

WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2016 AND 2015

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

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of WPG Holdings Limited

Opinion

We have audited the accompanying consolidated balance sheets of WPG Holdings Limited and its subsidiaries (the “Group”) as at December 31, 2016 and 2015, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

Impairment assessment of goodwill

Description

Please refer to Note 4(18) for accounting policy on goodwill impairment, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to goodwill impairment, and Notes 6(14)(15) for details of goodwill impairment.

The Group acquired shares of stock of target companies by cash or through exchange of shares of stock. The purchase price is allocated to the net identifiable assets acquired at fair value in accordance with the accounting policies on business combinations. The Group uses the estimated future cash flows of each cash-generating unit and proper discount rate to determine recoverable amount of goodwill, and assesses whether goodwill may be impaired. Given that the assumptions used in the calculation of recoverable amount requires significant management judgement with respect to the discount rate and the underlying cash flows, we consider impairment assessment of goodwill a key audit matter.

How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included:

1. Assessing the process in which management evaluate the estimated future cash flows of each cash generating unit, and reconciling the input data used in the valuation model to the approved operational plan by management.
2. Evaluating the reasonableness of the estimated growth rate, gross rate, discount rate and other significant assumptions used in the valuation model, by:
 - (1) Comparing estimated growth rate and gross rate with historical data and our knowledge of the business and industry;
 - (2) Comparing discount rate assumptions with respect to cash generating units' capital cost and similar return on assets; and
 - (3) Checking the setting of valuation model's calculation formula.
3. Comparing the recoverable value and book value of each cash-generating unit.

Valuation of allowance for uncollectible accounts receivable

Description

Please refer to Note 4(9) for accounting policy on accounts receivable, Note 5(2) for uncertainty of

accounting estimates and assumptions in relation to provision for uncollectible accounts receivable, and Notes 6(5)(16) for details of accounts receivable and overdue receivables.

The Group assesses the collectibility of accounts receivable based on historical experience with its customers. As the estimation of allowance for uncollectible accounts is subject to management's judgment in estimating future recovery, such as management's assessment of customer's credit risk, we consider the valuation of allowance for uncollectible accounts receivable a key audit matter.

How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included:

1. Obtaining an understanding of, and evaluating the formal approval process for the customer's credit limit application.
2. Checking whether the provision policy on allowance for uncollectible accounts was consistently applied for comparative periods, and assessing the reasonableness of provision policy.
3. Comparing the classification of accounts receivable aging with current year and prior year, and checking subsequent collections after balance sheet date to confirm recovery of outstanding receivables.
4. For those accounts receivable specifically identified by management to have been impaired, evaluating propriety of impairment assessment against related supporting documents.

Recognition of purchase discounts and allowances

Description

Please refer to Note 4(12) for accounting policy on recognition of purchase discounts and allowances. The Group is engaged in operating sales channel for various electronic components. In line with industry practice, the Group has entered into purchase discounts and allowances agreements with suppliers for various kinds and quantities of inventories. The Group calculates and recognizes the amount of purchase discounts and allowances in accordance with the agreement. The Group negotiates the amount with the supplier, and after receiving credit note from supplier, the Group pays the net amount.

The discounts and allowances from supplier are calculated either automatically by the system or manually. The Group has to gather a lot of information to input in the system, such as the items subject

to discount and corresponding discount rate, etc. Given that the Group has a large volume of purchases, and has entered into various purchase discounts and allowances agreements with terms and conditions that vary with each argument, we consider the recognition of purchase discounts and allowances a key audit matter.

How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included:

1. Understanding the process in recognizing purchase discounts and allowances, evaluating related internal control procedures and testing its effectiveness, checking the basic information set up in the computer system with respect to discount and allowance calculation randomly, and selecting samples to determine whether purchase discounts and allowances recognized were reviewed by an authorized supervisor.
2. Selecting samples of purchase discounts and allowances, obtaining confirmed documents and approved credit note from supplier for selected commodity's part number, and checking whether the part number and discount and allowance amount in obtained vouchers were consistent with the amounts recognized.
3. Performing confirmation of selected material accounts payable, checking whether there is a difference between the amount of purchase discounts and allowances recognized based on credit note from supplier with the amount confirmed by the supplier, and investigating differences, if any. Selecting samples of outstanding accounts payable and checking whether subsequent payments were made after the balance sheet date.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of WPG Holdings Limited as at and for the years ended December 31, 2016 and 2015.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory

Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of

doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Tseng, Audrey

Lin, Chun-Yao

for and on behalf of PricewaterhouseCoopers, Taiwan

March 28, 2017

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

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

WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS	Notes	December 31, 2016		December 31, 2015	
		Amount	%	Amount	%
Current Assets					
Cash and cash equivalents	6(1)	\$ 8,456,912	5	\$ 9,446,642	5
Financial assets at fair value through profit or loss - current	6(2)	38,458	-	62,266	-
Available-for-sale financial assets - current	6(3)	23,107	-	35,786	-
Notes receivable, net	6(4)	7,573,363	4	6,511,976	4
Accounts receivable, net	6(5)	84,973,871	47	85,440,433	48
Accounts receivable - related parties, net	7(2)	229,918	-	319,058	-
Other receivables	6(7)	11,199,852	6	9,178,333	5
Other receivables - related parties	7(2)	23,419	-	95,876	-
Current income tax assets		213,314	-	1,033	-
Inventories	6(8)	49,927,165	28	50,295,037	28
Prepayments		1,260,716	1	2,801,241	1
Other current assets	8	<u>1,350,639</u>	<u>1</u>	<u>1,299,731</u>	<u>1</u>
		<u>165,270,734</u>	<u>92</u>	<u>165,487,412</u>	<u>92</u>
Non-current Assets					
Available-for-sale financial assets - non-current	6(9) and 8	331,974	-	335,296	-
Financial assets carried at cost - non-current	6(10)	508,479	-	468,031	-
Investments in debt instrument without active market - non-current		-	-	5,000	-
Investments accounted for under the equity method	6(11)	1,132,325	1	555,054	1
Property, plant and equipment	6(12) and 8	4,278,658	3	4,656,320	3
Investment property, net	6(13) and 8	1,217,131	1	1,141,609	1
Intangible assets	6(14)	5,599,944	3	5,671,154	3
Deferred income tax assets	6(32)	347,333	-	335,020	-
Other non-current assets	6(16) and 8	<u>328,368</u>	<u>-</u>	<u>396,969</u>	<u>-</u>
		<u>13,744,212</u>	<u>8</u>	<u>13,564,453</u>	<u>8</u>
TOTAL ASSETS		<u>\$ 179,014,946</u>	<u>100</u>	<u>\$ 179,051,865</u>	<u>100</u>

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WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

<u>LIABILITIES AND EQUITY</u>	<u>Notes</u>	<u>December 31, 2016</u>		<u>December 31, 2015</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Current Liabilities</u>					
Short-term borrowings	6(17)	\$ 52,854,073	29	\$ 54,575,352	30
Short-term notes and bills payable	6(18)	4,202,919	2	3,708,197	2
Financial liabilities at fair value through profit or loss - current	6(2)	5,686	-	26,719	-
Notes payable		415,080	-	727,694	-
Accounts payable		47,829,951	27	44,513,040	25
Accounts payable - related parties	7(2)	12,679	-	2,121	-
Other payables		4,542,499	3	5,055,168	3
Current income tax liabilities		670,663	-	889,808	1
Other current liabilities	6(19)(20)	<u>11,753,868</u>	<u>7</u>	<u>2,087,756</u>	<u>1</u>
		<u>122,287,418</u>	<u>68</u>	<u>111,585,855</u>	<u>62</u>
<u>Non-current Liabilities</u>					
Bonds payable	6(19)	-	-	5,875,383	3
Long-term borrowings	6(20)	5,196,441	3	12,126,659	7
Deferred income tax liabilities	6(32)	432,481	-	442,058	-
Other non-current liabilities		<u>781,157</u>	<u>1</u>	<u>704,152</u>	<u>1</u>
		<u>6,410,079</u>	<u>4</u>	<u>19,148,252</u>	<u>11</u>
Total Liabilities		<u>128,697,497</u>	<u>72</u>	<u>130,734,107</u>	<u>73</u>
<u>Equity Attributable to Owners of Parent</u>					
Capital	1 and 6(22)				
Common stock		17,238,954	10	16,557,092	9
Certificate of bond conversion		2,938	-	-	-
Capital reserve	6(23)				
Capital reserve		16,901,053	9	15,187,178	8
Retained earnings	6(24)				
Legal reserve		4,012,785	2	3,470,739	2
Undistributed earnings	6(32)	10,734,088	6	10,002,877	6
Other equity interest	6(25)	908,063	1	2,553,776	2
Treasury share	6(22)	-	-	(1,242)	-
Total equity attributable to owners of parent		49,797,881	28	47,770,420	27
Non-controlling interests		<u>519,568</u>	<u>-</u>	<u>547,338</u>	<u>-</u>
Total equity		<u>50,317,449</u>	<u>28</u>	<u>48,317,758</u>	<u>27</u>
Significant contingent liabilities and unrecognised contract commitments	9				
Significant events after the balance sheet date	11				
<u>TOTAL LIABILITIES AND EQUITY</u>		<u>\$ 179,014,946</u>	<u>100</u>	<u>\$ 179,051,865</u>	<u>100</u>

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

WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	2016		2015	
		Amount	%	Amount	%
Operating revenues	6(26) and 7(2)	\$ 536,918,813	100	\$ 515,536,489	100
Operating costs	6(8) and 7(2)	(514,322,994)	(96)	(494,086,240)	(96)
Gross profit		<u>22,595,819</u>	<u>4</u>	<u>21,450,249</u>	<u>4</u>
Operating expenses	6(30)(31) and 7(2)				
Selling and marketing		(8,256,394)	(2)	(8,110,873)	(2)
General and administrative		(6,363,532)	(1)	(4,865,261)	(1)
Total operating expenses		(14,619,926)	(3)	(12,976,134)	(3)
Operating income		<u>7,975,893</u>	<u>1</u>	<u>8,474,115</u>	<u>1</u>
Non-operating income and expenses					
Other income	6(27)	363,975	-	274,780	-
Other gains or losses	6(28)	(161,360)	-	(152,836)	-
Financial costs	6(29)	(1,554,035)	-	(1,467,904)	-
Share of profit of associates and joint ventures accounted for under equity method		<u>63,751</u>	<u>-</u>	<u>25,288</u>	<u>-</u>
Total non-operating income and expenses		(1,287,669)	-	(1,320,672)	-
Income before income tax		6,688,224	1	7,153,443	1
Income tax expense	6(32)	(1,337,626)	-	(1,717,511)	-
Consolidated net income		<u>\$ 5,350,598</u>	<u>1</u>	<u>\$ 5,435,932</u>	<u>1</u>
Other comprehensive income (loss), net					
Components that will not be reclassified to profit or loss					
Remeasurement arising on defined benefit plans	6(21)	(\$ 82,437)	-	(\$ 166,704)	-
Share of other comprehensive loss of associates and joint ventures accounted for using equity method - Components that will not be reclassified to profit or loss		(109)	-	-	-
Income tax relating to components that will not be reclassified to profit or loss	6(32)	<u>14,015</u>	<u>-</u>	<u>28,340</u>	<u>-</u>
Total components that will not be reclassified to profit or loss		(68,531)	-	(138,364)	-

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WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	2016		2015	
		Amount	%	Amount	%
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
Exchange differences on translation of foreign financial statements		(\$ 1,701,788)	-	\$ 1,720,216	-
Unrealised gain (loss) on available-for-sale financial assets	6(25)	10,886	-	(95,986)	-
Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		(9,440)	-	(911)	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(32)	45,869	-	(12,285)	-
Total components of other comprehensive income (loss) that will be reclassified to profit or loss		(1,654,473)	-	1,611,034	-
Total other comprehensive income (loss), net		(\$ 1,723,004)	-	\$ 1,472,670	-
Total comprehensive income		\$ 3,627,594	1	\$ 6,908,602	1
Consolidated net income attributable to:					
Owners of parent		\$ 5,312,875	1	\$ 5,420,469	1
Non-controlling interests		37,723	-	15,463	-
		\$ 5,350,598	1	\$ 5,435,932	1
Comprehensive income attributable to:					
Owners of parent		\$ 3,601,246	1	\$ 6,853,829	1
Non-controlling interests		26,348	-	54,773	-
		\$ 3,627,594	1	\$ 6,908,602	1
Earnings per share (in dollars)					
Basic earnings per share	6(33)	\$ 3.18		\$ 3.27	
Diluted earnings per share	6(33)	\$ 2.96		\$ 3.04	

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

WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Attributable to owners of the Company											
		Share capital			Retained earnings			Other equity interest					
		Common stock	Certificates of bond conversion	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences of foreign financial statements	Unrealized gain or loss on available-for-sale financial assets	Treasury stocks	Total	Non-controlling interest	Total equity
2015													
Balance at January 1, 2015		\$ 16,557,092	\$ -	\$ 15,185,802	\$ 2,890,021	\$ 1,937,752	\$ 7,501,303	\$ 908,749	\$ 75,012	\$ -	\$ 45,055,731	\$ 61,951	\$ 45,117,682
Distribution of retained earnings for 2014	6(24)												
Legal reserve		-	-	-	580,718	-	(580,718)	-	-	-	-	-	-
Special reserve		-	-	-	-	(1,937,752)	1,937,752	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(4,139,274)	-	-	-	(4,139,274)	-	(4,139,274)
Changes in capital reserve	6(23)	-	-	1,376	-	-	-	-	-	-	1,376	-	1,376
Treasury stocks received through acquisition of subsidiary	6(22)	-	-	-	-	-	-	-	-	(1,589)	(1,589)	-	(1,589)
Market fluctuation of treasury stocks received through acquisition of subsidiary	6(22)	-	-	-	-	-	-	-	-	347	347	-	347
Total consolidated profit		-	-	-	-	-	5,420,469	-	-	-	5,420,469	15,463	5,435,932
Net other comprehensive income (loss)	6(25)	-	-	-	-	-	(136,655)	1,666,001	(95,986)	-	1,433,360	39,310	1,472,670
Effect of changes in consolidated entities		-	-	-	-	-	-	-	-	-	-	422,196	422,196
Effect of non-controlling interests		-	-	-	-	-	-	-	-	-	-	8,418	8,418
Balance at December 31, 2015		<u>\$ 16,557,092</u>	<u>\$ -</u>	<u>\$ 15,187,178</u>	<u>\$ 3,470,739</u>	<u>\$ -</u>	<u>\$ 10,002,877</u>	<u>\$ 2,574,750</u>	<u>(\$ 20,974)</u>	<u>(\$ 1,242)</u>	<u>\$ 47,770,420</u>	<u>\$ 547,338</u>	<u>\$ 48,317,758</u>
2016													
Balance at January 1, 2016		\$ 16,557,092	\$ -	\$ 15,187,178	\$ 3,470,739	\$ -	\$ 10,002,877	\$ 2,574,750	(\$ 20,974)	(\$ 1,242)	\$ 47,770,420	\$ 547,338	\$ 48,317,758
Distribution of retained earnings for 2015	6(24)												
Legal reserve		-	-	-	542,046	-	(542,046)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(3,973,702)	-	-	-	(3,973,702)	-	(3,973,702)
Changes in capital reserve	6(23)	-	-	158	-	-	-	-	-	-	158	-	158
Disposal of company's share by subsidiaries recognized as treasury share transactions		-	-	(5)	-	-	-	-	-	1,242	1,237	-	1,237
Exercise of convertible bonds		681,862	2,938	1,713,722	-	-	-	-	-	-	2,398,522	-	2,398,522
Total consolidated profit		-	-	-	-	-	5,312,875	-	-	-	5,312,875	37,723	5,350,598
Net other comprehensive income (loss)	6(25)	-	-	-	-	-	(65,916)	(1,656,599)	10,886	-	(1,711,629)	(11,375)	(1,723,004)
Effect of changes in consolidated entities		-	-	-	-	-	-	-	-	-	-	(37,521)	(37,521)
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	-	(16,597)	(16,597)
Balance at December 31, 2016		<u>\$ 17,238,954</u>	<u>\$ 2,938</u>	<u>\$ 16,901,053</u>	<u>\$ 4,012,785</u>	<u>\$ -</u>	<u>\$ 10,734,088</u>	<u>\$ 918,151</u>	<u>(\$ 10,088)</u>	<u>\$ -</u>	<u>\$ 49,797,881</u>	<u>\$ 519,568</u>	<u>\$ 50,317,449</u>

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

WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
<u>Cash flows from operating activities</u>			
Income before income tax		\$ 6,688,224	\$ 7,153,443
Adjustments to reconcile consolidated net income to net cash provided by (used in) operating activities:			
Income and expenses			
Depreciation	6(30)	237,547	238,957
Amortisation	6(30)	36,978	95,734
Bad debts expense		2,824,552	684,795
Interest expense	6(29)	1,272,903	1,203,659
Net gain on financial assets or liabilities at fair value through profit or loss	6(28)	(6,527)	(5,763)
Interest income	6(27)	(33,221)	(34,576)
Dividend income	6(27)	(43,262)	(48,036)
Share of profit of associates and joint ventures accounted for under equity method		(63,751)	(25,288)
Loss (gain) on disposal of property, plant and equipment and investment property	6(28)	18,567	(13,413)
Gain on disposal of investments	6(28)	(16,017)	(60,764)
Impairment loss		120,099	51,995
Amortisation of bond discount	6(19)(29)	72,461	79,243
Changes in assets/liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss - current		9,302	11,725
Notes receivable, net		(1,061,387)	(3,283,813)
Accounts receivable, net		(2,562,373)	(6,474,518)
Accounts receivable - related parties, net		89,140	(49,517)
Other receivables		(2,032,530)	(6,734,994)
Other receivables - related parties		91,840	73,543
Inventories		310,728	(2,116,463)
Prepayments		1,539,898	(613,527)
Other current assets		44,216	35,279
Changes in liabilities relating to operating activities			
Notes payable		(312,614)	288,782
Accounts payable		3,469,500	2,933,016
Accounts payable - related parties		10,320	63
Other payables		(429,362)	32,042
Other current liabilities		48,719	114,720
Cash inflow generated from (used in) operations		10,323,950	(6,463,676)
Interest paid		(1,343,353)	(1,242,268)
Income tax paid		(1,505,631)	(1,689,704)
Interest received		34,054	68,496
Dividends received		97,680	54,063
Net cash provided by (used in) operating activities		<u>7,606,700</u>	<u>(9,273,089)</u>

(Continued)

WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2016	2015
<u>Cash flows from investing activities</u>			
Acquisition of financial assets carried at cost - non-current		(\$ 120,423)	(\$ 138,364)
Acquisition of available-for-sale financial assets - non-current		-	(33,762)
Proceeds from disposal of available-for-sale financial assets - current		14,786	59,248
Proceeds from disposal of available-for-sale financial assets - non-current		-	28,970
Proceeds from capital reduction of financial assets at cost - non-current		-	29,201
Proceeds from capital reduction of available-for-sale financial assets		9,182	-
Proceeds from disposal of financial assets carried at cost - non-current		30,825	21,813
Increase in other financial assets		(108,627)	(667,542)
Acquisition of investments accounted for under equity method		(610,051)	(3,000)
Proceeds from disposal of investments accounted for under equity method		-	51,610
Proceeds from disposal of property, plant and equipment		6,270	31,343
Acquisition of property, plant and equipment and intangible assets	6(36)	(150,623)	(180,196)
Disposal of subsidiaries	6(36)	(34,111)	(1,553)
Decrease in refundable deposits		61,946	26,001
Net cash flow from acquisition of subsidiaries	6(35)	-	(51,299)
Proceeds from repayments of investments in debt instrument without active market		5,000	-
Proceeds from capital reduction of investments accounted for under equity method		50,389	-
Decrease in other non-current assets		11,491	36,199
Net cash used in investing activities		<u>(833,946)</u>	<u>(791,331)</u>
<u>Cash flows from financing activities</u>			
Increase in short-term borrowings		611,741,862	863,208,233
Decrease in short-term borrowings		(613,422,676)	(853,826,871)
Increase in long-term borrowings (including current portion of long-term liabilities)		49,163,886	25,902,997
Decrease in long-term borrowings (including current portion of long-term liabilities)		(49,962,134)	(24,135,401)
(Decrease) increase in non-controlling interests		(16,597)	8,418
Increase in short-term notes and bills payable		48,565,320	27,927,443
Decrease in short-term notes and bills payable		(48,070,598)	(28,307,012)
Decrease in other non-current liabilities		(5,432)	(11,601)
Shareholders' cash dividends paid	6(24)	(3,973,702)	(4,139,274)
Net cash (used in) provided by financing activities		<u>(5,980,071)</u>	<u>6,626,932</u>
Effect of exchange rate changes on cash and cash equivalents		(1,782,413)	1,699,271
Net decrease in cash and cash equivalents		(989,730)	(1,738,217)
Cash and cash equivalents at beginning of year		9,446,642	11,184,859
Cash and cash equivalents at end of year		<u>\$ 8,456,912</u>	<u>\$ 9,446,642</u>

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

WPG HOLDINGS LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

- (1) WPG Holdings Limited (the Company) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China, and as a holding company of World Peace Industrial Co., Ltd. and Silicon Application Corporation by exchanging shares of common stock on November 9, 2005. The Company's shares were listed on the Taiwan Stock Exchange (TSE) and approved by the Financial Supervisory Commission, Executive Yuan, Securities and Futures Bureau on the same date. After restructuring, Richpower Electronic Devices Co., Ltd. became the Company's subsidiary on January 1, 2008. The Company acquired Pernas Electronics Co., Ltd., Asian Information Technology Inc., Yosun Industrial Corp. and AECO Technology Co., Ltd. by exchanging shares of common stock on July 16, 2008, February 6, 2009, November 15, 2010 and March 1, 2012, respectively. After the Company's organisation restructuring on January 1, 2014, World Peace Industrial Co., Ltd., Silicon Application Corp. and Yosun Industrial Corp. acquired 100% shares in AECO Technology Co., Ltd., Pernas Electronics Co., Ltd. and Richpower Electronic Devices Co., Ltd. through share exchange, and consequently, AECO Technology Co., Ltd., Pernas Electronics Co., Ltd. and Richpower Electronic Devices Co., Ltd. became indirectly owned subsidiaries. The Company originally evaluated Genuine C&C, Inc. using equity method. The Company acquired partial stocks of Genuine C&C, Inc. on April 8, 2015 and completed the purchase on April 15, 2015. After the purchase, the Company held 60.5% shares of Genuine C&C, Inc. which became the Company's directly owned subsidiary. The Company and the subsidiaries included in these consolidated financial statements are collectively referred as the "Group".
- (2) The Company was organised to create the management mechanism of the group, supervise the subsidiaries, integrate the whole group and improve operational efficiency. The Company's subsidiaries are mainly engaged in the distribution and sales of electronic / electrical components, sales of computer software and electrical products and sales of electronic / electrical components.
- (3) In accordance with the Company's Articles of Incorporation, the total authorised common stock is 2 billion shares (including 50 million shares of warrant, warrant preferred stock and warrant bond conversion). As of December 31, 2016, the Company had issued capital of \$17,238,954 with a par value of \$10 (in dollars) per share.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 28, 2017.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

None.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, ‘Regulatory deferral accounts’	January 1, 2016
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortization (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, ‘Levies’	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The above standards and interpretations have no significant impact to the Group’s financial condition and operating results based on the Group’s assessment.

