

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

WITH

REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED

DECEMBER 31, 2020 AND 2019

Address: No.11, Lixing Rd., East Dist., Hsinchu City 300, Taiwan (R.O.C.)

Telephone: +886-3-577-2000

Independent Auditors' Report

To Coretronic Corporation

Opinion

We have audited the accompanying consolidated balance sheets of Coretronic Corporation and its subsidiaries (“the Group”) as of December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”).

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter – Making Reference to the Audits of Component Auditors section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and cash flows for the years ended December 31, 2020 and 2019, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation for inventories

The Group recognized the allowance write-down of inventories amounted to NT\$682,646 thousand for the year ended December 31, 2020, due to the rapid technological changes and innovation for projectors, backlight, and FPD-related products. Considering the amount of inventories was significant and the assessment of the amount of inventories write-downs requires the management's important judgement, we determined this is a key audit matter. Our audit procedures included, but not limited to, evaluating and testing the design and operating effectiveness of internal controls around inventories; evaluating the methodologies and assumptions used, including the reasonableness of the allowance write-down of inventories; testing the source of the basic data, including the aging and net realizable value of inventories, and recalculating its correctness; evaluating the overall adequacy of the allowance write-down of inventories through analytical review procedures. We also assessed the adequacy of disclosures of inventories. Please refer to Notes 5 and 6 to the Group's consolidated financial statements.

Revenue recognition

The Group recognized the revenue amounted to NT\$42,438,336 thousand for the year ended December 31, 2020. Main source of revenue comes from projectors, backlight, and FPD-related sales of products and related services. As revenue is the main operating activity of the Group, the Group recognized revenue when transferring a promised product or service to a customer. The terms of trade in the products agreed in their contracts are different when the performance obligations were satisfied. As a result of the higher complexity of revenue recognition, we determined the matter to be a key audit matter. Our audit procedures include, but not limited to, assessing the appropriateness of the accounting policy for revenue recognition; evaluating and testing the effectiveness of internal controls within the revenue recognition; performing product-specific analytical procedures; viewing their transactions certificate and performing cut-off procedures on selected samples for a period before and after the reporting date; tracing to relevant documentation, and testing details of transaction, including sales contracts, terms of trade and other contents, and verifying the appropriateness of the timing of revenue recognition. Please refer to Notes 4 and 6 to the Group's consolidated financial statements.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain consolidated subsidiary whose statements are based solely on the reports of other auditors. Total assets of the consolidated subsidiary amounted to NT\$125,002 thousand and NT\$125,772 thousand, representing 0.26% and 0.25% of consolidated total assets as of December 31, 2020 and 2019, respectively; and total operating revenues amounted to NT\$21,408 thousand and NT\$51,677 thousand, representing 0.05% and 0.11% of the consolidated total operating revenues for the years ended December 31, 2020 and 2019, respectively. We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of other auditors. These associates and joint ventures under equity method amounted to NT\$46,433 thousand and NT\$22,934 thousand, representing 0.10% and 0.05% of consolidated total assets as of December 31, 2020 and 2019, respectively. The related shares of (loss) gain from the associates and joint ventures under the equity method amounted to NT\$(1,708) thousand and NT\$783 thousand, representing (0.09)% and 0.05% of the consolidated net income before tax for the years ended December 31, 2020 and 2019, respectively.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Group. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2020 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Others

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended December 31, 2020 and 2019.

Hsu, Hsin-Min

Chen, Chih-Chung

Ernst & Young, Taiwan

February 8, 2021

Notice to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2020 and 2019

(Amounts in thousands of New Taiwan Dollars)

| ASSETS | Note | December 31, 2020 | % | December 31, 2019 | % |
|--|-------------------|-------------------|--------|-------------------|--------|
| Current assets | | | | | |
| Cash and cash equivalents | 4, 6(1) | \$ 18,300,564 | 38.71 | \$ 20,161,863 | 40.88 |
| Financial assets at fair value through profit or loss-current | 4, 6(2) | 372,859 | 0.79 | 84,321 | 0.17 |
| Financial assets at fair value through other comprehensive income-current | 4, 6(4) | 1,330 | - | - | - |
| Hedging financial assets-current | 4, 6(3) | - | - | 4,207 | 0.01 |
| Notes receivables, net | 4, 6(5), 6(19) | 25,200 | 0.05 | 41,467 | 0.08 |
| Trade receivables, net | 4, 6(6), 6(19) | 11,659,562 | 24.66 | 11,687,611 | 23.70 |
| Trade receivable-related parties, net | 4, 6(6), 6(19), 7 | - | - | 201 | - |
| Other receivables | 4, 8 | 337,856 | 0.71 | 252,722 | 0.51 |
| Current tax assets | 4, 5, 6(24) | 15,315 | 0.04 | 12,527 | 0.03 |
| Inventories, net | 4, 5, 6(7) | 4,886,148 | 10.34 | 6,062,756 | 12.29 |
| Prepayments | | 591,335 | 1.25 | 532,824 | 1.08 |
| Other current assets | | 95,414 | 0.20 | 139,196 | 0.28 |
| Total current assets | | 36,285,583 | 76.75 | 38,979,695 | 79.03 |
| Non-current assets | | | | | |
| Financial assets at fair value through profit or loss-noncurrent | 4, 6(2) | - | - | 35,412 | 0.07 |
| Financial assets at fair value through other comprehensive income-noncurrent | 4, 6(4) | 911,750 | 1.93 | 447,469 | 0.91 |
| Investments accounted for using equity method | 4, 6(8) | 46,433 | 0.10 | 22,934 | 0.05 |
| Property, plant and equipment, net | 4, 6(9), 8 | 7,158,625 | 15.14 | 6,930,269 | 14.05 |
| Right-of-use assets | 4, 6(20) | 1,742,299 | 3.69 | 1,977,056 | 4.01 |
| Investment property, net | 4,5,6(10), 8 | 160,354 | 0.34 | 168,406 | 0.34 |
| Intangible assets | 4, 6(11) | 408,646 | 0.86 | 281,674 | 0.57 |
| Deferred tax assets | 4, 5, 6(24) | 338,374 | 0.72 | 303,144 | 0.61 |
| Net defined benefit assets-noncurrent | 4, 5, 6(15) | 15,135 | 0.03 | 12,603 | 0.03 |
| Other noncurrent assets | 8 | 207,864 | 0.44 | 164,458 | 0.33 |
| Total non-current assets | | 10,989,480 | 23.25 | 10,343,425 | 20.97 |
| Total assets | | \$ 47,275,063 | 100.00 | \$ 49,323,120 | 100.00 |

(continued)

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2020 and 2019

(Amounts in thousands of New Taiwan Dollars)

| LIABILITIES AND EQUITY | Note | December 31, 2020 | % | December 31, 2019 | % |
|--|--------------|-------------------|--------|-------------------|--------|
| Current liabilities | | | | | |
| Short-term borrowings | 6(12) | \$ 5,137,417 | 10.87 | \$ 8,521,341 | 17.28 |
| Financial liabilities at fair value through profit or loss-current | 4, 6(13) | 35,854 | 0.08 | 153,107 | 0.31 |
| Hedging financial liabilities-current | 4, 6(13) | 4,702 | 0.01 | - | - |
| Contract liabilities-current | 6(18) | 250,475 | 0.53 | 294,152 | 0.60 |
| Notes payable | | 333 | - | 507 | - |
| Accounts payable | | 8,148,600 | 17.24 | 8,441,190 | 17.11 |
| Accounts payable-related parties | 7 | 11,383 | 0.02 | 23,445 | 0.05 |
| Other payables | 7 | 4,213,229 | 8.90 | 4,092,358 | 8.30 |
| Current tax liabilities | 4, 5, 6(24) | 763,137 | 1.61 | 789,088 | 1.60 |
| Provisions-current | 4, 5, 6(16) | 700,964 | 1.48 | 767,350 | 1.55 |
| Lease liabilities-current | 4, 6(20) | 229,241 | 0.49 | 335,921 | 0.68 |
| Other current liabilities | | 541,799 | 1.15 | 453,986 | 0.92 |
| Current portion of long-term borrowings | 6(14) | 116,728 | 0.25 | 6 | - |
| Total current liabilities | | 20,153,862 | 42.63 | 23,872,451 | 48.40 |
| Non-current liabilities | | | | | |
| Long-term borrowings | 6(14) | 552,751 | 1.17 | 183,427 | 0.37 |
| Deferred tax liabilities | 4, 5, 6(24) | 94,446 | 0.20 | 24,637 | 0.05 |
| Lease liabilities-noncurrent | 4, 6(20) | 1,325,181 | 2.80 | 1,439,424 | 2.92 |
| Net defined benefit liabilities-noncurrent | 4, 5, 6(15) | 165,113 | 0.35 | 196,891 | 0.40 |
| Other noncurrent liabilities | | 44,275 | 0.10 | 53,730 | 0.11 |
| Total non-current liabilities | | 2,181,766 | 4.62 | 1,898,109 | 3.85 |
| Total liabilities | | 22,335,628 | 47.25 | 25,770,560 | 52.25 |
| Equity attributable to owners of the parent | | | | | |
| Share capital | | | | | |
| Common stock | 6(17) | 4,344,231 | 9.19 | 4,344,231 | 8.81 |
| Capital surplus | 6(17) | 3,548,559 | 7.51 | 3,727,475 | 7.55 |
| Retained earnings | 6(17), 6(25) | | | | |
| Legal reserve | | 3,889,871 | 8.23 | 3,774,564 | 7.65 |
| Special reserve | | 2,469,437 | 5.22 | 2,469,437 | 5.01 |
| Unappropriated retained earning | | 10,229,840 | 21.64 | 9,429,258 | 19.12 |
| Total retained earnings | | 16,589,148 | 35.09 | 15,673,259 | 31.78 |
| Other equity | | (1,586,454) | (3.36) | (2,361,770) | (4.79) |
| Total equity attributable to owners of the parent | | 22,895,484 | 48.43 | 21,383,195 | 43.35 |
| Non-controlling interests | 6(17) | 2,043,951 | 4.32 | 2,169,365 | 4.40 |
| Total equity | | 24,939,435 | 52.75 | 23,552,560 | 47.75 |
| Total liabilities and equity | | \$ 47,275,063 | 100.00 | \$ 49,323,120 | 100.00 |

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
CORETRONIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2020 and 2019
(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

| Description | Note | For the year ended December 31 | | For the year ended December 31 | |
|--|-----------------------------|--------------------------------|--------|--------------------------------|--------|
| | | 2020 | % | 2019 | % |
| Net sales | 4, 5, 6(18), 7 | \$ 42,438,336 | 100.00 | \$ 48,711,259 | 100.00 |
| Operating costs | 4, 5, 6(7), 6(11), 6(21), 7 | 35,031,579 | 82.55 | 39,904,813 | 81.92 |
| Gross profit | | 7,406,757 | 17.45 | 8,806,446 | 18.08 |
| Operating expenses | 6(11), 6(15), 6(19), 6(21) | | | | |
| Selling expenses | | 1,651,248 | 3.89 | 1,969,687 | 4.04 |
| General and administrative expenses | | 1,910,930 | 4.50 | 2,183,108 | 4.48 |
| Research and development expenses | | 3,152,490 | 7.43 | 3,452,548 | 7.09 |
| Total operating expenses | | 6,714,668 | 15.82 | 7,605,343 | 15.61 |
| Operating income | | 692,089 | 1.63 | 1,201,103 | 2.47 |
| Non-operating income and expenses | | | | | |
| Interest income | 6(22) | 434,719 | 1.02 | 466,602 | 0.96 |
| Other income | 4, 6(22) | 570,998 | 1.35 | 231,985 | 0.47 |
| Other gains and losses | 6(22) | 334,540 | 0.79 | 149,075 | 0.31 |
| Finance costs | 6(22) | (193,942) | (0.46) | (347,636) | (0.71) |
| Share of gain of associates and joint ventures accounted for using equity method | 4, 6(8) | (1,708) | - | 783 | - |
| Total non-operating income and expenses | | 1,144,607 | 2.70 | 500,809 | 1.03 |
| Income before income tax | | 1,836,696 | 4.33 | 1,701,912 | 3.50 |
| Income tax expense | 4, 5, 6(24) | (441,540) | (1.04) | (543,605) | (1.12) |
| Net income | | 1,395,156 | 3.29 | 1,158,307 | 2.38 |
| Other comprehensive income | | | | | |
| Items that will not be reclassified subsequently to profit or loss | | | | | |
| Remeasurements of defined benefit pension plans | 6(23) | 20,558 | 0.05 | (16,864) | (0.03) |
| Unrealized gain from equity instrument investments measured at fair value through other comprehensive income | 6(23) | 469,433 | 1.11 | 89,230 | 0.18 |
| Income tax related to items that will not be reclassified subsequently to profit or loss | 6(23), 6(24) | (2,688) | (0.01) | 2,661 | 0.01 |
| Items that may be reclassified subsequently to profit or loss | | | | | |
| Exchange differences on translation of foreign operations | 6(23) | 307,030 | 0.72 | (876,580) | (1.80) |
| Gain on hedging instruments | 6(23) | - | - | 913 | - |
| Income tax related to items that may be reclassified subsequently to profit or loss | 6(23), 6(24) | - | - | (182) | - |
| Other comprehensive income (loss), net of tax | | 794,333 | 1.87 | (800,822) | (1.64) |
| Total comprehensive income | | \$ 2,189,489 | 5.16 | \$ 357,485 | 0.74 |
| Net income for the periods attributable to : | | | | | |
| Shareholders of the parent | 6(25) | \$ 1,560,418 | | \$ 1,153,070 | |
| Non-controlling interests | 6(17), 6(26) | \$ (165,262) | | \$ 5,237 | |
| Total comprehensive income (loss) for the periods attributable to : | | | | | |
| Shareholders of the parent | | \$ 2,352,647 | | \$ 392,161 | |
| Non-controlling interests | | \$ (163,158) | | \$ (34,676) | |
| Basic Earnings Per Share (in New Taiwan Dollars) | 6(25) | \$ 3.59 | | \$ 2.65 | |
| Diluted Earnings Per Share (in New Taiwan Dollars) | 6(25) | \$ 3.54 | | \$ 2.62 | |

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

CORETRONIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2020 and 2019
(Amounts in thousands of New Taiwan Dollars)

| Description | Equity attributable to owners of the parent | | | | | | | | | Non-controlling interests | Total equity |
|--|---|-----------------|-------------------|-----------------|---------------------------------|---|---|--|---------------|---------------------------|---------------|
| | Common stock | Capital surplus | Retained earnings | | | Other equity | | | Total | | |
| | | | Legal reserve | Special reserve | Unappropriated retained earning | Exchange differences on translation of foreign operations | Unrealized gains or losses on financial assets measured at fair value through other comprehensive income (loss) | Gains or losses on hedging instruments | | | |
| Balance as of January 1, 2019 | \$ 4,344,231 | \$ 4,072,808 | \$ 3,572,543 | \$ 2,483,647 | \$ 9,345,802 | \$ (1,487,746) | \$ (125,341) | \$ (731) | \$ 22,205,213 | \$ 2,060,440 | \$ 24,265,653 |
| Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method | - | 150 | - | - | - | - | - | - | 150 | - | 150 |
| Acquisition or disposal of the interest of subsidiaries | - | 296,606 | - | - | - | - | - | - | 296,606 | 154,208 | 450,814 |
| 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 year ended December 31, 2019 | - | - | - | - | 1,153,070 | - | - | - | 1,153,070 | 5,237 | 1,158,307 |
| Other comprehensive income (loss) for the year ended December 31, 2019 | - | - | - | - | (12,957) | (837,201) | 88,518 | 731 | (760,909) | (39,913) | (800,822) |
| Total comprehensive income (loss) | - | - | - | - | 1,140,113 | (837,201) | 88,518 | 731 | 392,161 | (34,676) | 357,485 |
| Decrease of non-controlling interests | - | - | - | - | - | - | - | - | - | (1,061) | (1,061) |
| Balance as of December 31, 2019 | 4,344,231 | 3,727,475 | 3,774,564 | 2,469,437 | 9,429,258 | (2,324,947) | (36,823) | - | 21,383,195 | 2,169,365 | 23,552,560 |
| Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method | - | 1,407 | - | - | - | - | - | - | 1,407 | - | 1,407 |
| Acquisition or disposal of the interest of subsidiaries | - | 36,889 | - | - | (9,808) | - | - | - | 27,081 | 43,362 | 70,443 |
| Appropriation and distribution of 2019 earnings: | | | | | | | | | | | |
| Legal reserve | - | - | 115,307 | - | (115,307) | - | - | - | - | - | - |
| Cash dividends | - | - | - | - | (651,634) | - | - | - | (651,634) | - | (651,634) |
| Cash dividends distributed from capital surplus | - | (217,212) | - | - | - | - | - | - | (217,212) | - | (217,212) |
| Net income (loss) for the year ended December 31, 2020 | - | - | - | - | 1,560,418 | - | - | - | 1,560,418 | (165,262) | 1,395,156 |
| Other comprehensive income (loss) for the year ended December 31, 2020 | - | - | - | - | 16,913 | 304,459 | 470,857 | - | 792,229 | 2,104 | 794,333 |
| Total comprehensive income (loss) | - | - | - | - | 1,577,331 | 304,459 | 470,857 | - | 2,352,647 | (163,158) | 2,189,489 |
| Decrease of non-controlling interests | - | - | - | - | - | - | - | - | - | (5,618) | (5,618) |
| Balance as of December 31, 2020 | \$ 4,344,231 | \$ 3,548,559 | \$ 3,889,871 | \$ 2,469,437 | \$ 10,229,840 | \$ (2,020,488) | \$ 434,034 | \$ - | \$ 22,895,484 | \$ 2,043,951 | \$ 24,939,435 |

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2020 and 2019

(Amounts in thousands of New Taiwan Dollars)

| Description | For the years ended December 31 | | Description | For the years ended December 31 | |
|--|---------------------------------|--------------|---|---------------------------------|---------------|
| | 2020 | 2019 | | 2020 | 2019 |
| Cash flows from operating activities : | | | Cash flows from investing activities : | | |
| Net income before tax | \$ 1,836,696 | \$ 1,701,912 | Acquisition of investments accounted for using equity method | (23,800) | (22,000) |
| Adjustments for: | | | Acquisition of financial assets at fair value through profit or loss | (59,320) | (15,415) |
| The profit or loss items which did not affect cash flows: | | | Acquisition of property, plant and equipment | (1,146,872) | (1,574,149) |
| Expected credit loss (gain) | 4,272 | (80,347) | Proceeds from disposal of property, plant and equipment | 8,276 | 35,137 |
| Depreciation (including investment property and right-of-use assets) | 1,270,434 | 1,338,965 | Acquisition of intangible assets | (237,573) | (237,432) |
| Amortization (including other noncurrent assets) | 111,032 | 108,654 | Proceeds from disposal of intangible assets | - | 4,770 |
| Interest expenses | 193,942 | 347,636 | (Increase) decrease in other noncurrent assets | (29,883) | 35,180 |
| Interest income | (434,719) | (466,602) | Net cash used in investing activities | (1,489,172) | (1,773,909) |
| Transfer of property, plant and equipment to expense | 908 | 1,542 | | | |
| Loss (gain) on disposal of property, plant and equipment | 3,213 | (7,971) | Cash flows from financing activities: | | |
| Gain on disposal of intangible assets | - | (2) | (Decrease) increase in short-term borrowings | (3,383,924) | 2,106,700 |
| Gain on disposal of other noncurrent assets | (89) | - | Increase (decrease) in long-term borrowings (including current portion of long-term borrowings) | 486,046 | (268,866) |
| (Gain) loss on disposal of investments | (24) | 24,564 | Decrease in guarantee deposits | (8,068) | (1,611) |
| Transfer of intangible assets to expense | - | 896 | Decrease in other noncurrent liabilities | (1,387) | (7,430) |
| Share of loss (gain) of associates and joint ventures accounted for using equity method | 1,708 | (783) | Cash dividends | (868,846) | (1,520,481) |
| Net (gain) loss on financial assets and liabilities at fair value through profit or loss | (311,059) | 110,048 | Repayment of the principle portion of lease liabilities | (316,294) | (299,301) |
| Impairment of non-financial assets | 28,276 | - | Proceeds from disposal of subsidiaries' ownership (without a change of control) | 72,664 | 452,231 |
| Changes in operating assets and liabilities: | | | Change in non-controlling interests | (5,618) | (1,061) |
| Note receivables | 16,267 | 215,326 | Net cash (used in) provided by financing activities | (4,025,427) | 460,181 |
| Accounts receivables | 23,777 | 1,754,330 | | | |
| Accounts receivables-related parties | 201 | 1,711 | Effect of exchange rate changes on cash and cash equivalents | 284,603 | (781,913) |
| Other receivables | (139,770) | 287,694 | | | |
| Inventories | 1,177,367 | 1,835,140 | Net (decrease) increase in cash and cash equivalents | (1,861,299) | 2,935,813 |
| Prepayments | (56,642) | (48,996) | Cash and cash equivalents at the beginning of the period | 20,161,863 | 17,226,050 |
| Other current assets | 43,782 | 30,959 | Cash and cash equivalents at the end of the period | \$ 18,300,564 | \$ 20,161,863 |
| Other operating assets | (37,944) | - | | | |
| Contract liabilities | (43,677) | (59,376) | | | |
| Notes payable | (174) | 507 | | | |
| Accounts payable | (292,590) | (830,936) | | | |
| Accounts payable-related parties | (12,062) | (16,977) | | | |
| Other payables | 127,660 | (461,759) | | | |
| Provisions-current | (66,386) | (59,441) | | | |
| Other current liabilities | 87,813 | (89,898) | | | |
| Net defined benefit assets/liabilities | (13,752) | (14,623) | | | |
| Cash generated from operating activities | 3,518,460 | 5,622,173 | | | |
| Interest received | 489,355 | 435,637 | | | |
| Interest paid | (200,731) | (346,721) | | | |
| Income tax paid | (438,387) | (679,635) | | | |
| Net cash provided by operating activities | 3,368,697 | 5,031,454 | | | |

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

CORETRONIC CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019

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

1. HISTORY AND ORGANIZATION

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

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

The consolidated financial statements of CORE and its subsidiaries (“the Group”) were authorized for issue in accordance with the resolution of the Board of Directors’ meeting on February 8, 2021.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

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

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

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

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

| Standards or Interpretations Numbers | New, Revised or Amended Standards and Interpretations | Effective Dates |
|--|--|-----------------|
| IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 | Interest Rate Benchmark Reform - Phase 2 | January 1, 2021 |
| <u>Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)</u> | | |

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

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

The Group is currently determining the potential impact of the standards and interpretations listed above, and no material impact on the Group.

