TXC Corporation and Subsidiaries

Consolidated Financial Statements for the Three Months Ended March 31, 2018 and 2017

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2018 (Reviewed) Amount	%	December 31, 2017 (Audited) Amount	%	March 31, 2017 (Reviewed) Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 2,290,215	18	$ 2,331,366	18	$ 2,431,033	17
Financial assets at fair value through profit or loss - current (Note 7)	774,623	6	1,007,122	8	1,500,464	11
Available-for-sale financial assets - current (Note 10)	-	-	39,657	-	39,044	-
Held-to-maturity financial assets - current (Note 11)	-	-	45,680	-	44,125	-
Financial assets at amortized cost - current (Note 9)	68,600	-	-	-	-	-
Notes receivable (Note 14)	92,794	1	65,656	1	41,555	-
Trade receivables (Note 14)	2,217,351	17	2,578,552	19	2,411,291	17
Trade receivables from related parties (Notes 14 and 33)	8,984	-	6,735	-	7,633	-
Other receivables	204,485	2	147,077	1	46,983	1
Other receivables from related parties (Note 33)	742	-	772	-	660	-
Inventories (Note 15)	1,642,540	13	1,504,066	11	1,661,925	12
Prepayment for lease (Note 21)	2,392	-	2,371	-	2,291	-
Non-current assets held for sale (Note 16)	-	-	60,816	1	-	-
Other current assets	119,829	1	154,122	1	150,897	1
Debt investments with no active market - current (Note 13)	-	-	39,200	-	-	-
Total current assets	7,422,555	58	7,983,192	60	8,337,901	59
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	15,000	-	-	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	697,820	5	-	-	-	-
Available-for-sale financial assets - non-current (Note 10)	-	-	512,967	4	896,981	6
Financial assets measured at cost - non-current (Note 12)	-	-	197,202	1	87,294	1
Investments accounted for using equity method (Note 18)	111,897	1	96,189	1	71,842	1
Property, plant and equipment (Note 19)	4,232,971	33	4,369,810	33	4,266,155	31
Investment properties (Note 20)	45,203	-	49,957	-	57,813	-
Other intangible assets	7,255	-	8,013	-	9,469	-
Deferred tax assets (Note 28)	56,555	1	48,199	-	37,211	-
Prepayment for equipment	182,702	1	23,139	-	147,815	1
Long-term prepayment for lease (Note 21)	98,450	1	98,184	1	96,559	1
Other non-current assets	15,202	-	15,947	-	17,758	-
Total non-current assets	5,463,055	42	5,419,607	40	5,688,897	41
TOTAL	$ 12,885,610	100	$ 13,402,799	100	$ 14,026,798	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 22)	$ -	-	$ 549	-	$ 10,461	-
Financial liabilities at fair value through profit or loss - current (Note 7)	720	-	1,265	-	68	-
Notes payable	-	-	276	-	241	-
Trade payables	1,241,724	9	1,226,991	9	1,257,159	9
Trade payables to related parties (Note 33)	38	-	24	-	42	-
Other payables (Note 23)	470,848	4	700,743	6	713,200	5
Other payables to related parties (Note 33)	3,440	-	1,821	-	1,668	-
Current tax liabilities (Note 28)	30,380	-	30,043	-	114,364	1
Current portion of long-term borrowings (Note 22)	219,234	2	286,362	2	1,264,716	9
Other current liabilities	32,499	-	28,728	-	49,509	-
Total current liabilities	1,998,883	15	2,276,802	17	3,411,428	24
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 22)	1,344,265	10	1,696,875	13	694,858	5
Deferred tax liabilities (Note 28)	205,139	2	182,393	1	269,704	2
Net defined benefit liabilities - non-current (Note 24)	59,040	1	62,024	1	53,086	1
Guarantee deposits received	34,601	-	20,114	-	36,075	-
Total non-current liabilities	1,643,045	13	1,961,406	15	1,053,723	8
Total liabilities	3,641,928	28	4,238,208	32	4,465,151	32
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 25)						
Share Capital						
Ordinary shares	3,097,570	24	3,097,570	23	3,097,570	22
Capital surplus	1,665,224	13	1,665,224	12	1,665,224	12
Retained earnings						
Legal reserve	1,252,818	10	1,252,818	9	1,151,202	8
Special reserve	222,793	2	222,793	2	222,793	2
Unappropriated earnings	2,956,967	23	2,767,383	21	3,110,052	22
Total retained earnings	4,432,578	35	4,242,994	32	4,484,047	32
Other equity						
Exchange differences on translating foreign operations	(220,205)	(2)	(264,137)	(2)	(432,004)	(3)
Unrealized gain on Financial assets at fair value through other comprehensive income	254,474	2	-	-	-	-
Unrealized gain on available-for-sale financial assets	-	-	381,048	3	696,630	5
Total other equity	34,269	-	116,911	1	264,626	2
Total equity attributable to owners of the Company	9,229,641	72	9,122,699	68	9,511,467	68
NON-CONTROLLING INTERESTS	14,041	-	41,892	-	50,180	-
Total equity	9,243,682	72	9,164,591	68	9,561,647	68
TOTAL	$ 12,885,610	100	$ 13,402,799	100	$ 14,026,798	100

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

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2018		2017	
	Amount	%	Amount	%
SALES (Note 26)	$ 1,869,295	100	$ 2,132,930	100
COST OF GOODS SOLD (Note 27)	(1,454,787)	(78)	(1,529,831)	(72)
GROSS PROFIT	414,508	22	603,099	28
OPERATING EXPENSES (Note 27)				
Selling and marketing expenses	89,916	5	108,945	5
General and administrative expenses	70,691	4	94,598	5
Research and development expenses	120,005	6	135,882	6
Expected credit loss reversed	(530)	-	-	-
Total operating expenses	280,082	15	339,425	16
PROFIT FROM OPERATIONS	134,426	7	263,674	12
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 27)	20,938	1	17,157	1
Other gains and losses (Note 27)	(51,259)	(3)	90,606	4
Finance costs (Note 27)	(5,035)	-	(5,815)	-
Share of profits of associates and joint venture (Note 18)	2,655	-	2,257	-
Total non-operating income and expenses	(32,701)	(2)	104,205	5
PROFIT BEFORE INCOME TAX	101,725	5	367,879	17
INCOME TAX EXPENSE (Note 28)	(17,824)	(1)	(50,096)	(2)
NET PROFIT	83,901	4	317,783	15
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized loss on investments in equity instruments designated as at fair value through other comprehensive income	(28,669)	(1)	-	-
Share of the other comprehensive loss of associates accounted for using the equity method	(184)	-	(187)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	2,813	-	-	-
	(26,040)	(1)	(187)	-

(Continued)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2018		2017	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	$ 42,520	2	$ (268,936)	(13)
Unrealized loss on available-for-sale financial assets	-	-	(258,439)	(12)
Share of the other comprehensive income of associates accounted for using the equity method	1,412	-	(1,756)	-
	43,932	2	(529,131)	(25)
Other comprehensive income (loss) for the period, net of income tax	17,892	1	(529,318)	(25)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 101,793	5	$ (211,535)	(10)
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owner of the Company	$ 84,002	4	$ 321,133	15
Non-controlling interests	(101)	-	(3,350)	-
	$ 83,901	4	$ 317,783	15
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owner of the Company	$ 101,894	5	$ (208,185)	(10)
Non-controlling interests	(101)	-	(3,350)	-
	$ 101,793	5	$ (211,535)	(10)
EARNINGS PER SHARE (Note 29)				
From continuing operations				
Basic	$ 0.27		$ 1.04	
Diluted	$ 0.27		$ 1.03	

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

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Shares (In Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss)on Financial assets at Fair Value through Other Comprehensive Income	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2017	309,757	$ 3,097,570	$ 1,665,224	$ 1,151,202	$ 222,793	$ 2,789,106	$ (161,346)	$ -	$ 955,103	$ 9,719,652	$ 53,530	$ 9,773,182
Net profit for the three months ended March 31, 2017	-	-	-	-	-	321,133	-	-	-	321,133	(3,350)	317,783
Other comprehensive loss for the three months ended March 31, 2017, net of income tax	-	-	-	-	-	(187)	(270,658)	-	(258,473)	(529,318)	-	(529,318)
Total comprehensive income (loss) for the three months ended March 31, 2017	-	-	-	-	-	320,946	(270,658)	-	(258,473)	(208,185)	(3,350)	(211,535)
BALANCE AT MARCH 31, 2017	309,757	$ 3,097,570	$ 1,665,224	$ 1,151,202	$ 222,793	$ 3,110,052	$ (432,004)	$ -	$ 696,630	$ 9,511,467	$ 50,180	$ 9,561,647
BALANCE AT JANUARY 1, 2018	309,757	$ 3,097,570	$ 1,665,224	$ 1,252,818	$ 222,793	$ 2,767,383	$ (264,137)	$ -	$ 381,048	$ 9,122,699	$ 41,892	$ 9,164,591
Effect of retrospective application and retrospective restatement	-	-	-	-	-	102,957	-	283,139	(381,048)	5,048	-	5,048
BALANCE AT JANUARY 1, 2018 AS RESTATED	309,757	3,097,570	1,665,224	1,252,818	222,793	2,870,340	(264,137)	283,139	-	9,127,747	41,892	9,169,639
Net profit for the three months ended March 31, 2018	-	-	-	-	-	84,002	-	-	-	84,002	(101)	83,901
Other comprehensive income (loss) for the three months ended March 31, 2018, net of income tax	-	-	-	-	-	2,625	43,932	(28,665)	-	17,892	-	17,892
Total comprehensive income (loss) for the three months ended March 31, 2018	-	-	-	-	-	86,627	43,932	(28,665)	-	101,894	(101)	101,793
Changes in non-controlling Interests	-	-	-	-	-	-	-	-	-	-	(27,750)	(27,750)
BALANCE AT MARCH 31, 2018	309,757	$ 3,097,570	$ 1,665,224	$ 1,252,818	$ 222,793	$ 2,956,967	$ (220,205)	$ 254,474	$ -	$ 9,229,641	$ 14,041	$ 9,243,682

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

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2018	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 101,725	$ 367,879
Adjustments for:		
Impairment loss reversed on trade receivables	-	(2,690)
Expected credit loss reversed on trade receivables	(530)	-
Depreciation expenses	185,151	209,320
Depreciation expenses - investment properties	1,091	1,065
Amortization expenses	668	866
Amortization of prepayments for lease	598	588
Net gain on fair value change of financial assets/ liabilities designated as at fair value through profit or loss	(14,072)	(16,268)
Finance costs	5,035	5,815
Interest income	(3,732)	(3,144)
Share of profits of associates and joint ventures	(2,655)	(2,257)
(Gain) loss on disposal of property, plant and equipment	(4,729)	1,609
Net gain on non-current assets held for sale	(3,152)	-
Net gain on Investment properties	(1,092)	-
Net gain on disposal of available-for-sale financial assets	-	(181,429)
Reversal of impairment losses recognized on property, plant and equipment	(171)	-
Write-down of inventories	1,472	17,928
Changes in operating assets and liabilities:		
Financial assets held for trading	-	125,388
Financial assets mandatorily classified as at fair value through profit or loss	280,983	-
Notes receivable	(27,135)	9,636
Trade receivables	361,712	615,210
Trade receivables from related parties	(2,264)	2,010
Other receivables	(23,550)	523
Other receivables from related parties	30	49
Inventories	(139,998)	(158,865)
Other current assets	(14,616)	(35,059)
Notes payable	(276)	(515)
Trade payables	14,733	(138,498)
Trade payables to related parties	14	(1,560)
Other payables	(228,888)	(161,482)
Other payables to related parties	1,619	696
Financial liabilities held for trading	-	(25,203)
Other current liabilities	3,771	4,509
Financial liabilities mandatorily classified as at fair value through profit or loss	(1,265)	-
Net defined benefit liabilities - non-current	(2,984)	(3,225)