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

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC effective from 2017 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Classification and measurement of share-based payment transactions (amendment to IFRS 2)	January 1, 2018
Applying IFRS 9, 'Financial instruments' with IFRS 4, 'Insurance contracts' (amendments to IFRS 4)	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Clarifications to IFRS 15, 'Revenue from contracts with customers' (amendments to IFRS 15)	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
Transfers of investment property (amendments to IAS 40)	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

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

A. IFRS 9, 'Financial instruments'

- (a) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.
- (b) The impairment losses of debt instruments are assessed using an 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses ('ECL') or lifetime ECL (interest revenue

would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

B. IFRS 15, 'Revenue from contracts with customers'

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

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

Step 1: Identify contracts with customer

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

Step 3: Determine the transaction price

Step 4: Allocate the transaction price

Step 5: Recognise revenue when the performance obligation is satisfied

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

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

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

D. IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The

accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

E. Amendments to IAS 7, ‘Disclosure initiative’

This amendment requires that an entity shall provide more disclosures related to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

F. Amendments to IAS 40, ‘Transfers of investment property’

The amendments clarify that to transfer to, or from, investment properties there must be a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A change in management’s intentions, in isolation, does not provide evidence of the change in use. In addition, the amendments added examples for the evidence of a change in use. The examples include assets under construction or development (not completed properties) transfer from investment property to owner-occupied property at commencement of development with a view to owner-occupation and transfer from inventories to investment property at inception of an operating lease to another party.

G. IFRIC 22, ‘Foreign currency transactions and advance consideration’

The Interpretation states that the date of the transaction for a foreign currency-denominated contract should be the date of initial recognition of the non-monetary asset or non-monetary liability arising from the receipt or payment of the advance consideration.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”. International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

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

- a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- b) Available-for-sale financial assets measured at fair value.

- c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.
- (3) Basis of consolidation
- A. Basis for preparation of consolidated financial statements:
- a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
 - d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
 - e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified

to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investment company	Name of subsidiaries	Main activities	Ownership (%)		Note
			December 31, 2016	December 31, 2015	
WPG Holdings Limited	World Peace Industrial Co., Ltd.	Agent and sales of electronic / electrical components	100.00	100.00	
WPG Holdings Limited	Silicon Application Corporation	Sales of computer software and electronic products	100.00	100.00	
WPG Holdings Limited	WPG Korea Co., Ltd.	Agent and sales of electronic / electrical components	100.00	100.00	
WPG Holdings Limited	WPG Electronic Ltd.	Agent and sales of electronic / electrical components	100.00	100.00	
WPG Holdings Limited	WPG International (CI) Limited	Holding company	100.00	100.00	
WPG Holdings Limited	Asian Information Technology Inc.	Sales of electronic / electrical components	100.00	100.00	
WPG Holdings Limited	Yosun Industrial Corp.	"	100.00	100.00	
WPG Holdings Limited	WPG Investment Co., Ltd.	Investment company	100.00	100.00	
WPG Holdings Limited	WPG Core Investment Co., Ltd.	"	100.00	100.00	
WPG Holdings Limited	Genuine C&C Inc.	Sales of computer and its peripherals	44.21	44.21	Note 2
World Peace Industrial Co., Ltd.	World Peace International (BVI) Ltd.	Holding company	100.00	100.00	
World Peace Industrial Co., Ltd.	WPI Investment Holding (BVI) Company Ltd.	"	100.00	100.00	
World Peace Industrial Co., Ltd.	Longview Technology Inc.	Agent and sales of electronic / electrical components	100.00	100.00	
World Peace Industrial Co., Ltd.	AECO Technology Co., Ltd.	"	100.00	100.00	
World Peace Industrial Co., Ltd.	Genuine C&C Inc.	Sales of computer and its peripherals	16.29	16.29	Note 2

Name of investment company	Name of subsidiaries	Main activities	Ownership (%)		Note
			December 31, 2016	December 31, 2015	
AECO Technology Co., Ltd.	Teco Enterprise Holding (B.V.I.) Co., Ltd.	Investment company	100.00	100.00	
Teco Enterprise Holding (B.V.I.) Co., Ltd.	AECO Electronic Co., Ltd.	Trading of electronic / electrical products	100.00	100.00	
AECO Electronic Co., Ltd.	AECO Electronic (Ningbo) Co., Ltd.	"	100.00	100.00	
World Peace International (BVI) Ltd.	Prime Future Technology Limited	Holding company	100.00	100.00	
Prime Future Technology Limited	World Peace International Pte. Ltd.	"	100.00	100.00	
World Peace International Pte. Ltd.	Genuine C&C (IndoChina) Pte., Ltd.	Agent and sales of electronic / electrical components	80.00	80.00	
World Peace International Pte. Ltd.	WPG Americas Inc.	"	4.31	4.31	Note 4
World Peace International Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	"	100.00	100.00	
World Peace International Pte. Ltd.	Genuine C&C (South Asia) Pte., Ltd.	"	100.00	100.00	
World Peace International (South Asia) Pte Ltd.	World Peace International (India) Pvt., Ltd.	"	100.00	100.00	
World Peace International (South Asia) Pte Ltd.	WPG C&C (Malaysia) Sdn. Bhd	"	100.00	100.00	
World Peace International (South Asia) Pte Ltd.	WPG C&C (Thailand) Co., Ltd.	Agent and sales of information products	100.00	100.00	Note 5
World Peace International (South Asia) Pte Ltd.	WPG C&C Computers And Peripheral (India) Private Limited	Agent and sales of electronic / electrical components	100.00	100.00	
WPI Investment Holding (BVI) Company Ltd.	WPI International (Hong Kong) Limited	"	100.00	100.00	
WPI Investment Holding (BVI) Company Ltd.	WPI International Trading (Shenzhen) Ltd.	"	-	-	Note 14

Name of investment company	Name of subsidiaries	Main activities	Ownership (%)		Note
			December 31, 2016	December 31, 2015	
WPI Investment Holding (BVI) Company Ltd.	VITEC WPG Limited	Agent and sales of electronic / electrical components	-	50.00	Notes 12 and 13
WPI Investment Holding (BVI) Company Ltd.	World Peace International (Asia) Limited	"	100.00	100.00	
WPI International (Hong Kong) Limited	WPI International Trading (Shanghai) Ltd.	Agent and sales of information products	100.00	100.00	
WPI International (Hong Kong) Limited	WPG C&C Limited	"	100.00	100.00	
WPI International (Hong Kong) Limited	AIO Components Company Limited	Agent and sales of electronic / electrical components	100.00	100.00	
AIO Components Company Limited	AIO (Shanghai) Components Company Limited	"	100.00	100.00	
WPG C&C Limited	Genuine Trading (Hong Kong) Company Limited	"	-	24.71	Note 8
Longview Technology Inc.	Longview Technology GC Limited	Holding company	100.00	100.00	
Longview Technology Inc.	Long-Think International Co., Ltd.	Agent and sales of electronic / electrical components	100.00	100.00	
Longview Technology GC Limited	Long-Think International (Hong Kong) Limited	"	100.00	100.00	
Long-Think International (Hong Kong) Limited	Long-Think International (Shanghai) Limited	Agent and sales of electronic / electrical components	100.00	100.00	
Silicon Application Corporation	Silicon Application (BVI) Corp.	Holding company	100.00	100.00	
Silicon Application Corporation	Win-Win Systems Ltd.	"	100.00	100.00	
Silicon Application Corporation	SAC Components (South Asia) Pte. Ltd.	Sales of computer software and electronic products	100.00	100.00	
Silicon Application Corporation	Win-Win Electronic Corp.	"	-	100.00	Note 20

Name of investment company	Name of subsidiaries	Main activities	Ownership (%)		Note
			December 31, 2016	December 31, 2015	
Silicon Application Corporation	Pernas Electronic Co., Ltd.	Agent and sales of electronic / electrical components	100.00	100.00	
Pernas Electronics Co., Ltd.	Everwiner Enterprise Co., Ltd.	Agent and sales of electronic / electrical components	100.00	100.00	
Pernas Electronics Co., Ltd.	Pernas Enterprise (Samoa) Limited	International investment	100.00	100.00	
Pernas Enterprise (Samoa) Limited	World Components Agent (Shanghai) Inc.	Sales of electronic / electrical products	100.00	100.00	
Silicon Application (BVI) Corp.	Silicon Application Company Limited	Sales of computer software and electronic products	100.00	100.00	
Silicon Application Company Limited	Dstar Electronic Company Limited	"	100.00	100.00	
WPG Korea Co., Ltd.	Apache Communication Inc. (B.V.I.)	Investment company	100.00	100.00	
Apache Communication Inc. (B.V.I.)	Apache Korea Corp.	Sales of electronic / electrical products	100.00	100.00	
WPG International (CI) Limited	WPG International (Hong Kong) Limited	Holding company	100.00	100.00	
WPG International (CI) Limited	WPG Americas Inc.	Agent and sales of electronic / electrical components	95.69	95.69	Note 4
WPG International (CI) Limited	WPG South Asia Pte. Ltd.	Sales of electronic / electrical products	100.00	100.00	
WPG International (CI) Limited	WPG Cloud Service Limited	General trading	100.00	100.00	
WPG International (CI) Limited	WPG Gain Tune Ltd.	Agent for selling electronic / electrical components	60.00	60.00	Note 3
WPG International (Hong Kong) Limited	WPG Electronics (Hong Kong) Limited	"	100.00	100.00	
WPG International (Hong Kong) Limited	WPG China Inc.	"	100.00	100.00	

Name of investment company	Name of subsidiaries	Main activities	Ownership (%)		Note
			December 31, 2016	December 31, 2015	
WPG International (Hong Kong) Limited	WPG China (SZ) Inc.	Sales of computer software and electronic products	100.00	100.00	
WPG Americas Inc.	Dynamic Image Technologies, LLC	Sales of electronic /electrical products	-	-	Note 9
WPG South Asia Pte. Ltd.	WPG Malaysia Sdn. Bhd	Agent and sales of electronic / electrical components	100.00	100.00	
WPG South Asia Pte. Ltd.	WPG (Thailand) Co., Ltd.	"	100.00	100.00	Note 7
WPG South Asia Pte. Ltd.	WPG India Electronics Pvt. Ltd.	"	99.99	99.99	Note 11
WPG South Asia Pte. Ltd.	WPG Electronics (Philippines) Inc.	"	100.00	100.00	Note 6
WPG South Asia Pte. Ltd.	WPG SCM Limited	"	100.00	100.00	
WPG Malaysia Sdn. Bhd	WPG India Electronics Pvt. Ltd.	"	0.01	0.01	Note 11
Asian Information Technology Inc.	Apache Communication Inc.	Sales of electronic / electrical products	100.00	100.00	
Asian Information Technology Inc.	Henshen Electric Trading Co., Ltd.	"	100.00	100.00	
Asian Information Technology Inc.	Frontek Technology Corporation	"	100.00	100.00	
Asian Information Technology Inc.	Fame Hall International Co., Ltd.	Investment company	100.00	100.00	
Frontek Technology Corporation	Frontek International Limited	"	100.00	100.00	
Fame Hall International Co., Ltd.	AIT Japan Inc.	Sales of electronic / electrical products	100.00	100.00	
Frontek International Limited	AITG Electronic Limited	Sales of electronic / electrical components	100.00	100.00	
Yosun Industrial Corp.	Sertek Incorporated	"	100.00	100.00	
Yosun Industrial Corp.	Suntop Investments Limited	Investment company	100.00	100.00	
Yosun Industrial Corp.	Richpower Electronic Devices Co., Ltd.	Sales of electronic / electrical products	100.00	100.00	

Name of investment company	Name of subsidiaries	Main activities	Ownership (%)		Note
			December 31, 2016	December 31, 2015	
Richpower Electronic Devices Co., Ltd.	Mec Technology Co., Ltd.	Sales of electronic / electrical products	100.00	100.00	
Richpower Electronic Devices Co., Ltd.	Richpower Electronic Devices Co., Limited	Sales of electronic / electrical products	100.00	100.00	
Mec Technology Co., Ltd.	Mec Technology Co., Limited	"	100.00	100.00	
Mec Technology Co., Ltd.	Richpower Electronic Devices Pte., Ltd.	"	100.00	100.00	
Sertek Incorporated	Sertek Limited	"	100.00	100.00	
Suntop Investments Limited	Yosun Hong Kong Corp. Ltd.	"	100.00	100.00	
Suntop Investments Limited	Yosun Singapore Pte Ltd.	"	100.00	100.00	
Sertek Limited	Sertek (Shanghai) Limited	"	-	100.00	Note 19
Yosun Hong Kong Corp. Ltd.	Giitek Corp. Ltd.	"	100.00	100.00	
Yosun Hong Kong Corp. Ltd.	Yosun South China Corp. Ltd.	"	100.00	100.00	
Yosun Hong Kong Corp. Ltd.	Yosun Shanghai Corp. Ltd.	Warehouse business and sales of electronic components	100.00	100.00	
Yosun Singapore Pte Ltd.	Yosun Industrial (Malaysia) Sdn. Bhd.	Sales of electronic / electrical products	100.00	100.00	
Yosun Singapore Pte Ltd.	Yosun India Private Ltd.	"	100.00	100.00	
WPG Investment Co., Ltd.	Taibao Creation Co., Ltd.	Retail of groceries	-	25.00	Notes 10 and 17
Genuine C&C, Inc.	Hat-Trick Co., Ltd.	General investment and retail of groceries	100.00	100.00	Note 2
Genuine C&C, Inc.	Taibao Creation Co., Ltd.	Retail of groceries	100.00	50.00	Notes 2, 10 and 17
Genuine C&C, Inc.	Genuine C&C Holding Inc. (Seychelles)	Holding company	100.00	100.00	Note 2
Genuine C&C Holding Inc. (Seychelles)	Genuine Trading (Hong Kong) Company Limited	"	100.00	75.29	Notes 2 and 8

Name of investment company	Name of subsidiaries	Main activities	Ownership (%)		Note
			December 31, 2016	December 31, 2015	
Genuine C&C Holding Inc. (Seychelles)	Dalian Kaiyuan Chuangcheng Digital Co., Ltd	Development and trading of computer software and electronic products	-	-	Notes 2 and 16
Genuine C&C Holding Inc. (Seychelles)	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Sales of electronic /electrical products	55.00	55.00	Notes 2 and 15
Genuine Trading (Hong Kong) Company Limited	Hubei Xinsheng Technology Investment Management Co., Ltd.	Sales of electronic products and peripherals	-	83.33	Notes 2 and 18

Note 1: The combined ownership percentage of common shares held by the Company and its subsidiaries is more than 50% or has control power.

Note 2: The Company acquired ordinary shares of Genuine C&C, Inc. on April 15, 2015 and holds 44.21% of shares. The Company originally held 16.29% of shares of Genuine C&C, Inc. through the Company's wholly-owned subsidiary, World Peace Industrial Co., Ltd. Thus, the Company holds 60.50% of shares in total after the acquisition and Genuine C&C Inc. Group became the Company's consolidated entity starting from April 15, 2015. Please refer to Note 6(35).

Note 3: The subsidiary increased its capital in March 2015. WPI Investment Holding (BVI) Company Ltd. did not participate in the capital increase proportionately, thus, the shareholding ratio decreased from 99.90% to 60.00%. Furthermore, due to restructuring, the subsidiary was sold to WPG International (CI) Limited by WPI Investment Holding (BVI) Company Ltd. in July 2015.

Note 4: WPG International (CI) Limited increased capital of WPG Americas Inc. by cash in April 2015. However, World Peace Industrial Co., Ltd. did not participate in the capital increase based on its shareholding ratio. World Peace Industrial Co., Ltd. totally held 4.31% of shares of WPG Americas Inc. through World Peace International Pte Ltd. and WPI International (Hong Kong) Limited as of December 31, 2016 and 2015, respectively. Along with shares of WPG Americas Inc. held by WPG International (CI) Limited, the total shareholding ratio is 100%.

Note 5: Due to restriction of local regulations, the Company holds 51% ownership which is under the name of other individuals. The substantial ownership held by the Company was 100%.

Note 6: Due to restriction of local regulations, the Company holds 62% ownership which is under the name of other individuals. The substantial ownership held by the Company was 100%.

Note 7: Due to restriction of local regulations, the Company holds 61% ownership which is under the name of other individuals. The substantial ownership held by the

Company was 100%.

- Note 8: WPG C & C Limited originally held 39.92% of shares of Genuine Trading (Hong Kong) Company Limited. As Genuine Trading (Hong Kong) Company Limited increased its capital in October 2015, WPG C & C Limited's shareholding ratio decreased to 24.71%. In December 2016, WPG C&C Limited sold all the shares to Genuine C&C Holding Inc. (Seychelles), the Group holds 100% of shares of Genuine Trading (Hong Kong) Company Limited in total.
- Note 9: It was liquidated in May 2015.
- Note 10: As of December 31, 2015 Genuine C&C, Inc. holds 50% of Taibao Creation Co., Ltd. Along with 25% of shares held by WPG Investment Co., Ltd., the Group holds 75% of shares of Taibao Creation Co., Ltd. in total.
- Note 11: WPG South Asia Pte. Ltd. and WPG Malaysia Sdn. Bhd. separately holds 99.99% and 0.01% of shares of the subsidiary, and both companies together hold 100% of shares of the subsidiary.
- Note 12: It was formerly known as TEKSEL WPG Limited and was renamed in November 2015.
- Note 13: Its shares were sold by WPI Investment Holding (BVI) Company Limited on January 1, 2016, whose shareholding ratio became 49.99%. The Group has lost control over VITEC WPG Limited. Please refer to Note 6(36) C. Note 2.
- Note 14: The cancellation of registration was completed in September 2015.
- Note 15: The subsidiary increased its capital by cash on July 20, 2015. Genuine C&C Holding Inc. (Seychelles) participated in the capital increase and held 55% of shares of the subsidiary after the increase. Please refer to Note 6(35).
- Note 16: Held more than half of the Board of Directors of that company on September 30, 2015. It was disposed in December 2015. Please refer to Note 6(36)C. Note 3.
- Note 17: Genuine C&C, Inc. purchased 25% of shares from WPG Investment Co., Ltd. and shareholders in August 2016. As a result, Genuine C&C, Inc. has held 100% share of ownership since the acquisition. Please refer to Note 6(34).
- Note 18: Genuine Trading (Hong Kong) Company Limited has disposed all shares of that invested company on August 1, 2016. Please refer to Note 6(36)C. Note 1.
- Note 19: It was liquidated in August 2016.
- Note 20: It was liquidated in December 2016.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2016 and 2015, the non-controlling interest amounted to \$519,568 and \$547,338, respectively. The information on non-controlling interest and respective

subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest				Note
		December 31, 2016		December 31, 2015		
		Amount	Ownership	Amount	Ownership	
Genuine C&C, Inc. and its subsidiaries	Taiwan	\$ 417,404	39.5%	\$ 413,924	39.5%	

Summarised financial information of the subsidiaries:

(a) Balance sheets

	Genuine C&C, Inc. and its subsidiaries	
	December 31, 2016	December 31, 2015
Current assets	\$ 2,693,783	\$ 2,667,863
Non-current assets	113,039	136,738
Current liabilities	(1,641,941)	(1,633,525)
Non-current liabilities	(56,032)	(51,115)
Total net assets	1,108,849	1,119,961
Less: non-controlling interest	(52,135)	(72,059)
Equity attributable to owners of the parent company	<u>\$ 1,056,714</u>	<u>\$ 1,047,902</u>

(b) Statements of comprehensive income

	Genuine C&C, Inc. and its subsidiaries	
	Years ended December 31,	
	2016	2015
Revenue	\$ 10,762,427	\$ 12,111,128
Profit before tax	81,185	28,932
Income tax expense	(20,328)	(11,603)
Profit for the year	60,857	17,329
Other comprehensive loss, net of tax	(13,762)	(4,776)
Total comprehensive income	<u>\$ 47,095</u>	<u>\$ 12,553</u>
Total comprehensive loss attributable to non-controlling interest	<u>(\$ 1,501)</u>	<u>(\$ 11,224)</u>
Dividends paid to non-controlling interests	<u>\$ 15,715</u>	<u>\$ 15,715</u>

(c) Statements of cash flows

	<u>Genuine C&C, Inc. and its subsidiaries</u>	
	<u>Years ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
Net cash provided by (used in)		
operating activities	\$ 50,997	(\$ 1,063)
Net cash provided by (used in)		
investing activities	12,793	(9,674)
Net cash (used in) provided by		
financing activities	(288,659)	126,565
Effect of exchange rates on cash and		
cash equivalents	(7,781)	(1,332)
(Decrease) increase in cash and cash		
equivalents	(232,650)	114,496
Cash and cash equivalents, beginning		
of year	<u>421,071</u>	<u>306,575</u>
Cash and cash equivalents, end of		
year	<u>\$ 188,421</u>	<u>\$ 421,071</u>

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities

denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

- d) All foreign exchange gains and losses are presented in the statement of comprehensive income within other gains or losses.
- B. Translation of foreign operations
- a) The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
 - b) The operating results and financial position of all the overseas branches that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period;
 - iii. Accounts with head office and working capital are translated using the historical exchange rates; and
 - iv. Exchange differences denominated in NTD arising from translation of overseas branches' financial statements are recorded as 'other equity – exchange differences on translation of foreign financial statements' under shareholders' equity,
 - c) When a foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, if the Group retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.
 - d) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in these foreign operations.

