(10) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	March 31, 2018	December 31, 2017	March 31, 2017
Long-term bank borrowings Secured borrowings (Note 1)	(Note 2)	4%	Land and buildings (Note 3)	$ 88,409	$ 95,163	$ 111,258
Less: Current portion				(19,134)	(19,366)	(19,145)
				$ 69,275	$ 75,797	$ 92,113

Note 1: According to the secured loan contract, the Group was required to comply with certain financial covenants by maintaining certain financial ratios, such as debt coverage ratio, on an annual basis. As of March 31, 2018, December 31, 2017 and March 31, 2017, the Group had not violated any of the required financial covenants.

Note 2: Borrowing period is from August 6, 2015 to August 6, 2022; interest and principal are repayable monthly.

Note 3: Please refer to Note 8 for the information of the Group's assets pledged to secured borrowings.

(11) Other payables

	March 31, 2018	December 31, 2017	March 31, 2017
Accrued salaries and bonuses	$ 31,349	$ 46,811	$ 24,631
Accrued employees' compensation and directors' remuneration	25,479	31,761	30,771
Accrued unused compensated absences	23,468	25,171	20,784
Accrued service fees	4,706	464	3,221
Accrued miscellaneous tools	4,089	1,611	3,453
Payables for equipment	3,867	5,703	18,656
Accrued utilities	2,150	2,101	1,956
Accrued rental expenses	334	269	102
Other accrued expenses	33,108	25,358	34,731
	$ 128,550	$ 139,249	$ 138,305

(12) Finance lease liabilities

The Group leases machinery equipment under finance lease. Based on the terms of the lease contracts, the Group has the option to purchase the leased machinery equipment at a price which is expected to be sufficiently lower than fair value at the date the option becomes exercisable when the leases expire. Future minimum lease payments are as follows:

	March 31, 2018		
	Total finance lease liabilities	Future finance charges	Present value of finance lease liabilities
Current			
No later than one year (shown as "Other current liabilities")	$ 7,797	($ 266)	$ 7,531
Non-current			
Later than one year but not later than five years (shown as "Other non-current liabilities")	3,406	(54)	3,352
	$ 11,203	($ 320)	$ 10,883

	December 31, 2017		
	Total finance lease liabilities	Future finance charges	Present value of finance lease liabilities
Current			
No later than one year (shown as "Other current liabilities")	$ 9,684	($ 360)	$ 9,324
Non-current			
Later than one year but not later than five years (shown as "Other non-current liabilities")	4,643	(95)	4,548
	$ 14,327	($ 455)	$ 13,872

	March 31, 2017		
	Total finance lease liabilities	Future finance charges	Present value of finance lease liabilities
Current			
No later than one year (shown as "Other current liabilities")	$ 11,714	($ 691)	$ 11,023
Non-current			
Later than one year but not later than five years (shown as "Other non-current liabilities")	11,673	(333)	11,340
	$ 23,387	($ 1,024)	$ 22,363

(13) Pension plan

A. The Company's US subsidiary has established a 401(K) pension plan (the "Plan") covering substantially all employees. The Plan provides voluntary salary reduction contributions by eligible participants in accordance with Section 401(K) of the Internal Revenue Code (IRC), as well as discretionary matching contributions below 15% of employees' salaries from the Company's subsidiary to its employees' individual pension accounts.

B. The Company's Taiwan subsidiaries have established a 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's Taiwan subsidiaries 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.

C. The pension costs under the above pension plans of the Group for the three-month periods ended March 31, 2018 and 2017 amounted to $5,694 and $4,708, respectively.

(14) Share-based payment-employee compensation plan

A. Through March 31, 2018 and 2017, the Company's share-based payment transactions are set forth below:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting condition
Employee stock options	April 2013	1,538,000 shares	10 years	(Note 1)
Employee stock options	August 2013	7,830 shares	10 years	(Note 1)
Employee stock options	October 2013	538,000 shares	10 years	(Note 1)
Employee stock options	February 2014	60,000 shares	10 years	(Note 1)
Employee stock options	November 2014	75,000 shares	10 years	(Note 1)
Employee stock options	January 2015	30,000 shares	10 years	(Note 1)
Employee stock options	February 2015	652,200 shares	10 years	(Note 1)
Employee stock options	March 2016	5,000 shares	10 years	(Note 1)
Employee stock options	August 2016	895,000 shares	10 years	(Note 1)
Employee stock options	November 2016	34,000 shares	10 years	(Note 1)
Employee stock options	February 2017	15,000 shares	10 years	(Note 1)
Employee stock options	August 2017	215,000 shares	10 years	(Note 1)
Employee stock options	January 2018	13,000 shares	10 years	(Note 1)
Employee stock options	Febuary 2018	355,000 shares	10 years	(Note 1)
Restricted stocks to employees (Note 3)	July 2015	297,300 shares	2 years	(Note 2)
Restricted stocks to employees (Note 3)	November 2015	22,000 shares	2 years	(Note 2)
Restricted stocks to employees (Note 3)	January 2016	93,700 shares	2 years	(Note 2)
Restricted stocks to employees (Note 3)	March 2016	8,000 shares	2 years	(Note 2)
Restricted stocks to employees (Note 3)	August 2017	180,000 shares	2 years	(Note 2)
Restricted stocks to employees (Note 3)	Febuary 2018	398,000 shares	2 years	(Note 2)

Note 1: Some employee stock options shall be vested and become exercisable as to 50% of the shares after fulfilling two years of service, and in accordance with the agreement, the remaining 50% of such options will be vested ratably in equal installments as of the last day of each of the succeeding 24 months.

Note 2: Some restricted stocks to employees shall be vested as to 50% of the shares after one year of service, and the remaining 50% of such shares to be vested after fulfilling two years of service.

Note 3: The restricted stocks to employees are restricted from transferring within vesting period, but are allowed for voting rights and rights to receive dividends. The Company will recover restricted stocks at no consideration and cancel registration if employees resign or die not due to occupational hazards. However, employees do not need to return dividends already received.

