Chroma ATE Inc. and Subsidiaries

Consolidated Financial Statements for the Nine Months Ended September 30, 2018 and 2017 and Independent Auditors' Review Report

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
11073 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 11073, Taiwan

Tel :+886 (2) 2725-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Chroma ATE Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of Chroma ATE Inc. and its subsidiaries (the "Group") as of September 30, 2018 and 2017, the related consolidated statements of comprehensive income for the three months ended September 30, 2018 and 2017 and for the nine months ended September 30, 2018 and 2017, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

The financial statements of some non-significant subsidiaries included in the consolidated financial statements were unreviewed. As of September 30, 2018 and 2017, the unreviewed assets were 19.56% (NT$4,537,853 thousand) and 26.80% (NT$5,806,820 thousand), respectively, of the consolidated assets, and the unreviewed liabilities were 11.19% (NT$998,411 thousand) and 27.13% (NT$2,527,641 thousand), respectively, of the consolidated liabilities. The unreviewed comprehensive income for the three months ended September 30, 2018 and 2017 were 36.64% (NT$185,759 thousand) and 23.94% (NT$210,235 thousand), respectively, of the consolidated comprehensive income; and those of the unreviewed comprehensive income for the nine months ended September 30, 2018 and 2017 were 22.90% (NT$495,018 thousand) and 12.38% (NT$184,715 thousand), respectively, of the consolidated comprehensive income. In addition, as disclosed in Note 17 to the financial statements, the carrying values of some investments accounted for using equity method were 2.80% (NT$650,781 thousand) and 0.52% (NT$113,083 thousand) of the consolidated assets as of September 30, 2018 and 2017, respectively; and the related shares of comprehensive income of associates and joint ventures for the three months ended September 30, 2018 and 2017 were 3.52% (NT$17,857 thousand) and 0.65% (NT$5,677 thousand), respectively, of the consolidated comprehensive income; and those for the related shares of comprehensive income of associates and joint ventures for the nine months ended September 30, 2018 and 2017 were 2.15% (NT$46,508 thousand) and 0.47% (NT$7,076 thousand), respectively, of the consolidated comprehensive income. These investment amounts were calculated and disclosed on the basis of the unreviewed financial statements of the investees as of and for the same reporting periods as those of the Corporation. Further, as disclosed in Note 38 to the consolidated financial statements, other information on the Corporation's non-significant subsidiaries and other investees accounted for using equity method was disclosed on the basis of the unreviewed financial statements as of and for the same reporting periods as those of the Corporation.

Qualified Conclusion

Based on our reviews, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Chroma ATE Inc. and its subsidiaries as of September 30, 2018 and 2017, its consolidated financial performance for the three months ended September 30, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2018 and 2017 then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting".

The engagement partners on the reviews resulting in this independent auditors' review report are Cheng-Ming Lee and Wen-Chi Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

October 30, 2018

<u>*Notice to Readers*</u>

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

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

CHROMA ATE INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	September 30, 2018 (Reviewed)		December 31, 2017 (Audited)		September 30, 2017 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 3,476,992	15	$ 5,076,411	23	$ 4,094,959	19
Financial assets at fair value through profit or loss - current (Note 7)	954,330	4	8,794	-	8,927	-
Available-for-sale financial assets - current (Note 10)	-	-	1,043,387	5	1,541,789	7
Financial assets at amortized cost - current (Notes 9 and 35)	437,817	2	-	-	-	-
Contract assets - current (Note 27)	550,708	2	-	-	-	-
Debt investments with no active market - current (Notes 12 and 35)	-	-	899,368	4	1,115,727	5
Notes receivable (Note 13)	163,949	1	249,785	1	131,389	1
Trade receivables - unrelated parties (Note 13)	4,575,532	20	3,717,254	17	3,633,656	17
Trade receivables - related parties (Notes 13 and 34)	46,807	-	47,702	-	67,748	-
Construction contracts receivable (Note 14)	-	-	202,535	1	226,831	1
Inventories (Note 15)	2,576,825	11	2,431,074	11	2,401,021	11
Prepayments	355,571	2	265,944	1	752,740	3
Other current assets (Note 34)	246,263	1	163,530	1	113,515	1
Total current assets	13,384,794	58	14,105,784	64	14,088,302	65
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	7,055	-	-	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	695,434	3	-	-	-	-
Available-for-sale financial assets - non-current (Note 10)	-	-	268,582	1	258,900	1
Financial assets measured at cost - non-current (Note 11)	-	-	193,571	1	194,971	1
Investments accounted for using equity method (Note 17)	650,781	3	641,567	3	631,115	3
Property, plant and equipment (Notes 18 and 35)	3,338,108	14	2,664,584	12	2,647,413	12
Investment properties (Note 19)	3,137,187	14	-	-	-	-
Goodwill (Note 20)	227,453	1	225,408	1	216,654	1
Other intangible assets (Note 21)	47,630	-	52,628	-	5,070	-
Deferred tax assets	248,256	1	230,408	1	217,880	1
Prepayments for land and equipment (Note 36)	882,494	4	3,505,669	16	3,273,848	15
Refundable deposits	466,092	2	27,439	-	27,970	-
Other non-current assets	118,139	-	101,972	1	105,190	1
Total non-current assets	9,818,629	42	7,911,828	36	7,579,011	35
TOTAL	$ 23,203,423	100	$ 22,017,612	100	$ 21,667,313	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 22 and 35)	$ 1,251,693	6	$ 471,638	2	$ 1,567,600	7
Short-term bills payable (Note 22)	-	-	-	-	420,000	2
Contract liabilities - current (Note 27)	992,671	4	-	-	-	-
Notes payable - unrelated parties	168,134	1	298,289	1	87,151	-
Notes payable - related parties (Note 34)	23,922	-	17,502	-	8,063	-
Trade payables - unrelated parties	2,621,505	11	2,575,261	12	1,862,289	9
Trade payables - related parties (Note 34)	5,757	-	39,434	-	6,491	-
Construction contracts payable (Note 14)	-	-	552,527	3	830,760	4
Other payables (Note 24)	1,018,337	4	1,166,453	5	827,838	4
Current tax liabilities	557,943	3	308,357	2	207,791	1
Receipts in advance (Note 14)	228	-	247,122	1	943,864	4
Current portion of long-term borrowings and bonds payable (Notes 22, 23 and 35)	18,906	-	1,216,042	6	1,213,744	6
Other current liabilities	36,634	-	30,276	-	44,521	-
Total current liabilities	6,695,730	29	6,922,901	32	8,020,112	37
NON-CURRENT LIABILITIES						
Bonds payable (Note 23)	-	-	99,703	-	228,442	1
Long-term borrowings (Notes 22 and 35)	1,654,647	7	1,061,693	5	645,223	3
Deferred tax liabilities	416,840	2	303,822	1	261,708	1
Net defined benefit liabilities (Note 25)	157,791	-	165,826	1	160,967	1
Guarantee deposits received	967	-	838	-	842	-
Total non-current liabilities	2,230,245	9	1,631,882	7	1,297,182	6
Total liabilities	8,925,975	38	8,554,783	39	9,317,294	43
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 26)						
Ordinary share capital	4,143,594	18	4,118,942	19	4,080,513	19
Advance receipts for share capital	46,941	-	-	-	47,683	-
Capital surplus	3,423,076	15	3,187,289	14	3,025,971	14
Retained earnings						
Legal reserve	2,152,411	9	1,896,570	9	1,896,570	9
Special reserve	86,888	-	86,888	-	86,888	-
Unappropriated earnings	4,081,150	18	3,988,838	18	3,107,962	14
Total retained earnings	6,320,449	27	5,972,296	27	5,091,420	23
Other equity	95,837	1	(12,134)	-	(64,839)	-
Treasury shares	(35,924)	-	(35,714)	-	(35,714)	-
Total equity attributable to owners of the Corporation	13,993,973	61	13,230,679	60	12,145,034	56
NON-CONTROLLING INTERESTS	283,475	1	232,150	1	204,985	1
Total equity	14,277,448	62	13,462,829	61	12,350,019	57
TOTAL	$ 23,203,423	100	$ 22,017,612	100	$ 21,667,313	100

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

(With Deloitte & Touche review report dated October 30, 2018)

CHROMA ATE INC. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 14, 27 and 34)	$ 3,909,114	100	$ 3,926,560	100	$ 13,006,956	100	$ 9,686,587	100
OPERATING COSTS (Notes 15, 28 and 34)	2,116,293	54	1,948,776	50	7,253,571	56	4,892,734	50
GROSS PROFIT	1,792,821	46	1,977,784	50	5,753,385	44	4,793,853	50
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	(15)	-	(26)	-	(28)	-	-	-
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	-	-	-	-	-	-	92	-
REALIZED GROSS PROFIT	1,792,806	46	1,977,758	50	5,753,357	44	4,793,945	50
OPERATING EXPENSES (Notes 28 and 34)								
Selling and marketing expenses	503,509	13	476,264	12	1,498,908	12	1,347,110	14
General and administrative expenses	207,462	5	192,095	5	781,788	6	555,770	6
Research and development expenses	320,160	8	328,006	8	938,622	7	899,349	9
Total operating expenses	1,031,131	26	996,365	25	3,219,318	25	2,802,229	29
PROFIT FROM OPERATIONS	761,675	20	981,393	25	2,534,039	19	1,991,716	21
NON-OPERATING INCOME AND EXPENSES								
Finance costs (Note 28)	(8,939)	-	(5,494)	-	(22,423)	-	(15,955)	-
Share of profit of associates and joint ventures (Note 17)	14,632	-	24,956	1	45,463	-	41,234	-
Interest income	9,240	-	5,646	-	32,695	-	18,228	-
Dividend income	13,528	-	17,425	1	22,423	-	24,471	-
Other income (Note 34)	30,190	1	16,458	-	53,759	1	42,506	1
Gain (loss) on disposal of property, plant and equipment, net	137	-	3,007	-	(311)	-	4,594	-
Gain on disposal of investments, net	11,614	-	4,391	-	14,420	-	12,848	-
Exchange gain (loss), net (Note 37)	(54,226)	(1)	14,450	-	73,190	1	(76,447)	(1)
Valuation gain (loss) on financial assets (liabilities) at fair value through profit or loss, net	(9,903)	-	268	-	(8,216)	-	1,901	-
Other expenses	(758)	-	(748)	-	(2,615)	-	(1,795)	-
Total non-operating income and expenses	5,515	-	80,359	2	208,385	2	51,585	-
PROFIT BEFORE INCOME TAX	767,190	20	1,061,752	27	2,742,424	21	2,043,301	21
INCOME TAX EXPENSE (Note 29)	149,810	4	195,275	5	677,189	5	384,713	4
NET PROFIT FOR THE PERIOD	617,380	16	866,477	22	2,065,235	16	1,658,588	17

(Continued)

CHROMA ATE INC. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	$ (92,386)	(2)	$ -	-	$ 68,648	1	$ -	-
Share of the other comprehensive income (loss) of associates and joint ventures accounted for using equity method	185	-	-	-	(544)	-	251	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	(21,201)	(1)	6,046	-	26,325	-	(94,067)	(1)
Unrealized gain (loss) on available-for-sale financial assets	-	-	2,368	-	-	-	(63,674)	(1)
Share of the other comprehensive income of associates and joint ventures accounted for using equity method	3,040	-	3,244	-	1,589	-	(9,220)	-
Total other comprehensive income (loss)	(110,362)	(3)	11,658	-	96,018	1	(166,710)	(2)
TOTAL COMPREHENSIVE INCOME	$ 507,018	13	$ 878,135	22	$ 2,161,253	17	$ 1,491,878	15
NET PROFIT ATTRIBUTED TO:								
Owners of the Corporation	$ 612,095	16	$ 866,069	22	$ 2,067,991	16	$ 1,670,319	17
Non-controlling interests	5,285	-	408	-	(2,756)	-	(11,731)	-
	$ 617,380	16	$ 866,477	22	$ 2,065,235	16	$ 1,658,588	17
COMPREHENSIVE INCOME ATTRIBUTED TO:								
Owners of the Corporation	$ 501,573	13	$ 877,604	22	$ 2,161,704	17	$ 1,507,117	15
Non-controlling interests	5,445	-	531	-	(451)	-	(15,239)	-
	$ 507,018	13	$ 878,135	22	$ 2,161,253	17	$ 1,491,878	15
EARNINGS PER SHARE (NT$; Note 30)								
Basic	$ 1.49		$ 2.15		$ 5.06		$ 4.23	
Diluted	$ 1.46		$ 2.09		$ 4.95		$ 4.07	

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

(With Deloitte & Touche review report dated October 30, 2018) (Concluded)

CHROMA ATE INC. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Corporation														Non-controlling Interests	Total Equity
				Retained Earnings				Other Equity								
	Ordinary Share Capital	Advance Receipts for Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unearned Employee Benefit	Total	Treasury Shares	Total		
BALANCE AT JANUARY 1, 2017	$ 3,898,872	$ -	$ 1,960,159	$ 1,724,576	$ 86,888	$ 2,923,811	$ 4,735,275	$ (24,914)	$ -	$ 232,901	$ (149,952)	$ 58,035	$ (35,714)	$ 10,616,627	$ 171,224	$ 10,787,851
Appropriation of 2016 earnings																
Legal reserve	-	-	-	171,994	-	(171,994)	-	-	-	-	-	-	-	-	-	-
Cash dividends - NT$3.3 per share	-	-	-	-	-	(1,314,425)	(1,314,425)	-	-	-	-	-	-	(1,314,425)	-	(1,314,425)
Other changes in capital surplus																
Change in capital surplus from investments in associates and joint ventures accounted for using equity method	-	-	1,483	-	-	-	-	-	-	-	-	-	-	1,483	-	1,483
Net profit (loss) for the nine months ended September 30, 2017	-	-	-	-	-	1,670,319	1,670,319	-	-	-	-	-	-	1,670,319	(11,731)	1,658,588
Other comprehensive income (loss) for the nine months ended September 30, 2017	-	-	-	-	-	251	251	(99,745)	-	(63,708)	-	(163,453)	-	(163,202)	(3,508)	(166,710)
Total comprehensive income (loss) for the nine months ended September 30, 2017	-	-	-	-	-	1,670,570	1,670,570	(99,745)	-	(63,708)	-	(163,453)	-	1,507,117	(15,239)	1,491,878
Conversion of convertible bonds	176,799	4,301	992,644	-	-	-	-	-	-	-	-	-	-	1,173,744	-	1,173,744
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	(123)	(123)	-	(123)
Cancelation of treasury shares	(123)	-	-	-	-	-	-	-	-	-	-	-	123	-	-	-
Adjustment of capital surplus for corporation's cash dividends received by subsidiaries	-	-	6,170	-	-	-	-	-	-	-	-	-	-	6,170	-	6,170
Share-based payment transaction	4,965	43,382	65,515	-	-	-	-	-	-	-	40,579	40,579	-	154,441	-	154,441
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	49,000	49,000
BALANCE AT SEPTEMBER 30, 2017	$ 4,080,513	$ 47,683	$ 3,025,971	$ 1,896,570	$ 86,888	$ 3,107,962	$ 5,091,420	$ (124,659)	$ -	$ 169,193	$ (109,373)	$ (64,839)	$ (35,714)	$ 12,145,034	$ 204,985	$ 12,350,019
BALANCE AT JANUARY 1, 2018	$ 4,118,942	$ -	$ 3,187,289	$ 1,896,570	$ 86,888	$ 3,988,838	$ 5,972,296	$ (97,633)	$ -	$ 179,348	$ (93,849)	$ (12,134)	$ (35,714)	$ 13,230,679	$ 232,150	$ 13,462,829
Effect of retrospective application and retrospective restatement	-	-	-	-	-	135,130	135,130	-	151,864	(179,348)	-	(27,484)	-	107,646	-	107,646
BALANCE AT JANUARY 1, 2018 AS RESTATED	4,118,942	-	3,187,289	1,896,570	86,888	4,123,968	6,107,426	(97,633)	151,864	-	(93,849)	(39,618)	(35,714)	13,338,325	232,150	13,570,475
Appropriation of 2017 earnings																
Legal reserve	-	-	-	255,841	-	(255,841)	-	-	-	-	-	-	-	-	-	-
Cash dividends - NT$4.5 per share	-	-	-	-	-	(1,854,424)	(1,854,424)	-	-	-	-	-	-	(1,854,424)	-	(1,854,424)
Other changes in capital surplus																
Change in capital surplus from investments in associates and joint ventures accounted for using equity method	-	-	(2,375)	-	-	-	-	-	-	-	-	-	-	(2,375)	2,107	(268)
Net profit (loss) for the nine months ended September 30, 2018	-	-	-	-	-	2,067,991	2,067,991	-	-	-	-	-	-	2,067,991	(2,756)	2,065,235
Other comprehensive income (loss) for the nine months ended September 30, 2018	-	-	-	-	-	(544)	(544)	25,609	68,648	-	-	94,257	-	93,713	2,305	96,018
Total comprehensive income (loss) for the nine months ended September 30, 2018	-	-	-	-	-	2,067,447	2,067,447	25,609	68,648	-	-	94,257	-	2,161,704	(451)	2,161,253
Conversion of convertible bonds	293	14,944	79,744	-	-	-	-	-	-	-	-	-	-	94,981	-	94,981
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	(840)	(840)	-	(840)
Cancelation of treasury shares	(630)	-	-	-	-	-	-	-	-	-	-	-	630	-	-	-
Adjustment of capital surplus for corporation's cash dividends received by subsidiaries	-	-	8,572	-	-	-	-	-	-	-	-	-	-	8,572	-	8,572
Share-based payment transaction	24,989	31,997	149,846	-	-	-	-	-	-	-	41,198	41,198	-	248,030	-	248,030
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	49,669	49,669
BALANCE AT SEPTEMBER 30, 2018	$ 4,143,594	$ 46,941	$ 3,423,076	$ 2,152,411	$ 86,888	$ 4,081,150	$ 6,320,449	$ (72,024)	$ 220,512	$ -	$ (52,651)	$ 95,837	$ (35,924)	$ 13,993,973	$ 283,475	$ 14,277,448