- e) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.
- (5) Classification of current and non-current items
- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - b) Assets held mainly for trading purposes;
 - c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
 - B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - a) Liabilities that are expected to be paid off within the normal operating cycle;
 - b) Liabilities arising mainly from trading activities;
 - c) Liabilities that are to be paid off within twelve months from the balance sheet date;
 - d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.
- (6) Cash equivalents
- Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.
- (7) Financial assets at fair value through profit or loss
- A. Financial assets at fair value through profit or loss are financial assets held for trading. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges.
 - B. On a regular way purchase or sale basis, financial assets held for trading are recognised and derecognised using trade date accounting. Derivatives are recognised and derecognised using settlement date accounting.
 - C. Financial assets at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in profit or loss.

(8) Available-for-sale financial assets

- A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.
- B. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.
- C. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets measured at cost'.

(9) Loans and receivables

A. Accounts receivable

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognized at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable which are non-interest bearing are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

B. Investments in debt instruments without active market

- a) Investments in debt instruments without active market are loans and receivables not originated by the entity. They are bond investments with fixed or determinable payments that are not quoted in an active market, and also meet all of the following conditions:
 - i. Not designated on initial recognition as at fair value through profit or loss;
 - ii. Not designated on initial recognition as available-for-sale;
 - iii. Not for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.
- b) On a regular way purchase or sale basis, investments in debt instruments without active market are recognised and derecognised using trade date accounting.
- c) Investments in debt instruments without active market are initially recognised at fair value on the trade date plus transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Amortisation of a premium or a discount on such assets is recognised in profit or loss.

(10) Impairment of financial assets

- A. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events

that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:

- a) Significant financial difficulty of the issuer or debtor;
- b) The Group, for economic or legal reasons relating to the borrower’s financial difficulty, granted the borrower a concession that a lender would not otherwise consider;
- c) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- d) The disappearance of an active market for that financial asset because of financial difficulties;
- e) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;
- f) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or
- g) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

- a) Financial assets measured at amortised cost

The amount of the impairment loss is measured as 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, and is recognised in profit or loss. 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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been

recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

b) Financial assets 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 estimated future cash flows discounted at current market return rate of similar financial asset, and is recognised in profit or loss. Impairment loss recognised for this category shall not be reversed subsequently. Impairment loss is recognised by adjusting the carrying amount of the asset through the use of an impairment allowance account.

c) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost less any principal repayment and amortisation and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(11) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has not retained control of the financial asset.

(12) Inventories

- A. Cost of inventory purchase includes purchase price, import taxes and all the related costs involved in the process of obtaining inventory. Discounts, allowances and etc. shall be deducted from the cost of inventory purchases.
- B. Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realisable value. The calculation of net realizable value is based on the estimated selling price in the normal course of business, net of estimated selling expenses.

(13) Investments accounted for using the equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds,

- directly or indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds the Group's interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity are not recognised in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the

associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	5 ~ 55 years
Transportation equipment	2 ~ 10 years
Office equipment	2 ~ 10 years
Leasehold improvements	2 ~ 15 years
Other property, plant and equipment	3 ~ 10 years

(15) Leases

If substantially all the significant risks and rewards of rental object remain to lessor, the Group accounts for this kind of leases as operating lease. Rental revenues and expenses made under an operating lease are recognised in profit or loss on a straight-line basis over the lease term.

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 5~55 years.

(17) Intangible assets

A. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

B. Intangible assets, other than goodwill, are software and business right which are amortised on a straight-line basis over their estimated useful lives of 3~5 years.

(18) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(19) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(20) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable which are non-interest bearing are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Financial liabilities at fair value through profit or loss

- A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading. Financial liabilities are classified in this category of held for trading except for derivatives which are categorised as financial liabilities held for trading unless they are designated as hedges.
- B. Financial liabilities at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognised in profit or loss.

(22) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(23) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(24) Financial liabilities and equity instruments

Convertible corporate bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares). The Company classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial asset and a financial liability. Convertible corporate bonds are accounted for as follows:

- A. Bonds payable of convertible corporate bonds is initially recognised at fair value and subsequently stated at amortised cost. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.
- B. Conversion options embedded in convertible corporate bonds issued by the Company, which meet the definition of an equity instrument, are initially recognised in 'capital surplus - stock warrants' at the residual amount of total issue price less amounts of 'bonds payable - net' as stated above. Conversion options are not subsequently remeasured.
- C. Any transaction costs directly attributable to the issuance of convertible corporate bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.
- D. When bondholders exercise conversion options, the liability component of the bonds

(including ‘bonds payable’) shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the abovementioned liability component plus the book value of capital surplus – stock warrants.

(25) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value and recognized in profit or loss.

(26) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees’ compensation and directors’ and supervisors’ remuneration

Employees’ compensation and directors’ and supervisors’ remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day

of the board meeting resolution.

(27) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(28) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(29) Revenue recognition

The Group manufactures and sells computer software, electrical components products and so on. Revenue is measured at the fair value of the consideration received or receivable taking into account the business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods is recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

(30) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree

is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(31) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

A. Financial assets-impairment of equity investments

The Group follows the guidance of IAS 39 to determine whether a financial asset-equity investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an equity investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If the decline of the fair value of an individual equity investment below cost was considered significant or prolonged, the Group would suffer an additional loss of \$873,648 in its financial statements for the year ended December 31, 2016, being the transfer of the accumulated fair value adjustments recognised in other comprehensive income on the impaired available-for-sale financial assets to profit or loss or being the recognition of the impairment loss on the impaired financial assets measured at cost in profit or loss.

B. Revenue recognition on a net/gross basis

The determination of whether the Group is acting as principal or agent in a transaction is based on an evaluation of the Group's exposure to the significant risks and rewards associated with the sale of goods or the rendering of service in accordance with the business model and substance of the transaction. Where the Group acts as a principal, the amount received or receivable from customer is recognised as revenue on a gross basis. Where the Group acts as an agent, net revenue is recognised representing commissions earned.

The following characteristics of a principal are used as indicators to determine whether the Group shall recognise revenue on a gross basis:

- a. The Group has primary responsibilities for the goods or services it provides;
- b. The Group bears inventory risk;
- c. The Group has the latitude in establishing prices for the goods or services, either directly or indirectly.
- d. The Group bears credit risk of customers.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(14) for the information on goodwill impairment.

B. Assessing uncollectible accounts for doubtful receivables

In the process of assessing uncollectible accounts, the Group must use judgements and assumptions to determine the collectability of accounts receivable. The collectability is affected by various factors: customers' financial conditions, the Company's internal credit ratings, historical experience, current economic conditions, etc. When sales are not expected to be collected, the Group recognizes a specific allowance for doubtful receivables after the assessment. The assumptions and estimates of allowance for uncollectible accounts are based on concerning future events as that on the balance sheet date. Assumptions and estimates may differ from the actual results which may result in a material adjustment. Please refer to Note 6(5) for the information on assessing uncollectible accounts for doubtful receivables.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Cash on hand and petty cash	\$ 2,945	\$ 4,270
Checking accounts	1,786,628	2,591,021
Demand deposits	6,496,436	6,377,180
Time deposits	170,903	474,171
	<u>\$ 8,456,912</u>	<u>\$ 9,446,642</u>

- A. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The bank deposits and time deposits pledged as collateral and non-pledged time deposits that are not considered as cash equivalents have been transferred to 'other current assets' by the Group. Details are provided in Note 8.

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

<u>Items</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Current items:		
Financial assets held for trading		
Listed stocks	\$ -	\$ 11,938
Derivatives	17,721	29,709
Domestic open-end fund	20,266	20,266
	<u>37,987</u>	<u>61,913</u>
Valuation adjustment of financial assets held for trading	471	353
	<u>\$ 38,458</u>	<u>\$ 62,266</u>
Current items:		
Financial liabilities held for trading		
Derivatives	<u>\$ 5,686</u>	<u>\$ 26,719</u>

- A. The Group recognised net gain of \$6,527 and \$5,763 on financial assets and liabilities held for trading for the years ended December 31, 2016 and 2015, respectively.
- B. The counterparties of the Group's debt instrument investments are mostly listed companies or financial institutions which have good credit quality so the Group expects that the counterparties would not default on the contract.
- C. The non-hedging derivative instrument transactions and contract information are as follows:

<u>Derivative instruments</u>	<u>December 31, 2016</u>			<u>December 31, 2015</u>		
	Contract amount (notional principal) (Note)	Contract period		Contract amount (notional principal) (Note)	Contract period	
Forward foreign exchange contracts						
- Sell	USD	1,500	2016.12.02~ 2017.01.16	USD	14,000	2015.11.26~ 2016.02.05
	EUR	500	2016.11.02~ 2017.02.23	EUR	600	2015.12.04~ 2016.02.16
- Sell-SWAP	USD	12,900	2016.12.12~ 2017.01.26	USD	15,340	2015.04.24~ 2016.06.21
- Buy	USD	27,506	2016.04.20~ 2017.06.21	USD	17,820	2015.11.20~ 2016.02.26
	EUR	3,000	2016.12.09~ 2017.01.12	EUR	1,100	2015.12.17~ 2016.01.14

Note: expressed in thousands.

The Group entered into forward exchange contracts to manage exposures to foreign exchange rate fluctuations of import or export sales. However, the forward exchange contracts did not meet the criteria for hedge accounting. Therefore, the Group did not apply hedge accounting.

(3) Available-for-sale financial assets - current

<u>Items</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Listed stocks	\$ 22,547	\$ 36,952
Valuation adjustment of available-for-sale financial assets	560	(1,166)
	<u>\$ 23,107</u>	<u>\$ 35,786</u>

A. The Group recognised \$11,261 and (\$40,465) in other comprehensive income (loss) for fair value change of current and non-current available-for-sale financial assets and reclassified \$375 and \$55,521 from equity to profit or loss for the years ended December 31, 2016 and 2015, respectively.

B. The counterparties of the Group's debt instrument investments are mostly listed companies or financial institutions which have good credit quality so the Group does not expect the counterparties to default on the contract.

(4) Notes receivable

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Notes receivable	<u>\$ 7,573,363</u>	<u>\$ 6,511,976</u>

The notes receivable are mostly checks collected from counterparties or from financial institutions which have good credit quality so the Group does not expect any contract default.

(5) Accounts receivable

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Accounts receivable	\$ 88,220,742	\$ 86,259,250
Less: Allowance for doubtful accounts	(3,246,871)	(818,817)
	<u>\$ 84,973,871</u>	<u>\$ 85,440,433</u>

A. The credit quality of financial assets that were neither past due nor impaired was in the following categories:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Group 1	\$ 45,903,680	\$ 30,958,362
Group 2	35,084,851	49,343,178
	<u>\$ 80,988,531</u>	<u>\$ 80,301,540</u>

Group 1: Includes customers with current ratio, debt ratio, earnings, etc. within a certain range.

Group 2: Customers not belonging to Group 1.

B. The ageing analysis of accounts receivable that were past due is as follows:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
0 to 30 days	\$ 2,158,300	\$ 2,991,898
31 to 60 days	1,990,180	2,119,226
61 to 90 days	514,933	317,224
91 to 120 days	1,117,178	141,769
121 to 150 days	455,740	102,371
151 to 180 days	495,027	6,014
Over 181 days	500,853	279,208
	<u>\$ 7,232,211</u>	<u>\$ 5,957,710</u>

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

	2016		
	<u>Individual provision</u>	<u>Group provision</u>	<u>Total</u>
At January 1	\$ 353,584	\$ 465,233	\$ 818,817
Provision for impairment (Note)	2,650,844	167,749	2,818,593
Write-offs during the year	(186,251)	(2,578)	(188,829)
Effects of foreign exchange	8,750	(29,787)	(21,037)
Others (Note)	1,562	(182,235)	(180,673)
At December 31	<u>\$ 2,828,489</u>	<u>\$ 418,382</u>	<u>\$ 3,246,871</u>

Note: Others included the amounts reclassified to overdue receivables and reversal and decrease of recovery of write-offs of provision for impairment of accounts receivable in prior year amounting to (\$188,342) and \$7,669, respectively.

	2015		
	<u>Individual provision</u>	<u>Group provision</u>	<u>Total</u>
At January 1	\$ 32,389	\$ 522,578	\$ 554,967
Provision for impairment	342,452	335,605	678,057
Write-offs during the year	(32,497)	(31,967)	(64,464)
Effects of foreign exchange	11,240	22,666	33,906
Others (Note)	-	(383,649)	(383,649)
At December 31	<u>\$ 353,584</u>	<u>\$ 465,233</u>	<u>\$ 818,817</u>

Note: Others included the effect of consolidated entities and the amounts reclassified to overdue receivables amounting to \$20,830 and (\$404,479), respectively.

(6) Transfer of financial assets

Transferred financial assets that are derecognised in their entirety

The Group entered into factoring of accounts receivable with banks. In accordance with the contract requirements, the Group shall only be liable for the losses incurred on any commercial dispute and did not assume the risk of uncollectible accounts receivable. The Group does not have any continuing involvement in the transferred accounts receivable. The derecognised amounts had already deducted the estimated commercial disputes. The commercial papers and time deposits pledged to the banks are for losses incurred only on commercial disputes or for the banks' practice of accounts receivable factoring. The pledged commercial papers and time deposits do not cover losses other than those arising from commercial disputes. As of December 31, 2016 and 2015, outstanding accounts receivable were as follows:

December 31, 2016

Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities (In thousands)	Amount advanced	Interest rate of amount advanced	Pledged assets
Cathay United Bank	\$ 1,383,750	\$ 1,383,750	USD 47,500	\$ 1,383,750	1.54%~2.50%	Note 1
Mega International Commercial Bank	4,395,529	4,395,529	USD 166,900	3,598,146	1.27%~2.46%	Note 2
ANZ Bank	-	-	USD 60,000	-	-	None
CTBC Bank	3,148,440	3,148,440	USD 15,000	1,688,956	1.37%~2.35%	Note 3
E. SUN Commercial Bank	3,095,093	3,095,093	USD 161,500	2,551,250	1.05%~2.15%	Note 4
Taipei Fubon Commercial Bank	1,815,351	1,815,351	\$ 3,099,300	876,207	1.12%~2.18%	Note 5
Industrial Bank of Taiwan	341,021	341,021	\$ 669,720	-	-	Note 6
Yuanta Commercial Bank	647,253	647,253	USD 25,000	401,120	1.60%~1.75%	Note 7
The Hong Kong and Shanghai Banking Corporation Limited	2,226,489	2,226,489	USD 146,700	2,214,364	1.42%	Note 8
Ta Chong Bank	487,640	487,640	USD 3,500	31,992	1.80%	Note 9
Standard Chartered Bank	22,732	22,732	USD 60,120	18,918	1.44%~2.03%	None
Taishin International Bank	5,917,168	5,917,168	\$ 9,000,000	972,534	1.17%~2.00%	Note 10
Bank SinoPac	459,475	459,475	USD 44,050	418,008	1.85%	Note 11
Far Eastern International Bank	150,502	150,502	USD 22,000	73,197	1.64%~2.38%	Note 12
Chang Hwa Bank	793,082	793,082	USD 50,300	525,449	1.40%~2.18%	Note 13
DBS Bank	958,014	958,014	USD 92,000	919,969	1.08%~2.05%	Note 14
Shin Kong Bank	5,297	5,297	USD 2,250	-	-	Note 15
Taiwan Cooperative Bank	67,739	67,739	USD 3,000	-	-	Note 16
Hang Seng Bank	2,142,961	2,142,961	USD 88,000	1,938,080	1.46%~1.81%	Note 17
KGI Bank	305,003	305,003	\$ 850,000	301,922	1.40%~1.60%	Note 18

Note 1: The Group has signed commercial papers amounting to USD 47,500 thousand that were pledged to others as collateral.

Note 2: The Group has signed commercial papers amounting to USD 166,900 thousand and \$530,000 that were pledged to others as collateral.

Note 3: The Group has signed commercial papers amounting to USD 15 million and \$447,600 that were pledged to others as collateral.

Note 4: The Group has signed commercial papers amounting to USD 164 million and \$20,000 that were pledged to others as collateral.

Note 5: The Group has signed commercial papers amounting to \$203,500 that were pledged

to others as collateral.

- Note 6: The Group has signed commercial papers amounting to \$669,720 that were pledged to others as collateral.
- Note 7: The Group has signed commercial papers amounting to USD 25 million and \$1,400,000 that were pledged to others as collateral.
- Note 8: The Group has signed commercial papers amounting to USD 135,630 thousand that were pledged to others as collateral.
- Note 9: The Group has signed commercial papers amounting to USD 7,700 thousand and \$1,500,000 that were pledged to others as collateral.
- Note 10: The Group has signed commercial papers amounting to \$9,000,000 that were pledged to others as collateral.
- Note 11: The Group has signed commercial papers amounting to USD 41 million and \$600,000 that were pledged to others as collateral.
- Note 12: The Group has signed commercial papers amounting to USD 22 million and \$400,000 that were pledged to others as collateral.
- Note 13: The Group has signed commercial papers amounting to USD 50,300 thousand that were pledged to others as collateral.
- Note 14: The Group has signed commercial papers amounting to USD 114 million that were pledged to others as collateral.
- Note 15: The Group has signed commercial papers amounting to USD 225 thousand and \$1,000 that were pledged to others as collateral.
- Note 16: The Group has signed commercial papers amounting to USD 3 million that were pledged to others as collateral.
- Note 17: The Group has provided demand deposits amounting to USD 140 thousand that were pledged to others as collateral.
- Note 18: The Group has signed commercial papers amounting to \$760,000 that were pledged to others as collateral.