(Continued)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2018	**2017**
Cash generated from operations	$ 487,493	$ 632,896
Interest paid	(6,042)	(6,489)
Income taxes paid	(10,149)	(19,905)
Net cash generated by operating activities	471,302	606,502
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	-	(429,349)
Proceeds from sale of financial assets at fair value through profit or loss	-	620,030
Proceeds from sale of available-for-sale financial assets	-	214,181
Proceeds from sale of financial assets at amortized cost	48,401	-
Purchase of sale of financial assets at amortized cost	(29,400)	-
Purchase of financial assets measured at cost	-	(1,774)
Acquisition of investments accounted for using equity method	(11,825)	(6,300)
Payments for property, plant and equipment	(37,573)	(298,245)
Proceeds from disposal of property, plant and equipment	13,003	6
Proceeds from investment properties	5,182	-
Decrease in other non-current assets	745	2,161
Increase in prepayment for equipment	(110,654)	(40,219)
Disposal of non-current assets held for sale	29,972	-
Interest received	4,517	4,399
Net cash (used in) generated by investing activities	(87,632)	64,890
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayments of short-term borrowings	(549)	(9,819)
Repayments of long-term borrowings	(415,625)	(229,131)
Proceeds from guarantee deposits received	14,487	-
Refund of guarantee deposits received	-	(5,118)
Changes in non-controlling interests	(27,750)	-
Net cash used in financing activities	(429,437)	(244,068)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	4,616	(89,188)

(Continued)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2018	**2017**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	$ (41,151)	$ 338,136
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2,331,366	2,092,897
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 2,290,215	$ 2,431,033

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

1. GENERAL INFORMATION

TXC Corporation (the "Company") was incorporated in the Republic of China ("ROC") on December 28, 1983.

TXC specializes in producing high quality Quartz Unite Crystal, Automotive Crystal, Crystal Oscillator (CXO), and Timing Module (TM) as well as develops a variety of sensors by core technology to satisfy the market demand. Sensors are applied to various applications including mobile communication, wearable device, Internet of Things and vehicle electronics, etc. Besides, in order to expand the Group's future development, TXC introduced extension process related to sapphire substrate and accesses the field of LED sapphire.

On August 26, 2002, TXC's shares began to be traded on the Taiwan Stock Exchange.

The functional currency of the Company is New Taiwan dollars. The consolidated financial statements are presented in New Taiwan dollars.

In order to ensure investors' rights and interests, the Company had applied to Taiwan Corporate Governance Association for corporate governance assessment certification. The Company has acquired (CG6005 general version of corporate governance assessment and authentication) and (CG6008 advanced version of corporate governance assessment and authentication), on March 23, 2011 and June 27, 2013, respectively. The Company will continue to strengthen corporate governance functions in order to work with international standards and to protect public interests.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on April 23, 2018.

3. APPLICATION OF NEW, AMEND AND REVISED STANDARDS, AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the FSC

Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group's accounting policies:

1) IFRS 9 "Financial Instruments" and related amendment

IFRS 9 supersedes IAS 39 "Financial Instruments: Recognition and Measurement", with consequential amendments to IFRS 7 "Financial Instruments: Disclosures" and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information relating to the relevant accounting policies.

The requirements for classification, measurement and impairment of financial assets have been applied retrospectively from January 1, 2018, and the requirements for hedge accounting have been applied prospectively. IFRS 9 is not applicable to items that have already been derecognized at December 31, 2017.

Classification, measurement and impairment of financial assets

On the basis of the facts and circumstances that existed as at January 1, 2018, the Group has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amount under IAS 39 and the new measurement categories and carrying amount under IFRS 9 for each class of the Group's financial assets and financial liabilities as at January 1, 2018.

	Measurement Category		Carrying Amount		
Financial Assets	IAS 39	IFRS 9	IAS 39	IFRS 9	Remark
Equity securities	Available-for-sale - non-current	Fair value through other comprehensive income (i.e. FVTOCI) - equity instruments	$ 512,967	$ 512,967	a)
	Financial Assets Measured at Cost	Fair value through other comprehensive income (i.e. FVTOCI) - equity instruments	197,202	202,250	a)
Mutual funds	Available-for-sale - current	FVTPL-current	39,657	39,657	b)
Structured deposits	Designated as at FVTPL	Mandatorily at FVTPL	864,946	864,946	d)
Debt securities	Held-to-maturity financial assets	Amortized cost	45,680	45,680	c)
Time deposits with original maturity of more than 3 months	debt investments with no active markets	Amortized cost	39,200	39,200	c)

	IAS 39 Carrying Amount as of January 1, 2018	Reclassifi-cations	Remea-surements	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
FVTOCI	$ -	$ 710,169	$ 5,048	$ 715,217	$ 103,300	$ (98,252)	a)
Equity instruments							
Add: Reclassification from available-for-sale (IAS 39)	512,967	(512,967)	-	-	-	-	a)
Add: Reclassification from financial assets measured at cost (IAS 39)	197,202	(197,202)	-	-	-	-	a)
	710,169	-	5,048	715,217	103,300	(98,252)	
FVTPL	1,007,122	39,657	-	1,046,779	(343)	343	a)
Add: Reclassification from available-for-sale - current (IAS 39)	39,657	(39,657)	-	-	-	-	b)
	1,046,779	-	-	1,046,779	(343)	343	
Amortized cost	-	84,880	-	84,880	-	-	c)
Add: Reclassification from held-to-maturity - current (IAS 39)	45,680	(45,680)	-	-	-	-	c)
Add: Reclassification from investments in debt security with no active market (IAS 39)	39,200	(39,200)	-	-	-	-	c)
	84,880	-	-	84,880	-	-	
	$ 1,841,828	$ -	$ 5,048	$ 1,846,876	$ 102,957	$ (97,909)	

a) The Group elected to designated all its investments in equity securities previously classified as available-for-sale under IAS 39 as at FVTOCI under IFRS 9, because these investments are not held for trading. As a result, the related other equity - unrealized loss on available-for-sale financial assets of $381,048 thousand was reclassified to other equity - unrealized loss on financial assets at FVTOCI.

   Investments in unlisted shares previously measured at cost under IAS 39 have been designated as at FVTOCI under IFRS 9 and were remeasured at fair value. Consequently, an increase of $5,048 thousand was recognized in both financial assets at FVTOCI and other equity - unrealized gain on financial assets at FVTOCI on January 1, 2018.

   The Group recognized under IAS 39 impairment loss on certain investments in equity securities previously classified as available-for-sale and measured at cost and the loss was accumulated in retained earnings. Since those investments were designated as at FVTOCI under IFRS 9 and no impairment assessment is required, an adjustment was made that resulted in a decrease of $103,300 thousand in other equity - unrealized gain on financial assets at FVTOCI and an increase of $103,300 thousand in retained earnings on January 1, 2018.

b) Mutual funds previously classified as available-for-sale under IAS 39 were classified mandatorily as at FVTPL under IFRS 9, because the contractual cash flows are not solely payments of principal and interest on the principal outstanding and they are not equity instruments. The retrospective adjustment resulted in a increase of $343 thousand in other equity - unrealized gain (loss) on available-for-sale financial assets and an decrease of $343 thousand in retained earnings on January 1, 2018.

c) Debt investments previously classified as held-to-maturity financial assets and debt investments with no active market and measured at amortized cost under IAS 39 were classified as measured at amortized cost with an assessment of expected credit losses under IFRS 9, because on January 1, 2018, the contractual cash flows were solely payments of principal and interest on the principal outstanding and these investments were held within a business model whose objective is to collect contractual cash flows.

d) Structured deposits were designated as at FVTPL under IAS 39 because they were hybrid instruments. They have been classified as mandatorily measured at FVTPL in their entirety under IFRS 9 since they contain host contracts that are assets within the scope of IFRS 9.

2) IFRS 15 "Revenue from Contracts with Customers" and related amendment

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Refer to Note 4 for related accounting policies.

b. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	**Effective Date Announced by IASB (Note 1)**
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019 (Note 2)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 16 "Leases"	January 1, 2019 (Note 3)
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019 (Note 4)
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
IFRIC 23 "Uncertainty Over Income Tax Treatments"	January 1, 2019

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The FSC permits the election for early adoption of the amendments starting from 2018.

Note 3: On December 19, 2017, the FSC announced that IFRS 16 will take effect starting from January 1, 2019.

Note 4: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulate that, when an entity sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when an entity loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when an entity sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate or joint venture, i.e. the entity's share of the gain or loss is eliminated.

2) IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating leases under IAS 17 to low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed by using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Group as lessor.

When IFRS 16 becomes effective, the Group may elect to apply this standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this standard recognized at the date of initial application.

3) IFRIC 23 "Uncertainty Over Income Tax Treatments"

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Group should assume that the taxation authority will have full knowledge of all related information when making related examinations. If the Group concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Group should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Group should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the entity expects to better predict the resolution of the uncertainty. The Group has to reassess its judgments and estimates if facts and circumstances change.

On initial application, the Group shall apply IFRIC 23 either retrospectively to each prior reporting period presented, if this is possible without the use of hindsight, or retrospectively with the cumulative effect of the initial application of IFRIC 23 recognized at the date of initial application.

4) Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"

The amendments clarified that IFRS 9 shall be applied to account for other financial instruments in an associate or joint venture to which the equity method is not applied. These included long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture.

When the amendments become effective, the Group shall apply the amendments retrospectively. However, the Group may elect to recognize the cumulative effect of the initial application of the amendments in the opening carrying amount at the date of initial application, or to restate prior periods if, and only if, it is possible without the use of hindsight.

5) Amendments to IFRS 9 "Prepayment Features with Negative Compensation"

IFRS 9 stipulated that if a contractual term of a financial asset permits the issuer (i.e. the debtor) to prepay a debt instrument or permits the holder (i.e. the creditor) to put a debt instrument back to the issuer before maturity and the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination, the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The amendments further explained that reasonable compensation may be paid or received by either of the parties, i.e. a party may receive reasonable compensation when it chooses to terminate the contract early.