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

	For the three-month period ended March 31, 2018		
	No. of options	Currency	Weighted average exercise price
			(in dollars)
Options outstanding at beginning of the period	1,912,541	NTD	$ 50.44
Options granted	368,000	NTD	83.71
Options exercised	(5,959)	NTD	37.00
Options forfeited	(50,000)	NTD	80.03
Options outstanding at end of the period	2,224,582	NTD	55.32
Options exercisable at end of the period	695,819	NTD	27.65

	For the three-month period ended March 31, 2017		
	No. of options	Currency	Weighted average exercise price
			(in dollars)
Options outstanding at beginning of the period	2,178,139	NTD	$ 44.84
Options granted	15,000	NTD	57.10
Options exercised	(414)	NTD	17.63
Options forfeited	(8,000)	NTD	65.73
Options outstanding at end of the period	2,184,725	NTD	44.85
Options exercisable at end of the period	868,797	NTD	25.30

C. The weighted-average stock price of stock options at exercise dates for the three-month periods ended March 31, 2018 and 2017 was $83.72 (in dollars) and $56.17 (in dollars), respectively.

D. As of March 31, 2018, December 31, 2017 and March 31, 2017, the range of exercise prices of stock options outstanding are as follows:

		March 31, 2018		
Grant date	Expiry date	No. of Shares	Currency	Stock options exercise price
				(in dollars)
April 2013	April 2023	224,229	NTD	$ 11.35
October 2013	October 2023	94,689	NTD	17.63
February 2014	February 2024	7,500	NTD	19.20
November 2014	November 2024	58,667	NTD	32.65
January 2015	January 2025	7,500	NTD	42.09
February 2015	February 2025	402,997	NTD	41.21
March 2016	March 2026	5,000	NTD	71.01
August 2016	August 2026	840,000	NTD	65.73
November 2016	November 2026	26,000	NTD	64.40
February 2017	February 2027	15,000	NTD	57.10
August 2017	August 2027	215,000	NTD	66.50
January 2018	January 2028	13,000	NTD	86.70
February 2018	February 2028	315,000	NTD	83.60
		2,224,582		

		December 31, 2017		
Grant date	Expiry date	No. of Shares	Currency	Stock options exercise price
				(in dollars)
April 2013	April 2023	224,896	NTD	$ 11.35
October 2013	October 2023	95,002	NTD	17.63
February 2014	February 2024	7,500	NTD	19.20
November 2014	November 2024	58,667	NTD	32.65
January 2015	January 2025	10,000	NTD	42.09
February 2015	February 2025	405,476	NTD	41.21
March 2016	March 2026	5,000	NTD	71.01
August 2016	August 2026	850,000	NTD	65.73
November 2016	November 2026	26,000	NTD	64.40
February 2017	February 2027	15,000	NTD	57.10
August 2017	August 2027	215,000	NTD	66.50
		1,912,541		

		March 31, 2017		
Grant date	Expiry date	No. of Shares	Currency	Stock options exercise price
				(in dollars)
April 2013	April 2023	317,397	NTD	$ 11.35
August 2013	August 2023	1,957	NTD	17.37
October 2013	October 2023	188,671	NTD	17.63
February 2014	February 2024	22,500	NTD	19.20
November 2014	November 2024	62,000	NTD	32.65
January 2015	January 2025	30,000	NTD	42.09
February 2015	February 2025	621,200	NTD	41.21
March 2016	March 2026	5,000	NTD	71.01
August 2016	August 2026	887,000	NTD	65.73
November 2016	November 2026	34,000	NTD	64.40
February 2017	February 2027	15,000	NTD	57.10
		2,184,725		

E. Details of the restricted stocks to employees are set forth below:

Employee restricted stocks	For the three-month periods ended March 31, 2018	2017
	No. of shares	No. of shares
Outstanding at beginning of the period	215,850	244,850
Granted (Notes 1 and 2)	398,000	-
Vested	(35,850)	(43,850)
Outstanding at end of the year	578,000	201,000

Note 1: For the restricted stocks granted with the compensation cost accounted for using the fair value method, the fair values on the grant date are calculated based on the closing price on the grant date.

Note 2: The fair value of restricted stocks granted in February 2018 was $83.60 (in dollars).

F. For the stock options granted with the compensation cost accounted for using the fair value method, their fair value on the grant date is estimated using the Black-Scholes option-pricing model and discounted cash flow valuation. The parameters used in the estimation of the fair value are as follows:

Type of arrangement	Grant date	Currency	Fair value	Exercise price	Expected price volatility	Expected option period	Expected dividend yield rate	Risk-free interest rate	Weighted average fair value
			(in dollars)	(in dollars)		(years)			(in dollars)
Employee stock options	April 2013	NTD	$ 18.28	$ 18.10	51.47%	6.26	1.16%	1.07%	$ 8.18
Employee stock options	August 2013	NTD	27.40	27.71	51.47%	6.26	1.16%	1.47%	12.29
Employee stock options	October 2013	NTD	27.94	28.11	51.47%	6.26	1.16%	1.44%	12.55
Employee stock options	February 2014	NTD	35.97	30.62	51.47%	6.26	1.16%	1.20%	17.48
Employee stock options	November 2014	NTD	50.22	48.25	47.00%	6.26	1.10%	1.75%	28.00
Employee stock options	January 2015	NTD	55.20	62.20	44.96%	6.26	1.10%	1.67%	28.31
Employee stock options	February 2015	NTD	60.62	60.90	40.89%	6.26	1.00%	1.67%	31.54
Employee stock options	March 2016	NTD	87.87	86.20	55.74%	6.26	1.00%	0.94%	53.71
Employee stock options	August 2016	NTD	84.91	79.80	39.67%	6.26	1.00%	0.91%	45.91
Employee stock options	November 2016	NTD	68.36	64.40	48.92%	6.26	1.00%	0.82%	40.15
Employee stock options	February 2017	NTD	57.98	57.10	34.41%	6.26	1.00%	1.19%	29.14
Employee stock options	August 2017	NTD	64.90	66.50	36.37%	6.26	1.00%	1.10%	32.53
Employee stock options	January 2018	NTD	86.43	86.70	42.83%	6.26	1.00%	0.97%	45.74
Employee stock options	February 2018	NTD	84.61	83.60	45.43%	6.26	1.00%	0.97%	46.31

G. Expenses incurred on share-based payment transactions are shown below:

	For the three-month periods ended March 31,	
	2018	2017
Equity-settled	$ 9,760	$ 5,959

(15) Common stock

A. As of March 31, 2018, the Company's paid-in capital was $819,290, consisting of 81,929,001 shares with a par value of $10 (in dollars) per share.