December 31, 2015

Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities (In thousands)	Amount advanced	Interest rate of amount advanced	Pledged assets
Cathay United Bank	\$ 1,334,396	\$ 1,334,396	USD 47,500	\$ 1,334,396	1.32%~1.64%	Note 1
Mega International Commercial Bank	4,194,769	4,194,769	USD 173,900 \$ 650,000	3,853,236	1.10%~1.77%	Note 2
ANZ Bank	2,103,462	2,103,462	USD 160,000	2,103,462	1.53%~1.86%	None
CTBC Bank	2,696,735	2,696,735	USD 28,000 \$ 3,586,000	2,416,745	1.05%~1.74%	Note 3
E. SUN Commercial Bank	2,391,241	2,391,241	USD 195,500 \$ 20,000	1,737,610	1.15%~1.53%	Note 4
Taipei Fubon Commercial Bank	1,817,823	1,817,823	\$ 3,139,300	1,767,617	1.14%~1.30%	Note 5
Industrial Bank of Taiwan	91,577	91,577	\$ 244,432	69,613	1.20%	Note 6
Yuanta Commercial Bank	1,025,276	1,025,276	USD 25,000 \$ 2,342,000	906,315	1.15%~1.35%	Note 7
The Hong Kong and Shanghai Banking Corporation Limited	2,611,079	2,611,079	USD 168,800	2,595,747	1.02%	Note 8
Ta Chong Bank	388,851	388,851	USD 12,700 \$ 1,700,000	30,503	1.45%~1.80%	Note 9
Standard Chartered Bank	874,357	874,357	USD 71,130	233,922	1.26%~1.27%	None
Taishin International Bank	6,019,879	6,019,879	\$ 8,500,000	2,006,826	1.35%~1.79%	Note 10
Bank SinoPac	259,361	259,361	USD 17,500 \$ 950,000	110,579	1.05%~1.46%	Note 11
Far Eastern International Bank	192,864	192,864	USD 22,000 \$ 400,000	115,972	1.25%~1.56%	Note 12
Chang Hwa Bank	500,100	500,100	USD 44,300	251,047	1.35%~1.70%	Note 13
DBS Bank	429,998	429,998	USD 62,000	208,236	1.15%~1.47%	Note 14
Shin Kong Bank	20,011	20,011	USD 4,500 \$ 10,000	15,148	1.36%~1.61%	Note 15
Taiwan Cooperative Bank	25,932	25,932	USD 3,000	23,339	1.12%~1.46%	Note 16
Hang Seng Bank	983,212	983,212	USD 28,000	375,286	1.23%~1.43%	Note 17
KGI Bank	46,539	46,539	\$ 65,000	44,212	1.17%	Note 18

Note 1: The Group has signed commercial papers amounting to USD 47,500 thousand that were pledged to others as collateral.

Note 2: The Group has signed commercial papers amounting to USD 173,900 thousand and \$650,000 that were pledged to others as collateral.

Note 3: The Group has signed commercial papers amounting to USD 26 million and \$388,600 that were pledged to others as collateral.

Note 4: The Group has signed commercial papers amounting to USD 196,500 thousand and \$20,000 that were pledged to others as collateral.

- Note 5: The Group has signed commercial papers amounting to \$203,500 that were pledged to others as collateral.
- Note 6: The Group has signed commercial papers amounting to \$244,432 that were pledged to others as collateral.
- Note 7: The Group has signed commercial papers amounting to USD 25 million and \$2,342,000 that were pledged to others as collateral.
- Note 8: The Group has signed commercial papers amounting to USD 167,220 thousand that were pledged to others as collateral.
- Note 9: The Group has signed commercial papers amounting to USD 12,700 thousand and \$1,700,000 that were pledged to others as collateral.
- Note 10: The Group has signed commercial papers amounting to \$8,500,000 that were pledged to others as collateral.
- Note 11: The Group has signed commercial papers amounting to USD 17,500 thousand and \$600,000 that were pledged to others as collateral.
- Note 12: The Group has signed commercial papers amounting to USD 22 million and \$400,000 that were pledged to others as collateral.
- Note 13: The Group has signed commercial papers amounting to USD 44,300 thousand that were pledged to others as collateral.
- Note 14: The Group has signed commercial papers amounting to USD 84 million that were pledged to others as collateral.
- Note 15: The Group has signed commercial papers amounting to USD 4,500 thousand and \$10,000 that were pledged to others as collateral.
- Note 16: The Group has signed commercial papers amounting to USD 3 million that were pledged to others as collateral.
- Note 17: The Group has provided demand deposits amounting to USD 1,470 thousand that were pledged to others as collateral.
- Note 18: The Group has signed commercial papers amounting to \$23,000 that were pledged to others as collateral.

The Group has recognised loss of \$392,390 and \$325,269 when transferring the derecognised accounts receivable for the years ended December 31, 2016 and 2015, respectively.

(7) Other receivables

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Retention amount of factored accounts receivable	\$ 10,448,677	\$ 7,807,651
VAT refund	348,744	456,137
Others	402,431	914,545
	<u>\$ 11,199,852</u>	<u>\$ 9,178,333</u>

(8) Inventories

	December 31, 2016		
	Cost	Allowance for valuation	Book value
Inventories	\$ 47,711,985	(\$ 1,061,430)	\$ 46,650,555
Inventories in transit	3,276,610	-	3,276,610
	<u>\$ 50,988,595</u>	<u>(\$ 1,061,430)</u>	<u>\$ 49,927,165</u>

	December 31, 2015		
	Cost	Allowance for valuation	Book value
Inventories	\$ 48,262,790	(\$ 818,525)	\$ 47,444,265
Inventories in transit	2,850,772	-	2,850,772
	<u>\$ 51,113,562</u>	<u>(\$ 818,525)</u>	<u>\$ 50,295,037</u>

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2016	2015
Cost of goods sold	\$ 513,738,577	\$ 493,892,332
Loss on price decline in inventory	580,147	191,367
Loss on physical inventory	4,270	2,541
Cost of goods sold	<u>\$ 514,322,994</u>	<u>\$ 494,086,240</u>

(9) Available-for-sale financial assets - non-current

Investee company	December 31, 2016	December 31, 2015
Nichidenbo Corporation	\$ 231,990	\$ 231,990
Promaster Technology Corp.	49,605	49,605
Apollo Electronics Group Ltd.	34,938	47,414
Murad Chia Jei Biotechnology Co., Ltd.	19,107	19,107
Hua-Jie (Taiwan) Corp.	10,500	10,500
Kingmax Technology Inc.	9,504	9,504
Others	9,587	9,587
	365,231	377,707
Add: valuation adjustment	(25,456)	(34,610)
Less: accumulated impairment	(7,801)	(7,801)
	<u>\$ 331,974</u>	<u>\$ 335,296</u>

- A. There is no investment in available-for-sale financial asset attributed to debt instruments.
- B. As of December 31, 2016 and 2015, the Group's available-for-sale financial assets serve as security for purchase guarantee. Please refer to Note 8.
- C. The amounts recognised in other comprehensive income for fair value change of current and non-current available-for-sale financial assets for the years ended December 31, 2016 and 2015 are described in Note 6(3).

(10) Financial assets measured at cost - non-current

<u>Investee company</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Tyche Partners, LP.	\$ 138,217	\$ 63,364
Ability I Venture Capital Corporation	100,000	100,000
CDIB CME Fund Ltd.	100,000	100,000
Nanjing Sunlord Electronics Corporation Ltd.	45,570	-
Silicon Line GmbH	40,851	40,851
M Cube Inc.	30,365	30,365
Ability Asia Capital Corporation	25,000	25,000
Chlen Hwa Coating Technology Inc.	20,000	20,000
GEC Technology Hong Kong Company Limited	19,994	19,994
Bettery Energy Technology Inc.	18,000	18,000
Fantasy Story Inc.	15,047	15,047
Liefco Optical Inc.	15,000	15,000
FineMat Applied Materials Co., Ltd.	11,941	11,941
Systemweb Technologies Co., Ltd.	12,600	12,600
Centillion III Venture Capital Corp.	10,500	10,500
SmartDisplayer Technology Co., Ltd.	10,000	10,000
PTR-Tech Technology Co., Ltd.	10,000	10,000
Remotek Corporation	-	13,520
TekCare Corporation	-	12,600
Others	56,803	49,790
	<u>679,888</u>	<u>578,572</u>
Less: Accumulated impairment	(<u>171,409</u>)	(<u>110,541</u>)
	<u>\$ 508,479</u>	<u>\$ 468,031</u>

- A. As of December 31, 2016 and 2015, no financial assets measured at cost held by the Group were pledged to others.
- B. Based on the Group's intention, its investment in stocks should be classified as 'available-for-sale financial assets'. However, as these stocks are not traded in active market, and sufficient industry information of companies similar to the investee or the investee's financial information cannot be obtained, the fair value of the investment in stocks cannot be measured reliably. Accordingly, the Group classified those stocks as 'financial assets measured at cost'.
- C. The Group evaluated the investment value of some of the above financial assets that had been impaired. Details are provided in Note 6(15).

(11) Investments accounted for under the equity method

A. Details of investments accounted for under the equity method:

<u>Investee company</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
CECI Technology Co., Ltd.	\$ 583,371	\$ -
ChainPower Technology Corp.	152,983	201,873
Sunrise Technology Co., Ltd.	80,331	79,911
Eesource Corp.	82,758	73,387
Suzhou Xinning Bonded Warehouse Co., Ltd.	54,439	55,123
Adivic Technology Co., Ltd.	32,446	31,230
Yosun Japan Corp.	37,828	40,257
Suzhou Xinning Logistics Co., Ltd.	33,633	37,604
Gain Tune Logistics (Shanghai) Co., Ltd.	34,400	35,199
VITEC WPG Limtied	39,708	-
Others	428	470
	<u>\$ 1,132,325</u>	<u>\$ 555,054</u>

B. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of December 31, 2016 and 2015, the carrying amount of the Group's individually immaterial associates amounted to \$1,132,325 and \$555,054, respectively.

	<u>Years ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
Profit for the year from continuing operations	\$ 63,751	\$ 25,288
Other comprehensive loss - net of tax	(9,549)	(911)
Total comprehensive income	<u>\$ 54,202</u>	<u>\$ 24,377</u>

C. There was no impairment on investments accounted for using equity method for the years ended December 31, 2016 and 2015.

(12) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Furniture and fixtures</u>	<u>Leasehold improvements</u>	<u>Others</u>	<u>Construction in progress and equipment to be tested</u>	<u>Total</u>
<u>At January 1, 2016</u>								
Cost	\$2,291,275	\$2,365,315	\$ 20,894	\$ 535,144	\$ 528,154	\$ 199,322	\$ 458	\$5,940,562
Accumulated depreciation	-	(414,810)	(14,282)	(393,552)	(301,006)	(148,246)	-	(1,271,896)
Accumulated impairment	(1,582)	(10,764)	-	-	-	-	-	(12,346)
	<u>\$2,289,693</u>	<u>\$1,939,741</u>	<u>\$ 6,612</u>	<u>\$ 141,592</u>	<u>\$ 227,148</u>	<u>\$ 51,076</u>	<u>\$ 458</u>	<u>\$4,656,320</u>
<u>Year ended December 31, 2016</u>								
Opening net book amount	\$2,289,693	\$1,939,741	\$ 6,612	\$ 141,592	\$ 227,148	\$ 51,076	\$ 458	\$4,656,320
Additions	-	7,065	4,775	28,107	53,304	20,202	2,269	115,722
Disposals	-	(1,956)	(500)	(3,734)	(18,441)	(206)	-	(24,837)
Transfer (Note)	(9,295)	(154,674)	(443)	524	-	-	-	(163,888)
Decrease in consolidated entities	-	-	-	(2,093)	-	-	-	(2,093)
Depreciation charge	-	(75,610)	(2,620)	(59,310)	(55,002)	(24,276)	-	(216,818)
Effect due to changes in exchange rates	(609)	(73,009)	(337)	(2,729)	(7,845)	(1,180)	(39)	(85,748)
Closing net book amount	<u>\$2,279,789</u>	<u>\$1,641,557</u>	<u>\$ 7,487</u>	<u>\$ 102,357</u>	<u>\$ 199,164</u>	<u>\$ 45,616</u>	<u>\$ 2,688</u>	<u>\$4,278,658</u>
<u>At December 31, 2016</u>								
Cost	\$2,281,371	\$2,103,545	\$ 18,809	\$ 526,282	\$ 499,499	\$ 210,204	\$ 2,688	\$5,642,398
Accumulated depreciation	-	(451,224)	(11,322)	(423,925)	(300,335)	(164,588)	-	(1,351,394)
Accumulated impairment	(1,582)	(10,764)	-	-	-	-	-	(12,346)
	<u>\$2,279,789</u>	<u>\$1,641,557</u>	<u>\$ 7,487</u>	<u>\$ 102,357</u>	<u>\$ 199,164</u>	<u>\$ 45,616</u>	<u>\$ 2,688</u>	<u>\$4,278,658</u>

Note: Inventories amounting to \$81 were transferred to property, plant and equipment. Property, plant and equipment amounting to \$163,969 were transferred to investment property.

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Others</u>	<u>Construction in progress and equipment to be tested</u>	<u>Total</u>
<u>At January 1, 2015</u>								
Cost	\$2,291,223	\$2,337,038	\$ 15,076	\$ 449,008	\$ 469,588	\$ 169,399	\$ 4,727	\$5,736,059
Accumulated depreciation	-	(395,896)	(10,712)	(309,523)	(221,112)	(114,620)	-	(1,051,863)
Accumulated impairment	(1,582)	(10,764)	-	-	-	-	-	(12,346)
	<u>\$2,289,641</u>	<u>\$1,930,378</u>	<u>\$ 4,364</u>	<u>\$ 139,485</u>	<u>\$ 248,476</u>	<u>\$ 54,779</u>	<u>\$ 4,727</u>	<u>\$4,671,850</u>
<u>Year ended December 31, 2015</u>								
Opening net book amount	\$2,289,641	\$1,930,378	\$ 4,364	\$ 139,485	\$ 248,476	\$ 54,779	\$ 4,727	\$4,671,850
Additions	-	50,127	3,357	53,259	22,998	23,938	461	154,140
Disposals	(991)	(1,272)	(151)	(3,202)	(330)	(423)	-	(6,369)
Transfer (Note)	-	(148)	-	5,323	4,742	-	(4,742)	5,175
Acquired from business combinations	-	-	1,274	12,940	6,387	319	-	20,920
Decrease in consolidated entities	-	-	-	(27)	-	(130)	-	(157)
Depreciation charge	-	(66,132)	(2,288)	(67,146)	(54,324)	(27,264)	-	(217,154)
Effect due to changes in exchange rates	<u>1,043</u>	<u>26,788</u>	<u>56</u>	<u>960</u>	<u>(801)</u>	<u>(143)</u>	<u>12</u>	<u>27,915</u>
Closing net book amount	<u>\$2,289,693</u>	<u>\$1,939,741</u>	<u>\$ 6,612</u>	<u>\$ 141,592</u>	<u>\$ 227,148</u>	<u>\$ 51,076</u>	<u>\$ 458</u>	<u>\$4,656,320</u>
<u>At December 31, 2015</u>								
Cost	\$2,291,275	\$2,365,315	\$ 20,894	\$ 535,144	\$ 528,154	\$ 199,322	\$ 458	\$5,940,562
Accumulated depreciation	-	(414,810)	(14,282)	(393,552)	(301,006)	(148,246)	-	(1,271,896)
Accumulated impairment	(1,582)	(10,764)	-	-	-	-	-	(12,346)
	<u>\$2,289,693</u>	<u>\$1,939,741</u>	<u>\$ 6,612</u>	<u>\$ 141,592</u>	<u>\$ 227,148</u>	<u>\$ 51,076</u>	<u>\$ 458</u>	<u>\$4,656,320</u>

Information on property, plant and equipment that were pledged to others as collateral is provided in Note 8.

Note: Inventories amounting to \$5,583 were transferred to property, plant and equipment. Property, plant and equipment amounting to \$408 were transferred to investment property.

(13) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1, 2016</u>			
Cost	\$ 344,833	\$ 919,470	\$ 1,264,303
Accumulated depreciation	-	(122,694)	(122,694)
	<u>\$ 344,833</u>	<u>\$ 796,776</u>	<u>\$ 1,141,609</u>
<u>Year ended December 31, 2016</u>			
Opening net book amount	\$ 344,833	\$ 796,776	\$ 1,141,609
Depreciation charge	-	(20,729)	(20,729)
Transfer (Note)	9,295	154,674	(163,969)
Effect due to changes in exchange rates	-	(67,718)	(67,718)
Closing net book amount	<u>\$ 354,128</u>	<u>\$ 863,003</u>	<u>\$ 1,217,131</u>
<u>At December 31, 2016</u>			
Cost	\$ 354,128	\$ 1,023,373	\$ 1,377,501
Accumulated depreciation	-	(160,370)	(160,370)
	<u>\$ 354,128</u>	<u>\$ 863,003</u>	<u>\$ 1,217,131</u>

Note: Property, plant and equipment amounting to \$163,969 for the year ended December 31, 2016 was transferred to investment property. Please refer to Note 6(12).

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1, 2015</u>			
Cost	\$ 349,968	\$ 898,656	\$ 1,248,624
Accumulated depreciation	-	(99,999)	(99,999)
	<u>\$ 349,968</u>	<u>\$ 798,657</u>	<u>\$ 1,148,625</u>
<u>Year ended December 31, 2015</u>			
Opening net book amount	\$ 349,968	\$ 798,657	\$ 1,148,625
Disposals	(5,135)	(5,364)	(10,499)
Depreciation charge	-	(21,803)	(21,803)
Transfer (Note)	-	408	408
Effect due to changes in exchange rates	-	24,878	24,878
Closing net book amount	<u>\$ 344,833</u>	<u>\$ 796,776</u>	<u>\$ 1,141,609</u>
<u>At December 31, 2015</u>			
Cost	\$ 344,833	\$ 919,470	\$ 1,264,303
Accumulated depreciation	-	(122,694)	(122,694)
	<u>\$ 344,833</u>	<u>\$ 796,776</u>	<u>\$ 1,141,609</u>

Property, plant and equipment amounting to \$408 for the year ended December 31, 2015 was transferred to investment property. Please refer to Note 6(12).

A. Rental income from investment property and direct operating expenses arising from the investment property are shown below:

	<u>Years ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
Rental revenue from investment property	\$ <u>42,541</u>	\$ <u>31,473</u>
Direct operating expenses arising from the investment property that generated rental income during the year	\$ <u>13,703</u>	\$ <u>13,066</u>
Direct operating expenses arising from the investment property that did not generate rental income during the year	\$ <u>7,026</u>	\$ <u>9,426</u>

- B. The fair value of the investment property held by the Group as of December 31, 2016 and 2015 was \$1,590,508 and \$1,647,280, respectively. The fair value as of December 31, 2016 and 2015 was based on independent appraisers' valuation, which is made using comparative method and income approach. Comparison method is to compare the valuation target with similar property which is traded around the valuation period. Valuations were made using the income approach with key assumptions as follows:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Discount rate	2%~2.75%	2%~2.5%
Growth rate	0%~1%	1%
Gross margin	1.87%~2.67%	2.7%

- C. There is no impairment loss on investment property.

- D. For investment property pledged for guarantee, please refer to Note 8.

(14) Intangible assets

	<u>Operating right</u>	<u>Software</u>	<u>Goodwill</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2016</u>					
Cost	\$ 356,692	\$ 197,776	\$ 5,691,164	\$ 70,730	\$6,316,362
Accumulated amortisation and impairment	(<u>349,467</u>)	(<u>163,070</u>)	(<u>73,646</u>)	(<u>59,025</u>)	(<u>645,208</u>)
	\$ <u>7,225</u>	\$ <u>34,706</u>	\$ <u>5,617,518</u>	\$ <u>11,705</u>	\$ <u>5,671,154</u>
<u>Year ended December 31, 2016</u>					
Opening net book amount	\$ 7,225	\$ 34,706	\$ 5,617,518	\$ 11,705	\$5,671,154
Additions-acquired separately	-	31,482	-	400	31,882
Effect of consolidated entity's movement	-	-	(1,718)	-	(1,718)
Amortisation charge	(6,934)	(23,386)	-	(6,274)	(36,594)
Impairment loss	-	-	(59,231)	-	(59,231)
Effect due to changes in exchange rates	<u>1,280</u>	(<u>422</u>)	(<u>4,909</u>)	(<u>1,498</u>)	(<u>5,549</u>)
Closing net book amount	\$ <u>1,571</u>	\$ <u>42,380</u>	\$ <u>5,551,660</u>	\$ <u>4,333</u>	\$ <u>5,599,944</u>
<u>At December 31, 2016</u>					
Cost	\$ 308,230	\$ 228,230	\$ 5,683,269	\$ 69,970	\$6,289,699
Accumulated amortisation and impairment	(<u>306,659</u>)	(<u>185,850</u>)	(<u>131,609</u>)	(<u>65,637</u>)	(<u>689,755</u>)
	\$ <u>1,571</u>	\$ <u>42,380</u>	\$ <u>5,551,660</u>	\$ <u>4,333</u>	\$ <u>5,599,944</u>

	<u>Operating right</u>	<u>Software</u>	<u>Goodwill</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2015</u>					
Cost	\$ 414,356	\$ 216,639	\$ 5,624,802	\$ 67,381	\$6,323,178
Accumulated amortisation and impairment	(287,321)	(162,001)	(71,010)	(46,289)	(566,621)
	<u>\$ 127,035</u>	<u>\$ 54,638</u>	<u>\$ 5,553,792</u>	<u>\$ 21,092</u>	<u>\$5,756,557</u>
<u>Years ended December 31, 2015</u>					
Opening net book amount	\$ 127,035	\$ 54,638	\$ 5,553,792	\$ 21,092	\$5,756,557
Additions-acquired separately	-	18,183	-	-	18,183
Additions-acquired from business combinations	-	3,171	53,657	-	56,828
Reclassifications	-	289	-	-	289
Amortisation charge	(40,668)	(42,377)	-	(11,244)	(94,289)
Others	(80,567)	-	-	-	(80,567)
Effect due to changes in exchange rates	1,425	802	10,069	1,857	14,153
Closing net book amount	<u>\$ 7,225</u>	<u>\$ 34,706</u>	<u>\$ 5,617,518</u>	<u>\$ 11,705</u>	<u>\$5,671,154</u>
<u>At December 31, 2015</u>					
Cost	\$ 356,692	\$ 197,776	\$ 5,691,164	\$ 70,730	\$6,316,362
Accumulated amortisation and impairment	(349,467)	(163,070)	(73,646)	(59,025)	(645,208)
	<u>\$ 7,225</u>	<u>\$ 34,706</u>	<u>\$ 5,617,518</u>	<u>\$ 11,705</u>	<u>\$5,671,154</u>

The details of amortisation charge are as follows:

	<u>Years ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
Selling and marketing expenses	\$ 16,466	\$ 56,422
General and administrative expenses	20,512	39,312
	<u>\$ 36,978</u>	<u>\$ 95,734</u>

The amortisation charge above includes amortisation of deferred expenses accounted as 'Other non-current asset'.