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

(With Deloitte & Touche review report dated October 30, 2018)

CHROMA ATE INC. AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2018	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 2,742,424	$ 2,043,301
Adjustments for:		
Depreciation	228,342	233,853
Amortization	4,994	2,361
Expected credit loss recognized on trade receivables (provision for bad debt expense)	11,438	11,464
Net loss (gain) on fair value changes of financial assets (liabilities) at fair value through profit or loss	8,216	(1,901)
Finance costs	22,423	15,955
Interest income	(32,695)	(18,228)
Dividend income	(22,423)	(24,471)
Compensation costs of share-based payments	63,801	94,088
Share of profit of associates and joint ventures accounted for using equity method	(45,463)	(41,234)
Loss (gain) on disposal of property, plant and equipment, net	311	(4,594)
Gain on disposal of investments	(14,420)	(12,848)
Impairment loss (reversal of impairment) on non-financial assets	18,122	(45,340)
Unrealized gain on transactions with associates and joint ventures	28	-
Realized gain on transactions with associates and joint ventures	-	(92)
Net (gain) loss on foreign currency exchange	(40,364)	69,520
Net changes in operating assets and liabilities		
Contract assets	(348,173)	-
Notes receivable	85,836	(69,620)
Trade receivables	(838,118)	(788,949)
Construction contracts receivable	-	(12,015)
Inventories	(240,852)	(506,348)
Prepayments	(89,627)	(676,664)
Other current assets	(13,984)	42,540
Contract liabilities	440,144	-
Notes payable	(123,735)	37,108
Trade payables	5,856	(108,163)
Construction contracts payable	-	600,902
Other payables	(138,954)	(18,959)
Receipts in advance	(246,894)	653,090
Other current liabilities	6,358	17,443
Net defined benefit liabilities	(8,035)	(7,299)
Cash generated from operations	1,434,556	1,484,900
Income tax paid	(408,284)	(396,138)
Net cash generated from operating activities	1,026,272	1,088,762

(Continued)

CHROMA ATE INC. AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2018	**2017**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire financial assets designated as at fair value through other comprehensive income	$ (67,800)	$ -
Cash returned of capital reduction of financial assets designated as at fair value through other comprehensive income	5,262	-
Decrease in financial assets at amortized cost	458,989	-
Payments to acquire financial assets at fair value through profit or loss	(1,594,000)	-
Proceeds from disposal of financial assets at fair value through profit or loss	1,697,003	1,000
Payments to acquire available-for-sale financial assets	-	(556,000)
Proceeds from disposal of available-for-sale financial assets	-	1,310,211
Payments to acquire debt investments with no active market	-	(745,255)
Cash returned of capital reduction of financial assets measured at cost	-	23,111
Increase in prepayments for investments	-	(73,021)
Payments to acquire property, plant and equipment	(124,394)	(136,956)
Proceeds from disposal of property, plant and equipment	13,885	25,062
Increase in refundable deposits	(438,653)	(7,925)
Net cash inflows from business combination	8,477	-
Increase in other non-current assets	(20,970)	(3,517)
Increase in prepayments for equipments	(1,221,439)	(238,376)
Interest received	39,797	21,372
Dividends received	59,176	68,693
Net cash used in investing activities	(1,184,667)	(311,601)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	777,844	1,376,171
Increase in short-term bills payable	-	420,000
Proceeds from long-term borrowings	600,000	500,000
Repayments of long-term borrowings	(1,214,066)	(814,658)
Increase in guarantee deposits	129	-
Cash dividends paid	(1,851,804)	(1,313,093)
Exercise of employee stock options	184,001	58,460
Payments for buy-back of ordinary shares	(840)	(123)
Interest paid	(31,772)	(29,396)
Increase in non-controlling interests	49,669	49,000
Proceeds from issuance of employee restricted shares	-	1,850
Net cash (used in) generated from financing activities	(1,486,839)	248,211
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	45,815	(80,383)

(Continued)

CHROMA ATE INC. AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2018	**2017**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	$ (1,599,419)	$ 944,989
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5,076,411	3,149,970
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 3,476,992	$ 4,094,959

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

(With Deloitte & Touche review report dated October 30, 2018) (Concluded)

1. GENERAL INFORMATION

Chroma ATE Inc. (the "Corporation") was incorporated in the Republic of China (ROC) in November 1984. The Corporation mainly designs, assembles, calibrates, manufactures, sells, repairs and maintains software/hardware for computers and peripherals, computerized automatic test systems, electronic test instruments, signal generators, power supplies, telecom power supplies, etc. as well as serves as an agent to sell these products. The Corporation's shares have been listed on the Taiwan Stock Exchange since December 21, 1996.

The consolidated financial statements are presented in the Corporation's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the board of directors and issued on October 30, 2018.

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

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

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

   1) IFRS 9 "Financial Instruments" and related amendment

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

      <u>Classification, measurement and impairment of financial assets</u>

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

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

	Measurement Category		Carrying Amount		
Financial Assets	**IAS 39**	**IFRS 9**	**IAS 39**	**IFRS 9**	**Remark**
Cash and cash equivalents	Loans and receivables	Amortized cost	$ 5,076,411	$ 5,076,411	-
Derivatives	Held-for-trading	Mandatorily at fair value through profit or loss (i.e. FVTPL)	31	31	-
Domestic listed equity securities	Held-for-trading	Mandatorily at FVTPL	8,763	8,763	-
	Available-for-sale	Fair value through other comprehensive income (i.e. FVTOCI) - equity instrument	268,582	268,582	a)
Domestic unlisted equity securities	Available-for-sale	FVTOCI - equity instrument	157,762	265,884	a)
Foreign unlisted equity securities	Available-for-sale	FVTOCI - equity instrument	25,657	29,565	a)
Domestic open-end beneficiary certificates	Available-for-sale	Mandatorily at FVTPL	1,043,387	1,043,387	b)
Foreign open-end beneficiary certificates	Available-for-sale	Mandatorily at FVTPL	10,152	6,013	b)
Time deposit with original maturity of more than 3 months	Loans and receivables	Amortized cost	899,368	899,368	c)
Notes receivable, trade receivables and other receivables	Loans and receivables	Amortized cost	4,146,995	4,146,995	d)
Refundable deposits	Loans and receivables	Amortized cost	27,439	27,439	-

Financial Assets	IAS 39 Carrying Amount as of January 1, 2018	Reclassifications	Remeasurements	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
FVTPL	$ 8,794						
Add: Reclassification from available-for-sale (IAS 39) required reclassification	-	$ 1,053,539	$ (4,139)				b)
	8,794	1,053,539	(4,139)	$ 1,058,194	$ 10,662	$ (14,801)	
FVTOCI							
Equity instruments	-	-	-				
Add: Reclassification from available-for-sale (IAS 39)	-	452,001	112,030				a)
	-	452,001	112,030	564,031	123,376	(11,346)	
	$ 8,794	$ 1,505,540	$ 107,891	$ 1,622,225	$ 134,038	$ (26,147)	

a) The Group elected to designated all its investments in equity securities previously classified as available-for-sale under IAS 39 as at FVTOCI under IFRS 9, because these investments are not held for trading. As a result, the related other equity - unrealized gain (loss) on available-for-sale financial assets of $158,625 thousand was reclassified to other equity - unrealized gain (loss) on financial assets at FVTOCI.

   Investments in unlisted shares previously measured at cost under IAS 39 have been designated as at FVTOCI under IFRS 9 and were remeasured at fair value. Consequently, an increase of $112,030 thousand was recognized in both financial assets at FVTOCI and other equity - unrealized gain (loss) on financial assets at FVTOCI on January 1, 2018, respectively.

   The Group recognized under IAS 39 impairment loss on certain investments in equity securities previously classified as measured at cost and the loss was accumulated in retained earnings. Since those investments were designated as at FVTOCI under IFRS 9 and no impairment assessment is required, an adjustment was made that resulted in a decrease of $123,376 thousand in other equity - unrealized gain (loss) on financial assets at FVTOCI and an increase of the same amount in retained earnings on January 1, 2018, respectively.

b) Mutual funds previously classified as available-for-sale under IAS 39 were classified mandatorily as at FVTPL under IFRS 9, because the contractual cash flows are not solely payments of principal and interest on the principal outstanding and they are not equity instruments. The retrospective adjustment resulted in a decrease of $14,801 thousand in other equity - unrealized gain (loss) on available-for-sale financial assets and an increase of the same amount in retained earnings on January 1, 2018. Mutual funds previously measured at cost under IAS 39 were classified as at FVTPL under IFRS 9 and were measured at fair value. Consequently, a decrease of $4,139 thousand was recognized in both financial assets at FVTPL and retained earnings.

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

d) Notes receivable, trade receivables and other receivables that were previously classified as loans and receivables under IAS 39 were classified as measured at amortized cost with an assessment of expected credit losses under IFRS 9. The Group had assessed that the effect of retrospective application would not have any material impact.

e) As result of the retrospective application of IFRS 9 by associates and joint ventures accounted for using equity method, there was a decrease in other equity - unrealized gain (loss) on available-for-sale financial assets of $5,922 thousand and was reclassified to other equity - unrealized gain (loss) on financial assets at FVTOCI, a decrease in other equity - unrealized gain (loss) on financial assets at FVTOCI of $1,337 thousand, an increase in retained earnings of $1,092 thousand on January 1, 2018.

2) IFRS 15 “Revenue from Contracts with Customers” and related amendment.

Under IFRS 15, the net effect of revenue recognized and consideration received and receivable is recognized as a contract asset or a contract liability. Prior to the application of IFRS 15, the net effect of the progress billings, cost incurred and recognized profit (loss) of a construction contract was recognized as amount due from (to) customer for construction contract under IAS 11.

b. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the “IFRSs” endorsed by the FSC for application starting from 2019

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 “Prepayment Features with Negative Compensation”	January 1, 2019 (Note 2)
IFRS 16 “Leases”	January 1, 2019
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019 (Note 3)
Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”	January 1, 2019
IFRIC 23 “Uncertainty over Income Tax Treatments”	January 1, 2019

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

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

Note 3: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

IFRS 16 "Leases"

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

Definition of a lease

Upon initial application of IFRS 16, the Group will elect to apply IFRS 16 only to contracts entered into (or changed) on or after January 1, 2019 in order to determine whether those contracts are, or contain, a lease. Contracts identified as containing a lease under IAS 17 and IFRIC 4 will not be reassessed and will be accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

Upon initial application of IFRS 16, the Group will recognize right-of-use assets, or investment properties if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value and short-term leases will be recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group will present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities will be classified within financing activities; cash payments for the interest portion will be classified within financing activities. Currently, payments under operating lease contracts, including property interest qualified as investment properties, are recognized as expenses on a straight-line basis. Prepaid lease payments are recognized as prepayments for leases. Cash flows for operating leases are classified within operating activities on the consolidated statements of cash flows. Leased assets and finance lease payables are recognized for contracts classified as finance leases.

The Group anticipates applying IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information will not be restated.

The Group expects to apply the following practical expedients:

1) The Group will apply a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

2) The Group will adjust the right-of-use assets on January 1, 2019 by the amount of any provisions for onerous leases recognized as of December 31, 2018.

3) The Group will account for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

4) The Group will exclude initial direct costs from the measurement of right-of-use assets on January 1, 2019.

5) The Group will use hindsight, such as in determining lease terms, to measure lease liabilities.

For leases currently classified as finance leases under IAS 17, the carrying amount of right-of-use assets and lease liabilities on January 1, 2019 will be determined as the carrying amount of the leased assets and finance lease payables as of December 31, 2018.

The Group as lessor

The Group will not make any adjustments for leases in which it is a lessor and will account for those leases with the application of IFRS 16 starting from January 1, 2019.

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

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

New IFRSs	**Effective Date Announced by IASB (Note 1)**
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 2)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021

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

Note 2: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

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

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

c. Basis of consolidation

The basis of preparing the consolidated financial statements is consistent with the consolidated financial statements for the year ended December 31, 2017.

Refer to Note 16, Table 9 and Table 10 for the detailed information of subsidiaries, including the percentage of ownership and main business.

d. Other significant accounting policies

Except for financial instruments, accounting policies of revenue recognition and the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2017. For the summary of other significant accounting policies, please refer to the Group's consolidated financial statements for the year ended December 31, 2017.

1) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

Investment properties under construction are measured at cost less accumulated impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Depreciation of these assets commences when the assets are ready for their intended use.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

2) Financial instruments

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

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

a) Financial assets

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

i. Measurement category

<u>2018</u>

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

i) Financial asset at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 33.

ii) Financial assets at amortized cost

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

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

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, financial assets at amortized cost, trade receivables at amortized cost and refundable deposits, are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

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

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

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

iii) Investments in equity instruments at FVTOCI

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

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

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

<u>2017</u>

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

i) Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when such financial assets are held for trading and are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on the financial asset. Fair value is determined in the manner described in Note 33.

ii) Available-for-sale financial assets

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

Available-for-sale financial assets are measured at fair value. Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

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

iii) Loans and receivables

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

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

ii. Impairment of financial assets

2018

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), as well as contract assets.

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

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

The Group recognizes an impairment gain or loss in profit or loss for financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2017

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

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

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

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

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

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period. In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

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

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

iii. Derecognition of financial assets

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

Before 2018, on derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. Starting from 2018, on derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

b) Equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Corporation's own equity instruments.

c) Financial liabilities

i. Subsequent measurement

Except for financial liabilities at fair value through profit or loss, all the financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividend paid on the financial liability. Fair value is determined in the manner described in Note 33.

ii. Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

d) Convertible bonds

The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to capital surplus - share premium. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premium.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

3) Revenue recognition

2018

The Group identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

a) Revenue from sale of goods

Revenue from sale of goods comes from sales of test instruments. Revenue are recognized when the goods are delivered to the customer's specific location or the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and bears the risks of obsolescence. Trade receivable is recognized concurrently. The transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

b) Construction contract revenue

The customer controls the property as it is constructed in progress and, thus, the Group recognizes revenue over time. The Group measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligation. A contract asset is recognized during the construction and is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognized to date, then the Group recognizes a contract liability for the difference. Certain payment retained by the customer as specified in the contract is intended to ensure that the Group adequately completes all its contractual obligations. Such retention receivables are recognized as contract assets until the Group satisfies its performance.