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

| Standards or Interpretations Numbers | New, Revised or Amended Standards and Interpretations | Effective Dates |
|---|---|--------------------------|
| IFRS 10 and IAS 28 | Amendment to "Consolidated Financial Statements" and "Investments in Associates and Joint Ventures" –Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures | To be determined by IASB |
| IFRS 17 | Insurance Contracts | January 1, 2023 |
| IAS 1 | Classification of Liabilities as Current or Non-current | January 1, 2023 |
| IFRS 3, IAS 16, and IAS 37 | Narrow-scope amendments | January 1, 2022 |

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

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

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

Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

- A. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)
The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.
- B. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- C. Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.
- D. Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1

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

Amendment to IFRS 9 Financial Instruments

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

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

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

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

Amendment to IAS 41

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

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC, and the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed above, it is not practicable to estimate their impacts on the Group at this point in time.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The consolidated financial statements of the Group for the years ended December 31, 2020 and 2019 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and standards, interpretations, and amendments issued, revised, or amended which are endorsed and became effective by FSC.

(2) Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

(3) General Description of Reporting Entity

Principles of consolidation

Control is achieved when CORE is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, CORE controls an investee if and only if CORE has:

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

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

- 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 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 | |
|---|--------------|---|-------------------------|-------------------|
| | | | December 31, 2020 | December 31, 2019 |
| Tecpoint Limited (“Tecpoint”) and its subsidiaries | Subsidiary | Tecpoint is a holding company and invests in Mainland China. Tecpoint’s joint ventures are the production, manufacturing, marketing and R&D of acrylic plate, light guide plate and backlight module. The joint ventures also provide the after sales services. | 100.00% | 100.00% |
| 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% |
| 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% |

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

| Subsidiary | Relationship | Business nature | Percentage of Ownership | |
|---|--------------|--|-------------------------|----------------------|
| | | | December 31, 2020 | December 31, 2019 |
| Sinolink Global Limited (“Sinolink”) and its subsidiaries | Subsidiary | Sinolink is a holding company and invests in Mainland China. Sinolink’s joint ventures are the design, R&D, production and marketing of projectors. The joint ventures also provide the after sales services for self-produced and non-self-produced products. | 100.00% | 100.00% |
| 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% |
| Young Optics Inc. (“TYO”) and its subsidiaries | Subsidiary | TYO is engaged in the production, marketing and R&D of electronic components and optical engines and key components. TYO’s joint ventures are the R&D, the production and after sales services of electronic components, optical modules and components. | 38.74% | 39.77% |

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

| Subsidiary | Relationship | Business nature | Percentage of Ownership | |
|--|--------------|--|-------------------------|-------------------|
| | | | December 31, 2020 | December 31, 2019 |
| Young Lighting Limited(YLL) and its subsidiaries | Subsidiary | YLL is a holding company and invests in Mainland China. YLL's joint ventures are the R&D, production, manufacturing and marketing of backlight module, touch module, LCD module, other optical components and lighting application. YLL's joint ventures also provide after sales services. | 100.00% | 100.00% |
| 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% |
| Chung Tsen Investment Corp. ("CGT") and its subsidiaries | Subsidiary | CGT is an investment company for strategic purposes. | 100.00% | 100.00% |

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

| Subsidiary | Relationship | Business nature | Percentage of Ownership | |
|--|--------------|--|-------------------------|----------------------|
| | | | December 31, 2020 | December 31, 2019 |
| 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% |
| Coretronic Venture Capital Co. (“CVC”) | Subsidiary | The investment activities of business expansion. | 100.00% | 100.00% |
| uCare Medical Electronics Co., Ltd. (“UCM”) | Subsidiary | UCM is engaged in R&D, design, production and marketing of intelligent exercise and medical care related software and hardware products. | 60.69% | 60.69% |
| 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% |
| Calibre UK Ltd. | Subsidiary | CAL is engaged in R&D, design, production and marketing of image processing products. | 100.00% | 100.00% |

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

| Subsidiary | Relationship | Business nature | Percentage of Ownership | |
|--|--------------|---|-------------------------|-------------------|
| | | | December 31, 2020 | December 31, 2019 |
| InnoSpectra Corporation (“ISC”) | Subsidiary | ISC is engaged in R&D and marketing of near-infrared spectrum and corresponding solutions. | 80.00% | 80.00% |
| Coretronic Intelligent Robotics Corporation (“CIRC”) | Subsidiary | CIRC is engaged in R&D, production and marketing of unmanned aerial vehicle and intelligent robotics. | 100.00% | 100.00% |
| Coretronic MEMS Corporation (“CMC”) | Subsidiary | CMC is engaged in R&D, production and marketing of MEMS sensor, module and corresponding solutions. | 100.00% | 100.00% |
| Coretronic Reality Inc. (“CRI”) | Subsidiary | CRI is engaged in R&D, and marketing of AR (Augmented reality) and MR (Mixed reality) wearable display solutions. | 100.00% | 100.00% |
| Coretronic Vietnam Co., Ltd. | Subsidiary | Research and development, manufacturing and sales of optical components such as backlight module, LCD module, LCD TV and panel display. | 100.00% | - |

A. Refer to Note 13 for intercompany transactions between consolidated entities. Subsidiaries are fully consolidated in accordance with the Regulations.

B. The significant changes of consolidated entities described as follows:

- (a) uCare Medical Electronics Co., Ltd (“UCM”) increased the capital by cash to attract the strategic investor in February 2019. The ownership percentage of UCM held by CORE decreased to 60.69%.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

- (b) As part of a business strategy, Great Pride (HK) transferred its shareholdings in Suzhou Nano Display to Coretronic (Suzhou) in June 2019, which was approved by regulatory authority. The ownership percentage of Suzhou Nano Display held by the Group remains as the same 100%.
- (c) CORE made an investment to establish 100% held subsidiary Coretronic MEMS Corporation (“CMC”) and had completed registration of establishment in September 2019. CMC has been fully consolidated since the investment date.
- (d) CORE made an investment to establish 100% held subsidiary Coretronic Realty Inc. (“CRI”) and had completed registration of establishment in November 2019. CRI has been fully consolidated since the investment date.
- (e) CORE made an investment to establish 100% held subsidiary Coretronic Vietnam Co., Ltd. and had completed registration of establishment in December 2020. Coretronic Vietnam Co., Ltd. has been fully consolidated since the investment date.
- (f) As part of a business strategy, Young Lighting Limited purchased 49% of shares of YLG Limited (“YLG”) from Gunze Limited (Gunze) in December 2020, which was approved by the regulatory authority. The ownership percentage of YLG was increased to 100%.

(4) Government Grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(5) Foreign Currency Transactions

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

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of IFRS 9 Financial Instruments (Before January 1, 2018: IAS 39 Financial Instruments: Recognition and Measurement) are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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

(6) Translation of Foreign Currency Financial Statements

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

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

(7) Current and Non-Current Distinction

An asset is classified as current when:

- A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- B. The Group holds the asset primarily for the purpose of trading
- C. The Group expects to realize the asset within twelve months after the reporting period
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- A. The Group expects to settle the liability in its normal operating cycle
- B. The Group holds the liability primarily for the purpose of trading
- C. The liability is due to be settled within twelve months after the reporting period
- D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(8) Cash and Cash Equivalents

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

(9) Financial Instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments (Before January 1, 2018: IAS 39 Financial Instruments: Recognition and Measurement) are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- (a) the Group's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognise the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, at initial recognition, the Group makes an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Amounts presented in other comprehensive income are not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and should recorded as financial assets measured at fair value through other comprehensive income on balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

Financial asset measured at fair value through profit or loss

Financial assets were measured at amortized cost or measured at fair value through other comprehensive income only if they met particular conditions. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement are recognized in profit or loss which includes any dividend or interest received on such financial assets.

Impairment of financial assets

The Group is recognized a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired
- (b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- (c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

B. Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

A financial liability is classified as held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in short term.
- (b) On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

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

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

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

C. Offsetting of financial instruments

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

(10) Derivative Instrument and Hedging Accounting

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

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

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in equity.

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

(11) Fair Value Measurement

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

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

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

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

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

(12) Inventories

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

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

Rendering of services is accounted in accordance with IFRS 15 but not within the scoping of inventories.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

(13) Property, Plant and Equipment

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

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

| <u>Name</u> | <u>Years</u> |
|--------------------------|---------------------------|
| Buildings and facilities | 2~50 years |
| Machinery and equipment | 2~10 years |
| Transportation equipment | 4~9 years |
| Furniture and fixtures | 2~10 years |
| Leasing assets | 2~5 years |
| Leasehold improvement | Depends on the lease term |
| Miscellaneous equipment | 3~15 years |

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

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

(14) Investment Property

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

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

| <u>Name</u> | <u>Years</u> |
|-------------|--------------|
| Buildings | 10~30 years |

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

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

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(15) Leases

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.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

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

Group as a lessee

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

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

- 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.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

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

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

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

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

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

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.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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.

(16) Intangible Assets

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

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

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

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

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

Developing intangible assets - research and development costs

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

- A. The technical feasibility of completing the intangible asset so that it will be available for use or sale
- B. Its intention to complete and its ability to use or sell the asset
- C. How the asset will generate future economic benefits
- D. The availability of resources to complete the asset
- E. The ability to measure reliably the expenditure during development

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

Patent rights and trademark rights

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

Computer software

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

Acquired Special Technology

The special technology has been granted by the relevant enterprise for fourteen years.

(17) Impairment of Non-Financial Assets

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

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

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

(18) Provisions

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

Provision for decommissioning, restoration and rehabilitation costs

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

Maintenance warranties

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

Sales returns and allowances

Sales returns and allowances are accounted in accordance with IFRS 15.

(19) Revenue Recognition

The Group's revenue arising from contracts with customers mainly include sale of goods and rendering of services. The accounting policies for the Group's types of revenue are explained as follow:

Sale of goods

The Group manufactures and sells of merchandise. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. Revenue is recognized based on the consideration stated in the contract. The remaining sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the products expected to be returned.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

The Group provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Group's sale of goods is from 30 to 150 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the Group transfers the goods to customers and when the customers pay for that goods is usually short and have no significant financing component to the contract. For a small part of the contracts, the Group has the right to transfer the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

Rendering of services

The Group provides maintenance services of products and customized design services and the revenue is recognized once the contract is completed.

Most of the contractual considerations of the Group are received on average during the contract period after the provision of maintenance services. For some rendering of services contracts, part of the consideration was received from customers upon signing the contract, then the Group has the obligation to provide the services subsequently and it should be recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arisen.

(20) Post-Employment Benefits

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

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

- A. The date of the plan amendment or curtailment; and
- B. The date that the Group recognizes related restructuring or termination costs.

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

(21) Income Tax

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

Current income tax

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

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

Deferred tax

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

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

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- B. In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- B. In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

(22) Business Combinations and Goodwill

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

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

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

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 Financial Instruments either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

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

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The Group has considered the economic implications of COVID-19 on critical accounting estimates and will continue evaluating the impact on its financial position and financial performance as a result of the pandemic. The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(1) Judgement

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

A. Investment properties

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

B. Operating lease commitments – the Group for lessor

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

(2) Estimates and Assumptions

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

A. Fair value of financial instruments

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

B. Valuation of inventory

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

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

C. Impairment of nonfinancial assets

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

D. Pension benefits

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

E. Maintenance warranties

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

F. Revenue recognition - sales returns and allowance

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, on the basis of highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Please refer to Note 6 for more details.

G. Income tax

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and Cash Equivalents

| | December 31, | |
|---|--------------|--------------|
| | 2020 | 2019 |
| Cash on hand, savings and checking accounts | \$8,755,840 | \$3,230,100 |
| Time deposits | 9,544,724 | 16,931,763 |
| Total | \$18,300,564 | \$20,161,863 |

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

| | December 31, | |
|---|--------------|-----------|
| | 2020 | 2019 |
| Financial assets designated at fair value through profit or loss: | | |
| Derivative not designated as hedging instruments | | |
| Forward foreign exchange contracts | \$315,391 | \$83,296 |
| Forward cross currency contracts | 508 | 1,025 |
| Subtotal | 315,899 | 84,321 |
| Stocks | - | 35,412 |
| Stock option | 56,960 | - |
| Total | \$372,859 | \$119,733 |
| Current | \$372,859 | \$84,321 |
| Noncurrent | - | 35,412 |
| Total | \$372,859 | \$119,733 |

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

(3) Hedging Financial Assets

| | December 31, | |
|------------------------------------|--------------|---------|
| | 2020 | 2019 |
| Hedging financial assets | | |
| Forward foreign exchange contracts | \$- | \$4,207 |
| Current | \$- | \$4,207 |
| Noncurrent | - | - |
| Total | \$- | \$4,207 |

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

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

| | December 31, | |
|--|--------------|-----------|
| | 2020 | 2019 |
| Equity instruments investments measured at fair value through other comprehensive income | | |
| Unlisted companies stocks | \$913,080 | \$447,469 |
| Current | \$1,330 | \$- |
| Noncurrent | 911,750 | 447,469 |
| Total | \$913,080 | \$447,469 |

The unlisted equity securities held by the Group were reclassified \$1,330 thousand from financial assets at fair value through other comprehensive income – noncurrent to financial assets at fair value through other comprehensive income –current, as the unlisted company was entering into the process of liquidation after dissolution.

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

(5) Notes Receivables

| | December 31, | |
|--|--------------|----------|
| | 2020 | 2019 |
| Notes receivable - arose from operating activities | \$25,200 | \$41,467 |

Notes receivables were not pledged.

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

(6) Trade Receivables and Trade Receivables-Related Parties

| | December 31, | |
|---------------------------------------|--------------|--------------|
| | 2020 | 2019 |
| Trade receivables | \$11,701,992 | \$11,728,918 |
| Less: allowance for doubtful accounts | (42,430) | (41,307) |
| Subtotal | 11,659,562 | 11,687,611 |
| Trade receivables for related parties | - | 201 |
| Total | \$11,659,562 | \$11,687,812 |

Trade receivables were not pledged.

Trade receivables are generally on 30-150 day terms. The total carrying amounts as of December 31, 2020 and 2019, are NT\$11,701,992 thousand and NT\$11,729,119 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 to the bank. As of December 31, 2020 and 2019, the Group has no outstanding discounted trade receivables which were deducted from trade receivables, and both of the credit lines of factoring contracts provided by CTBC Bank are US\$40,000 thousand.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

(7) Inventories

| | December 31, | |
|----------------------------|--------------|-------------|
| | 2020 | 2019 |
| Raw materials and supplies | \$1,688,391 | \$3,218,963 |
| Work in process | 168,182 | 131,651 |
| Finished goods | 3,029,575 | 2,712,142 |
| Total | \$4,886,148 | \$6,062,756 |

The cost of inventories recognized in expenses amounted to NT\$35,031,579 thousand and NT\$39,904,813 thousand for the years ended December 31, 2020 and 2019, including the write-down of inventories and obsolescence loss of NT\$174,415 thousand and NT\$251,665 thousand, respectively.

The allowance write-down of inventories amounted to NT\$682,646 thousand and NT\$670,061 thousand as of December 31, 2020 and 2019, respectively.

No inventories were pledged.

(8) Investments Accounted for Using Equity Method

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

| Investees | December 31, 2020 | |
|---|-------------------|-----------------------------|
| | Carrying amount | Percentage of ownership (%) |
| Investments in associates: | | |
| Eterge Opto-Electronics Co., LTD(“EOE”) | \$46,433 | 18.50% |
| Genejet Biotech Co., Ltd. (“Genejet”) | - | 19.51% |
| | \$46,433 | |

| Investees | December 31, 2019 | |
|---|-------------------|-----------------------------|
| | Carrying amount | Percentage of ownership (%) |
| Investments in associates: | | |
| Genejet Biotech Co., Ltd. (“Genejet”) | \$22,934 | 20.00% |
| Eterge Opto-Electronics Co., LTD(“EOE”) | - | 19.51% |
| | \$22,934 | |

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

In May 2019, the Group invested NT\$22,000 thousand in EOE and acquired 20.00% of the shareholdings. The Group accounted it for using the equity method. In August 2020, EOE issued new shares by cash; however, the Group failed to acquire shares newly issued in EOE proportionately to its original ownership interest and reduced its stockholding percentage to 18.50%. The investment of EOE is not significant to the Group.

The Company recognized share of (loss) gain loss of associates and joint ventures accounted for using the equity method in the amount of NT\$(1,708) thousand and NT\$783 thousand for the year ended December 31, 2020 and December 31, 2019, respectively.

The abovementioned associate had no contingent liabilities or capital commitments as of December 31, 2020. No investments accounted for using equity method held by the Company was pledged to others.

(9) Property, Plant and Equipment

Property, plant and equipment for own-use

| | Land | Buildings | Machinery and equipment | Office fixtures | Transportation equipment | Lease assets | Leasehold improvement | Other equipment | Construction in progress and equipment awaiting inspection | Total |
|--|-----------------|--------------------|-------------------------|------------------|--------------------------|--------------|-----------------------|--------------------|--|---------------------|
| Cost: | | | | | | | | | | |
| As of January 1, 2020 | \$39,192 | \$7,008,069 | \$4,974,961 | \$451,454 | \$44,155 | \$- | \$714,600 | \$1,700,497 | \$903,758 | \$15,836,686 |
| Additions | - | 127,371 | 85,604 | 39,678 | 38 | - | 7,878 | 94,847 | 796,616 | 1,152,032 |
| Disposals | - | (361,453) | (307,978) | (71,452) | (6,275) | - | (17,756) | (266,295) | - | (1,031,209) |
| Transfers | - | 655,937 | 1,039 | 15,382 | (988) | - | (2,869) | 70,145 | (898,740) | (160,094) |
| Exchange differences | (153) | 37,025 | 26,307 | 3,740 | 510 | - | 8,359 | 16,426 | 9,318 | 101,532 |
| As of December 31, 2020 | <u>\$39,039</u> | <u>\$7,466,949</u> | <u>\$4,779,933</u> | <u>\$438,802</u> | <u>\$37,440</u> | <u>\$-</u> | <u>\$710,212</u> | <u>\$1,615,620</u> | <u>\$810,952</u> | <u>\$15,898,947</u> |
| As of January 1, 2019 | \$39,046 | \$6,964,402 | \$5,375,501 | \$467,059 | \$43,147 | \$2,322 | \$828,149 | \$1,740,256 | \$312,192 | \$15,772,074 |
| Effects of retrospective application and restatement | - | - | - | - | - | (2,322) | - | - | - | (2,322) |
| Additions | - | 91,408 | 277,462 | 47,248 | 6,197 | - | 21,396 | 160,611 | 979,815 | 1,584,137 |
| Disposals | - | (30,772) | (447,756) | (46,872) | (3,276) | - | (87,779) | (151,159) | (3,958) | (771,572) |
| Transfers | - | 114,369 | (80,700) | (2,198) | (283) | - | (19,319) | 4,770 | (378,832) | (362,193) |
| Exchange differences | 146 | (131,338) | (149,546) | (13,783) | (1,630) | - | (27,847) | (53,981) | (5,459) | (383,438) |
| As of December 31, 2019 | <u>\$39,192</u> | <u>\$7,008,069</u> | <u>\$4,974,961</u> | <u>\$451,454</u> | <u>\$44,155</u> | <u>\$-</u> | <u>\$714,600</u> | <u>\$1,700,497</u> | <u>\$903,758</u> | <u>\$15,836,686</u> |

(Continued)

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

(To be continued)

| | Land | Buildings | Machinery and equipment | Office fixtures | Transportation equipment | Lease assets | Leasehold improvement | Other equipment | Construction in progress and equipment awaiting inspection | Total |
|--|-----------------|--------------------|----------------------------|--------------------|-----------------------------|--------------|--------------------------|--------------------|--|--------------------|
| Depreciation and Impairment: | | | | | | | | | | |
| As of January 1, 2020 | \$- | \$3,348,812 | \$3,205,707 | \$341,641 | \$35,710 | \$- | \$601,131 | \$1,373,416 | \$- | \$8,906,417 |
| Depreciation | - | 315,214 | 427,950 | 37,155 | 3,326 | - | 25,208 | 121,482 | - | 930,335 |
| Disposals | - | (360,840) | (303,149) | (70,969) | (5,280) | - | (13,189) | (266,293) | - | (1,019,720) |
| Transfers | - | 13 | (139,382) | (5,201) | (967) | - | (3,274) | (8,627) | - | (157,438) |
| Impairment | - | - | 9,958 | - | - | - | - | - | - | 9,958 |
| Exchange differences | - | 27,899 | 22,425 | 2,877 | 455 | - | 3,470 | 13,644 | - | 70,770 |
| As of December 31, 2020 | <u>\$-</u> | <u>\$3,331,098</u> | <u>\$3,223,509</u> | <u>\$305,503</u> | <u>\$33,244</u> | <u>\$-</u> | <u>\$613,346</u> | <u>\$1,233,622</u> | <u>\$-</u> | <u>\$8,740,322</u> |
| As of January 1, 2019 | \$- | \$3,131,339 | \$3,527,821 | \$371,322 | \$35,864 | \$2,069 | \$695,710 | \$1,456,637 | \$- | \$9,220,762 |
| Effects of retrospective application and restatement | - | - | - | - | - | (2,069) | - | - | - | (2,069) |
| Depreciation | - | 319,924 | 466,934 | 33,538 | 4,126 | - | 36,429 | 135,641 | - | 996,592 |
| Disposals | - | (30,148) | (430,132) | (45,918) | (2,151) | - | (86,260) | (149,797) | - | (744,406) |
| Transfers | - | (178) | (257,107) | (5,770) | (702) | - | (20,083) | (22,831) | - | (306,671) |
| Exchange differences | - | (72,125) | (101,809) | (11,531) | (1,427) | - | (24,665) | (46,234) | - | (257,791) |
| As of December 31, 2019 | <u>\$-</u> | <u>\$3,348,812</u> | <u>\$3,205,707</u> | <u>\$341,641</u> | <u>\$35,710</u> | <u>\$-</u> | <u>\$601,131</u> | <u>\$1,373,416</u> | <u>\$-</u> | <u>\$8,906,417</u> |
| Net carrying amounts as of: | | | | | | | | | | |
| December 31, 2020 | <u>\$39,039</u> | <u>\$4,135,851</u> | <u>\$1,556,424</u> | <u>\$133,299</u> | <u>\$4,196</u> | <u>\$-</u> | <u>\$96,866</u> | <u>\$381,998</u> | <u>\$810,952</u> | <u>\$7,158,625</u> |
| December 31, 2019 | <u>\$39,192</u> | <u>\$3,659,257</u> | <u>\$1,769,254</u> | <u>\$109,813</u> | <u>\$8,445</u> | <u>\$-</u> | <u>\$113,469</u> | <u>\$327,081</u> | <u>\$903,758</u> | <u>\$6,930,269</u> |

The Group evaluated the economic benefits for property, plant and equipment, and recognized impairment losses of NT\$9,958 thousand for the year ended December 31, 2020.