A. Goodwill is allocated as follows to the Group's cash-generating units identified according to operating segment:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Yosun subgroup	\$ 4,711,379	\$ 4,714,529
Aeco subgroup	472,290	472,290
Others	367,991	430,699
	<u>\$ 5,551,660</u>	<u>\$ 5,617,518</u>

B. Goodwill is allocated to the Group's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period.

Except for goodwill arising from investing in World Peace Industrial Co., Ltd.'s indirect subsidiary - Long-Think International (Shanghai) Limited, and Genuine C&C (South Asia)

Pte Ltd. which incurred impairment loss of \$59,231 as the estimated recoverable amount was lower than the carrying amount, the remaining goodwill was not impaired as the recoverable amount calculated using the value-in-use exceeded the carrying amount. The key assumptions used for value-in-use calculations are gross margin, growth rate and discount rate.

Management determined budgeted gross margin based on past performance and its expectations of market development. The assumptions used for weighted average growth rates are based on past historical experience and expectations of industry; the assumption used for discount rate is the weighted average capital cost of the Group. As of December 31, 2016 and 2015, the key valuations used for pre-tax discount rate were 5.55% and 5.05%, respectively.

C. Impairment information about intangible assets is provided in Note 6(15).

(15) Impairment of financial assets and non-financial assets

The Group recognised impairment loss amounting to \$120,099 and \$51,995 for the years ended December 31, 2016 and 2015, respectively. Details of such loss are as follows:

	<u>Years ended December 31,</u>			
	<u>2016</u>		<u>2015</u>	
	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>
Impairment loss - financial assets carried at cost - non-current	\$ 60,868	\$ -	\$ 51,995	\$ -
Impairment loss - goodwill	<u>59,231</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 120,099</u>	<u>\$ -</u>	<u>\$ 51,995</u>	<u>\$ -</u>

(16) Overdue receivables (Shown as “Other non-current assets”)

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Overdue receivables	\$ 718,231	\$ 648,790
Less: Allowance for doubtful accounts	<u>(718,231)</u>	<u>(648,790)</u>
	<u>\$ -</u>	<u>\$ -</u>

Movement analysis of financial assets that were impaired is as follows:

	<u>2016</u>	<u>2015</u>
	<u>Individual provision</u>	<u>Individual provision</u>
At January 1	\$ 648,790	\$ 253,250
Effect of consolidated entities	-	10,060
Provision for impairment	5,809	6,738
Write-off of bad debts	<u>(111,769)</u>	<u>(33,623)</u>
Transferred from accounts receivable	188,342	404,479
Transferred to other income	-	35
Effect due to changes in exchange rates	<u>(12,941)</u>	<u>7,851</u>
At December 31	<u>\$ 718,231</u>	<u>\$ 648,790</u>

(17) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Loans for overseas purchases	\$ 26,322,079	\$ 30,297,718
Short-term loans	26,531,994	24,277,634
	<u>\$ 52,854,073</u>	<u>\$ 54,575,352</u>
Annual interest rates	<u>0.95%~5.00%</u>	<u>0.88%~4.85%</u>

For information on pledged assets, please refer to Note 8.

(18) Short-term notes and bills payable

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Commercial papers payable	\$ 4,205,000	\$ 3,710,000
Less: Unamortised discount	(2,081)	(1,803)
	<u>\$ 4,202,919</u>	<u>\$ 3,708,197</u>
Annual interest rates	<u>0.46%~1.41%</u>	<u>0.63%~1.33%</u>

The abovementioned short-term notes and bills payable are guaranteed by financial institutions.

(19) Bonds payable

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Bonds payable	\$ 3,575,800	\$ 6,000,000
Less: discount on bonds payable	(26,476)	(124,617)
	3,549,324	5,875,383
Less: current portion of bonds payable (shown as 'Other current liabilities')	(3,549,324)	-
	<u>\$ -</u>	<u>\$ 5,875,383</u>

A. Related information on the issuance of domestic convertible bonds by the Company is as follows:

(a) The terms of the first domestic unsecured convertible bonds issued by the Company are as follows:

The Company issued \$6,000,000, 0% first domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (July 25, 2014 ~ July 25, 2017) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taiwan Over-The-Counter Securities Exchange on July 25, 2014.

(b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after one month of the bonds issue to the maturity date, except the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

(c) The conversion price (\$42.8 (in dollars) per share) of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated

by the terms. As of December 31, 2016, the conversion price was \$35.4.

- (d) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taiwan Over-The-Counter Securities Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
- B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$138,741 were separated from the liability component and were recognised in ‘capital surplus-stock warrants’ in accordance with IAS 32.
- C. As of December 31, 2016, convertible bonds face value of \$2,424,200 had been converted to 68,480 thousand ordinary shares. Among them, the Group obtained 294 thousand shares of certificate of bond conversion for the convertible bonds face value of \$10,400.
- D. The amortisation of discount on bonds payable was \$72,461 and \$79,243 for the years ended December 31, 2016 and 2015, respectively.

(20) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period / repayment term</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Secured bank borrowings (Note 1 and Note 2)	2012.01.02~ 2027.01.02	\$ 541,079	\$ 589,852
Unsecured bank borrowings (Note 3~ Note 9)	2014.01.10~ 2019.10.03	<u>12,052,500</u>	<u>12,858,075</u>
		12,593,579	13,447,927
Less : current portion of long-term borrowings (shown as other current liabilities)		(<u>7,397,138</u>)	(<u>1,321,268</u>)
		<u>\$ 5,196,441</u>	<u>\$ 12,126,659</u>
Interest rate range		<u>1.20%~2.05%</u>	<u>1.22%~1.79%</u>

For information on pledged assets, please refer to Note 8.

- Note 1: (a) The Company had entered into a long-term agreement for fifteen years with a financial institution. The pledged assets are the land and building of Linkou warehouse. The principal should be repaid in equal monthly installments starting 2015.
- (b) In November 2014, the lending financial institution agreed to grant a grace period of one year, therefore the start of the repayment of the principal has been moved to January 2016, which will be in equal monthly installments.
- (c) The interest rate is the index interest rate plus 0.21% from the borrowing day to January 2, 2013, plus 0.25% from January 2, 2013, plus 0.25% from January 2, 2014, plus 0.35% from January 2, 2015, plus 0.42% from January 2, 2016 and plus 1.5% from January 2017.

Note 2: AIT Japan Inc., the Company’s indirect subsidiary, had entered into a long-term loan agreement for a period of ten years with the Daiwa Bank, Limited on March 28, 2012,

and the facility is JPY 250,000,000. The pledged assets are land, and furniture and fixtures, which amount to \$69,545 and \$73,096, respectively. The principal should be repaid in equal monthly installments (totaling 114 months) of JPY 2,193,000 from October 31, 2012 and the last monthly installment will be JPY 2,191,000.

Note 3: The Company's indirect subsidiary, Richpower Electronic Devices Co., Ltd. and its subsidiary, Richpower Electronic Devices Co., Limited, had entered into a long-term loan agreement with E. SUN Commercial Bank and other financial institutions on December 26, 2013. The terms and conditions of the contract were as follows:

- (a) Contract term: Within three years from the first drawdown (January 10, 2014)
- (b) Facility and drawdown: The facility is \$1,800,000 and the first drawdown of the loan must be within six months from the contract signing date and the amount of drawdown must be no less than \$30,000 or USD 1 million, and the amount must be in multiples of \$10,000 (not applied to USD drawbacks). If the amount of drawdown was in New Taiwan Dollars, the repayment period could be between 60 days and 180 days or other periods agreed by the bank; if the amount of drawdown was in US Dollars, the repayment could be between two months and six months or other periods agreed by the bank. If the amount drawn is less than 50% of the facility amount for the nine months after the first drawdown, the financial commitment fee is calculated at 0.15% per annum with the undrawn amount.
- (c) Repayment: For each drawdown, the principal and interest must be repaid in full at the end of each drawdown's term. For extension of the loan at maturity date, approval must be obtained from the bank. The repayment currency should be the same as the borrowed currency and it would be the responsibility of the borrower to acquire foreign exchange approvals and, if any, other required approvals for repayment in the foreign currency.
- (d) Loan covenant: Richpower Electronic Devices Co., Ltd. and Richpower Electronic Devices Co., Limited are required to maintain certain financial ratios based on the consolidated financial statements during the contract period as follows: liquidity ratio should not be less than 100%, debt ratio should not be higher than 200%, time interest earned ratio should not be less than 2.5 and net value (net intangible assets) should not be less than \$1,500,000.

Richpower Electronic Devices Co., Ltd. and its subsidiary Silicon Application Corporation met all the financial commitments stated in the contract.

Note 4: Silicon Application Corporation, the Company's subsidiary, had entered into a long-term loan agreement with Mega International Commercial Bank and other financial institutions. The terms and conditions of the contract were as follows:

- (a) Contract term: Within three years from the first drawdown

- (b) Facility and drawdown: The facility is \$2,400,000, could be multiple drawdowns or revolving, however the total amount at any time cannot exceed the facility amount.
- (c) Repayment: For each drawdown, the principal and the interest payable must be repaid in full at the end of that specific drawdown's term. At the end of the contract term, the principal, interest payable and any related expense of each drawdown must be repaid in full.
- (d) Loan covenant: During the contract term, Silicon Application Corporation is required to maintain financial ratios as follows: the liquidity ratio should not be less than 100%, debt ratio should not be higher than 220%, time interest earned ratio should not be less than 3 and net value (net intangible assets) should be maintained at or above \$3,000,000. If Silicon Application Corporation could not meet any of the abovementioned covenants due to the adoption of IFRSs, then Silicon Application Corporation should, within six months of delivering the first IFRS financial statements to the bank, renegotiate the terms of the covenant with the syndicate of lending financial institutions, and obtain the agreement of the majority of the syndicate.

Silicon Application Corporation met all the financial commitments stated in the contract.

Note 5: The Company's subsidiary, World Peace Industrial Co., Ltd. (WPI), had entered into a long-term loan agreement with E. SUN Commercial Bank, KGI Commercial Bank, Mizuho Corporate Bank, First Commercial Bank and other financial institutions on September 22, 2014. The terms and conditions of the contract were as follows:

- (a) Contract term: Within three years from the first drawdown.
- (b) Facility and drawdown: This pertains to a revolving loan facility of World Peace Industrial Co. Ltd., the Company's subsidiary, wherein the principal amount can be renewed after the corresponding interest is paid, and payment of the existing loan can be repaid by the new loan. If the amounts equal, then the banks would not make a procedure of remittance and loan.
- (c) Repayment: For each drawdown, the principal and interest must be repaid in full at the end of each drawdown's term. For re-utilization of the revolving loan after maturity date, application should be submitted to the lead bank five days before the maturity date. Based on the credit term in the contract, all or part of the loan will be re-utilized. If the amount of drawdown is the same as the last time, the syndicate of banks would not make an additional procedure of remittance and loan, as if the borrower has actually received the loan, and uses the loan contract as proof of receipt. The amount of re-utilization of the revolving loan shall be repaid based on the contract.

- (d) Loan covenant: The subsidiary - World Peace Industrial Co., Ltd. (WPI) is required to maintain certain financial ratios based on semi-annual and annual consolidated financial statements during the contract period as follows: liquidity ratio should not be less than 100%, debt ratio should not be higher than 200%, time interest earned ratio should not be less than 2.5 and net value (net intangible assets) should not be less than \$7,500,000. If the covenants are not met, WPI's right to drawdown is immediately terminated, and the lead bank can decide to take the following actions:
- a. Rescind part or all of the undrawn facility;
 - b. Demand WPI to immediately repay all drawn principals, interest payable and other related payables as specified in the contract;
 - c. Demand all rights of the promissory note as obtained from signing of the contract.

Within the contract period, World Peace Industrial Co., Ltd. met all the financial commitments stated in the contract.

Note 6: The Company's subsidiary, Asian Information Technology Inc., and indirect subsidiary, Frontek Technology Corporation, had entered into long-term loan agreements for a period of two years with Yuanta Commercial Bank in May 2014 and December 2014 with facilities of \$400,000 and \$300,000, respectively. Payment terms are the following: monthly interest payments, principal is payable upon maturity, and loans can be drawdown or repaid at any time during the term of the contract.

The subsidiary, Asian Information Technology Inc., and indirect subsidiary, Frontek Technology Corporation, have renewed the long-term loan agreement for two more years with Yuanta Commercial Bank in April 2015 and December 2016, respectively. Facilities and related regulations were in agreement with those referred above.

Note 7: The Company's subsidiary, Asian Information Technology Inc. (AIT), and indirect subsidiaries, Frontek Technology Corporation (Frontek) and Apache Communication Inc. (Apache), had entered into a long-term loan agreement with Taipei Fubon Commercial Bank, Mega International Commercial Bank, E. SUN Commercial Bank and other financial institutions on March 18, 2013. The terms and conditions of the contract were as follows:

- (a) Contract term: Within three years from the first drawdown
- (b) Facility and drawdown: The facility is \$1,200,000 and the first drawdown of the loan must be within three months from the contract signing date (AIT, Frontek and Apache's first drawdown dates were April 3, 2013, April 12, 2013 and May 17, 2013, respectively), and the amount of drawdown must be no less than \$25,000 or USD 1 million. If the amount of drawdown was in New Taiwan

Dollars, the repayment period could be 60, 90 or 180 days; if the amount of drawdown was in US Dollars, the repayment period could be two months, three months or six months.

- (c) Repayment: According to the loan contract, for each drawdown, the maximum repayment term is 180 days and the principal of each drawdown must be repaid in full at the end of the term. If the amount of drawdown was in US Dollars, the repayment currency should be the same as the borrowed currency and it would be the responsibility of the borrower to obtain foreign exchange approvals and, if any, other required approvals for repayment in US Dollars. For re-utilization of the revolving loan after maturity date, application should be submitted to the lead bank five days before the maturity date. If the amount of drawdown is the same as the last time, the syndicate of banks would not make an additional procedure of remittance and loan, as if the banks have actually remitted the loan and the companies have repaid the loan, and uses the loan contract as proof of receipt.
- (d) Loan covenant: Asian Information Technology Inc. is required to maintain certain financial ratios based on semi-annual and annual consolidated financial statements during the contract period as follows: liquidity ratio should not be less than 100%, debt ratio should not be higher than 200%, time interest earned ratio should not be less than 2.5 and net value (net intangible assets) should not be less than \$3,000,000.

This contract expired on April 12, 2016. During the contract period, Asian Information Technology Inc. met all the financial commitments stated in the contract.

Note 8: The Company's subsidiary, World Peace Industrial Co., Ltd. (WPI), had entered into a long-term loan agreement with Taipei Fubon Commercial Bank, E. SUN Commercial Bank, Mizuho Corporate Bank, Bank of Taiwan and other financial institutions on October 26, 2015. The terms and conditions of the contract were as follows:

- (a) Contract term: Within three years from the first drawdown
- (b) Facility and drawdown: The facility must be less than \$7,200,000. Each drawdown amount must be no less than \$100,000 or USD 3 million. The repayment period could be 60, 90 or 180 days, and six months at the most.
- (c) Repayment: For each drawdown, the principal and interest must be repaid in full at the end of each drawdown's term. For re-utilization of the revolving loan after maturity date, application should be submitted to the lead bank five days before the maturity date. Based on the credit term in the contract, all or part of the loan will be re-utilized. If the amount of drawdown is the same as the last time, the syndicate of banks would not make an additional procedure of remittance and

loan, as if the borrower has actually received the loan, and uses the loan contract as proof of receipt.

- (d) Loan covenant: World Peace Industrial Co., Ltd. is required to maintain certain financial ratios based on semi-annual and annual consolidated financial statements during the contract period as follows: liquidity ratio should not be less than 100%, debt ratio should not be higher than 200%, time interest earned ratio should not be less than 2.5 and net value (net intangible assets) should not be less than \$10,000,000.

During the contract period, World Peace Industrial Co., Ltd. met all the financial commitments stated in the contract.

Note 9: The Company's subsidiary, World Peace Industrial Co., Ltd. (WPI), had entered into a long-term loan agreement with The Bank of Tokyo-Mitsubishi UFJ on September 23, 2016. The terms and conditions of the contract were as follows:

- (a) Contract term: Within three years from the first drawdown
- (b) Facility and drawdown: The facility must be less than \$70 million. This pertains to a revolving loan facility of World Peace Industrial Co., Ltd., the Company's subsidiary, wherein the principal amount can be renewed after the corresponding interest is paid, and payment of the existing loan can be repaid by the new loan. If the amounts equal, then the banks would not make a procedure of remittance and loan.
- (c) Repayment: For each drawdown, the principal must be repaid in full at the end of each drawdown's term. Interests shall be paid quarterly.
- (d) Loan covenant: The subsidiary - World Peace Industrial Co., Ltd. (WPI) is required to maintain certain financial ratios based on semi-annual and annual consolidated financial statements during the contract period as follows: liquidity ratio should not be less than 100%, debt ratio should not be higher than 200%, time interest earned ratio should not be less than 2.5, net value (net intangible assets) should not be less than \$10,000,000 and the ratio of liability divide earnings before interest, taxes depreciation and amortization (EBITDA) should not be higher than 10. If the covenants are not met, right to drawdown is immediately terminated, and the lead bank can decide to take the following actions:
 - a. Rescind part or all of the undrawn facility;
 - b. Demand WPI to immediately repay all drawn principals, interest payable and other related payables as specified in the contract;
 - c. Demand all rights of the promissory note obtained from signing of the contract.

World Peace Industrial Co., Ltd. met all the financial commitments stated in the contract.

(21) Pensions

A. Defined benefit plans

- (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution for the deficit by next March.

Effective January 1, 2010, the Company and certain subsidiaries have funded defined benefit pension plans in accordance with the "Regulations on pensions of managers", covering all managers appointed by the Company. Under the defined benefit pension plan, one unit is accrued for each year of service, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the remuneration per unit ratified during the appointed period.

- (b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Present value of defined benefit obligations	\$ 965,066	\$ 931,090
Fair value of plan assets	(343,785)	(353,315)
Net defined benefit liability	<u>\$ 621,281</u>	<u>\$ 577,775</u>

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined <u>benefit obligations</u>	Fair value of <u>plan assets</u>	Net defined <u>benefit liability</u>
Year ended			
<u>December 31, 2016</u>			
Balance at January 1	\$ 931,090	(\$ 353,315)	\$ 577,775
Current service cost	10,855	-	10,855
Interest expense (income)	<u>15,652</u>	<u>(6,006)</u>	<u>9,646</u>
	<u>957,597</u>	<u>(359,321)</u>	<u>598,276</u>
Remeasurements:			
Return on plan assets	-	1,799	1,799
Change in financial assumptions	24,154	-	24,154
Experience adjustments	<u>55,727</u>	<u>757</u>	<u>56,484</u>
	<u>79,881</u>	<u>2,556</u>	<u>82,437</u>
Paid pension	(55,462)	55,462	-
Direct payments charged to Company's account	(16,950)	-	(16,950)
Pension fund contribution	<u>-</u>	<u>(42,482)</u>	<u>(42,482)</u>
	<u>(72,412)</u>	<u>12,980</u>	<u>(59,432)</u>
Balance at December 31	<u>\$ 965,066</u>	<u>(\$ 343,785)</u>	<u>\$ 621,281</u>

	Present value of defined <u>benefit obligations</u>	Fair value of <u>plan assets</u>	Net defined <u>benefit liability</u>
Year ended			
<u>December 31, 2015</u>			
Balance at January 1	\$ 691,834	(\$ 324,396)	\$ 367,438
Current service cost	9,228	-	9,228
Interest expense (income)	<u>15,453</u>	<u>(7,230)</u>	<u>8,223</u>
	<u>716,515</u>	<u>(331,626)</u>	<u>384,889</u>
Remeasurements:			
Return on plan assets	-	(2,572)	(2,572)
Change in financial assumptions	29,001	-	29,001
Experience adjustments	<u>140,275</u>	<u>-</u>	<u>140,275</u>
	<u>169,276</u>	<u>(2,572)</u>	<u>166,704</u>
Paid pension	(36,059)	36,059	-
Pension fund contribution	-	(18,084)	(18,084)
Effect of business combination	<u>81,358</u>	<u>(37,092)</u>	<u>44,266</u>
	<u>45,299</u>	<u>(19,117)</u>	<u>26,182</u>
Balance at December 31	<u>\$ 931,090</u>	<u>(\$ 353,315)</u>	<u>\$ 577,775</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and its domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and its domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2016 and 2015 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	<u>Years ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
Discount rate	<u>1.4%~1.7%</u>	<u>1.70%</u>
Future salary increases	<u>2.00%~4.0%</u>	<u>2.00%~4.00%</u>

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience by 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
<u>December 31, 2016</u>				
Effect on present value of defined benefit obligation	(\$ <u>95,063</u>)	<u>\$ 97,145</u>	<u>\$ 86,045</u>	(\$ <u>83,337</u>)
<u>December 31, 2015</u>				
Effect on present value of defined benefit obligation	(\$ <u>91,793</u>)	<u>\$ 107,633</u>	<u>\$ 94,019</u>	(\$ <u>82,286</u>)

The sensitivity analysis above was arrived at based on one assumption which changed

while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The method and assumptions used for the preparation of sensitivity analysis during 2016 and 2015 are the same.

