OPTO TECH CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REVIEW REPORT OF INDEPENDENT

ACCOUNTANTS

SEPTEMBER 30, 2017 AND 2016

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

(17)PWCR 17000116

To the Board of Directors and Stockholders of Opto Tech Corporation

We have reviewed the accompanying consolidated balance sheets of Opto Tech Corporation and its subsidiaries as of September 30, 2017 and 2016 and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the changes in equity and of cash flows for the nine-month periods then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these financial statements based on our reviews.

Except as discussed in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 36, "Engagements to Review Financial Statements" in the Republic of China. A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

As discussed in Notes 4(3)B and 6(6), the amounts and information disclosed in Note 13 of the financial statements of non-substantial consolidated subsidiaries and investments accounted for using the equity method were not reviewed by independent accountants. Total assets of these unreviewed subsidiaries (including investments accounted for using the equity method) amounted to $710,371 thousand and $652,521 thousand, representing 6.59% and 6.01% of the consolidated total assets, and total liabilities amounted to $265,619 thousand and $297,931 thousand, representing 6.67% and 9.66% of the consolidated total liabilities as of September 30, 2017 and 2016, respectively. Total comprehensive income (including income and loss of the associates accounted for using the equity method) amounted to $15,498 thousand and $135,901 thousand for the three-month periods ended September 30, 2017 and 2016, respectively, and $32,053 thousand and $279,285 thousand for the nine-month periods ended September 30, 2017 and 2016, respectively, representing 6.63%, 54.52%, 5.78% and 46.14% of the total comprehensive income, respectively.

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of the subsidiaries and investments accounted for using the equity method been reviewed by independent accountants as explained in the preceding paragraph, we are not aware of any material modifications that should be made to the consolidated financial statements referred to in the first paragraph in order for them to be in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and International Accounting Standard 34 "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

Lin, Yu-Kuan Lai, Chung-Hsi

For and on behalf of PricewaterhouseCoopers, Taiwan

November 9, 2017

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

OPTO TECH CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of September 30, 2017 and 2016 are reviewed, not audited)

	Assets	Notes	September 30, 2017 AMOUNT	%	December 31, 2016 AMOUNT	%	September 30, 2016 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 3,472,836	32	$ 3,143,617	29	$ 2,880,443	27
1110	Financial assets at fair value through profit or loss - current	6(2)	299,834	3	491,089	5	572,515	5
1150	Notes receivable, net		17,012	-	25,712	-	16,731	-
1160	Notes receivable - related parties - net	7	-	-	-	-	252	-
1170	Accounts receivable - net	6(4)	1,547,527	15	1,494,723	14	1,698,651	16
1180	Accounts receivable - related parties - net	7	127,217	1	128,348	1	158,211	1
1200	Other receivables		105,459	1	11,383	-	10,895	-
130X	Inventories - net	6(5)	1,169,053	11	1,361,514	13	1,315,834	12
1410	Prepayments		30,546	-	34,056	-	66,450	1
1470	Other current assets	8	25,323	-	26,123	-	26,040	-
11XX	**Current Assets**		6,794,807	63	6,716,565	62	6,746,022	62
	Non-current assets							
1523	Available-for-sale financial assets - non-current	6(3)	925,421	8	913,351	8	908,383	8
1550	Investments accounted for using equity method	6(6)	4,277	-	1,202	-	-	-
1600	Property, plant and equipment - net	6(7) and 8	2,872,083	27	2,985,178	28	3,010,486	28
1780	Intangible assets	6(8)	11,762	-	9,313	-	12,235	-
1840	Deferred tax assets		101,373	1	107,136	1	107,536	1
1900	Other non-current assets	6(9)(27)	70,979	1	72,711	1	71,944	1
15XX	**Non-current assets**		3,985,895	37	4,088,891	38	4,110,584	38
1XXX	**Total assets**		$ 10,780,702	100	$ 10,805,456	100	$ 10,856,606	100

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OPTO TECH CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of September 30, 2017 and 2016 are reviewed, not audited)

	Liabilities and Equity	Notes	September 30, 2017 AMOUNT	%	December 31, 2016 AMOUNT	%	September 30, 2016 AMOUNT	%
	Current liabilities							
2100	Short-term loans	6(10)	$ 894,931	8	$ 563,683	5	$ 645,778	6
2120	Financial liabilities at fair value through profit or loss - current	6(2)	1,053	-	1,912	-	-	-
2150	Notes payable		915	-	1,541	-	891	-
2170	Accounts payable		670,446	6	670,212	6	703,721	7
2180	Accounts payable - related parties	7	193,090	2	196,483	2	214,801	2
2200	Other payables	6(11)	1,629,813	15	541,159	5	581,078	5
2230	Current income tax liabilities		58,648	1	58,427	1	26,756	-
2250	Provisions for liabilities - current	6(15)	13,929	-	8,705	-	6,226	-
2300	Other current liabilities	6(22)(28)	271,138	3	558,579	5	104,516	1
21XX	**Current Liabilities**		3,733,963	35	2,600,701	24	2,283,767	21
	Non-current liabilities							
2540	Long-term loans	6(12), 8 and 9	-	-	-	-	486,920	5
2550	Provisions for liabilities - non-current	6(15)	37,741	-	45,163	1	50,870	-
2570	Deferred tax liabilities		6,803	-	8,434	-	141	-
2600	Other non-current liabilities		204,364	2	237,385	2	262,003	2
25XX	**Non-current liabilities**		248,908	2	290,982	3	799,934	7
2XXX	**Total Liabilities**		3,982,871	37	2,891,683	27	3,083,701	28
	Equity attributable to owners of parent							
	Capital	6(16)						
3110	Common stock		4,412,926	41	5,456,621	50	5,456,621	50
	Capital Reserve	6(17)						
3200	Capital surplus		667,325	6	639,351	6	639,351	6
	Retained Earnings	6(18)						
3310	Legal reserve		536,773	5	451,300	4	451,300	4
3320	Special reserve		59,227	-	-	-	-	-
3350	Unappropriated earnings		1,181,526	11	1,437,596	13	1,295,666	12
	Other Equity Adjustments							
3400	Other equity interest	6(19)	(36,854)	-	(47,974)	-	(46,900)	-
3500	Treasury stocks	6(16)	(26,699)	-	(26,699)	-	(26,699)	-
31XX	**Equity attributable to owners of parent**		6,794,224	63	7,910,195	73	7,769,339	72
36XX	**Non-controlling interest**		3,607	-	3,578	-	3,566	-
3XXX	**Total equity**		6,797,831	63	7,913,773	73	7,772,905	72
3X2X	**Total liabilities and equity**		$ 10,780,702	100	$ 10,805,456	100	$ 10,856,606	100

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

OPTO TECH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(UNAUDITED)

			Three months ended September 30				Nine months ended September 30			
			2017		2016		2017		2016	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	7	$ 1,391,201	100	$ 1,476,013	100	$ 4,353,284	100	$ 4,232,830	100
5000	**Operating costs**	6(5)(23)(24) and 7	(946,505)	(68)	(1,037,242)	(70)	(3,000,482)	(69)	(2,982,109)	(71)
5900	**Gross profit, net**		444,696	32	438,771	30	1,352,802	31	1,250,721	29
	Operating Expenses	6(23)(24)								
6100	Selling expenses		(30,165)	(2)	(38,519)	(3)	(93,830)	(2)	(135,895)	(3)
6200	General and administrative expenses		(122,370)	(9)	(132,400)	(9)	(366,790)	(9)	(401,465)	(9)
6300	Research and development expenses		(80,695)	(6)	(75,849)	(5)	(236,137)	(5)	(233,714)	(6)
6000	**Total operating expenses**		(233,230)	(17)	(246,768)	(17)	(696,757)	(16)	(771,074)	(18)
6900	**Operating income**		211,466	15	192,003	13	656,045	15	479,647	11
	Non-operating income and expenses									
7010	Other income	6(20)	19,400	1	16,968	1	46,535	1	45,171	1
7020	Other gains and losses	6(21)	3,450	-	121,235	8	(34,704)	(1)	257,128	6
7050	Finance costs	6(22)	(7,051)	-	(8,364)	-	(19,327)	-	(28,326)	-
7060	Share of profit of associates and joint ventures accounted for using equity method	6(6)	(94)	-	-	-	2,733	-	12,039	-
7000	**Total non-operating income and expenses**		15,705	1	129,839	9	(4,763)	-	286,012	7
7900	**Profit before income tax**		227,171	16	321,842	22	651,282	15	765,659	18
7950	Income tax expense	6(25)	(36,186)	(2)	(31,343)	(2)	(107,828)	(2)	(85,781)	(2)
8200	**Net income**		$ 190,985	14	$ 290,499	20	$ 543,454	13	$ 679,878	16
	Other comprehensive income (loss)									
	Items that may be reclassified subsequently to profit or loss									
8361	Currency translation differences of foreign operations	6(19)	$ 133	-	($ 986)	-	($ 1,292)	-	($ 1,599)	-
8362	Unrealized loss on valuation of available-for-sale financial assets	6(3)(19)	42,246	3	(39,984)	(3)	12,070	-	(72,572)	(2)
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method - items that may be reclassified to profit or loss	6(19)	348	-	(238)	-	342	-	(383)	-
8300	**Other comprehensive income (loss) for the period, net of income tax**		$ 42,727	3	($ 41,208)	(3)	$ 11,120	-	($ 74,554)	(2)
8500	**Total comprehensive income for the period**		$ 233,712	17	$ 249,291	17	$ 554,574	13	$ 605,324	14
	Profit attributable to:									
8610	Owners of the parent		$ 190,975	14	$ 290,494	20	$ 543,425	13	$ 679,860	16
8620	Non-controlling interest		10	-	5	-	29	-	18	-
			$ 190,985	14	$ 290,499	20	$ 543,454	13	$ 679,878	16
	Total comprehensive income attributable to:									
8710	Owners of the parent		$ 233,701	17	$ 249,288	17	$ 554,545	13	$ 605,308	14
8720	Non-controlling interest		11	-	3	-	29	-	16	-
			$ 233,712	17	$ 249,291	17	$ 554,574	13	$ 605,324	14
	Earnings per share	6(26)								
9750	**Profit for the period**		$ 0.39		$ 0.53		$ 1.03		$ 1.25	
	Diluted earnings per share	6(26)								
9850	**Profit for the period**		$ 0.38		$ 0.52		$ 1.01		$ 1.22	