Movements in the number of the Company's ordinary shares outstanding are as follows:

Unit: Numbers of shares

	2018	2017
At January 1	79,059,886	73,275,266
Exercise of employee stock options	5,959	414
Conversion of convertible bonds	1,086,156	-
Issuance of restricted stocks to employees	398,000	-
Purchase of treasury stocks	-	(250,000)
At March 31	80,550,001	73,025,680

B. On May 15, 2015, the shareholders adopted a resolution to issue 600,000 employee restricted stocks with par value of $10 (in dollars) per share, with the effective date set on July 13, 2015. The subscription price is $0 (in dollar) per share. The employee restricted stocks issued are subject to certain transfer restrictions before their vesting conditions are met. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares. On July 27, 2015, November 5, 2015, January 14, 2016 and March 2, 2016, the Board of Directors adopted resolutions to grant 297,300, 22,000, 93,700 and 8,000 employee restricted stocks, respectively. For the years ended December 31, 2016 and 2017, the Company had retrieved 11,000 and 16,000 employee restricted stocks, respectively, due to the employees' resignation and the retrieved shares have been retired. Further, in November 2017, the Company retrieved 2,000 employee restricted stocks due to the employees' resignation, which have not been retired.

C. On June 1, 2017, the shareholders adopted a resolution to reserve 1,000,000 shares for the purpose of granting employee restricted stocks with par value of $10 (in dollars) per shares, with the effective date filed with the regulator on August 8, 2017. The subscription price is $0 (in dollar) per share. The employee restricted stocks issued are subject to certain transfer restrictions before their vesting conditions are met. Other than these restrictions, the rights and obligations as these shares issued are the same as other issued ordinary shares. On August 21, 2017 and February 27, 2018, the Board of Directors adopted a resolution to grant 180,000 and 398,000 employee restricted stocks, respectively.

D. Treasury stocks

(a) Reason for share repurchase and the number of the Company's treasury stocks are as follows:

		March 31, 2018	
Name of company holding the shares	Reason for repurchase	Number of shares	Carrying amount
The Company	To be reissued to employees	1,377,000	$ 90,870

		December 31, 2017	
Name of company holding the shares	Reason for repurchase	Number of shares	Carrying amount
The Company	To be reissued to employees	1,377,000	$ 90,870

		March 31, 2017	
Name of company holding the shares	Reason for repurchase	Number of shares	Carrying amount
The Company	To be reissued to employees	1,377,000	$ 90,870

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares repurchased as treasury shares should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury stocks should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury stocks should be reissued to the employees within three years from the date of repurchase and shares not reissued within the three-year period are to be retired. Treasury stocks to enhance the Company's credit rating and the shareholders' equity should be retired within six months of repurchase.

(16) Capital surplus

Capital surplus can be used to cover accumulated deficit or distributed as dividend as proposed by the Board of Directors and resolved by the shareholders.

	2018				
	Share premium	Employee stock options	Employee restricted stocks	Others	Total
At January 1	$ 843,765	$ 46,693	$ 37,550	$ 30,743	$ 958,751
Compensation costs of share-based payment	-	8,277	-	-	8,277
Issuance of restricted stocks to employees	-	-	29,398	-	29,398
Restricted stocks to employees vested	23,833	-	(23,833)	-	-
Exercise of employee stock options	490	(329)	-	-	161
Conversion of convertible bonds	76,092	-	-	-	76,092
Forfeiture of employee stock options	-	(786)	-	786	-
At March 31	$ 944,180	$ 53,855	$ 43,115	$ 31,529	$ 1,072,679

	2017				
	Share premium	Employee stock options	Employee restricted stocks	Others	Total
At January 1	$ 541,476	$ 46,850	$ 26,588	$ 29,712	$ 644,626
Compensation costs of share-based payment	-	5,473	-	-	5,473
Exercise of employee stock options	16	(11)	-	-	5
Forfeiture of employee stock options	-	(52)	-	52	-
At March 31	$ 541,492	$ 52,260	$ 26,588	$ 29,764	$ 650,104

(17) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset losses incurred in previous years and then a special reserve as required by the applicable securities authority under the applicable public company rules in Taiwan. After combining accumulated undistributed earnings in the previous years and setting aside a certain amount of remaining profits of such financial year as a reserve or reserves for development purposes as the Board of Directors may from time to time deem appropriate, subject to the compliance with the Cayman Islands Companies Law, the Company shall distribute no less than 10% of the remaining profit as dividends to the shareholders.

B. The Company's dividend policy is as follows: As the Company operates in a capital intensive industry and in the stable growth stage, the residual dividend policy is adopted taking into consideration the Company's operation scale, cash flow demand and future expansion plans, and cash dividends shall account for at least 10% of the total dividends distributed.

C. The appropriations of 2017 earnings had been resolved by the Board of Directors on February 27, 2018 and the appropriations of 2016 earnings had been resolved by the shareholders' meeting on June 1, 2017. Details are summarised below:

	2017 (Note)		2016	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Cash dividends	$ 79,060	$ 1.00	$ 73,275	$ 1.00

Note: The appropriations of 2017 earnings had not been resolved at the shareholders' meeting.