2017

Revenue is measured at the fair value of the consideration received or receivable and reduced for estimated customer returns, rebates and other similar allowances.

a) Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

i. The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

ii. The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

iii. The amount of revenue can be measured reliably;

iv. It is probable that the economic benefits associated with the transaction will flow to the Group; and

v. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

b) Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

4) Retirement benefits

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

5) Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

6. CASH AND CASH EQUIVALENTS

	September 30, 2018	December 31, 2017	September 30, 2017
Cash on hand	$ 4,369	$ 5,439	$ 4,575
Checking accounts and demand deposits	3,442,254	4,251,592	2,782,783
Cash equivalents - time deposits	30,369	819,380	1,307,601
	$ 3,476,992	$ 5,076,411	$ 4,094,959

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2018	December 31, 2017	September 30, 2017
Mandatorily at FVTPL			
Derivative instruments (Note 23)			
Call and put option of convertible bonds payable	$ 1	$ -	$ -
Non-derivative financial assets			
Domestic listed stocks	4,287	-	-
Open-end beneficiary certificates	950,042	-	-
	954,330	-	-
Held for trading			
Derivative instruments (Note 23)			
Call and put option of convertible bonds payable	-	31	234
Non-derivative financial assets			
Domestic listed stocks	-	8,763	8,693
	-	8,794	8,927
Financial assets - current	$ 954,330	$ 8,794	$ 8,927
Mandatorily at FVTPL - non-current			
Non-derivative financial assets			
Open-end beneficiary certificates	$ 7,055	$ -	$ -

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

	September 30, 2018
Investments in equity instruments - non-current	
Domestic listed common stocks	$ 270,133
Domestic unlisted common stocks	397,644
Foreign unlisted common stocks	27,657
	$ 695,434

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Refer to Table 3 for the detailed information. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes. These investments in equity instruments were classified as available-for-sale financial assets and financial assets measured at amortized cost under IAS 39. Refer to Note 3, Note 10 and Note 11 for information relating to their reclassification and comparative information for 2017.

9. FINANCIAL ASSETS MEASURED AT AMORTIZED COST - CURRENT - 2018

	September 30, 2018
Time deposits with maturities more than 3 months	$ 254,038
Pledge deposits (Note 35)	183,779
	$ 437,817

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS - 2017

	December 31, 2017	September 30, 2017
Current		
Domestic open-end beneficiary certificates	$ 1,043,387	$ 1,541,789
Non-current		
Domestic listed stocks	$ 268,582	$ 258,900

11. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT - 2017

	December 31, 2017	September 30, 2017
Domestic unlisted common stocks	$ 157,762	$ 159,020
Foreign unlisted common stocks	25,657	25,799
Foreign open-end beneficiary certificates	10,152	10,152
	$ 193,571	$ 194,971
Classification by measurement of financial instruments		
Available-for-sale financial assets	$ 193,571	$ 194,971

The above investments were measured at cost less impairment at the balance sheet date. The Group believed the fair value of these investments could not be estimated reliably because the range of reasonable fair value estimates was significant and the probabilities of various estimates could not be reasonably assessed.

12. DEBT INVESTMENTS WITH NO ACTIVE MARKET - CURRENT - 2017

	December 31, 2017	September 30, 2017
Time deposits with maturities more than 3 months	$ 407,921	$ 377,654
Pledge deposits (Note 35)	491,447	738,073
	$ 899,368	$ 1,115,727

13. NOTES RECEIVABLE AND TRADE RECEIVABLES

	September 30, 2018	December 31, 2017	September 30, 2017
Gross carrying amount at amortized cost	$ 4,866,149	$ 4,094,746	$ 3,877,132
Less: Allowance for impairment loss	(126,668)	(127,707)	(112,087)
	4,739,481	3,967,039	3,765,045
Gross carrying amount at amortized cost - related parties	46,807	47,702	67,748
	$ 4,786,288	$ 4,014,741	$ 3,832,793

For the nine months ended September 30, 2018

The average credit period for sales of goods is 60 to 90 days from the date when the goods were inspected and accepted by customers, and no interest was charged on trade receivables. Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Customers' limits and scores are reviewed irregularly every year. Most of the trade receivables that are neither past due nor impaired have the best credit score under the external credit scoring system used by the Group.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. As the Group's historical credit loss experience does not show a single factor that matters significantly, the provision for loss allowance is based on expected credit loss rate of trade receivables as a whole.

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

The aging schedule of notes receivable and trade receivables based on the past due days was as follows:

	September 30, 2018
Less than 60 days	$ 4,107,827
61-180 days	366,774
Over 180 days	391,548
	$ 4,866,149

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

	For the Nine Months Ended September 30, 2018
Balance at January 1, 2018 per IAS 39	$ 127,707
Adjustment on initial application of IFRS 9	-
Balance at January 1, 2018 per IFRS 9	127,707
Add: Impairment loss recognized on receivables	11,438
Less: Amounts written off	(12,573)
Foreign exchange gains and losses	96
Balance at September 30, 2018	$ 126,668

For the nine months ended September 30, 2017

The Group applied the same credit policy in 2018 and 2017. In determining the recoverability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date when credit was initially granted to the end of the reporting period. Allowances for impairment loss are based on the estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

Past due but not impaired trade receivables are trade receivables balances that were past due at the end of the reporting period but allowance for impairment loss was not recognized because their credit quality remained satisfactory and the amounts were still considered recoverable. The Group does not hold any collateral or other credit enhancements for these balances.

The aging of notes receivable and trade receivables was as follows:

	December 31, 2017	September 30, 2017
Less than 60 days	$ 3,333,066	$ 3,289,704
61-180 days	429,499	236,267
Over 180 days	332,181	351,161
	$ 4,094,746	$ 3,877,132

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

The aging of notes receivable and trade receivables that were past due but not impaired was as follows:

	December 31, 2017	September 30, 2017
Less than 60 days	$ 447,305	$ 422,381
61-180 days	415,515	228,101
Over 180 days	231,913	262,390
	$ 1,094,733	$ 912,872

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

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

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2017	$ 135,696	$ 34,665	$ 170,361
Add: Impairment losses recognized on receivables	759	10,705	11,464
Less: Amounts written off during the period as uncollectible	(67,194)	(228)	(67,422)
Reclassification of impairment loss from collective assessment to individual assessment	7,663	(7,663)	-
Foreign exchange translation gains	(1,100)	(1,216)	(2,316)
Balance at September 30, 2017	$ 75,824	$ 36,263	$ 112,087

The allowance for impairment loss individually assessed due to customers were in liquidation or in severe financial difficulties were $84,779 thousand and $75,824 thousand as of December 31, 2017 and September 30, 2017, respectively. The Group did not hold any collateral over these balances.

14. CONSTRUCTION CONTRACTS RECEIVABLE (PAYABLE)

	December 31, 2017	September 30, 2017
Construction contracts receivable		
Construction costs incurred plus recognized profits (less recognized losses) to date	$ 316,677	$ 242,641
Less: Progress billings	(114,142)	(15,810)
Due from customers for construction contracts	$ 202,535	$ 226,831
Construction contracts payable		
Progress billings	$ 1,149,807	$ 990,293
Less: Construction costs incurred plus recognized profits less recognized losses to date	(597,280)	(159,533)
Due to customers for construction contracts	$ 552,527	$ 830,760
Receipts in advance	$ 10,434	$ 883,913

The Group recognized construction contract revenues of $357,667 thousand and $599,804 thousand for the three months and nine months ended September 30, 2017 under IAS 11, respectively.

15. INVENTORIES

	September 30, 2018	December 31, 2017	September 30, 2017
Finished goods	$ 484,420	$ 482,724	$ 566,646
Semi-finished products	401,586	390,533	364,143
Work in process	701,910	686,539	667,153
Raw materials	988,909	842,094	779,199
Inventory in transit	-	29,184	23,880
	$ 2,576,825	$ 2,431,074	$ 2,401,021

The cost of goods sold for the three months and nine months ended September 30, 2018 included the reversal of inventory write-downs of $1,777 thousand and the inventory write-downs of $18,122 thousand, respectively.

The cost of goods sold for the three months and nine months ended September 30, 2017 included the reversal of inventory write-downs of $10,459 thousand and $45,340 thousand, respectively.

16. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

			Percentage of Ownership as of			
Investor	Investee	Business	September 30, 2018	December 31, 2017	September 30, 2017	Remark
The Corporation	Neworld Electronics Ltd.	Sale and maintenance of electronic test instruments, etc.	100.0	100.0	100.0	
	Chroma Investment Co., Ltd.	Investment	100.0	100.0	100.0	
	Sensational Holding Ltd.	Investment	100.0	100.0	100.0	
	Chroma ATE Europe B.V.	Sale and maintenance of electronic test instruments, etc.	100.0	100.0	100.0	
	Chroma ATE Inc. (“Chroma USA”)	Sale and maintenance of electronic test instruments, etc.	100.0	100.0	100.0	
	Chen Hwa Technology Inc.	Test of inductance, capacitance and resistance equipment and sale of parts	100.0	100.0	100.0	
	CHI Incorporation Ltd.	Test of inductance, capacitance and resistance equipment and sale of parts	100.0	100.0	100.0	
	Chroma New Material Corporation	Processing and sale of gold wire	100.0	100.0	100.0	
	San Eagle Development Corp.	Investment	100.0	100.0	100.0	
	Wei Kuang Automatic Equipment Co., Ltd.	Design, manufacturing, installment and testing of automated factory conveyor systems	100.0	100.0	100.0	
	Testar Electronics Corporation	Testing of LED products	67.2	67.2	67.2	
	Deep Red Holding Co., Ltd.	Investment	100.0	100.0	100.0	
	Chroma Japan Corp.	Sale and maintenance of electronic test instruments, etc.	100.0	100.0	100.0	
	Chroma Systems Solutions, Inc.	Sale and maintenance of electronic test instruments, etc.	25.0	25.0	25.0	Note 1
	Adivic Technology Co.	Sale and research of RF device	51.0	51.0	51.0	Note 2
	EVT Technology Co., Ltd.	Manufacturing of motorcycles and its parts	85.6	73.8	53.2	Note 3
	Quantel Private Ltd.	Sale and maintenance of test instruments, etc.	60.0	60.0	60.0	
	Innovative Nanotech Incorporated	Monitoring instruments of nanoparticles	71.1	89.3	100.0	Note 4
	Touch Cloud Incorporation	Development of could platform and Internet of Things systems	78.1	78.1	-	Note 5
Neworld Electronics Ltd.	Chroma Electronics (Shenzhen) Co., Ltd.	Sale of computerized automatic test systems, peripherals and electronic test instruments	100.0	100.0	100.0	
	Chroma Electronics (Shanghai) Co., Ltd.	Sale of computerized automatic test systems, peripherals and electronic test instruments	100.0	100.0	100.0	
Chroma ATE Inc. (“Chroma USA”)	Chroma Systems Solutions, Inc.	Sale and maintenance of electronic test instruments, etc.	50.0	50.0	50.0	Note 1
Chen Hwa Technology Inc.	Chroma (Shanghai) Trading Co., Ltd.	International and transit trading, simple commercial processing, commercial consulting services, etc.	100.0	100.0	100.0	
CHI Incorporation Ltd.	Chroma ATE (Suzhou) Co., Ltd.	Sale of computerized automatic test systems, peripherals and electronic test instruments	100.0	100.0	100.0	
San Eagle Development Corp.	Wei Kuang Mech. Eng. Inc.	Investment	100.0	100.0	100.0	

(Continued)

Investor	Investee	Business	Percentage of Ownership as of September 30, 2018	December 31, 2017	September 30, 2017	Remark
Wei Kuang Mech. Eng. Inc.	Mou Kuan Technologies (Nanjin) Co., Ltd.	Assembly, sale and maintenance of factory conveyors and related systems and rendering after-sales services	100.0	100.0	100.0	
	Wei Kuang Automatic Equipment (Nanjin) Co., Ltd.	Sale and maintenance of electronic equipment and factory conveyor systems	100.0	100.0	100.0	
	Wei Kuang Automatic Equipment (Xiamen) Co., Ltd.	Sale and maintenance of electronic equipment and factory conveyor systems	100.0	100.0	100.0	
Deep Red Holding Co., Ltd.	Saject System Technology (Suzhou) Co., Ltd.	Research, development and design of computer network security systems and information management	100.0	100.0	100.0	
EVT Technology Co., Ltd.	Wei Da Electric Vehicle Co., Ltd.	Sale and lease of motorcycles	75.0	75.0	75.0	
Adivic Technology Co.	Adivic Holding Corporation	Sale and research of RF device	100.0	100.0	100.0	
Quantel Private Ltd.	Quantel Technologies India Private Ltd.	Sale and maintenance of test instruments, etc.	100.0	100.0	-	Note 6
	Quantel Global Vietnam Co., Ltd.	Sale and maintenance of test instruments, etc.	100.0	100.0	-	Note 6
	Quantel Global Sdn. Bhd.	Sale and maintenance of test instruments, etc.	100.0	-	-	Note 6
	Quantel Global Philippines Corporation	Sale and maintenance of test instruments, etc.	100.0	-	-	Note 6
Chroma ATE Europe B.V.	Chroma Germany GmbH	Sale and maintenance of electronic test instruments, etc.	100.0	100.0	-	Note 7

(Concluded)

Note 1: The Corporation and the Corporation's subsidiary, Chroma USA, held 75% equity interest in Chroma Systems Solutions, Inc.

Note 2: In April 2017, Adivic Technology Co. decreased its capital by $140,000 thousand to make up for losses and increased its capital by cash injection of $100,000 thousand to strengthen its financial structure. The Corporation's board of directors resolved to participate in the capital injection at the same percentage as originally owned. The Corporation's equity interest in Adivic remained the same.

Note 3: In December 2017, EVT Technology Co., Ltd. ("EVT") increased its capital by cash injection of $40,000 thousand to strengthen its financial structure. In August 2018, EVT decreased its capital by $30,000 thousand to make up for losses and increased its capital by $50,000 thousand subsequently. The Corporation's board of directors participated in the capital injection. The Corporation's equity interest in EVT rose to 85.6% after the cash injection.

Note 4: In response to the demand of new-generation solutions and to provide customers with most advanced electronic test service, the Corporation's board of directors resolved in July 2017 to invest in Innovative Nanotech Incorporated. In December 2017 and May 2018, Innovative Nanotech Incorporated increased its capital. The Corporation participated in the cash injection and held 71.1% equity consequently.

Note 5: To strengthen and integrate the software research capability of product lines and raise marketing opportunities, the Corporation's board of directors resolved to participate in the cash injection of Touch Cloud Incorporation and acquired equity interest of 78.1% in 2017.

Note 6: To lay out sales network in Southeast Asia, Quantel Private Ltd. resolved to set up Quantel Technologies India Private Ltd., Quantel Global Vietnam Co., Ltd. in the fourth quarter of 2017, Quantel Global Sdn. Bhd. and Quantel Global Philippines Corporation in the first and second quarter of 2018, respectively, to be engaged in the sale of test instruments.

Note 7: Chroma ATE Europe B.V. resolved to set up Chroma Germany GmbH in the fourth quarter of 2017 to be engaged in the sale and maintenance of electronic instruments.

17. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	September 30, 2018	December 31, 2017	September 30, 2017
Investments in associates	$ 633,121	$ 623,941	$ 613,489
Investments in joint ventures	17,660	17,626	17,626
	$ 650,781	$ 641,567	$ 631,115

a. Investments in associates

	September 30, 2018		December 31, 2017		September 30, 2017	
	Amount	Percentage of Equity Interest (%)	Amount	Percentage of Equity Interest (%)	Amount	Percentage of Equity Interest (%)
Associates that are not individually material						
Adlink Technology Inc.	$ 508,215	11.3	$ 529,538	11.3	$ 518,032	11.3
Dynascan Technology Corp.	124,906	27.3	94,403	27.3	95,457	27.3
	$ 633,121		$ 623,941		$ 613,489	

Refer to Table 9 "Information on Investees" for the nature of activities, principal place of business and country of incorporation of the associates.

The Group is able to exercise significant influence over Adlink Technology Inc. although the percentage of shares held is less than 20%. Therefore, the Group recognizes the gain and loss under the equity method.