When the amendments become effective, the Group shall apply the amendments retrospectively. However, the Group may elect to recognize the cumulative effect of the initial application of the amendments in the opening carrying amount at the date of initial application, or to restate prior periods if, and only if, it is possible without the use of hindsight.

6) Annual Improvements to IFRSs 2015-2017 Cycle

Several standards, including IFRS 3, IFRS 11, IAS 12 and IAS 23 "Borrowing Costs", were amended in this annual improvement. IAS 23 was amended to clarify that, if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. The amendment shall be applied prospectively.

7) Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"

The amendments stipulate that, if a plan amendment, curtailment or settlement occurs, the current service cost and the net interest for the remainder of the annual reporting period are determined using the actuarial assumptions used for the remeasurement of the net defined benefit liabilities (assets). In addition, the amendments clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The amendment shall be applied prospectively.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

See Note 17 and table 4 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, refer to the significant accounting policies in 2017 consolidated financial report:

1) Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

2018

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at FVTOCI.

i. Financial asset at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 32.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) 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.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and debt investments with no active market, are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income 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 asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and

ii) Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

Cash equivalents include time deposits and repurchase agreement with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2017

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets, and loans and receivables.

i. Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when such financial assets are either held for trading or designated as at fair value through profit or loss.

A financial asset may be designated as at fair value through profit or loss upon initial recognition if:

i) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

ii) The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

iii) The contract contains one or more embedded derivatives so that the entire hybrid (combined) contract can be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on the financial asset. Fair value is determined in the manner described in Note 32.

ii. Held-to-maturity investments

Bonds, which are above specific credit ratings and which the Group has positive intent and ability to hold to maturity, are classified as held-to-maturity investments.

Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

iii. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amounts of available-for-sale monetary financial assets (relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments) are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when such investments are disposed of or are determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and presented in a separate line item as financial assets measured at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between the carrying amount and the fair value is recognized in other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

iv. Loans and receivables

Loans and receivables (including trade receivables, cash and cash equivalents, debt investments with no active market) are measured using the effective interest method at amortized cost less any impairment, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalents include time deposits and Repurchase Agreement with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

2018

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI, lease receivables, as well as contract assets.

The Group always recognizes lifetime Expected Credit Loss (i.e. ECL) for trade receivables, lease receivables. For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

2017

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence, as a result of one or more events that occurred after the initial recognition of the financial assets, that the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, such as trade receivables, such assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with defaults on receivables.

For a financial asset carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment (at the date the impairment is reversed) does not exceed what the amortized cost would have been had the impairment not been recognized.

For any available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, breach of contract such as a default or delinquency in interest or principal payments, it becoming probable that the borrower will enter bankruptcy or financial re-organization, or the disappearance of an active market for those financial assets because of financial difficulties.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets that are measured at cost, the amount of the impairment loss is measured as the difference between such an asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets, with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When trade receivables and overdue receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible trade receivables and overdue receivables that are written off against the allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events

3) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistent with the accounting for the transaction itself which gives rise to the tax consequence, and is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2017.

6. CASH AND CASH EQUIVALENTS

	March 31, 2018	December 31, 2017	March 31, 2017
Cash on hand	$ 824	$ 920	$ 634
Demand deposits	1,926,378	1,823,081	1,985,977
Checking accounts	3,936	2,717	5,240
Cash equivalents (investments with original maturities less than three months)			
Time deposits	226,077	119,648	204,171
Repurchase agreements collateralized by bonds	133,000	385,000	235,011
	$ 2,290,215	$ 2,331,366	$ 2,431,033

The market rate intervals of cash in bank repurchase agreements collateralized by bonds at the end of the reporting period were as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Bank balance	0.54%-4.15%	0.6%-1.9%	0.6%-6.63%
Repurchase agreements collateralized by bonds	0.35%-0.36%	0.34%-0.36%	0.37%-0.43%

7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2018	December 31, 2017	March 31, 2017
Financial assets at FVTPL - current			
Financial assets designated as at FVTPL			
Structured deposit (a)	$ -	$ 864,946	$ 1,192,058
Financial assets held for trading			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts (b)	-	3,336	1,909
Non-derivative financial assets			
Mutual funds	-	138,840	306,497
	$ -	$ 1,007,122	$ 1,500,464
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts (b)	$ 5,288	$ -	$ -
Non-derivative financial asset			
Mutual funds	206,340	-	-
Hybrid financial assets			
Structured deposits (a)	562,995	-	-
	$ 774,623	$ -	$ -

(Continued)

	March 31, 2018	December 31, 2017	March 31, 2017
Financial assets at FVTPL - non-current			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Domestic unlisted shares	$ 15,000	$ -	$ -
Financial liabilities at FVTPL - current			
Financial liabilities held for trading			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts (b)	$ -	$ 323	$ 68
Exchange contracts (b)	-	942	-
	$ -	$ 1,265	$ 68
Financial assets mandatorily classified as at FVTPL			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts (b)	$ 330	$ -	$ -
Exchange contracts (b)	390	-	-
	$ 720	$ -	$ -

a. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The contract was designated as at FVTPL under IAS 39. But under IFRS 9, the entire contract is assessed and classified mandatorily as at FVTPL since it contained a host that is an asset within the scope of IFRS 9.

b. At the end of the reporting period, foreign exchange contracts and exchange contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
March 31, 2018			
Sell	USD/JPY	2018.04.09-2018.04.18	USD4,000/JPY423,638
Sell	USD/JPY	2018.04.27	USD1,000/JPY105,850
Sell	USD/RMB	2018.04.04-2018.08.03	USD9,500/RMB60,821
Exchange contracts	USD/NTD	2018.04.20-2018.05.29	USD5,000/RMB146,164
Foreign exchange forward contracts	USD/NTD	2018.04.09-2018.05.14	USD19,000/NTD561,240
Foreign exchange forward contracts	USD/JPY	2018.04.27-2018.05.31	USD2,000/JPY214,000
Knock-out forward	USD/JPY	2018.04.10-2018.05.09	USD5,500/JPY591,190
Knock-out forward	USD/NTD	2018.04.09-2018.06.13	USD12,000/NTD353,830

(Continued)

	Currency	Maturity Date	Contract Amount (In Thousands)
December 31, 2017			
Buy	USD/JPY	2018.01.04	USD1,000/JPY112,980
Sell	USD/RMB	2018.01.08-2018.04.04	USD7,000/RMB46,414
Knock-out forward	USD/JPY	2018.02.07-2018.03.12	USD4,500/JPY513,225
Foreign exchange forward contracts	USD/NTD	2018.01.09-2018.02.23	USD4,000/NTD120,450
Foreign exchange forward contracts	USD/JPY	2018.01.31	USD2,000/JPY226,700
Exchange contracts	USD/NTD	2018.01.08-2018.02.23	USD4,000/JPY120,199
March 31, 2017			
Sell	USD/JPY	2017.04.05-2017.04.24	USD2,500/JPY285,235
Sell	USD/RMB	2017.04.05-2017.05.03	USD1,500/RMB10,195
Buy	JPY/USD	2017.04.05	JPY80,675/USD700
Sell	USD/JPY	2017.04.05-2017.04.24	USD1,000/JPY114,295
Knock-out forward	USD/JPY	2017.05.22-2017.05.30	USD2,000/JPY227,135
Knock-out forward	USD/NTD	2017.05.25-2017.06.26	USD2,000/NTD61,400

(Concluded)

The Group entered into foreign exchange forward contracts during the three months ended March 31, 2018 and 2017 to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for by using hedge accounting.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - 2018

	March 31, 2018
Non-current	
Investments in equity instruments at FVTOCI	$ 697,820

a. Investments in equity instruments at FVTOCI

	March 31, 2018
Non-current	
Domestic investments	
Listed shares and emerging market shares	
Win Win Precision Technology Co., Ltd.	$ 21,498
Unlisted shares	
Marson Technology Co., Ltd.	4,774
UPI Semiconductor Corp.	37,596
	63,868

(Continued)

	March 31, 2018
Foreign investments	
Listed shares	
Guandong Failong Crystal Technology Co., Ltd.	$ 472,665
Unlisted shares	
Zhejiang Dongjing Bolante Photoelectric Company Limited	161,287
	633,952
	$ 697,820

(Concluded)

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes. These investments in equity instruments were classified as available-for-sale and measured at cost under IAS 39. Refer to Note 3, Note 10 and Note 12 relating to their reclassification and comparative information for 2017.

9. FINANCIAL ASSETS AT AMORTIZED COST - 2018

	March 31, 2018
Current	
Domestic investments	
Time deposits with original maturity of more than 3 months	$ 68,600

The interest rates for time deposits with original maturity of more than 3 months were from 0.77% to 0.78% as at the end of the reporting period. The time deposits were classified as debt investments with no active market under IAS 39. Refer to Note 3 and Note 13 for information relating to their reclassification and comparative information for 2017

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS - 2017

	December 31, 2017	March 31, 2017
Current		
Domestic investments		
Mutual funds	$ 39,657	$ 39,044
Non-current		
Domestic investments		
Listed shares and emerging market shares	$ 21,498	$ 6,442
Foreign investments		
Listed shares and emerging market shares	491,469	890,539
	$ 512,967	$ 896,981

The Group disposed of 2,000 thousand shares of Guandong Failong Crstal Technology's Co., Ltd. investment in the year of 2017, which generated $181,773 thousand worth of gain on disposal of investment.

11. HELD-TO-MATURITY FINANCIAL ASSETS

	December 31, 2017	March 31, 2017
Current		
Domestic investments		
Corporate bonds - Cayman Ton Yi	$ 45,680	$ 44,125

The Group purchased the Cayman Unification Guaranteed 3-year general corporate bonds at a nominal value of RMB 10,000 per share in February 2015. Both the coupon rate and the effective interest rate were 4.2%, and they were due for redemption in February 2018. The redemption price was 48,401 thousand.

12. FINANCIAL ASSETS MEASURED AT COST-2017

	December 31, 2017	March 31, 2017
Noncurrent		
Domestic unlisted ordinary shares	$ 37,322	$ 87,294
Foreign unlisted ordinary shares	159,880	-
	$ 197,202	$ 87,294
Classified according to financial asset measurement categories		
Available-for-sale financial assets	$ 197,202	$ 87,294

The Group has assessed the recoverable amount of the financial assets measured at cost and recognized an impairment loss of $9,971 thousand during the period of three months ended March 31, 2017.

Management believed that the above unlisted equity investments held by the Group, whose fair value cannot be reliably measured due to the range of reasonable fair value estimates was so significant; therefore they were measured at cost less impairment at the end of reporting period.

13. FINANCIAL ASSETS MEASURED AT COST - 2017

	December 31, 2017	March 31, 2017
Current		
Domestic unlisted ordinary shares		
Time deposits with original maturity of more than 3 months	$ 39,200	$ -

The interest rates for time deposits with original maturity of more than 3 months were from 0.77%-0.78% as of December 31, 2017.