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

(10) Investment Property

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

| | <u>Buildings</u> |
|---------------------------------------|------------------|
| Cost: | |
| As of January 1, 2020 | \$244,538 |
| Additions from acquisitions | - |
| Additions from subsequent expenditure | - |
| Disposals | - |
| As of December 31, 2020 | <u>\$244,538</u> |
| As of January 1, 2019 | \$244,538 |
| Additions from acquisitions | - |
| Additions from subsequent expenditure | - |
| Disposals | - |
| As of December 31, 2019 | <u>\$244,538</u> |
| Depreciation and Impairment: | |
| As of January 1, 2020 | \$76,132 |
| Depreciation | 8,052 |
| As of December 31, 2020 | <u>\$84,184</u> |
| As of January 1, 2019 | \$68,079 |
| Depreciation | 8,053 |
| As of December 31, 2019 | <u>\$76,132</u> |
| Net carry amount as of: | |
| December 31, 2020 | <u>\$160,354</u> |
| December 31, 2019 | <u>\$168,406</u> |

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

| | Years ended December 31, | |
|---|--------------------------|-----------------|
| | 2020 | 2019 |
| Rental income from investment property | \$18,444 | \$18,204 |
| Less: Direct operating expenses from investment property generating rental income | (8,053) | (8,163) |
| Total | <u>\$10,391</u> | <u>\$10,041</u> |

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:

| | December 31, | |
|---------------------------------------|--------------|-----------|
| | 2020 | 2019 |
| Fair value of the investment property | \$217,800 | \$219,800 |
| Discount rates | 3.845% | 4.095% |
| Growth rates | 0.4% | 0.4% |

(11) Intangible Assets

| | Trade marks | Patents | Software | IPs | Goodwill | Other | Total |
|-------------------------|------------------|------------------|------------------|-----------------|----------------|------------------|------------------|
| Cost: | | | | | | | |
| As of January 1, 2020 | \$103,827 | \$49,796 | \$160,647 | \$83,872 | \$5,940 | \$232,918 | \$637,000 |
| Additions | - | 129,725 | 74,942 | 3,251 | - | 29,655 | 237,573 |
| Disposals | - | - | (6,771) | - | - | - | (6,771) |
| Transfers | - | - | (121) | - | - | - | (121) |
| Exchange differences | (150) | 1 | 25 | - | - | (1,643) | (1,767) |
| As of December 31, 2020 | <u>\$103,677</u> | <u>\$179,522</u> | <u>\$228,722</u> | <u>\$87,123</u> | <u>\$5,940</u> | <u>\$260,930</u> | <u>\$865,914</u> |
| As of January 1, 2019 | \$103,901 | \$16,049 | \$126,102 | \$54,522 | \$5,940 | \$145,856 | \$452,370 |
| Additions | - | 33,751 | 60,952 | 29,350 | - | 113,379 | 237,432 |
| Disposals | - | - | (25,128) | - | - | (27,302) | (52,430) |
| Transfers | - | - | (1,075) | - | - | 179 | (896) |
| Exchange differences | (74) | (4) | (204) | - | - | 806 | 524 |
| As of December 31, 2019 | <u>\$103,827</u> | <u>\$49,796</u> | <u>\$160,647</u> | <u>\$83,872</u> | <u>\$5,940</u> | <u>\$232,918</u> | <u>\$637,000</u> |

(Continued)

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

(To be continued)

| | Trade marks | Patents | Software | IPs | Goodwill | Other | Total |
|------------------------------|------------------|-----------------|------------------|-----------------|----------------|------------------|------------------|
| Amortization and Impairment: | | | | | | | |
| As of January 1, 2020 | \$98,193 | \$12,468 | \$95,149 | \$52,746 | \$- | \$96,770 | \$355,326 |
| Amortization | 3,558 | 11,911 | 31,499 | 4,024 | - | 52,574 | 103,566 |
| Disposals | - | - | (6,771) | - | - | - | (6,771) |
| Impairment | - | - | - | - | 5,880 | - | 5,880 |
| Exchange differences | (150) | - | (26) | - | 60 | (617) | (733) |
| As of December 31, 2020 | <u>\$101,601</u> | <u>\$24,379</u> | <u>\$119,851</u> | <u>\$56,770</u> | <u>\$5,940</u> | <u>\$148,727</u> | <u>\$457,268</u> |
| As of January 1, 2019 | \$92,498 | \$9,063 | \$87,398 | \$41,985 | \$- | \$65,024 | \$295,968 |
| Amortization | 5,742 | 3,408 | 28,342 | 10,761 | - | 59,013 | 107,266 |
| Disposals | - | - | (20,358) | - | - | (27,304) | (47,662) |
| Exchange differences | (47) | (3) | (233) | - | - | 37 | (246) |
| As of December 31, 2019 | <u>\$98,193</u> | <u>\$12,468</u> | <u>\$95,149</u> | <u>\$52,746</u> | <u>\$-</u> | <u>\$96,770</u> | <u>\$355,326</u> |

Net carrying amount as of:

| | | | | | | | |
|-------------------|----------------|------------------|------------------|-----------------|----------------|------------------|------------------|
| December 31, 2020 | <u>\$2,076</u> | <u>\$155,143</u> | <u>\$108,871</u> | <u>\$30,353</u> | <u>\$-</u> | <u>\$112,203</u> | <u>\$408,646</u> |
| December 31, 2019 | <u>\$5,634</u> | <u>\$37,328</u> | <u>\$65,498</u> | <u>\$31,126</u> | <u>\$5,940</u> | <u>\$136,148</u> | <u>\$281,674</u> |

Amortization expense of intangible assets:

| | Years ended December 31, | |
|-------------------------------------|--------------------------|------------------|
| | 2020 | 2019 |
| Operating Cost | \$18,752 | \$35,282 |
| Selling expenses | 16,202 | 12,676 |
| General and administrative expenses | 11,235 | 16,300 |
| Research and development expenses | 57,377 | 43,008 |
| Total | <u>\$103,566</u> | <u>\$107,266</u> |

(12) Short-Term Borrowings

| | December 31, | |
|----------------------|--------------------|--------------------|
| | 2020 | 2019 |
| Unsecured bank loans | <u>\$5,137,417</u> | <u>\$8,521,341</u> |
| Interest rates (%) | <u>0.55%~1.99%</u> | <u>0.86%~2.74%</u> |

The Group's unused short-term lines of credits amounted to NT\$37,116,546 thousand and NT\$33,685,409 thousand as of December 31, 2020 and 2019, respectively.

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

(13) Derivative Financial Liabilities

Financial liabilities at fair value through profit or loss :

| | December 31, | |
|---|--------------|-----------|
| | 2020 | 2019 |
| Derivatives not designated as hedging instruments - current | | |
| Forward exchange contracts | \$26,071 | \$145,980 |
| Forward cross currency contracts | 9,783 | 7,127 |
| Total | \$35,854 | \$153,107 |
| Hedging financial liabilities: | | |
| Forward exchange contracts | \$4,702 | \$- |

(14) Long-Term Borrowings

Details of long-term borrowings are as follows:

| Lenders | December 31, 2020 | Interest Rate (%) | Maturity date and terms of repayment |
|---|----------------------|----------------------|--|
| Secured long-term borrowings from First bank | \$58,333 | 1.20% | Principle is repaid in 2 quarterly payments from April 27, 2021. |
| Secured long-term borrowings from First bank | 94 | 1.10% | Principle is repaid in 16 quarterly payments from December 20, 2020. |
| Secured long-term borrowings from Hua Nan Commercial bank | 5,000 | 1.02% | Principle is repaid in 14 quarterly payments from July 25, 2021. |
| Secured long-term borrowings from Hua Nan Commercial bank | 120,000 | 1.02% | Principle is repaid in 14 quarterly payments from July 25, 2021. |
| Secured long-term borrowings from Hua Nan Commercial bank | 250,000 | 1.00% | Principle is repaid in 14 quarterly payments from July 25, 2021. |
| Secured long-term borrowings from Hua Nan Commercial bank | 25,000 | 1.02% | Principle is repaid in 14 quarterly payments from July 25, 2021. |

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

| Lenders | December 31, 2020 | Interest Rate (%) | Maturity date and terms of repayment |
|---|-------------------------|----------------------|--|
| Secured long-term borrowings from Export-Import Bank of the Republic of China | 105,000 | 0.52% | Principle will be repaid once at maturity on May 8, 2022. |
| Secured long-term borrowings from Export-Import Bank of the Republic of China | 95,000 | 0.52% | Principle will be repaid once at maturity on May 13, 2022. |
| Secured long-term borrowings from Sumitomo Mitsui Bank | 11,052 | 1.60% | Government subsidizes the interest for the first three years. Principle is repaid in 54 monthly payments from July 20, 2021. |
| Less: current portion | <u>(116,728)</u> | | |
| Total | <u><u>\$552,751</u></u> | | |

| Lenders | December 31, 2019 | Interest Rate (%) | Maturity date and terms of repayment |
|---|-------------------------|----------------------|--|
| Secured long-term borrowings from First bank | \$58,333 | 1.35% | Principle is repaid in 2 quarterly payments from April 27, 2021. |
| Secured long-term borrowings from First bank | 100 | 1.35% | Principle is repaid in 16 quarterly payments from December 20, 2020. |
| Secured long-term borrowings from Hua Nan Commercial bank | 5,000 | 1.30% | Principle is repaid in 14 monthly payments from July 25, 2021. |
| Secured long-term borrowings from Hua Nan Commercial bank | 120,000 | 1.30% | Principle is repaid in 14 monthly payments from July 25, 2021. |
| Less: current portion | <u>(6)</u> | | |
| Total | <u><u>\$183,427</u></u> | | |

The Group's unused long-term lines of credits amounted to NT\$941,573 thousand and NT\$1,216,567 thousand as of December 31, 2020 and 2019, respectively. Please refer to Note 8 for property, plant, and equipment and right-of-use assets pledged as collateral for long-term loans.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

(15) Post-Employment Benefits

Defined contribution plan

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

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

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

Pension expenses under the defined contribution plan for the years ended December 31, 2020 and 2019 were NT\$276,051 thousand and NT\$378,616 thousand, respectively.

Defined benefits plan

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

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Group does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT\$10,646 thousand to its defined benefit plan during the 12 months beginning after December 31, 2020.

The weighted average duration of the defined benefits plan obligation was 11.74 to 16.08 years and 14.22 to 16.71 years as of December 31, 2020 and 2019, respectively.

Pension costs recognized in profit or loss are as follows:

| | Years ended December 31, | |
|--|--------------------------|------------------|
| | 2020 | 2019 |
| Current service costs | \$716 | \$788 |
| Net interest on the net defined benefit liabilities (assets) | 6,313 | 7,716 |
| Expect return on plan assets | (4,339) | (4,974) |
| Settlement profit | - | (5,158) |
| Total | <u>\$2,690</u> | <u>\$(1,628)</u> |

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

| | December 31, | | January 1, |
|---|------------------|------------------|------------------|
| | 2020 | 2019 | 2019 |
| Present value of defined benefit obligation | \$520,493 | \$573,127 | \$545,893 |
| Plan assets at fair value | (370,515) | (388,839) | (363,846) |
| Net defined benefit Liabilities (assets) | <u>\$149,978</u> | <u>\$184,288</u> | <u>\$182,047</u> |

| | December 31, | | January 1, |
|--|-------------------|-------------------|-------------------|
| | 2020 | 2019 | 2019 |
| Other non-current liabilities | | | |
| — Carrying amount on the net defined benefit liabilities | <u>\$165,113</u> | <u>\$196,891</u> | <u>\$192,723</u> |
| Other non-current assets | | | |
| — Carrying amount on the net defined benefit assets | <u>\$(15,135)</u> | <u>\$(12,603)</u> | <u>\$(10,676)</u> |

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

| | Present value of defined benefit obligation | Fair value of plan assets | Net defined benefit liabilities (assets) |
|----------------------------|---|------------------------------|--|
| As of January 1, 2019 | \$545,893 | \$363,846 | \$182,047 |
| Current service cost | 788 | - | 788 |
| Interest expense (revenue) | 7,716 | 4,974 | 2,742 |
| Settlement profit loss | (5,158) | - | (5,158) |
| Subtotal | <u>549,239</u> | <u>368,820</u> | <u>180,419</u> |

Remeasurements of the defined benefit liability (asset):

| | | | |
|--|------------------|------------------|------------------|
| Actuarial gains and losses arising from changes in financial assumptions | 18,815 | - | 18,815 |
| Experience adjustments | 11,838 | 13,789 | (1,951) |
| Subtotal | <u>30,653</u> | <u>13,789</u> | <u>16,864</u> |
| Benefits paid | (6,765) | (5,921) | (844) |
| Contributions by employer | - | 12,102 | (12,102) |
| Other | - | 49 | (49) |
| As of December 31, 2019 | <u>\$573,127</u> | <u>\$388,839</u> | <u>\$184,288</u> |

| | | | |
|----------------------------|----------------|----------------|----------------|
| As of January 1, 2020 | \$573,127 | \$388,839 | \$184,288 |
| Current service cost | 716 | - | 716 |
| Interest expense (revenue) | 6,313 | 4,339 | 1,974 |
| Subtotal | <u>580,156</u> | <u>393,178</u> | <u>186,978</u> |

Remeasurements of the defined benefit liability (asset):

| | | | |
|--|------------------|------------------|------------------|
| Actuarial gains and losses arising from changes in financial assumptions | 25,280 | - | 25,280 |
| Experience adjustments | (34,949) | 10,889 | (45,838) |
| Subtotal | <u>(9,669)</u> | <u>10,889</u> | <u>(20,558)</u> |
| Benefits paid | (49,994) | (44,083) | (5,911) |
| Contributions by employer | - | 10,531 | (10,531) |
| As of December 31, 2020 | <u>\$520,493</u> | <u>\$370,515</u> | <u>\$149,978</u> |

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

| | December 31, | |
|-----------------------------------|--------------|-------------|
| | 2020 | 2019 |
| Discount rate | 0.750% | 1.125% |
| Expected rate of salary increases | 1.00%~4.00% | 1.00%~4.00% |

Sensitivity analysis of significant assumptions is as follows:

| | Years ended December 31, | | | |
|---------------------------------|---|---|---|---|
| | 2020 | | 2019 | |
| | Increase in defined benefit obligation | Decrease in defined benefit obligation | Increase in defined benefit obligation | Decrease in defined benefit obligation |
| Discount rate increase by 0.25% | \$- | \$16,996 | \$- | \$18,789 |
| Discount rate decrease by 0.25% | 17,761 | - | 19,612 | - |
| Future salary increase by 0.25% | 16,882 | - | 18,718 | - |
| Future salary decrease by 0.25% | - | 16,262 | - | 16,107 |

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

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

(16) Provisions

| | Warranties |
|--------------------------------------|------------|
| As of January 1, 2020 | \$767,350 |
| Arising during the period (reversed) | 166,549 |
| Utilized during the period | (240,691) |
| Exchange differences | 7,756 |
| As of December 31, 2020 | \$700,964 |
| Current | \$700,964 |
| Non-current | - |
| As of December 31, 2020 | \$700,964 |

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

| | Warranties |
|--------------------------------------|------------|
| As of January 1, 2019 | \$826,791 |
| Arising during the period (reversed) | 164,850 |
| Utilized during the period | (214,910) |
| Exchange differences | (9,381) |
| As of December 31, 2019 | \$767,350 |
| | |
| Current | \$767,350 |
| Non-current | - |
| As of December 31, 2019 | \$767,350 |

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 December 31, 2020 and 2019, 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

| | December 31, | |
|--|--------------|-------------|
| | 2020 | 2019 |
| Additional paid-in capital | \$2,700,154 | \$2,917,366 |
| Treasury stock transactions | 116,614 | 116,614 |
| The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries | 631,471 | 594,554 |
| Changes in ownership interests in subsidiaries | 98,763 | 98,791 |
| Changes from investments in associates and joint ventures accounted for using the equity method | 1,557 | 150 |
| Total | \$3,548,559 | \$3,727,475 |

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

C. Retained earnings and dividend policies:

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

- (a) Payment of all taxes and dues;
- (b) Offset accumulated losses in previous years, if any;
- (c) Legal reserve, which is 10% of leftover profits. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds CORE's total capital stock;
- (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.

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

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

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

The special reserve of the first adoption of the IFRS as of December 31, 2020 and 2019 amounted to NT\$1,276,610 thousand.

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

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

(Note)

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

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

D. Non-controlling interests:

| | Years ended December 31, | |
|--|--------------------------|-------------|
| | 2020 | 2019 |
| Beginning balance | \$2,169,365 | \$2,060,440 |
| (Loss) profit attributable to non-controlling interests | (165,262) | 5,237 |
| Other comprehensive income (loss) attributable to non-controlling interests, net of tax: | | |
| Exchange differences on translation of foreign operations | 2,570 | (39,379) |
| Remeasurements of defined benefit plans | (466) | (534) |
| Cash dividends | (5,618) | (36,063) |
| Acquisition or disposal of the interest of subsidiaries | 33,554 | 154,208 |
| Changes in subsidiaries' ownership | 9,808 | 25,456 |
| Ending balance | \$2,043,951 | \$2,169,365 |

(18) Sales

| | Years ended December 31, | |
|--|--------------------------|--------------|
| | 2020 | 2019 |
| Contract revenue from customers | | |
| Sale of goods | \$40,990,023 | \$47,252,436 |
| Revenue arising from rendering of services | 1,018,204 | 1,042,656 |
| Other operating revenues | 430,109 | 416,167 |
| Total | \$42,438,336 | \$48,711,259 |

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

A.Revenue of Segments

For the year ended December 31, 2020

| | Energy – saving products segment | Image products and brand segment | Optical component segment | Other segment | Elimination | Total |
|--|---|---|---------------------------------|--------------------|----------------------|---------------------|
| Sale of goods | \$21,299,560 | \$13,779,119 | \$3,741,811 | \$3,329,650 | \$(1,160,117) | \$40,990,023 |
| Revenue arising from rendering of services | 719,477 | 78,257 | 56,371 | 404,753 | (240,654) | 1,018,204 |
| Other operating revenues | 136,086 | 106,846 | 107,400 | 88,247 | (8,470) | 430,109 |
| Total | \$22,155,123 | \$13,964,222 | \$3,905,582 | \$3,822,650 | \$(1,409,241) | \$42,438,336 |
| The timing of revenue recognition: | | | | | | |
| At a point in time | \$22,155,123 | \$13,964,222 | \$3,905,582 | \$3,822,650 | \$(1,409,241) | \$42,438,336 |

For the year ended December 31, 2019

| | Energy – saving products segment | Image products and brand segment | Optical component segment | Other segment | Elimination | Total |
|--|---|---|---------------------------------|--------------------|----------------------|---------------------|
| Sale of goods | \$23,181,622 | \$17,096,491 | \$4,671,516 | \$3,678,018 | \$(1,375,211) | \$47,252,436 |
| Revenue arising from rendering of services | 888,822 | 72,471 | 24,294 | 217,950 | (160,881) | 1,042,656 |
| Other operating revenues | 115,215 | 156,536 | 124,091 | 22,140 | (1,815) | 416,167 |
| Total | \$24,185,659 | \$17,325,498 | \$4,819,901 | \$3,918,108 | \$(1,537,907) | \$48,711,259 |
| The timing of revenue recognition: | | | | | | |
| At a point in time | \$24,185,659 | \$17,325,498 | \$4,819,901 | \$3,918,108 | \$(1,537,907) | \$48,711,259 |

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

B. Contract balance

Contract liabilities-current

| | December 31, | | January 1, |
|--|--------------|-----------|------------|
| | 2020 | 2019 | 2019 |
| Sale of goods | \$152,133 | \$196,044 | \$241,829 |
| Revenue arising from rendering of services | 1,813 | 904 | 675 |
| Other operating revenues | 96,529 | 97,204 | 111,024 |
| Total | \$250,475 | \$294,152 | \$353,528 |

The contract liabilities balances resulted from the difference between the satisfaction of the performance obligation and the customers' payment. The Group's recognized revenue from the beginning balance of contract liabilities amounted to NT\$294,152 thousand and NT\$353,528 thousand as of December 31, 2020 and 2019, respectively.

C. Transaction price allocated to unsatisfied performance obligations

As of December 31, 2020 and 2019, there is no need to provide relevant information of the unsatisfied performance obligations as the contracts with customers about the sales of goods are all within one year.

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

None.

(19) Expected credit (gain) losses

| | Years ended December 31, | |
|--|-----------------------------|------------|
| | 2020 | 2019 |
| Operating expenses – Expected credit (gain) losses | | |
| Trade receivables | \$4,272 | \$(80,347) |

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 December 31, 2020 and 2019 is as follows:

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

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

As of December 31, 2020

| | Not past due | Past due | | | | | Total |
|------------------------|-----------------|-----------------|------------------|------------------|-------------------|-----------------------|--------------|
| | | 1 to 30 days | 31 to 60 days | 61 to 90 days | 91 to 120 days | More than 121 days | |
| Gross carrying amount | \$11,054,476 | \$553,811 | \$48,669 | \$13,360 | \$10,517 | \$46,359 | \$11,727,192 |
| Loss ratio | 0% | 0-2% | 5% | 30% | 50% | 100% | |
| Expected credit losses | - | (724) | (1,495) | (814) | (964) | (38,433) | (42,430) |
| Subtotal | \$11,054,476 | \$553,087 | \$47,174 | \$12,546 | \$9,553 | \$7,926 | \$11,684,762 |

As of December 31, 2019

| | Not past due | Past due | | | | | Total |
|------------------------|-----------------|-----------------|------------------|------------------|-------------------|-----------------------|--------------|
| | | 1 to 30 days | 31 to 60 days | 61 to 90 days | 91 to 120 days | More than 121 days | |
| Gross carrying amount | \$11,124,945 | \$530,593 | \$36,962 | \$17,895 | \$12,360 | \$47,831 | \$11,770,586 |
| Loss ratio | 0% | 0-2% | 5% | 30% | 50% | 100% | |
| Expected credit losses | - | (796) | (1,796) | (2,241) | (2,593) | (33,881) | (41,307) |
| Subtotal | \$11,124,945 | \$529,797 | \$35,166 | \$15,654 | \$9,767 | \$13,950 | \$11,729,279 |

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

| | Trade receivables |
|----------------------------------|-------------------|
| As of January 1, 2020 | \$41,307 |
| Addition for the current period | 4,272 |
| Write off | (2,848) |
| Exchange differences | (301) |
| As of December 31, 2020 | <u>\$42,430</u> |
| As of January 1, 2019 | \$181,700 |
| Rreversal for the current period | (80,347) |
| Write off | (57,178) |
| Exchange differences | (2,868) |
| As of December 31, 2019 | <u>\$41,307</u> |

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

(20) Leases

A. Group as lessee

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

| | December 31, | |
|--------------------------|--------------|-------------|
| | 2020 | 2019 |
| Land | \$1,317,867 | \$1,327,891 |
| Buildings | 387,183 | 606,821 |
| Machinery and equipment | - | 233 |
| Transportation equipment | 34,735 | 41,340 |
| Office fixtures | 2,432 | 604 |
| Other equipment | 82 | 167 |
| Total | \$1,742,299 | \$1,977,056 |

During the year ended December 31, 2020 and 2019, the additions to right-of-use assets of the Group amounted to NT\$138,810 thousand and NT\$299,756 thousand.

ii. Lease liability

| | December 31, | |
|-----------------|--------------|-------------|
| | 2020 | 2019 |
| Lease liability | | |
| Current | \$229,241 | \$335,921 |
| Non-current | 1,325,181 | 1,439,424 |
| Total | \$1,554,422 | \$1,775,345 |

Please refer to Note 6(22)D. for the interest on lease liability recognized during the year ended December 31, 2020 and 2019, and refer to Note 12(5) for the maturity analysis for lease liabilities on December 31, 2020 and 2019.