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

OPTO TECH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Equity attributable to owners of the parent										
				Retained Earnings			Other equity interest					
	Note	Common stock	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Currency translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Treasury stocks	Total	Non-controlling interest	Total equity
For the nine-month period ended September 30, 2016												
Balance at January 1, 2016		$ 5,456,621	$ 641,656	$ 393,962	$ -	$ 1,218,806	$ 4,813	$ 22,839	($ 26,699)	$ 7,711,998	$ 3,550	$ 7,715,548
Distribution of 2015 earnings:												
Legal reserve	6(18)	-	-	57,338	-	(57,338)	-	-	-	-	-	-
Cash dividends	6(18)	-	-	-	-	(545,662)	-	-	-	(545,662)	-	(545,662)
Changes in other capital reserve:												
Changes in capital reserve for dividends paid to subsidiaries		-	1,108	-	-	-	-	-	-	1,108	-	1,108
Disposal of affiliated companies		-	(3,269)	-	-	-	-	-	-	(3,269)	-	(3,269)
Adjustments to net difference of subsidiary book value		-	(144)	-	-	-	-	-	-	(144)	-	(144)
Net income for the period		-	-	-	-	679,860	-	-	-	679,860	18	679,878
Other comprehensive loss for the period	6(19)	-	-	-	-	-	(1,980)	(72,572)	-	(74,552)	(2)	(74,554)
Balance at September 30, 2016		$ 5,456,621	$ 639,351	$ 451,300	$ -	$ 1,295,666	$ 2,833	($ 49,733)	($ 26,699)	$ 7,769,339	$ 3,566	$ 7,772,905
For the nine-month period ended September 30, 2017												
Balance at January 1, 2017		$ 5,456,621	$ 639,351	$ 451,300	$ -	$ 1,437,596	$ 3,099	($ 51,073)	($ 26,699)	$ 7,910,195	$ 3,578	$ 7,913,773
Capital reduction by cash		(1,091,563)	-	-	-	-	-	-	-	(1,091,563)	-	(1,091,563)
Distribution of 2016 earnings :												
Legal reserve	6(18)	-	-	85,473	-	(85,473)	-	-	-	-	-	-
Special reserve	6(18)	-	-	-	59,227	(59,227)	-	-	-	-	-	-
Cash dividends	6(18)	-	-	-	-	(654,795)	-	-	-	(654,795)	-	(654,795)
Changes in other capital reserve:												
Adjustments to net difference of subsidiary book value		-	1,319	-	-	-	-	-	-	1,319	-	1,319
Net income for the period		-	-	-	-	543,425	-	-	-	543,425	29	543,454
Employee options exercised	6(14)	47,868	26,655	-	-	-	-	-	-	74,523	-	74,523
Other comprehensive (loss) income for the period	6(19)	-	-	-	-	-	(950)	12,070	-	11,120	-	11,120
Balance at September 30, 2017		$ 4,412,926	$ 667,325	$ 536,773	$ 59,227	$ 1,181,526	$ 2,149	($ 39,003)	($ 26,699)	$ 6,794,224	$ 3,607	$ 6,797,831

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

OPTO TECH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	For the nine-month periods ended September 30 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 651,282	$ 765,659
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(7)(23)	300,679	287,707
Amortization	6(8)(23)	9,583	9,286
Amortization of land use right	6(9)	78	133
(Recovery of) bad debts expense	6(4) and 7	(7,436)	27,316
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	6(2)(21)	396	(2,053)
Interest expense	6(22)	18,415	27,021
Interest income	6(20)	(10,288)	(13,952)
Dividend income	6(20)	(21,024)	(14,230)
Share of profit of associates accounted for using equity method		(2,733)	(12,039)
Loss on disposal of property, plant and equipment	6(21)	92	501
Gain on disposal of non-current assets held for sale	6(21)	-	(151,637)
Gain on sale of investments	6(21)	(2,518)	(146,256)
Reversal of impairment loss on non-financial assets	6(7)(21)	(23)	(2,903)
Changes in assets/liabilities relating to operating activities			
Changes in operating assets			
Acquisition of financial assets at fair value through profit or loss		101,041	55,290
Notes receivable - net		8,700	(3,325)
Notes receivable - related parties - net		-	(252)
Accounts receivable - net		(43,878)	(287,271)
Accounts receivable - related parties - net		174	(49,632)
Other receievables		(2,539)	20,140
Inventories - net		192,461	(171,630)
Prepayments		3,510	(15,879)
Other current assets		800	558
Other non-current assets		(15,135)	2,773
Net changes in liabilities relating to operating activities			
Notes payable		(626)	672
Accounts payable		234	91,982
Accounts payable - related parties		(3,393)	(55,659)
Other payables		(4,107)	29,997
Provisions for liabilities		(2,017)	(1,446)
Other current liabilities		(64,556)	30,267
Net defined benefit liability		(33,955)	489
Cash inflow generated from operations		1,073,217	421,627
Interest received		10,228	14,680
Dividends received		21,024	51,951
Interest paid		(17,216)	(28,127)
Income tax paid		(103,475)	(112,731)
Net cash flows from operating activities		983,778	347,400

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OPTO TECH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	For the nine-month periods ended September 30 2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of available-for-sale financial assets		$ -	$ 63,049
Proceeds from disposal of non-current assets held for sale		-	361,990
Acquisition of property, plant and equipment	6(7)	(191,116)	(223,213)
Proceeds from disposal of property, plant and equipment	6(7)	342	2,946
Acquisition of intangible assets	6(8)	(12,032)	(11,589)
Decrease (increase) in deposits-out		16,730	(18,640)
Net cash flows (used in) from investing activities		(186,076)	174,543
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans		1,843,720	1,113,133
Decrease in short-term loans		(1,512,152)	(1,374,248)
Increase in long-term loans		-	2,060,409
Decrease in long-term loans		(222,885)	(2,812,232)
Increase in guarantee deposits		934	1,027
Employee options exercise	6(14)	74,523	-
Payment of cash dividends		(653,476)	(544,554)
Net cash flows used in financing activities		(469,336)	(1,556,465)
Effect of change in exchange rate		853	(4,897)
Net increase (decrease) in cash and cash equivalents		329,219	(1,039,419)
Cash and cash equivalents at beginning of period		3,143,617	3,919,862
Cash and cash equivalents at end of period		$ 3,472,836	$ 2,880,443

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

OPTO TECH CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)
(Unaudited)

1. HISTORY AND ORGANIZATION

Opto Tech Corporation (the "Company") was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.). The shares of the Company have been traded on the Taiwan Stock Exchange since May 2, 1995. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the manufacture and sales of semiconductor components as well as research and development, design, manufacture and sales of systems products.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on November 9, 2017.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14,'Regulatory deferral accounts'	January 1, 2016
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Classification and measurement of share-based payment transactions (amendments to IFRS 2)	January 1, 2018
Applying IFRS 9 'Financial instruments' with IFRS 4' Insurance contracts' (amendments to IFRS 4)	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Clarifications to IFRS 15, 'Revenue from contracts with customers' (amendments to IFRS 15)	January 1, 2018
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
Transfers of investment property (amendments to IAS 40)	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

A. IFRS 9, 'Financial instruments'

(a) Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

(b) The impairment losses of debt instruments are assessed using an 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses or lifetime expected credit losses (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Group shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

B. IFRS 15 'Revenue from contracts with customer'

IFRS 15 'Revenue from contracts with customers' replaces IAS 11 'Construction contracts', IAS 18 "Revenue" and relevant interpretations. According to IFRS 15, revenue is recognised when a customer obtains control of promised goods or services. A customer obtains control of goods or services when a customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Step 1: Identify contracts with customer

Step 2: Identify separate performance obligations in the contract(s)

Step 3: Determine the transaction price

Step 4: Allocate the transaction price.

Step 5: Recognise revenue when the performance obligation is satisfied.

Further, IFRS 15 includes a set of comprehensive disclosure requirements that requires an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

C. Amendments to IFRS 15, 'Clarifications to IFRS 15 Revenue from Contracts with Customers'

The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and determine whether the revenue from granting a licence should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Prepayment features with negative compensation (amendments to IFRS 9)	January 1, 2019
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
IFRS 16, 'Leases'	January 1, 2019
IFRS 17, 'Insurance contracts'	January 1, 2021
Long-term interests in associates and joint ventures (amendments to IAS 28)	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2016, except for the compliance statement, basis of preparations, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standards 34, "Interim Financial Reporting" as endorsed by the FSC.

B. These consolidated financial statements as of and for the nine-month period ended September 30, 2017 should be read together with those as of and for the year ended December 31, 2016.

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Available-for-sale financial assets measured at fair value.

(c) Defined benefit liabilities recognised based on present value of defined benefit obligation less the net amount of pension fund assets.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. The basis for preparation of consolidated financial statements are consistent with those of the year ended December 31, 2016.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)			
Name of Investor	Name of Subsidiary	Main Business Activities	September 30, 2017	December 31, 2016	September 30, 2016	Description
Opto Tech Corp.	Ho Chung Investment Co., Ltd. (Ho Chung Investment)	Investment business	100.00	100.00	100.00	Notes 1 and 6
Opto Tech Corp.	Opto Technology International Group Co., Ltd. (Opto)	Investment business	100.00	100.00	100.00	Notes 2, 5 and 6
Opto Tech Corp.	Jyu Shin Investment Co., Ltd. (Jyu Shin Investment)	Investment business	100.00	100.00	100.00	Note 6
Opto Tech Corp.	Source Ever Limited (Source)	International trading	100.00	100.00	100.00	Notes 5 and 6
Opto Tech Corp.	Opto Tech (Macao) Co., Ltd. (Opto Macao)	International trading	100.00	100.00	100.00	Notes 3 and 6
Opto	Opto Tech (Cayman) Co., Ltd. (Cayman)	Investment business	100.00	100.00	100.00	Notes 5 and 6
Opto	Everyung Investment Ltd. (Everyung)	Investment business	50.00	50.00	50.00	Note 6

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2017	December 31, 2016	September 30, 2016	Description
Jyu Shin Investment	CS Bright Corporation (CSB)	Manufacture and sales of LED and electronic	99.87	99.87	99.87	Note 6
Cayman	Opto Tech (Suzhou) Co., Ltd. (Opto Tech Suzhou)	Research, design and manufacture of LED display, wireless communication equipment and related parts with related techniques and after-sale service	100.00	100.00	100.00	Notes 4 and 6
CSB	Bright Investment International Ltd. (Bright)	Investment business	100.00	100.00	100.00	Note 6
Bright	Everyung Investment Ltd. (Everyung)	Investment business	50.00	50.00	50.00	"
Everyung	Opto Plus Technology Co., Ltd. (Opto Plus)	Manufacture and sales of LED and electronic products	100.00	100.00	100.00	"

Note 1: Ho Chung Investment has been continuously acquiring the Company's common stock amounting to 1,107 thousand shares from 1998 to 2000. It holds about 0.2% of the Company's outstanding common stock.

Note 2: Opto Grand (Cayman) Co., Ltd. (Opto Grand) was dissolved on May, 2016, and the remaining funds were repatriated to Opto Tech Corp. through Opto Technology International Group Co., Ltd. (Opto).

Note 3: The original shares of Opto Macao held by Opto Tech (Cayman) Co., Ltd. were transferred to Opto Tech Corp.

Note 4: On August 11, 2016, the Board of Directors has resolved to liquidate the Company's Mainland China subsidiary, Opto Tech (Suzhou) Co., Ltd. (Opto Tech Suzhou). As of September 30, 2017, the liquidation is still under process.

Note 5: On August 14, 2017, the Board of Directors has resolved to liquidate the Company's offshore company, Opto Technology International Group Co.,Ltd. (Opto), Opto Tech (Cayman) Co., Ltd. and Source Ever Limited.

Note 6: The financial statements of the non-substantial subsidiaries as of and for the nine-month periods ended September 30, 2017 and 2016 were unreviewed.

C. Subsidiaries not included in the consolidated financial statements：None.

D. Adjustments for subsidiaries with different balance sheet dates：None.

E. Nature and extent of significant restrictions on its ability to access or use assets, and settle liabilities of the Group：None.