14. NOTES RECEIVABLE AND TRADE RECEIVABLES

	March 31, 2018	December 31, 2017	March 31, 2017
Notes receivable			
Notes receivable - operating	$ 92,796	$ 65,662	$ 41,612
Less: Allowance for impairment loss - related parties	(2)	(6)	(57)
	$ 92,794	$ 65,656	$ 41,555
Trade receivables			
At amortized cost			
Gross carrying amount	$ 2,239,975	$ 2,599,422	$ 2,432,646
Less: Allowance for impairment loss	(13,640)	(14,135)	(13,722)
For the three months ended March 31, 2017	$ 2,226,335	$ 2,585,287	$ 2,418,924

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

March 31, 2018

	Not Past Due	31 to 90 Days	91 to 150 Days	151 to 180 Days	Over 180 Days	Total
Gross carrying amount	$ 2,316,266	$ 16,505	$ -	$ -	$ -	$ 2,332,771
Loss allowance (Lifetime ECL)	(12,817)	(825)	-	-	-	(13,642)
Amortized cost	$ 2,303,449	$ 15,680	$ -	$ -	$ -	$ 2,319,129

The expected credit loss rate for each above range of the Group is not more than 1% within and within 90 days of the overdue period; 5% or less within the overdue period from 91 days to 180 days; and 5%-100% when the overdue period exceeds 180 days.

The movements of the loss allowance of trade receivables were as follows:

	March 31, 2018
Balance at January 1, 2018 per IAS 39	$ 14,141
Adjustment on initial application of IFRS 9	-
Balance at January 1, 2018 per IFRS 9	14,141
Less: Amounts written off	(530)
Foreign exchange gains and losses	31
Balance at March 31, 2018	$ 13,642

For the three months ended March 31, 2017

The Group applied the same credit policy in 2017 and 2018.Historical experience shows that the Group recognized an allowance in accordance with the proportion of trade receivables of each customers, not the aging schedule.

The aging of receivables that were past due was follows:

	December 31, 2017	March 31, 2017
31-60 days	$ 235	$ 30,481
61-90 days	-	4,834
91-365 days	1,431	3,094
	$ 1,666	$ 38,409

The above aging schedule was based on the past due days from end of credit term.

The movements of allowance for doubtful trade receivables were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2017	$ -	$ 16,595	$ 16,595
Less: Impairment losses reversed	-	(2,735)	(2,735)
Foreign exchange translation gains and losses	-	(138)	(138)
Balance at March 31, 2017	$ -	$ 13,722	$ 13,722

The movements of the allowance for doubtful notes receivable were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2017	$ -	$ 12	$ 12
Add: Impairment losses recognized on receivables	-	45	45
Balance at March 31, 2017	$ -	$ 57	$ 57

15. INVENTORIES

	March 31, 2018	December 31, 2017	March 31, 2017
Finished goods	$ 333,713	$ 350,089	$ 340,409
Work in process	316,279	324,357	409,295
Raw materials	308,444	272,154	309,559
Supplies and spare parts	71,553	64,404	85,209
Merchandise	399,492	284,231	319,669
Land to be development	213,059	208,831	197,784
	$ 1,642,540	$ 1,504,066	$ 1,661,925

Land to be development is the payment made by Chongqing All Sum to acquire the land use right in Chongqing Gao-Shing District to develop and sell real estate in 2012. Chongqing All Sum has acquired real estate certificate issued by Chongqing Association of land and real estate resources during 2013.

The cost of inventories recognized as cost of goods sold in the three months ended March 31, 2018 and 2017 was $1,454,787 thousand and $1,529,831 thousand, respectively. The cost of goods sold included inventory write-downs of $1,472 thousand and $17,928 thousand, respectively.

The details of the building site were as follows:

	March 31, 2018		
Area	Prepaid Land Rights	Project Cost	Total
Jinfeng Group C Division	$ 203,613	$ 9,446	$ 213,059

	December 31, 2017		
Area	Prepaid Land Rights	Project Cost	Total
Jinfeng Group C Division	$ 201,837	$ 6,994	$ 208,831

	March 31, 2017		
Area	Prepaid Land Rights	Project Cost	Total
Jinfeng Group C Division	$ 194,966	$ 2,818	$ 197,784

16. NONCURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	March 31, 2018	December 31, 2017	March 31, 2017
Equipment	$ -	$ 60,816	$ -

The Group disposed the equipment during the three period of three months ended March 31, 2018.

The gain of disposal was $3,152 thousand. Please refer to Note 27.

17. SUBSIDIARIES

Subsidiary Included in the Consolidated Financial Statements

The detail information of the subsidiaries at the end of reporting period was as follows:

			Proportion of Ownership			
Investor	**Investee**	**Nature of Activities**	**March 31, 2018**	**December 31, 2017**	**March 31, 2017**	**Remark**
TXC Corporation	Taiwan Crystal Technology International Limited	Investment holding	100.00	100.00	100.00	a, m
	TXC Technology, Inc.	Marketing activities	100.00	100.00	100.00	b, m
	TXC Japan Corporation	Marketing activities	100.00	100.00	100.00	c, m
	Taiwan Crystal Technology (HK) Limited	Investment holding	100.00	100.00	100.00	f, m
	TXC Optec Corporation	Manufacture and sales of electronic products	88.90	88.90	88.90	j, m
Taiwan Crystal Technology International Limited	Growing Profits Trading Ltd.	International trading	100.00	100.00	100.00	d, m
	TXC (Ningbo) Corporation	Manufacture and sales of electronic products	100.00	100.00	100.00	e, m
TXC (Ningbo) Corporation	TXC (Chongqing) Corporation	Manufacture and sales of electronic products	100.00	66.40	66.40	g, m
	Chongqing All Sun Company Limited	Marketing activities	100.00	100.00	100.00	h, m
	Ningbo Jingyu Company Limited	Purchasing and selling electronic component	100.00	100.00	100.00	i, m
	Ningbo Meishan Bonded Port Area Dingkai Investment Management (Ding Kai Investment)	Investment Management	100.00	100.00	-	l, m
Taiwan Crystal Technology (HK) Limited	TXC (Chongqing) Corporation	Manufacture and sales of electronic products	-	33.60	33.60	g, m
Ningbo Jingyu Trade Company Limited	Ningbo Free Trade Zone Jingyue Trading Company	Trading	-	-	100.00	k, m

Remarks:

a. Taiwan Crystal Technology International Limited was incorporated on December 23, 1998 in Samoa.

b. TXC Technology, Inc. was incorporated on December 1, 2000 in California, U.S.A.

c. TXC Japan Corporation was incorporated on September 13, 2005 in Yokohama, Japan.

d. Growing Profits Limited was incorporated on March 9, 1999 in the British Virgin Islands.

e. TXC (Ningbo) Corporation was incorporated on March 12, 1999 in Ningbo, China.

f. Taiwan Crystal Technology (HK) Limited was incorporated on July 6, 2010 in Hong Kong Special Administrative Region, China.

g. TXC (Chongqing) Corporation was incorporated on October 11, 2010 in Chongqing, China.

   During the three period three months ended March 31, 2018 TXC (Ningbo) Corporation obtained 33.6% equity interest of TXC (Chongqing) which owned by Taiwan Crystal Technology (HK) Limited at RMB 86,600 thousand.

h. Chongqing All Sun Corporation was incorporated on February 14, 2011 in Chongqing, China.

i. Ningbo Jingyu Company Limited was incorporated on September 7, 2011 in Ningbo, China.

j. TXC Optec Corporation was established on April 22, 2015 in Taiwan. On August 24, 2017, it was resolved to liquidate in the shareholders meeting. It had been liquidated on April 9, 2018.

k. Ningbo Free Trade Zone Jingyue Trading Company was incorporated on June 29, 2016 in free trade zone in Ningbo, China. On July 19, 2017, it was resolved to liquidate in the shareholders meeting and was cancelled on October 16, 2017.

l. Ningbo Meishan Bonded Port Area Dingkai Investment Management Co., Ltd. was incorporated on May 12, 106 in Beilun District, Ningbo, China.

m. Except for the financial statement for the three months ended March 31, 2018 of TXC (Ningbo) Corporation, all company are immaterial subsidiaries, their financial statements have not been review.

18. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	March 31, 2018	December 31, 2017	March 31, 2017
Investments in associates	$ 111,897	$ 96,189	$ 71,842

Investments in Associates

	March 31, 2018	December 31, 2017	March 31, 2017
Associates that are not individually material	$ 111,897	$ 96,189	$ 71,842

	For the Three Months Ended March 31	
	2018	2017
The Group's share of:		
Profit from continuing operations	$ 2,655	$ 2,257
Other comprehensive income (loss)	1,228	(1,943)
Total comprehensive income for the period	$ 3,883	$ 314

Refer to Table 5 "name, locations, and related information of investees on which the Company exercises significant influence" for the nature of activities, principal place of business and country of incorporation of the associates.

The TXC has power to govern the financial and operating policies of Tai-Shing due to part of directors of TXC are the same as Tai-Shing. As a result, Tai-Shing is accounted for using the equity method.

19. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Property in Construction	Total
Cost								
Balance at January 1, 2017	$ 598,145	$ 920	$ 2,421,579	$ 6,704,359	$ 19,417	$ 227,457	$ 1,044	$ 9,972,921
Additions	-	-	2,417	270,085	-	9,684	16,059	298,245
Disposals	-	-	-	(5,251)	-	(1,093)	-	(6,344)
Reclassification	-	-	-	7,111	-	(7,111)	-	-
Effect of foreign currency exchange differences	-	-	(47,385)	(185,230)	(889)	(6,884)	(468)	(240,856)
Balance at March 31, 2017	$ 598,145	$ 920	$ 2,376,611	$ 6,791,074	$ 18,528	$ 222,053	$ 16,635	$ 10,023,966
Accumulated depreciation and impairment								
Balance at January 1, 2017	$ -	$ 153	$ 876,558	$ 4,629,247	$ 11,810	$ 177,248	$ -	$ 5,695,016
Disposals	-	-	-	(3,676)	-	(1,053)	-	(4,729)
Depreciation expense	-	33	33,463	170,331	682	4,811	-	209,320
Effect of foreign currency exchange differences	-	-	(15,436)	(120,549)	(608)	(5,203)	-	(141,796)
Balance at March 31, 2017	$ -	$ 186	$ 894,585	$ 4,675,353	$ 11,884	$ 175,803	$ -	$ 5,757,811
Carrying value at March 31, 2017	$ 598,145	$ 734	$ 1,482,026	$ 2,115,721	$ 6,644	$ 46,250	$ 16,635	$ 4,266,155
Cost								
Balance at January 1, 2018	$ 598,145	$ 920	$ 2,507,482	$ 6,926,128	$ 17,698	$ 262,168	$ 37,481	$ 10,350,022
Additions	-	395	341	71,047	1,316	2,308	(37,834)	37,573
Disposals	-	-	(14,401)	(13,432)	(1,466)	(2,736)	-	(32,035)
Reclassification	-	-	-	8,148	-	(8,148)	-	-
Effect of foreign currency exchange differences	-	-	8,865	34,213	149	1,363	353	44,943
Balance at March 31, 2018	$ 598,145	$ 1,315	$ 2,502,287	$ 7,026,104	$ 17,697	$ 254,955	$ -	$ 10,400,503
Accumulated depreciation and impairment								
Balance at January 1, 2018	$ -	$ 285	$ 1,005,055	$ 4,771,498	$ 13,869	$ 189,505	$ -	$ 5,980,212
Disposals	-	-	(6,924)	(12,776)	(1,466)	(2,595)	-	(23,761)
Depreciation expense	-	37	34,766	144,117	650	5,581	-	185,151
Impairment losses reversed	-	-	-	(171)	-	-	-	(171)
Effect of foreign currency exchange differences	-	-	2,934	22,289	120	758	-	26,101
Balance at March 31, 2018	$ -	$ 322	$ 1,035,831	$ 4,924,957	$ 13,173	$ 193,249	$ -	$ 6,167,532
Carrying value at March 31, 2018	$ 598,145	$ 993	$ 1,466,456	$ 2,101,147	$ 4,524	$ 61,706	$ -	$ 4,232,971

The above items of property, plant and equipment were depreciated on a straight-line basis over the estimated useful lives as follows:

Land improvements	6 years
Buildings	
Industrial building	35-61 years
Electrical power systems	4-10 years
Engineering systems	1-17 years
Equipment	
Major production equipments	1-5 years
Temperature control systems	4-7 years
Transportation equipments	4-7 years
Transportation equipments	3-8 years
Office equipment	2-6 years

The major component parts of the buildings held by the Group included (plants, electro-powering machinery and engineering systems, etc.),which are depreciated over their estimated useful lives.