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

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

Depreciation charge for right-of-use assets

| | Years ended December 31, | |
|--------------------------|--------------------------|------------------|
| | 2020 | 2019 |
| Land | \$50,569 | \$44,246 |
| Buildings | 259,555 | 268,041 |
| Machinery and equipment | - | 243 |
| Transportation equipment | 21,178 | 21,461 |
| Office fixtures | 666 | 246 |
| Other equipment | 79 | 83 |
| Total | <u>\$332,047</u> | <u>\$334,320</u> |

(c) Income and costs relating to leasing activities

| | Years ended December 31, | |
|--|--------------------------|-----------------|
| | 2020 | 2019 |
| The expense relating to short-term leases | \$51,252 | \$51,839 |
| The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of low-value assets) | 32,314 | 7,463 |
| The expense relating to variable lease payments not included in the measurement of lease liabilities | 32 | 23,229 |
| Total | <u>\$83,598</u> | <u>\$82,531</u> |

For the rent concession arising as a direct consequence of the COVID-19 pandemic, the amount Group recognized in profit or loss for the year ended December 31, 2020 was NT\$7,428 thousand to reflect changes in lease payments that arose from such rent concessions to which the Group has applied the practical expedient.

(d) Cash outflow relating to leasing activities

During the years ended December 31, 2020 and 2019, the Group's total cash outflows for leases amounted to NT\$450,279 thousand and NT\$442,035 thousand, respectively.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

(e) Other information relating to leasing activities

i. Variable lease payments

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

ii. Extension and termination options

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

iii. Residual value guarantees

To optimize lease costs during the contract period, the Group doesn't provide residual value guarantees in relation to rental agreement. Residual value guarantees without counting in lease liability.

B. Group as lessor

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

No financing lease contracts were signed.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

| | December 31, 2020 | December 31, 2019 |
|---|----------------------|----------------------|
| Lease income for operating leases | | |
| Income relating to fixed lease payments and variable lease payments that depend on an index or a rate | \$40,270 | \$36,856 |
| Income relating to variable lease payments that do not depend on an index or a rate | - | - |
| Total | \$40,270 | \$36,856 |

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

| | December 31, 2020 | December 31, 2019 |
|---|----------------------|----------------------|
| Not later than one year | \$37,806 | \$28,358 |
| Later than one year but not later than two years | 36,202 | 8,164 |
| Later than two years but not later than three years | 34,984 | 492 |
| Total | \$108,992 | \$37,014 |

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

| Function Items | Years ended December 31 | | | | | |
|---------------------------------|-------------------------|--------------------|--------------|----------------|--------------------|--------------|
| | 2020 | | | 2019 | | |
| | Operating Cost | Operating expenses | Total amount | Operating Cost | Operating expenses | Total amount |
| Employee benefits expense | \$3,314,186 | \$4,496,233 | \$7,810,419 | \$3,453,868 | \$4,887,105 | \$8,340,973 |
| Salaries | 2,846,779 | 3,911,301 | 6,758,080 | 2,889,546 | 4,209,692 | 7,099,238 |
| Labor and health insurance | 115,843 | 291,385 | 407,228 | 130,571 | 319,652 | 450,223 |
| Pension | 110,140 | 168,601 | 278,741 | 179,245 | 197,743 | 376,988 |
| Other employee benefits expense | 241,423 | 124,946 | 366,369 | 254,506 | 160,018 | 414,524 |
| Depreciation | 845,152 | 396,019 | 1,241,171 | 933,236 | 376,397 | 1,309,633 |
| Amortization | 20,205 | 85,213 | 105,418 | 36,020 | 72,243 | 108,263 |

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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 years ended December 31, 2020 and 2019. The amounts of employees' compensation was NT\$228,711 thousand and NT\$175,700 thousand for the years ended December 31, 2020 and 2019, respectively. If the Board of Directors resolved to distribute employees' compensation in the form of stocks, the number of stocks distributed was calculated based on the closing price one day earlier than the date of resolution. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, CORE will recognize the change as an adjustment in the profit or loss in the subsequent period.

A resolution was approved at a Board of Directors' meeting held on February 8, 2021 to distribute NT\$228,711 thousand in cash as employees' compensation. No material differences exist between the resolution and the estimated amount for the year ended December 31, 2020.

No material differences exist between the estimated amount and the actual distribution of the employee bonuses for the year ended December 31, 2019.

(22) Non-Operating Income and Expenses

A. Interest income

| | Years ended December 31 | |
|---|-------------------------|-----------|
| | 2020 | 2019 |
| Financial assets measured at amortized cost | \$434,719 | \$466,602 |

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

B. Other income

| | Years ended December 31 | |
|--------------------------|-------------------------|-----------|
| | 2020 | 2019 |
| Government grants income | \$371,528 | \$45,090 |
| Rental income | 40,270 | 36,856 |
| Other | 159,200 | 150,039 |
| Total | \$570,998 | \$231,985 |

C. Other gains and losses

| | Years ended December 31 | |
|--|-------------------------|-----------|
| | 2020 | 2019 |
| Gain (loss) on disposal of property, plant and equipment | \$(3,213) | \$7,971 |
| Foreign exchange gain, net | 138,607 | 218,105 |
| Gain (loss) on financial assets at fair value through profit or loss (Note) | 291,590 | (17,962) |
| Gain on lease modification | 960 | 212 |
| Gain (loss) on disposal of investments | 24 | (24,564) |
| Impairment losses | (28,276) | - |
| Other loss | (65,152) | (34,687) |
| Total | \$334,540 | \$149,075 |

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

D. Finance cost

| | Years ended December 31 | |
|----------------------------------|-------------------------|-----------|
| | 2020 | 2019 |
| Interest on borrowings from bank | \$144,602 | \$287,433 |
| Interest on lease liabilities | 49,340 | 60,203 |
| Total | \$193,942 | \$347,636 |

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

(23) Components of Other Comprehensive Income

For the year ended December 31, 2020

| | Arising during the period | Income tax income (expense) | Other comprehensive income, net of tax |
|--|------------------------------|--------------------------------|--|
| Not to be reclassified to profit or loss: | | | |
| Remeasurements of defined benefit plans | \$20,558 | \$(4,112) | \$16,446 |
| Unrealized gains from equity instruments investments measured at fair value through other comprehensive income | 469,433 | 1,424 | 470,857 |
| To be reclassified to profit or loss in subsequent periods: | | | |
| Exchange differences on translation of foreign operations | 307,030 | - | 307,030 |
| Total of other comprehensive income | <u>\$797,021</u> | <u>\$(2,688)</u> | <u>\$794,333</u> |

For the year ended December 31, 2019

| | Arising during the period | Income tax income (expense) | Other comprehensive income, net of tax |
|---|------------------------------|--------------------------------|--|
| Not to be reclassified to profit or loss: | | | |
| Remeasurements of defined benefit plans | \$(16,864) | \$3,373 | \$(13,491) |
| Unrealized losses from equity instruments investments measured at fair value through other comprehensive income | 89,230 | (712) | 88,518 |
| To be reclassified to profit or loss in subsequent periods: | | | |
| Exchange differences on translation of foreign operations | (876,580) | - | (876,580) |
| Gains from hedging instruments | 913 | (182) | 731 |
| Total of other comprehensive income | <u>\$(803,301)</u> | <u>\$2,479</u> | <u>\$(800,822)</u> |

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

(24) Income Tax

Income tax expense (income) recognized in profit or loss

| | Years ended December 31 | |
|-------------------------------------|-------------------------|-----------|
| | 2020 | 2019 |
| Current income tax expense (income) | \$412,721 | \$551,933 |
| Deferred tax expense (income) | 28,819 | (8,328) |
| Total income tax expense | \$441,540 | \$543,605 |

Income tax relating to components of other comprehensive income

| | Years ended December 31 | |
|--|-------------------------|---------|
| | 2020 | 2019 |
| Deferred income tax income (expense): | | |
| Remeasurements of defined benefit plans | \$(4,112) | \$3,373 |
| Unrealized (gain) loss from equity instruments investments measured at fair value through other comprehensive income | 1,424 | (712) |
| Gain on hedging instruments | - | (182) |
| Total | \$(2,688) | \$2,479 |

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

| | Years ended December 31, | |
|---|--------------------------|-------------|
| | 2020 | 2019 |
| Accounting profit before tax from continuing operations | \$1,836,696 | \$1,701,912 |
| Tax at the domestic rates applicable to profits in the country concerned | \$686,326 | \$699,287 |
| Tax effect of expenses not deductible for tax purposes | (302,959) | (173,314) |
| Tax effect of deferred tax assets/liabilities | 22,256 | (42,434) |
| Surtax on undistributed retained earnings | 18,658 | 60,383 |
| Operating loss carry forward | 28,825 | 32,098 |
| Investment tax credits | (11,566) | (32,415) |
| Total income tax expense recognized in profit or loss | \$441,540 | \$543,605 |

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

Deferred tax assets (liabilities) related to the following:

For the year ended December 31, 2020

| | Beginning balance | Recognized in profit or loss | Recognized in other comprehensive income | Exchange differences | Ending balance |
|--|----------------------|------------------------------------|---|-------------------------|-------------------|
| Temporary differences | | | | | |
| Unrealized allowance for inventory obsolescence | \$50,223 | \$1,848 | \$- | \$(756) | \$51,315 |
| Depreciation difference for tax purpose | 542 | 325 | - | (286) | 581 |
| Unrealized intragroup profits and losses | 58,559 | (29,952) | - | (6) | 28,601 |
| Net unrealized exchange gains or losses | 12,177 | (50,829) | - | (25) | (38,677) |
| Provisions - maintenance warranties | 26,044 | (2,291) | - | (693) | 23,060 |
| Provision-sales returns and allowances | 25,931 | (3,547) | - | (235) | 22,149 |
| Impairment on property, plant and equipment | 6,241 | 46 | - | - | 6,287 |
| Defined benefit liabilities-noncurrent | 33,028 | (1,713) | (4,112) | (1) | 27,202 |
| Investments accounted for using the equity method | (17,389) | (4,394) | - | - | (21,783) |
| Accrued expense of tax differences | 51,911 | (5,970) | - | (435) | 45,506 |
| Allowance for bad debts | 2,564 | (166) | - | (110) | 2,288 |
| Others | (1,228) | 28,184 | 1,424 | 130 | 28,510 |
| Unused tax losses | 8,536 | 35,582 | - | - | 44,118 |
| Foreign unused tax losses | 21,368 | 3,950 | - | (547) | 24,771 |
| Deferred tax (expense) income | | <u>\$(28,927)</u> | <u>\$(2,688)</u> | <u>\$(2,964)</u> | |
| Net deferred tax assets (liabilities) | <u>\$278,507</u> | | | | <u>\$243,928</u> |
| Reflected in balance sheet as follows: | | | | | |
| Deferred tax assets | <u>\$303,144</u> | | | | <u>\$338,374</u> |
| Deferred tax liabilities | | <u>\$(24,637)</u> | | | <u>\$(94,446)</u> |

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

For the year ended December 31, 2019

| | Beginning balance | Recognized in profit or loss | Recognized in other comprehensive income | Exchange differences | Ending balance |
|--|----------------------|------------------------------------|---|-------------------------|-------------------|
| Temporary differences | | | | | |
| Unrealized allowance for inventory obsolescence | \$35,914 | \$14,687 | \$- | \$(378) | \$50,223 |
| Depreciation difference for tax purpose | 562 | 108 | - | (128) | 542 |
| Unrealized intragroup profits and losses | 69,962 | (11,401) | - | (2) | 58,559 |
| Net unrealized exchange gains or losses | 1,901 | 10,287 | - | (11) | 12,177 |
| Provisions - maintenance warranties | 27,263 | (884) | - | (335) | 26,044 |
| Provision-sales returns and allowances | 41,381 | (15,319) | - | (131) | 25,931 |
| Impairment on property, plant and equipment | 6,241 | - | - | - | 6,241 |
| Defined benefit liabilities-noncurrent | 33,862 | (4,209) | 3,373 | 2 | 33,028 |
| Investments accounted for using the equity method | (17,411) | 22 | - | - | (17,389) |
| Accrued expense of tax differences | 50,163 | 2,058 | - | (310) | 51,911 |
| Allowance for bad debts | 1,569 | 1,059 | - | (64) | 2,564 |
| Cash flow hedges | 182 | - | (182) | - | - |
| Others | (3,505) | 3,035 | (712) | (46) | (1,228) |
| Unused tax losses | 8,536 | - | - | - | 8,536 |
| Foreign unused tax losses | 13,307 | 8,674 | - | (613) | 21,368 |
| Deferred tax (expense) income | | <u>\$8,117</u> | <u>\$2,479</u> | <u>\$(2,016)</u> | |
| Net deferred tax assets (liabilities) | <u>\$269,927</u> | | | | <u>\$278,507</u> |
| Reflected in balance sheet as follows: | | | | | |
| Deferred tax assets | <u>\$302,673</u> | | | | <u>\$303,144</u> |
| Deferred tax liabilities | <u>\$(32,746)</u> | | | | <u>\$(24,637)</u> |

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

December 31, 2020

| Accumulated loss | Unutilized accumulated loss | Expiration Year |
|--------------------|-----------------------------|-----------------|
| \$19,035 | \$19,035 | 2021 |
| 18,929 | 18,929 | 2022 |
| 4,114 | 4,114 | 2023 |
| 1,443 | 1,443 | 2024 |
| 1,125 | 1,125 | 2025 |
| 410,633 | 54,107 | 2026 |
| 63,819 | 38,245 | 2027 |
| 80,377 | 56,942 | 2028 |
| 103,557 | 103,557 | 2029 |
| 843,050 | 843,050 | 2030(Expected) |
| <u>\$1,546,082</u> | <u>\$1,140,547</u> | |

December 31, 2019

| Accumulated loss | Unutilized accumulated loss | Expiration Year |
|------------------|-----------------------------|-----------------|
| \$12,925 | \$10,327 | 2020 |
| 19,035 | 19,035 | 2021 |
| 187,854 | 18,929 | 2022 |
| 4,114 | 4,114 | 2023 |
| 1,443 | 1,443 | 2024 |
| 136,328 | 1,125 | 2025 |
| 289,722 | 97,893 | 2026 |
| 63,833 | 38,259 | 2027 |
| 69,752 | 69,752 | 2028 |
| 120,069 | 120,069 | 2029(Expected) |
| <u>\$905,075</u> | <u>\$380,946</u> | |

Unrecognized deferred tax assets

As of December 31, 2020 and 2019, deferred tax assets that have not been recognized amounted to NT\$377,128 thousand and NT\$213,242 thousand, respectively.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Group did not recognize deferred tax liabilities associated with tax payable for unremitted earnings of the Group's overseas subsidiaries, as the Group has determined that not all distributed profits of its subsidiaries will be distributed in the foreseeable future. As of December 31, 2020 and 2019, the amounts of taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities were NT\$20,178,662 thousand and NT\$18,800,991 thousand, respectively.

The assessment of income tax returns

As of December 31, 2020, the assessment of the income tax returns of the Group and its subsidiaries is as follows:

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

(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 year.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

| | Years ended December 31 | |
|--|-------------------------|-------------|
| | 2020 | 2019 |
| A. Basic earnings per share | | |
| Profit attributable to ordinary shareholders of the parent (in thousand NT\$) | \$1,560,418 | \$1,153,070 |
| Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands) | 434,423 | 434,423 |
| Basic earnings per share (NT\$) | \$3.59 | \$2.65 |
| | | |
| B. Diluted earnings per share | | |
| Profit attributable to ordinary shareholders of the parent after dilution (in thousand NT\$) | \$1,560,418 | \$1,153,070 |
| Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands) | 434,423 | 434,423 |
| Effect of dilution: | | |
| Employee Bonus – stock (in thousand) | 6,400 | 5,944 |
| Weighted average number of ordinary shares outstanding after dilution (in thousand) | 440,823 | 440,367 |
| Diluted earnings per share (NT\$) | \$3.54 | \$2.62 |

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.

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

(26) Subsidiaries that have Material Non-Controlling Interests

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

Percentage of equity interest held by non-controlling interests:

| Subsidiary | Country of incorporation and operation | December 31, | |
|-------------------|---|--------------|--------|
| | | 2020 | 2019 |
| Young Optics Inc. | Taiwan | 61.26% | 60.23% |

| | December 31, | |
|---|--------------|-------------|
| | 2020 | 2019 |
| Accumulated balance of material non-controlling interests | | |
| Young Optics, Inc. | \$1,952,427 | \$2,059,303 |

| | Years ended December 31 | |
|---|-------------------------|---------|
| | 2020 | 2019 |
| Profit allocated to material non-controlling interest | | |
| Young Optics, Inc. | \$(143,814) | \$2,799 |

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

Summarized information of profit or loss for the year ended December 31, 2020:

| | Young Optics Inc. |
|--|-------------------|
| Operating revenue | \$3,905,582 |
| Loss for the period from continuing operations | (236,216) |
| Total comprehensive income for the period | (230,996) |

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

Summarized information of profit or loss for the year ended December 31, 2019:

| | <u>Young Optics Inc.</u> |
|--|--------------------------|
| Operating revenue | \$4,819,901 |
| Gain for the period from continuing operations | 5,360 |
| Total comprehensive income for the period | (61,323) |

Summarized information of financial position as of December 31, 2020:

| | <u>Young Optics Inc.</u> |
|-------------------------|--------------------------|
| Current assets | \$2,511,922 |
| Non-current assets | 3,004,102 |
| Current liabilities | 1,348,109 |
| Non-current liabilities | 986,153 |

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

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

Summarized cash flow information for the year ended December 31, 2020:

| | <u>Young Optics Inc.</u> |
|---|--------------------------|
| Operating activities | \$387,182 |
| Investing activities | (254,366) |
| Financing activities | (88,759) |
| Net increase in cash and cash equivalents | 69,065 |

Summarized cash flow information for the year ended December 31, 2019:

| | <u>Young Optics Inc.</u> |
|---|--------------------------|
| Operating activities | \$545,240 |
| Investing activities | (499,151) |
| Financing activities | (23,338) |
| Net decrease in cash and cash equivalents | (20,313) |

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

7. Related Party Transactions

(1) Related Party Name and Categories

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

Note: The Joint Venture relationships were terminated in December 2020.

(2) Significant transactions with related parties

A. Sales

| | Years ended December 31 | |
|-------------------|-------------------------|-----------------|
| | 2020 | 2019 |
| DongGuan Guan Zhi | \$142 | \$10,870 |
| CHI HUA | 3,510 | 384 |
| Total | <u>\$3,652</u> | <u>\$11,254</u> |

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

B. Purchases

| | Years ended December 31 | |
|-------------------|-------------------------|------------------|
| | 2020 | 2019 |
| Gunze | \$118,317 | \$189,432 |
| EOE | 51,816 | 27,072 |
| DongGuan Guan Zhi | 189 | 202 |
| Total | <u>\$170,322</u> | <u>\$216,706</u> |

The purchase price to the above related parties was determined by 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.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

C. Accounts Receivable from Related Parties

| | December 31, | |
|-------------------|--------------|-------|
| | 2020 | 2019 |
| DongGuan Guan Zhi | \$- | \$201 |

D. Accounts Payable to Related Parties

| | December 31, | |
|-------------------|--------------|----------|
| | 2020 | 2019 |
| EOE | \$11,383 | \$9,041 |
| Gunze | - | 14,386 |
| DongGuan Guan Zhi | - | 18 |
| Total | \$11,383 | \$23,445 |

E. Other Payable to Related Parties

| | December 31, | |
|-----|--------------|---------|
| | 2020 | 2019 |
| EOE | \$6,190 | \$8,378 |

F. Others

For years ended December 31, 2020 and 2019, the Group purchased molds from EOE, amounting to NT\$16,238 thousand and NT\$18,213 thousand.

G. Key Management Personnel Compensation

| | Years ended December 31 | |
|------------------------------|-------------------------|-----------|
| | 2020 | 2019 |
| Short-term employee benefits | \$258,071 | \$259,246 |
| Post-employment benefits | 5,565 | 6,158 |
| Total | \$263,636 | \$265,404 |

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

8. Assets Pledged As Collateral

The following assets of the Group pledged as collateral:

| Assets pledged as collateral | Carrying amount | | Purpose of pledge |
|--|-------------------|-------------------|-------------------------------------|
| | December 31, 2020 | December 31, 2019 | |
| Land | \$13,094 | \$13,249 | Collateral for long-term borrowings |
| Buildings (including investment property) | 837,651 | 879,427 | Collateral for long-term borrowings |
| Time deposits (presented as "Other receivables") | 34,985 | 30,170 | Lease execution deposits |
| Time deposits (presented as "Other receivables") | 2,082 | 2,066 | Customs import guarantee |
| Bank deposits (presented as "Other receivables") | 15,569 | 8,994 | Derivative execution deposits |
| Bank deposits (presented as "Other receivables") | 864 | 851 | Export tax guarantee |
| Time deposits (presented as "Other receivables") | 1,332 | - | Subsidy performance guarantee |
| Time deposits (presented as "Other noncurrent assets") | 20,776 | 20,773 | Lease execution deposits |
| Time deposits (presented as "Other noncurrent assets") | 1,082 | 1,075 | Customs import guarantee |
| Total | \$927,435 | \$956,605 | |

9. Commitments and Contingencies

Amount available under unused letters of credit as of December 31, 2020 was NT\$3,592 thousand.

10. Losses due to Major Disasters

None.

11. Significant Subsequent Events

None.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

12. Others

(1) Categories of Financial Instruments

| <u>Financial assets</u> | December 31, 2020 | December 31, 2019 |
|---|----------------------|----------------------|
| Financial assets at fair value through profit or loss: | | |
| Mandatorily measured at fair value through profit or loss | \$372,859 | \$119,733 |
| Financial assets at fair value through other comprehensive income | 913,080 | 447,469 |
| Financial assets measured at amortized cost (Note) | 30,340,520 | 32,139,214 |
| Hedging financial assets | - | 4,207 |
| Total | \$31,626,459 | \$32,710,623 |
| | | |
| <u>Financial liabilities</u> | December 31, 2020 | December 31, 2019 |
| Financial liabilities at amortized cost: | | |
| Short-term borrowings | \$5,137,417 | \$8,521,341 |
| Accounts payables (including related parties) | 8,160,316 | 8,465,142 |
| Other payables | 4,213,229 | 4,092,358 |
| Lease liability (including current and noncurrent) | 1,554,422 | 1,775,345 |
| Long-term borrowings (including current portion) | 669,479 | 183,433 |
| Subtotal | 19,734,863 | 23,037,619 |
| Financial liabilities at fair value through profit or loss: | | |
| Mandatorily measured at fair value through profit or loss-current | 35,854 | 153,107 |
| Hedging financial liabilities-current | 4,702 | - |
| Total | \$19,775,419 | \$23,190,726 |

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

(2) Financial Risk Management Objectives and Policies

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

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

(3) Market Risk

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

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

Foreign currency risk

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

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

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

When NTD appreciates or depreciates against USD by 1%, the profit for the years ended December 31, 2020 and 2019 is decreased/increased by NT\$115,118 thousand and NT\$90,064 thousand, while equity is decreased/increased by NT\$255,334 thousand and NT\$241,473 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, bank borrowings with fixed and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments and bank borrowings with variable interest rate swaps. At the reporting date, an increase/decrease of 1% of interest rate in a reporting period could cause the profit for the years ended December 31, 2020 and 2019 to decreased/increased by NT\$51,370 thousand and NT\$76,133 thousand, respectively.