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

Name of Associate	September 30, 2018	December 31, 2017	September 30, 2017
Adlink Technology Inc.	$ 1,184,684	$ 1,568,144	$ 1,663,703

The investments in associate accounted for using equity method and the share of profit or loss and other comprehensive income of those investments for the nine months ended September 30, 2018 was based on the associate's financial statements that have not been reviewed. Except for Adlink Technology Inc., investments for using equity method and the share of profit or loss and other comprehensive income of those investments for the nine months ended September 30, 2017 was based on the financial statements that have not been reviewed. Management believes there is no material impact on the equity method accounting or the calculation of the share of profit or loss and comprehensive income from the financial statements that have not been reviewed.

b. Investments in joint ventures

	September 30, 2018		December 31, 2017		September 30, 2017	
	Amount	Percentage of Equity Interest (%)	Amount	Percentage of Equity Interest (%)	Amount	Percentage of Equity Interest (%)
Joint ventures that are not individually material						
Chih Ho Shun Development Co., Ltd.	$ 17,660	35.0	$ 17,626	35.0	$ 17,626	35.0

Refer to Table 9 "Information on Investees" for the nature of activities, principal place of business and country of incorporation of the joint venture.

For the investment and development plan, "The Action Plan for Developing Land Surrounding the MRT Airport Station to Improve Civilians' Life," the Board of Directors decided to invest jointly with Dynapack International Corporation and Heran Co., Ltd. to set up Chih Ho Shun Development Co., Ltd. ("Chih Ho Shun"). The Corporation invested for a 35% entity interest in Chih Ho Shun but did not have control over this investee.

The investments in joint ventures accounted for using equity method and the share of profit or loss and other comprehensive income of the investments for the nine months ended September 30, 2018 and 2017 was based on the joint ventures' financial statements that have not been reviewed. Management believes there is no material impact on the equity method accounting or the calculation of the share of profit or loss and comprehensive income from financial statements that have not been reviewed.

18. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2018	December 31, 2017	September 30, 2017
Land	$ 1,210,370	$ 520,347	$ 521,550
Buildings	1,401,182	1,452,967	1,477,943
Machinery	124,602	147,217	147,777
Miscellaneous equipment	601,954	544,053	500,143
	$ 3,338,108	$ 2,664,584	$ 2,647,413

Except for depreciation recognized and the land transferred in from prepayments for acquisition of land ownership certificates, the Group had no significant addition, disposal, and impairment of property, plant and equipment during the three months ended September 30, 2018 and 2017 and nine months ended September 30, 2018 and 2017. The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Building	
Primary buildings	55 years
Mechanical and electrical equipment	10 years
Clean room equipment	10 years
Others	2-50 years
Machinery	2-6 years
Miscellaneous equipment	3-16 years

Refer to Note 35 for property, plant and equipment have been pledged to secure borrowings of the Group.

19. INVESTMENT PROPERTIES

	September 30, 2018
Land	$ 3,137,187

The Group acquired the land ownership certificates of the investment and development plan, "The Action Plan of Developing Land Surrounding the MRT Airport Station to Improve Civilian's Life" in the third quarter of 2018 and transferred the part of land held for undetermined future use to investment properties. Please refer to Note 36.

The management of the Group used the valuation model that market participants would use in determining the fair value, and the fair value was measured by using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The significant unobservable inputs used include discount rates and the fair value as appraised.

	September 30, 2018
Fair value	$ 12,581,768

All of the Group's investment properties were held under freehold interests.

20. GOODWILL

	For the Nine Months Ended September 30	
	2018	2017
Cost		
Balance, beginning of the period	$ 225,408	$ 220,236
Net effect of exchange differences	2,045	(3,582)
Balance, end of the period	$ 227,453	$ 216,654

Refer to Note 17 in the consolidated financial statements for the year ended December 31, 2017 for goodwill impairment assessment. There was no significant evidence indicating impairment of goodwill as of September 30, 2018.

21. OTHER INTANGIBLE ASSETS

	September 30, 2018	December 31, 2017	September 30, 2017
Patents	$ 13,407	$ 15,820	$ -
Licenses and franchises	31,301	32,526	-
Core technology	-	503	1,006
Customer relationships	2,797	3,635	3,915
Computer software	125	144	149
	$ 47,630	$ 52,628	$ 5,070

The Group signed an agreement with Industrial Technology Research Institute in 2017 and obtained technique licenses and patents.

Other intangible assets were amortized on a straight-line basis over their estimated useful lives as follows:

Patents	5 years
Licenses and franchises	20 years
Core technology	5 years
Customer relationships	5 years
Computer software	10 years

22. BORROWINGS

a. Short-term borrowings

	September 30, 2018	December 31, 2017	September 30, 2017
Secured borrowings			
Bank loans (1)	$ -	$ -	$ 100,000
Unsecured borrowings			
Bank loans (2)	1,251,693	471,638	1,467,600
	$ 1,251,693	$ 471,638	$ 1,567,600

1) Secured by the Group's property, plant and equipment (refer to Note 35). As of September 30, 2017, the interest rate on the bank loans was 1.04% per annum.

2) As of September 30, 2018, December 31, 2017 and September 30, 2017, the interest rate on the bank loans was 0.85%-5.00%, 0.85%-4.50% and 0.85%-4.25% per annum, respectively.

b. Short-term bills payable

	September 30, 2018	December 31, 2017	September 30, 2017
Commercial papers	$ -	$ -	$ 420,000
Interest rate (%)	-	-	0.87%
Due date	-	-	2017.10.06

c. Long-term borrowings

	September 30, 2018	December 31, 2017	September 30, 2017
Secured borrowings			
Bank loans (1) (Note 35)	$ 467,910	$ 177,735	$ 153,459
Unsecured borrowings			
Syndicated bank loans (2)	-	1,200,000	1,200,000
Bank loans (3)	1,200,000	900,000	505,508
	1,667,910	2,277,735	1,858,967
Less: Current portions	13,263	1,216,042	1,213,744
	$ 1,654,647	$ 1,061,693	$ 645,223

1) Secured by the Group's financial assets amortized at cost, debt investments with no active market and property, plant and equipment. The final repayment period of those bank loans will be due in October 2018 to April 2025. As of September 30, 2018, December 31, 2017 and September 30, 2017, the effective interest rate on the bank loans were 1.09%-8.00%, 0.90%-8.88% and 0.90%-8.88% per annum, respectively.

2) On August 30, 2012, the Corporation applied to E.SUN and other banks for syndicated bank loans with $2,000,000 thousand credit line to pay each installment of "The Action Plan for Developing Land Surrounding the MRT Airport Station to Improve Civilians Life" (refer to Note 36). The Corporation borrowed $700,000 thousand in September 2013 to pay the second installment, $530,000 thousand in November 2015 to pay the first part of the third installment and $770,000 thousand in July 2016 to pay the remaining part of the third installment. The syndicated bank loan had been repaid from March 2017 to March 2018 in three equal semiannual installments ($400,000 thousand per installment), the remaining $800,000 thousand had been repaid on the due date, September 3, 2018, and the interest is paid monthly. As of December 31, 2017 and September 30, 2017, the interest rate per annum was all 1.58% on a floating basis.

3) The bank loans are for the purpose of general operation with due date on June 8, 2023. As of September 30, 2018, December 31, 2017 and September 30, 2017, the interest rate on the bank loans was 1.18%-1.20%, 1.17%-1.20% and 1.17%-1.72% per annum, respectively.

23. BONDS PAYABLE

	September 30, 2018	December 31, 2017	September 30, 2017
Unsecured domestic convertible bonds	$ 5,643	$ 99,703	$ 228,442
Less: Current portions	5,643	-	-
	$ -	$ 99,703	$ 228,442

On May 23, 2014, the Corporation issued its second domestic unsecured 0% convertible bonds with aggregate par value of $2,000,000 thousand and face value of $100 thousand. These bonds were listed on the Taipei Exchange at the same date. Except for the period when books are closed for share transaction, bondholders are entitled to convert bonds into the Corporation's common stock from June 24, 2014 to May 13, 2019. The conversion price would be adjusted when earning distribution of cash dividends was resolved by shareholders' meeting.

If the closing price of the Corporation's common share exceeds 30% of the conversion price of the bonds payable for 30 consecutive days or the aggregate outstanding amounts of bonds payable is less than 10% of the amounts of original issuance, the Corporation has the right to redeem all of the outstanding bonds payable at face value during the period from one month after the issuance date (June 24, 2014) to 40 days before the maturity date (April 13, 2019).

At the end of the third year from the bond issuance date, bondholders have the right to request the Corporation to redeem the convertible bonds at face value.

The convertible bonds contain both liability and equity components. The equity components presented in equity under "capital surplus - option". The liability components were recognized into derivative and non-derivative liabilities, separately.

Proceeds from issuance (less transaction costs $5,320 thousand)	$ 1,994,680
Equity component	(141,487)
Deferred tax assets	904
Financial liability component	(4,989)
Liability component at the date of issue	1,849,108
Interest charged at an effective interest rate of 1.57%	78,088
Conversion of bonds payable	(1,921,553)
Liability component as of September 30, 2018	$ 5,643

24. OTHER PAYABLES

	September 30, 2018	December 31, 2017	September 30, 2017
Salaries and bonus (including employee's compensations and remuneration of directors)	$ 675,965	$ 872,526	$ 645,925
Others	342,372	293,927	181,913
	$ 1,018,337	$ 1,166,453	$ 827,838

25. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group's defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate as of December 31, 2017 and 2016. The amount were $1,576 thousand, $1,623 thousand, $4,726 thousand and $4,869 thousand for the three months ended September 30, 2018 and 2017 and for the nine months ended September 30, 2018 and 2017, respectively.

26. EQUITY

a. Ordinary share capital

	September 30, 2018	December 31, 2017	September 30, 2017
Number of shares authorized (in thousands)	450,000	450,000	450,000
Shares authorized	$ 4,500,000	$ 4,500,000	$ 4,500,000
Number of shares issued and fully received (in thousands)	414,359	411,894	408,051
Shares issued	$ 4,143,594	$ 4,118,942	$ 4,080,513

The authorized shares include 30,000 thousand shares allocated for the exercise of employee share options.

b. Capital surplus

	September 30, 2018	December 31, 2017	September 30, 2017
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)			
Additional paid-in capital	$ 2,815,821	$ 2,514,454	$ 2,339,024
Treasury share transactions	179,801	171,229	171,229
From merger	146,976	146,976	146,976
Used to offset a deficit only			
Employee share options expired	10,647	5,874	5,472
Share of changes in capital surplus of associates or joint ventures	42,002	44,377	54,186

(Continued)

	September 30, 2018	December 31, 2017	September 30, 2017
<u>Not be used for any purpose</u>			
Convertible bonds options	$ 403	$ 7,209	$ 16,582
Employee share options	86,931	116,389	111,721
Employee restricted shares	140,495	180,781	180,781
	$ 3,423,076	$ 3,187,289	$ 3,025,971

(Concluded)

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

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Corporation's Articles of Incorporation ("the Articles"), where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration to directors after amendment, please refer to d. employees' compensation and remuneration of directors in Note 28.

Taking into account future capital expenditure requirements and its cash position, the total of cash dividends paid in any given year may not be less than 20% of total dividends distributed in that year. The final amount, type and percentage of the cash dividends and stock dividends are subject to actual earnings and capital requirements of the Corporation in a particular year.

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

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

The appropriations of earnings for 2017 and 2016 have been approved in the annual shareholders' meeting on June 8, 2018 and 2017, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividend Per Share (NT$)	
	For Fiscal Year 2017	For Fiscal Year 2016	For Fiscal Year 2017	For Fiscal Year 2016
Legal reserve	$ 255,841	$ 171,994		
Cash dividends	1,854,424	1,314,425	$ 4.5	$ 3.3

d. Special reserves

If a special reserve appropriated on the first-time adoption of IFRSs relates to exchange differences on translation of the financial statements of foreign operations (including the subsidiaries of the Corporation), the special reserve will be reversed on a proportionate basis according to the Corporation's disposal of foreign operations; on the Corporation's loss of significant influence, however, the entire special reserve will be reversed. Additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and, thereafter, distributed.

e. Other equity

	Exchange Differences on Translating Foreign Operations	**Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income**	**Unrealized Gain (Loss) on Available-for-sale Financial Assets**	**Unearned Employee Benefit**
For the nine months ended September 30, 2018				
Balance at January 1, 2018 (IAS 39)	$ (97,633)	$ -	$ 179,348	$ (93,849)
Effect of retrospective application of IFRS 9	-	151,864	(179,348)	-
Balance at January 1, 2018 (IFRS 9)	(97,633)	151,864	-	(93,849)
Exchange differences on translating foreign operations	24,020	-	-	-
Unrealized gain (loss) arising from equity investment	-	68,648	-	-
Share of other comprehensive gain (loss) of associates and joint ventures accounted for using equity method	1,589	-	-	-
Share-based payment transaction	-	-	-	41,198
Balance at September 30, 2018	$ (72,024)	$ 220,512	$ -	$ (52,651)
For the nine months ended September 30, 2017				
Balance at January 1, 2017	$ (24,914)	$ -	$ 232,901	$ (149,952)
Exchange differences on translating foreign operations	(90,525)	-	-	-
Unrealized gain (loss) on available-for-sale financial assets	-	-	(63,708)	-
Share of other comprehensive gain (loss) of associates and joint ventures accounted for using equity method	(9,220)	-	-	-
Issuance of shares	-	-	-	(13,772)
Share-based payment transaction	-	-	-	54,351
Balance at September 30, 2017	$ (124,659)	$ -	$ 169,193	$ (109,373)

f. Non-controlling interests

	For the Nine Months Ended September 30	
	2018	2017
Balance, beginning of the period	$ 232,150	$ 171,224
Share of non-controlling interests		
Net loss	(2,756)	(11,731)
Exchange differences on the translation of foreign financial statements	2,305	(3,542)
Unrealized gain on available-for-sale financial assets	-	34
Capital increase of subsidiaries	49,669	49,000
Effect of changes in equity interest	2,107	-
Balance, end of the period	$ 283,475	$ 204,985

g. Treasury shares

The Corporation's shares held by its subsidiaries at the end of the reporting periods were as follows:

Subsidiaries	Number of Shares Held (In Thousand Shares)	Carrying Amount	Market Price
September 30, 2018			
Chroma Investment Co., Ltd.	1,916	$ 35,714	$ 280,632
December 31, 2017			
Chroma Investment Co., Ltd.	1,916	$ 35,714	$ 310,324
September 30, 2017			
Chroma Investment Co., Ltd.	1,916	$ 35,714	$ 200,178

Forfeited employee restricted shares of 84 thousand were returned to the Corporation and 63 thousand shares were canceled for the nine months ended September 30, 2018. Forfeited employee restricted shares of 12 thousand were returned to the Corporation and canceled during 2017.

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote. The subsidiaries holding treasury shares, however, retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

27. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Revenue from contracts with customers				
Revenue from sale of goods	$ 3,046,917	$ 3,568,893	$ 9,095,918	$ 9,086,783
Construction contract revenue	862,197	357,667	3,911,038	599,804
	$ 3,909,114	$ 3,926,560	$ 13,006,956	$ 9,686,587

a. Contact balances

	September 30, 2018
Contract assets - properties construction	$ 550,708
Contract liabilities - sale of goods	$ 257,623
Contract liabilities - properties construction	735,048
	$ 992,671

b. Disaggregation of revenue

Refer to Note 39 for the information about disaggregation of revenue.