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 34.

20. INVESTMENT PROPERTIES

	March 31, 2018	December 31, 2017	March 31, 2017
Completed investment property	$ 45,203	$ 49,957	$ 57,813

	Completed Investment Property
Cost	
Balance at January 1, 2017	$ 103,492
Effect of foreign currency exchange differences	(4,828)
Balance at March 31, 2017	$ 98,664
Accumulated depreciation and impairment	
Balance at January 1, 2017	$ (41,769)
Depreciation expense	(1,065)
Effect of foreign currency exchange differences	1,983
Balance at March 31, 2017	$ (40,851)
Carrying amounts at March 31, 2017	$ 57,813
Cost	
Balance at January 1, 2018	$ 91,610
Disposals	(6,770)
Effect of foreign currency exchange differences	779
Balance at March 31, 2018	$ 85,619
Accumulated depreciation and impairment	
Balance at January 1, 2018	$ (41,653)
Disposals	2,680
Depreciation expense	(1,091)
Effect of foreign currency exchange differences	(352)
Balance at March 31, 2018	$ (40,416)
Carrying amounts at March 31, 2018	$ 45,203

The investment properties held by the Group were depreciated using the straight-line method over their useful lives of 5-61 years.

The fair value of the Group's investment properties as of March 31, 2018, December 31, 2017 and March 31, 2017 was $408,485 thousand, $408,123 thousand and $108,264 thousand, respectively. The fair value valuation had not been performed by independent qualified professional valuers; however, management of the Group used the valuation model that market participants would use in determining the fair value the valuation was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Group's investment property was held under freehold interests. The investment properties pledged as collateral for bank borrowing were set out in Note 34.

21. PREPAYMENTS FOR LEASE

	March 31, 2018	December 31, 2017	March 31, 2017
Current asset	$ 2,392	$ 2,371	$ 2,291
Non-current asset	98,450	98,184	96,559
	$ 100,842	$ 100,555	$ 98,850

As of March 31, 2018, December 31, 2017 and March 31, 2017, prepaid lease payments include land use right, which are located in Mainland China.

The prepayment for lease pledged as collateral for bank borrowing were set out in Note 34.

22. BORROWINGS

a. Short-term borrowings

	March 31, 2018	December 31, 2017	March 31, 2017
Unsecured borrowings			
Letters of credit	$ -	$ 549	$ 10,461

The interest rate on the letters of credit was 2.86% and 0.946% per annum as of December 31, 2017 and March 31, 2017, respectively.

b. Long-term borrowings

	March 31, 2018	December 31, 2017	March 31, 2017
Secured borrowings (Note 34)			
Bank loans	$ 93,750	$ 109,375	$ 381,250
Unsecured borrowings			
Bank loans	1,469,749	1,873,862	1,578,324
Less: Current portions	(219,234)	(286,362)	(1,264,716)
Long-term borrowings	$ 1,344,265	$ 1,696,875	$ 694,858

The borrowings of the Group were as follows:

	Maturity Date	March 31, 2018	December 31, 2017	March 31, 2017
Floating rate borrowings				
Bank borrowing denominated in NT$	2019.09.01	$ 93,750	$ 109,375	$ 156,250
Bank borrowing denominated in NT$	2020.04.20	-	-	225,000
Unsecured bank borrowing denominated in NT$	2018.01.25	-	-	250,000
Unsecured bank borrowing denominated in NT$	2018.01.25	-	-	100,000
Unsecured bank borrowing denominated in NT$	2018.01.25	-	-	100,000
Unsecured bank borrowing denominated in NT$	2018.01.25	-	-	100,000
Unsecured bank borrowing denominated in NT$	2019.09.05	-	-	200,000
Unsecured bank borrowing denominated in NT$	2018.09.05	-	-	100,000
Unsecured bank borrowing denominated in NT$	2018.09.05	-	-	100,000
Unsecured bank borrowing denominated in NT$	2017.09.09	-	-	200,000
Unsecured bank borrowing denominated in NT$	2017.09.10	-	-	200,000
Unsecured bank borrowing denominated in US$	2019.05.31	300,000	300,000	-
Unsecured bank borrowing denominated in NT $	2019.06.02	-	200,000	-
Unsecured bank borrowing denominated in NT $	2019.06.30	250,000	250,000	-
Unsecured bank borrowing denominated in NT $	2019.09.04	200,000	400,000	-
Unsecured bank borrowing denominated in NT $	2019.09.06	200,000	200,000	-
Unsecured bank borrowing denominated in NT $	2019.12.12	100,000	100,000	-
Unsecured bank borrowing denominated in NT $	2020.07.31	200,000	200,000	-
Unsecured bank borrowing denominated in US$	2020.02.26	63,015	59,696	60,886
Unsecured bank borrowing denominated in US$	2018.05.28	68,834	74,621	76,108
Unsecured bank borrowing denominated in US$	2018.09.01	87,900	89,545	91,330
Less: Current portion		(219,234)	(286,362)	(1,264,716)
		$ 1,344,265	$ 1,696,875	$ 694,858

The range of interest rate on bank loans was 0.85%-3.59%, 0.85%-3.2% and 0.86%-1.782% per annum as of March 31, 2018, December 31, 2017 and March 31, 2017, respectively.

23. OTHER LIABILITIES

	March 31, 2018	December 31, 2017	March 31, 2017
Current			
Other payables			
Payable for compensations to employees and directors	$ 131,699	$ 125,404	$ 174,374
Payable for commission	26,517	33,669	47,065
Payable for salaries	94,707	99,893	134,459
Payable for bonus	63,258	215,833	85,801
Payable for annual leave	28,395	29,309	26,365
Payable for purchasing of equipment	29,164	85,073	188,806
Others	97,108	111,562	56,330
	$ 470,848	$ 700,743	$ 713,200

24. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company and TXC Optec Corporation of the Group adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group’s subsidiaries in TXC (Ningbo) Corporation and TXC (Chongqing) Corporation are members of a state-managed retirement benefit plan operated by the government of China. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

Employee benefit expense for the three months ended March 31, 2018 and 2017 were $654 thousand and $654 thousand, respectively. Employee benefit expense was calculated on the basis of the actuarial valuations in December 31, 2017 and 2016

25. EQUITY

a. Share capital

Ordinary shares

	March 31, 2018	December 31, 2017	March 31, 2017
Numbers of shares authorized (in thousands)	500,000	500,000	500,000
Shares authorized	$ 5,000,000	$ 5,000,000	$ 5,000,000
Number of shares issued and fully paid (in thousands)	309,757	309,757	309,757
Shares issued	$ 3,097,570	$ 3,097,570	$ 3,097,570

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

30,000 thousand shares of the Company's shares authorized were reserved for the issuance of convertible bonds and employee share options.

b. Capital surplus

	March 31, 2018	December 31, 2017	March 31, 2017
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*			
Issuance of ordinary shares	$ 611,776	$ 611,776	$ 611,776
Conversion of bonds	977,028	977,028	977,028
Overdue options	73,377	73,377	73,377
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	331	331	331
Share of changes in capital surplus of associates or joint venture	2,712	2,712	2,712
	$ 1,665,224	$ 1,665,224	$ 1,665,224

* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration of directors before and after amendment, please refer to f. employee benefits expense in Note 27.

Dividends are recommended by the board of directors in accordance with the Corporation's dividend policy. Under this policy, industry trend and growth should be evaluated, investment opportunities should be fully understood, and proper capital adequacy ratios should be considered in determining the dividend to be distributed. In addition, cash dividends should not be less than 20% of the total dividends to be appropriated.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2017 and 2016 were proposed by the board of directors on April 23, 2018 and approved in the shareholders' meetings on June 8, 2017 respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2017	2016	2017	2016
Legal reserve	$ 96,265	$ 101,616	$ -	$ -
Cash dividends	774,393	867,320	2.5	2.8

The appropriations of earnings for 2017 are subject to the resolution of the shareholders' meeting to be held on June 5, 2018.

d. Others equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Three Months Ended March 31	
	2018	2017
Balance at January 1	$ (264,137)	$ (161,346)
Exchange differences on translating financial statements of foreign operations	42,520	(268,936)
Share of exchange differences of associates accounted for using the equity method	1,412	(1,722)
Balance at December 31	$ (220,205)	$ (432,004)

2) Unrealized gain (loss) on available-for-sale financial assets

Balance at January 1, 2017	$ 955,103
Recognized during the period	
Unrealized loss on revaluation of available-for-sale financial assets	(107,912)
Share from associates accounted for using the equity method	(34)
Reclassification adjustment	
Disposal of available-for-sale financial assets	(150,527)
Other comprehensive income recognized in the period	(258,473)
Balance at March 31, 2017	$ 696,630
Balance at January 1, 2018 per IAS 39	$ 381,048
Adjustment on initial application of IFRS 9	(381,048)
Balance at January 1, 2018 per IFRS 9	$ -

3) Unrealized gain/(loss) on financial assets at FVTOCI

	For the Three Months Ended March 31, 2018
Balance at January 1 per IAS 39	$ -
Adjustment on initial application of IFRS 9	283,139
Balance at January 1 per IFRS 9	283,139
Effect of change in tax rate	(13,062)
Recognized during the period	
Unrealized loss - equity instruments	(15,607)
Share from associates accounted for using the equity method	4
Other comprehensive income recognized in the period	(28,665)
Balance at March 31	$ 254,474

26. REVENUE

	For the Three Months Ended March 31	
	2018	2017
Revenue from contracts with customers		
Revenue from sale of goods	$ 1,869,295	$ 2,132,930

	For the Three Months Ended March 31, 2018
Trade receivables (Note 14)	$ 2,226,335
Contract liabilities	
Sale of goods	$ 11,313
Contract liabilities-current	$ 11,313

The contract liabilities were unearned sales revenue and accounted for other current liabilities.