Equity price risk

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

For the years ended December 31, 2020 and 2019, an increase/decrease of 1% in the price of the unlisted equity securities classified as equity instrument at fair value through profit or loss could have an impact of NT\$570 thousand and NT\$354 thousand on income attributable to the Group.

For the years ended December 31, 2020 and 2019, 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\$9,131 thousand and NT\$4,475 thousand on the equity attributable to the Group.

(4) Credit Risk Management

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

As of December 31, 2020 and 2019, receivables from top ten customers represented 69% and 58% 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 December 31, 2020 | | | | | |
| Borrowings | \$5,273,266 | \$438,476 | \$119,833 | \$- | \$5,831,575 |
| Accounts payables | | | | | |
| (including related parties) | 8,160,316 | - | - | - | 8,160,316 |
| Other payables | | | | | |
| (including related parties) | 4,213,229 | - | - | - | 4,213,229 |
| Lease liability | 240,872 | 308,363 | 193,045 | 1,205,671 | 1,947,951 |

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

| | Less than 1 year | 1 to 3 years | 3 to 5 years | Over 5 years | Total |
|-----------------------------|---------------------|--------------|--------------|--------------|-------------|
| As of December 31, 2019 | | | | | |
| Borrowings | \$8,540,858 | \$115,050 | \$72,363 | \$- | \$8,728,271 |
| Accounts payables | | | | | |
| (including related parties) | 8,465,142 | - | - | - | 8,465,142 |
| Other payables | | | | | |
| (including related parties) | 4,092,358 | - | - | - | 4,092,358 |
| Lease liability | 353,002 | 350,621 | 204,781 | 1,308,061 | 2,216,465 |

Derivative financial liabilities

| | Less than 1 year | 1 to 3 years | Total |
|-------------------------|------------------|--------------|-----------|
| As of December 31, 2020 | | | |
| Inflows | \$- | \$- | \$- |
| Outflows | 40,556 | - | 40,556 |
| Net | \$40,556 | \$- | \$40,556 |
| As of December 31, 2019 | | | |
| Inflows | \$- | \$- | \$- |
| Outflows | 153,107 | - | 153,107 |
| Net | \$153,107 | \$- | \$153,107 |

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

(6) Reconciliation of Liabilities Arising from Financing Activities:

Reconciliation of liabilities for the year ended December 31, 2020:

| | Short-term borrowings | Long-term borrowings | Leases liabilities | Guarantee deposits received | Other liabilities- noncurrent | Total liabilities from financing activities |
|-------------------------|--------------------------|-------------------------|-----------------------|-----------------------------------|-------------------------------------|---|
| As of January 1, 2020 | \$8,521,341 | \$183,433 | \$1,775,345 | \$36,458 | \$17,272 | \$10,533,849 |
| Cash flows | (3,383,924) | 486,046 | (316,294) | (8,068) | (1,387) | (3,223,627) |
| Additional leases | - | - | 92,141 | - | - | 92,141 |
| Exchange differences | - | - | 3,230 | - | - | 3,230 |
| As of December 31, 2020 | \$5,137,417 | \$669,479 | \$1,554,422 | \$28,390 | \$15,885 | \$7,405,593 |

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

Reconciliation of liabilities for the year ended December 31, 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 | 2,106,700 | (268,866) | (299,301) | (1,611) | (7,430) | 1,529,492 |
| Additional leases | - | - | 285,195 | - | - | 285,195 |
| Exchange differences | - | - | (23,502) | - | - | (23,502) |
| As of December 31, 2019 | <u>\$8,521,341</u> | <u>\$183,433</u> | <u>\$1,775,345</u> | <u>\$36,458</u> | <u>\$17,272</u> | <u>\$10,533,849</u> |

(7) Fair Value of Financial Instruments

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

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

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

B. Fair value of financial instruments measured at amortized cost

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

C. Fair value measurement hierarchy for financial instruments

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

(8) Derivative Instruments

The related information for derivative financial instruments not yet settled as follows:

Forward currency contracts and cross currency contracts

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

| Item (by contract) | Notional Amount | Contract Period |
|------------------------------------|----------------------|-------------------------------------|
| As of December 31, 2020 | | |
| Forward currency contract | | |
| Selling forward currency contracts | USD 418,380 thousand | From January 2021 to November 2021 |
| Buying forward currency contracts | USD 431,000 thousand | From January 2021 to March 2021 |
| Selling forward currency contracts | CAD 3,000 thousand | From January 2021 to March 2021 |
| Selling forward currency contracts | EUR 1,200 thousand | March 2021 |
| Forward cross currency contract | USD 32,700 thousand | From January 2021 to March 2021 |
| As of December 31, 2019 | | |
| Forward currency contract | | |
| Selling forward currency contracts | USD 401,000 thousand | From January 2020 to September 2020 |
| Buying forward currency contracts | USD 452,000 thousand | From January 2020 to February 2020 |
| Selling forward currency contracts | CAD 2,100 thousand | From January 2020 to May 2020 |
| Forward cross currency contract | USD 30,500 thousand | From January 2020 to February 2020 |

Hedging forward currency contracts

The currency of sales, costs of goods sold and trade on behalf of the purchase were in US Dollars, EUR 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:

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

| Item (by contract) | Notional Amount | | Contract Period |
|------------------------------------|-----------------|----------------|-----------------|
| As of December 31, 2020 | | | |
| Forward currency contract | | | |
| Selling forward currency contracts | EUR | 3,000 thousand | February 2021 |
| As of December 31, 2019 | | | |
| Forward currency contract | | | |
| Selling forward currency contracts | GBP | 5,500 thousand | January 2020 |

(9) Fair Value Measurement Hierarchy

A. Fair value measurement hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability

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

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

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

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

| | December 31, 2020 | | | |
|---|-------------------|-----------|---------|-----------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets measured at fair value: | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Forward currency contract | \$- | \$315,391 | \$- | \$315,391 |
| Forward cross currency contract | - | 508 | - | 508 |
| Stock option | - | - | 56,960 | 56,960 |
| Equity instrument measured at fair value through other comprehensive income | - | - | 913,080 | 913,080 |
| Liabilities measured at fair value: | | | | |
| Financial liabilities at fair value through profit or loss | | | | |
| Forward currency contract | - | 26,071 | - | 26,071 |
| Forward cross currency contract | - | 9,783 | - | 9,783 |
| December 31, 2019 | | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Assets measured at fair value: | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Forward currency contract | \$- | \$83,296 | \$- | \$83,296 |
| Forward cross currency contract | - | 1,025 | - | 1,025 |
| Stock | - | - | 35,412 | 35,412 |
| Hedging financial assets-current | - | 4,207 | - | 4,207 |
| Equity instrument measured at fair value through other comprehensive income | - | - | 447,469 | 447,469 |
| Liabilities measured at fair value: | | | | |
| Financial liabilities at fair value through profit or loss | | | | |
| Forward currency contract | - | 145,980 | - | 145,980 |
| Forward cross currency contract | - | 7,127 | - | 7,127 |

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

Transfers between the Level 1 and Level 2 during the period

During the years ended December 31, 2020 and 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

Change in reconciliation for fair value measurements in Level 3

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

| | Assets | | |
|--|---|--|------------------|
| | At fair value through profit or loss | At fair value through other comprehensive income | Total |
| | Stock and stock option | Stock | |
| As of January 1, 2020: | \$35,412 | \$447,469 | \$482,881 |
| Total gains and losses recognized for the year ended December 31, 2020: | | | |
| Amount recognized in profit or loss (presented in “other profit or loss”) | (37,772) | - | (37,772) |
| Amount recognized in OCI (presented in “unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”) | - | 470,857 | 470,857 |
| Acquisition | 59,320 | - | 59,320 |
| Tax effect | - | (1,424) | (1,424) |
| Exchange differences | - | (3,822) | (3,822) |
| As of December 31, 2020 | <u>\$56,960</u> | <u>\$913,080</u> | <u>\$970,040</u> |

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

| | Assets | | |
|--|---|--|------------------|
| | At fair value through profit or loss | At fair value through other comprehensive income | Total |
| | Stock | Stock | |
| As of January 1, 2019: | \$20,065 | \$359,859 | \$379,924 |
| Total gains and losses recognized for the year ended December 31, 2019: | | | |
| Amount recognized in profit or loss (presented in “other profit or loss”) | (68) | - | (68) |
| Amount recognized in OCI (presented in “unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”) | - | 88,518 | 88,518 |
| Acquisition | 15,415 | - | 15,415 |
| Tax effect | - | 712 | 712 |
| Exchange differences | - | (1,620) | (1,620) |
| As of December 31, 2019 | <u>\$35,412</u> | <u>\$447,469</u> | <u>\$482,881</u> |

Total gains and losses recognized in profit or loss for the years ended December 31, 2020 and 2019 in the amount of NT\$(37,772) thousand and NT\$(68) thousand, respectively.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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 December 31, 2020

| | Valuation techniques | Significant unobservable inputs | Quantitative information | Relationship between inputs and fair value | Sensitivity of the input to fair value |
|------------------------------------|----------------------|---------------------------------|--------------------------|--|---|
| Financial assets : | | | | | |
| At fair value | | | | | |
| through other comprehensive income | | | | | |
| Stock | Asset-Based Approach | Not Applicable | - | - | - |
| | Market Approach | P/E ratio of similar companies | 0.98 | The higher the P/E ratio of similar companies, 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\$2,454 thousand/ NT\$2,454 thousand. |
| Financial assets : | | | | | |
| At fair value | | | | | |
| through profit or loss | | | | | |
| Stock option | Market Approach | P/E ratio of similar companies | 0.44 | The higher the P/E ratio of similar companies, the higher the fair value estimated | 10% increase (decrease) in the P/E ratio of similar companies would result in increase /decrease in equity by NT\$6,286 thousand/ NT\$6,286 thousand. |

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

As of December 31, 2019

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

| | December 31, 2020 | | | |
|--|-------------------|---------|-----------|-----------|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets not measured at fair value but for which the fair value is disclosed: | | | | |
| Investment properties (please refer to Note 6(10)) | \$- | \$- | \$217,800 | \$217,800 |

| | December 31, 2019 | | | |
|--|-------------------|---------|-----------|-----------|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets not measured at fair value but for which the fair value is disclosed: | | | | |
| Investment properties (please refer to Note 6(10)) | \$- | \$- | \$219,800 | \$219,800 |

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

(10) Significant Assets and Liabilities Denominated in Foreign Currencies

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

| | December 31, 2020 | | |
|------------------------------|-----------------------|---------------|--------------|
| | Foreign currencies | Exchange rate | NTD thousand |
| <u>Financial assets</u> | | | |
| Monetary item: | | | |
| USD | \$1,022,552 | 28.48 | \$29,122,281 |
| JPY | 139,013 | 0.2763 | 38,409 |
| AUD | 355 | 21.95 | 7,792 |
| GBP | 115 | 38.90 | 4,474 |
| EUR | 111 | 35.02 | 3,887 |
| Non-Monetary items: | | | |
| USD | \$6,219 | 28.48 | \$177,134 |
| <u>Financial liabilities</u> | | | |
| Monetary items: | | | |
| USD | \$618,345 | 28.48 | \$17,610,466 |
| JPY | 92,860 | 0.2763 | 25,657 |
| GBP | 4,919 | 38.90 | 191,353 |
| December 31, 2019 | | | |
| | Foreign currencies | Exchange rate | NTD thousand |
| <u>Financial assets</u> | | | |
| Monetary item: | | | |
| USD | \$960,264 | 29.98 | \$28,788,715 |
| JPY | 257,661 | 0.276 | 71,114 |
| GBP | 345 | 39.36 | 13,579 |
| EUR | 226 | 33.59 | 7,591 |
| CHF | 36 | 30.9 | 1,113 |

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

| | December 31, 2019 | | |
|------------------------------|-----------------------|---------------|--------------|
| | Foreign currencies | Exchange rate | NTD thousand |
| Non-Monetary items: | | | |
| USD | \$2,548 | 29.98 | \$76,389 |
| | | | |
| <u>Financial liabilities</u> | | | |
| Monetary items: | | | |
| USD | \$659,850 | 29.98 | \$19,782,303 |
| JPY | 120,664 | 0.276 | 33,303 |
| GBP | 3,501 | 39.36 | 137,802 |

The Group's entities functional currency are various, and hence is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gain was NT\$138,607 thousand and NT\$218,105 thousand for the years ended December 31, 2020 and 2019, respectively.

(11) Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(12) Other Items

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

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

A. Adjust operating strategies

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

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

B. Government relief measures

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

13. Additional Disclosures

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

- A. Financing provided to others for the year ended December 31, 2020: None.
- B. Endorsement/Guarantee provided to others for the year ended December 31, 2020: Please refer to Attachment 1.
- C. Securities held as of year ended December 31, 2020 (excluding subsidiaries, associates and joint venture): Please refer to Attachment 2.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2020: None.
- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2020: Please refer to None.
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2020: None.
- G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2020: Please refer to Attachment 3.
- H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of year ended December 31, 2020: Please refer to Attachment 4.
- I. The business relationship between the parent and the subsidiaries and significant transactions between them: Please refer to Attachment 5.
- J. Financial instruments and derivative transactions: Please refer to Note 6(2), Note 6(3), Note 6(13), Note 12(1), Note 12(8) and Attachment 8.

(2) Information on Investees

- A. Relevant information on investees when the investees have significant influence or direct or indirect control. Please refer to Attachments 6, 6-1, 6-2 and 6-3.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

B. When the investees have significant influence or direct or indirect control, the above items from A to I shall be disclosed. Please refer to Attachments 1-1, 1-2, 2-1, 3-1, 4-1 and 9.

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

(3) Investment in Mainland China

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

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

(4) Information on major shareholders

Please refer to Attachment 10.

14. Segment information

(1) General Information

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

B. The Group has three reportable segments:

(a) Energy-saving products segments: mainly engaged in the R&D design, manufacturing and marketing of backlighting, panel modules, medical displays and energy-efficient lighting equipment.

(b) Image products and brand segments: mainly engaged in the R&D design, manufacturing and marketing of projector and brand management.

(c) Optical components segments: mainly engaged in the R&D, production and marketing of projection-related applications of optics related components.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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 year ended December 31, 2020 | | | | | | |
|---|---|---|----------------------------------|---------------------|------------------------------|--|---------------------|
| | Energy - saving products segment | Image products and brand segment | Optical components segment | Subtotal | Other segment (Note A) | Adjustment and elimination (Note B) | Total |
| Revenue | | | | | | | |
| Net revenue from external customers | \$22,009,683 | \$13,928,308 | \$3,586,243 | \$39,524,234 | \$2,914,102 | \$- | \$42,438,336 |
| Net revenue from sales among intersegments | 145,440 | 35,914 | 319,339 | 500,693 | 908,548 | (1,409,241) | - |
| Total revenue | <u>\$22,155,123</u> | <u>\$13,964,222</u> | <u>\$3,905,582</u> | <u>\$40,024,927</u> | <u>\$3,822,650</u> | <u>\$(1,409,241)</u> | <u>\$42,438,336</u> |
| Segment income | <u>\$1,138,477</u> | <u>\$718,133</u> | <u>\$(222,252)</u> | <u>\$1,634,358</u> | <u>\$(9,456)</u> | <u>\$211,794</u> | <u>\$1,836,696</u> |
| Segment Assets (Note C) | <u>\$-</u> | <u>\$-</u> | <u>\$-</u> | <u>\$-</u> | <u>\$-</u> | <u>\$47,275,063</u> | <u>\$47,275,063</u> |

| | For the year ended December 31, 2019 | | | | | | |
|---|---|---|----------------------------------|---------------------|------------------------------|--|---------------------|
| | Energy - saving products segment | Image products and brand segment | Optical components segment | Subtotal | Other segment (Note A) | Adjustment and elimination (Note B) | Total |
| Revenue | | | | | | | |
| Net revenue from external customers | \$23,968,822 | \$17,289,447 | \$4,426,742 | \$45,685,011 | \$3,026,248 | \$- | \$48,711,259 |
| Net revenue from sales among intersegments | 216,837 | 36,051 | 393,159 | 646,047 | 891,860 | (1,537,907) | - |
| Total revenue | <u>\$24,185,659</u> | <u>\$17,325,498</u> | <u>\$4,819,901</u> | <u>\$46,331,058</u> | <u>\$3,918,108</u> | <u>\$(1,537,907)</u> | <u>\$48,711,259</u> |
| Segment income | <u>\$1,142,773</u> | <u>\$658,533</u> | <u>\$5,149</u> | <u>\$1,806,455</u> | <u>\$79,927</u> | <u>\$(184,470)</u> | <u>\$1,701,912</u> |
| Segment Assets (Note C) | <u>\$-</u> | <u>\$-</u> | <u>\$-</u> | <u>\$-</u> | <u>\$-</u> | <u>\$49,323,120</u> | <u>\$49,323,120</u> |

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO 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 for the years ended December 31, 2020 and 2019, respectively. They have been combined into other segments.

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

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

| | Years ended December 31 | |
|---|-------------------------|-------------|
| | 2020 | 2019 |
| Net income of reportable segment | \$1,634,358 | \$1,806,455 |
| Income of other segment | (9,456) | 79,927 |
| Unallocated amount: | | |
| Interest income | 434,719 | 466,602 |
| Interest expense | (193,942) | (347,636) |
| Financial assets (liabilities) at fair value through profit or loss | 291,590 | (17,962) |
| Exchange loss | 138,607 | 218,105 |
| Others | (459,180) | (503,579) |
| Income before income tax | \$1,836,696 | \$1,701,912 |

(3) Geographical information

A. Sales to other than consolidated entities

| | Years ended December 31, | |
|--------------------------------------|--------------------------|--------------|
| | 2020 | 2019 |
| Mainland China (including Hong Kong) | \$21,148,804 | \$24,261,200 |
| Taiwan | 8,558,127 | 9,775,792 |
| United States | 3,078,392 | 3,717,171 |
| Japan | 2,987,584 | 4,300,525 |
| South Korea | 739,051 | 414,368 |
| Malaysia | 275,221 | 220,347 |
| United Kingdom | 3,756,178 | 3,796,642 |
| Others | 1,894,979 | 2,225,214 |
| Total | \$42,438,336 | \$48,711,259 |

Sales are presented by customers' country.

CORETRONIC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

B. Non-current assets

| | December 31, | |
|--------------------------------------|--------------|-------------|
| | 2020 | 2019 |
| Taiwan | \$5,240,225 | \$5,009,804 |
| Mainland China (including Hong Kong) | 3,539,343 | 3,503,979 |
| Bangladesh | 403,485 | 487,122 |
| Europe | 238,402 | 239,796 |
| United States | 114,976 | 139,219 |
| Total | \$9,536,431 | \$9,379,920 |

(4) Major customers information

2020 and 2019 for a single customer sales accounted for more than 10% of net sales are listed below:None.