28. ADDITIONAL INFORMATION ON EXPENSES

a. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Interest on borrowings	$ 10,956	$ 10,375	$ 31,101	$ 29,321
Interest on convertible bonds	158	961	931	6,189
	11,114	11,336	32,032	35,510
Less: Amount included in the cost of qualifying assets	2,175	5,842	9,609	19,555
	$ 8,939	$ 5,494	$ 22,423	$ 15,955
Capitalized interest	$ 2,175	$ 5,842	$ 9,609	$ 19,555
Capitalization rate	1.58%	1.58%	1.58%	1.58%

b. Depreciation and amortization expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
An analysis of depreciation by function				
Operating costs	$ 16,977	$ 23,086	$ 55,592	$ 75,378
Operating expenses	59,170	54,550	172,750	158,475
	$ 76,147	$ 77,636	$ 228,342	$ 233,853
An analysis of amortization by function				
Operating expenses	$ 1,497	$ 798	$ 4,994	$ 2,361

c. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Short-term benefits	$ 827,932	$ 777,147	$ 2,471,504	$ 2,190,220
Share-based payments (Note 31)	18,552	27,421	63,801	94,088
Post-employment benefits				
Defined contribution plans	21,621	21,272	62,292	60,711
Defined benefit plans (Note 25)	1,576	1,623	4,726	4,869
Other employee benefit	21,021	17,726	53,457	45,740
	$ 890,702	$ 845,189	$ 2,655,780	$ 2,395,628
Summarized by function				
Operating costs	$ 162,941	$ 156,849	$ 481,912	$ 433,992
Operating expenses	727,761	688,340	2,173,868	1,961,636
	$ 890,702	$ 845,189	$ 2,655,780	$ 2,395,628

d. Employees' compensation and remuneration of directors

The Corporation accrued its appropriation of employees' compensation and remuneration of directors at the rates of 5%-20% and no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. For the three months ended September 30, 2018 and 2017 and nine months ended September 30, 2018 and 2017, the accrual rates and accrued amounts were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30			
	2018	2017	2018		2017	
	Amount	Amount	Amount	Rate %	Amount	Rate %
Employees' compensation	$ 50,000	$ 103,000	$ 196,000	7.51	$ 245,000	11.22
Remuneration of directors and supervisors	$ 2,400	$ 2,715	$ 7,200	0.28	$ 6,885	0.32

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

The appropriations for employees' compensation and remuneration of directors for 2017 and 2016 have been resolved by the board of directors on February 22, 2018 and February 21, 2017, respectively, were as below:

	For the Years Ended December 31	
	2017	**2016**
Employees' compensation - cash	$ 310,000	$ 300,000
Remuneration of directors - cash	9,600	8,000

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

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

29. INCOME TAXES

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	**2017**	**2018**	**2017**
Current tax				
In respect of the current period	$ 142,673	$ 150,081	$ 538,375	$ 295,466
Income tax on unappropriated earnings	-	-	44,118	20,687
Adjustments for prior periods	(1,557)	(847)	1,140	(846)
	141,116	149,234	583,633	315,307
Deferred tax				
In respect of the current period	8,694	46,041	65,938	69,406
Adjustments to deferred tax attributable to change in tax rates and laws	-	-	27,618	-
	8,694	46,041	93,556	69,406
Income tax expense recognized in profit or loss	$ 149,810	$ 195,275	$ 677,189	$ 384,713

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

b. Income tax assessments

The Corporation's tax returns through 2015 had been assessed by the tax authorities.

The tax returns through 2016 of the Group's subsidiaries - Adivic Technology Co., Chroma Investment Co., Testar Electronics Corp., EVT Technology Co., Ltd. and Wei Da Electric Vehicle Co., Ltd. - had been assessed by the tax authorities.

The tax returns through 2015 of the Group's subsidiaries - Chroma New Material Corp. and Wei Kuang Automatic Equipment Co., had been assessed by the tax authorities.

30. EARNINGS PER SHARE

Earnings and weighted average shares used to calculate earnings per share were as follows:

Net Profit for the Period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Earnings used in the computation of basic earnings per share	$ 612,095	$ 866,069	$ 2,067,991	$ 1,670,319
Effect of potentially dilutive ordinary shares:				
Interest on convertible bonds and valuation gain on conversion option	188	1,042	961	6,680
Earnings used in the computation of diluted earnings per share	$ 612,283	$ 867,111	$ 2,068,952	$ 1,676,999

Shares

(In Thousands of Shares)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Weighted average number of ordinary shares used in the computation of basic earnings per share	410,107	403,161	408,404	395,228
Effect of potentially dilutive ordinary shares:				
Employee share options	4,279	3,649	4,915	3,279
Employee restricted shares	1,869	2,385	1,861	1,665
Convertible bonds	646	3,853	1,280	8,405
Employees' compensation	1,338	2,322	1,712	2,963
Weighted average number of ordinary shares used in the computation of diluted earnings per share	418,239	415,370	418,172	411,540

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

31. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan of the Corporation

The Corporation had not granted employee share options for the nine months ended September 30, 2018 and 2017.

Information on employee share options was as follows:

	For the Nine Months Ended September 30			
	2018		2017	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)
Balance, beginning of the period	9,463	$ 60.1	11,538	$ 60.2
Options exercised	(3,109)	59.0	(1,240)	47.1
Balance, end of the period	6,354	58.7	10,298	59.5
Options exercisable, end of the period	1,825		2,398	

b. Employee share option plan of subsidiaries

Adivic Technology Co. granted its employees share options of 1,360 thousand units in March 12, 2014, with each option eligible to subscribe for one common share of Adivic Technology Co. when exercised. The options are valid for 8 years and exercisable at certain percentages subsequent to the second year of the grant date.

Information on employee share options was as follows:

	For the Nine Months Ended September 30			
	2018		2017	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)
Balance, beginning of the period	785	$ 10.0	785	$ 10.0
Options forfeited	-	-	-	-
Balance, end of the period	785	10.0	785	10.0
Options exercisable, end of the period	-		-	

c. Restricted shares for employees

In the shareholders' meeting on June 7, 2016, the shareholders approved a Restricted Share Unit Plan ("RSU" Plan) for employees with a total amount of $36,000 thousand, consisting of 3,600 thousand shares with issuance price of $10 dollars per share. It can be issued at one time or several times depending on the circumstance. The RSU Plan was approved under Rule No. 1050024381 issued by the FSC on June 27, 2016. The Corporation issued 3,100 thousand and 185 thousand shares on July 8, 2016 and June 20, 2017, the subscription date. The details of RSU Plan are as follows:

1) Employees who are granted RSUs, upon meeting the Corporation's financial performance and personal performance indicators, are eligible to be vested 10, 20, 30 and 40 percent of the RSUs granted after 1, 2, 3 and 4 years of tenure after the subscription date, respectively.

2) The restrictions on the rights of the employees who are granted RSUs but have not met the vesting conditions are as follows:

   a) The employees are not eligible to sell, pledge, transfer, donate or to dispose any RSUs in any form.

   b) The employees holding RSUs are entitled to receive dividends and similar purchasing rights to ordinary shares during capital increase. Dividends from RSUs are not restricted during the vesting period and are appropriated to the employees' personal account from trust account after the dividend distribution date.

   c) Before the restricted shares are vested to the employees, the right of attendance, proposal, speech, voting and other rights of shareholders are acted by the custodian.

   d) The RSUs should be delivered to trust custodians upon grant date. The employees cannot request for return in any manner before vesting conditions are met.

3) If an employee fails to meet the vesting conditions, the Corporation will recall or buy back and cancel the restricted shares at issued price. If an employee voluntarily resigns, retires, disabled or decease due to occupational hazards, dismissed, be transferred to another post, violates labor contracts or working protocols substantially or abandons restricted shares, related guidelines of RSU Plan will be followed accordingly.

Information relating to outstanding employee restricted shares was as follows:

	For the Nine Months Ended September 30	
	2018	**2017**
Restricted shares at the beginning of the period	2,975	3,100
Shares granted	-	185
Shares vested	(618)	(298)
Shares canceled	(84)	(12)
Restricted shares at the end of the period	2,273	2,975

32. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's capital management aims to maintain the sufficiency of financial resources and the soundness of operating strategies to meet the needs for operating capital, capital expenditure, R & D expenses, debt handling, dividend disbursement, etc.

33. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

Management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or their fair value could not be assessed reliably.

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

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
September 30, 2018				
Financial assets at FVTPL				
Derivative instruments	$ -	$ 1	$ -	$ 1
Domestic listed equity securities	4,287	-	-	4,287
Open-end beneficiary certificates	950,042	-	7,055	957,097
	$ 954,329	$ 1	$ 7,055	$ 961,385
Financial assets at FVTOCI				
Domestic listed equity securities	$ 270,133	$ -	$ -	$ 270,133
Domestic unlisted equity securities	-	-	397,644	397,644
Foreign unlisted equity securities	-	-	27,657	27,657
	$ 270,133	$ -	$ 425,301	$ 695,434
December 31, 2017				
Financial assets at FVTPL				
Domestic listed equity securities	$ 8,763	$ -	$ -	$ 8,763
Derivative instruments	-	31	-	31
	$ 8,763	$ 31	$ -	$ 8,794

(Continued)

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Domestic listed equity securities	$ 268,582	$ -	$ -	$ 268,582
Open-end beneficiary certificates	1,043,387	-	-	1,043,387
	$ 1,311,969	$ -	$ -	$ 1,311,969
September 30, 2017				
Financial assets at FVTPL				
Domestic listed equity securities	$ 8,693	$ -	$ -	$ 8,693
Derivative instruments	-	234	-	234
	$ 8,693	$ 234	$ -	$ 8,927
Available-for-sale financial assets				
Domestic listed equity securities	$ 258,900	$ -	$ -	$ 258,900
Open-end beneficiary certificates	1,541,789	-	-	1,541,789
	$ 1,800,689	$ -	$ -	$ 1,800,689

(Concluded)

There were no transfers between Levels 1 and 2 for the nine months ended September 30, 2018 and 2017.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the nine months ended September 30, 2018

Financial Assets	Financial Assets at Fair Value Through Profit or Loss Equity Instruments	Financial Assets at Fair Value Through Other Comprehensive Income Equity Instruments	Total
Balance at January 1, 2018	$ 6,013	$ 295,449	$ 301,462
Recognized in profit or loss (included in valuation gains and losses)	1,042	-	1,042
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	-	67,314	67,314
Purchases	-	67,800	67,800
Cash returned of capital reduction	-	(5,262)	(5,262)
Balance at September 30, 2018	$ 7,055	$ 452,301	$ 432,356

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - convertible bonds	Binomial tree valuation model of convertible bonds: The fair value of the derivative financial assets embedded in convertible bonds was determined based on the observable closing price of the stocks at balance sheet date and risk-free interest rate with risk premium.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair value of domestic unlisted equity securities and open-end beneficiary certificates are determined by using the asset approach and the market approach. Asset approach is a manner evaluating the total market value of individual asset and liability covered by evaluated target, taking into account the risk factors (lack of marketability, etc.) to estimate its fair value. Market approach is a manner referring to the transaction prices of the listed companies engaging in similar business in active market, related price multiplier, transaction and information implied by the transaction price, to arrive at their fair value.

c. Categories of financial instruments

	September 30, 2018	December 31, 2017	September 30, 2017
Financial assets			
FVTPL			
Held for trading	$ -	$ 8,794	$ 8,927
Mandatorily at FVTPL	961,385	-	-
Loans and receivables (1)	-	10,150,213	9,147,886
Available-for-sale financial assets (2)	-	1,505,540	1,995,660
Financial assets at amortized cost (3)	9,363,759	-	-
Financial assets at FVTOCI			
Equity instruments	695,434	-	-
Financial liabilities			
Financial liabilities at amortized cost (4)	6,763,868	6,946,853	6,867,683

1) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market, notes receivable, trade receivables, other receivables (other current assets) and refundable deposits.

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

3) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, financial assets measured at amortized cost, notes receivable, trade receivables, other receivables (other current assets) and refundable deposits.

4) The balances included financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payable, notes payable, trade payables, other payables, bonds issued, long-term loans (including current portion of long-term borrowings) and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments consist of equity investments, cash and cash equivalents, receivables, long-term and short-term borrowings, short-term bills payable, trade payables and convertible bonds. The Group's financial risk management pertains to financial risks relating to the operations of the Group, including currency risk, interest rate risk, credit risk and liquidity risk. The Group seeks to identify, evaluate and hedge against market uncertainties to lower the effect of market changes on the Group's financial performance.

The Group manages foreign exchange risk through setting up of foreign currency deposit bank accounts and through the use of foreign currency directly received from sale to pay for purchases in foreign currency to reduce the impact of foreign exchange fluctuation and to achieve a natural hedge effect. The Group actively observes the exchange rate information to fully control the foreign currency hedge.

1) Market risk

The Group's activities expose it primarily to the financial risks of changes in exchange rates (see Item (a) below), interest rates (see Item (b) below) and price (see Item (c) below).

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

a) Foreign currency risk

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

Sensitivity analysis

The Group was mainly exposed to USD and RMB.

If the NTD had been strengthened/weakened by 5% against the relevant currency, the pre-tax profit would have decreased/increased by $273,833 thousand and $234,285 thousand for the nine months ended September 30, 2018 and 2017, respectively. The 5% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds both at fixed and floated interest rates. The Group evaluates hedging activities regularly to align with interest rate views and defined risk appetite and ensures that the most cost-effective hedging strategies are applied.

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

	September 30, 2018	**December 31, 2017**	**September 30, 2017**
Fair value interest rate risk			
Financial assets	$ 468,186	$ 1,718,748	$ 2,423,328
Financial liabilities	258,912	673,710	2,321,253
Cash flow interest rate risk			
Financial assets	3,442,234	4,250,952	2,782,747
Financial liabilities	2,666,334	2,175,366	1,753,756

Sensitivity analysis

The sensitivity analysis below has been determined on the basis of the exposure to interest rates for both derivative and non-derivative instruments at balance sheet dates. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the balance sheet dates was outstanding for the entire period. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2018 and 2017 would have increased/decreased by $2,910 thousand and $3,859 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable rate deposits and bank loans.

c) Price risk

The Group is exposed to equity price risks arising from the following:

i. Investment in financial assets at fair value through other comprehensive income (mainly investment in domestic/foreign and listed/unlisted stocks), which are held for strategic rather than trading purposes. The Group does not actively trade these investments.

ii. Financial assets at fair value through profit or loss (mainly investment in domestic/foreign open-end beneficiary certificates and listed stocks in Taiwan)

The Group manages risk through holding various investment portfolios and having every equity investment get prior approval from the Group's management.

Sensitivity analysis

If equity prices had been 5% higher/lower, the pre-tax profit for the nine months ended September 30, 2018 would have increased/decreased by $48,069 thousand as a result of the changes in fair values of financial assets at FVTPL, and the pre-tax other comprehensive income for the nine months ended September 30, 2018 would have increased/decreased by $34,772 thousand as a result of the changes in fair values of financial assets at FVTOCI.

If equity prices had been 5% higher/lower, the pre-tax profit for the nine months ended September 30, 2017 would have increased/decreased by $435 thousand as a result of the changes in fair values of held-for-trading investments, and the pre-tax other comprehensive income for the nine months ended September 30, 2017 would have increased/decreased by $90,034 thousand as a result of the changes in fair values of available-for-sale financial assets held by the Group.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation, could arise from:

a) The carrying amount of trade receivables from operating activities; and

b) The amount of bank deposits, fixed-income and other financial instruments from investing activities.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Trade receivables involve a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables, including the evaluation of internal credits, historical transaction records, present economic circumstances, etc. which affect the customers' payment ability.

The credit risk of bank deposits, fixed-income financial instruments and other financial instruments are evaluated, managed and controlled by the Group's financial department. The Group's exposure to credit risk was limited because the Group adopted a policy of only dealing with creditworthy counterparties.

3) Liquidity risk

The Group manages liquidity risk by managing and maintaining sufficient cash and cash equivalents to supply the Group's demand and mitigate the effects of fluctuations in cash flow. The Group continuously monitors the use of credit lines and conformity to loan terms.

The Group relies on bank borrowings as a significant source of liquidity. As of September 30, 2018, December 31, 2017 and September 30, 2017, the Group's available unutilized bank loan facilities were $4,192,086 thousand, $3,036,639 thousand and $1,682,630 thousand, respectively.

Liquidity and interest risk tables for non-derivative financial liabilities

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

Bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

	September 30, 2018		
	Within 1 Year	**1 to 5 Years**	**More Than 5 Years**
Non-derivative financial liabilities			
Non-interest bearing	$ 3,837,655	$ -	$ -
Convertible bonds	5,700	-	-
Fixed interest rate instruments	160,952	96,890	2,079
Floating interest rate instruments	1,137,112	1,598,967	-
	$ 5,141,419	$ 1,695,857	$ 2,079

	December 31, 2017		
	Within 1 Year	1 to 5 Years	More Than 5 Years
Non-derivative financial liabilities			
Non-interest bearing	$ 4,096,939	$ -	$ -
Convertible bonds	-	101,900	-
Fixed interest rate instruments	482,332	98,794	3,057
Floating interest rate instruments	1,233,271	981,261	7,462
	$ 5,812,542	$ 1,181,955	$ 10,519

	September 30, 2017		
	Within 1 Year	1 to 5 Years	More Than 5 Years
Non-derivative financial liabilities			
Non-interest bearing	$ 2,791,832	$ -	$ -
Convertible bonds	-	234,400	-
Fixed interest rate instruments	1,996,178	102,227	3,464
Floating interest rate instruments	1,238,176	553,768	8,346
	$ 6,026,186	$ 890,395	$ 11,810

After considering the financial position of the Group, management does not expect the banks will execute their rights of requiring the Group to repay the bank loans immediately. In addition, management believes the operating funds of the Corporation and subsidiaries are sufficient to meet cash flow demand; thus, liquidity risk is not considered significant.