27. NET PROFIT (LOSS) AND OTHER COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS

Net Profit (Loss) from Continuing Operations

a. Other income

	For the Three Months Ended March 31	
	2018	2017
Interest income	$ 3,732	$ 3,144
Income from government grants	1,863	4,220
Others	15,343	9,793
	$ 20,938	$ 17,157

b. Other gains and losses

	For the Three Months Ended March 31	
	2018	2017
Gain/(loss) on disposal of property, plant and equipment	$ 4,729	$ (1,609)
Gain on disposal of investment property	1,092	-
Gain on disposal of noncurrent assets classified as held for sale	3,152	-
Gain on disposal of available-for-sale financial assets	-	181,429
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily at FVTPL	14,072	-
Net gain arising on financial assets designated as at FVTPL	-	16,268
Foreign exchange loss	(71,373)	(103,217)
Other expense	(2,931)	(2,265)
	$ (51,259)	$ 90,606

c. Finance costs

	For the Three Months Ended March 31	
	2018	2017
Interest on bank loans	$ (5,035)	$ (5,815)

d. Depreciation and amortization

	For the Three Months Ended March 31	
	2018	2017
Property, plant and equipment	$ 185,151	$ 209,320
Intangible assets	668	866
	$ 185,819	$ 210,186
An analysis of deprecation by function		
Operating costs	$ 153,482	$ 176,263
Operating expenses	31,669	33,057
	$ 185,151	$ 209,320
An analysis of amortization by function		
Operating expenses	$ 668	$ 866

e. Employee benefits expense

	For the Three Months Ended March 31	
	2018	2017
Post-employment benefits (see Note 24)		
Defined contribution plans	$ 17,145	$ 15,702
Defined benefit plans	654	654
	17,799	16,356
Other employee benefits		
Salaries	341,555	388,052
Insurance expenses	23,145	23,656
Others	13,556	7,000
	378,256	418,708
Total employee benefits expense	$ 396,055	$ 435,064
An analysis of employee benefits expense by function		
Operating costs	$ 234,410	$ 248,909
Operating expenses	161,645	186,155
	$ 396,055	$ 435,064

f. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at the rates no less than 3% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and remuneration of directors for the three months ended March 31, 2018 and 2017, respectively, were as follows:

Accrual rate

	For the Three Months Ended March 31	
	2018	2017
Employees' compensation	9.0%	9.0%
Remuneration of directors	1.5%	1.5%

Amount

	For the Three Months Ended March 31	
	2018	2017
Employees' compensation	$ 9,745	$ 35,454
Remuneration of directors	$ 1,624	$ 5,909

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

The employees' compensation and remuneration of directors for the years ended December 31, 2017 and 2016 which have been approved by the Company's board of directors on March 15, 2018 and March 9, 2017, respectively, were as follows:

	For the Year Ended December 31			
	2017		2016	
	Cash	Share	Cash	Share
Employees' compensation	$ 103,140	$ -	$ 113,822	$ -
Remuneration of directors	17,190	-	18,970	-

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2017 and 2016.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2018 and 2017 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

28. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of tax expense recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended March 31	
	2018	2017
Current tax		
In respect of the current year	$ 22,349	$ 67,523
Deferred tax		
In respect of the current year	9,389	(17,427)
Change in tax rate	(13,914)	-
Income tax expense recognized in profit or loss	$ 17,824	$ 50,096

The Income Tax Act in the ROC was amended in 2018 and the corporate income tax rate was adjusted from 17% to 20% effective in 2018. The effect of the change in tax rate on deferred tax income/expense to be recognized in profit or loss. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings will be reduced from 10% to 5%.

b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2018	2017
Deferred		
In respect of the current period		
Fair value changes of financial assets at FVTOCI	$ (3,761)	$ -
Effect of change in tax rate		
Remeasurement of defined benefit plans	(2,813)	-
Fair value changes of financial asset at FVTOCI	13,626	-
Fair value changes of available-for-sale financial asset	-	(50,687)
	$ 7,052	$ (50,687)

c. Income tax assessments

The tax returns had been assessed by the tax authorities before in 2015, respectively.

29. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Period

	For the Three Months Ended March 31	
	2018	2017
Profit for the period attributable to owners of the Company	$ 84,002	$ 321,133
Earnings used in the computation of diluted earnings per share	$ 84,002	$ 321,133

Weighted average number of ordinary shares outstanding (in thousand shares):

	For the Three Months Ended March 31	
	2018	2017
Weighted average number of ordinary shares in computation of basic earnings per share	309,757	309,757
Effect of potentially dilutive ordinary shares:		
Employees' compensation issue to employees	2,887	3,440
Weighted average number of ordinary shares used in the computation of diluted earnings per share	312,644	313,197

If the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

30. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

Operating leases relate to leases of warehouse in trade zone with lease terms 3 years. All operating lease contracts contain clauses for 3-yearly market rental reviews. The Group does not have a bargain purchase option to acquire the leased land at the expiry of the lease periods.

The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Not later than 1 year	$ 2,800	$ 2,800	$ 2,800
Later than 1 year and not later than 5 years	700	1,400	3,500
Later than 5 years	-	-	-
	$ 3,500	$ 4,200	$ 6,300

b. The Group as lessor

Operating leases relate to the investment property owned by the Group with lease terms between 1 to 2 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have a bargain purchase option to acquire the property at the expiry of the lease period.

The future minimum lease payments of non-cancellable operating lease were as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Not later than 1 year	$ 2,304	$ 1,437	$ 6,420
Later than 1 year and not later than 5 years	-	-	376
	$ 2,304	$ 1,437	$ 6,796

31. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

32. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

- Fair value of financial instruments that are not measured at fair value

  The management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

March 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 206,340	$ -	$ -	$ 206,340
Structured deposits	-	562,995	-	562,995
Domestic unlisted share and emerging market shares	15,000	-	-	15,000
Forward exchange contracts	-	5,288	-	5,288
	$ 221,340	$ 568,283	$ -	$ 789,623
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic unlisted share and emerging market shares	$ -	$ -	$ 63,868	$ 63,868
Foreign listed shares	472,665	-	-	472,665
Foreign unlisted shares and emerging market shares	-	-	161,287	161,287
	$ 472,665	$ -	$ 225,155	$ 697,820
Financial liabilities at FVTPL				
Forward exchange contracts	$ -	$ 330	$ -	$ 330
Exchange contracts	-	390	-	390
	$ -	$ 720	$ -	$ 720

December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Forward foreign exchange contracts	$ -	$ 3,336	$ -	$ 3,336
Mutual funds	138,840	-	-	138,840
Structured deposits	-	864,946	-	864,946
	$ 138,840	$ 868,282	$ -	$ 1,007,122
Available-for-sale financial assets				
Investments in equity instruments				
Domestic unlisted share and emerging market shares	$ -	$ -	$ 21,498	$ 21,498
Foreign listed shares	491,469	-	-	491,469
Mutual funds	39,657	-	-	39,657
	$ 531,126	$ -	$ 21,498	$ 552,624
Financial liabilities at FVTPL				
Forward exchange contracts	$ -	$ 323	$ -	$ 323
Exchange contracts	-	942	-	942
	$ -	$ 1,265	$ -	$ 1,265

March 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 306,497	$ -	$ -	$ 306,497
Structured deposits	-	1,192,058	-	1,192,058
Forward exchange contracts	-	1,909	-	1,909
	$ 306,497	$ 1,193,967	$ -	$ 1,500,464
Available-for-sale financial assets				
Domestic unlisted share and emerging market shares	$ -	$ -	$ 6,442	$ 6,442
Foreign listed shares	890,539	-	-	890,539
Mutual funds	39,044	-	-	39,044
	$ 929,583	$ -	$ 6,442	$ 936,025
Financial liabilities at FVTPL				
Forward exchange contracts	$ -	$ 68	$ -	$ 68

There were no transfers between Levels 1 and 2 between January 1 to March 31, 2018 and 2017.

2) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign currency forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Structured deposits	Discounted cash flow. Future cash flows are discounted at a rate that reflects current borrowing interest rates of the bond issuers at the end of the reporting period

3) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

The fair values of Domestic unlisted shares and emerging market shares were determined using income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. The significant unobservable inputs used are listed on the table below. An increase in long-term revenue growth rates or long-term pre-tax operating margin or a decrease in WACC or discount for lack of marketability used in isolation would result in increase in fair value.

	March 31	
	2018	2017
Long-term revenue growth rates	11.51%-12.89%	13.08%
Long-term pre-tax operating margin	4.34%-15.20%	4.34%
WACC	10.96%-16.16%	12.33%
Discount for lack of marketability	22.35%-30.24%	30.60%

c. Categories of financial instruments

	March 31, 2018	December 31, 2017	March 31, 2017
Financial assets			
FVTPL			
Designated as at FVTPL (1)	$ -	$ 1,007,122	$ 1,500,464
Mandatorily at FVTPL	789,623	-	-
Loans and receivables (2)	-	5,169,358	4,939,155
Held-to-maturity investments (3)	-	45,680	44,125
Available-for-sale financial assets (4)	-	749,826	1,023,319
Financial assets at amortized cost (5)	4,883,171	-	-
Financial assets at FVTOCI			
Equity instruments	697,820	-	-

(Continued)

	March 31, 2018	December 31, 2017	March 31, 2017
Financial liabilities			
FVTPL			
Designated as at FVTPL (6)	$ -	$ 1,265	$ 68
Mandatorily at FVTPL (6)	720	-	-
Amortized cost (7)	3,279,549	3,913,641	3,942,345

(Concluded)

1) The balances included the carrying amount of mutual fund, and structured deposits.

2) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade and other receivables, debt investments with no active market.

3) The balances included the carrying amount of financial bond investment.

4) The balances included the carrying amount of available-for-sale financial assets measured at cost.

5) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, and notes receivable and trade receivables.

6) The balances included the carrying amount of forward exchange contracts and exchange contracts.

7) The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term loans, notes payable, trade and other payables.

d. Financial risk management objectives and policies

The Group's major financial instruments included equity and debt investments, bonds payable, borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The corporate treasury function reported quarterly to the Group's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including: Forward foreign exchange contracts to hedge the exchange rate risk arising on the Group's foreign currency monetary.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period (see Note 37).

Sensitivity analysis

The Group was mainly exposed to the USD and JPY.

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. The sensitivity analysis included external loans/borrowings as well as loans/borrowings to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in post-tax profit and other equity associated with New Taiwan dollars strengthen 1% against the relevant currency. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on post-tax profit and other equity and the balances below would be negative.