F. Subsidiaries that have non-controlling interests that are material to the Group：None.

(4) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

(5) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

There has been no significant change as of September 30, 2017. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2016.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	September 30, 2017	December 31, 2016	September 30, 2016
Cash on hand	$ 557	$ 532	$ 525
Checking demand deposits	1,417,962	838,458	731,080
Time deposits	1,471,317	1,603,621	1,733,838
Cash equivalents - Resale bonds	583,000	701,006	415,000
Total	$ 3,472,836	$ 3,143,617	$ 2,880,443

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Cash and cash equivalents amounting to $20,860 were pledged to others as collateral, and were classified as other financial assets. Please refer to Note 8.

(2) Financial assets and financial liabilities at fair value through profit or loss

Items	September 30, 2017	December 31, 2016	September 30, 2016
Financial assets held for trading			
Current items:			
Funds	$ 295,000	$ 485,000	$ 565,000
Valuation adjustment of financial assets held for trading			
Funds	4,834	6,089	6,684
Forward exchange contracts	-	-	831
Total	$ 299,834	$ 491,089	$ 572,515
Financial liabilities held for trading			
Current items:			
Valuation adjustment of financial liabilities held for trading			
Forward exchange contracts	$ 1,053	$ 1,912	$ -

A. The Group recognised net gain (loss) of ($1,182), $271, ($396) and $2,053 on financial assets and financial liabilities held for trading for the three-month and nine-month periods ended September 30, 2017 and 2016, respectively.

B. The non-hedging derivative instrument transactions and contract information are as follows:

	September 30, 2017	
Derivative Instruments	Contract Amount (Nominal Principal)	Contract period
Current items:		
Forward exchange contracts	USD $ 8,000 (thousands)	August 10, 2017~ November 21, 2017

	December 31, 2016	
Derivative Instruments	Contract Amount (Nominal Principal)	Contract period
Current items:		
Forward exchange contracts	USD $ 7,000 (thousands)	November 6, 2016~ February 21, 2017

	September 30, 2016	
Derivative Instruments	Contract Amount (Nominal Principal)	Contract period
Current items:		
Forward exchange contracts	USD $ 2,000 (thousands)	August 22, 2016~ October 13, 2016

The Group entered into forward exchange contracts to sell USD and buy TWD to hedge exchange rate risk of export proceeds. However, these forward exchange contracts are not accounted for under hedge accounting.

C. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Available-for-sale financial assets

Items	September 30, 2017	December 31, 2016	September 30, 2016
Non-current items:			
Listed stocks	$ 386,258	$ 386,258	$ 386,259
Unlisted stocks	571,857	571,857	571,857
Subtotal	958,115	958,115	958,116
Valuation adjustment of available-for-sale financial assets	(32,694)	(44,764)	(49,733)
Total	$ 925,421	$ 913,351	$ 908,383

A. The Group recognised $42,246, ($39,984), $12,070 and ($28,057) in other comprehensive (loss) income and reclassified $0, $0, $0 and ($44,515) from equity to (profit) loss for the three-month and nine-month periods ended September 30, 2017 and 2016, respectively.

B. Since July 1, 2016, the Group lost its significant influence over its subsidiary, Viking Tech Corporation. As a result, the Group discontinued accounting the subsidiary using the equity method and reclassified the investment as available-for-sale financial assets. Please refer to Note 6 (6) for details.

(4) Accounts receivable

	September 30, 2017	December 31, 2016	September 30, 2016
Accounts receivable	$ 1,607,624	$ 1,563,786	$ 1,821,894
Less: Allowance for doubtful accounts	(60,097)	(69,063)	(123,243)
	$ 1,547,527	$ 1,494,723	$ 1,698,651

A. The Group's accounts receivable that were neither past due nor impaired had good credit quality.

B. The ageing analysis of accounts receivable that were overdue but not impaired is as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Up to 180 days	$ 61,094	$ 91,849	$ 172,608
181 to 365 days	1,527	1,948	7,011
Over 365 days	7,909	24,066	20,884
	$ 70,530	$ 117,863	$ 200,503

The above ageing analysis was based on past due date.

C. Movement analysis of financial assets that were impaired are as follows:

(a) As of September 30, 2017, December 31, 2016 and September 30, 2016, accounts receivable that had been individual provision impaired were $932, $1,065 and $43,757, respectively.

(b) Movements on the provision for impairment of accounts receivable are as follows:

	2017		
	Individual provision	Group provision	Total
At January 1	$ 1,065	$ 67,998	$ 69,063
Reversal of impairment	(133)	(8,260)	(8,393)
Write-offs during the period	-	(41)	(41)
Effect of exchange rate	-	(532)	(532)
At September 30	$ 932	$ 59,165	$ 60,097

	2016		
	Individual provision	Group provision	Total
At January 1	$ 46,713	$ 54,398	$ 101,111
Provision for impairment	-	31,019	31,019
Reversal of impairment	(2,339)	-	(2,339)
Write-offs during the period	(617)	(2,299)	(2,916)
Effect of exchange rate	-	(3,632)	(3,632)
At September 30	$ 43,757	$ 79,486	$ 123,243

D. The Group does not hold any collateral as security.

(5) Inventories

	September 30, 2017		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 444,159	($ 225,083)	$ 219,076
Supplies	228,133	(15,336)	212,797
Work in process	361,878	(112,931)	248,947
Semi-finished goods	137,824	(4,348)	133,476
Finished goods	428,875	(74,118)	354,757
Total	$ 1,600,869	($ 431,816)	$ 1,169,053

	December 31, 2016		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 429,702	($ 218,083)	$ 211,619
Supplies	239,603	(18,425)	221,178
Work in process	492,396	(45,947)	446,449
Semi-finished goods	206,741	(62,369)	144,372
Finished goods	395,726	(57,830)	337,896
Total	$ 1,764,168	($ 402,654)	$ 1,361,514

	September 30, 2016		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 518,842	($ 212,743)	$ 306,099
Supplies	253,169	(21,992)	231,177
Work in process	403,550	(13,401)	390,149
Semi-finished goods	152,514	(66,102)	86,412
Finished goods	356,204	(54,207)	301,997
Total	$ 1,684,279	($ 368,445)	$ 1,315,834

The cost of inventories recognised as expense for the period:

	For the three-month periods ended September 30,	
	2017	2016
Cost of goods sold	$ 935,495	$ 1,045,878
Loss on (gain from reversal of) decline in market value	11,010	(8,636)
	$ 946,505	$ 1,037,242

	For the nine-month periods ended September 30,	
	2017	2016
Cost of goods sold	$ 2,970,395	$ 3,029,070
Loss on (gain from reversal of) decline in market value	30,087	(46,961)
	$ 3,000,482	$ 2,982,109

During the three-month and nine-month periods ended September 30, 2017, the Group wrote down from cost to net realisable value accounted for as 'cost of goods sold'.

During the three-month and nine-month periods ended September 30, 2016, the Group reversed a previous inventory write-down and accounted for as reduction of cost of goods sold because prices of products increased and inventory of low-priced stocks declined.

(6) Investments accounted for using equity method

	2017	2016
At January 1	$ 1,202	$ 432,915
Share of profit of investment accounted for using equity method	2,733	12,039
Earnings distribution of investments accounted for using equity method	-	(37,721)
Reclassification to non-current assets held for sale	-	(113,480)
Change in other equity items (Note 6(19))	342	(383)
Change in capital surplus	-	(3,269)
Gain on disposal of investment	-	96,158
Reclassification-available-for-sale financial assets	-	(386,259)
At September 30	$ 4,277	$ -

Associated enterprises	September 30, 2017	December 31, 2016	September 30, 2016
VML TECHNOLOGIES B.V.	$ 4,277	$ 1,202	$ -

A. The Group reclassified stocks that will be settled as non-current assets classified as held for sale after disposal of investment accounted for using equity method, Viking Tech Corporation. The transaction was completed in July 2016, and the amount of proceeds from disposal was $155,178 and the profit was $41,698.

B. The Group invested directly and indirectly through its subsidiaries to Viking Tech Corporation totaling 17.30% of the total ownership, which does not exceed 20%. However, the Group has the highest ownership percentage and is represented by two directors in Viking Tech Corporation. As a result of the significant influence, the Group's investment in Viking Tech Corporation is accounted for using equity method. However, after stock settlement on July 1, 2016, the group's ownership declined to 12.86% and two of the board members resigned on the same day. The investment in the associate was reclassified as available-for-sale financial asset in fair value on July 1, 2016.

C. On September 22, 2015, the Group and GuangDon Fenghua Advanced Technology Holding Co., Ltd. ("Fenghua") have signed a tender offer agreement for Viking Tech Corporation's 20,311 thousand shares held by the Group and Fenghua is expecting to acquire 35%~40% of Viking Tech Corporation's outstanding ordinary shares at a public tender offer price of $29.8 (in dollars) per share.

D. When Fenghua or designated person proceeds with the public tender offer, the Group's shares in Viking Tech Corporation should be sold under conditions and selling price stated in the tender offer agreement, along with limits allowed by regulations. Agreements between the Group and Fenghua are as follows:

(a) If the amount of shareholders' shares to be sold does not reach the expected acquiring amount during the public tender offer period, the Group does not have any obligation to complete settlement in accordance with the agreement.

(b) If the amount of shareholders' shares to be sold reaches the minimum acquiring amount but not reach the expected acquiring amount, Fenghua will acquire all shares for the amount to be sold.

(c) If the amount of shareholders' shares to be sold exceeds the expected acquiring amount, Fenghua will acquire from each shareholder the amount proportionate to the shareholder's shareholding ratio (that is, the Group will not sell all its shares it intends to sell).

Fenghua has obtained approval from the Investment Commission of the Ministry of Economic Affairs on December 29, 2015. And as of June 22, 2016, the expiration day of tender offer, the number of shares to be sold had exceeded the projected number of shares to be acquired. As a result, the Group sold the shares pro rata to all the offerors amounting to 5,223 thousand shares. The transaction has been completed.