D. For the information relating to employees' compensation and directors' remuneration, please refer to Note 6(23).

(18) Other equity interest

	2018		
	Currency translation differences	Unearned employee compensation	Total
At January 1	($ 35,464)	($ 8,760)	($ 44,224)
Currency translation differences	(57,131)	-	(57,131)
Compensation costs of share-based payment	-	1,483	1,483
Issuance of restricted stocks to employees	-	(33,378)	(33,378)
At March 31	($ 92,595)	($ 40,655)	($ 133,250)

	2017			
	Currency translation differences	Unearned employee compensation	Available-for-sale financial assets	Total
At January 1	$ 122,002	($ 3,548)	$ 14,166	$ 132,620
Currency translation differences	(123,198)	-	-	(123,198)
Compensation costs of share-based payment	-	486	-	486
Changes of fair value in financial instruments				
- Revaluation - gross	-	-	33,781	33,781
- Revaluation - tax	-	-	(13,455)	(13,455)
At March 31	($ 1,196)	($ 3,062)	$ 34,492	$ 30,234

(19) Operating revenue

	For the three-month period ended March 31, 2018
Revenue from contracts with customers	$ 479,020

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

	For the three-month period ended March 31, 2018			
	Sales revenue	Service revenue	Royalty revenue	Total
China	$ 247,815	$ 3,663	$ -	$ 251,478
United States	145,475	-	-	145,475
Taiwan	61,557	-	7,910	69,467
Others	12,600	-	-	12,600
	$ 467,447	$ 3,663	$ 7,910	$ 479,020

B. Contract liabilities

The Group has recognised the following revenue-related contracts liabilities:

	March 31, 2018
Contract liabilities – advance sales receipts	$ 26,942

C. Related disclosures for operating revenue for the three-month period ended March 31, 2017 are provided in Note 12(5) B.

(20) Other gains and losses

	For the three-month periods ended March 31,	
	2018	2017
Net currency exchange losses	($ 2,581)	($ 24,279)
Net gains on financial liabilities at fair value through profit or loss	2,322	59,450
Other losses	(1,009)	-
	($ 1,268)	$ 35,171

(21) Finance costs

	For the three-month periods ended March 31,	
	2018	2017
Interest expense	$ 1,917	$ 6,921

(22) Expenses by nature

	For the three-month periods ended March 31,	
	2018	2017
Employee benefit expense	$ 190,344	$ 160,330
Depreciation charges on property, plant and equipment	$ 27,572	$ 15,827
Amortisation charges on intangible assets (recognised as cost of operating revenue and operating expenses)	$ 1,369	$ 1,949

(23) Employee benefit expense

	For the three-month periods ended March 31,	
	2018	2017
Wages and salaries	$ 159,322	$ 136,842
Compensation costs of share-based payment	9,760	5,959
Insurance expenses	14,835	12,560
Pension costs	5,694	4,708
Other personnel expenses	733	261
	$ 190,344	$ 160,330

A. According to the Articles of Incorporation of the Company, when distributing earnings, an amount equals to the ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be higher than 15% and lower than 5% for employees' compensation, and shall not be higher than 2% for directors' remuneration.

B. For the three-month periods ended March 31, 2018 and 2017, employees' compensation was accrued at $4,599 and $5,231, respectively; directors' remuneration was accrued at $1,839 and $2,093, respectively. The aforementioned amounts were recognised in wages and salaries. The employees' compensation and directors' remuneration were estimated and accrued based on 5% and 2% of distributable profit of current period from January 1 to March 31, 2018. Employees' compensation and directors' remuneration of 2017 as resolved by Board of Directors were in agreement with those amount recognised in the 2017 financial statements. The employees' compensation will be distributed in the form of cash.

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

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month periods ended March 31,	
	2018	2017
Current tax:		
Current tax on profit for the period	$ 9,039	$ 6,665
Effect from alternative minimum tax	-	313
Prior year income tax overestimation	(4,549)	(613)
Total current tax	4,490	6,365
Income tax expense	$ 4,490	$ 6,365

(b) The income tax charged/ (credited) relating to components of other comprehensive income is as follows:

	For the three-month periods ended March 31,	
	2018	2017
Unrealised gain / loss on valuation of available-for-sale financial assets	$ -	($ 13,455)

B. As of March 31, 2018, the assessment of income tax returns of the Taiwan subsidiaries are as follows:

Name of subsidiary	The assessment of income tax returns
Global Device Technologies, Co., Ltd.	Assessed and approved up to 2016
D-Tech Optoelectronics (Taiwan) Corporation	Assessed and approved up to 2015

C. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China in February 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(25) Earnings per share (EPS)

The basic EPS is determined by the net income divided by the weighted average numbers of outstanding stocks. The diluted EPS is under the assumption that all potential ordinary stocks have been converted into ordinary stocks at the beginning of the period. The revenue and expense generated from the conversion shall be included in the computation.

	For the three-month period ended March 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 83,655	78,808	$ 1.06
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 83,655	78,808	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	343	
Employee stock options	-	303	
Employee restricted stocks	-	103	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 83,655	79,557	$ 1.05

	For the three-month period ended March 31, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 98,264	73,005	$ 1.35
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 98,264	73,005	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	(31,650)	6,587	
Employees' bonus	-	440	
Employee stock options	-	500	
Employee restricted stocks	-	139	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 66,614	80,671	$ 0.83

(26) Business combinations

A. The Company's Board of Directors approved on July 13, 2017 that its wholly owned subsidiary, Global Communication Semiconductors, LLC to enter into an Acquisition Agreement with D-Tech Optoelectronics, Inc. ("D-Tech") to acquire all of the outstanding shares of D-Tech at an aggregate consideration of US$13 million in cash. The above acquisition transaction has been completed on July 20, 2017 (USA time). With the completion of the acquisition, the Company acquired 100% shareholding of the wholly owned subsidiary of D-Tech, D-Tech Optoelectronics (Taiwan) Corporation. The Group expects that the acquisition will allow the Group and D-Tech to further integrate research technology, manufacturing capabilities and workforce to enhance their product offering at an accelerated pace, optimise their product integration, and provide customers with better services and products. The main goal of the acquisition is to gain a competitive advantage, and enhance market and margin expansion opportunities with greater scale.

B. The following table summarises the consideration paid for D-Tech and the fair values of the assets acquired and liabilities assumed at the acquisition date:

		July 20, 2017
Consideration		
Cash paid (US$ 13 million)	$	395,070
Fair value of the identifiable assets acquired and liabilities assumed		
Notes receivable and accounts receivable		65,216
Other receivables and prepayments		3,828
Other current assets		308
Inventories		71,621
Property, plant and equipment		103,167
Other non-current assets		9,329
Accounts payable	(	16,216)
Other payables	(	18,270)
Other current liabilities	(	174)
Other non-current liabilities	(	308)
Total identifiable net assets		218,501
Goodwill	$	176,569

C. The operating revenue and profit before income tax included in the 2017 consolidated statement of comprehensive income since July 20, 2017 contributed by D-Tech was $154,615 and $10,232, respectively. Had D-Tech been consolidated from January 1, 2017, the consolidated statement of comprehensive income would show an increase of operating revenue of $412,544 and a decrease of profit before income tax of $11,455.