	USD Impact		**JPY Impact**	
	For the Three Months Ended March 31		**For the Three Months Ended March 31**	
	2018	**2017**	**2018**	**2017**
Profit or loss	$ 17,411	$ 25,398	$ (1,868)	$ (5,070)

i. This was mainly attributable to the exposure outstanding on USD receivables and payables, which were not hedged at the end of the reporting period.

ii. This was mainly attributable to the exposure to outstanding JPY payables, which were not hedged, at the end of the reporting period.

b) Interest rate risk

The Group was exposed to interest rate risk because the Group's bank deposits and the Group borrowed funds at floating interest rates.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Fair value interest rate risk			
Financial assets	$ 427,677	$ 543,848	$ 439,182
Financial liabilities	-	-	-
Cash flow interest rate risk			
Financial assets	1,926,378	1,823,081	1,985,977
Financial liabilities	1,563,499	1,983,786	1,970,035

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 0.25% basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.25% basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2018 and 2017 would decrease/increase by $227 thousand and $10 thousand, which was mainly attributable to the Group's exposure to interest rates on its floating rate bank deposits and bank borrowings.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments. The Group's equity price risk was mainly concentrated on equity instruments operating in Shenzhen stock exchange, growth enterprise.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, other comprehensive income for the three months ended March 31, 2018 and 2017 would increase/decrease by $4,727 thousand and $8,905 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from: The carrying amount of the respective recognized financial assets as stated in the balance sheets.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liability. As of March 31, 2018, December 31, 2017 and March 31, 2017, the Group had available unutilized overdraft and short-term bank loan facilities of approximately $5,513,622 thousand, $5,261,301 thousand and $4,444,788 thousand, respectively.

Liquidity and interest risk rate tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

March 31, 2018

	Weighted Interest Average Effective Rate (%)	Less Than 1 Year	2-3 Years	4-5 Years	5+ Years	Total
Non-derivative financial liabilities						
Trade payables	-	$ 1,241,762	$ -	$ -	$ -	$ 1,241,762
Other payables	-	474,288	-	-	-	474,288
Other current liabilities	-	32,499	-	-	-	32,499
Variable interest rate liabilities	0.85-3.59	219,234	1,344,265	-	-	1,563,499

December 31, 2017

	Weighted Interest Average Effective Rate (%)	Less Than 1 Year	2-3 Years	4-5 Years	5+ Years	Total
Non-derivative financial liabilities						
Trade payables	-	$ 1,227,291	$ -	$ -	$ -	$ 1,227,291
Other payables	-	702,564	-	-	-	702,564
Other current liabilities	-	28,728	-	-	-	28,728
Variable interest rate (liabilities)	0.85-3.2	286,911	1,696,875	-	-	1,983,786

March 31, 2017

	Weighted Interest Average Effective Rate (%)	Less Than 1 Year	2-3 Years	4-5 Years	5+ Years	Total
Non-derivative financial liabilities						
Trade payables	-	$ 1,257,442	$ -	$ -	$ -	$ 1,257,442
Other payables	-	714,868	-	-	-	714,868
Other current liabilities	-	49,509	-	-	-	49,509
Variable interest rate liabilities	0.86-1.78	1,275,177	694,858	-	-	1,970,035

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities was subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

The following table detailed the Group's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

March 31, 2018

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Net settled					
Foreign exchange forward contracts and exchange contracts	$ 3,686	$ 879	$ 3	$ -	$ -

December 31, 2017

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Net settled					
Foreign exchange forward contracts and exchange contracts	$ (349)	$ 1,400	$ 1,020	$ -	$ -

March 31, 2017

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Net settled					
Foreign exchange forward contracts	$ (146)	$ (342)	$ -	$ -	$ -

33. RELATED-PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

Name	Relationship with the Group
Tai-shing Electronics Components Corp.	Associates
EcLife Co., Ltd.	Other associates
TSE Technology (Ningbo) Co., Ltd.	Associates

a. Sale of goods

Line Items	Related Party Categories	For the Three Months Ended March 31 2018	2017
Sales	Associates	$ 8,525	$ 7,185

b. Purchase of goods

Related Party Categories	For the Three Months Ended March 31 2018	2017
Other associates	$ 14	$ 9

c. Receivables from related parties (excluding loans to related parties)

Line Items	Related Party Categories	March 31, 2018	December 31, 2017	March 31, 2017
Trade receivables	Associates	$ 9,040	$ 6,776	$ 7,679
Less: Allowance for impairment loss		(56)	(41)	(46)
		$ 8,984	$ 6,735	$ 7,633
Other receivables	Associates	$ 742	$ 772	$ 660

The outstanding trade receivables from related parties are unsecured.

d. Payables to related parties (excluding loans from related parties)

Line Items	Related Party Categories	March 31, 2018	December 31, 2017	March 31, 2017
Trade payables	Other associates	$ 38	$ 24	$ 42
Other payables	Other associates	$ 3,440	$ 1,821	$ 1,668

The outstanding trade payables from related parties are unsecured.

Payment term of the transactions to related parties were similar to those for third parties.

f. Property, plant and equipment acquired

Related Party Categories	Price For the Three Months Ended December 31 2018	2017
Other associates	$ 315	$ 693

g. Rental income

Related Party Categories	Location	Rent Collection	For the Three Months Ended March 31 2018 Amount	2018 % to Total Account Balance	2017 Amount	2017 % to Total Account Balance
Associates	1F., No. 189, Huangshan W. Rd., Beilun Dist., Ningbo City	Based on contract, and paid on a monthly basis	$ 830	-	$ 815	-

The transactions term to related parties were similar to those for third parties.

h. Compensation of key management personnel

	For the Three Months Ended March 31 2018	2017
Short-term employee benefits	$ 19,340	$ 26,045
Post-employment benefits	792	751
	$ 20,132	$ 26,796

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	March 31, 2018	December 31, 2017	March 31, 2017
Land	$ 573,770	$ 573,770	$ 573,770
Building equipment, net	1,046,816	925,175	1,105,924
Investment property	23,576	22,019	24,315
Prepayment for lease	13,043	13,026	12,862
	$ 1,657,205	$ 1,533,990	$ 1,716,871

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

a. Unused letters of credit amounted to approximately JPY8,292 thousand and JPY155,505 thousand as of December 31, 2017 and March 31, 2017.

b. As of March 31, 2018, the Group unrecognized commitments are as follows:

	Contract Amount	Paid Amount	Unpaid Amount
Acquisition of equipment	$ 9,734	$ 3,421	$ 6,313
Acquisition of equipment	RMB 9,039	RMB -	RMB 9,039
Acquisition of equipment	JPY 457,900	JPY -	JPY 457,900
Acquisition of equipment	US$ 850	US$ -	US$ 850

36. SIGNIFICANT EVENTS AFTER REPORTING PERIOD: NONE

37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

March 31, 2018

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 74,892	29.300 (USD:NTD)	$ 2,194,336
USD	37,086	6.3582 (USD:RMB)	1,086,620
JPY	491,549	0.2703 (JPY:NTD)	132,866
JPY	55,084	0.0587 (JPY:RMB)	14,889
Financial liabilities			
Monetary items			
USD	29,360	29.300 (USD:NTD)	860,248
USD	23,195	6.3582 (USD:RMB)	679,614
JPY	744,637	0.2703 (JPY:NTD)	201,275
JPY	492,977	0.0587 (JPY:RMB)	133,252

December 31, 2017

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 88,327	29.848 (USD:NTD)	$ 2,636,384
USD	38,845	6.5342 (USD:RMB)	1,159,446
JPY	359,244	0.2649 (JPY:NTD)	95,164
JPY	145,623	0.058 (JPY:RMB)	38,576
Financial liabilities			
Monetary items			
USD	31,922	29.848(USD:NTD)	952,808
USD	10,280	6.5342(USD:RMB)	306,837
JPY	744,028	0.2649 (JPY:NTD)	197,093
JPY	489,148	0.058(JPY:RMB)	129,575

March 31, 2017

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 79,306	30.336 (USD:NTD)	$ 2,405,827
USD	40,865	6.8993 (USD:RMB)	1,239,681
JPY	289,870	0.2714 (JPY:NTD)	78,671
JPY	1,042	0.0618 (JPY:RMB)	283
Financial liabilities			
Monetary items			
USD	23,615	30.336 (USD:NTD)	716,385
USD	12,833	6.8993 (USD:RMB)	389,302
JPY	1,376,210	0.2714 (JPY:NTD)	373,503
JPY	782,753	0.0618 (JPY:RMB)	212,439

For the three months ended March 31, 2018 and 2017, unrealized net foreign exchange loss were $(71,373) thousand and $(103,217) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

38. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and information on investees:

1) Lending funds to others. (None)

2) Providing endorsements or guarantees for others. (None)

3) Holding of securities at the end of the period. (Table 1)

4) Aggregate purchases or sales of the same securities reaching NT$300 million or 20 percent of paid-in capital or more. (None)

5) Acquisition of real estate reaching NT$300 million or 20 percent of paid-in capital or more. (None)

6) Disposal of real estate reaching NT$300 million or 20 percent of paid-in capital or more. (None)

7) Purchases or sales of goods from or to related parties reaching NT$100 million or 20 percent of paid-in capital or more. (Table 2)

8) Trade receivables from related parties reaching NT$100 million or 20 percent of paid-in capital or more. (Table 3)

9) Trading in derivative instruments. (Note 7)

10) Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them. (Table 7)

11) Information on investees. (Table 4)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the mainland China area. (Table 6)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: (Table 6)

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

39. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

- Crystal
- Optec

The chief operating decision maker see every crystal selling unit in Taiwan and China as an operating segment. While preparing the financial report, the Group considers the following reasons:

a. The similar gross profit between the selling units.

b. The similar product's nature and manufacturing process.

c. The same product's delivery type.

	Segment Revenue		**Segment Profit**	
	For the Three Months Ended March 31		**For the Three Months Ended March 31**	
	2018	**2017**	**2018**	**2017**
Crystal	$ 1,869,295	$ 2,076,110	$ 134,426	$ 287,119
Optec	-	56,820	-	(23,445)
	$ 1,869,295	$ 2,132,930	134,426	263,674
Other income			20,938	17,157
Other gains and losses			(51,259)	90,606
Financial costs			(5,035)	(5,815)
Share of profit or loss of subsidiaries, associates and joint ventures			2,655	2,257
Profit before tax (continuing operations)			$ 101,725	$ 367,879

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the three months ended March 31, 2018 and 2017.