(7) Property, plant and equipment

At January 1, 2017	Buildings and structures	Machinery	Utility facilities	Pollution prevention facilities	Transportation equipment	Office equipment	Other equipment	Construction in progress and prepayment for equipment	Total
Cost	$ 2,019,203	$ 5,008,102	$ 1,044,489	$ 655,617	$ 10,227	$ 67,582	$ 1,786,569	$ 128,924	$ 10,720,713
Accumulated depreciation	(964,073)	(3,818,898)	(901,013)	(567,712)	(7,389)	(58,322)	(1,409,791)	-	(7,727,198)
Accumulated impairment	(59)	(7,866)	-	-	(63)	(205)	(144)	-	(8,337)
	$ 1,055,071	$ 1,181,338	$ 143,476	$ 87,905	$ 2,775	$ 9,055	$ 376,634	$ 128,924	$ 2,985,178
For the nine-month period ended September 30, 2017									
Opening net book amount	$ 1,055,071	$ 1,181,338	$ 143,476	$ 87,905	$ 2,775	$ 9,055	$ 376,634	$ 128,924	$ 2,985,178
Additions	3,468	41,149	14,550	1,404	396	502	6,580	123,067	191,116
Disposals	-	(207)	-	-	(207)	(12)	(8)	-	(434)
Reclassifications	1,500	76,823	4,625	19,641	586	-	49,617	(152,792)	-
Depreciation expense	(46,013)	(190,350)	(14,763)	(8,006)	(697)	(3,043)	(37,807)	-	(300,679)
Reversal of impairment loss	-	3	-	-	-	12	8	-	23
Net exchange differences	(2,291)	(789)	-	-	(16)	(25)	-	-	(3,121)
Closing net book amount	$ 1,011,735	$ 1,107,967	$ 147,888	$ 100,944	$ 2,837	$ 6,489	$ 395,024	$ 99,199	$ 2,872,083
At September 30, 2017									
Cost	$ 2,020,424	$ 5,103,337	$ 1,063,664	$ 676,662	$ 9,146	$ 65,877	$ 1,841,898	$ 99,199	$ 10,880,207
Accumulated depreciation	(1,008,630)	(3,987,561)	(915,776)	(575,718)	(6,309)	(59,220)	(1,446,752)	-	(7,999,966)
Accumulated impairment	(59)	(7,809)	-	-	-	(168)	(122)	-	(8,158)
	$ 1,011,735	$ 1,107,967	$ 147,888	$ 100,944	$ 2,837	$ 6,489	$ 395,024	$ 99,199	$ 2,872,083

At January 1, 2016	Buildings and structures	Machinery	Utility facilities	Pollution prevention facilities	Transportation equipment	Office equipment	Other equipment	Construction in progress and prepayment for equipment	Total
Cost	$ 2,143,278	$ 4,744,375	$ 1,046,673	$ 643,988	$ 10,394	$ 79,071	$ 1,774,667	$ 231,135	$ 10,673,581
Accumulated depreciation	(971,351)	(3,608,716)	(905,449)	(559,206)	(6,757)	(64,490)	(1,394,058)	-	(7,510,027)
Accumulated impairment	(59)	(11,495)	(1,510)	-	(63)	(1,480)	(2,188)	-	(16,795)
	$ 1,171,868	$ 1,124,164	$ 139,714	$ 84,782	$ 3,574	$ 13,101	$ 378,421	$ 231,135	$ 3,146,759
For the nine-month period ended September 30, 2016									
Opening net book amount	$ 1,171,868	$ 1,124,164	$ 139,714	$ 84,782	$ 3,574	$ 13,101	$ 378,421	$ 231,135	$ 3,146,759
Additions	6,926	47,068	9,277	3,925	-	482	14,975	140,560	223,213
Disposals	-	(2,838)	-	-	(37)	(153)	(419)	-	(3,447)
Reclassifications	8,210	210,090	4,228	735	237	-	22,951	(246,451)	-
Reclassification to non-current assets held for sale	(52,950)	-	(1,204)	-	-	-	(203)	-	(54,357)
Depreciation expense	(47,708)	(182,102)	(11,793)	(6,279)	(864)	(3,030)	(35,931)	-	(287,707)
Reversal of impairment loss	-	822	1,288	-	-	164	629	-	2,903
Net exchange differences	(13,624)	(3,018)	(83)	-	(68)	(43)	(42)	-	(16,878)
Closing net book amount	$ 1,072,722	$ 1,194,186	$ 141,427	$ 83,163	$ 2,842	$ 10,521	$ 380,381	$ 125,244	$ 3,010,486
At September 30, 2016									
Cost	$ 2,023,254	$ 4,961,680	$ 1,045,095	$ 648,514	$ 10,084	$ 68,698	$ 1,790,486	$ 125,244	$ 10,673,055
Accumulated depreciation	(950,473)	(3,759,627)	(903,668)	(565,351)	(7,179)	(57,944)	(1,409,961)	-	(7,654,203)
Accumulated impairment	(59)	(7,867)	-	-	(63)	(233)	(144)	-	(8,366)
	$ 1,072,722	$ 1,194,186	$ 141,427	$ 83,163	$ 2,842	$ 10,521	$ 380,381	$ 125,244	$ 3,010,486

A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalization are as follows:

	For the nine-month periods ended September 30,	
	2017	2016
Amount capitalised	$ 220	$ 645
Interest rate	0.17%~0.53%	0.29%~0.70%

B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

C. The Group had resolved to sell the plant and land-use rights of the subsidiary, OptoTech (Suzhou) Co., Ltd. to a non-related party on February, 2016. The transaction has been completed in June, 2016. Proceeds from disposal is $178,240 with gain on disposal amounting to $109,939.

D. The Group has signed a facility agreement and received the deposits from Raystar Optronics, Inc. in December, 2015. The facilities have been reclassified as disposal group held for sale. The completion date for the transaction was in April, 2016. Proceeds from disposal is $28,572 with no gain or loss on disposal.

(8) Intangible assets

	Software
At January 1, 2017	
Cost	$ 33,543
Accumulated amortisation	(24,230)
	$ 9,313
For the nine-month period ended September 30, 2017	
Opening net book amount	$ 9,313
Additions	12,032
Amortisation expense	(9,583)
Closing net book amount	$ 11,762
At September 30, 2017	
Cost	$ 31,626
Accumulated amortisation	(19,864)
	$ 11,762

At January 1, 2016	Software
Cost	$ 33,799
Accumulated amortisation	(23,417)
Accumulated impairment	(450)
	$ 9,932
For the nine-month period ended September 30, 2016	
Opening net book amount	$ 9,932
Additions	11,589
Amortisation expense	(9,286)
Closing net book amount	$ 12,235
At September 30, 2016	
Cost	$ 33,719
Accumulated amortisation	(21,484)
	$ 12,235

Details of amortisation on intangible assets are as follows:

	For the three-month periods ended September 30,	
	2017	2016
Operating costs	$ 1,183	$ 942
Selling expenses	191	195
General and administration expenses	1,177	1,148
Research and development expenses	649	681
Total	$ 3,200	$ 2,966

	For the nine-month periods ended September 30,	
	2017	2016
Operating costs	$ 3,461	$ 2,773
Selling expenses	559	591
General and administration expenses	3,567	3,940
Research and development expenses	1,996	1,982
Total	$ 9,583	$ 9,286

(9) Long-term prepaid rents (shown as "Other non-current assets")

	September 30, 2017	December 31, 2016	September 30, 2016
Land-use rights	$ 3,779	$ 3,914	$ 4,006

The Group signed the land-use rights contract in the People's Republic of China. The expiration date of the contract is in year 2053. The entire lease payment had been prepaid when the contract was signed. The amortised expense recognised was $26, $27, $78 and $133 for the three-month and nine-month periods ended September 30, 2017 and 2016, respectively.

(10) Short-term borrowings

Type of borrowings	September 30, 2017	December 31, 2016	September 30, 2016
Unsecured bank borrowings	$ 894,931	$ 563,683	$ 645,778
Interest rate range	0.59%~5.80%	0.54%~7.20%	0.54%~7.20%

(11) Other payables

	September 30, 2017	December 31, 2016	September 30, 2016
Salaries and bonus payable	145,469	141,343	146,417
Compensation payable to employee	122,134	122,774	143,546
Remuneration payable to directors and supervisors	40,705	40,925	47,849
Capital reduction payable	1,091,563	-	-
Others	229,942	236,117	243,266
Total	$ 1,629,813	$ 541,159	$ 581,078

(12) Long-term borrowings

Type of borrowings	Credit line	Period	Interest rate range	September 30, 2017
Syndicated borrowings with 10 financial institutions including Taiwan Cooperative Bank	$ 2,000,000	2012.12.06~ 2017.12.06	1.9239%~ 2.5370%	$ 197,015
Less: Current portion (shown as “Other non-current liabilities”)				(197,015)
				$ -

Type of borrowings	Credit line	Period	Interest rate range	December 31, 2016
Syndicated borrowings with 10 financial institutions including Taiwan Cooperative Bank	$ 2,000,000	2012.12.06~ 2017.12.06	1.5082%~ 2.2650%	$ 419,900
Less: Current portion (shown as “Other non-current liabilities”)				(419,900)
				$ -

Type of borrowings	Credit line	Period	Interest rate range	September 30, 2016
Syndicated borrowings with 10 financial institutions including Taiwan Cooperative Bank	$ 2,000,000	2012.12.06~ 2017.12.06	1.5082%~ 2.0716%	$ 486,920
Less: Current portion (shown as “Other non-current liabilities”)				-
				$ 486,920

A. Pursuant to the syndicated borrowings facility agreement entered into by the Company with Taiwan Cooperative Bank and 9 other banks, the Company is required to maintain certain financial ratios during the period of the syndicated borrowings facility agreement. Please refer to Note 9.

B. Please refer to Note 8 for details of the collateral.

(13) Pensions

A. (a) The Company and CS Bright Corporation have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and CS Bright Corporation contribute monthly an amount equal to 3.74% and 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company will make contributions to cover the deficit.

(b) For the aforementioned pension plan, the Group recognised pension costs of $3,055, $2,840, $9,164, and $8,521 for the three-month and nine-month periods ended September 30, 2017 and 2016, respectively.

(c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2017 amounts to $10,549.

B. (a) Effective July 1, 2005, the Company and CS Bright Corporation established a funded defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and CS Bright Corporation contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Company's Mainland China subsidiaries, Opto Tech (Suzhou) Co., Ltd. and Opto Plus Technology Co., Ltd., have defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (P.R.C.) are based on certain percentage of employees' monthly salaries and wages. The above Mainland China subsidiaries' contribution percentage for both the nine-month periods ended Septmber 30, 2017 and 2016 was 20% and 14%, respectively. Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs under defined contribution pension plans of the Group for the three-month and nine-month periods ended September 30, 2017 and 2016 were $9,689, $9,266, $28,705 and $27,718, respectively.

(14) Share-based payment

On August 9, 2010, as a result of setting up rules for the employee stock options for the year 2010, the Company issued 15,000 thousands units of employee stock options on August 26, 2010. Each unit could buy one share, and the exercise price is based on the closing price of the Company's common stock quoted in the Taiwan Stock Exchange at the issued date. The exercise price under the stock-based employee compensation plan is based on the closing price of the Company's common stock at the grant date and is subject to adjustments due to changes in the number of common shares and issuance of cash dividends. The vesting period of the Company's employee stock option plan is 7 years. The employees may exercise the stock options in installments within a period of 2 years after the stock options are granted.

A. Details of the employee stock options are set forth below:

	For the nine-month periods ended September 30,			
	2017		2016	
Stock options	No. of shares (in thousands)	Weighted-average exercise price (in dollars)	No. of shares (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at beginning of period	10,755	$ 15.7	10,920	$ 17.2
Options exercised	(4,787)	15.57	-	-
Options revoked	(169)	-	(140)	-
Options outstanding at end of period	5,799	18.2	10,780	15.7
Options exercisable at end of period	5,799	18.2	10,778	15.7

B. The weighted-average stock price of stock options at exercise dates for the nine-month period ended September 30, 2017 was $16.95.

C. Details of the employee stock options outstanding as of September 30, 2017 and 2016 are set forth below:

Stock options outstanding as at September 30, 2017			Stock options exercisable as at September 30, 2017	
No. of shares (in thousands)	Remaining vesting period (in years)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)
5,799	0.25	$ 18.2	5,799	$ 18.2

Stock options outstanding as at September 30, 2016			Stock options exercisable as at September 30, 2016	
No. of shares (in thousands)	Remaining vesting period (in years)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)
10,780	1.25	$ 15.7	10,778	$ 15.7

(a) On August 14, 2017, the Board of Directors of the Company approved the issuance of employee stock options authorized in 2010. The exercise price were adjusted from $14.6 (in dollars) to $18.2 (in dollars).