D. Goodwill are tested annually for impairment. The recoverable amount is determined based on the value in use.

As of March 31, 2018, the Group's assumptions used for impairment testing did not change significantly. Please refer to Note 6(27) for the goodwill impairment testing in the consolidated financial statements for the year ended December 31, 2017.

(27) Operating lease commitments

The Group leases in property and plant under non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

		March 31, 2018		December 31, 2017		March 31, 2017
Not later than one year	$	11,933	$	9,897	$	1,970
Later than one year but not later than five years		35,179		26,486		3,249
Later than five years		300		-		-
	$	47,412	$	36,383	$	5,219

(28) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the three-month periods ended March 31, 2018	2017
Acquisition of property, plant and equipment	$ 10,412	$ 8,511
Add: Ending balance of prepayments for equipment (Note)	63,072	165,073
Less: Beginning balance of prepayments for equipment (Note)	(52,857)	(120,552)
Less: Ending balance of finance lease liabilities	(10,883)	(22,363)
Add: Beginning balance of finance lease liabilities	13,872	26,636
Less: Ending balance of payables for equipment	(3,867)	(18,656)
Add: Beginning balance of payables for equipment	5,703	29,272
Cash paid during the year	$ 25,452	$ 67,921

Note: Shown as "Other non-current assets".

B. Financing activities with no cash flow effect:

	For the three-month periods ended March 31, 2018	2017
Convertible bonds being converted to capital stocks	$ 58,700	$ -

(29) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (Note)	Liabilities from financing activities
At January 1, 2018	$ 20,000	$ 95,163	$ 115,163
Changes in cash flow from financing activities	-	(4,707)	(4,707)
Impact of changes in foreign exchange rate	-	(2,047)	(2,047)
At March 31, 2018	$ 20,000	$ 88,409	$ 108,409

Note: Current portion is included.

7. RELATED PARTY TRANSACTIONS

Key management compensation

	For the three-month periods ended March 31,	
	2018	2017
Salaries and other short-term employee benefits	$ 37,893	$ 24,768
Post-employment benefits	1,379	930
Compensation costs of share-based payment	4,421	3,020
	$ 43,693	$ 28,718

8. PLEDGED ASSETS

As of March 31, 2018, December 31, 2017 and March 31, 2017, the Group's assets pledged as collaterals were as follows:

Assets	March 31, 2018	December 31, 2017	March 31, 2017	Purpose
Land	$ 134,052	$ 137,045	$ 139,670	Long-term borrowings
Buildings	82,559	85,055	88,679	Long-term borrowings
Time deposits (Note)	88,028	89,588	90,990	Short-term borrowings, custom guarantee for imported goods and secured convertible bonds
Other financial assets, non-current	3,187	3,234	1,213	Deposits for office rental and waste water treatment

Note: Shown as "Other current assets" and "Other non-current assets".

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Please refer to Note 6(27) for the operating lease commitments.

(2) Capital expenditures contracted for at the balance sheet date but not yet incurred and are cancellable without cause are as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Property, plant and equipment	$ 40,158	$ 15,590	$ 98,540

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Company's Board of Directors approved on April 2, 2018 the issuance of common stock for cash through the issuance of Global Depositary Shares.

12. OTHERS

(1) Capital management

In order to safeguard the Group's ability to adapt to the changes in the industry and to accelerate the new product development, the Group's objective when managing capital is to maintain the sufficient financial resources to support the operating capital, capital expenditures, research and development activities, repayment of debts and dividend paid to shareholders, etc.

(2) Financial instruments

A. Financial instruments by category

	March 31, 2018	December 31, 2017	March 31, 2017
Financial assets			
Available-for-sale financial assets- non current	$ -	$ -	$ 64,906
Financial assets at amortised cost /Loans and receivables			
Cash and cash equivalents	$ 1,215,937	$ 1,119,712	$ 1,259,062
Notes receivable	65	594	-
Accounts receivable	267,515	296,921	228,471
Other receivable	23,655	15,254	19,164
Guarantee deposits paid	3,187	3,234	1,213
Time deposits (over three-month period)	88,028	89,588	90,990
	$ 1,598,387	$ 1,525,303	$ 1,598,900
Financial liabilities			
Financial liabilities measured at fair value through profit or loss	$ -	$ 31,204	$ 11,508
Financial liabilities at amortised cost			
Short-term borrowings	$ 20,000	$ 20,000	$ 20,000
Accounts payable	30,074	17,867	15,454
Other payable	128,550	139,249	138,305
Finance lease liabilities (including current portion)	10,883	13,872	22,363
Bonds payable (including current portion)	2,777	60,006	331,260
Long-term borrowings (including current portion)	88,409	95,163	111,258
	$ 280,693	$ 346,157	$ 638,640

B. Financial risk management policies

a) The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk.

b) Risk management is carried out by the Group's finance team under policies approved by the Board of Directors. The Group's finance team identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

a) Market risk

Foreign exchange risk

The Group's businesses are mainly conducted in its functional currency. Therefore, the foreign exchange risk is deemed minimal.

Price risk

i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as available-for-sale financial assets.

ii. The Group's investments in equity securities are foreign listed stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit would have increased/decreased by $6,491 for the three-month period ended March 31, 2017.

Cash flow and fair value interest rate risk

i. The Group's interest rate risk arises from short-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the three-month periods ended March 31, 2018 and 2017, the Group's borrowings at variable rate were denominated in the NTD.

ii. Based on the simulations performed, the impact on post-tax profit of a 1% shift, with all other variables held constant, would be a maximum increase or decrease of $40 and $42 for the three-month periods ended March 31, 2018 and 2017, respectively. The variation is resulted by the decrease or increase of interest expense which is affected by variable rates.

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. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the credit risk of financial assets at amortised cost.

ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'BBB+' are accepted. 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. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors.