The Group's operating funds are sufficient to meet its cash flow demand, as a result, the Group does not use its overdraft limit.

34. TRANSACTIONS WITH RELATED PARTIES

a. The related parties and relationships with the Group were as follows:

Related Party	Relationship with the Group
Dynascan Technology Corp. ("Dynascan Technology")	Associate
Adlink Technology Inc. ("Adlink")	Associate
Chih Ho Shun Development Co., Ltd. ("Chih Ho Shun")	Joint venture
Dynascan Electronics (Shanghai) Co., Ltd. ("Dynascan Shanghai")	Associate
Dynascan Technology Inc. ("Dynascan USA")	Associate
Dynascan Japan Inc. ("Dynascan Japan")	Associate
Mou Kuan Technologies Co., Ltd. ("Mou Kuan")	Other related party
Quantel Co., Ltd. ("Quantel Thailand")	Other related party
Quantel Pte Ltd Representative Office In Hanoi ("Quantel Vietnam")	Other related party
Quantel Electronics (India) Private Limited ("Quantel India")	Other related party
Quantel Sdn. Bhd. ("Quantel Malaysia")	Other related party
Quantel Philippines Inc. ("Quantel Philippines")	Other related party
PT Quantel ("Quantel Indonesia")	Other related party

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and its related parties are disclosed below.

The related-party transactions were conducted under normal terms unless specified otherwise.

b. Sales

Related Party Categories	For the Three Months Ended September 30 2018	For the Three Months Ended September 30 2017	For the Nine Months Ended September 30 2018	For the Nine Months Ended September 30 2017
Associates	$ 13,849	$ 5,333	$ 44,396	$ 14,835
Other related parties	11,298	24,889	40,050	38,111
	$ 25,147	$ 30,222	$ 84,446	$ 52,946

c. Purchase

Related Party Categories	For the Three Months Ended September 30 2018	For the Three Months Ended September 30 2017	For the Nine Months Ended September 30 2018	For the Nine Months Ended September 30 2017
Associates	$ 3,696	$ 6,014	$ 12,361	$ 20,495
Other related parties	16,465	7,283	61,095	13,275
	$ 20,161	$ 13,297	$ 73,456	$ 33,770

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

Line Items	Related Party Categories	September 30, 2018	December 31, 2017	September 30, 2017
Trade receivables - related parties	Associates	$ 7,092	$ 4,075	$ 6,663
	Other related parties	39,715	43,627	61,085
		$ 46,807	$ 47,702	$ 67,748

Outstanding trade receivables from related parties were unsecured.

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

Line Items	Related Party Categories	September 30, 2018	December 31, 2017	September 30, 2017
Notes payable - related parties	Other related parties	$ 23,922	$ 17,502	$ 8,063
Trade payables - related parties	Associates	$ 5,714	$ 7,201	$ 6,486
	Other related parties	43	32,233	5
		$ 5,757	$ 39,434	$ 6,491

f. Others

Line Items	Related Party Categories	For the Three Months Ended September 30 2018	2017	For the Nine Months Ended September 30 2018	2017
Rental income	Associates	$ 315	$ 315	$ 945	$ 945
Rental expense	Other related parties	$ 3,150	$ 3,150	$ 9,450	$ 9,450
Administration expense	Associates	$ 4,762	$ 4,764	$ 4,764	$ 4,767
	Other related parties	9,505	8,342	22,816	21,741
		$ 14,267	$ 13,106	$ 27,580	$ 26,508

Line Items	Related Party Categories	September 30, 2018	December 31, 2017	September 30, 2017
Other current assets	Associates	$ 3,459	$ 912	$ 502

g. Compensation of key management personnel

Related Party Categories	For the Three Months Ended September 30 2018	2017	For the Nine Months Ended September 30 2018	2017
Short-term employee benefits	$ 27,593	$ 50,564	$ 91,745	$ 107,064
Post-employment benefits	551	582	1,634	1,685
	$ 28,144	$ 51,146	$ 93,379	$ 108,749

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

35. ASSETS PLEDGED

The assets pledged as collaterals for bank loans and for product warranty were as follows:

	September 30, 2018	December 31, 2017	September 30, 2017
Property, plant and equipment, net	$ 955,708	$ 1,030,465	$ 1,040,752
Pledge deposits - (classified as financial assets measured at amortized cost)	183,779	-	-
Pledge deposits - (classified as debt investments with no active market)	-	491,447	738,073
	$ 1,139,487	$ 1,521,912	$ 1,778,825

36. OTHER SIGNIFICANT EVENTS

On January 17, 2012, the Corporation, Dynapack International Corporation and Heran Co., Ltd. won a bid for the ownership of land and the building and related facilities to be built on the land pertaining to "The Action Plan for Developing Land Surrounding the MRT Airport Station to Improve Civilians' Life," which had been reviewed and approved by the Ministry of the Interior (MOI).

The total bid price was $10,088,890 thousand, covering land with an area of 222,300 square meters. As a result of winning the above bid, the Corporation acquired 35%, or 77,805 square meters, of a certain piece of land for $3,531,112 thousand. On April 18, 2012, the Corporation signed the land purchase contract with the MOI; the payment schedule for this purchase is as follows:

a. The first installment of the bid amount (10% of the total bid amount, or $353,111 thousand) should be paid within 10 days from the contract date. The Corporation paid the first installment by bid deposit $353,040 thousand and cash.

b. To meet the schedule for zone expropriation, the Corporation should pay the second installment (30% of the total bid amount) within 10 days of receiving the payment notice from the MOI. The MOI will approve the Corporation's land usage rights as the payment is made. On September 3, 2013, the Corporation has paid the second installment $1,059,333 thousand.

c. To help the MOI provide the compensations for land expropriation and complete the demolition and relocation of structures on the land, the Corporation should pay the third installment (40% of the total bid amount) within 10 days of the payment notice from the MOI. The MOI will then check with the Corporation to see if the demolition and relocation are completed as the payment is made. In November 2015 and July 2016, the Corporation has paid the first part of the third installments $536,729 thousand and remaining part of the third installment $875,716 thousand, respectively.

d. The Corporation should accomplish the following things within four years from the time of obtaining the approval of the land usage rights:

   1) Open up the main road system and build related public facilities.

   2) Acquire the building license for over 50% percent of all industrial land and register with the authorities to go into operation.

   After completing the above requirements, the Corporation should apply to the MOI for the approval to acquire real property rights to the structures and facilities built. The Corporation should pay the fourth installment (20% of the total bid amount) within 10 days upon obtaining the approval and receipt of the payment notice from the MOI. The Corporation has paid the fourth installment $716,362 thousand in June 2018 and obtained the property registration over the land from the MOI. The Corporation has agreed to comply with the MOI's requirement for the MOI's placing of caution on undeveloped land before ownership of real property is turned over to the Corporation. The MOI will cancel this caution once it determines that the Corporation has completed all the required land development, building and facility construction and land improvements. The Corporation has recognized the land of self-use and the land of undetermined future use to property, plant and equipment and investment properties, respectively. Please refer to Notes 18 and 19.

37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

September 30, 2018

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 167,051	30.525 (USD:NTD)	$ 5,099,229
USD	17,574	7.825 (USD:HKD)	536,441
USD	4,253	1.367 (USD:SGD)	129,806
RMB	151,053	4.436 (RMB:NTD)	670,071
RMB	155,954	1.137 (RMB:HKD)	691,811
			$ 7,127,358
Financial liabilities			
Monetary items			
USD	26,541	30.525 (USD:NTD)	$ 810,153
USD	20,403	7.825 (USD:HKD)	622,803
RMB	49,085	1.137 (RMB:HKD)	217,742
			$ 1,650,698

December 31, 2017

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 143,081	29.760 (USD:NTD)	$ 4,258,102
USD	18,885	7.817 (USD:HKD)	562,031
USD	4,348	1.337 (USD:SGD)	129,370
RMB	479,401	4.565 (RMB:NTD)	2,188,466
RMB	176,964	1.199 (RMB:HKD)	807,841
			$ 7,945,810
Financial liabilities			
Monetary items			
USD	33,786	29.760 (USD:NTD)	$ 1,005,481
USD	19,711	7.817 (USD:HKD)	586,585
RMB	30,206	4.565 (RMB:NTD)	137,891
RMB	91,165	1.199 (RMB:HKD)	416,167
			$ 2,146,124

September 30, 2017

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 169,494	30.260 (USD:NTD)	$ 5,128,888
USD	14,107	7.813 (USD:HKD)	426,884
USD	3,734	1.357 (USD:SGD)	112,984
RMB	317,378	4.551 (RMB:NTD)	1,444,386
RMB	130,097	1.175 (RMB:HKD)	592,070
			$ 7,705,212
Financial liabilities			
Monetary items			
USD	66,106	30.260 (USD:NTD)	$ 2,000,363
USD	13,326	7.813 (USD:HKD)	403,255
RMB	80,595	4.551 (RMB:NTD)	366,790
RMB	54,738	1.175 (RMB:HKD)	249,111
			$ 3,019,519

For the three months ended September 30, 2018 and 2017, (realized and unrealized) net foreign exchange gains (losses) were $(54,226) thousand and $14,450 thousand, respectively. For the nine months ended September 30, 2018 and 2017, (realized and unrealized) net foreign exchange gains (losses) were $73,190 and $(76,447) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

38. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others: Table 1 (attached)

2) Endorsements/guarantees provided: Table 2 (attached)

3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): Table 3 (attached)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: Table 4 (attached)

5) Acquisitions of individual real estate at costs of at least NT $300 million or 20% of the paid-in capital: Table 5 (attached)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 6 (attached)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 7 (attached)

9) Trading in derivative instruments: Note 7 and Note 23.

10) Others: Intercompany relationships and significant intercompany transactions: Table 8 (attached)

11) Information on investees: Table 9 (attached)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 10 (attached)

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

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 6 (attached)

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 6 (attached)

c) The amount of property transactions and the amount of the resultant gains or losses: None.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2 (attached).

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1 (attached).

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

39. SEGMENT INFORMATION

Information reported to the Group’s chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of products delivered or services provided. The Group’s reportable segments are as follows:

a. Special materials department.

b. Test instrument department.

c. Automatic equipment department.

d. Other

1) Segment revenues and results

	Special Materials Department	Test Instrument Department	Automatic Equipment Department	Other	Elimination	Total
For the nine months ended September 30, 2018						
Revenue from external customers	$ 1,493,385	$ 7,341,045	$ 3,911,038	$ 261,488	$ -	$ 13,006,956
Inter-segment revenue	-	5,397,635	686,347	2	(6,083,984)	-
Segment revenue	$ 1,493,385	$ 12,738,680	$ 4,597,385	$ 261,490	$ (6,083,984)	13,006,956
Consolidated revenue						$ 13,006,956
Segment income	$ 38,946	$ 1,415,085	$ 1,119,694	$ (19,506)	$ (20,180)	$ 2,534,039
Non-operating income and expenses						208,385
Profit before tax						$ 2,742,424
For the nine months ended September 30, 2017						
Revenue from external customers	$ 1,528,212	$ 7,289,203	$ 599,804	$ 269,368	$ -	$ 9,686,587
Inter-segment revenue	-	4,969,005	36,182	6	(5,005,193)	-
Segment revenue	$ 1,528,212	$ 12,258,208	$ 635,986	$ 269,374	$ (5,005,193)	9,686,587
Consolidated revenue						$ 9,686,587
Segment income	$ 28,161	$ 1,722,924	$ 207,838	$ (7,233)	$ 40,026	$ 1,991,716
Non-operating income and expenses						51,585
Profit before tax						$ 2,043,301

The sales between segments are based on fair value.

The above revenue were generated through transactions with external customers and among segments. The inter-segment revenue for the nine months ended September 30, 2018 and 2017 had been adjusted and eliminated from the consolidated financial statements.

Segment operating income refers to profit earned by each segment, excluding remuneration of directors, share of profits or loss of associates and joint ventures, rental income, interest income, gain (loss) on disposal of property, plant and equipment, gain (loss) on disposal of investments, foreign exchange gain (loss), valuation gain (loss) on financial instruments, finance costs and income tax expense. This was the measure reported to the Group’s chief operating decision maker to allocate resources to each segment and evaluate its performance.

2) Segment assets and liabilities

	September 30, 2018	December 31, 2017	September 30, 2017
Segment assets			
Special materials department	$ 902,020	$ 935,074	$ 953,272
Test instrument department	19,395,816	19,209,748	18,551,981
Automatic equipment department	3,653,525	2,703,688	2,085,921
Other	270,267	599,309	573,196
Adjustments and eliminations	(4,011,878)	(4,722,373)	(4,539,387)
Total segment assets	20,209,750	18,725,446	17,624,983
Investments and other unallocated assets	2,993,673	3,292,166	4,042,330
Consolidated total assets	$ 23,203,423	$ 22,017,612	$ 21,667,313

(Continued)

	September 30, 2018	December 31, 2017	September 30, 2017
Segment liabilities			
Special materials department	$ 612,486	$ 614,525	$ 645,094
Test instrument department	6,736,038	6,330,287	5,520,138
Automatic equipment department	1,513,693	2,001,270	2,150,259
Other	152,874	277,289	254,224
Adjustments and eliminations	(3,431,202)	(3,821,486)	(3,589,138)
Total segment liabilities	5,583,889	5,401,885	4,980,577
Borrowings and other unallocated liabilities	3,342,086	3,152,898	4,336,717
Consolidated total liabilities	$ 8,925,975	$ 8,554,783	$ 9,317,294

(Concluded)

For the purpose of monitoring segment performance and allocating resources between segments:

a) All assets were allocated to reportable segments other than interests in associates accounted for using equity method, investments in stocks and funds, prepayments for investment and deferred tax assets. Goodwill was allocated to reportable segments.

b) All liabilities were allocated to reportable segments other than borrowings and deferred tax liabilities.

TABLE 1

CHROMA ATE INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 5)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
0	The Corporation	Chroma Systems Solutions, Inc.	Other receivables	Y	$ 118,637	$ 118,637	$ 118,637	3.25%	a	$ 396,338	-	$ -	-	$ -	$ 1,399,397 (Note 1)	$ 2,798,795 (Note 2)
		Chroma Japan Corp.	Other receivables	Y	46,321	41,194	35,741	-	a	183,610	-	-	-	-	1,399,397 (Note 1)	2,798,795 (Note 2)
1	Chroma Electronics (Shenzhen) Co., Ltd.	Chroma ATE (Suzhou) Co., Ltd.	Other receivables	Y	44,360	44,360	-	2.50%	b	-	Operation	-	-	-	432,202 (Note 3)	432,202 (Note 3)
2	Wei Kuang Automatic Equipment (Xiamen) Co., Ltd.	Chroma ATE (Suzhou) Co., Ltd.	Other receivables	Y	44,360	44,360	22,180	2.50%	b	-	Operation	-	-	-	217,727 (Note 3)	217,727 (Note 3)

Note 1: Based on 10% of the net value of the Corporation.

Note 2: Based on 20% of the net value of the Corporation.

Note 3: Based on 70% of the net value from the latest financial statements of borrowing company that have been audited or reviewed.

Note 4: The amounts listed in the table were translated into New Taiwan dollars at the exchange rate of US$1=NT$30.525, JPY1=NT$0.269, RMB1=NT$4.436 as of September 28, 2018.

Note 5: Financing provided:

a. For transactions.
b. For short-term financing.