(b) On July 7, 2017, the Board of Directors of the Company approved the issuance of employee stock options authorized in 2010. The exercise price were adjusted from $15.7 (in dollars) to $14.6 (in dollars).

(c) On June 24, 2016, the Board of Directors of the Company approved the issuance of employee stock options authorized in 2010. The exercised price were adjusted from $17.2 (in dollars) to $15.7 (in dollars).

(15) Provisions

	Warranty
At January 1, 2017	$ 53,868
Additional provisions	6,230
Used during the period	(8,247)
Exchange differences	(181)
At September 30, 2017	$ 51,670

Analysis of total provisions:

	September 30, 2017	December 31, 2016	September 30, 2016
Current	$ 13,929	$ 8,705	$ 6,226
Non-current	$ 37,741	$ 45,163	$ 50,870

The Group provides warranties on LED products sold. Provision for warranties is estimated based on historical warranty data of LED products.

(16) Share capital

A. As of September 30, 2017, the Company's authorized capital was $10,000,000, consisting of 1,000,000 thousand shares of common stock, and the paid-in capital was $4,412,926, consisting of 441,293 thousand shares of common stock with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected. Movements in the number of the Company's ordinary shares outstanding are as follows:

(In thousands of shares)

	2017	2016
At January 1	544,555	544,555
Employee stock options exercised (Note)	4,787	-
Cash capital reduction	(109,156)	-
At September 30	440,186	544,555

Note: Amendment process of registering of 4,200 shares was completed on July 19, 2017.

B. The Company resolved a capital reduction of $1,091,563 thousand, representing 109,156 thousand shares of outstanding shares whose ratio is around 20%. This reduction proposal was proposed at the Board of Directors' meeting held on March 24, 2017 and approved at the stockholders' meeting held on June 21, 2017. This proposal was effective after being submited to the FSC. The record date for reverse split is August 14, 2017.

C. Treasury stock

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

		September 30, 2017	
Name of company holding the shares	Reason for reacquisition	Number of Shares (thousand)	Carrying amount
The Company Subsidiary-Ho Chung Investment Co., Ltd.	The Company's shares held by its subsidiary	1,107	$ 26,699

		December 31, 2016	
Name of company holding the shares	Reason for reacquisition	Number of Shares (thousand)	Carrying amount
The Company Subsidiary-Ho Chung Investment Co., Ltd.	The Company's shares held by its subsidiary	1,107	$ 26,699

		September 30, 2016	
Name of company holding the shares	Reason for reacquisition	Number of Shares (thousand)	Carrying amount
The Company Subsidiary-Ho Chung Investment Co., Ltd.	The Company's shares held by its subsidiary	1,107	$ 26,699

(b) The Company's shares held by its subsidiary had no voting rights before being transferred to the third party.

(17) Capital reserve

Pursuant to the R.O.C. Company Law, capital reserve arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital reserve to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital reserve should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(18) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be distributed as follows:

(a) Offset prior years' operating losses.

(b) 10% of the remaining amount shall be set aside as legal reserve, unless the accumulated legal reserve equals the total capital of the Company.

(c) Special reserve set aside in accordance with relevant laws or regulations or as required for operations.

(d) After allocation of the above, the Board of Directors proposes a dividend distribution plan for approval by resolution at the shareholders' meeting.

B. The Company operates in the high-tech industry and its business life cycle is in the growth stage. In view of its capital expenditure demand and comprehensive financial plan for continuous development, the Company issues both stock and cash dividends. The proportion of dividends to be distributed in stocks and cash is determined based on the Company's rate of growth and capital expenditures. However, the amount of cash dividends shall not be lower than 50% of the dividends distributed.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve excess 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The appropriation of 2016 and 2015 earnings had been resolved at the stockholders' meeting on June 21, 2017 and June 24, 2016, respectively. Details are summarized below:

	2016		2015	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 85,473	-	$ 57,338	-
Special reserve	59,227	-	-	-
Cash dividends	654,795	$ 1.20	545,662	$ 1.00
Total	$ 799,495		$ 603,000	

The above-mentioned 2016 earnings appropriation as approved by the stockholders were in agreement with those amount approved by the Board of Directors on March 25, 2016.

Information on the appropriation of the Company's earnings as resolved by the Board of Directors and approved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(19) Other equity items

	Currency translation differences of foreign operations	Unrealized gain (loss) on available-for-sale financial assets	Total
At January 1, 2017	$ 3,099	($ 51,073)	($ 47,974)
Available-for-sale financial assets			
Revaluation - Group	-	12,070	12,070
Currency translation differences:			
-Group	(1,292)	-	(1,292)
-Associates	342	-	342
At September 30, 2017	$ 2,149	($ 39,003)	($ 36,854)

	Currency translation differences of foreign operations	Unrealized gain (loss) on available-for-sale financial assets	Total
At January 1, 2016	$ 4,813	$ 22,839	$ 27,652
Available-for-sale financial assets			
Revaluation - Group	-	(28,057)	(28,057)
Reclassification of realized gain on available-for-sale financial assets - Group	-	(44,515)	(44,515)
Currency translation differences:			
-Group	(1,597)	-	(1,597)
-Associates	(383)	-	(383)
At September 30, 2016	$ 2,833	($ 49,733)	($ 46,900)

(20) Other income

	For the three-month periods ended September 30,	
	2017	2016
Rental revenue	$ 312	$ 677
Dividend income	7,544	-
Interest income:		
Interest income from bank deposits	2,613	3,693
Interest income from resale bonds	574	415
Other interest income	383	452
Others	7,974	11,731
Total	$ 19,400	$ 16,968

	For the nine-month periods ended September 30,	
	2017	2016
Rental revenue	$ 1,033	$ 1,392
Dividend income	21,024	14,230
Interest income:		
Interest income from bank deposits	7,526	11,795
Interest income from resale bonds	1,625	1,035
Other interest income	1,137	1,122
Others	14,190	15,597
Total	$ 46,535	$ 45,171

(21) Other gains and losses

	For the three-month periods ended September 30,	
	2017	2016
Net (loss) gain on financial assets at fair value through profit or loss	($ 1,182)	$ 271
Net currency exchange loss or gain	2,662	(16,841)
Gain on disposal of non-current assets held for sale	-	41,698
Loss on disposal of property, plant and equipment	28	(18)
Gain on disposal of investments	2,518	96,447
Reversal of impairment loss on financial assets	8	-
Others	(584)	(322)
Total	$ 3,450	$ 121,235

	For the nine-month periods ended September 30,	
	2017	2016
Net (loss) gain on financial assets at fair value through profit or loss	($ 396)	$ 2,053
Net currency exchange loss	(34,473)	(44,333)
Gain on disposal of non-current assets held for sale	-	151,637
Loss on disposal of property, plant and equipment	(92)	(501)
Gain on disposal of investments	2,518	146,256
Reversal of impairment loss on non-financial assets	23	2,903
Others	(2,284)	(887)
Total	($ 34,704)	$ 257,128

(22) Finance costs

	For the three-month periods ended September 30,	
	2017	2016
Interest expense:		
Bank borrowings	$ 6,919	$ 7,941
Less: Capitalisation of qualifying assets	(104)	(173)
	6,815	7,768
Other financial costs	236	596
Total	$ 7,051	$ 8,364

	For the nine-month periods ended September 30,	
	2017	2016
Interest expense:		
Bank borrowings	$ 18,635	$ 27,666
Less: Capitalisation of qualifying assets	(220)	(645)
	18,415	27,021
Other financial costs	912	1,305
Total	$ 19,327	$ 28,326

(23) Expenses by nature

	For the three-month periods ended September 30,	
	2017	2016
Employee benefit expense	$ 332,170	$ 340,789
Depreciation on property, plant and equipment	102,542	96,892
Amortisation on intangible assets	3,200	2,966
Total	$ 437,912	$ 440,647

	For the nine-month periods ended September 30,	
	2017	2016
Employee benefit expense	$ 971,403	$ 982,837
Depreciation on property, plant and equipment	300,679	287,707
Amortisation on intangible assets	9,583	9,286
Total	$ 1,281,665	$ 1,279,830

(24) Employee benefit expense

	For the three-month periods ended September 30,			
	2017		2016	
Wages and salaries	$	292,363	$	302,572
Labor and health insurance fees		21,050		21,034
Pension costs		12,744		12,106
Other personnel expenses		6,013		5,077
	$	332,170	$	340,789

	For the nine-month periods ended September 30,			
	2017		2016	
Wages and salaries	$	850,337	$	870,444
Labor and health insurance fees		63,567		61,599
Pension costs		37,869		36,239
Other personnel expenses		19,630		14,555
	$	971,403	$	982,837

A. According to the Articles of Incorporation of the Company, if the Company has profit during the year, the Company shall distribute bonus to the employees that account for 10%~15% and pay remuneration to the directors and supervisors that shall not be higher than 5%, of the total distributed amount. If the Company has an accumulated deficit, earnings should be used to cover losses. Employees' compensation can be distributed in the form of shares or in cash. Qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation.

B. For the three-month and nine-month periods ended September 30, 2017 and 2016, employees' compensation was accrued at $42,593, $60,445, $122,134 and $143,546, respectively; directors' and supervisors' remuneration was accrued at $14,198, $20,149, $40,705 and $47,849, respectively. The aforementioned amounts were recognised in salary expense.

   Employees' compensation of $122,774 and directors' and supervisors' remuneration of $40,925 of 2016 as resolved by the stockholders' meeting are the same as the amount recognised in the consolidated financial statements.

   Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the Board of Directors' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

Components of income tax expense:

	For the three-month periods ended September 30,	
	2017	2016
Current tax:		
Current tax on profits for the period	$ 36,692	$ 31,111
Tax on undistributed surplus earnings	-	-
Prior year income tax overestimation	(22)	-
Total current tax	36,670	31,111
Deferred tax:		
Origination and reversal of temporary differences	(484)	232
Income tax expense	$ 36,186	$ 31,343

	For the nine-month periods ended September 30,	
	2017	2016
Current tax:		
Current tax on profits for the period	$ 100,969	$ 63,938
Tax on undistributed surplus earnings	2,230	-
Prepaid and withholding taxes from foreign income which will not be realized	-	487
Prior year income tax underestimation	498	2,900
Total current tax	103,697	67,325
Deferred tax:		
Origination and reversal of temporary differences	4,131	18,456
Income tax expense	$ 107,828	$ 85,781

B. As of September 30, 2017, the Company’s income tax returns through 2014 have been assessed and approved by the Tax Authority.

C. Unappropriated retained earnings:

	September 30, 2017	December 31, 2016	September 30, 2016
Earnings generated in and after 1998	$ 1,181,526	$ 1,437,596	$ 1,295,666

D. As of September 30, 2017, December 31, 2016 and September 30, 2016, the balance of the imputation tax credit account was $75,925, $99,728 and $66,468, respectively. The creditable tax rate was estimated to be 6.43% for 2016 and actual creditable tax rate was 10.53% for 2015.