- (f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2017 are \$23,414.
- (g) As of December 31, 2016, the weighted average duration of that retirement plan is 11~18 years.

B. Defined contribution plans

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on not less than 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) Other overseas companies have defined contribution plans. Contributions for pensions and retirement allowance to independent fund administered by the government in accordance with the local pension regulations are based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the companies have no further obligations.
- (c) The pension costs of the Group under the defined contribution pension plans for the years ended December 31, 2016 and 2015 were \$344,893 and \$351,662, respectively.

(22) Share capital

- A. As of December 31, 2016, the Company’s authorized capital was \$20,000,000 (including \$500,000 for stock options, convertible preferred stock and convertible bonds), and the paid-in capital was \$17,238,954 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company’s ordinary shares outstanding (in thousands of shares) for the years ended December 31, 2016 and 2015 are as follows:

	2016	2015
A January 1	1,655,670	1,655,709
Treasury stocks received from acquisition of subsidiary	-	(39)
Disposal of company’s share by subsidiaries	39	-
Convertible bonds converted to shares	68,186	-
At December 31	1,723,895	1,655,670

B. Treasury stock

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

		<u>December 31, 2015</u>	
<u>Name of company holding the shares</u>	<u>Reason for reacquisition</u>	<u>Number of shares</u>	<u>Carrying amount</u>
Indirect subsidiary – Hat-Trick Co., Ltd.	Note	39,481	\$ 1,242

Note: Hat-Trick Co., Ltd., which is the subsidiary of the acquiree, Genuine C&C, Inc., held the Company's shares.

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

(23) Capital surplus

- A. Pursuant to the R.O.C. Company Law, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized as mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.
- B. Details of capital surplus – stock warrants are provided in Note 6 (19).

		<u>2016</u>				
	<u>Share premium</u>	<u>Treasury share transaction</u>	<u>Recognised changes in subsidiaries' equity</u>	<u>Changes in associates' net equity</u>	<u>Stock warrants</u>	<u>Total</u>
January 1	\$ 14,886,934	\$ 45,182	\$ 431	\$ 21,831	\$232,800	\$ 15,187,178
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	158	-	158
Convertible bonds converted to shares	1,807,781	-	-	-	(94,059)	1,713,722
Disposal of company's share by subsidiaries recognised as treasury share transaction	-	(5)	-	-	-	(5)
December 31	<u>\$ 16,694,715</u>	<u>\$ 45,177</u>	<u>\$ 431</u>	<u>\$ 21,989</u>	<u>\$138,741</u>	<u>\$ 16,901,053</u>

	2015					
	<u>Share premium</u>	<u>Treasury share transaction</u>	<u>Recognised changes in subsidiaries' equity</u>	<u>Changes in associates' net equity</u>	<u>Stock warrants</u>	<u>Total</u>
January 1	\$ 14,886,934	\$ 45,083	\$ 464	\$ 20,521	\$232,800	\$ 15,185,802
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	1,310	-	1,310
Capital increase in subsidiaries not recognised proportionately to ownership	-	-	(33)	-	-	(33)
Cash dividends received by subsidiaries from treasury shares	-	99	-	-	-	99
December 31	<u>\$ 14,886,934</u>	<u>\$ 45,182</u>	<u>\$ 431</u>	<u>\$ 21,831</u>	<u>\$232,800</u>	<u>\$ 15,187,178</u>

(24) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be used to set aside as legal reserve, and set aside as special reserve in accordance with Article 41 of Securities and Exchange Act. The remainder, if any, to be appropriated shall be proposed by the Board of Directors. If cash dividends are distributed, they shall account for at least 20% of the total dividends distributed.

Employees of the Company's subsidiaries are entitled to receive the distribution of earnings. The terms shall be defined by the Board of Directors.

B. Legal reserve can only be used to cover accumulated losses or issue new shares or cash to shareholders in proportion to their share ownership, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

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

D. The appropriations of earnings for 2015 and 2014 had been resolved at the stockholders' meeting on June 22, 2016 and June 24, 2015, respectively. Details are summarized below:

	Years ended December 31,			
	2015		2014	
	<u>Amount</u>	<u>Dividend per share (in dollars)</u>	<u>Amount</u>	<u>Dividend per share (in dollars)</u>
Legal reserve	\$ 542,046	\$ -	\$ 580,718	\$ -
Special reserve	-	-	(1,937,752)	-
Cash dividends	<u>3,973,702</u>	<u>2.40</u>	<u>4,139,274</u>	<u>2.5</u>
	<u>\$ 4,515,748</u>	<u>\$ 2.40</u>	<u>\$ 2,782,240</u>	<u>\$ 2.5</u>

The above appropriations of earnings for 2015 and 2014 as resolved by the shareholders were the same with the amounts resolved by the Board of Directors.

E. As of March 28, 2017, the appropriation of earnings for the year ended December 31, 2016 has not yet been proposed by the Board of Directors and resolved by the shareholders.

F. For the information relating to employees' compensation and directors' remuneration, please refer to Note 6(31).

(25) Other equity items

	2016		
	Available-for-sale investment	Currency translation	Total
At January 1	(\$ 20,974)	\$ 2,574,750	\$ 2,553,776
Revaluation - gross	11,261	-	11,251
Revaluation transfer - gross	(375)	-	(375)
Cumulative translation differences:			
- Group	-	(1,693,028)	(1,693,028)
- Tax on Group	-	45,869	45,869
- Associates	-	(9,440)	(9,440)
At December 31	(<u>\$ 10,088</u>)	<u>\$ 918,151</u>	<u>\$ 908,063</u>

	2015		
	Available-for-sale investment	Currency translation	Total
At January 1	\$ 75,012	\$ 908,749	\$ 983,761
Revaluation - gross	(40,465)	-	(40,465)
Revaluation transfer - gross	(55,521)	-	(55,521)
Cumulative translation differences:			
- Group	-	1,680,906	1,680,906
- Tax on Group	-	(12,285)	(12,285)
- Associates	-	(2,620)	(2,620)
At December 31	(<u>\$ 20,974</u>)	<u>\$ 2,574,750</u>	<u>\$ 2,553,776</u>

(26) Operating revenue

	Years ended December 31,	
	2016	2015
Sales revenue	\$ 536,898,150	\$ 515,445,140
Service revenue	20,663	91,349
	<u>\$ 536,918,813</u>	<u>\$ 515,536,489</u>

(27) Other income

	<u>Years ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
Rental revenue	\$ 59,574	\$ 50,351
Dividend income	43,262	48,036
Interest income	33,221	34,576
Other income	227,918	141,817
	<u>\$ 363,975</u>	<u>\$ 274,780</u>

(28) Other gains and losses

	<u>Years ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
Gain on disposal of investments	\$ 16,017	\$ 60,764
Gain on financial assets and liabilities at fair value through profit or loss	6,527	5,763
(Loss) gain on disposal of property, plant and equipment and investment property	(18,567)	13,413
Currency exchange gain	67,925	26,504
Impairment loss	(120,099)	(51,995)
Other losses	(113,163)	(207,285)
	<u>(\$ 161,360)</u>	<u>(\$ 152,836)</u>

(29) Finance costs

	<u>Years ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
Interest expense:		
Bank borrowings	\$ 1,272,903	\$ 1,203,659
Convertible bonds	72,461	79,243
Others	208,671	185,002
	<u>\$ 1,554,035</u>	<u>\$ 1,467,904</u>

(30) Additional information of expenses by nature

	<u>Years ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
Employee benefit expense	\$ 6,929,362	\$ 7,117,835
Depreciation charges on property and equipment (including investment property)	<u>\$ 237,547</u>	<u>\$ 238,957</u>
Amortisation charges on intangible assets and other non-current assets	<u>\$ 36,978</u>	<u>\$ 95,734</u>

(31) Employee benefit expense

	Years ended December 31,	
	2016	2015
Wages and salaries	\$ 5,982,991	\$ 6,073,240
Labor and health insurance fees	333,281	362,280
Pension costs	365,394	369,113
Other personnel expenses	247,696	313,202
	<u>\$ 6,929,362</u>	<u>\$ 7,117,835</u>

- A. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be between 0.01% ~5% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.
- B. For the years ended December 31, 2016 and 2015, employees' compensation was both accrued at \$20,892; while directors' remuneration was both accrued at \$30,000. The aforementioned amounts were recognised in salary expenses.
- The employees' compensation and directors' and supervisors' remuneration were accrued based on the profit of current year distributable for the year ended December 31, 2016 and the percentage as prescribed by the Company's amended Articles of Incorporation. As of March 28, 2017, the amount has not been resolved by the Board of Directors. Abovementioned employees' compensation will be distributed in the form of cash.
- The difference between employees' compensation of \$12,238 and directors' remuneration of \$30,000 as resolved by the Board of Directors and employees' compensation of \$20,892 and directors' remuneration of \$30,000 recognised in the 2015 financial statements by \$8,654 had been adjusted in the profit or loss of the first quarter in 2016. The employees' compensation was distributed in the form of cash.
- C. Information about employees' compensation (bonus) and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors and shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(32) Income tax

A. Income tax expense

a) Components of income tax expense:

	<u>Years ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
Current tax		
Current tax on profits for the year	\$ 1,183,638	\$ 1,254,716
Tax on undistributed surplus earnings	76,807	305,101
Prior year income tax underestimate (overestimate)	<u>39,187</u>	<u>(49,715)</u>
Total current tax	<u>1,299,632</u>	<u>1,510,102</u>
Deferred tax		
Origination and reversal of temporary differences	<u>37,994</u>	<u>207,409</u>
Income tax expense	<u>\$ 1,337,626</u>	<u>\$ 1,717,511</u>

b) The income tax (charge)/credit relating to components of other comprehensive loss (income) is as follows:

	<u>Years ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
Currency translation differences	(\$ 45,869)	\$ 12,285
Remeasurement of defined benefit obligations	<u>(14,015)</u>	<u>(28,340)</u>
	<u>(\$ 59,884)</u>	<u>(\$ 16,055)</u>

B. Reconciliation between income tax expense and accounting profit

	<u>Years ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
Tax calculated based on profit before tax and statutory tax rate	\$ 2,568,249	\$ 3,007,437
Effects from items disallowed by tax regulation	(1,354,883)	(1,576,138)
Prior year income tax underestimate (overestimate)	39,187	(49,715)
Additional 10% tax on undistributed earnings	76,807	305,101
Others	<u>8,266</u>	<u>30,826</u>
Tax expense	<u>\$ 1,337,626</u>	<u>\$ 1,717,511</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and loss carryforward are as follows:

	Year ended December 31, 2016				
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>Effect from adjustments in entities</u>	<u>December 31</u>
- Deferred tax assets:					
Temporary differences					
Unrealised allowance for					
inventory obsolescence	\$ 25,914	\$ 8,377	\$ -	\$ -	\$ 34,291
Unrealised sales discount	64,944	(9,980)	-	-	54,964
Bad debts expense	30,920	27,518	-	-	58,438
Unrealised expense	23,054	8,466	-	-	31,520
Investment loss	9,927	3,429	-	-	13,356
Pensions	92,608	(22,691)	18,382	-	88,299
Accumulated investment adjustments	-	-	14,095	-	14,095
Others	74,122	(25,003)	-	-	49,119
Loss carryforward	<u>13,531</u>	<u>(10,280)</u>	<u>-</u>	<u>-</u>	<u>3,251</u>
	<u>335,020</u>	<u>(20,164)</u>	<u>32,477</u>	<u>-</u>	<u>347,333</u>
- Deferred tax liabilities:					
Temporary differences					
Investment income	(323,141)	(21,661)	-	-	(344,802)
Reserve for building increment	(23,905)	-	-	-	(23,905)
Land revaluation increment tax	(30,156)	-	-	-	(30,156)
Pensions	(11,624)	9,731	(4,367)	-	(6,260)
Cumulative translation adjustments	(34,771)	-	31,774	-	(2,997)
Others	<u>(18,461)</u>	<u>(5,900)</u>	<u>-</u>	<u>-</u>	<u>(24,361)</u>
	<u>(442,058)</u>	<u>(17,830)</u>	<u>27,407</u>	<u>-</u>	<u>(432,481)</u>
	<u>(\$ 107,038)</u>	<u>(\$ 37,994)</u>	<u>\$ 59,884</u>	<u>\$ -</u>	<u>(\$ 85,148)</u>

Year ended December 31, 2015

	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Effect from adjustments in entities	December 31
- Deferred tax assets:					
Temporary differences					
Unrealised allowance for inventory obsolescence	\$ 23,131	\$ 2,783	\$ -	\$ -	\$ 25,914
Unrealised sales discount	91,337	(26,393)	-	-	64,944
Bad debts expense	33,783	(4,829)	-	1,966	30,920
Unrealised expense	65,013	(41,959)	-	-	23,054
Investment loss	82,582	(80,297)	-	7,642	9,927
Pensions	47,156	10,071	28,235	7,146	92,608
Others	32,363	39,818	-	1,941	74,122
Loss carryforward	<u>120,790</u>	<u>(112,244)</u>	<u>-</u>	<u>4,985</u>	<u>13,531</u>
	<u>496,155</u>	<u>(213,050)</u>	<u>28,235</u>	<u>23,680</u>	<u>335,020</u>
- Deferred tax liabilities:					
Investment income	(301,921)	(21,220)	-	-	(323,141)
Reserve for building increment	(23,905)	-	-	-	(23,905)
Land revaluation increment tax	(30,156)	-	-	-	(30,156)
Pensions	(21,181)	9,452	105	-	(11,624)
Cumulative translation adjustments	(21,019)	(202)	(12,285)	(1,265)	(34,771)
Others	<u>(35,249)</u>	<u>17,611</u>	<u>-</u>	<u>(823)</u>	<u>(18,461)</u>
	<u>(433,431)</u>	<u>5,641</u>	<u>(12,180)</u>	<u>(2,088)</u>	<u>(442,058)</u>
	<u>\$ 62,724</u>	<u>(\$ 207,409)</u>	<u>\$ 16,055</u>	<u>\$ 21,592</u>	<u>(\$ 107,038)</u>

D. The amounts of deductible temporary differences and loss carryforward that were not recognised as deferred tax assets are as follows:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Deductible temporary differences	<u>\$ 277,720</u>	<u>\$ 82,819</u>
Loss carryforward	<u>\$ 2,201,306</u>	<u>\$ 2,164,761</u>

The deductible temporary differences belong to overseas subsidiaries that cannot be realised as deferred tax assets in the near future.

E. The Company's income tax returns through 2011 have been assessed and approved by the Tax Authority.

F. Unappropriated retained earnings:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Earnings generated after 1998	<u>\$ 10,734,088</u>	<u>\$ 10,002,877</u>

G. As of December 31, 2016 and 2015, the balance of the imputation tax credit account was \$861,957 and \$579,338, respectively.

H. Creditable ratio of appropriated retained earnings:

	<u>2016 (Estimated)</u>	<u>2015 (Actual)</u>
Creditable ratio	<u>14.27%</u>	<u>15.50%</u>

(33) Earnings per share

	<u>Year ended December 31, 2016</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 5,312,875</u>	<u>1,672,401</u>	<u>\$ 3.18</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 5,312,875	1,672,401	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	72,163	146,584	
Employees' compensation	<u>-</u>	<u>874</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 5,385,038</u>	<u>1,819,859</u>	<u>\$ 2.96</u>

	<u>Year ended December 31, 2015</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 5,420,469</u>	<u>1,655,681</u>	<u>\$ 3.27</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 5,420,469	1,655,681	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	78,944	152,624	
Employees' compensation	<u>-</u>	<u>1,003</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 5,499,413</u>	<u>1,809,308</u>	<u>\$ 3.04</u>

(34) Transactions with non-controlling interest

Acquisition of additional equity interest in a subsidiary

On August 23, 2016, the Group acquired additional 25% shares of its subsidiary-Taibao Creation Co., Ltd. (abbreviated as Taibao) for a total cash consideration of \$3,498. The carrying amount of non-controlling interest in Taibao was \$3,498 at the acquisition date. This

transaction resulted in a decrease in the non-controlling interest by \$3,498 and an increase in the equity attributable to owners of the parent by \$3,498. The effect of changes in interests in Taibao on the equity attributable to owners of the parent for the year ended December 31, 2016 is shown below:

	Year ended <u>December 31, 2016</u>
Carrying amount of non-controlling interest acquired	\$ 3,498
Consideration paid to non-controlling interest	(<u>3,498</u>)
Capital surplus	
-difference between proceeds on actual acquisition of or disposal of equity interest in a subsidiary and its carrying amount	<u>\$ -</u>

(35) Business combinations

- A. On April 15, 2015, the Group acquired 44.21% of the share capital of Genuine C&C Inc. for \$510,041. The Company originally held 16.29% of share capital of Genuine C&C, Inc. through the Company's subsidiary, World Peace Industrial Co., Ltd. The Group holds 60.50% share capital of Genuine C&C, Inc. in total and obtained control of Genuine C&C, Inc. Genuine C&C, Inc. is engaged in sales of computers and its peripherals. As a result of the acquisition, the Group is expected to utilise Genuine C&C, Inc.'s B2B (business-to-business) ecommerce platform and channels of information media related products in Mainland China, and to introduce the Company's investing experiences to enhance competitiveness of two companies.
- B. On July 20, 2015, the Group acquired 55% of the share capital of Peng Yu (Shanghai) Digital Technology Co., Ltd. (Peng Yu) for \$41,536 (approximately US\$1,334 thousand).
- C. The following table summarises the consideration paid for Genuine C&C and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

	<u>April 15, 2015</u>
Purchase consideration - cash	\$ 510,041
Fair value of equity interest in Genuine C&C Inc. held before the business combination	188,628
Fair value of the non-controlling interest	<u>486,396</u>
	<u>1,185,065</u>
Fair value of identifiable assets and assumed liabilities	
Cash	453,641
Notes and accounts receivable	898,620
Inventory	810,653
Other current assets	200,185
Property, plant and equipment	20,920
Intangible assets (excluding goodwill)	3,170
Goodwill	1,637
Deferred tax assets	23,681
Other non-current assets	34,592
Bank borrowings	(238,269)
Notes and accounts payable	(869,676)
Other current liabilities	(158,573)
Deferred tax liabilities	(2,088)
Other non-current liabilities	(<u>45,448</u>)
Total identifiable net assets	<u>1,133,045</u>
Goodwill	<u>\$ 52,020</u>

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

	<u>July 20, 2015</u>
Purchase consideration	
Cash paid	\$ 41,536
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	<u>33,937</u>
	<u>\$ 75,473</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	\$ 46,637
Other receivables	29,112
Refundable deposits	19,489
Other payables	(<u>19,765</u>)
	<u>\$ 75,473</u>

- E. The Group recognised a gain of \$14,483 as a result of measuring at fair value its 16.29% equity interest in Genuine C&C Inc. held before the business combination.

F. The operating revenue included in the consolidated statement of comprehensive income since April 15, 2015 contributed by Genuine C&C Inc. and since July 20, 2015 contributed by Peng Yu (Shanghai) Digital Technology Co., Ltd. (Peng Yu) was \$8,764,446. Genuine C&C and Peng Yu also contributed profit before income tax of \$30,289 over the same period. Had Genuine C&C and Peng Yu been consolidated from January 1, 2014, the consolidated statement of comprehensive income and profit before income tax would be as follows:

	<u>Year ended December 31, 2015</u>
Operating revenue	\$ 518,883,171
Profit before tax	\$ 7,152,086

(36) Supplemental cash flow information

A. Partial payment of cash from investing activities

	<u>Years ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
Acquisition of property, plant and equipment and intangible assets	\$ 147,604	\$ 172,323
Add: accounts payable at the beginning of year	3,019	10,892
Less: accounts payable at the end of year	-	(3,019)
Cash paid during the year for property, plant and equipment	<u>\$ 150,623</u>	<u>\$ 180,196</u>

B. Cash flow information relating to acquisition of subsidiary:

	<u>December 31, 2015</u>
Cash and bank deposit	\$ 500,278
Other current assets	1,938,570
Property, plant and equipment	20,920
Intangible assets and other assets	82,569
Other current liabilities	(1,286,283)
Other non-current liabilities	(47,536)
	<u>\$ 1,208,518</u>

C. Information on the cash flow of subsidiary disposed:

	August 1, 2016 <u>(Note 1)</u>	January 1, 2016 <u>(Note 2)</u>	<u>Total</u>
<u>Consideration received</u>			
Other receivables	\$ 22,229	\$ -	\$ 22,229
<u>Carrying amount of the assets and liabilities of the subsidiary</u>			
Cash	\$ 4,172	\$ 29,939	\$ 34,111
Other current assets	34,820	245,084	279,904
Property, plant and equipment	2,080	13	2,093
Other non-current assets	8,447	220	8,667
Short-term borrowings	(6,170)	(52,520)	(58,690)
Other current liabilities	(12,630)	(157,936)	(170,566)
Non-controlling interests	(5,121)	(32,400)	(37,521)
Total net assets	<u>\$ 25,598</u>	<u>\$ 32,400</u>	<u>\$ 57,998</u>

	<u>December 31, 2015</u> <u>(Note 3)</u>
<u>Consideration received</u>	
Other receivables	<u>\$ 10,696</u>
<u>Carrying amount of the assets and liabilities of the subsidiary</u>	
Cash	\$ 1,553
Other receivables	26,822
Prepayments	353
Inventories	2
Fixed assets	157
Other receivables	(74)
Non-controlling interests	(14,752)
Total net assets	<u>\$ 14,061</u>

Note 1: As the Company sold all shares in Hubei Xinsheng Technology Investment Management Co., Ltd., the Company lost control of Hubei Xinsheng Technology Investment Management Co., Ltd. The Group had recognised disposal loss of \$5,961.