The utilisation of credit limits is regularly monitored.

iii. The Group does not hold any collateral as security for notes receivable and accounts receivable. As of March 31, 2018, with no collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the the Group's notes receivable was $65, and the maximum exposure to credit risk in respect of the Group's accounts receivable was $269,886.

iv. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

v. The Group wrote off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

vi. The Group classifies customer's accounts receivable in accordance with credit risk on trade. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss.

vii. The Group used the forecastability of external research report to adjust historical and timely information for a specific period to assess the default possibility of accounts receivable. On March 31, 2018, the loss rate methodology is as follows:

	Without past due	Less than 90 days past due	Less than 180 days and more than 90 days past due	More than 180 days past due	Total
At March 31, 2018					
Expected loss rate	0%~1%	1%~15%	27%~48%	48%~75%	
Total book value	$ 212,755	$ 51,232	$ 5,214	$ 685	$ 269,886
Loss allowance	$ 21	$ 512	$ 1,408	$ 430	$ 2,371

viii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable was as follows:

	2018
	Accounts receivable
At January 1_IAS 39	$ 1,117
Adjustments under new standards	-
At January 1_IFRS 9	1,117
Provision for impairment	1,287
Effect of foreign exchange	(33)
At March 31	$ 2,371

The abovementioned provision amounts are estimated based on the expected credit loss in the following 12 months.

ix. Credit risk information at December 31, 2017 and March 31, 2017 is provided in Note 12(4).

c) Liquidity risk

i. Cash flow forecasting is performed by the operating entities of the Group and aggregated by the Group's finance team. The Group's finance team monitors rolling forecasts of the Group's liquidity requirements to ensure the Group has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are managed and invested appropriately. The Group's finance team chooses instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above mentioned forecasts.

iii. The Group has the following undrawn borrowing facilities:

	March 31, 2018	December 31, 2017	March 31, 2017
Floating rate:			
Expiring within one year	$ 194,660	$ 178,560	$ -
Expiring beyond one year	-	-	181,980
	$ 194,660	$ 178,560	$ 181,980

The facilities expiring within one year are annual facilities subject to renegotiate at various dates during 2018.

iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled 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. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Over 1 year
Non-derivative financial liabilities:		
March 31, 2018		
Short-term borrowings	$ 20,294	$ -
Accounts payable	30,074	-
Other payables	128,550	-
Finance lease liabilities	7,797	3,406
Bonds payable (including current portion)	2,777	-
Long-term borrowings (including current portion)	22,367	74,163

		Less than 1 year		Over 1 year
Non-derivative financial liabilities:				
December 31, 2017				
Short-term borrowings	$	20,062	$	-
Accounts payable		17,867		-
Other payables		139,249		-
Finance lease liabilities		9,684		4,643
Bonds payable (including current portion and financial liabilities at fair value through profit or loss)		91,210		-
Long-term borrowings (including current portion)		22,867		83,442

		Less than 1 year		Over 1 year
Non-derivative financial liabilities:				
March 31, 2017				
Short-term borrowings	$	20,335	$	-
Accounts payable		15,454		-
Other payables		138,305		-
Finance lease liabilities		11,714		11,673
Bonds payable (including current portion and financial liabilities at fair value through profit or loss)		331,260		-
Long-term borrowings (including current portion)		23,305		100,576

(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 takes 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. Financial instruments not measured at fair value

(a) Except for the item listed in the table below, the carrying amounts measured at amortised cost approximate the fair values of the Group's financial instruments, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, guarantee deposits paid, time deposits (over three-month period) , short-term borrowings, current contract liabilities, accounts payable, other payables, finance lease liabilities (accounted for under 'Other current liabilities' and 'Other non-current liabilities') and long-term borrowings (including current portion):

		March 31, 2018		
		Fair value		
	Book value	Level 1	Level 2	Level 3
Bonds payable	$ 2,777	$ -	$ -	$ 2,777

		December 31, 2017		
		Fair value		
	Book value	Level 1	Level 2	Level 3
Bonds payable	$ 60,006	$ -	$ -	$ 61,342

		March 31, 2017		
		Fair value		
	Book value	Level 1	Level 2	Level 3
Bonds payable	$ 331,260	$ -	$ -	$ 352,882

(b) The methods and assumptions of fair value measurement are as follows:

Convertible bonds payable: Regarding the convertible bonds issued by the Group, the fair value is estimated using Binomial Model.

C. 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 are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

As of March 31, 2018, the Group had no financial and non-financial instruments measured at fair value.

	Level 1	Level 2	Level 3
December 31, 2017			
Liabilities			
Recurring fair value measurements			
Financial liabilities at fair value through profit or loss	$ -	$ -	$ 31,204

	Level 1	Level 2	Level 3
March 31, 2017			
Assets			
Recurring fair value measurements			
Available-for-sale financial assets			
Equity securities	$ 64,906	$ -	$ -
Liabilities			
Recurring fair value measurements			
Financial liabilities at fair value through profit or loss	$ -	$ -	$ 11,508

For the three-month periods ended March 31, 2018 and 2017, there were no non-recurring fair value measurement financial instruments.

(b) For the available-for-sale financial assets that the Group held as of March 31, 2017, the methods and assumptions the Group used to measure fair value are as follows:

i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares
Market quoted price	Closing price

ii. 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 model to measure these financial instruments are normally observable in the market.

D. For the three-month periods ended March 31, 2018 and 2017, there was no transfer between Level 1 and Level 2 financial instruments.

E. The following chart is the movement of Level 3 financial instruments for the he three-month periods ended March 31, 2018 and 2017:

	Financial liabilities at fair value through profit or loss	
	2018	2017
At January 1	$ 31,204	$ 69,504
Converted during the period	(28,961)	-
Effect of foreign exchange	79	1,454
Gain recognised in profit or loss	(2,322)	(59,450)
At March 31	$ -	$ 11,508

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

As of March 31, 2018, the Group had no financial instruments measured in Level 3 fair value measurement.