(26) Earnings per share

	For the three-month period ended September 30, 2017		
	Profit after tax	Weighted-average outstanding common shares (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to owners of the parent	$ 190,975	494,518	$ 0.39
Dilutive effect of common stock equivalents:			
Employees' stock option	-	1,175	
Employees' compensation	-	5,641	
Diluted earnings per share			
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	$ 190,975	501,334	$ 0.38

	For the three-month period ended September 30, 2016		
	Profit after tax	Weighted-average outstanding common shares (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to owners of the parent	$ 290,494	544,555	$ 0.53
Dilutive effect of common stock equivalents:			
Employees' compensation	-	11,085	
Diluted earnings per share			
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	$ 290,494	555,640	$ 0.52

For the three-month period ended September 30, 2017, the employee stock options had dilutive effect and were included in the calculation.

	For the nine-month period ended September 30, 2017		
	Profit after tax	Weighted-average outstanding common shares (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to owners of the parent	$ 543,425	529,078	$ 1.03
Dilutive effect of common stock equivalents:			
Employees' stock option	-	2,879	
Employees' compensation	-	7,850	
Diluted earnings per share			
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	$ 543,425	539,807	$ 1.01

	For the nine-month period ended September 30, 2016		
	Profit after tax	Weighted-average outstanding common shares (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to owners of the parent	$ 679,860	544,555	$ 1.25
Dilutive effect of common stock equivalents:			
Employees' compensation	-	13,950	
Diluted earnings per share			
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	$ 679,860	558,505	$ 1.22

For the nine-month period ended September 30, 2017, the employee stock options had dilutive effect and were included in the calculation.

(27) Operating leases

The Company had entered into an agreement to lease land from Hsinchu Science Park for the period from 1997 to 2037, and CS Bright Corporation had entered into an agreement to lease office from a non-related party. For the three-month and nine-month periods ended September 30, 2017 and 2016, the Company and CS Bright Corporation together recognised rental expenses of $4,543, $4,959, $14,137 and $14,817, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Not later than 1 year	$ 16,432	$ 18,188	$ 15,587
Later than 1 year but not later than 5 years	69,406	71,425	18,872
Later than 5 years	164,707	178,510	30,128
	$ 250,545	$ 268,123	$ 64,587

(28) Supplemental cash flow information

Non-cash flows from investing and financing activities:

	For the nine-month periods ended September 30,	
	2017	2016
Long-term liabilities maturing within one year	$ 197,015	$ -
Cash capital reduction (shown as “other payables”)	$ 1,091,563	$ -

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Shin-Etsu Opto Electronic Co., Ltd.	The Company is the director of this company; this company is the director of the Company.
Giga Epitaxy Technology Corp.	The Company is the director of this company.
Nichia Taiwan Corp.	This company is the director of the Company.
Nichia Corp.	This company's subsidiary is the director of the Company.
VML TECHNOLOGIES B.V.	This company is an investment of Ho Chung Investment Co., Ltd. accounted for using equity method

(2) Significant transactions and balances with related parties

A. Operating revenue:

	For the three-month periods ended September 30,			
	2017		2016	
Sales of goods:				
Associates	$	457	$	23,796
Other related parties		109,271		148,099
Total	$	109,728	$	171,895

	For the nine-month periods ended September 30,			
	2017		2016	
Sales of goods:				
Associates	$	36,217	$	29,252
Other related parties		329,742		380,861
Total	$	365,959	$	410,113

The selling prices charged to the above related parties are not materially different from those charged to non-related parties. For the three-month and nine-month periods ended September 30, 2017 and 2016, the credit term was 45 ~ 136 days for the related parties and 90 ~ 150 days for the non-related parties for both periods.

B. Purchases:

	For the three-month periods ended September 30,			
	2017		2016	
Purchases of goods:				
Associates	$	-	$	-
Other related parties				
Nichia Taiwan Corp.		52,182		98,010
Others		81,424		51,412
Total	$	133,606	$	149,422

	For the nine-month periods ended September 30,			
	2017		2016	
Purchases of goods:				
Associates	$	-	$	224
Other related parties				
Nichia Taiwan Corp.		157,610		257,093
Others		224,746		145,302
Total	$	382,356	$	402,619

The purchase prices charged by the above related parties were not materially different from those charged by non-related parties. For the nine-month periods ended September 30, 2017 and 2016, the credit term was 60 ~ 120 days for the related parties and 90 ~ 120 days for the non-related parties for both periods.

C. Accounts receivable:

	September 30, 2017	December 31, 2016	September 30, 2016
Notes receivable from related parties:			
Other related parties	$ -	$ -	$ 252
Receivables from related parties:			
Associates	-	11,799	1,812
Other related parties	128,992	117,367	156,399
Less:Allowance for doubtful accounts	(1,775)	(818)	-
	127,217	128,348	158,211
Total	$ 127,217	$ 128,348	$ 158,463

D. Accounts payable:

	September 30, 2017	December 31, 2016	September 30, 2016
Payables to related parties:			
Other related parties			
Nichia Taiwan Corp.	$ 104,132	$ 147,166	$ 157,761
Others	88,958	49,317	57,040
Total	$ 193,090	$ 196,483	$ 214,801

(3) Key management compensation

	For the three-month periods ended September 30,	
	2017	2016
Salaries and other short-term employee benefits	$ 24,847	$ 63,161
Post-employment benefits	96	218
Total	$ 24,943	$ 63,379

	For the nine-month periods ended September 30,	
	2017	2016
Salaries and other short-term employee benefits	$ 75,255	$ 101,552
Post-employment benefits	326	520
Total	$ 75,581	$ 102,072

8. PLEDGED ASSETS

The Group’s assets pledged as collateral are as follows:

	Book value			Purpose of pledge	
Pledged assets	September 30, 2017	December 31, 2016	September 30, 2016	Creditor Bank	Type
Restricted assets-Time deposits, (shown as "other current assets")	$ 20,860	$ 20,860	$ 20,860	Chang Hwa Commercial Bank	Land lease and dormitory lease deposits
Property, plant and equipment	756,032	782,443	792,042	10 financial institutions including Taiwan Cooperative Bank	Long-term borrowings
	$ 776,892	$ 803,303	$ 812,902		

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(A)As of September 30, 2017, the guarantees provided by the Group through banks were as follows:

Guarantor	Nature of Guarantee	Amount
Chang Hwa Commercial Bank	Customs duty	$ 14,000
Chang Hwa Commercial Bank	Warranty	20,860
Mega International Commercial Bank	〃	6,513
Taipei Fubon Commercial Bank	〃	9,143
Taiwan Cooperative Bank	〃	1,768
Taishin International Bank	Borrowing	182,460
		$ 234,744

(B)As of September 30, 2017, the outstanding letters of credit issued for the importation of raw materials and machinery were as follows:

Amount (thousands)	
TWD	26,223
JPY	34,940
USD	574

(C)Operating lease commitments:

See Note 6(27).

(D)Pursuant to the syndicated borrowings facility agreement entered into by the Company with Taiwan Cooperative Bank and 9 other banks, the Company is required to maintain semi-annual current ratio at 100% or above, debt ratio at 150% or below, interest coverage ratio at 300% or above and net value of tangible assets at $5 billion or above. If the Company breaches the above debt covenants, it is required to adjust interest rates as committed in the agreement. If the Company fails to improve its interest rates before examination day, the Company will violate the above debt covenants.

(E)As of September 30, 2017 and 2016, the promissory notes issued by the Company and CS Bright Corporation for loans, performance guarantee for purchases and loans granted for subsidiaries amounted to $5,928,352 and $6,248,369, respectively.

(F) As of September 30, 2017, the capital expenditure contracted but not yet incurred is $65,005.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On October 6, 2017, Opto Tech Corporation refunded shares which is based on the share reduction plan for 2017. Please refer to Note 6 (16).

12. OTHERS

(1) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

As of September 30, 2017, December 31, 2016, and September 30, 2016, the gearing ratios were (53.90%), (37.54%) and (29.01%), respectively.

(2) Financial instruments

A. Fair value information of financial instruments

The Group used the book value of financial instruments measured at cost (including notes receivable, accounts receivable, other receivables, short-term borrowings, notes receivable, accounts payable and other payables) as its reasonable fair value. The fair value of long-term borrowings is based on the present value of expected future cash flows. Since long-term borrowings have floating interest rates, the carrying value is equivalent to the fair value. For information of financial instruments measured at fair value, please refer to Note 12(C).

B. Financial risk management policies

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2016.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with regards to the USD and JPY. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.
- To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward foreign exchange contracts, transacted with Group treasury. The expired dates of these forward foreign exchange contracts are shorter than 6 months and are not accounted for under hedge accounting. Foreign exchange risk arises when future commercial transactions or

recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

- As the foreign operations are strategic investments, the Company does not hedge for them.
- The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: TWD; other subsidiaries' functional currency: CNY). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	September 30, 2017			For the nine-month period ended September 30, 2017 Sensitivity Analysis			
	Foreign currency amount (in thousands)	Exchange rate	Book value (TWD)	Extent of variation	Effect on profit or loss	Effect on other compre-hensive income	Unrealized exchange gain or (loss)
(Foreign currency: functional currency)							
Financial assets							
Monetary items							
USD : TWD	$ 50,274	30.21	$ 1,518,778	1%	$ 15,188	$ -	$ 1,160
JPY : TWD	607,584	0.2671	162,286	1%	1,623	-	(2,837)
CNY : TWD	27,588	4.526	124,863	1%	1,249	-	1,274
USD : CNY (Note)	351	6.6491	10,621	1%	106	-	20
Non-monetary items: None							
Financial liabilities							
Monetary items							
USD : TWD	$ 36,295	30.31	$ 1,100,101	1%	($ 11,001)	$ -	$ 1,487
JPY : TWD	852,132	0.2711	231,013	1%	(2,310)	-	3,243
USD : CNY (Note)	24	6.6491	726	1%	(7)	-	18
Non-monetary items: None							

	December 31, 2016			For the year ended December 31, 2016 — Sensitivity Analysis			
	Foreign currency amount (in thousands)	Exchange rate	Book value (TWD)	Extent of variation	Effect on profit or loss	Effect on other compre-hensive income	Unrealized exchange gain or (loss)
(Foreign currency: functional currency)							
Financial assets							
Monetary items							
USD : TWD	$ 50,476	32.20	$ 1,625,327	1%	$ 16,253	$ -	$ 27,137
JPY : TWD	624,071	0.2736	170,746	1%	1,707	-	(12,031)
CNY : TWD	17,919	4.5920	82,284	1%	823	-	(1,079)
USD : CNY (Note)	1,677	6.9851	54,083	1%	541	-	726
Non-monetary items: None							
Financial liabilities							
Monetary items							
USD : TWD	$ 31,879	32.30	$ 1,029,692	1%	($ 10,297)	$ -	($ 16,605)
JPY : TWD	615,752	0.2776	170,933	1%	(1,709)	-	13,959
USD : CNY (Note)	33	6.9851	1,064	1%	(11)	-	(55)
Non-monetary items: None							

	September 30, 2016			For the nine-month period ended September 30, 2016 — Sensitivity Analysis			
	Foreign currency amount (in thousands)	Exchange rate	Book value (TWD)	Extent of variation	Effect on profit or loss	Effect on other compre-hensive income	Unrealized exchange gain or (loss)
(Foreign currency: functional currency)							
Financial assets							
Monetary items							
USD : TWD	$ 50,512	31.31	$ 1,581,531	1%	$ 15,815	$ -	($ 23,557)
JPY : TWD	528,868	0.3089	163,367	1%	1,634	-	1,237
CNY:TWD	20,434	4.6680	95,386	1%	954	-	(2,482)
USD : CNY (Note)	1,815	6.6823	56,918	1%	569	-	636
Non-monetary items: None							
Financial liabilities							
Monetary items							
USD : TWD	$ 33,049	31.41	$ 1,038,069	1%	($ 10,381)	$ -	$ 21,140
JPY : TWD	619,270	0.3129	193,770	1%	(1,938)	-	(2,338)
USD : CNY (Note)	40	6.6823	1,254	1%	(13)	-	(2,524)
Non-monetary items: None							

Note：If the consolidated entities' functional currency is not TWD, the foreign currency denominated assets and liabilities of the consolidated entities should be disclosed. For example, when the functional currency of a subsidiary is CNY, its USD foreign currency positions should also be disclosed.