ATTACHMENT 1 (Endorsement/Guarantee provided to others for the year ended December 31, 2020)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

| No. | Endorsor/guarantor | Receiving party | | Limit of guarantee/endorsement amount for receiving party | Maximum balance for the period | Ending balance | Actual amount provided | Amount of endorsement/guarantee collateralized by properties | Percentage of accumulated guarantee amount to net worth from the latest financial statement | Limit of total guarantee/endorsement amount | Guarantee provided by parent company | Guarantee provided by a subsidiary | Guarantee provided to subsidiary in Mainland China |
|-----|------------------------|---|--------------|---|----------------------------------|---------------------------------|------------------------|--|---|---|--------------------------------------|------------------------------------|--|
| | | Company name | Relationship | | | | | | | | | | |
| 0 | Coretronic Corporation | Nano Precision Taiwan Limited | Associate | \$ 10,879,308 (Note) | \$ 350,000 | \$ 350,000 | \$ 39,323 | - | 1.61% | \$ 21,758,616 (Note) | Yes | No | No |
| 0 | Coretronic Corporation | Coretronic Intelligent Robotics Corporation | Subsidiary | 10,879,308 (Note) | 402,250 | 260,000 | 8,250 | - | 1.19% | 21,758,616 (Note) | Yes | No | No |
| 0 | Coretronic Corporation | Coretronic Display (Suzhou) | Associate | 10,879,308 (Note) | 196,183 (RMB45,000 thousands) | - | - | - | - | 21,758,616 (Note) | Yes | No | Yes |
| 0 | Coretronic Corporation | YLG Optotech | Associate | 10,879,308 (Note) | 138,848 (USD4,590 thousands) | - | - | - | - | 21,758,616 (Note) | Yes | No | Yes |
| 0 | Coretronic Corporation | Optoma Technology Inc. | Associate | 10,879,308 (Note) | 15,010 | 14,240 | 14,240 | - | 0.07% | 21,758,616 (Note) | Yes | No | No |
| 0 | Coretronic Corporation | Calibre UK Ltd. | Subsidiary | 10,879,308 (Note) | 206,560 (GBP5,260 thousands) | 204,614 (GBP5,260 thousands) | 175,287 | - | 0.94% | 21,758,616 (Note) | Yes | No | No |
| | Total | | | | <u>\$ 1,308,851</u> | <u>\$ 828,854</u> | | | | | | | |

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

ATTACHMENT 1-1 (Financing provided to others for the year ended December 31, 2020)

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

| No. | Lender | Counter-party | Financial statement account | Related party | Maximum balance for the period | Ending balance | Actual amount provided | Interest rate | Nature of financing | Amount of sales to (purchases from) counter-party | Reason for financing | Allowance for expected credit losses | Collateral | | Limit of financing amount for individual counter-party | Limit of total financing amount |
|-----|---------------------------------|---|--|---------------|--------------------------------|----------------|------------------------|---------------|-----------------------------------|---|----------------------|--------------------------------------|------------|-------|--|---------------------------------|
| | | | | | | | | | | | | | Item | Value | | |
| 1 | Bigshine (HK) | Coretronic Corporation | Accounts receivables - related parties | Yes | \$ 211,750 | \$ - | \$ - | - | The need for short-term financing | - | Business turnover | - | None | - | \$ 616,268 | \$ 616,268 |
| 1 | Bigshine (HK) | Core-Flex Limited | Accounts receivables - related parties | Yes | 130,814 | 123,261 | 123,261 | - | The need for short-term financing | - | Business turnover | - | None | - | 246,507 | 246,507 |
| 1 | Bigshine (HK) | Optoma USA | Accounts receivables - related parties | Yes | 185,884 | 175,152 | 175,152 | 1.5% | The need for short-term financing | - | Business turnover | - | None | - | 616,268 | 616,268 |
| 2 | Lead Bright (HK) | Coretronic Corporation | Accounts receivables - related parties | Yes | 148,225 | - | - | - | The need for short-term financing | - | Business turnover | - | None | - | 3,288,812 | 3,288,812 |
| 3 | Tecpoint | Coretronic Corporation | Accounts receivables - related parties | Yes | 6,050 | - | - | - | The need for short-term financing | - | Business turnover | - | None | - | 3,037,640 | 3,037,640 |
| 4 | Venture Orient | Coretronic Corporation | Accounts receivables - related parties | Yes | 112,575 | 106,800 | 106,800 | - | The need for short-term financing | - | Business turnover | - | None | - | 478,013 | 478,013 |
| 5 | Great Pride(HK) | Coretronic Corporation | Accounts receivables - related parties | Yes | 102,850 | 96,832 | 96,832 | - | The need for short-term financing | - | Business turnover | - | None | - | 2,353,594 | 2,353,594 |
| 6 | Coretronic (Suzhou) | Coretronic Corporation | Accounts receivables - related parties | Yes | 136,125 | - | - | - | The need for short-term financing | - | Business turnover | - | None | - | 1,442,565 | 1,442,565 |
| 6 | Coretronic (Suzhou) | Coretronic Display (Suzhou) | Accounts receivables - related parties | Yes | 1,800,525 | 610,305 | 610,305 | 0.5% | The need for short-term financing | - | Business turnover | - | None | - | 4,808,551 | 4,808,551 |
| 6 | Coretronic (Suzhou) | Coretronic Optics (Suzhou) | Accounts receivables - related parties | Yes | 262,776 | 261,888 | 261,888 | 0.5% | The need for short-term financing | - | Business turnover | - | None | - | 4,808,551 | 4,808,551 |
| 6 | Coretronic (Suzhou) | Coretronic System Engineering (Shanghai) | Accounts receivables - related parties | Yes | 17,438 | - | - | - | The need for short-term financing | - | Business turnover | - | None | - | 4,808,551 | 4,808,551 |
| 7 | Bigshine | Coretronic Corporation | Accounts receivables - related parties | Yes | 15,125 | - | - | - | The need for short-term financing | - | Business turnover | - | None | - | 260,815 | 260,815 |
| 7 | Bigshine | Brightbridge | Accounts receivables - related parties | Yes | 2,677 | 2,532 | 2,532 | - | The need for short-term financing | - | Business turnover | - | None | - | 260,815 | 260,815 |
| 8 | Greendale | Coretronic Corporation | Accounts receivables - related parties | Yes | 19,360 | - | - | - | The need for short-term financing | - | Business turnover | - | None | - | 4,627,450 | 4,627,450 |
| 9 | Young Green Energy | Calibre UK Ltd | Accounts receivables - related parties | Yes | 7,928 | - | - | - | The need for short-term financing | - | Business turnover | - | None | - | 91,834 | 91,834 |
| 9 | Young Green Energy | Coretronic Intelligent Robotics Corporation | Accounts receivables - related parties | Yes | 30,000 | - | - | - | The need for short-term financing | - | Business turnover | - | None | - | 91,834 | 91,834 |
| 9 | Young Green Energy | Coretronic Intelligent Cloud Service Corp. | Accounts receivables - related parties | Yes | 35,000 | - | - | - | The need for short-term financing | - | Business turnover | - | None | - | 91,834 | 91,834 |
| 10 | Coretronic (Ningbo) | YLG Optotech | Accounts receivables - related parties | Yes | 239,778 | - | - | - | The need for short-term financing | - | Business turnover | - | None | - | 3,380,804 | 3,380,804 |
| 11 | Great Pride (Samoa) | Coretronic Corporation | Accounts receivables - related parties | Yes | 33,275 | - | - | - | The need for short-term financing | - | Business turnover | - | None | - | 2,386,013 | 2,386,013 |
| 12 | Coretronic Projection (Kunshan) | Coretronic Optics (Kunshan) | Accounts receivables - related parties | Yes | 459,859 | 458,306 | 458,306 | 0.5% | The need for short-term financing | - | Business turnover | - | None | - | 5,227,902 | 5,227,902 |
| 13 | Dynamic Time | Optoma Corporation | Accounts receivables - related parties | Yes | 514,250 | 474,192 | 474,192 | - | The need for short-term financing | - | Business turnover | - | None | - | 673,627 | 673,627 |
| 13 | Dynamic Time | Optoma USA | Accounts receivables - related parties | Yes | 166,375 | - | - | - | The need for short-term financing | - | Business turnover | - | None | - | 1,684,067 | 1,684,067 |
| 13 | Dynamic Time | Coretronic Corporation | Accounts receivables - related parties | Yes | 166,238 | 156,640 | 156,640 | - | The need for short-term financing | - | Business turnover | - | None | - | 1,684,067 | 1,684,067 |
| 14 | Modern Smart | Optoma USA | Accounts receivables - related parties | Yes | 19,663 | - | - | - | The need for short-term financing | - | Business turnover | - | None | - | 89,468 | 89,468 |
| 14 | Modern Smart | Optoma Corporation | Accounts receivables - related parties | Yes | 39,293 | 35,600 | 35,600 | - | The need for short-term financing | - | Business turnover | - | None | - | 35,787 | 35,787 |
| 15 | Wisdom Success (HK) | Coretronic Corporation | Accounts receivables - related parties | Yes | 1,409,760 | 1,409,760 | 1,409,760 | - | The need for short-term financing | - | Business turnover | - | None | - | 5,742,957 | 5,742,957 |
| 16 | Tsen Ming Investment | Optoma Corporation | Accounts receivables - related parties | Yes | 140,000 | 140,000 | 140,000 | 0.45% | The need for short-term financing | - | Business turnover | - | None | - | 174,102 | 174,102 |

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 Great Pride Hong Kong Limited, Venture Orient Limited, Wisdom Success (HK) Limited, and Dynamic Time Investments Limited.

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

Note b : Limit of financing amount for individual counter-party and total financing amount should not exceed 100% of lender's net worth from the latest financial statement, including Bigshine International Limited, Bigshine (HK) Limited, Coretronic (Suzhou), and Coretronic Projection (Kunshan).

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

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

ATTACHMENT 1-2 (Endorsement/Guarantee provided to others for the year ended December 31, 2020)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

| No. | Endorsor/ guarantor | Receiving party | | Limit of guarantee/endorsement amount for receiving party | Maximum balance for the period | Ending balance | Actual amount provided | Amount of endorsement/ guarantee collateralized by properties | Percentage of accumulated guarantee amount to net worth from the latest financial statement | Limit of total guarantee/ endorsement amount | Guarantee provided by parent company | Guarantee provided by a subsidiary | Guarantee provided to subsidiary in Mainland China |
|-------|------------------------------|-----------------------------|--------------|---|--------------------------------|----------------|------------------------|---|---|--|--------------------------------------|------------------------------------|--|
| | | Company name | Relationship | | | | | | | | | | |
| 1 | Coretronic (Suzhou) | Coretronic Display (Suzhou) | Associate | \$ 2,404,275 (Note) | \$ 780,878 | \$ 2,848 | \$ 2,848 | - | 0.06% | \$ 4,808,551 (Note) | No | No | Yes |
| 2 | Coretronic Optotech (Suzhou) | Coretronic Optics (Suzhou) | Associate | 418,183 (Note) | 109,490 | 109,120 | 109,120 | - | 13.05% | 836,366 (Note) | No | No | Yes |
| 2 | Coretronic Optotech (Suzhou) | Coretronic Display (Suzhou) | Associate | 418,183 (Note) | 405,269 | 218,241 | 218,241 | - | 26.09% | 836,366 (Note) | No | No | Yes |
| Total | | | | | \$ 1,295,637 | \$ 330,209 | | | | | | | |

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 December 31, 2020)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

| Held company name | Marketable securities type and name | Relationship with the company | Financial statement account | December 31, 2020 | | | | Note |
|------------------------|---------------------------------------|-------------------------------|--|-------------------|-----------------|-----------------------------|------------------|------|
| | | | | Shares/Units | Carrying amount | Percentage of ownership (%) | Fair value(Note) | |
| Coretronic Corporation | Maxima Venture I, Inc. | - | Financial assets at fair value through other comprehensive income-noncurrent | 29,400 | \$ 1,330 | 5.26% | \$ 1,330 | |
| Coretronic Corporation | Nightingale Intelligent Systems, Inc. | - | Financial assets at fair value through profit or loss-noncurrent | 1,148,617 | - | 4.17% | - | |
| Coretronic Corporation | GLO AB | - | Financial assets at fair value through profit or loss-noncurrent | 50,000 | - | 0.24% | - | |
| Coretronic Corporation | Flexenable Limited | - | Financial assets at fair value through profit or loss-current | - | 56,960 | - | 56,960 | |
| Coretronic Corporation | Etergo Opto-Electronics Co., LTD | - | Investments accounted for using the equity method- noncurrent | 1,850,000 | 46,433 | 18.50% | - | |

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

ATTACHMENT 2-1 (Securities held as of December 31, 2020)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

| Held company name | Marketable securities type and name | Relationship with the company | Financial statement account | December 31, 2020 | | | | Note |
|-----------------------------|-------------------------------------|-------------------------------|--|-------------------|-----------------|-----------------------------|---------------------|------|
| | | | | Shares/Units | Carrying amount | Percentage of ownership (%) | Fair value (Note a) | |
| Chung Tsen Investment Corp. | Shieh Yong Investment | - | Financial assets at fair value through other comprehensive income-noncurrent | 34,107,900 | \$ 789,039 | 4.47% | \$ 789,039 | |
| Venture Orient | Unitech Capital | - | Financial assets at fair value through other comprehensive income-noncurrent | 2,500,000 | USD 3,447,004 | 5.00% | USD 3,447,004 | |
| Optoma Corporation | LIULIGONGFANG | - | Financial assets at fair value through other comprehensive income-noncurrent | 242,094 | 3,893 | 3.06% | 3,893 | |
| | Excel Global | - | Financial assets at fair value through other comprehensive income-noncurrent | 812,506 | 20,647 | 19.90% | 20,647 | |
| Coretronic Venture Capital | GeneJet Biotech | - | Investments accounted for using the equity method- noncurrent | 1,575,000 | - (Note b) | 19.51% | - | |

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

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

ATTACHMENT 3 (Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended December 31, 2020)

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

| Company name | Counter-party | Relationship | Transactions | | | | Details of non-arm's length transaction | | Notes and accounts receivable (payable) | | Note |
|------------------------|--------------------|--------------|-------------------|--------------|---------------------------------------|---------|---|------|---|---|------|
| | | | Purchases (Sales) | Amount | Percentage of total purchases (sales) | Term | Unit price | Term | Balance | Percentage of total receivables (payable) | |
| Coretronic Corporation | Optoma Europe | Subsidiary | Sales | \$ 2,372,685 | 15.29% | 90 days | - | - | \$ 820,260 | 11.54% | |
| Coretronic Corporation | Optoma USA | Subsidiary | Sales | 1,239,600 | 7.99% | 90 days | - | - | 532,920 | 7.50% | |
| Coretronic Corporation | Optoma Corporation | Subsidiary | Sales | 356,011 | 2.29% | 90 days | - | - | 653,752 | 9.20% | |

ATTACHMENT 3-1 (Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended December 31, 2020)

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

| Company name | Counter-party | Relationship | Transactions | | | | Details of non-arm's length transaction | | Notes and accounts receivable (payable) | | Note |
|---------------------------------|---|--------------|-------------------|------------|---------------------------------------|---------|---|------|---|---|------|
| | | | Purchases (Sales) | Amount | Percentage of total purchases (sales) | Term | Unit price | Term | Balance | Percentage of total receivables (payable) | |
| Young Optics | Young Optics (Kunshan) | Associate | Sales | \$ 117,361 | 3.38% | 60 days | - | - | \$ 98,069 | 17.50 % | |
| Young Optics | Young Optics (Kunshan) | Associate | Purchases | 1,394,340 | 59.62% | 60 days | - | - | (710,347) | (75.36%) | |
| Young Optics | Aptek Optical | Associate | Sales | 196,086 | 5.65% | 60 days | - | - | 38,772 | 6.92 % | |
| Young Optics (Kunshan) | Young Optics (Suzhou) | Associate | Sales | 113,720 | 6.00% | 60 days | - | - | 39,569 | 4.71 % | |
| Young Optics (Kunshan) | Coretronic Optics (Kunshan) | Associate | Sales | 329,930 | 17.42% | 90 days | - | - | 86,939 | 10.34 % | |
| Optoma Corporation | Optoma Europe | Associate | Sales | 192,962 | 19.75% | 90 days | - | - | 77,796 | 36.84 % | |
| Nano Precision (Suzhou) | Coretronic (Suzhou) | Associate | Sales | 217,634 | 14.28% | 60 days | - | - | 31,864 | 7.51 % | |
| Nano Precision (Suzhou) | Coretronic Display (Suzhou) | Associate | Sales | 115,536 | 7.58% | 60 days | - | - | 20,823 | 4.91 % | |
| Nano Precision (Suzhou) | Coretronic Optotech (Suzhou) | Associate | Sales | 160,090 | 10.50% | 60 days | - | - | 49,059 | 11.57 % | |
| Nano Precision Taiwan Limited | Nano Precision (Suzhou) | Associate | Sales | 308,603 | 61.60% | 60 days | - | - | 39,900 | 50.29 % | |
| Coretronic Optotech (Suzhou) | Coretronic Display (Suzhou) | Associate | Sales | 370,695 | 4.66% | 60 days | - | - | 116,815 | 4.00 % | |
| Coretronic Projection (Kunshan) | Optoma China | Associate | Sales | 648,112 | 5.82% | 60 days | - | - | 309,393 | 10.26 % | |
| Coretronic Optics (Kunshan) | Coretronic Intelligent Cloud Service Corp | Associate | Sales | 103,468 | 0.93% | 60 days | - | - | 22,489 | 0.75 % | |
| Coretronic Projection (Kunshan) | Champ Vision Display | Associate | Sales | 843,643 | 7.58% | 60 days | - | - | 175,740 | 5.83 % | |
| Coretronic Projection (Kunshan) | Coretronic Optics (Kunshan) | Associate | Sales | 486,420 | 4.37% | 60 days | - | - | 79,490 | 2.64 % | |
| Coretronic Optics (Kunshan) | Coretronic Projection (Kunshan) | Associate | Sales | 6,102,391 | 99.87% | 60 days | - | - | 1,405,570 | 99.79 % | |
| Champ Vision Display | Coretronic Projection (Kunshan) | Associate | Sales | 412,332 | 22.44% | 60 days | - | - | 59,851 | 15.00 % | |

ATTACHMENT 4 (Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of December 31, 2020)

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

| Company name | Counter-party | Relationship | Accounts receivables - related parties Balance | Turnover rate (times) | Overdue receivables | | Amount received in subsequent period | Allowance for expected credit losses |
|------------------------|--------------------|--------------|--|-----------------------|---------------------|-------------------|--------------------------------------|--------------------------------------|
| | | | | | Amount | Collection status | | |
| Accounts receivables : | | | | | | | | |
| Coretronic Corporation | Optoma Corporation | Subsidiary | \$ 653,752 | 0.29 | \$ - | - | \$ - | \$ - |
| Coretronic Corporation | Optoma Europe | Subsidiary | 820,260 | 5.72 | - | - | - | - |
| Coretronic Corporation | Optoma USA | Subsidiary | 532,920 | 4.62 | - | - | - | - |

ATTACHMENT 4-1 (Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of December 31, 2020)

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

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

| Company name | Counter-party | Relationship | Accounts receivables - related parties balance | Turnover rate (times) | Overdue receivables | | Amount received in subsequent period | Allowance for expected credit losses |
|---------------------------------|---------------------------------|--------------|--|-----------------------|---------------------|-------------------|--------------------------------------|--------------------------------------|
| | | | | | Amount | Collection status | | |
| Accounts receivables : | | | | | | | | |
| Young Optics (Kunshan) | Young Optics | Associate | \$ 710,347 | 3.93 | - | - | - | - |
| Grace China | Young Optics (Kunshan) | Associate | 30 | 0.39 | - | - | - | - |
| Grace China | Young Optics (BD) | Associate | 392,045 | 0.02 | - | - | - | - |
| Coretronic Projection (Kunshan) | Champ Vision Display | Associate | 175,740 | 5.03 | - | - | - | - |
| Coretronic Projection (Kunshan) | Optoma China | Associate | 309,393 | 1.89 | - | - | - | - |
| Coretronic Optics (Kunshan) | Coretronic Projection (Kunshan) | Associate | 1,405,570 | 4.56 | - | - | - | - |
| Other receivables : | | | | | | | | |
| Dynamic Time | Coretronic Corporation | Associate | 156,640 | - | - | - | - | - |
| Dynamic Time | Optoma Corporation | Associate | 474,192 | - | - | - | - | - |
| Coretronic Projection (Kunshan) | Coretronic Optics (Kunshan) | Associate | 462,128 | - | - | - | - | - |
| Grace China | Young Optics (BD) | Associate | 187,122 | - | - | - | - | - |
| Grace China | Young Optics (Kunshan) | Associate | 214,882 | - | - | - | - | - |

ATTACHMENT 5 (Significant intercompany transactions between consolidated entities)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

| No. (Note a) | Related party | Counter-party | Relationship with Coretronic Corporation (Note b) | Transactions | | | |
|------------------------------|------------------------|---------------------------------|--|----------------------|-----------|-----------------------------------|--|
| | | | | Accounts | Amount | Collection periods (Note c) | Percentage of consolidated operating revenues or consolidated total assets (Note d) |
| 0 | Coretronic Corporation | Optoma Corporation | 1 | Accounts receivables | 653,752 | — | 1.38% |
| | | | 1 | Sales | 356,011 | — | 0.84% |
| | | Optoma Technology | 1 | Accounts receivables | 532,920 | — | 1.13% |
| | | | 1 | Sales | 1,239,600 | — | 2.92% |
| | | Optoma Europe | 1 | Accounts receivables | 820,260 | — | 1.74% |
| | | | 1 | Sales | 2,372,685 | — | 5.59% |
| | | Coretronic (Suzhou) | 1 | Sales | 30,104 | — | 0.07% |
| | | Greendale | 1 | Accounts receivables | 776,091 | — | 1.64% |
| | | | 1 | Sales | 3,866,862 | — | 9.11% |
| | | Coretronic Projection (Kunshan) | 1 | Accounts receivables | 35,917 | — | 0.08% |
| | | | 1 | Sales | 56,223 | — | 0.13% |
| | | YLG Optotech | 1 | Accounts receivables | 103,388 | — | 0.22% |
| | | | 1 | Sales | 326,218 | — | 0.77% |
| | | Coretronic Display (Suzhou) | 1 | Accounts receivables | 737,959 | — | 1.56% |
| | | | 1 | Sales | 4,491,955 | — | 10.58% |
| | | Coretronic Optotech (Suzhou) | 1 | Accounts receivables | 2,242,067 | — | 4.74% |
| 1 | Sales | | 5,630,400 | — | 13.27% | | |
| Coretronic Vietnam Co., Ltd. | 1 | Accounts receivables | 51,004 | — | 0.11% | | |
| | 1 | Sales | 51,066 | — | 0.12% | | |
| 1 | Optoma Corporation | Coretronic Corporation | 2 | Sales | 59,259 | — | 0.14% |
| | | Optoma Technology | 3 | Sales | 53,937 | — | 0.13% |
| | | Optoma Europe | 3 | Accounts receivables | 77,796 | — | 0.16% |
| | | | 3 | Sales | 192,962 | — | 0.45% |
| 2 | Young Optics | Grace China | 3 | Other receivables | 309,792 | — | 0.66% |
| | | | 3 | Sales | 36,455 | — | 0.09% |
| | | Young Optics (Kunshan) | 3 | Accounts receivables | 98,069 | — | 0.21% |
| | | | 3 | Sales | 117,361 | — | 0.28% |
| | | Young Optics (Suzhou) | 3 | Accounts receivables | 17,654 | — | 0.04% |
| | | | 3 | Accounts payables | 2,853 | — | 0.01% |
| | | | 3 | Sales | 80,429 | — | 0.19% |

| No. (Note a) | Related party | Counter-party | Relationship with Coretronic Corporation (Note b) | Transactions | | | |
|-----------------------------|------------------------|-----------------------------|--|------------------------|-----------|-----------------------------------|--|
| | | | | Accounts | Amount | Collection periods (Note c) | Percentage of consolidated operating revenues or consolidated total assets (Note d) |
| 2 | Young Optics | Aptek Optical | 3 | Accounts receivables | 38,772 | — | 0.08% |
| | | | 3 | Manufacturing expenses | 1,837 | — | - |
| | | | 3 | Operating expenses | 689 | — | - |
| | | | 3 | Sales | 196,086 | — | 0.46% |
| | | | 3 | Other receivables | 107 | — | - |
| | | Young Optics Europe GmbH | 3 | Sales | 7,474 | — | 0.02% |
| | | | 3 | Accounts receivables | 1,682 | — | - |
| | | Young Optics (BD) LTD. | 3 | Sales | 2,416 | — | 0.01% |
| | | | 3 | Accounts receivables | 15,586 | — | 0.03% |
| | | | 3 | Other receivables | 7,508 | — | 0.02% |
| Mejiro Genossen Inc. | 3 | Accounts receivables | 9,015 | — | 0.02% | | |
| | 3 | Sales | 33,506 | — | 0.08% | | |
| 3 | Grace China | Young Optics (Suzhou) | 3 | Sales | 14,077 | — | 0.03% |
| | | Young Optics | 3 | Sales | 55,719 | — | 0.13% |
| | | Young Optics (BD) LTD. | 3 | Sales | 6,672 | — | 0.02% |
| | | | 3 | Other receivables | 187,122 | — | 0.40% |
| | | | 3 | Accounts receivables | 392,045 | — | 0.83% |
| | | Coretronic Optics (Kunshan) | 3 | Sales | 48,811 | — | 0.12% |
| | | | 3 | Accounts receivables | 30 | — | - |
| | | | 3 | Other receivables | 214,882 | — | 0.45% |
| 4 | Young Optics (Kunshan) | Young Optics (Suzhou) | 3 | Accounts receivables | 39,569 | — | 0.08% |
| | | | 3 | Sales | 113,720 | — | 0.27% |
| | | Young Optics | 3 | Sales | 1,394,340 | — | 3.29% |
| | | | 3 | Accounts receivables | 710,347 | — | 1.50% |
| | | Young Optics (BD) LTD. | 3 | Sales | 328 | — | - |
| | | | 3 | Accounts receivables | 96 | — | - |
| | | Grace China | 3 | Sales | 22,084 | — | 0.05% |
| | | Mejiro Genossen Inc. | 3 | Sales | 1,554 | — | - |
| Coretronic Optics (Kunshan) | 3 | Accounts receivables | 86,939 | — | 0.18% | | |
| | 3 | Sales | 329,930 | — | 0.78% | | |
| 5 | Dynamic Time | Coretronic Corporation | 2 | Other receivables | 156,640 | — | 0.33% |
| | | Optoma Corporation | 3 | Other receivables | 474,192 | — | 1.00% |