CHROMA ATE INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018
(In Thousands of New Taiwan Dollars or Foreign Currency, Unless Stated Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Corporation	Chroma Japan Corp.	Subsidiary	$ 2,099,096	$ 34,100	$ 34,100	$ 5,380	$ -	0.24%	$ 4,198,192	Y	-	-
		Chroma ATE Europe B.V.	Subsidiary	2,099,096	53,220	53,220	-	-	0.38%	4,198,192	Y	-	-
		Chroma ATE Inc.	Subsidiary	2,099,096	61,050	61,050	61,050	-	0.44%	4,198,192	Y	-	-
		Sajet System Technology (Suzhou) Co., Ltd.	Subsidiary	2,099,096	22,180	22,180	-	-	0.16%	4,198,192	Y	-	Y
		Chroma Electronics (Shanghai) Co., Ltd.	Subsidiary	2,099,096	44,360	44,360	-	-	0.32%	4,198,192	Y	-	Y
		Chroma Electronics (Shenzhen) Co., Ltd.	Subsidiary	2,099,096	44,360	44,360	-	-	0.32%	4,198,192	Y	-	Y
		Chroma ATE (Suzhou) Co., Ltd.	Subsidiary	2,099,096	88,720	88,720	3,193	-	0.63%	4,198,192	Y	-	Y
		Quantel Private Ltd.	Subsidiary	2,099,096	44,660	44,660	-	-	0.32%	4,198,192	Y	-	-

Note 1: According to Regulation of the “Procedures for Endorsement/Guarantee and lending of Funds”, the Corporation limits the endorsement/guarantee amount on each entity to (a) within 15% of the net value of the Corporation and (b) the capital issued of the entity endorsed/guaranteed, but 100% held subsidiary is not limited by the regulation.

Note 2: According to Regulation of the “Procedures for Endorsement/Guarantee and Lending of Funds”, the Corporation limits the endorsement/guarantee amount within the 30% of the net value of the Corporation.

Note 3: The amounts listed in columns were translated into New Taiwan dollars at the exchange rate of US\$1=NT\$30.525, JPY1=NT\$0.269, SGD1=NT\$22.330, RMB1=NT\$4.436, EUR1=NT\$35.480 as of September 28, 2018.

TABLE 3

CHROMA ATE INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT CONTROLLED ENTITIES)
SEPTEMBER 30, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2018				Note
				Shares/Units (Thousands)	Carrying Amount	Percentage of Ownership	Fair Value	
The Corporation	Fund							
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss - current	44,427	$ 555,668	-	$ 555,668	-
	WI Harper INC Fund VII LP	-	Financial assets at fair value through profit or loss - non-current	-	7,055	-	7,055	-
	Stocks							
	DynaColor, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	6,050	224,467	6.1	224,467	-
	Chunghwa Telecom Co., Ltd.	-	〃	412	45,362	-	45,362	-
	China Communications Media Group Co., Ltd.	-	〃	26	304	-	304	-
	WK Technology Fund IX Ltd.	-	〃	4,614	39,086	4.6	39,086	-
	Twoway Catv Service Inc.	-	〃	3,561	40,769	4.4	40,769	-
	Tian Zheng International Precision Machinery Co., Ltd.	-	〃	2,553	220,579	9.2	220,579	-
	WK Technology Fund IV Ltd.	-	〃	806	3,433	1.9	3,433	-
	WK Technology Fund VI Ltd.	-	〃	723	1,937	1.4	1,937	-
	TFBS Bioscience Inc.	-	〃	3,280	43,591	14.7	43,591	-
	Taiwan Advanced Nanotech Inc.	-	〃	2,700	48,249	15.0	48,249	-
Chroma New Material Corp.	Fund							
	Fuh Hwa You Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,829	91,788	-	91,788	-
	Taishin 1699 Money Market Fund	-	〃	3,712	50,076	-	50,076	-
Chroma Investment Co., Ltd.	Fund							
	Hua Nan Kirin Money Market Fund	-	〃	7,444	88,891	-	88,891	-
	Stocks							
	Greatek Electronics Inc.	-	〃	85	4,287	-	4,287	-
	Chroma ATE Inc.	The Corporation	Financial assets at fair value through other comprehensive income - non-current	1,916	280,632	0.5	280,632	-
	Fei Hong Industrial Co., Ltd.	-	〃	4,174	23,446	7.6	23,446	-
	Cosmactive Broadband Networks Co., Ltd.	-	〃	26	-	1.5	-	-
	Prance System Technology Co., Ltd.	-	〃	111	-	5.1	-	-

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2018				Note
				Shares/Units (Thousands)	Carrying Amount	Percentage of Ownership	Fair Value	
Chen Hwa Technology Inc.	Stocks							
	Hangzhou New Material Chroma Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	-	$ 4,211	19.0	$ 4,211	-
Innovative Nanotech Incorporated	Fund							
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss - current	10,010	125,193	-	125,193	-
Touch Cloud Incorporation	Fund							
	Mega Diamond Money Market Fund	-	〃	3,072	38,426	-	38,426	-

Note 1: Marketable securities refer to stocks, bonds, beneficiary certificates and marketable securities derived from above items under IFRS 9 “Financial Instruments”.

Note 2: The fair value of open-end beneficiary certificates and listed market securities was calculated based on the net asset value and closing price as of balance sheet date.

(Concluded)

CHROMA ATE INC. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares (Thousands)	Amount (Note)	Number of Shares (Thousands)	Amount	Number of Shares (Thousands)	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares (Thousands)	Amount (Note)
Chroma ATE Inc. (the "Corporation")	Fund Mega Diamond Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	20,372	$ 253,960	24,055	$ 300,000	-	$ -	$ -	$ -	44,427	$ 555,668
	Jih Sun Money Market Fund	〃	-	-	-	-	27,146	400,000	27,146	400,970	400,000	970	-	-

Note: The beginning and ending balances included adjustments for financial assets valuation gain or loss.

CHROMA ATE INC. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type of Property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Nature of Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
Chroma ATE Inc.	Land	2018.06.05	$ 717,244	Based on a contract; fourth installment had been paid.	Ministry of the Interior, Republic of China	-	-	-	-	$ -	Public bidding	Manufacturing, R&D, operating and building employee dormitories	Note

Note: Please see Note 36 to the financial statements for related information.

TABLE 6

CHROMA ATE INC. AND SUBSIDIARIES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase (Sale)	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Corporation	Neworld Electronics Ltd.	Subsidiary	(Sale)	$ (1,573,223)	(27)	Net 90 days after delivery	-	-	$ 815,929	27	-
Neworld Electronics Ltd.	The Corporation	Parent company	Purchase	1,573,223	100	Net 90 days after delivery	-	-	(815,929)	(100)	-
The Corporation	Chroma Electronics (Shanghai) Co., Ltd.	Subsidiary	(Sale)	(142,132)	(2)	Net 120 days after delivery	-	-	43,798	1	-
Chroma Electronics (Shanghai) Co., Ltd.	The Corporation	Parent company	Purchase	142,132	100	Net 120 days after delivery	-	-	(43,798)	(100)	-
The Corporation	Chroma Electronics (Shenzhen) Co., Ltd.	Subsidiary	(Sale)	(249,586)	(4)	Net 90 days after monthly closing	-	-	134,150	5	-
Chroma Electronics (Shenzhen) Co., Ltd.	The Corporation	Parent company	Purchase	249,586	100	Net 90 days after monthly closing	-	-	(134,150)	(100)	-
The Corporation	Chroma ATE (Suzhou) Co., Ltd.	Subsidiary	(Sale)	(110,178)	(2)	Net 120 days after delivery	-	-	91,840	3	-
Chroma ATE (Suzhou) Co., Ltd.	The Corporation	Parent company	Purchase	110,178	100	Net 120 days after delivery	-	-	(91,840)	(100)	-
The Corporation	Chroma Japan Corp.	Subsidiary	(Sale)	(183,610)	(3)	Net 90 days after delivery	-	Note 1	218,080	7	-
Chroma Japan Corp.	The Corporation	Parent company	Purchase	183,610	100	Net 90 days after delivery	-	Note 1	(218,080)	(100)	-
The Corporation	Chroma ATE Inc.	Subsidiary	(Sale)	(481,022)	(8)	Net 180 days after delivery	-	-	380,494	13	-
Chroma ATE Inc.	The Corporation	Parent company	Purchase	481,022	100	Net 180 days after delivery	-	-	(380,494)	(100)	-
The Corporation	Chroma Systems Solutions, Inc.	Subsidiary	(Sale)	(396,338)	(7)	Net 90 days after delivery	-	-	192,074	6	-
Chroma Systems Solutions, Inc.	The Corporation	Parent company	Purchase	396,338	100	Net 90 days after delivery	-	-	(192,074)	(100)	-
The Corporation	Chroma ATE Europe B.V.	Subsidiary	(Sale)	(294,780)	(5)	Net 90 days after delivery	-	-	206,111	7	-
Chroma ATE Europe B.V.	The Corporation	Parent company	Purchase	294,780	100	Net 90 days after delivery	-	-	(206,111)	(100)	-
The Corporation	Quantel Private Ltd.	Subsidiary	(Sale)	(124,001)	(2)	Net 90 days after delivery	-	-	30,677	1	-
Quantel Private Ltd.	The Corporation	Parent company	Purchase	124,001	100	Net 90 days after delivery	-	-	(30,677)	(100)	-

(Continued)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase (Sale)	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Neworld Electronics Ltd.	Chroma Electronics (Shenzhen) Co., Ltd.	Subsidiary	(Sale)	$ (614,061)	(26)	Net 90 days	-	-	$ 512,259	48	-
Chroma Electronics (Shenzhen) Co., Ltd.	Neworld Electronics Ltd.	Parent company	Purchase	614,061	70	Net 90 days	-	-	(512,259)	(85)	-
Neworld Electronics Ltd.	Chroma ATE (Suzhou) Co., Ltd.	Same parent company	(Sale)	(115,015)	(5)	Net 90 days	-	-	101,905	9	-
Chroma ATE (Suzhou) Co., Ltd.	Neworld Electronics Ltd.	Same parent company	Purchase	115,015	43	Net 90 days	-	-	(101,905)	(39)	-
Neworld Electronics Ltd.	Wei Kuang Automatic Equipment (Nanjin) Co., Ltd.	Same parent company	(Sale)	(259,720)	(11)	Net 90 days	-	-	-	-	-
Wei Kuang Automatic Equipment (Nanjin) Co., Ltd.	Neworld Electronics Ltd.	Same parent company	Purchase	259,720	87	Net 90 days	-	-	-	-	-
Neworld Electronics Ltd.	Wei Kuang Automatic Equipment (Xiamen) Co., Ltd.	Same parent company	(Sale)	(340,831)	(14)	Net 90 days	-	-	-	-	-
Wei Kuang Automatic Equipment (Xiamen) Co., Ltd.	Neworld Electronics Ltd.	Same parent company	Purchase	340,831	77	Net 90 days	-	-	-	-	-
Wei Kuang Automatic Equipment Co., Ltd.	Neworld Electronics Ltd.	Same parent company	(Sale)	(508,803)	(16)	Net 180 days after delivery	-	-	-	-	-
Neworld Electronics Ltd.	Wei Kuang Automatic Equipment Co., Ltd.	Same parent company	Purchase	508,803	25	Net 180 days after delivery	-	-	-	-	-

Note: The actual credit period is longer than other customers, the recovery of receivables depends on the related parties' financial position.

(Concluded)

CHROMA ATE INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
SEPTEMBER 30, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance		Turnover Rate	Overdue		Amount Received in Subsequent Period (Note)	Allowance for Impairment Loss
						Amount	Action Taken		
The Corporation	Neworld Electronics Ltd.	Subsidiary	Trade receivables	$ 815,929	2.49	$ -	-	$ 194,477	$ -
	Chroma Electronics (Shenzhen) Co, Ltd.	Subsidiary	Trade receivables	134,150	2.07	-	-	32,298	-
	Chroma ATE Inc.	Subsidiary	Trade receivables	380,494	1.72	-	-	88,985	-
	Chroma ATE Europe B.V.	Subsidiary	Trade receivables	206,111	2.01	-	-	-	-
	Chroma System Solutions, Inc.	Subsidiary	Trade receivables	192,074	3.50	-	-	49,123	-
			Other receivables - financing provided	118,637	-	-	-	-	-
	Chroma Japan Corp.	Subsidiary	Trade receivables	218,080	1.28	-	-	37,784	-
Neworld Electronics Ltd.	Chroma Electronics (Shenzhen) Co, Ltd.	Subsidiary	Trade receivables	512,259	1.26	-	-	98,752	-
	Chroma ATE (Suzhou) Ltd.	Same parent company	Trade receivables	101,905	1.59	-	-	10,911	-

Note: As of October 30, 2018.

TABLE 8

CHROMA ATE INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Company Name	Counterparty	Flow of Transactions (Note 1)	Transaction Details			Percentage to Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
0	The Corporation	Neworld Electronics Ltd.	a	Operating revenue	$ 1,573,223	Note 2	12
		Chroma USA	a	Operating revenue	481,022	Note 2	4
		Chroma Systems Solutions, Inc.	a	Operating revenue	396,338	Note 2	3
		Chroma Europe	a	Operating revenue	294,780	Note 2	2
		Chroma Japan	a	Operating revenue	183,610	Note 2	1
		Chroma Electronics (Shenzhen) Co., Ltd.	a	Operating revenue	249,586	Note 2	2
		Chroma Electronics (Shanghai) Co., Ltd.	a	Operating revenue	142,132	Note 2	1
		Quantel Private Ltd.	a	Operating revenue	124,001	Note 2	1
		Chroma ATE (Suzhou) Co., Ltd.	a	Operating revenue	110,178	Note 2	1
		Testar Electronics Co.	a	Operating revenue	25,846	Note 2	-
		Wei Kuang Automatic Equipment Co., Ltd.	a	Purchase	26,588	Based on regular terms	-
		Chroma USA	a	Purchase	33,254	Based on regular terms	-
		Chroma ATE (Suzhou) Co., Ltd.	a	Purchase	13,259	Based on regular terms	-
		Testar Electronics Co.	a	Rental revenue	10,266	Based on regular terms	-
		Chroma Electronics (Shanghai) Co., Ltd.	a	Commissions expense	12,312	Based on regular terms	-
		Quantel Private Ltd.	a	Commissions expense	16,525	Based on regular terms	-
		Neworld Electronics Ltd.	a	Other revenue	14,400	Based on regular terms	-
		Neworld Electronics Ltd.	a	Trade receivables	815,929	Based on regular terms	4
		Chroma UAS	a	Trade receivables	380,494	Based on regular terms	2
		Chroma Japan	a	Trade receivables	218,080	Based on regular terms	1
		Chroma Europe	a	Trade receivables	206,111	Based on regular terms	1
		Chroma Systems Solutions, Inc.	a	Trade receivables	192,074	Based on regular terms	1
		Chroma Electronics (Shenzhen) Co., Ltd.	a	Trade receivables	134,150	Based on regular terms	1
		Testar Electronics Co.	a	Trade receivables	78,489	Note 3	-
		Chroma ATE (Suzhou) Co., Ltd.	a	Trade receivables	91,840	Based on regular terms	-
		Chroma Electronics (Shanghai) Co., Ltd.	a	Trade receivables	43,798	Based on regular terms	-
		Quantel Private Ltd.	a	Trade receivables	30,677	Based on regular terms	-
		Chroma Systems Solutions, Inc.	a	Other receivables - financing provided	118,637	Based on regular terms	-
		Chroma Japan	a	Other receivables - financing provided	35,741	Based on regular terms	-
		Testar Electronics Co.	a	Other receivables	22,955	Based on regular terms	-
1	Chroma USA	Chroma Japan	b	Purchase	70,694	Based on regular terms	1
		Chroma Japan	b	Trade payables	13,743	Based on regular terms	-

(Continued)