Price risk

- The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk. The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these domestic funds, equity securities of listed company or unlisted company had increased/decreased by 5%, 20% or 10%, respectively, with all other variables held constant, post-tax profit for the nine-month periods ended September 30, 2017 and 2016 would have increased/decreased by $14,992 and $28,584, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $124,831 and $125,466 as a result of gains/losses on equity securities classified as available-for-sale.

Interest rate risk

- The Group's interest rate risk arises from long-term borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at floating rates. During the nine-month periods ended September 30, 2017 and 2016, the Group's borrowings at floating rate were denominated in TWD and USD.

- At September 30, 2017 and 2016, if interest rates on borrowings had been 100 basis point higher/lower with all other variables held constant, post-tax profit for the nine-month periods ended September 30, 2017 and 2016 would have been $1,226 and $3,031 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors, the utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as operating activities, including outstanding receivables.

ii. As the counterparties of deposits and other financial instruments are creditworthy banks and financial institutions with good rating, there is no significant doubt arising from default and credit risk.

iii As of September 30, 2017, December 31, 2016, and September 30, 2016, the Group's 10 largest customers accounted for 71%, 70% and 67% of the balance of the Group's accounts receivable, respectively. The centralized credit risk of other accounts receivable is not relatively significant.

iv. Ageing analysis of financial assets that were overdue but not impaired: Please refer to Note 6(4).

v. The individual analysis of financial assets that had been impaired is provided in the statement for each type of financial asset in Note 6.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.

ii. The table below analyses the Group's non-derivative financial liabilities and derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities.

Non-derivative financial liabilities：

September 30, 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Short-term borrowings	$ 894,931	$ -	$ -	$ -	$ -
Notes payable	915	-	-	-	-
Accounts payable (including related parties)	863,536	-	-	-	-
Other payables	1,629,813	-	-	-	-
Long-term borrowings (including current portion)	197,822	-	-	-	-

Non-derivative financial liabilities：

December 31, 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Short-term borrowings	$ 563,683	$ -	$ -	$ -	$ -
Notes payable	1,541	-	-	-	-
Accounts payable (including related parties)	866,695	-	-	-	-
Other payables	541,159	-	-	-	-
Long-term borrowings (including current portion)	427,279	-	-	-	-

Non-derivative financial liabilities：

September 30, 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Short-term borrowings	$ 645,778	$ -	$ -	$ -	$ -
Notes payable	891	-	-	-	-
Accounts payable (including related parties)	918,522	-	-	-	-
Other payables	581,078	-	-	-	-
Long-term borrowings (including current portion)	8,715	488,520	-	-	-

Derivative financial liabilities:

As of September 30, 2017 and December 31, 2016, the periods of derivative financial liabilities are all less than 1 year.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

Level 3: Unobservable inputs for the asset or liability.

B. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at September 30, 2017, December 31, 2016 and September 30, 2016, is as follows:

September 30, 2017	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Domestic funds	$ 299,834	$ -	$ -	$ 299,834
Available-for-sale financial assets				
Equity securities	322,887	-	602,534	925,421
Total	$ 622,721	$ -	$ 602,534	$ 1,225,255
Liabilities:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Forward exchange contract	$ -	$ 1,053	$ -	$ 1,053

December 31, 2016	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Domestic funds	$ 491,089	$ -	$ -	$ 491,089
Available-for-sale financial assets				
Equity securities	310,817	-	602,534	913,351
Total	$ 801,906	$ -	$ 602,534	$ 1,404,440
Liabilities:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Forward exchange contract	$ -	$ 1,912	$ -	$ 1,912

September 30, 2016	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Domestic funds	$ 571,684	$ -	$ -	$ 571,684
Forward exchange contracts	-	831	-	831
Available-for-sale financial assets				
Equity securities	346,275	-	562,108	908,383
Total	$ 917,959	$ 831	$ 562,108	$ 1,480,898

C. The methods and assumptions the Group used to measure fair value are as follows:

(a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are composed of: listed shares using closing price and open-end fund using net asset value at balance sheet date.

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

(c) When assessing non-standard and low-complexity financial instruments, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market. Forward exchange contracts are usually valued based on the current forward exchange rate.

(d) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. For the nine-month periods ended September 30, 2017 and 2016, there was no transfer between

Level 1 and Level 2.

E. The following chart is the movement of Level 3 financial instruments of equity securities for the nine-month periods ended September 30, 2017 and 2016.

	2017	2016
At January 1 (September 30)	$ 602,534	$ 562,108

F. For the nine-month periods ended September 30, 2017 and 2016, there was no transfer into or out from Level 3.

G. Financial segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and reviewing periodically.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at September 30, 2017	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	$ 602,534	Market comparable companies	Price to earnings ratio multiple	0.59-0.79	The higher the multiple, the higher the fair value.
			Discount for lack of volatility	27.9%~30.6%	The higher the discount for lack of marketability, the lower the fair value.

	Fair value at December 31, 2016	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	$ 602,534	Market comparable companies	Price to earnings ratio multiple	0.59-0.79	The higher the multiple, the higher the fair value.
			Discount for lack of volatility	27.9%~30.6%	The higher the discount for lack of marketability, the lower the fair value.

	Fair value at September 30, 2016	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	$ 562,108	Market comparable companies	Price to earnings ratio multiple	0.62~1.12	The higher the multiple, the higher the fair value.
			Discount for lack of volatility	18%~37%	The higher the discount for lack of marketability, the lower the fair value.
		Discounted Cash flow	Weighted average cost of capital	10.74%	The higher the weighted average cost of capital, the lower the fair value.
			Discount for lack of volatility	36.00%	The higher the discount for lack of marketability, the lower the fair value.

I. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in difference measurements. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			September 30, 2017			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount of lack of volatility	±5%	$ -	$ -	$ 9,307	($ 9,307)

			September 30, 2016			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount of lack of volatility	±5%	$ -	$ -	$ 13,764	($ 13,764)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: None.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 9.

14. SEGMENT INFORMATION

(1) General information

There was no significant change in the reporting period. Please refer to Note 14 in the consolidated financial statements for the year ended December 31, 2016.

(2) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	For the three-month period ended September 30, 2017				
	LED and Silicon Sensor Chips Group	Displays and Lighting Group	Packaging Business Group	Other segments	Total
Revenue from external customers	$ 1,107,185	$ 195,698	$ 85,739	$ 2,579	$ 1,391,201
Segment income (loss)	$ 229,912	($ 14,061)	$ 9,238	$ 2,082	$ 227,171

	For the three-month period ended September 30, 2016				
	LED and Silicon Sensor Chips Group	Displays and Lighting Group	Packaging Business Group	Other segments	Total
Revenue from external customers	$ 1,120,527	$ 270,528	$ 84,958	$ -	$ 1,476,013
Segment income (loss)	$ 198,422	$ 6,946	($ 9,731)	$ 126,205	$ 321,842

	For the nine-month period ended September 30, 2017				
	LED and Silicon Sensor Chips Group	Displays and Lighting Group	Packaging Business Group	Other segments	Total
Revenue from external customers	$ 3,215,523	$ 876,076	$ 248,186	$ 13,499	$ 4,353,284
Segment income (loss)	$ 604,154	$ 49,331	$ 26,965	($ 29,168)	$ 651,282

	For the nine-month period ended September 30, 2016				
	LED and Silicon Sensor Chips Group	Displays and Lighting Group	Packaging Business Group	Other segments	Total
Revenue from external customers	$ 3,193,748	$ 781,062	$ 258,020	$ -	$ 4,232,830
Segment income (loss)	$ 542,592	$ 77,052	($ 30,956)	$ 176,971	$ 765,659

(3) Reconciliation for segment income (loss)

A. The revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.

B. A reconciliation of reportable segment income or loss to the income (loss) before tax from continuing operations is measured in a manner consistent with that in the statement of comprehensive income.

Opto Tech Corporation and subsidiaries

Loans to others

For the nine-month period ended September 30, 2017

Table 1

Expressed in thousands of TWD

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine-month period ended September 30, 2017	Balance at September 30, 2017	Actual amount drawn down	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 4、5)	Remark
0	Opto Tech Corp.	Opto Tech (Suzhou) Co., Ltd.	Other receivables-Related Parties	Yes	$ 306,054	$ 75,525	$ 66,462	2.15611%	2	$ -	Pay debt	$ -	None	$ -	$ 679,422	$ 2,717,690	
1	CS Bright Corp.	Opto Plus Technology Co., Ltd.	Other receivables-Related Parties	Yes	38,171	31,813	31,813	-	1	201,590	None	-	None	-	201,590	21,800	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is “0”.

(2)The subsidiaries are numbered in order starting from “1”.

Note 2: Relationship with the borrower is classified into the following categories:

(1)The borrower having business relationship is numbered as “1”.

(2) The borrower having the needs of short-term financing is numbered as “2”.

Note 3: Limit on loans granted to a single party, which has the needs of short-term financing with the Company should not exceed 10% of the Company’s latest net asset value. Besides, limit on loans granted to a single party, which has business relationship with the subsidiaries should not exceed total amount that the two sides trade in the recent year.

Note 4: Total amount of loans of the Company should not exceed 40% of the net value of the Company’s latest net asset value, and total amount of loans of the subsidiaries should not exceed 20% of the net values of the subsidiaries’ latest net asset values.

Note 5: At first, the amount of loans which CS Bright Corp. (the indirect subsidiary of Opto Tech Corp.) granted to Opto Plus (the indirect subsidiary of Opto Tech Corp.) did not exceed the ceiling on total loans granted. However, due to disadvantageous operating conditions and decreasing net asset value of CS Bright Corp., the loans granted have exceeded the limit.

Opto Tech Corporation and subsidiaries

Provision of endorsements and guarantees to others

For the nine-month period ended September 30, 2017

Table 2 | Expressed in thousands of TWD

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2017	Outstanding endorsement/ guarantee amount at September 30, 2017	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Remark
0	Opto Tech Corp.	CS Bright Corp.	3	$ 1,358,845	$ 79,690	$ 59,093	$ 25,000	$ -	0.87%	$ 3,397,112	Y	N	N	-
0	〃	Opto Plus Technology Co., Ltd.	3	1,358,845	193,800	181,860	154,498	-	2.68%	3,397,112	Y	N	Y	-

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is "0".

(2)The subsidiaries are numbered in order starting from "1".

Note 2: Relationship with the endorser/guarantor is classified into the following categories:

(1) Having business relationship.

(2) The Company owns more than 50% voting shares of the endorsed/guaranteed company.