| 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) |
| 6 | Optoma Technology | Optoma Europe | 3 | Sales | 50,754 | — | 0.12% |
| 7 | Modern Smart | Optoma Corporation | 3 | Other receivables | 35,600 | — | 0.08% |
| 8 | Coretronic (Suzhou) | Wisdom Success (HK) | 3 | Accounts receivables | 3,834,212 | — | 8.11% |
| | | | 3 | Sales | 2,641,416 | — | 6.22% |
| | | Coretronic Display (Suzhou) | 3 | Other receivables | 613,973 | — | 1.30% |
| | | | 3 | Sales | 30,153 | — | 0.07% |
| | Coretronic Optics (Suzhou) | 3 | Other receivables | 283,081 | — | 0.60% | |
| 9 | Venture Orient | Coretronic Corporation | 2 | Other receivables | 106,800 | — | 0.23% |
| 10 | Best Alpha | Young Optics (Kunshan) | 3 | Other receivables | 69,918 | — | 0.15% |
| 11 | Young Optics (Suzhou) | Young Optics | 3 | Sales | 57,967 | — | 0.14% |
| | | | 3 | Accounts receivables | 2,853 | — | 0.01% |
| | | Young Optics (Kunshan) | 3 | Sales | 1,865 | — | - |
| | | | 3 | Accounts receivables | 120 | — | - |
| | Grace China | 3 | Sales | 5,101 | — | 0.01% | |
| 12 | Mejiro Genossen Inc. | Young Optics | 3 | Accounts receivables | 1,938 | — | - |
| | | | 3 | Sales | 23,866 | — | 0.06% |
| 13 | Nano Precision (Suzhou) | Coretronic (Suzhou) | 3 | Accounts receivables | 31,864 | — | 0.07% |
| | | | 3 | Sales | 217,634 | — | 0.51% |
| | | Great Pride (HK) | 3 | Accounts receivables | 86,923 | — | 0.18% |
| | | | 3 | Sales | 245,206 | — | 0.58% |
| | | Coretronic Display (Suzhou) | 3 | Accounts receivables | 20,823 | — | 0.04% |
| | | | 3 | Sales | 115,536 | — | 0.27% |
| | Coretronic Optotech (Suzhou) | 3 | Accounts receivables | 49,059 | — | 0.10% | |
| | | 3 | Sales | 160,090 | — | 0.38% | |
| 14 | Greendale | Coretronic Corporation | 2 | Other receivables | 1,962,881 | — | 4.15% |
| | | Coretronic Optics (Kunshan) | 3 | Other receivables | 758,860 | — | 1.61% |
| 15 | Coretronic Projection (Kunshan) | Optoma China | 3 | Accounts receivables | 309,393 | — | 0.65% |
| | | | 3 | Sales | 648,112 | — | 1.53% |
| | | Vimax (Kunshan) | 3 | Sales | 30,213 | — | 0.07% |
| | | Greendale | 3 | Accounts receivables | 1,960,854 | — | 4.15% |
| 3 | Sales | | 6,967,465 | — | 16.42% | | |

| 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) |
| 15 | Coretronic Projection (Kunshan) | Coretronic Intelligent Cloud Service Corporation | 3 | Accounts receivables | 22,489 | — | 0.05% |
| | | | 3 | Sales | 103,468 | — | 0.24% |
| | | Champ Vision Display | 3 | Accounts receivables | 175,740 | — | 0.37% |
| | | | 3 | Sales | 843,643 | — | 1.99% |
| | | Coretronic Optics (Kunshan) | 3 | Other receivables | 462,128 | — | 0.98% |
| | | | 3 | Accounts receivables | 79,490 | — | 0.17% |
| 16 | Tsen Ming Investment | Optoma Corporation | 3 | Sales | 486,420 | — | 1.15% |
| 17 | Coretronic (Ningbo) | Coretronic Corporation | 3 | Other receivables | 140,000 | — | 0.30% |
| 17 | | | 2 | Accounts receivables | 467,277 | — | 0.99% |
| 18 | Nano Display | Coretronic (Guangzhou) | 2 | Sales | 534,262 | — | 1.26% |
| 19 | Great Pride (HK) | Coretronic Corporation | 3 | Sales | 72,268 | — | 0.17% |
| 20 | Wisdom Success (HK) | Coretronic Corporation | 2 | Other receivables | 96,832 | — | 0.20% |
| | | | 2 | Other receivables | 1,409,760 | — | 2.98% |
| | | Coretronic (Suzhou) | 3 | Accounts receivables | 1,782,656 | — | 3.77% |
| 21 | Bigshine (HK) | Optoma Technology Core-Flex | 3 | Sales | 7,333,105 | — | 17.28% |
| | | | 3 | Other receivables | 175,152 | — | 0.37% |
| 22 | Coretronic Intelligent Cloud Service Corporation | Coretronic Corporation | 3 | Other receivables | 123,261 | — | 0.26% |
| | | | 3 | Other receivables | 102,724 | — | 0.22% |
| | | Optoma Corporation | 2 | Accounts receivables | 102,724 | — | 0.22% |
| 23 | YLG Optotech | Coretronic Corporation | 2 | Sales | 288,558 | — | 0.68% |
| | | | 3 | Sales | 42,530 | — | 0.10% |
| 24 | Young Optics (BD) LTD. | Grace China | 2 | Sales | 677,898 | — | 1.60% |
| | | | 3 | Sales | 114,545 | — | 0.27% |
| | | Young Optics | 3 | Accounts receivables | 86,851 | — | 0.18% |
| | | | 3 | Sales | 61,020 | — | 0.14% |
| | | Young Optics (Kunshan) | 3 | Sales | 40,009 | — | 0.09% |
| | | | 3 | Accounts receivables | 4,255 | — | 0.01% |
| 25 | Coretronic Display (Suzhou) | Coretronic Corporation | 3 | Accounts receivables | 3,640 | — | 0.01% |
| | | | 3 | Sales | 44,557 | — | 0.10% |
| | | Wisdom Success (HK) | 2 | Accounts receivables | 1,136,342 | — | 2.40% |
| | | | 2 | Sales | 2,496,321 | — | 5.88% |
| | | | 3 | Sales | 33,019 | — | 0.08% |

| No. (Note a) | Related party | Counter-party | Relationship with Coretronic Corporation (Note b) | Transactions | | | |
|-----------------|---------------------------------|---------------------------------|--|----------------------|-----------|-----------------------------------|--|
| | | | | Accounts | Amount | Collection periods (Note c) | Percentage of consolidated operating revenues or consolidated total assets (Note d) |
| 25 | Coretronic Display (Suzhou) | YLG Optotech | 3 | Accounts receivables | 31,982 | — | 0.07% |
| | | | 3 | Sales | 91,760 | — | 0.22% |
| 26 | Coretronic Optotech (Suzhou) | Coretronic Corporation | 2 | Accounts receivables | 2,783,289 | — | 5.89% |
| | | | 2 | Sales | 1,738,816 | — | 4.10% |
| | | Coretronic Display (Suzhou) | 3 | Accounts receivables | 116,815 | — | 0.25% |
| | | | 3 | Sales | 370,695 | — | 0.87% |
| 27 | Champ Vision Display | Coretronic Projection (Kunshan) | 3 | Accounts receivables | 59,851 | — | 0.13% |
| | | | 3 | Sales | 412,332 | — | 0.97% |
| | | YLG Optotech | 3 | Sales | 61,636 | — | 0.15% |
| 28 | Coretronic Optics (Kunshan) | Coretronic Projection (Kunshan) | 3 | Accounts receivables | 1,405,570 | — | 2.97% |
| | | | 3 | Sales | 6,102,391 | — | 14.38% |
| 29 | Coretronic Optics (Suzhou) | Coretronic (Suzhou) | 3 | Accounts receivables | 56,958 | — | 0.12% |
| | | | 3 | Sales | 199,503 | — | 0.47% |
| 30 | Nano Precision Taiwan | Coretronic Corporation | 2 | Other receivables | 30,442 | — | 0.06% |
| | | Coretronic (Suzhou) | 3 | Sales | 50,523 | — | 0.12% |
| | | Nano Precision (Suzhou) | 3 | Accounts receivables | 39,900 | — | 0.08% |
| | | | 3 | Sales | 308,603 | — | 0.73% |
| | | Coretronic (Ningbo) | 3 | Sales | 63,462 | — | 0.15% |
| | | Coretronic Display (Suzhou) | 3 | Sales | 36,047 | — | 0.08% |

Note a: Coretronic Corporation and its subsidiaries are coded as follows:

1. Coretronic Corporation is coded "0"
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note b: Transactions are categorized as follows:

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

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

Note d: The percentage with respect to the consolidated asset/liability for transactions of balance sheet items are based on each item's balance at period-end.
For profit or loss items, cumulative balances are used as basis.

ATTACHMENT 6 : (Names, locations and related information of investee companies as of December 31, 2020) (Not including investment in Mainland China)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

| Investor company | Investee company | Address | Main businesses and products | Initial Investment | | Investment as of December 31, 2020 | | | Net income (loss) of investee company | Investment income (loss) recognized | Note |
|------------------------|---|-------------------------|---|--------------------|-------------------|------------------------------------|-------------------------|-----------------|---------------------------------------|-------------------------------------|------------|
| | | | | Ending balance | Beginning balance | Number of shares | Percentage of ownership | Carrying amount | | | |
| Coretronic Corporation | Coretronic (BVI) Investment Corp. | B.V.I. | Holding company | \$1,566,475 | \$1,566,475 | 47,220,000 | 100.00% | \$5,239,405 | \$317,520 | \$317,520 | 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% | 735,259 | 156,850 | 156,850 | Subsidiary |
| Coretronic Corporation | Young Optics Inc. | Hsinchu City, Taiwan | Engaged in the production, marketing and R&D of electronic components and optics. | 532,219 | 547,842 | 39,891,586 | 34.97% | 1,113,121 | (235,563) | (82,381) | Subsidiary |
| Coretronic Corporation | Viscorp Limited | B.V.I. | Holding company | 467,241 | 467,241 | 40,781 | 100.00% | 11,896,586 | 633,908 | 633,908 | Subsidiary |
| Coretronic Corporation | Sinolink Global Limited | B.V.I. | Holding company | 34,100 | 34,100 | 980 | 100.00% | 1,278,505 | 40,516 | 40,516 | Subsidiary |
| Coretronic Corporation | Chung Tsen Investment Corp. | New Taipei City, Taiwan | Investing company for strategic purposes | 692,696 | 692,696 | 127,099,664 | 100.00% | 2,147,783 | 20,556 | 20,556 | Subsidiary |
| Coretronic Corporation | Tecpoint Limited | B.V.I. | Holding company | 1,064,802 | 1,064,802 | 33,556,599 | 78.06% | 2,724,800 | 265,561 | 207,298 | Subsidiary |
| Coretronic Corporation | Young Green Energy Co., LTD. | Hsinchu County, Taiwan | Engaged in the production, wholesale and retail trade of electronic components, battery, computer and its peripheral devices, and electronic material | 214,620 | 214,620 | 18,833,220 | 99.91% | 231,407 | 15,051 | 15,037 | Subsidiary |
| Coretronic Corporation | Young Lighting Limited | Samoa | Holding company | 118,134 | 118,134 | 3,907,000 | 100.00% | 542,962 | 539,456 | 539,456 | 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% | 182,615 | 45,222 | 45,222 | Subsidiary |
| Coretronic Corporation | Coretronic Venture Capital Corp. | New Taipei City, Taiwan | The investment activities of company's business expansion | 300,000 | 300,000 | 30,000,000 | 100.00% | 304,458 | 1,134 | 1,134 | 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% | 178,019 | 41,707 | 33,365 | Subsidiary |
| Coretronic Corporation | uCare Medical Electronics Co., Ltd. | Miaoli County, Taiwan | Engaged in the R&D, design, production and marketing of intelligent movement and medical care related software and hardware products. | 80,000 | 80,000 | 8,000,000 | 60.69% | 36,296 | (19,101) | (11,592) | 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% | (75,841) | (36,160) | (36,160) | Subsidiary |
| Coretronic Corporation | Coretronic Intelligent Robotics Corporation | Hsinchu City, Taiwan | Engaged in R&D, production and marketing of unmanned aerial vehicle and intelligent robotics. | 260,600 | 150,000 | 15,000,000 | 100.00% | 57,194 | (89,411) | (89,411) | 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% | 12,985 | (11,029) | (8,823) | Subsidiary |
| Coretronic Corporation | Coretronic MEMS Corporation | Hsinchu County, Taiwan | Engaged in R&D, production and marketing of MEMS sensor, module and corresponding solutions. | 180,000 | 180,000 | 18,000,000 | 100.00% | 110,314 | (50,089) | (50,089) | Subsidiary |
| Coretronic Corporation | Coretronic Reality Inc. | Hsinchu County, Taiwan | Engaged in R&D, production and marketing of wearable and embedded projector, system, and display solutions. | 100,000 | 100,000 | 10,000,000 | 100.00% | 73,100 | (26,834) | (26,834) | Subsidiary |
| Coretronic Corporation | Coretronic Vietnam Co., Ltd. | Vietnam | Research and development, manufacturing and sales of optical components such as backlight module, LCD module, LCD TV and panel display. | USD 3,000,000 | - | - | 100.00% | 80,888 | (4,623) | (4,623) | Subsidiary |

ATTACHMENT 6 -1 : (Names, locations and related information of investee companies as of December 31, 2020) (Not including investment in Mainland China)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

| Investor company | Investee company | Address | Main businesses and products | Initial Investment | | Investment as of December 31, 2020 | | | Net income (loss) of investee company | Investment income (loss) recognized | Note |
|-------------------------|-------------------------------|----------------|---|--------------------|-------------------|------------------------------------|-------------------------|-----------------|---------------------------------------|-------------------------------------|-----------|
| | | | | Ending balance | Beginning balance | Number of shares | Percentage of ownership | Carrying amount | | | |
| Coretronic BVI | Greendale | Samoa | Holding company | USD 46,400,000 | USD 46,400,000 | 46,400 | 100.00 % | USD 184,376,405 | USD 10,915,207 | (Note a) | Associate |
| Visicorp | Wisdom Success | Cayman Islands | Holding company | USD 10,176,000 | USD 10,176,000 | 43,300 | 100.00 % | USD 345,732,821 | USD 19,441,746 | (Note a) | Associate |
| Visicorp | Bigshine | Samoa | Holding company | USD 3,000,000 | USD 3,000,000 | 3,000 | 100.00 % | USD 7,970,996 | (USD 737,498) | (Note a) | Associate |
| Visicorp | Investdragon | Samoa | Holding company | USD 636,000 | USD 636,000 | 212,000 | 100.00 % | USD 18,592 | USD 224 | (Note a) | Associate |
| Visicorp | Lead Bright | Samoa | Holding company | USD 4,700,000 | USD 4,700,000 | 4,700 | 100.00 % | USD 31,654,729 | USD 727,745 | (Note a) | Associate |
| Visicorp | Elite View | Samoa | Holding company | USD 5,000,400 | USD 5,000,400 | 5,000 | 100.00 % | USD 17,499,784 | USD 867,246 | (Note a) | Associate |
| Visicorp | Tecpoint | B.V.I. | Holding company | USD 5,204,902 | USD 5,204,902 | 5,204,902 | 12.11 % | USD 14,839,803 | USD 8,963,283 | (Note a) | Associate |
| Wisdom Success | Wisdom Success (HK) | HK | Holding company | USD 18,000,000 | USD 18,000,000 | 18,000 | 100.00 % | USD 214,776,026 | USD 16,392,229 | (Note a) | Associate |
| Wisdom Success | Lead Bright (HK) | HK | Holding company | USD 13,300,000 | USD 13,300,000 | 13,300 | 73.89 % | USD 89,581,244 | USD 2,787,343 | (Note a) | Associate |
| Wisdom Success | Investdragon (HK) | HK | Holding company | - | USD 2,000,000 | - | - | - | - | (Note b) | Associate |
| Wisdom Success | Elite View (HK) | HK | Holding company | USD 7,999,600 | USD 7,999,600 | 8,000 | 61.54 % | USD 28,001,321 | USD 2,254,930 | (Note a) | Associate |
| Wisdom Success | Bigshine (HK) | HK | Holding company | USD 5,000,000 | USD 5,000,000 | 5,000 | 62.50 % | USD 12,359,586 | (USD 665,054) | (Note a) | Associate |
| Bigshine | Bigshine (HK) | HK | Holding company | USD 3,000,000 | USD 3,000,000 | 3,000 | 37.50 % | USD 7,415,752 | (USD 665,054) | (Note a) | Associate |
| Investdragon | Investdragon (HK) | HK | Holding company | - | USD 3,000,000 | - | - | - | - | (Note b) | Associate |
| Lead Bright | Lead Bright (HK) | HK | Holding company | USD 4,700,000 | USD 4,700,000 | 4,700 | 26.11 % | USD 31,654,707 | USD 2,787,343 | (Note a) | Associate |
| Elite View | Elite View (HK) | HK | Holding company | USD 5,000,400 | USD 5,000,400 | 5,000 | 38.46 % | USD 17,499,688 | USD 2,254,930 | (Note a) | Associate |
| Sinolink | Mat Limited | Samoa | Holding company | USD 980,000 | USD 980,000 | 980 | 100.00 % | USD 44,890,948 | USD 1,374,223 | (Note a) | Associate |
| Tecpoint | Great Pride | Samoa | Holding company | USD 11,800,000 | USD 11,800,000 | 11,800,000 | 100.00 % | USD 96,559,114 | USD 7,949,816 | (Note a) | Associate |
| Tecpoint | Core-Flex | Cayman Islands | Holding company | USD 23,260,000 | USD 23,260,000 | 213,260,000 | 94.36 % | USD 8,461,520 | USD 328,220 | (Note a) | Associate |
| Tecpoint | Nano Precision | HK | Holding company | - | USD 6,800,000 | - | - | - | - | (Note c) | Associate |
| Tecpoint | Nano Display | HK | Holding company | USD 7,800,000 | USD 7,800,000 | 7,800,000 | 100.00 % | USD 17,270,869 | USD 702,794 | (Note a) | Associate |
| Great Pride | Great Pride (HK) | HK | Holding company | USD 11,800,000 | USD 11,800,000 | 11,800 | 100.00 % | USD 96,520,800 | USD 7,949,807 | (Note a) | Associate |
| Nano Precision (Suzhou) | Nano Precision Taiwan Limited | Taiwan | Engaged in the production, R&D, marketing and imports/exports of high-end electronic devices' plastic enclosures, frames, and optical component injection | 300,000 | 300,000 | 30,000,000 | 100.00 % | RMB 33,618,921 | (RMB 12,873,929) | (Note a) | Associate |

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

Note b : The registration process of business dissolution was completed and approved by the regulatory authority in November 2020.

Note c : The registration process of business dissolution was completed and approved by the regulatory authority in October 2020.

ATTACHMENT 6-2 : (Names, locations and related information of investee companies as of December 31, 2020) (Not including investment in Mainland China)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

| Investor company | Investee company | Address | Main businesses and products | Initial investment | | Investment as of December 31, 2020 | | | Net income (loss) of investee company | Investment income (loss) recognized | Note |
|-----------------------------|--------------------------|-------------------------|--|--------------------|-------------------|------------------------------------|-------------------------|-----------------|---------------------------------------|-------------------------------------|------------|
| | | | | Ending balance | Beginning balance | Number of shares | Percentage of ownership | Carrying amount | | | |
| Chung Tsen Investment Corp. | Venture Orient | Samoa | Holding company | USD 5,550,000 | USD 5,550,000 | 5,550 | 100.00 % | \$ 551,387 | \$ 26,264 | (Note a) | Associate |
| Chung Tsen Investment Corp. | Young Optics | Hsinchu City, Taiwan | Engaged in the production, marketing and R&D of electronic components and optics | 35,471 | 35,471 | 2,596,317 | 2.28 % | 72,234 | (23,563) | (Note a) | Subsidiary |
| Chung Tsen Investment Corp. | Tsen Ming Investment | New Taipei City, Taiwan | Investing company for strategic purposes | 102,000 | 102,000 | 32,443,180 | 100.00 % | 434,546 | (1,675) | (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 % | 3,652 | 9,781 | (Note a) | Associate |
| Venture Orient | Tecpoint | B.V.I. | Holding company | USD 4,226,399 | USD 4,226,399 | 4,226,399 | 9.83 % | USD 12,050,002 | USD 8,963,283 | (Note a) | Subsidiary |
| Tsen Ming Investment | Young Optics | Hsinchu City, Taiwan | Engaged in the production, marketing and R&D of electronic components and optics | 31,921 | 31,921 | 1,698,886 | 1.49 % | 48,778 | (235,563) | (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 % | 9,498 | 9,781 | (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 % | 115,779 | USD 252,094 | (Note a) | Associate |
| Young Optics | Masterview | B.V.I. | Holding company | USD 6,000,000 | USD 6,000,000 | 6,000,000 | 100.00 % | 1,739,832 | (59,008) | (Note a) | Associate |
| Young Optics | Young Optics Inc. | USA | Operating maintenance services business | (Note b) | USD 50,000 | - | - | - | (3) | (Note a) | Associate |
| Young Optics | Aptek Optical | Hsinchu County, Taiwan | Manufacturing and selling of optics instruments and electronic components | 298,140 | 298,140 | 9,250,000 | 92.50 % | 95,071 | (3,403) | (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 % | 33,395 | (4,243) | (Note a) | Associate |
| Masterview | Best Alpha | Samoa | Holding company | USD 1,000,000 | USD 1,000,000 | 1,000,000 | 100.00 % | USD 23,314,916 | USD 970,001 | (Note a) | Associate |
| Masterview | Grace China | Cayman Islands | Holding company | USD 8,156,458 | USD 8,156,458 | 8,156,458 | 100.00 % | USD 38,674,263 | USD 90,783 | (Note a) | Associate |
| Masterview | Young Optics (BD) LTD. | Bengal | Manufacturing of optics components | USD 5,000,000 | USD 5,000,000 | 4,149,936 | 62.50 % | (USD 1,758,889) | (USD 4,085,218) | (Note a) | Associate |
| Masterview | Young Optics Europe GmbH | Germany | Manufacturing and selling of 3D printer | EUR 18,750 | EUR 18,750 | - | 75.00 % | USD 45,051 | (USD 47,087) | (Note a) | Associate |
| Grace China | Young Optics (BD) LTD. | Bengal | Manufacturing of optics components | USD 3,000,000 | USD 3,000,000 | 2,479,960 | 37.50 % | (USD 1,055,333) | (USD 4,085,218) | (Note a) | Associate |
| Optoma Corporation | Dynamic Time | Cayman Islands | Holding company | USD 14,122,230 | USD 14,122,230 | 14,856 | 100.00 % | 1,888,457 | USD 7,398,670 | (Note a) | Associate |