	Fair value at December 31, 2017	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of input to fair value
Call options, put options and conversion options embedded in convertible bonds	$ 31,204	Binomial model	Stock price volatility	41.53%	The higher the volatility, the higher the fair value

	Fair value at March 31, 2017	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of input to fair value
Call options, put options and conversion options embedded in convertible bonds	$ 11,508	Binomial model	Stock price volatility	32.98%	The higher the volatility, the higher the fair value

G. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. 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:

As of March 31, 2018, the Group had no financial liabilities at fair value through profit or loss.

			March 31, 2017	
			Recognised in profit or loss	
	Input	Change	Favourable change	Unfavourable change
Financial liabilities				
Financial liabilities at fair value through profit or loss	Stock price volatility	± 1%	$ 1,047	($ 884)
		± 5%	$ 4,980	($ 4,540)

(4) Effects on initial application of IFRS 9 and information in relation to the adoption of IAS 39 for the year ended December 31, 2017

A. Please refer to Note 4 in the consolidated financial statements for the year ended December 31, 2017 for the significant accounting policies adopted for the year ended December 31, 2017 and the first quarter of 2017.

B. The significant accounts as of December 31, 2017 and March 31, 2017 are as follows:

Available-for-sale financial assets

	December 31, 2017	March 31, 2017
Non-current items:		
Listed stocks	$ -	$ 7,583
Valuation adjustment	-	57,323
	$ -	$ 64,906

The Group recognised $33,781 in other comprehensive income for fair value change for the three-month period ended March 31, 2017.

C. Credit risk information for the year ended December 31, 2017 and for the three month period ended March 31, 2017 are as follows:

(a) 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. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as outstanding receivables.

(b) As of March 31, 2017 and December 31, 2017, the Group's maximum credit risk exposure is mainly from the carrying amount of financial asset recognised in the consolidated balance sheet, respectively.

(c) The credit quality of accounts receivable that were neither past due nor impaired was in the following categories based on the Group's Credit Quality Control Policy:

	December 31, 2017	March 31, 2017
Group 1	$ 127,182	$ 102,825
Group 2	113,919	78,498
Group 3	8,197	9,980
	$ 249,298	$ 191,303

Group 1: Annual sales transactions exceeding US$ 2.5 million.

Group 2: Annual sales transactions exceeding US$ 100 thousand, but less than US$ 2.5 million.

Group 3: Annual sales transactions below US$ 100 thousand.

(d) The aging analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2017		March 31, 2017	
Up to 30 days	$	34,544	$	32,012
31 to 60 days		8,269		1,729
61 to 90 days		445		3,427
Over 90 days		4,365		-
	$	47,623	$	37,168

(e) Analysis of movement of impaired accounts receivable:

i. As of December 31, 2017 and March 31, 2017, the Group's accounts receivable that were impaired amounted to $1,117 and $0, respectively.

ii. Movements on the Group's provision for impairment of accounts receivable are as follows:

	2017					
	Individual provision		Group provision		Total	
At January 1	$	20,910	$	-	$	20,910
Write-offs during the period	(	20,910)		-	(	20,910)
At March 31	$	-	$	-	$	-

(5) Effects of initial application of IFRS 15 and information in relation to the adoption of IAS 18 for the year ended December 31, 2017

A. Please refer to Note 4 in the consolidated financial statements for the year ended December 31, 2017 for the significant accounting policies adopted for the year ended December 31, 2017 and the first quarter of 2017.

B. The operating revenue recognised by using previous accounting policies for the three-month period ended March 31, 2017 are as follows:

	For the three-month period ended March 31, 2017	
Sales revenue	$	401,667
Service revenue		3,886
Royalty revenue		6,139
	$	411,692

C. The effects and description of current balance sheet if the Group continues adopting above accounting policies in the three-month period ended March 31, 2018 are as follows:

		March 31, 2018		
Balance sheet items	Description	Balance by using IFRS 15	Balance by using previous accounting policies	Effects from chages in accounting policy
Accounts receivable	Note 1	$ 267,515	$ 266,451	$ 1,064
Refund liabilities	Note 1	(1,064)	-	(1,064)
Contract liabilities	Note 2	(26,942)	-	(26,942)
Advance sales receipts	Note 2	-	(26,942)	(26,942)

Note 1: Under IFRS 15, refund liabilities in relation to expected sales discounts and allowances were previously presented as accounts receivable - allowance for sales discounts in the balance sheet.

Note 2: Under IFRS 15, liabilities in relation to contracts with customers are recognised as contract liabilities, but were previously presented as advance sales receipts on the balance sheet.

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): None.

(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 $300 million or 20% of paid-in capital or more: None.

(f) Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

(g) Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

(h) Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

(i) Derivative financial instruments undertaken during the three-month period ended March 31, 2018: Please refer to Notes 6(8) and 6(9).

(j) Significant inter-company transactions during the three-month period ended March 31, 2018: Please refer to table 9.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 10.

(3) Information on investments in Mainland China

Please refer to table 11.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The Chief Operating Decision-Maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Segment information

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

	For the three-month periods ended March 31,	
	2018	2017
Revenue from external customers	$ 479,020	$ 411,692
Inter-segment revenue	-	-
Total segment revenue	$ 479,020	$ 411,692
Segment income (Note)	$ 88,145	$ 104,629
Segment assets	$ 3,020,462	$ 2,829,248
Segment liabilities	$ 359,435	$ 771,738

Note: Exclusive of income tax.

(3) Reconciliation for segment income (loss)

The Company and subsidiaries engage in a single industry. The Chief Operating Decision-Maker assesses performance and allocates resources of the whole group. The Company is regarded as a single operating segment. Therefore, there is no inter-segment revenue. The revenue from external parties reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. The amount provided to the Chief Operating Decision-Maker with respect to total assets is measured in a manner consistent with that in the balance sheet.

GCS HOLDINGS, INC.

Loans to others

For the three-month period ended March 31, 2018

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the three-month period ended March 31, 2018 (Note 3)	Balance at March 31, 2018	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 3)	Footnote
1	Global Communication Semiconductors, LLC	D-Tech Optoelectronics, Inc.	Other receivable - related party	Yes	$ 58,390	$ 58,210	$ -	2%	2	$ -	Operation	$ -	None	$ -	$ 266,103	$ 1,064,411	-

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: The column of 'Nature of loan' shall fill in 'Business transaction or 'Short-term financing'.

(1)The business transaction is'1'.