Note 2: As the Company sold certain shares in VITEC WPG Limited, the Company lost control over VITEC WPG Limited and accordingly, accounted for its investment in VITEC WPG Limited using equity method.

Note 3: As the Company sold all the shares in Dalian Kaiyuan Innovations Digital Co., Ltd., the Company lost control over Dalian Kaiyuan Innovations Digital Co., Ltd. The Group had recognised disposal loss of \$3,365.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Group's shares are widely held so the Company has no ultimate parent and ultimate controlling party.

(2) Significant transactions and balances with related parties

A. Operating revenues

	<u>Years ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
Sales of goods		
Others	\$ 843,089	\$ 1,033,662
Associates	252,614	80,589
	<u>\$ 1,095,703</u>	<u>\$ 1,114,251</u>

The terms and sales prices with other related parties were negotiated in consideration of different factors including product, cost, market, competition and other conditions. The collection period was 90 days. Terms and sales prices with associates are in accordance with normal selling prices and terms of collection.

B. Purchases

	<u>Years ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
Purchases of goods		
Associates	\$ 599,341	\$ 12,989

The purchase prices and terms of payment for associates including products, market, competition and other conditions are the same as those for general suppliers.

C. Receivables from related parties

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Accounts receivable		
Others	\$ 205,629	\$ 297,338
Associates	24,289	21,720
	<u>\$ 229,918</u>	<u>\$ 319,058</u>

The receivables from related parties arise mainly from sales of goods. The receivables are due 30 to 90 days after the date of sale. The receivables are unsecured in nature and bear no interest. There is no allowance for doubtful accounts held against receivables from related parties. The receivables from related parties belong to Group 2. The details of the group classification are described in Note 6. (5) A.

D. Other receivables

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Other receivables:		
Others	\$ 21,622	\$ -
Associates	1,797	95,876
	<u>\$ 23,419</u>	<u>\$ 95,876</u>

The above pertain mainly to advance payments.

E. Payables to related parties

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Accounts payable		
Associates	\$ 12,679	\$ 2,121

The payables to related parties arise mainly from purchases of goods. The payables are due 30 to 90 days after the date of purchase. The payables are unsecured in nature and bear no interest.

F. Endorsements and guarantees provided to related parties:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Associates	\$ 72,562	\$ -

G. Others

The Group's donations to other related parties were \$5,700 and \$5,700 for the years ended December 31, 2016 and 2015, respectively.

(3) Key management compensation

	<u>Years ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
Salaries and other short-term employee benefits	\$ 186,017	\$ 176,389
Post-employment benefits	3,094	3,123
	<u>\$ 189,111</u>	<u>\$ 179,512</u>

8. PLEGGED ASSETS

<u>Pledged assets (Note 1)</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>Purpose of Collateral</u>
Other current assets and other non-current assets			
-Bank deposits	\$ -	\$ 2,132	Deposits for litigation
-Time deposits	110,395	60,569	Security for purchases and deposits for litigation
Available-for-sale financial assets-non-current (Note 2)	9,014	9,014	Security for purchases
Property, plant and equipment (including investment property)			
-Land	1,384,236	1,316,215	Long-term and short-term borrowings guarantee and security for purchases
-Buildings	649,986	639,221	"
	<u>\$ 2,153,631</u>	<u>\$ 2,027,151</u>	

Note 1: The Company held 100% of shares of WPG Investment Co., Ltd., in which 8,999 thousand shares have been pledged for purchases as of December 31, 2016 and 2015.

Note 2: As of December 31, 2016 and 2015, the subsidiary - Silicon Application Corporation held 1,133 thousand shares of Kingmax Technology Inc., which have been pledged for purchases.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

In addition to Note 6(6), other commitments were as follows:

(1) Contingencies

None.

(2) Commitments

A. Capital commitments

Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Property, plant and equipment and intangible assets	<u>\$ 6,454,010</u>	<u>\$ 18,891</u>

B. Operating lease commitments and building management fee agreements

The future aggregate minimum payments under operating leases and building management fee agreements are as follows:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Not later than one year	\$ 454,807	\$ 475,455
Later than one year but not later than five years	717,340	1,075,573
Later than five years	<u>17,875</u>	<u>136,197</u>
	<u>\$ 1,190,022</u>	<u>\$ 1,687,225</u>

C. The Group's letters of credit issued but not negotiated are as follows:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
	\$ 811,408	\$ 852,378
	USD 81,708,000	USD 51,477,000

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Company's subsidiaries, World Peace Industrial Co., Ltd. (abbreviated as "World Peace") and Yosun Industrial Corp. (abbreviated as "Yosun"), each held the Board of Directors' meeting on February 21, 2017. The Board of Directors resolved the product line split plan and profit split for Texas Instruments. Yosun plans to adopt the split plan to transfer related operating assets and liabilities of product lines to World Peace, and in exchange, World Peace will issue new shares to WPG Holdings Limited as consideration. The carrying value of the net assets to be transferred amounted to \$2,429,908 on the split plan effective date. World Peace will issue ordinary shares of 116,152 thousand shares and the effective date will be April 1, 2017.

12. OTHERS

(1) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue

as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or manage operating capital effectively to reduce debt.

(2) Financial instruments

A. Fair value information of financial instruments

- a) Except those in the table below, the carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), other financial assets, refundable deposits, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable (including related parties), other payables, long-term loans - current portion, bonds payable, long-term loans and deposits received) are approximate to their fair value. Fair value information of financial instruments measured at fair value is provided in Note 12(3).

	<u>December 31, 2015</u>		
	<u>Book value</u>	<u>Fair value</u>	
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets:			
Equity and investments in			
bonds without active markets:			
Investments in bonds without			
active markets - non-current	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 5,000</u>

- b) The methods and assumptions of fair value measurement are as follows:
- i. Investments in debt instruments without active market: If recent transaction prices or market quotes are available, the fair value is based on such information. If there is no quoted market price available, the fair value is determined by using valuation techniques and calculated as the present value of the estimated cash flows.
 - ii. Convertible debentures payable: Regarding the convertible bonds issued by the Group, the coupon rate is approximate to the current market rate. Therefore, the fair value is estimated using the present value of the expected cash flows and approximate to the book value.

B. Financial risk management policies

- a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance. The Group uses derivative financial instruments to hedge certain risk exposures (see Note 6(2)).

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

C. Significant financial risks and degrees of financial risks

a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. To manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward foreign exchange contracts, transacted with treasury department. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.
- iii. The Group adopts the forward foreign contract to hedge recognised foreign currency assets and liabilities and reduce fair value risk arising from change in foreign exchange. In order to reduce foreign exchange risk, the Group monitors foreign exchange changes and establishes stop-loss points.
- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain foreign subsidiaries' functional currency: local common currency). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2016			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
Foreign currency: functional currency			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : TWD	\$ 500,487	32.25	\$ 16,140,706
USD : RMB	16,423	6.99	529,635
USD : HKD	36,893	7.76	1,189,786
USD : KRW	17,274	1,194.00	557,096
USD : JPY	10,100	117.02	325,714
HKD : USD	109,979	0.13	457,291
 <u>Non-monetary items</u>			
RMB : USD	26,526	0.14	122,471
 <u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : TWD	353,940	32.25	11,414,573
USD : RMB	106,897	6.99	3,447,422
USD : KRW	21,547	1,194.00	694,895
USD : JPY	9,970	117.02	321,538
USD : MYR	4,629	4.48	149,295
HKD : USD	82,033	0.13	341,092
EUR : USD	3,289	1.05	111,493

December 31, 2015

	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
Foreign currency: functional currency			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : TWD	\$ 451,107	32.83	\$ 14,807,574
USD : RMB	16,589	6.57	544,544
USD : HKD	36,138	7.75	1,186,224
USD : KRW	12,131	1,167.94	398,210
USD : JPY	21,340	120.37	700,477
USD : MYR	8,274	4.30	271,588
RMB : USD	559,155	0.15	2,792,977
HKD : USD	158,132	0.13	669,687
 <u>Non-monetary items</u>			
RMB : USD	24,439	0.15	122,073
 <u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : TWD	685,980	32.83	22,517,286
USD : RMB	86,387	6.57	2,835,647
USD : KRW	23,181	1,167.94	760,911
USD : JPY	20,870	120.37	685,052
USD : MYR	7,899	4.30	259,272
USD : INR	8,875	66.35	291,316
HKD : USD	72,611	0.13	307,510
RMB : USD	90,653	0.15	452,812
SGD : USD	6,498	0.71	151,081

- v. The total exchange (loss) gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2016 and 2015 amounted to \$67,925 and \$26,504, respectively.

- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2016			
Sensitivity Analysis			
	Degree of Variation	Effect on Profit or Loss	Effect on Other Comprehensive Income
Foreign currency: functional currency			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : TWD	1%	\$ 161,407	\$ -
USD : RMB	1%	5,296	-
USD : HKD	1%	11,898	-
USD : KRW	1%	5,571	-
USD : JPY	1%	3,257	-
HKD : USD	1%	4,887	-
 <u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : TWD	1%	114,146	-
USD : RMB	1%	34,474	-
USD : KRW	1%	6,949	-
USD : JPY	1%	3,215	-
USD : MYR	1%	1,493	-
HKD : USD	1%	3,411	-
EUR : USD	1%	1,115	-

Year ended December 31, 2015			
Sensitivity Analysis			
	Degree of Variation	Effect on Profit or Loss	Effect on Other Comprehensive Income
Foreign currency: functional currency			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : TWD	1%	\$ 148,076	\$ -
USD : RMB	1%	5,445	-
USD : HKD	1%	11,862	-
USD : KRW	1%	3,982	-
USD : JPY	1%	7,005	-
USD : MYR	1%	2,716	-
RMB : USD	1%	27,930	-
HKD : USD	1%	6,697	-
 <u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : TWD	1%	225,173	-
USD : RMB	1%	28,356	-
USD : KRW	1%	7,609	-
USD : JPY	1%	6,851	-
USD : MYR	1%	2,593	-
USD : INR	1%	2,913	-
HKD : USD	1%	3,075	-
RMB : USD	1%	4,528	-
SGD : USD	1%	1,511	-

Price risk

- The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.
- The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2016 and 2015 would have increased/decreased by \$207 and \$326, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$3,551 and \$3,711 as a result of gains/losses on equity

securities classified as available-for-sale, respectively.

Interest rate risk

- The Group's interest rate risk arises from short-term and long-term borrowings (including long-term liabilities due within a year), short-term notes and bills payable and bonds payable. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings were mainly in fixed rate instruments. During the years ended December 31, 2016 and 2015, the Group's borrowings at variable rate were mainly denominated in the NTD and USD.
- At December 31, 2016 and 2015, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2016 and 2015 would have been \$167,808 and \$115,607 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only rated parties with good ratings are accepted.
- ii. No credit limits were exceeded during the years ended December 31, 2016 and 2015, and management does not expect any significant losses from non-performance by these counterparties.
- iii. The credit quality information of financial assets that are neither past due nor impaired is provided in Notes 6(5)A. and 7(2)C.
- iv. The ageing analysis of financial assets that were past due is provided in Note 6(5)B.
- v. The individual analysis of financial assets that had been impaired is provided in Notes 6(5)C. and 6(16).

c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group. Each treasury department monitors rolling forecasts of the liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans and covenant compliance.
- ii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

<u>December 31, 2016</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term loans	\$ 52,948,597	\$ -	\$ -	\$ -
Short-term notes and bills payable	4,205,000	-	-	-
Financial liabilities measured at fair value through profit or loss	5,686	-	-	-
Notes payable	415,080	-	-	-
Accounts payable	47,829,951	-	-	-
Accounts payable - related parties	12,679	-	-	-
Other payables	4,542,499	-	-	-
Bonds payable	3,575,800	-	-	-
Long-term loans (including current portion)	7,563,604	4,754,522	292,917	264,796

<u>December 31, 2015</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term loans	\$ 54,667,489	\$ -	\$ -	\$ -
Short-term notes and bills payable	3,710,000	-	-	-
Financial liabilities measured at fair value through profit or loss	26,719	-	-	-
Notes payable	727,694	-	-	-
Accounts payable	44,513,040	-	-	-
Accounts payable - related parties	2,121	-	-	-
Other payables	5,055,168	-	-	-
Bonds payable	-	6,000,000	-	-
Long-term loans (including current portion)	1,533,143	7,768,167	4,287,932	324,499

Derivative financial liabilities:

As of December 31, 2016 and 2015, derivative financial liabilities that the Group entered into are all due within a year.

- iii. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A. Details of the fair value of the Group's investment property measured at cost are provided in Note 6(13).

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

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities. A market is regarded as active if it meets all the following conditions: the items traded in the market are homogeneous; willing buyers and sellers can normally be found at any time; and prices are available to the public. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The fair value of the Group's investment in emerging stocks, publicly traded equity investment, forward exchange and swap contracts is

included in Level 2.

Level 3: Inputs for the asset or liability that are not based on observable market data. The fair value of the Group's investment in equity investment without active market is included in Level 3.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2016 and 2015 is as follows:

<u>December 31, 2016</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 20,737	\$ -	\$ -	\$ 20,737
Forward exchange contracts	-	17,721	-	17,721
Available-for-sale financial assets				
Equity securities	<u>282,387</u>	<u>66,010</u>	<u>6,684</u>	<u>355,081</u>
	<u>\$ 303,124</u>	<u>\$ 83,731</u>	<u>\$ 6,684</u>	<u>\$ 393,539</u>
<u>Liabilities</u>				
<u>Recurring fair value measurements</u>				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 5,686</u>	<u>\$ -</u>	<u>\$ 5,686</u>
<u>December 31, 2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 32,557	\$ -	\$ -	\$ 32,557
Forward exchange contracts	-	29,709	-	29,709
Available-for-sale financial assets				
Equity securities	<u>288,213</u>	<u>76,185</u>	<u>6,684</u>	<u>371,082</u>
	<u>\$ 320,770</u>	<u>\$ 105,894</u>	<u>\$ 6,684</u>	<u>\$ 433,348</u>
<u>Liabilities</u>				
<u>Recurring fair value measurements</u>				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 26,719</u>	<u>\$ -</u>	<u>\$ 26,719</u>

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

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

	<u>Listed shares</u>
Market quoted price	Closing price

(b) Except for financial instruments with active markets, the fair value of other financial

instruments is measured by using valuation techniques widely accepted in financial management.

- (c) When assessing non-standard and low-complexity financial instruments, for example, foreign exchange swap contracts, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- (d) Forward exchange contracts are usually valued based on the current forward exchange rate.
- (e) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- (f) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

E. For the years ended December 31, 2016 and 2015, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
At January 1	\$ 6,684	\$ 6,684
Losses recognised in profit or loss	<u>-</u>	<u>-</u>
At December 31	<u>\$ 6,684</u>	<u>\$ 6,684</u>

G. For the years ended December 31, 2016 and 2015, there was no transfer into or out from Level 3.

H. Finance and accounting department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and frequently reviewed.

Finance and accounting department sets up valuation policies, valuation processes and rules for measuring fair value of financial instruments and ensure compliance with the related requirements in IFRS. The related valuation results are reported to management monthly.

Management is responsible for managing and reviewing valuation processes.

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

	<u>Fair value at December 31, 2016</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity:					
Equity investment without active market	\$ 6,684	Net asset value method	Net asset value		- The higher the net asset value, the higher the fair value

	<u>Fair value at December 31, 2015</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity:					
Equity investment without active market	\$ 6,684	Net asset value method	Net asset value		- The higher the net asset value, the higher the fair value

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

		<u>December 31, 2016</u>			
		<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>	
<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets					
Equity instrument	Net asset value $\pm 1\%$	\$ -	\$ -	\$ 67	\$ 67

		December 31, 2015				
		Recognised in profit or loss		Recognised in other comprehensive income		
		Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets	Input	Change				
Equity instrument	Net asset value	± 1%	\$ -	\$ -	\$ 67	\$ 67

13. SUPPLEMENTARY DISCLOSURES

The transactions with subsidiaries disclosed below had been eliminated when preparing consolidated financial statements. The following disclosures are for reference only.

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Aggregate purchases or sales of the same securities reaching \$300 million or 20% of paid-in capital or more: Please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Derivative financial instruments undertaken during the reporting periods: Please see Notes 6(2)C. and 12(3).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investee companies

Names, locations and other information of investee companies (including investees in Mainland China): Please refer to table 8.

(3) Information on investments in Mainland China

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

Any of the following significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: Information on significant transactions of the Company and subsidiary and investee company in Mainland China as of and for the year ended December 31, 2016 is provided in Note(1)J.

14. OPERATING SEGMENT INFORMATION

1) General information

The Group is mainly engaged in the import and export of electronic components. The products include CPU, analog IC, discrete IC, logic IC, DRAM, Flash, optical component, etc. The chief operating decision-maker evaluates performance based on the separate net income of sub-groups, which includes World Peace Industrial Co., Ltd. and its subsidiaries, Silicon Application Corp. and its subsidiaries, Asian Information Technology Inc. and its subsidiaries, Yosun Industrial Corp. and its subsidiaries and others.

2) Measurement of segment information

The Group's chief operating decision-maker uses the net income as basis for assessing the performance of the Group's operating segments.

3) Reconciliation for segment income (loss)

A. The net income reported to the chief operating decision-maker is measured in a manner consistent with revenues, costs and expenses in the statement of comprehensive income. As the amounts in the statement provided to the chief operating decision-maker for managing segment are in agreement with the amounts in the statements of segment income, reconciliation is not needed.

B. The segment information of the reportable segments provided to the chief operating decision-maker for the years ended December 31, 2016 and 2015 is as follows:

Year ended December 31, 2016:

	World Peace Industrial Co., Ltd. and its subsidiaries	Silicon Application Corp. and its subsidiaries	Asian Information Technology Inc. and its subsidiaries	Yosun Industrial Corp. and its subsidiaries	Genuine C&C Inc. and its subsidiaries	Others	Eliminations	Total
Revenue from external customers	\$ 249,223,370	\$ 59,006,403	\$ 85,249,021	\$ 87,175,880	\$ 9,997,292	\$ 46,266,847	\$ -	\$ 536,918,813
Revenue from internal customers	11,602,099	4,111,763	2,229,529	8,864,484	765,135	3,772,933	(31,345,943)	-
Total revenue	<u>\$ 260,825,469</u>	<u>\$ 63,118,166</u>	<u>\$ 87,478,550</u>	<u>\$ 96,040,364</u>	<u>\$ 10,762,427</u>	<u>\$ 50,039,780</u>	<u>(\$ 31,345,943)</u>	<u>\$ 536,918,813</u>
Segment profit	<u>\$ 6,340,071</u>	<u>\$ 1,220,938</u>	<u>\$ 2,322,864</u>	<u>\$ 1,940,634</u>	<u>\$ 241,627</u>	<u>\$ 615,669</u>	<u>\$ 1,657,622</u>	<u>\$ 14,339,425</u>
Net income	<u>\$ 2,186,566</u>	<u>\$ 585,802</u>	<u>\$ 1,351,453</u>	<u>\$ 1,140,408</u>	<u>\$ 60,857</u>	<u>\$ 5,495,940</u>	<u>(\$ 5,470,428)</u>	<u>\$ 5,350,598</u>

Year ended December 31, 2015:

	<u>World Peace Industrial Co., Ltd. and its subsidiaries</u>	<u>Silicon Application Corp. and its subsidiaries</u>	<u>Asian Information Technology Inc. and its subsidiaries</u>	<u>Yosun Industrial Corp. and its subsidiaries</u>	<u>Genuine C&C Inc. and its subsidiaries (Note)</u>	<u>Others</u>	<u>Eliminations</u>	<u>Total</u>
Revenue from external customers	\$ 223,222,853	\$ 61,897,657	\$ 80,081,066	\$ 103,820,384	\$ 8,762,136	\$ 37,752,393	\$ -	\$515,536,489
Revenue from internal customers	<u>10,521,828</u>	<u>3,567,359</u>	<u>1,609,336</u>	<u>10,414,526</u>	<u>2,310</u>	<u>3,728,942</u>	<u>(29,844,301)</u>	<u>-</u>
Total revenue	<u>\$ 233,744,681</u>	<u>\$ 65,465,016</u>	<u>\$ 81,690,402</u>	<u>\$ 114,234,910</u>	<u>\$ 8,764,446</u>	<u>\$ 41,481,335</u>	<u>(\$ 29,844,301)</u>	<u>\$515,536,489</u>
Segment profit (loss)	<u>\$ 5,164,550</u>	<u>\$ 1,630,258</u>	<u>\$ 2,292,765</u>	<u>\$ 1,836,742</u>	<u>\$ 135,324</u>	<u>\$ 115,558</u>	<u>\$ 2,164,179</u>	<u>\$ 13,339,376</u>
Net income	<u>\$ 3,040,713</u>	<u>\$ 876,147</u>	<u>\$ 1,192,293</u>	<u>\$ 850,066</u>	<u>\$ 11,807</u>	<u>\$ 5,291,030</u>	<u>(\$ 5,826,124)</u>	<u>\$ 5,435,932</u>

Note: As the Company acquired Genuine C&C Inc. on April 15, 2015, the period of disclosure is from April 16 to December 31, 2015.