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

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

ATTACHMENT 6 -3 : (Names, locations and related information of investee companies as of December 31, 2020) (Not including investment in Mainland China)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

| Investor company | Investee company | Address | Main businesses and products | Initial investment | | Investment as of December 31, 2020 | | | Net income (loss) of investee company | Investment income (loss) recognized | Note |
|--|---------------------------------------|-------------|--|--------------------|-------------------|------------------------------------|-------------------------|-----------------|---------------------------------------|-------------------------------------|-----------|
| | | | | Ending balance | Beginning balance | Number of shares | Percentage of ownership | Carrying amount | | | |
| Dynamic Time | Optoma Europe | U.K. | Marketing and after sales service of Optoma in European region | USD 2,451,350 | USD 2,451,350 | 1,200,000 | 100.00 % | USD 34,646,696 | EUR 2,753,314 | (Note) | Associate |
| Dynamic Time | Optoma USA | USA | Marketing and after sales service of Optoma in Americas region | USD 8,821,889 | USD 8,821,889 | 825,000 | 100.00 % | USD 3,618,259 | USD 3,383,786 | (Note) | Associate |
| Dynamic Time | Modern Smart | B.V.I. | Holding company | USD 1,200,000 | USD 1,200,000 | 1,200,000 | 100.00 % | USD 4,157,471 | USD 839,418 | (Note) | Associate |
| Dynamic Time | Optoma (China & HK) Ltd. | HK | Marketing and after sales service of Optoma in Hong Kong and the Asia-Pacific region | USD 309,546 | USD 309,546 | 2,400,000 | 100.00 % | USD 349,413 | (HKD 16,521) | (Note) | Associate |
| Optoma Europe | Optoma Deutschland GmbH | Germany | Marketing and after sales service of Optoma in European region | EUR 958,000 | EUR 958,000 | - | 100.00 % | EUR 1,069,962 | EUR 616,829 | (Note) | Associate |
| Optoma Europe | Optoma France | France | Marketing and after sales service of Optoma in European region | GBP 67,376 | GBP 67,376 | - | 100.00 % | EUR 462,492 | (EUR 22,991) | (Note) | Associate |
| Optoma Europe | Optoma Scandinavia. A.S. | Norway | Marketing and after sales service of Optoma in European region | GBP 8,260 | GBP 8,260 | 100 | 100.00 % | EUR 157,127 | NOK 407,435 | (Note) | Associate |
| Optoma Europe | Optoma Espana, S.L. | Spain | Marketing and after sales service of Optoma in European region | EUR 103,006 | EUR 103,006 | 5,150,280 | 100.00 % | EUR 373,793 | (EUR 49,163) | (Note) | Associate |
| Optoma Europe | Optoma Benelux B.V. | Netherlands | Marketing and after sales service of Optoma in European region | EUR 18,000 | EUR 18,000 | 18,000 | 100.00 % | EUR 381,629 | EUR 3,178 | (Note) | Associate |
| Young Lighting Limited | Young Lighting (HK) | HK | Holding company | USD 847,000 | USD 847,000 | 847 | 100.00 % | USD 240,920 | USD 634 | (Note) | Associate |
| Young Lighting Limited | YLG Limited | Samoa | Holding company | USD 3,060,001 | USD 3,060,000 | 6,000,000 | 100.00 % | (USD 115,628) | (USD 790,934) | (Note) | Associate |
| Young Lighting Limited | Brightbridge | Samoa | Holding company | USD 1 | USD 1 | 29,500,000 | 100.00 % | USD 10,759,160 | USD 10,481,314 | (Note) | Associate |
| Young Lighting Limited | Crystal Word | Samoa | Holding company | USD 1 | USD 1 | 22,258,000 | 100.00 % | USD 8,178,158 | USD 7,907,109 | (Note) | Associate |
| Coretronic Intelligent Cloud Service Corp. | Coretronic System Engineering Limited | Samoa | Holding company | USD 1,500,000 | USD 1,500,000 | 1,500,000 | 100.00 % | 23,550 | 6,101 | (Note) | Associate |
| Coretronic System Engineering Limited | Coretronic System Engineering (HK) | HK | Holding company | USD 1,500,000 | USD 1,500,000 | 1,500,000 | 100.00 % | USD 826,883 | USD 204,967 | (Note) | Associate |

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

ATTACHMENT 7 : (Investment in Mainland China as of December 31, 2020)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

| Investee company | Main businesses and products | Total amount of paid-in capital | Method of investment | Investment flows | | Accumulated outflow of investment from Taiwan as of December 31, 2020 | Net income (loss) of investee company | Percentage of ownership | Investment income (loss) recognized | Carrying value as of December 31, 2020 | Accumulated inward remittance of earnings as of December 31, 2020 |
|--|--|---------------------------------|--|---------------------------------|--------|---|---------------------------------------|-------------------------|-------------------------------------|--|---|
| | | | | Outflow | Inflow | | | | | | |
| Coretronic Projection (Kunshan) | Digital projectors, LCD monitors and related components of the research and development, processing, manufacturing and sales of the company's products and engaged in after-sales maintenance services | \$ 1,525,064 (USD46,000,000) | Indirect investment from the third region (Greendale) | \$ 1,525,064 (USD46,000,000) | - | - | \$ 314,433 (USD46,000,000) | 100.00% | \$ 314,433 | \$ 5,230,004 | \$ 428,855 (USD14,065,436) |
| Technology Service (Kunshan) | LCD monitor maintenance and technical services | 13,259 (USD400,000) | Indirect investment from the third region (Greendale) | 13,259 (USD400,000) | - | - | 770 (USD400,000) | 100.00% | 770 | 24,920 | - |
| Coretronic Optics (Kunshan) | Production and sales of projector module products and spectrometer | RMB42,000,000 | Indirect investment from the Mainland China subsidiary (CPC) | - | - | - | 70,263 | 100.00% | 70,263 | 423,884 | - |
| Vimax (Kunshan) | Design, research and development and production of projectors, sales of the company's own products and provide after sales maintenance services for self-produced and non-self-produced products | 62,252 (USD1,800,000) | Indirect investment from the third region (Mat Limited) | 62,252 (USD1,800,000) | - | - | 45,883 (USD1,800,000) | 100.00% | 45,883 | 1,267,457 | - |
| Coretronic (Suzhou) | Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services | 660,657 (USD20,000,000) | Indirect investment from the third region (Wisdom Success HK) | 271,297 (USD8,000,000) | - | - | 296,424 (USD8,000,000) | 100.00% | 296,424 | 4,751,785 | - |
| Coretronic Optics (Suzhou) | Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services | USD10,000,000 | Indirect investment from the third region (Wisdom Success HK) | - | - | - | 76,507 | 100.00% | 76,507 | 376,085 | - |
| Coretronic Optotech (Suzhou) | Research and development, manufacturing and processing optical components such as backlight module, LCD module, LCD TV and panel display. Sales of the company's own products and after-sales maintenance services | 390,000 (USD 12,000,000) | Indirect investment from the third region (Wisdom Success HK) | - | - | - | 112,051 | 100.00% | 112,051 | 950,852 | - |
| Coretronic (Shanghai) | Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services | 257,829 (USD8,000,000) | Indirect investment from the third region (Bigshine HK) | 95,254 (USD3,000,000) | - | - | (21,471) (USD3,000,000) | 100.00% | (21,471) | 261,308 | 81,790 (USD2,800,000) |
| Coretronic Display (Suzhou) | Research and development, manufacturing panel modules and related components of the business, sales of the company's own products and provide related after-sales maintenance services | 1,547,564 (USD51,758,000) | Indirect investment from the third region (Brightbridge and Crystal Word) | 88,972 (USD2,967,283) | - | - | 417,729 (USD2,967,283) | 100.00% | 417,729 | 541,771 | - |
| Coretronic (Ningbo) | Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services | 650,050 (USD20,000,000) | Indirect investment from the third region (Lead Bright HK) | 151,490 (USD4,700,000) | - | - | 83,591 (USD4,700,000) | 100.00% | 83,591 | 3,452,643 | 139,650 (USD4,619,805) |
| 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) | - | - | 9,905 (USD23,260,000) | 100.00% | 9,905 | 386,338 | - |
| Nano Precision (Suzhou) | Manufacture and sales of acrylic panels and light guide plate | 426,839 (USD13,300,000) | Indirect investment from the third region (Great Pride HK) | 330,478 (USD10,392,880) | - | - | 235,144 (USD10,392,880) | 100.00% | 235,144 | 2,651,694 | 113,496 (USD3,787,140) |
| Coretronic (Guangzhou) | Research and development, manufacturing backlight module and related components, sales of the company's own products and provide after-sales maintenance services | 417,580 (USD13,000,000) | Indirect investment from the third region (Elite View HK) | 29,020 (USD1,000,000) | - | - | 66,690 (USD1,000,000) | 100.00% | 66,690 | 1,295,854 | - |
| Nano Display (Guangzhou) | Research and development, processing, manufacture of liquid crystal display light guide plate, sales of the company's products and provide related services | 238,740 (USD7,800,000) | Indirect investment from the third region (Nano Display) | 9,820 (USD308,797) | - | - | 20,844 (USD308,797) | 100.00% | 20,844 | 491,856 | - |
| YLG Optotech | Research and development, processing, manufacturing display components, sales of the company's products and provide related services | USD 6,000,000 | Indirect investment from the third region (YLG Limited) | USD 3,060,000 | - | - | (24,261) | 100.00% (Note l) | (4,109) | (3,323) | - |
| Coretronic System Engineering (Shanghai) | Contractor in intelligent building engineering and provide related services to customers | USD 1,500,000 | Indirect investment from the third region (Coretronic System Engineering HK) | USD 1,500,000 | - | - | 6,101 | 100.00% | 6,101 | 23,550 | - |
| Boom Power Electronics (Suzhou) | Research and development, production and sales of cold cathode tube drive and related products | USD 1,000,000 | Indirect investment from the third region (Boom Power) | USD 1,000,000 | - | - | 7,452 | 100.00% | 7,452 | 115,760 | - |

| Accumulated investment in Mainland China as of December 31, 2020 (Note a, b) | Investment amounts authorized by Investment Commission, MOEA (Note b~ Note i) | Upper limit on investment |
|---|--|---------------------------|
| \$2,293,772 (USD 73,152,048) | \$2,083,370 (USD 73,152,048) | \$13,737,290 |

Note a : To use historical currency rates.

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

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

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

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

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

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

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

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

Note j : Tecpoint received cash dividends amounted to USD 1,100,000 for distribution profits from Nano Precision (Suzhou) in 2020 and had remitted it back USD 991,870 to Coretronic Corporation. Coretronic Corporation has applied for the cancellation for investment amount of USD 991,870 in China, which is still waiting for approval by MOEA.

Note k : Bigshine received cash dividends amounted to USD 1,800,000 for distribution profits from Coretronic (Shanghai) and USD 4,619,805 from Coretronic(Ningbo) in 2020 and remitted it back USD 6,419,805 to Coretronic Corporation. Besides, the investment of Nano Precision (Nanjing) USD 460,098 and the liquidation income of Coretronic (Nanjing)

USD 490,094 were already remitted it back to Coretronic Corporation. Therefore, Coretronic Corporation has applied for the cancellation for investment amount of USD 7,369,997 in China, which is still waiting for approval by MOEA.

Note l : Young Lighting Limited acquired 49% of shares of YLG Limited in December 2020. The ownership percentage of YLG Optotech was increased to 100%.

Note m : To use the currency rate 1 USD =28.48 NTD as of December 31, 2020.

ATTACHMENT 7-1 (Investment in Mainland China as of December 31, 2020)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

| Investee company | Main businesses and products | Total amount of paid-in capital | Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2020 | Investment flows | | Accumulated outflow of investment from Taiwan as of December 30, 2020 | Net income (loss) of investee company | Percentage of ownership | Investment income (loss) recognized (Note a) | Carrying value as of December 31, 2020 (Note a) | Accumulated inward remittance of earnings as of December 31, 2020 |
|------------------------|--|--|--|---|------------------|--------|---|---------------------------------------|-------------------------|--|---|---|
| | | | | | Outflow | Inflow | | | | | | |
| Young Optics (Kunshan) | Researching and developing, manufacturing of optics engine and related optics electronic equipment | \$440,619 (USD 22,200,000) (Note d, e and m) | Indirect investment from the third region (Best Alpha and Grace China) | \$164,450 (USD 5,000,000) | \$- | \$- | \$164,450 (USD 5,000,000) | \$62,782 (USD 2,158,818) | 100.00% | \$62,782 (USD 2,158,818) | \$969,930 (USD 34,056,516) | \$74,505 (USD 2,457,289) (Note b and Note j~Note k) |
| Young Optics (Suzhou) | Researching and developing, manufacturing of optics engine and related optics electronic equipment | 33,951 (USD 1,000,000) | Indirect investment from the third region (Best Alpha) | 33,951 (USD 1,000,000) | - | - | 33,951 (USD 1,000,000) | 10,921 (USD 383,600) | 100.00% | 10,921 (USD 383,600) | 219,769 (USD 7,716,605) | 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 December 30, 2020 (Note b) | Investment amounts authorized by Investment Commission, MOEA (Note b) | Upper limit on investment |
|---|---|---------------------------|
| \$198,401 (USD 6,000,000) | \$233,101 (USD 7,020,000) | Note c |

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

Note b : To use historical currency rates.

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

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

Note e : Young Optics (Kunshan) invested USD 1,300 thousand through capitalization of earnings in April 2009. Grace China Investments Limited invested USD 824,850. Best Alpha Investments Limited invested USD 2,975,150.

Note f : Best Alpha Investments Limited received cash dividends amounted to USD 20,235,299 for distribution profits from Young Optics (Suzhou) in 2011 and had remitted it back to Young Optics.

Note g : Best Alpha Investments Limited received cash dividends amounted to RMB 27,691,452 and USD 4,509,641 for distribution profits from Young Optics (Suzhou) in 2014. The RMB 24,922,307 of them had been remitted back to Young Optics.

Note h : Best Alpha Investments Limited received cash dividends amounted to RMB 52,944,050 for distribution profits from Young Optics (Suzhou) in 2015 and had remitted it back to Young Optics.

Note i : Best Alpha Investments Limited received cash dividends amounted to USD 4,528,402 for distribution profits from Young Optics (Suzhou) in 2017 and had remitted it back to Young Optics.

Note j : Best Alpha Investments Limited received cash dividends amounted to USD 603,264 for distribution profits from Young Optics (Kunshan) in 2017 and had remitted it back to Young Optics.

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

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

Note m : Young Optic (Kunshan) conducted capital reduction amounted to USD10,000,000 in December 2020.

ATTACHMENT 7-2 (Investment in Mainland China as of December 31, 2020)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

| Investee company | Main businesses and products | Total amount of paid-in capital | Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2020 | Investment flows | | Accumulated outflow of investment from Taiwan as of December 31, 2020 | Net income (loss) of investee company | Percentage of ownership | Investment income (loss) recognized (Note a, b) | Carrying value as of December 31, 2020 | Accumulated inward remittance of earnings as of December 31, 2020 |
|------------------|---|---------------------------------|--|---|------------------|--------|---|---------------------------------------|-------------------------|---|--|---|
| | | | | | Outflow | Inflow | | | | | | |
| Optoma China | Marketing and after-sales service of Optoma's technology products in Mainland China | \$38,412 (USD1,200,000) | Indirect investment from the third region (Modern Smart) | \$38,412 (USD1,200,000) | \$- | \$- | \$38,412 (USD1,200,000) | \$24,439 RMB 5,854,608 | 100.00% | \$24,439 RMB 5,854,608 (Note a (2) · e) | \$78,592 RMB 18,005,821 | \$- |

| Accumulated investment in Mainland China as of December 31, 2020 (Note b) | Investment amounts authorized by Investment Commission, MOEA (Note b) | Upper limit on investment (Note c) |
|---|---|------------------------------------|
| \$38,412 (USD1,200,000) | \$176,798 (USD5,900,000) (Note d) | \$441,155 |

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

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

Note b : To use historical currency rates.

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

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

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

ATTACHMENT 8 (Financial instrument and derivative transaction as of December 31, 2020)

(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 January, 2021 to March, 2021 | USD 411,500,000 | \$ 99,135 | \$ 99,135 | Note a |
| Coretronic Corporation | Financial assets (liabilities) at fair value through profit or loss, current | Forward foreign exchange contract | Selling USD | From January, 2021 to March, 2021 | USD 281,000,000 | 98,954 | 98,954 | Note a |
| Champ Vision Display | Financial assets (liabilities) at fair value through profit or loss, current | Forward foreign exchange contract | Selling USD | From January, 2021 to March, 2021 | USD 8,000,000 | (141) | (141) | Note e |
| Nano Precision Taiwan Limited | Financial assets (liabilities) at fair value through profit or loss, current | Forward foreign exchange contract | Selling USD | February, 2021 | USD 1,380,000 | 358 | 358 | Note f |
| Coretronic (Suzhou) | Financial assets (liabilities) at fair value through profit or loss, current | Forward foreign exchange contract | Selling USD | From January, 2021 to April, 2021 | USD 35,000,000 | 32,914 | 32,914 | Note b |
| Nano Precision (Suzhou) | Financial assets (liabilities) at fair value through profit or loss, current | Forward foreign exchange contract | Selling USD | From January, 2021 to November, 2021 | USD 23,000,000 | 36,943 | 36,943 | Note c |
| Coretronic Projection (Kunshan) | Financial assets (liabilities) at fair value through profit or loss, current | Forward foreign exchange contract | Selling USD | From January, 2021 to July, 2021 | USD 33,000,000 | 5,011 | 5,011 | Note l |
| Coretronic (Ningbo) | Financial assets (liabilities) at fair value through profit or loss, current | Forward foreign exchange contract | Selling USD | From February, 2021 to June, 2021 | USD 5,000,000 | 3,298 | 3,298 | Note d |
| Coretronic Optotech (Suzhou) | Financial assets (liabilities) at fair value through profit or loss, current | Forward foreign exchange contract | Selling USD | From January, 2021 to March, 2021 | USD 20,000,000 | 14,166 | 14,166 | Note m |
| Coretronic Display (Suzhou) | Financial assets (liabilities) at fair value through profit or loss, current | Forward foreign exchange contract | Selling USD | February, 2021 | USD 3,000,000 | 93 | 93 | — |
| Optoma Corporation | Financial assets at fair value through profit or loss, current | Forward cross currency contract | — | March, 2022 | USD 2,200,000 | 508 | 508 | Note g |
| Optoma Corporation | Financial liabilities at fair value through profit or loss, current | Forward cross currency contract | — | From January, 2021 to February, 2021 | USD 30,500,000 | (9,783) | (9,783) | Note g |
| Optoma Europe | Financial assets at fair value through profit or loss, current | Forward foreign exchange contract | Sell GBP/Buy EUR | March, 2022 | EUR 1,200,000 | 13 | 13 | Note h |
| Optoma Europe | Financial liabilities at fair value through profit or loss-current | Forward foreign exchange contract | Sell EUR/Buy USD | From January, 2021 to March, 2021 | USD 19,500,000 | (7,035) | (7,035) | Note h |
| Optoma USA | Financial liabilities at fair value through profit or loss, current | Forward foreign exchange contract | Sell CAD/Buy USD | From January, 2021 to March, 2021 | CAD 3,000,000 | (1,922) | (1,922) | Note i |
| Dynamic Time | Derivative financial liabilities for hedging, current | Forward foreign exchange contract | Sell EUR/Buy USD | February, 2021 | EUR 3,000,000 | (4,702) | (4,702) | Note j |
| Young Optics (Kunshan) | Financial assets (liabilities) at fair value through profit or loss, current | Forward foreign exchange contract | Selling USD | April, 2021 | USD 6,000,000 | 6,511 | 6,511 | Note k |
| Young Optics (Kunshan) | Financial assets (liabilities) at fair value through profit or loss, current | Forward foreign exchange contract | Selling USD | May, 2021 | USD 1,000,000 | 531 | 531 | Note k |
| Young Optics (Kunshan) | Financial assets (liabilities) at fair value through profit or loss, current | Forward foreign exchange contract | Selling USD | June, 2021 | USD 2,000,000 | 491 | 491 | Note k |

Note a : Coretronic Corporation entered into forward foreign exchange contracts and acquired realized loss amounted to NT\$78,051 thousands for the years ended December 31, 2020.

Note b : Associate Coretronic (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$78,894 thousands for the years ended December 31, 2020.

Note c : Nano Precision (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$21,386 thousands for the years ended December 31, 2020.

Note d : Associate Coretronic (Ningbo) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$7,949 thousands for the years ended December 31, 2020.

Note e : Subsidiary Champ Vision Display entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$3,421 thousands for the years ended December 31, 2020.

Note f : Nano Precision Taiwan Limited entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$1,097 thousands for the years ended December 31, 2020.

Note g : Subsidiary Optoma Corporation entered into forward foreign exchange contracts and Forward cross currency contract, acquired realized loss amounted to NT\$53 thousands and NT\$40,731 thousands for the years ended December 31, 2020.

Note h : Associate Optoma Europe entered into forward foreign exchange contracts and acquired realized loss amounted to NT\$39,921 thousands for the years ended December 31, 2020.

Note i : Associate Optoma USA entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$54 thousands for the years ended December 31, 2020.

Note j : Associate Dynamic Time entered into forward foreign exchange contracts and acquired realized loss amounted to NT\$6,454 thousands for the years ended December 31, 2020.

Note k : Associate Young Optics (Kunshan) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$8,036 thousands for the years ended December 31, 2020.

Note l : Associate Coretronic Projection (Kunshan) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$17,911 thousands for the years ended December 31, 2020.

Note m : Associate Coretronic Optotech (Suzhou) entered into forward foreign exchange contracts and acquired realized profit amounted to NT\$2,791 thousands for the years ended December 31, 2020.

ATTACHMENT 9 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the periods ended December 31, 2020.)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

| Investee company | Marketable securities type and name | Financial statement account | Counter-party | Relationship | Beginning balance | | Addition | | Disposal | | | December 31, 2020 | |
|------------------------|-------------------------------------|---|----------------------------------|--------------|-------------------|--------|-----------------|--------|----------------|-----------------|-----------------|----------------------------------|----------------|
| | | | | | Units / shares | Amount | Units / shares | Amount | Units / shares | Selling Price | Carrying amount | Gain (Loss) from disposal (Note) | Units / shares |
| Young Optics (Kunshan) | Structured Deposits | Financial assets measured at amortized cost-current | Shanghai Pudong Development Bank | - | - | - | RMB 130,000,000 | - | - | RMB 130,000,000 | RMB982,810 | - | - |

Note : To be recognized in interest revenue.

ATTACHMENT 10 (The information of Major shareholder as of December 31, 2020)

| Name | Number of shares (Units/shares) | Percentage of ownership (%) |
|--------------------------------------|---------------------------------|-----------------------------|
| Taiwei Advanced Technology Co., Ltd. | 33,921,196 | 7.80% |