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, gain recognized on the disposal of interest in former associates, rental revenue, interest income, gain or loss on disposal of property, plant and equipment, gain or loss on disposal of financial instruments, exchange gain or loss, valuation gain or loss on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

TABLE 1

TXC CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2018				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
TXC Corporation	Stock listed overseas							
	Guandong Failong Crystal Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non current	8,096	$ 472,665	5	$ 472,665	
	Stock - emerging company							
	Win Win Precision Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non current	1,365	$ 21,498	3	$ 21,498	
	Stock - unlisted company							
	Marson Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non current	523	$ 4,774	4	$ 4,774	
	UPI Semiconductor Corp.	Chairman is a direct of the Company	〃	1,516	37,596	2	37,596	
					$ 42,370		$ 42,370	
	Fubon B Special Unit.	None	Financial assets at fair value through profit or loss -non current	250	$ 15,000		$ 15,000	
	Mutual fund							
	Fidelity Funds - Global Property Fund A-USD	None	Financial assets at fair value through profit or loss - current	1,000	$ 9,050	-	$ 9,050	
	Fubon Chi-Hsiang Money Market	〃	〃	1,931	30,148	-	30,148	
					$ 39,198		$ 39,198	
TXC (Ningbo) Corporation	Mutual fund							
	Guangfa Currency Fund	None	Financial assets at fair value through profit or loss - current	RMB 8,567	$ 39,480	-	$ 39,480	
	Agricultural Bank dividends Day Currency Fund	〃	〃	RMB 6,000	27,649	-	27,649	
					$ 67,129		$ 67,129	

(Continued)

Holding Company	Marketable Securities Type and Issuer/Name	Security Issuer's Relationship with the Holding Company	Financial Statement Account	March 31, 2018				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
	Structured deposits							
	China Everbright Bank	None	Financial assets at fair value through profit or loss - current	RMB 5,062	$ 23,329	-	$ 23,329	
	Oriental Securities	〃	〃	RMB 20,308	93,582	-	93,582	
	Bank of Communication	〃	〃	RMB 35,527	163,717	-	163,717	
	Hengfeng Bank	〃	〃	RMB 10,143	46,739	-	46,739	
					$ 327,367		$ 327,367	
TXC (Chongqing) Limited	Mutual fund							
	Southern Currency Fund	None	Financial assets at fair value through profit or loss - current	RMB 2,901	$ 13,369	-	$ 13,369	
	Structured deposits							
	First Sino Bank	None	Financial assets at fair value through profit or loss - current	RMB 20,619	$ 95,017	-	$ 95,017	
	Rural commercial bank	〃	〃	RMB 30,513	140,611	-	140,611	
					$ 235,628		$ 235,628	
Ningbo Jingyu Company Limited	Mutual fund							
	Southern Cash Fund	None	Financial assets at fair value through profit or loss - current	RMB 58	$ 268	-	$ 268	
Chongqing Allsun Company Limited	Mutual fund							
	Southern Cash Fund	None	Financial assets at fair value through profit or loss - current	RMB 18,743	$ 86,376	-	$ 86,376	
Ding Kai Investment Management Company Limited	Zhejiang Dongjing Bolante Photoelectric Company Limited	None	Financial assets at fair value through other comprehensive income-non current	RMB 7,000	$ 161,287	9	$ 161,287	

(Concluded)

TXC CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2018
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
TXC Corporation	TXC (Ningbo) Corporation	Subsidiary	Purchase	$ 425,867	36	Note	Its trading price depends on its function within the Group	None	$ (396,863)	(38)	
	TXC (Chongqing) Limited	〃	Purchase	149,163	13	〃	〃	〃	(152,149)	(14)	

TABLE 3

TXC CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2018
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
TXC (Ningbo) Corporation	TXC Corporation	Parent entity	$ 396,863	4.29	$ -	-	$ -	$ -
TXC (Chongqing) Limited	TXC Corporation	Parent entity	152,149	3.92	-	-	43,050	-
Taiwan Crystal Technology (HK) Limited	TXC (Ningbo) Corporation	Subsidiary	373,779	Note	-	-	373,781	-

Note: Is the receivable price of the molecule company's equity, so there is no need to calculate the turnover rate.

TXC CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE THREE MONTHS ENDED MARCH 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2018			Net Income (Losses) of the Investee	Share of Profits (Loss)	Note
				March 31, 2018	December 31, 2017	Shares (In Thousands)	Percentage of Ownership	Carrying Value			
TXC Corporation	Taiwan Crystal Technology International Limited	Western Samoa	Investment	$ 1,390,461	$ 1,390,461	42,835	100.00	$ 5,025,622	$ 66,312	$ 65,172	Difference from upstream transactions $1,140 thousand
	Taiwan Crystal Technology International (HK) Limited	Hong Kong	Investment	298,362	298,362	10,080	100.00	384,676	(18,039)	(18,039)	
	TXC Japan Corporation	Japan	Marketing activities	6,172	6,172	2	100.00	23,032	874	874	
	TXC Technology Inc.	U.S.A.	Marketing activities	9,879	9,879	300	100.00	18,156	4,013	4,013	
	Tai-Shing Electronics Components Corporation	Taiwan	Manufacture and sales of electronics products	97,929	86,104	2,847	12.94	111,897	20,674	2,655	
	TXC Optec Corporation	Taiwan	Manufacture and sales of sapphire	444,718	444,718	22,225	88.90	112,455	(909)	(808)	Note1
Taiwan Crystal Technology International Ltd.	TXC (Ningbo) Corporation	Ningbo	Manufacture and sales of electronics products	1,487,211	1,487,211	45,835	100.00	4,870,996	54,782	54,782	
	Growing Profit Trading Ltd.	B.V.I.	International trading	1,691	1,691	50	100.00	166,808	2,306	2,306	
TXC (Ningbo) Corporation	Ningbo Jingyu Company Limited	Ningbo	International trading	7,090	7,090	2,500	100.00	5,849	(738)	(738)	
	Chongqing All Sun Company Limited	Chongqing	Market activities	312,644	312,644	66,000	100.00	299,308	214	214	
	TXC (Chongqing) Corporation	Chongqing	Manufacture and sales of electronics products	1,003,222	604,152	133,825	100.00	1,199,521	8,835	5,866	
	Ningbo Free Trade Zon Ding Kai Investment Management Company	Ningbo	Investment management	160,043	160,043	35,050	100.00	161,439	-	-	
Taiwan Crystal Technology International (HK) Limited	TXC (Chongqing) Limited	Chongqing	Manufacture and sales of electronics products	-	298,362	-	-	-	8,835	2,969	Note2

Note 1: TXC Optec Corporation was resolved to liquidate in the shareholders meeting on August 24, 2017. And completed the liquidation on April 9, 2018.

Note 2: In the first quarter of 2018, Taiwan Crystal Technology (HK) Limited transferred its entire equity holding of TXC(Chongqing) Corporation to TXC(Ningbo) Corporation. with a consideration of RMB86,600 thousand.

TXC CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2018
(In Thousands of New Taiwan Dollars or U.S. Dollars)

1. Name of the investees in Mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in Mainland China:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of March 31, 2018	Accumulated Repatriation of Investment Income as of March 31, 2018
					Outflow	Inflow						
TXC (Ningbo) Corporation	Manufacturing and sales of crystal and crystal oscillator	$ 1,487,211	Indirect investment of the Corporation in Mainland China through the Corporation's subsidiary in a third region	$ 1,427,630	$ -	$ -	$ 1,427,630	$ 54,782	100.00	$ 54,782	$ 4,870,996	$ 256,146
Guandong Failong Crystal Technology Co., Ltd.	Manufacturing and sales of new electronic components	580,947	Direct investment of the Corporation in Mainland China	46,478	-	-	46,478	9,845	5.00	-	472,665	185,012
TXC (Chongqing) Corporation	Manufacturing and sales of electronic devices and hardware components	902,514	Indirect investment of the Corporation in Mainland China through the Corporation's subsidiary in a third region	298,362	-	-	298,362	8,835	100.00	8,835	1,199,521	-
Chongqing All Suns Company Limited	Real estate intermediary service, real estate management and electronic product wholesale	312,644	Other investment of the Corporation Mainland China	-	-	-	-	214	100.00	214	299,308	-
Ningbo Jingyu Company Limited	Purchasing and selling electronic component	7,090	Other investment of the Corporation Mainland China	-	-	-	-	(738)	100.00	(738)	5,849	-
Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited	Investment Management	160,043	Other investment of the Corporation Mainland China	-	-	-	-	-	100.00	-	161,439	-

2.

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 1,772,470	$ 1,832,878	$ -

Note: The investment in Mainland China has no maximum limitation since TXC Corporation had acquire the approval by the Industrial Development Bureau of the Company's establishment of operating head quarters in Taiwan.

TXC CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE THREE MONTHS ENDED MARCH 31, 2018
(In Thousands of New Taiwan Dollars)

1. Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss:

Company Name	Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
			Amount	%		Payment Term	Comparison with Normal Transaction	Ending Balance	%		
TXC Corporation	TXC (Ningbo) Corporation	Purchase	$ 425,867	36	Its trading price depends on its function within the group	Similar with third parties	Its trading price depends on its function within the group	$ (396,863)	(38)	$ 4,102	
TXC Corporation	TXC (Ningbo) Corporation	Sale	62,347	4	〃	〃	〃	69,220	4	875	
TXC Corporation	TXC (Chongqing) Limited	Purchase	149,163	13	〃	〃	〃	(152,149)	(14)	1,551	
Growing profits Trading Ltd.	TXC (Ningbo) Corporation	Sale	49,641	34	〃	〃	〃	57,243	32	-	

2. The transactions of properties and the profit or loss: None.

3. Endorsements guarantees or collateral directly or indirectly provided to the investees: None.

4. Financings directly or indirectly provided to the investees: None.

5. Other transactions that significantly impacted current year's profit or loss or financial position: None.

TXC CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2018
(In Thousands of New Taiwan Dollars)

For the three months ended March 31, 2018

No.	Company Name	Counterparty	Natural of Relationship (Note 1)	Intercompany Transactions			
				Accounts	Amount	Terms (Notes 1 and 2)	Percentage of Consolidated Total Gross Sales or Total Assets (%)
0	TXC Corporation	TXC Technology, Inc.	a	Other expense - consulting expense	$ 18,074	a	1
		TXC Japan Corporation	a	Other expense - consulting expense	7,983	a	-
				Purchase	5,494	a	-
				Trade payables	4,169	a	-
		TXC (Ningbo) Corporation	a	Sales	62,347	a	3
				Purchase	425,867	a	23
				Trade receivables	69,220	a	1
				Trade payables	396,863	a	3
		TXC (Chongqing) Limited	a	Purchase	149,163	a	8
				Trade payables	152,149	a	1
				Other trade payables	15,026	a	-
		Growing profits Trading Ltd.	a	Purchase	33,526	a	2
				Trade payables	41,363	a	-
1	TXC (Ningbo) Corporation	Growing profits Trading Ltd.	c	Purchase	49,641	c	3
				Trade payables	57,243	c	-
		TXC (Chongqing) Limited	c	Sales	17,894	c	1
				Purchase	62,622	c	3
				Trade receivables	23,979	c	-
				Trade payables	88,336	c	-
		Taiwan Crystal Technology (HK) Limited	c	Other trade payables	373,779	c	3

Note 1: a. Represent the transactions from parent company to subsidiary.
c. Represent the transactions between subsidiaries.

Note 2: For the three months ended March 31, 2018, the selling price and purchasing price were not significantly different from those with third parties, except those for TXC (Ningbo) Corporation, TXC (Chongqing) Limited and Growing profits Trading Ltd. which depends on its function within the Group.