(3) The Company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

(4) The endorsed/guaranteed company directly or indirectly owns more than 50% voting shares of the endorser/guarantor.

(5) Mutual guarantees in the same trade due to construction undertaking pursuant to the contracts.

(6) Due to joint venture, each shareholder provides guarantees for the company in proportion to its ownership.

Note 3: Under the Company's "Procedures for Provision of Endorsements and Guarantees", the Company's total guarantees and endorsements to others should not exceed 50% of the Company's net asset value, and total guarantees and endorsements provided for a single party should not exceed 20% of the Company's net asset value. The calculation is shown below:

(1) \$6,794,224 thousand dollars × 20% ＝ \$1,358,845 thousand dollars

(2) \$6,794,224 thousand dollars × 50% ＝ \$3,397,112 thousand dollars

Opto Tech Corporation and subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

September 30, 2017

Table 3

Expressed in thousands of TWD

Securities held by	Type of marketable securities	Name of marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2017				Remark
					Number of shares	Book value	Ownership (%)	Fair value	
Opto Tech Corp.	Stock	AXT, Inc.	None.	Available-for-sale financial assets - non-current	124,100	$ -	-	$ -	Note
〃	〃	Viking Tech Corporation.	None.	〃	6,826,994	146,097	5.82	146,097	None
〃	〃	Nichia Corp.	This company is the parent company of Nichia Taiwan Corp.	〃	10,000	416,362	0.45	416,362	None
〃	〃	Lu Zhu Development Co., Ltd.	None.	〃	12,551,625	126,779	6.38	126,779	None
〃	〃	Giga Epitaxy Technology Corp.	The Company is the director of this company.	〃	13,794,000	33,889	19.00	33,889	None
〃	〃	Shin-Etsu Opto Electronic Co., Ltd.	The Company is the director of this company.	〃	2,000,000	25,504	10.00	25,504	None
〃	〃	Top Increasing Technology Co., Ltd.	None.	〃	10,000,000	-	16.67	-	None
Ho Chung Investment Co., Ltd.	〃	Opto Tech Corp.	Parent company	Financial assets at fair value through profit or loss - current	1,107,276	23,973	0.20	23,973	None
〃	〃	Viking Tech Corporation	None.	Available-for-sale financial assets - non-current	2,392,120	51,191	2.04	51,191	None
Jyu Shin Investment Co., Ltd (Jyu Shin investment)	〃	Viking Tech Corporation	None.	〃	5,869,120	125,599	5.00	125,599	None
Opto Tech (Suzhou) Co., Ltd.	Others	Jin Misa Technology Co., Ltd.	None.	〃	-	-	15.00	-	None
Opto Tech Corp.	Fund	Capital Money Market fund	None.	Financial assets at fair value through profit or loss - current	635,397	10,182	None	101,182	None
〃	〃	FSITC Taiwan Money Market fund	None.	〃	5,355,704	81,359	None	81,359	None
〃	〃	Taishin 1699 Money Market fund	None.	〃	3,788,555	50,893	None	50,893	None
〃	〃	Yuanta Wan Tai Money Market fund	None.	〃	5,398,741	81,238	None	81,238	None
〃	〃	UPAMC James Bond Money Market fund	None.	〃	1,224,826	20,332	None	20,332	None
〃	〃	Franklin Templeton Sinoam Money Market fund	None.	〃	4,448,043	45,645	None	45,645	None
〃	〃	Jih Sun Money Market fund	None.	〃	692,329	10,185	None	10,185	None

Note : The 124,000 shares of AXT, Inc. which are owned by the Company, are preferred stocks.

Opto Tech Corporation and subsidiaries

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

For the nine-month period ended September 30, 2017

Table 4 | Expressed in thousands of TWD

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Remark
Opto Tech Corp.	Shin-Etsu Opto Electronic Co., Ltd.	The company is the director of this company.	Sales	(328,178)	(7.99%)	90 days	The unit prices are equivalent to third parties.	-	115,188	6.95%	-
〃	Nichia Taiwan Corp.	The company is the director of this company.	Purchases	157,469	9.36%	120 days	"	-	(104,132)	(12.69%)	-
〃	Shin-Etsu Opto Electronic Co., Ltd.	The company is the director of this company.	Purchases	145,455	8.01%	60 days	"	-	(60,983)	(7.43%)	-
Opto Plus Technology Co., Ltd.	CS Bright Corp.	The company is the indirect subsidiary of this company.	Sales	(158,553)	(79.41%)	90 days	"	-	57,514	90.41%	-

Opto Tech Corporation and subsidiaries

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

September 30, 2017

Table 5

Expressed in thousands of TWD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2017	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Opto Tech Corp.	Shin-Etsu Opto Electronic Co., Ltd.	The company is the director of this company.	$ 115,188	4.28	$ 8,877	-	$ 38,087	$ 1,775

Opto Tech Corporation and subsidiaries

Significant inter-company transactions during the reporting periods

For the nine-month period ended September 30, 2017

Table 6

Expressed in thousands of TWD

				Transaction			
Number	Company name	Counterparty	Relationship	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
2	CS Bright Corp.	Opto Plus Technology Co.,	3	Sales	14,740	Note 4	0.34%
1	Opto Tech Corporation	Opto Tech (Suzhou) Co. Ltd.	1	Other receivable-related party	$ 66,462	-	0.62%
2	CS Bright Corp.	Opto Plus Technology Co., Ltd.	3	Accounts receivable	61,623	Note 4	0.57%
2	CS Bright Corp.	Opto Plus Technology Co., Ltd.	3	Other receivable-related party	31,813	-	0.30%
3	Opto Plus Technology Co., Ltd.	CS Bright Corp.	3	Sales	158,533	Note 4	3.64%
3	Opto Plus Technology Co., Ltd.	CS Bright Corp.	3	Accounts receivable	57,514	Note 4	0.53%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is “0”.

(2)The subsidiaries are numbered in order starting from “1”.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The unit sales prices are equivalent to third parties. The credit term was 30~85 days for the related parties.

Note 5: The disclosure standard requires above $10,000 thousand for the transaction amount. Only assets and revenue are disclosed, related transactions are not disclosed.

Opto Tech Corporation and subsidiaries

Information on investees

For the nine-month period ended September 30, 2017

Table 7

Expressed in thousands of TWD

				Initial investment amount		Shares held as at September 30, 2017					
Investor	Investee	Location	Main business activities	Balance as of September 30, 2017	Balance as of December 31, 2016	Number of shares	Ownership (%)	Book value	Net income (loss) of the investee	Investment income (loss) recognized by investor	Remark
Opto Tech Corp.	Opto Technology International Group Co., Ltd.	Cayman Islands	Holding Company	$ 443,110	$ 443,110	14,000,000	100.00	($ 5,626)	$ 1,172	$ 1,172	Subsidiary of the Company
Opto Tech Corp.	Ho Chung Investment Co., Ltd.	Taiwan	Investment business	310,300	310,300	6,494,000	100.00	103,030	14,113	4,260	Subsidiary of the Company
Opto Tech Corp.	Jyu Shin Investment Co., Ltd.	Taiwan	Investment business	125,687	125,687	16,868,706	100.00	260,091	26,136	26,136	Subsidiary of the Company
Opto Tech Corp.	Source Ever Limited	B.V. I.	International trading	5,725	5,725	200,001	100.00	1,798	(149)	(149)	Subsidiary of the Company
Opto Tech Corp.	Opto Tech (Macao) Co., Ltd.	Macao	International trading	4,096	4,096	-	100.00	15,562	(1,608)	(1,608)	Subsidiary of the Company
Ho Chung Investment Co., Ltd.	VML TECHNOLOGIES B.V.	Netherlands	Manufacture and Design of system products	37,436	37,436	6,000	25.00	4,277	10,931	2,733	Investment accounted for using equity method
Jyu Shin Investment Co., Ltd.	CS Bright Corporation	Taiwan	Manufacture and Sales of Displays, SMD Lamps and other LED related products	50,170	50,170	4,993,562	99.87	128,274	23,232	23,203	Indirect subsidiary of the Company
CS Bright Corporation	Bright Investment International Ltd.	B.V. I.	Investment business	171,332	171,332	5,100,000	100.00	4,345	3,448	9,807	Indirect subsidairy
Bright Investment International Ltd.	Everyung Investment Ltd.	Samoa	Investment business	168,421	168,421	5,000,000	50.00	35,351	7,466	3,733	Indirect subsidairy
Opto Technology International Group Co., Ltd.	Opto Tech (Cayman) Co., Ltd.	Cayman Islands	Holding Company	294,360	294,360	9,000,000	100.00	(45,950)	(2,219)	(2,219)	Indirect subsidairy
Opto Technology International Group Co., Ltd.	Everyung Investment Ltd.	Samoa	Investment business	148,910	148,910	5,000,000	50.00	35,351	7,466	3,733	Indirect subsidairy

Opto Tech Corporation and subsidiaries

Information on investments in Mainland China

For the nine-month period ended September 30, 2017

Table 8

Expressed in thousands of TWD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance to Mainland China as of January 1, 2017	Amount remitted to Mainland China during the period	Amount remitted back to Taiwan during the period	Accumulated amount of remittance to Mainland China as of September 30, 2017	Net income of investee as of September 30, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2017 (Note 2)	Book value of investments in Mainland China as of September 30, 2017	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2017	Remark
Opto Tech (Suzhou) Co., Ltd.	Research, Design and Manufacture of LED Display, Wireless Communication Equipment and related parts	$ 294,708	(2)	$ 294,708	$ -	$ -	$ 294,708	($ 1,684)	100.00%	($ 1,684)	($ 54,544)	$ -	
Opto Plus Technology Co., Ltd.	Manufacture and Sales of LED and Electronic products	317,341	(2)	317,341	-	-	317,341	7,466	99.94%	7,461	70,701	-	

Note 1: The investment methods are classified into three categories as follows:

(1) Directly investing in the investee company in Mainland China. (Opto Tech (Cayman) Co., Ltd. invests Opto Tech (Suzhou) Co., Ltd. and Everyung Investment Ltd. invests Opto plus Technology Co., Ltd.)

(2) Through investing in an existing company in the third area, which then invested in the investee company in Mainland China.

(3) Others.

Note 2: The investment income or loss was recognised by indirect weighted ownership based on the financial statements of these investees which were not reviewed by the independent accountants of the parent company for the corresponding periods.

Investments in Mainland China for the nine-month period ended September 30, 2017:

Name of company	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2017	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Opto Tech Corp.	$ 612,049	$ 612,557	$ 4,076,534

Opto Tech Corporation and its subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the nine-month period ended September 30, 2017

Table 9

Expressed in thousands of TWD

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at September 30, 2017	%	Balance at September 30, 2017	Purpose	Maximum balance during the nine-month period ended September 30, 2017	Balance at September 30, 2017	Interest rate	Interest during the nine-month period ended September 30, 2017	Others
Opto Tech (Suzhou) Co., Ltd.	$ -	-	$ -	-	$ -	-	$ -	-	$ 306,054	$ 75,525	2.15611%	$ 1,336	None
Opto Plus Technology Co., Ltd.	6,949	0.16	-	-	2,393	0.14	181,860	Guarantee of bank line of credit	-	-	-	-	None
Opto Plus Technology Co., Ltd.	(158,553)	(8.92)	-	-	(57,514)	(6.65)	-	-	38,171	31,813	-	-	None