(2)The short-term financing is'2'.

Note 3: According to the Company's "Procedures for Lending Funds to Other Parties", the total amount available for lending purpose shall not exceed forty percent (40%) of the net worth of the Company. The total amount for lending to a company having business relationship with the Company shall not exceed the total transaction amount between the parties during the period of twelve (12) months prior to the time of lending (For the purpose of this Procedure, the "transaction amount" shall mean the sales or purchasing amount between the parties, whichever is higher), and shall not exceed ten percent (10%) of the net worth of the Company. The total amount for lending to a company for funding for a short-term period shall not exceed ten percent (10%) of the net worth of the Company. In addition, the total amount lendable to any one borrower shall be no more than thirty percent (30%) of the borrower's net worth, provided that this restriction will not apply to subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company. The total amount for fund-lending between the subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company will not be subject to the limit of forty percent (40%) of the net worth of the lending subsidiary.

GCS HOLDINGS, INC.

Provision of endorsements and guarantees to others

For the three-month period ended March 31, 2018

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

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 for the three-month period ended March 31, 2018	Outstanding endorsement/ guarantee amount at March 31, 2018	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	Footnote
0	GCS Holdings, Inc.	Global Device Technologies, Co., Ltd.	2	$ 1,064,411	$ 29,195	$ 29105 (USD 1,000)	$ 20,000	$ 29,105	1.09%	$ 1,064,411	Y	N	N	-
1	Global Communication Semiconductors, LLC	GCS Holdings, Inc.	4	1,064,411	175,170	$ 174630 (USD 6,000)	-	-	6.56%	1,064,411	N	Y	N	-

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 between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:

(1)Having business relationship.

(2)The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

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

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

(5)Mutual guarantee of the trade as required by the construction contract.

(6)Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3: According to the Company's "Procedures for Endorsement and Guarantee", the total amount of endorsement/guarantee provided by the Company is limited to forty percent (40%) of the Company's net worth, and the total amount of the guarantee provided by the Company to any individual entity is limited to ten percent of the Company's net worth. The total amount of the guarantee provided by the Company to any subsidiary whose voting shares are 100% owned, directly or indirectly, by the Company shall notexceed forty percent (40%) of the Company's net worth.

The aggregate total amount of endorsement/guarantee provided by the Company and its subsidiaries shall not exceed fifty percent (50%) of the Company's net worth.

GCS HOLDINGS, INC.

Significant inter-company transactions during the reporting period

For the three-month period ended March 31, 2018

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
1	D-Tech Optoelectronics (Taiwan) Corporation	D-Tech Optoelectronics, Inc.	3	Service revenue	$ 19,258	Conducted in the ordinary course of business with terms similar to those with third parties	4.02%
1	D-Tech Optoelectronics (Taiwan) Corporation	D-Tech Optoelectronics, Inc.	3	Other receivable - related party	7,168	Conducted in the ordinary course of business with terms similar to those with third parties	0.24%

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; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):
(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 Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

GCS HOLDINGS, INC.

Information on investees (not including investees in Mainland China)

For the three-month period ended March 31, 2018

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Note 1、2)	Location	Main business activities	Initial investment amount: Balance as at March 31, 2018	Initial investment amount: Balance as at December 31, 2017	Shares held as at March 31, 2018: Number of shares	Shares held as at March 31, 2018: Ownership (%)	Shares held as at March 31, 2018: Book value	Net profit (loss) of the investee for the three-month period ended March 31, 2018 (Note 2(2))	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2018 (Note 2(3))	Footnote
GCS Holdings, Inc.	Global Communication Semiconductors, LLC	Los Angeles, USA	1. Manufacturing of high-end radio frequency ICs, optoelectronic device compound semiconductor wafer and foundry related services as well as granting royalty rights for intellectual property. 2. Manufacturing and selling of advanced optoelectronics technology products	$ 403,975	$ 403,975	-	100%	$ 2,085,942	$ 89,498	$ 89,498	-
GCS Holdings, Inc.	Global Device Technologies, Co., Ltd.	Taiwan	Product design and research development services	12,000	12,000	-	100%	26,873	(580)	(580)	-
Global Communication Semiconductors, LLC	D-Tech Optoelectronics, Inc.	Los Angeles, USA	Developing, manufacturing and selling of positive, intrinsic, negative components and avalanche photo diodes for telecommunication systems and data communication networks	393,380	393,380	360,000	100%	386,108	3,312	3,312	-
D-Tech Optoelectronics, Inc.	D-Tech Optoelectronics (Taiwan) Corporation	Taiwan	Manufacturing and selling of optical chips	89,840	89,840	5,800,000	100%	81,913	(6,062)	(6,062)	-

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1)The columns of 'Investee', 'Location', 'Main business activities', Initial investment amount' and 'Shares held as at March 31, 2018' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column..

(2)The 'Net profit (loss) of the investee for the three-month period ended March 31, 2018' column should fill in amount of net profit (loss) of the investee for this period.

(3)The 'Investment income (loss) recognised by the Company for the three-month period ended March 31, 2018' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

GCS HOLDINGS, INC.

Information on investments in Mainland China

For the three-month period ended March 31, 2018

Table 11

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2018	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2018 — Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2018	Net income of investee as of March 31, 2018	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2018 (Note 2)	Book value of investments in Mainland China as of March 31, 2018	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2018	Footnote
Xiamen Global Advanced Semiconductor Co., Ltd.	Developing, manufacturing and selling of mobile phone radio frequency, filter, optical communication chip, power management and optical fiber	$ 30,663	2	$ -	$ -	$ -	$ -	($ 549)	49%	($ 269)	$ 14,459	$ -	(Note 4)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2018	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
Xiamen Global Advanced Semiconductor Co., Ltd.	$ -	$ -	$ -

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1)Directly invest in a company in Mainland China..

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

(3) Others

Note 2: In the 'Investment income (loss) recognised by the Company for the three-month period ended March 31, 2018' column:

(1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A.The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B.The financial statements that are audited and attested by R.O.C. parent company's CPA.

C.Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: The Company was incorporated in Cayman Islands and investment amount of $14,906 was transferred from the Company's U.S. bank account to Mainland China on June 23, 2017.