets (liabilities) at fair value through profit or loss-current	Forward foreign exchange contract	Selling USD	From Oct to Nov, 2019	USD 255,000,000	34,294	34,294	Note a
Coretronic Corporation	Derivative financial assets for hedging-current	Forward foreign exchange contract	Buying USD	Oct, 2019	USD 18,000,000	1,966	1,966	Note a
Coretronic Corporation	Derivative financial liabilities for hedging-current	Forward foreign exchange contract	Selling USD	Oct, 2019	USD 18,000,000	(1,533)	(1,533)	Note a
Coretronic (Suzhou)	Financial assets (liabilities) at fair value through profit or loss-current	Forward foreign exchange contract	Selling USD	Oct, 2019	USD 7,000,000	(742)	(742)	Note b
Nano Precision (Suzhou)	Financial assets (liabilities) at fair value through profit or loss-current	Forward foreign exchange contract	Selling USD	Oct, 2019	USD 3,000,000	(265)	(265)	Note c
Optoma Corporation	Financial assets at fair value through profit or loss-current	Forward cross currency contract	—	From Oct to Nov, 2019	USD 23,500,000	1,220	1,220	Note d
Optoma Corporation	Financial liabilities at fair value through profit or loss-current	Forward cross currency contract	—	Oct, 2019	USD 7,000,000	(2,344)	(2,344)	Note d
Optoma Europe	Financial assets at fair value through profit or loss-current	Forward foreign exchange contract	Sell GBP/Buy USD	Nov, 2019	USD 8,000,000	1,436	1,436	Note e
Optoma Europe	Financial assets at fair value through profit or loss-current	Forward foreign exchange contract	Buy GBP/Sell EUR	From Nov to Dec, 2019	EUR 12,500,000	9,985	9,985	Note e
Optoma Europe	Financial liabilities at fair value through profit or loss-current	Forward foreign exchange contract	Sell GBP/Buy USD	From Oct to Nov, 2019	USD 9,000,000	(2,699)	(2,699)	Note e
Optoma Europe	Financial liabilities at fair value through profit or loss-current	Forward foreign exchange contract	Buy GBP/Sell EUR	From Nov to Dec, 2019	EUR 2,000,000	(134)	(134)	Note e
Optoma USA	Financial liabilities at fair value through profit or loss-current	Forward foreign exchange contract	Sell CAD/Buy USD	From Oct, 2019 to Jan, 2020	CAD 1,200,000	(78)	(78)	Note f
Dynamic Time	Derivative financial assets for hedging-current	Forward foreign exchange contract	Sell GBP/Buy USD	Oct, 2019	GBP 5,500,000	4,055	4,055	Note g

Note a : Coretronic Corporation entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$201,218 thousands for the nine months ended September 30, 2019.

Note b : Associate Coretronic (Suzhou) entered into forward foreign exchange contracts and acquired realized loss amounted to NT\$-11,016 thousands for the nine months ended September 30, 2019.

Note c : Nano Precision (Suzhou) entered into forward foreign exchange contracts and acquired realized loss amounted to NT\$-2,235 thousands for the nine months ended September 30, 2019.

Note d : Optoma Corporation entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$25,601 thousands for the nine months ended September 30, 2019.

Note e : Associate Optoma Europe entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$15,260 thousands for the nine months ended September 30, 2019.

Note f : Associate Optoma USA entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$583 thousands for the nine months ended September 30, 2019.

Note g : Associate Dynamic Time entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$15,781 thousands for the nine months ended September 30, 2019.

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

Note i : Associate Coretronic Display (Suzhou) entered into forward foreign exchange contracts and acquired realized loss amounted to NT\$-64 thousands for the nine months ended September 30, 2019.

Note j : Associate Coretronic Optotech (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$404 thousands for the nine months ended September 30, 2019.

Note k : Subsidiary Champ Vision Display Inc. entered into forward foreign exchange contracts and acquired realized loss amounted to NT\$-891 thousands for the nine months ended September 30, 2019.

ATTACHMENT 10 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTS300 million or 20 percent of the capital stock for the nine months ended September 30, 2019.)  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee company	Marketable Securities Type and Name	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal				September 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 (Kunshan)	RMB to Public Structured Deposits	Financial assets measured at amortized cost-current	Shanghai Pudong Development Bank	-	-	-	-	RMB 60,000,000	-	-	RMB 60,000,000	RMB 529,649	-	-
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 income.