No.	Company Name	Counterparty	Flow of Transactions (Note 1)	Transaction Details			Percentage to Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
2	Neworld Electronics Ltd.	Chroma Electronics (Shenzhen) Co., Ltd.	a	Operating revenue	$ 614,061	Based on regular terms	5
		Wei Kuang Automatic Equipment (Xiamen) Co., Ltd.	b	Operating revenue	340,831	Based on regular terms	3
		Wei Kuang Automatic Equipment (Nanjin) Co., Ltd.	b	Operating revenue	259,720	Based on regular terms	2
		Chroma ATE (Suzhou) Co., Ltd.	b	Operating revenue	115,015	Based on regular terms	1
		Chroma Electronics (Shanghai) Co., Ltd.	a	Operating revenue	30,128	Based on regular terms	-
		Wei Kuang Automatic Equipment Co., Ltd.	b	Purchase	508,803	Based on regular terms	4
		Chroma Electronics (Shenzhen) Co., Ltd.	a	Commissions expense	37,742	Based on regular terms	-
		Chroma Electronics (Shanghai) Co., Ltd.	a	Commissions expense	29,125	Based on regular terms	-
		Chroma ATE (Suzhou) Co., Ltd.	b	Commissions expense	24,080	Based on regular terms	-
		Chroma Electronics (Shenzhen) Co., Ltd.	a	Trade receivables	512,259	Based on regular terms	2
		Chroma ATE (Suzhou) Co., Ltd.	b	Trade receivables	101,905	Based on regular terms	-
		Chroma Electronics (Shenzhen) Co., Ltd.	a	Other receivables	81,168	Based on regular terms	-
3	Chroma Electronics (Shenzhen) Co., Ltd.	Chroma ATE (Suzhou) Co., Ltd.	b	Operating revenue	43,321	Based on regular terms	-
		Chroma Electronics (Shanghai) Co., Ltd.	b	Operating revenue	26,982	Based on regular terms	-
		Sajet System Technology (Suzhou) Co., Ltd.	b	Purchase	17,055	Based on regular terms	-
		Chroma ATE (Suzhou) Co., Ltd.	b	Trade receivables	72,373	Based on regular terms	-
		Chroma Electronics (Shanghai) Co., Ltd.	b	Trade receivables	32,771	Based on regular terms	-
		Sajet System Technology (Suzhou) Co., Ltd.	b	Trade payables	10,716	Based on regular terms	-
4	Chroma Electronics (Shanghai) Co., Ltd.	Chroma ATE (Suzhou) Co., Ltd.	b	Purchase	15,791	Based on regular terms	-
		Chroma ATE (Suzhou) Co., Ltd.	b	Trade payables	21,118	Based on regular terms	-
5	Wei Kuang Automatic Equipment (Xiamen) Co., Ltd.	Wei Kuang Automatic Equipment (Nanjin) Co., Ltd.	b	Operating revenue	15,147	Based on regular terms	-
		Wei Kuang Automatic Equipment Co., Ltd.	b	Purchase	78,397	Based on regular terms	1
		Mou Kuan Technologies (Nanjin) Co., Ltd.	b	Purchase	22,173	Based on regular terms	-
		Wei Kuang Automatic Equipment Co., Ltd.	b	Trade payables	55,221	Based on regular terms	-
6	Wei Kuang Automatic Equipment (Nanjin) Co., Ltd.	Wei Kuang Automatic Equipment Co., Ltd.	b	Purchase	22,887	Based on regular terms	-
7	Chroma Europe	Chroma Germany GmbH	a	Operating revenue	52,598	Based on regular terms	-
		Chroma Germany GmbH	a	Trade receivables	45,458	Based on regular terms	-
		Chroma Germany GmbH	a	Other receivables	47,567	Based on regular terms	-

Note 1: a. From parent to subsidiary.
b. Between subsidiaries.

Note 2: The prices were determined after taking the selling and post-sale service expenses into consideration.

Note 3: The collection periods of about 12 months were longer than those for third parties.

(Concluded)

CHROMA ATE INC. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30, 2018			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				September 30, 2018	December 31, 2017	Shares (Thousands)	Percentage of Ownership	Carrying Amount			
The Corporation	Neworld Electronics Ltd.	Hong Kong	Sale and maintenance of electronic test instruments, etc.	$ 271,873	$ 271,873	64,013	100.0	$ 909,439	$ 83,465	$ 83,462	Subsidiary
	San Eagle Development Corp.	British Virgin Islands	Investment	186,514	186,514	2,050	100.0	835,741	198,523	144,730	Subsidiary
	Adlink Technology Inc.	New Taipei, Taiwan	Manufacturing, processing and retailing of software/hardware of computers and peripherals	165,146	165,146	24,502	11.3	508,215	129,764	14,681	Associate
	Chroma New Material Corporation	Taoyuan, Taiwan	Sale and processing of gold wire	480,715	480,715	25,000	100.0	431,767	33,162	33,162	Subsidiary
	Wei Kuang Automatic Equipment Co., Ltd.	Hsinchu, Taiwan	Design, manufacturing, installment and testing of automated factory conveyor systems	533,000	533,000	10,000	100.0	1,035,985	715,510	715,319	Subsidiary
	CHI Incorporation Ltd.	British Virgin Islands	Test of inductance, capacitance and resistance, and sale of parts	122,884	122,884	3,830	100.0	168,429	1,501	1,501	Subsidiary
	Quantel Private Ltd.	Singapore	Sale and maintenance of test instruments, etc.	112,328	112,328	1,914	60.0	127,976	29,046	16,589	Subsidiary
	Chen Hwa Technology Inc.	British Virgin Islands	Test of inductance, capacitance and resistance, and sale of parts	98,217	98,217	3,085	100.0	104,737	591	591	Subsidiary
	Chroma Investment Co., Ltd.	New Taipei, Taiwan	Investment	80,000	80,000	14,000	100.0	128,422	8,198	(375)	Subsidiary
	Chroma ATE Europe B.V.	The Netherlands	Sale and maintenance of electronic test instruments etc.	54,026	54,026	1	100.0	68,277	20,632	20,530	Subsidiary
	DynaScan Technology Corp.	Taoyuan, Taiwan	Research and manufacture of LED generators	238,746	238,746	9,841	27.3	124,906	112,631	30,748	Associate
	Chroma USA	USA	Sale and maintenance of electronic test instruments, etc.	29,895	29,895	1,000	100.0	140,660	1,110	975	Subsidiary
	Sensational Holding Ltd.	British Virgin Islands	Investment	38,301	38,301	1,200	100.0	52,909	1,169	1,169	Subsidiary
	Adivic Technology Co.	Taipei, Taiwan	Sale and research of RF device	193,800	193,800	12,240	51.0	35,525	(39,757)	(20,896)	Subsidiary
	Chroma Japan Corp.	Japan	Sale and maintenance of electronic test instruments, etc.	147,125	147,125	9	100.0	(55,306)	(21,462)	(21,461)	Subsidiary
	Chroma Systems Solutions, Inc.	USA	Sale and maintenance of electronic test instruments, etc.	29,628	29,628	120	25.0	(77,687)	53,140	13,640	Subsidiary
	Deep Red Holding Co., Ltd.	Mauritius	Investment	12,217	12,217	215	100.0	99,174	36,104	36,104	Subsidiary
	Chih Ho Shun Development Co., Ltd.	Taoyuan, Taiwan	Construction and development of residence, buildings and specialized field; construction and investment of public works	17,500	17,500	1,750	35.0	17,660	98	34	Joint venture
	Testar Electronics Corporation	Taoyuan, Taiwan	Testing of LED products	247,096	247,096	20,160	67.2	26,432	436	293	Subsidiary
	EVT Technology Co., Ltd.	Taoyuan, Taiwan	Manufacturing of motorcycles and its parts	117,311	67,481	9,412	85.6	63,221	(6,757)	(5,086)	Subsidiary
	Innovative Nanotech Incorporated	Hsinchu, Taiwan	Monitoring instruments of nanoparticles	142,140	70,000	14,214	71.1	126,172	(19,980)	(15,772)	Subsidiary
	Touch Cloud Incorporation	Taipei, Taiwan	Development of cloud platform and Internet of Things Systems	57,000	57,000	5,700	78.1	46,637	(11,147)	(8,705)	Subsidiary
Chroma USA	Chroma Systems Solutions, Inc.	USA	Sale and maintenance of electronic test instruments, etc.	64	64	240	50.0	163,507	53,140	NA	Subsidiary
San Eagle Development Corp.	Wei Kuang Mech. Eng. Inc.	Mauritius	Investments	185,686	185,686	4,475	100.0	882,177	198,570	NA	Subsidiary
EVT Technology Co., Ltd.	Wei Da Electric Vehicle Co., Ltd.	Pingtung, Taiwan	Sale and lease of motorcycles	3,750	3,750	375	75.0	(3,906)	-	NA	Subsidiary
Adivic Technology Co., Ltd.	Adivic Holding Corporation	Samoa	Sale and research of RF device	42,245	42,245	1,000	100.0	10,361	(1,062)	NA	Subsidiary
Quantel Private Ltd.	Quantel Technologies India Private Ltd.	India	Sale and maintenance of test instruments, etc.	3,056	3,056	65	100.0	2,035	(694)	NA	Subsidiary
	Quantel Global Vietnam Co., Ltd.	Vietnam	Sale and maintenance of test instruments, etc.	6,219	6,219	-	100.0	2,568	(1,373)	NA	Subsidiary
	Quantel Global Sdn. Bhd.	Malaysia	Sale and maintenance of test instruments, etc.	4,199	-	600	100.0	4,139	(122)	NA	Subsidiary
	Quantel Global Philippines Corporation	Philippines	Sale and maintenance of test instruments, etc.	610	-	99	100.0	4,549	(983)	NA	Subsidiary
Chroma ATE Europe B.V.	Chroma Germany GmbH	Germany	Sale and maintenance of electronic test instruments, etc.	1,073	1,073	30	100.0	(9,294)	(5,079)	NA	Subsidiary

CHROMA ATE INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018
(In Thousands of New Taiwan Dollars or Foreign Currency, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 2)	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2018 (Note 3)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2018 (Note 3)	Net Income (Loss) of the Investee	Percentage of Ownership in Investment	Investment Gain (Loss) (Notes 4 and 5)	Carrying Amount as of September 30, 2018 (Note 2)	Accumulated Inward Remittance of Earnings as of September 30, 2018
					Outward	Inward						
Chroma Electronics (Shenzhen) Co., Ltd.	Sale of computerized automatic test systems, peripherals and electronic test instruments	$ 117,030 (HK$ 30,000)	b. Subsidiary of Neworld Electronics Ltd.	$ 132,178 (HK$ 1,200) (US$ 3,853)	$ -	$ -	$ 132,178 (HK$ 1,200) (US$ 3,853)	$ 54,842	100	$ 54,842	$ 617,353	$ -
Chroma Electronics (Shanghai) Co., Ltd.	Sale of computerized automatic test systems, peripherals and electronic test instruments	91,575 (US$ 3,000)	b. Subsidiary of Neworld Electronics Ltd.	101,993 (US$ 3,000)	-	-	101,993 (US$ 3,000)	17,559	100	17,559	119,672	-
Chroma (Shanghai) Trading Co., Ltd.	International and transit trading, commercial simple processing and commercial consulting service and etc.	82,418 (US$ 2,700)	b. Subsidiary of Chen Hwa Technology Inc.	84,988 (US$ 2,700)	-	-	84,988 (US$ 2,700)	643	100	643	90,975	-
Hangzhou New Material Chroma Co., Ltd.	Production and sale of semiconductor connecting materials	45,788 (US$ 1,500)	b. Subsidiary of Chen Hwa Technology Inc.	9,091 (US$ 285)	-	-	9,091 (US$ 285)	16,195	19	-	4,211	-
Chroma ATE (Suzhou) Co., Ltd.	Sale of computerized automatic test systems, peripherals and electronic test instruments	115,995 (US$ 3,800)	b. Subsidiary of CHI Incorporation Ltd.	121,115 (US$ 3,800)	-	-	121,115 (US$ 3,800)	1,235	100	1,235	209,257	-
Wei Kuang Automatic Equipment (Nanjin) Co., Ltd.	Sale and maintenance of electronic equipment and factory conveyor systems	52,660 (RMB 11,871)	b. Subsidiary of Wei Kuang Mech. Eng. Inc.	43,751 (US$ 1,338)	-	-	43,751 (US$ 1,338)	95,420	100	95,420	197,138	-
Wei Kuang Automatic Equipment (Xiamen) Co., Ltd.	Sale and maintenance of electronic equipment and factory conveyor systems	50,646 (RMB 11,417)	b. Subsidiary of Wei Kuang Mech. Eng. Inc.	49,935 (US$ 1,500)	-	-	49,935 (US$ 1,500)	99,392	100	99,392	429,299	-
Mou Kuan Technologies (Nanjin) Co., Ltd.	Assembly, sale and maintenance of factory conveyors and related systems and renders related after-sales services	7,705 (RMB 1,737)	b. Subsidiary of Wei Kuang Mech. Eng. Inc.	92,000 (US$ 2,836)	-	-	92,000 (US$ 2,836)	4,011	100	4,011	50,849	-
Sajet System Technology (Suzhou) Co., Ltd.	Research, development and design of computer network security systems and information management	37,147 (RMB 8,374)	b. Subsidiary of Deep Red Holding Co., Ltd.	(Note 9)	-	-	(Note 9)	36,726	100	36,726	99,169	-

Accumulated Outward Remittance for Investments in Mainland China as of September 30, 2018	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$635,051 (HK$1,200, US$19,312)	$725,060 (HK$1,400, US$22,076) (Note 6)	$8,396,384 (Note 7)

(Continued)

Note 1: Methods of investment have following type:

a. Direct investment in Mainland China.
b. Indirect investment in the Company of Mainland China through a third place.
c. Other

Note 2: The amounts of paid-in capital and carrying value as of balance sheet date were translated into New Taiwan dollars at the rates of HK$1=NT$3.901, US$1=NT$30.525, RMB1=NT$4.436 prevailing on September 28, 2018.

Note 3: The amounts of accumulated outflow of investment from Taiwan as of January 1, 2018 and September 30, 2018 were translated into New Taiwan dollars on the original outflow day.

Note 4: Based on unreviewed financial statements.

Note 5: Investment income (loss) was translated into New Taiwan dollars at the average rate of HK$1=NT$3.815, US$1=NT$29.915 and RMB1=NT$4.594 for the nine months ended September 28, 2018.

Note 6:

	Approval Letter	Approved Amount				
a.	Letter (1998) II-87710585 of Investment Commission of MOEA	NT$	5,852	(HK$	1,400)	
b.	Letter (2000) II-89014726 and 89037430 of Investment Commission of MOEA	NT$	63,180	(US$	2,000)	
c.	Letter (2001) II-89037430 of Investment Commission of MOEA	NT$	33,160	(US$	1,000)	
d.	Letter II-91048640 of Investment Commission of MOEA	NT$	63,984	(US$	1,853)	(Note 8)
e.	Letter II-90025170 of Investment Commission of MOEA	NT$	60,240	(US$	1,750)	
f.	Letter II-092020235 of Investment Commission of MOEA	NT$	19,230	(US$	560)	
g.	Letter II-092043358 of Investment Commission of MOEA	NT$	6,748	(US$	200)	
h.	Letter II-093004076 of Investment Commission of MOEA	NT$	3,158	(US$	95)	
i.	Letter II-094006092 of Investment Commission of MOEA	NT$	6,896	(US$	219)	
j.	Letter II-09500052120 of Investment Commission of MOEA	NT$	81,528	(US$	2,500)	
k.	Letter II-09600175700 of Investment Commission of MOEA	NT$	120,000	(US$	3,699)	
l.	Letter II-096000006020 of Investment Commission of MOEA	NT$	66,580	(US$	2,000)	
m.	Letter II-09600310110 of Investment Commission of MOEA	NT$	33,160	(US$	1,000)	
n.	Letter II-09700186010 of Investment Commission of MOEA	NT$	46,110	(US$	1,500)	
o.	Letter II-09700403210 of Investment Commission of MOEA	NT$	7,096	(US$	210)	(Note 9)
p.	Letter II-10400042770 of Investment Commission of MOEA	NT$	78,240	(US$	2,500)	
q.	Letter II-10600164500 of Investment Commission of MOEA	NT$	29,898	(US$	990)	

Note 7: The upper limit on investment was calculated in accordance with the regulations of the Investment Commission of the Ministry of Economic Affairs for 60% of the net equity or consolidated net equity.

Note 8: The Corporation invested accounts receivable amounting to US$853 thousand in Chroma Electronics (Shenzhen) Co., Ltd. through Neworld Electronics Ltd.

Note 9: The investment in Sajet Technology Inc. (liquidated on September 15, 2008) was authorized by the Investment Commission in 2004.

(Concluded)