4) Information on product and service

The Group is mainly engaged in the import and export of electronic components. Revenues consist as follows:

	Years ended December 31,	
	2016	2015
Core components	\$ 164,719,037	\$ 155,862,880
Analog IC and mixed signal component	90,896,355	85,756,502
Discrete, logic IC	62,432,227	57,295,589
Memory	87,000,597	83,146,404
Optical components	44,750,072	43,004,869
Passive component, connector and magnetic component	25,187,982	31,971,119
Others	61,932,543	58,499,126
	\$ 536,918,813	\$ 515,536,489

5) Geographical information

Information about geographic areas for the years ended December 31, 2016 and 2015 were as follows:

	Years ended December 31,			
	2016		2015	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 79,862,429	\$ 8,864,032	\$ 93,605,707	\$ 9,161,921
Mainland China	386,313,252	1,740,020	357,464,248	2,023,604
Others	70,743,132	522,311	64,466,534	641,782
	\$ 536,918,813	\$ 11,126,363	\$ 515,536,489	\$ 11,827,307

6) Major customer information

No single customer contributes more than 10% of the Group's total consolidated operating revenues for the years ended December 31, 2016 and 2015.

WPG Holdings Limited and Subsidiaries

Loans to others

Year ended December 31, 2016

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 11)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					December 31, 2016	December 31, 2016							Item	Value			
1	Apache Korea Corp.	WPG Korea Co., Ltd.	Other receivables - related parties	Y	\$ 64,824	\$ 59,422	\$ 59,422	2.50	2	\$ -	Operation	\$ -	None	-	\$ 73,753	\$ 73,753	Note 1
2	Genuine C&C (South Asia) Pte Ltd.	World Peace International (South Asia) Pte Ltd.	Other receivables - related parties	Y	64,500	-	-	0.00	2	-	Operation	-	None	-	-	-	Note 3
3	Richpower Electronic Devices Pte., Ltd.	Yosun Singapore Pte Ltd.	Other receivables - related parties	Y	435,375	209,625	209,625	1.85	2	-	Operation	-	None	-	445,637	445,637	Note 8
4	Silicon Application (BVI) Corporation	Silicon Application Corp.	Other receivables - related parties	Y	1,257,750	1,257,750	1,257,750	1.00	2	-	Operation	-	None	-	1,301,668	3,254,171	Note 7
4	Silicon Application (BVI) Corporation	WPG Korea Co., Ltd.	Other receivables - related parties	Y	80,625	-	-	0.00	2	-	Operation	-	None	-	3,254,171	3,254,171	Note 7
4	Silicon Application (BVI) Corporation	WPI International (Hong Kong) Limited	Other receivables - related parties	Y	96,750	96,750	96,750	1.20	2	-	Operation	-	None	-	3,254,171	3,254,171	Note 7
5	World Peace International (South Asia) Pte Ltd.	World Peace International Pte Ltd.	Other receivables - related parties	Y	322,500	-	-	0.00	2	-	Operation	-	None	-	5,793,195	5,793,195	Note 3
5	World Peace International (South Asia) Pte Ltd.	WPG Americas Inc.	Other receivables - related parties	Y	1,967,250	1,967,250	1,935,000	3.64	2	-	Operation	-	None	-	5,793,195	5,793,195	Note 3
5	World Peace International (South Asia) Pte Ltd.	WPG South Asia Pte. Ltd.	Other receivables - related parties	Y	161,250	-	-	0.00	2	-	Operation	-	None	-	5,793,195	5,793,195	Note 3
5	World Peace International (South Asia) Pte Ltd.	WPG China Inc.	Other receivables - related parties	Y	645,000	322,500	322,500	3.00	2	-	Operation	-	None	-	5,793,195	5,793,195	Note 3

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during	Balance at		Interest rate	Nature of loan (Note 11)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts		Limit on loans granted to a single party		Ceiling on total loans granted	Footnote
					the year ended December 31, 2016	December 31, 2016	Actual amount drawn down					Item	Value	granted to a single party	loans granted		
5	World Peace International (South Asia) Pte Ltd.	WPI International (Hong Kong) Limited	Other receivables - related parties	Y	\$ 1,290,000	\$ 645,000	\$ 645,000	1.85	2	\$ -	Operation	\$ -	None	-	\$ 5,793,195	\$ 5,793,195	Note 3
6	World Peace International Pte Ltd.	World Peace International (South Asia) Pte Ltd.	Other receivables - related parties	Y	129,000	129,000	122,550	1.85	2	-	Operation	-	None	-	2,360,130	2,360,130	Note 3
7	WPG South Asia Pte. Ltd.	Yosun Singapore Pte Ltd.	Other receivables - related parties	Y	419,250	161,250	-	0.00	2	-	Operation	-	None	-	1,345,287	1,345,287	Note 3
7	WPG South Asia Pte. Ltd.	WPG Korea Co., Ltd.	Other receivables - related parties	Y	580,500	290,250	64,500	2.83	2	-	Operation	-	None	-	1,345,287	1,345,287	Note 3
7	WPG South Asia Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	Other receivables - related parties	Y	645,000	645,000	532,125	1.85	2	-	Operation	-	None	-	1,345,287	1,345,287	Note 3
8	AIO (Shanghai) Component Company Limited	WPI International Trading (Shanghai) Ltd.	Other receivables - related parties	Y	46,170	-	-	0.00	2	-	Operation	-	None	-	56,127	56,127	Note 7
9	AECO Technology Co., Ltd.	World Peace Industrial Co., Ltd.	Other receivables - related parties	Y	400,000	300,000	81,500	1.55	2	-	Operation	-	None	-	441,986	441,986	Note 2
10	AECO Electronic Co., Ltd.	WPI International (Hong Kong) Limited	Other receivables - related parties	Y	774,000	774,000	715,950	2.12	2	-	Operation	-	None	-	798,167	798,167	Note 7
11	AECO Electronic (Ningbo) Co., Ltd.	WPI International Trading (Shanghai) Ltd.	Other receivables - related parties	Y	41,553	-	-	0.00	2	-	Operation	-	None	-	57,174	57,174	Note 7
12	WPG China Inc.	WPG China (SZ) Inc.	Other receivables - related parties	Y	161,250	-	-	0.00	2	-	Operation	-	None	-	2,052,056	2,052,056	Note 7
12	WPG China Inc.	WPI International Trading (Shanghai) Ltd.	Other receivables - related parties	Y	46,170	-	-	0.00	2	-	Operation	-	None	-	2,052,056	2,052,056	Note 7
12	WPG China Inc.	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Other receivables - related parties	Y	55,404	55,404	55,404	4.55	2	-	Operation	-	None	-	820,823	2,052,056	Note 7
13	Yosun Industrial Corp.	WPG China Inc.	Other receivables - related parties	Y	193,500	-	-	0.00	2	-	Operation	-	None	-	2,459,826	4,919,651	Note 6

Table 1, Page 2

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 11)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					December 31, 2016	December 31, 2016							Item	Value			
13	Yosun Industrial Corp.	Yosun Singapore Pte. Ltd.	Other receivables - related parties	Y	\$ 322,500	\$ -	\$ -	0.00	2	\$ -	Operation	\$ -	None	-	\$ 2,459,826	\$ 4,919,651	Note 6
14	Yosun Hong Kong Corp. Ltd.	WPG Americas Inc.	Other receivables - related parties	Y	1,161,000	1,161,000	967,500	2.83	2	-	Operation	-	None	-	3,345,431	3,345,431	Note 7
15	Yosun South China Corp. Ltd.	WPG China (SZ) Inc.	Other receivables - related parties	Y	175,446	115,425	115,425	2.80	2	-	Operation	-	None	-	205,211	205,211	Note 7
15	Yosun South China Corp. Ltd.	WPG China Inc.	Other receivables - related parties	Y	69,255	69,255	69,255	2.80	2	-	Operation	-	None	-	205,211	205,211	Note 7
16	Yosun Shanghai Corp. Ltd.	WPG China (SZ) Inc.	Other receivables - related parties	Y	309,339	184,680	184,680	2.80	2	-	Operation	-	None	-	364,593	364,593	Note 7
16	Yosun Shanghai Corp. Ltd.	WPG China Inc.	Other receivables - related parties	Y	147,744	147,744	147,744	2.80	2	-	Operation	-	None	-	364,593	364,593	Note 7
17	Giatek Corp. Ltd.	Yosun Hong Kong Corp. Ltd.	Other receivables - related parties	Y	1,161,000	1,161,000	1,161,000	1.20	2	-	Operation	-	None	-	1,169,823	1,169,823	Note 4
18	WPG Investment Co., Ltd.	WPG Holdings Limited	Other receivables - related parties	Y	150,000	150,000	110,000	1.18	2	-	Operation	-	None	-	182,934	182,934	Note 2
19	WPI International Trading (Shanghai) Ltd.	Hubei Xinsheng Technology Investment Management Co., Ltd.	Other receivables - related parties	N	46,170	-	-	0.00	2	-	Operation	-	None	-	97,888	244,721	Notes 7 and 10
20	WPI International (Hong Kong) Limited	WPG C&C Limited	Other receivables - related parties	Y	1,709,250	1,161,000	493,425	2.12	2	-	Operation	-	None	-	13,444,382	13,444,382	Note 7
20	WPI International (Hong Kong) Limited	Long-Think International (Hong Kong) Limited	Other receivables - related parties	Y	451,500	161,250	74,175	2.12	2	-	Operation	-	None	-	13,444,382	13,444,382	Note 7
20	WPI International (Hong Kong) Limited	WPG Gain Tune Ltd.	Other receivables - related parties	Y	1,128,750	-	-	0.00	2	-	Operation	-	None	-	5,377,753	13,444,382	Note 7

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 11)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					December 31, 2016	December 31, 2016							Item	Value			
20	WPI International (Hong Kong) Limited	WPG China Inc.	Other receivables - related parties	Y	\$ 387,000	\$ 387,000	\$ 387,000	3.00	2	\$ -	Operation	\$ -	None	-	\$ 13,444,382	\$ 13,444,382	Note 7
21	World Peace Industrial Co., Ltd.	WPG China Inc.	Other receivables - related parties	Y	193,500	-	-	0.00	2	-	Operation	-	None	-	4,082,054	8,164,107	Note 6
21	World Peace Industrial Co., Ltd.	Long-Think International Co., Ltd.	Other receivables - related parties	Y	145,125	96,750	9,998	1.90	2	-	Operation	-	None	-	4,082,054	8,164,107	Note 6
21	World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	Other receivables - related parties	Y	1,612,500	1,612,500	-	0.00	2	-	Operation	-	None	-	4,082,054	8,164,107	Note 6
22	Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	Other receivables - related parties	Y	150,000	150,000	150,000	1.37	2	-	Operation	-	None	-	213,861	213,861	Note 2
23	Silicon Application Company Limited	Silicon Application Corp.	Other receivables - related parties	Y	709,500	709,500	709,500	1.00	2	-	Operation	-	None	-	727,755	1,819,388	Note 7
23	Silicon Application Company Limited	WPG China Inc.	Other receivables - related parties	Y	258,000	-	-	0.00	2	-	Operation	-	None	-	1,819,388	1,819,388	Note 7
23	Silicon Application Company Limited	WPG China (SZ) Inc.	Other receivables - related parties	Y	64,500	-	-	0.00	2	-	Operation	-	None	-	1,819,388	1,819,388	Note 7
23	Silicon Application Company Limited	Dstar Electronic Company Limited	Other receivables - related parties	Y	22,575	22,575	22,575	1.00	2	-	Operation	-	None	-	1,819,388	1,819,388	Note 7
23	Silicon Application Company Limited	WPG Gain Tune Ltd.	Other receivables - related parties	Y	516,000	-	-	0.00	2	-	Operation	-	None	-	727,755	1,819,388	Note 7
23	Silicon Application Company Limited	WPG Electronics (HK) Limited	Other receivables - related parties	Y	64,500	64,500	64,500	2.12	2	-	Operation	-	None	-	1,819,388	1,819,388	Note 7
23	Silicon Application Company Limited	WPG Korea Co., Ltd.	Other receivables - related parties	Y	322,500	322,500	290,250	2.30	2	-	Operation	-	None	-	1,819,388	1,819,388	Note 7
23	Silicon Application Company Limited	WPI International (Hong Kong) Limited	Other receivables - related parties	Y	548,250	548,250	548,250	1.20	2	-	Operation	-	None	-	1,819,388	1,819,388	Note 7

Table 1, Page 4

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 11)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					December 31, 2016	December 31, 2016							Item	Value			
24	Sertek Limited	Yosun Hong Kong Corp. Ltd.	Other receivables - related parties	Y	\$ 445,050	\$ -	\$ -	0.00	2	\$ -	Operation	\$ -	None	-	\$ 451,211	\$ 451,211	Note 7
24	Sertek Limited	WPG Americas Inc.	Other receivables - related parties	Y	445,050	445,050	445,050	2.97	2	-	Operation	-	None	-	451,211	451,211	Note 7
25	Sertek Incorporated	Yosun Hong Kong Corp. Ltd.	Other receivables - related parties	Y	483,750	-	-	0.00	2	-	Operation	-	None	-	616,568	616,568	Note 2
25	Sertek Incorporated	Richpower Electronic Devices Co., Ltd	Other receivables - related parties	Y	322,500	322,500	193,500	1.74	2	-	Operation	-	None	-	616,568	616,568	Note 2
26	Frontek Technology Corporation	Apache Communication Inc.	Other receivables - related parties	Y	483,750	-	-	0.00	2	-	Operation	-	None	-	642,721	1,028,354	Note 5
26	Frontek Technology Corporation	Asian Information Technology Inc.	Other receivables - related parties	Y	516,000	516,000	258,000	1.43	2	-	Operation	-	None	-	642,721	1,028,354	Note 5
27	Genuine C&C Inc.	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Other receivables - related parties	Y	92,340	92,340	46,170	3.50	2	-	Operation	-	None	-	105,671	422,685	Note 9
28	Richpower Electronic Devices Co., Limited	WPG Korea Co., Ltd.	Other receivables - related parties	Y	161,250	161,250	96,750	2.50	2	-	Operation	-	None	-	1,709,739	1,709,739	Note 7
29	Long-Think International (Shanghai) Limited	WPI International Trading (Shanghai) Ltd.	Other receivables - related parties	Y	41,553	41,553	41,553	2.80	2	-	Operation	-	None	-	99,917	99,917	Note 7
30	Asian Information Technology Inc.	Apache Communication Inc.	Other receivables - related parties	Y	322,500	-	-	0.00	2	-	Operation	-	None	-	1,498,307	2,397,291	Note 5
31	Longview Technology Inc.	Long-Think International Co., Ltd.	Other receivables - related parties	Y	130,000	50,000	-	0.00	2	-	Operation	-	None	-	230,667	230,667	Note 2
32	Mec Technology Co., Limited	Richpower Electronic Devices Co., Ltd.	Other receivables - related parties	Y	145,125	-	-	0.00	2	-	Operation	-	None	-	154,624	154,624	Note 2

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during		Actual amount drawn down	Interest rate	Nature of loan (Note 11)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts		Limit on loans granted to a single party		Ceiling on total loans granted	Footnote
					December 31, 2016	December 31, 2016						Collateral Item	Collateral Value				
33	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Hubei Xinsheng Technology Investment Management Co., Ltd.	Other receivables - related parties	N	\$ 23,085	\$ -	\$ -	0.00	2	\$ -	Operation	\$ -	None	-	\$ 46,282	\$ 46,282	Notes 2 and 10
33	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Yosun Shanghai Corp. Ltd.	Other receivables - related parties	Y	6,926	6,926	-	0.00	2	-	Operation	-	None	-	46,282	46,282	Note 2

Note 1: Accumulated financing activities and the individual limit to any company or person should not be in excess of 100% of creditors' net assets.

Note 2: Accumulated financing activities to any company or person should not be in excess of 40% of creditor's net assets. Limit on loans to a single company is as follows:

(1) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.

(2) For short-term financing, financing activities to a single company should not be in excess of 40% of creditor's net assets.

Note 3: (1) For those borrowers which are not 100% held investee company, the individual limit amount and the accumulated financing activities to those borrowers should not be in excess of 40% of the creditor's net assets.

(2) For those borrowers which are 100% held investee company, the individual limit amount and the accumulated financing activities to those borrowers should not be in excess of 200% of the creditor's net assets.

(3) The total limit of (1) and (2) should not exceed 200% of the creditor's net assets.

Note 4: Accumulated financing activities to any company or person should not be in excess of 100% of creditor's net assets. Limit on loans to a single company is as follows:

(1) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.

(2) For short-term financing, the financing activities to an overseas company which is 100% directly or indirectly held by ultimate parent company should not be in excess of 100% of creditor's net assets. For borrower not fulfilling said criteria, the limit should not exceed 10% of the creditor's net assets.

Note 5: Accumulated financing activities to any company or person should not be in excess of 40% of creditor's net assets. Limit on loans to a single company is as follows:

(1) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.

(2) For short-term financing, financing activities to a single company should not be in excess of 25% of creditor's assets.

(3) The financing activities to an overseas company which is 100% directly or indirectly held by the creditor should not be restricted by (1) and (2).

Note 6: Accumulated financing activities to any company or person should not be in excess of 40% of creditor's net assets. Limit on loans to a single company is as follows:

(1) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.

(2) For short-term financing, financing activities to a single company should not be in excess of 20% of creditor's assets.

Note 7: Accumulated financing activities to any company or person should not be in excess of 100% of creditor's net assets. Limit on loans to a single company is as follows:

(1) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.

(2) For short-term financing, the financing activities to an overseas company which is 100% directly or indirectly held by ultimate parent company should not be in excess of 100% of creditor's net assets. For borrower not fulfilling said criteria, the limit should not exceed 40% of the creditor's net assets.

Note 8: Accumulated financing activities to any company or person should not be in excess of 200% of creditor's net assets. Limit on loans to a single company is as follows:

(1) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.

(2) For short-term financing, the financing activities to an overseas company which is 100% directly or indirectly held by ultimate parent company should not be in excess of 200% of creditor's net assets. For borrower not fulfilling said criteria, the limit should not exceed 40% of the creditor's net assets.

Note 9: Accumulated financing activities to any company or person should not be in excess of 40% of creditor's net assets. Limit on loans to a single company is as follows:

(1) For business transaction to the creditor, the individual limit should not exceed 20% of the Company's net assets and the amount of business transactions; the amount of business transactions means the higher between sales and purchases.

(2) For short-term financing, financing activities to a single company should not be in excess of 10% of creditor's net assets. Limit on total loans to a single party is 20% of creditor's net assets.

Note 10: On August 1, 2016, the Company's subsidiary company, Genuine Trading (Hong Kong) Company Limited, sold all of its equity interest in Hubei Xinsheng Technology Investment Management Co., Ltd., thus Hubei Xinsheng Technology Investment Management Co., Ltd. is not related party of the Company any more.

Note 11: The column of 'Nature of loan' shall fill in 1. 'Business transaction or 2. 'Short-term financing'.

WPG Holdings Limited and Subsidiaries
Provision of endorsements and guarantees to others
Year ended December 31, 2016

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2016	Outstanding endorsement/ guarantee amount at December 31, 2016	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
0	WPG Holdings Limited	World Peace Industrial Co., Ltd.	Note 1	\$ 24,898,940	\$ 179,335	\$ 82,311	\$ 82,311	\$ 82,311	0.17	24,898,940	Y	N	N	Notes 4 and 5
1	World Peace International Pte. Ltd.	WPG Americas Inc.	Note 3	6,341,108	193,500	193,500	3,328	-	6.10	6,341,108	N	N	N	Note 7
1	World Peace International Pte. Ltd.	WPG C&C Computers and Peripheral (India) Private Ltd.	Note 1	6,341,108	248,325	248,325	-	-	7.83	6,341,108	N	N	N	Note 7
1	World Peace International Pte. Ltd.	World Peace International (South Asia) Pte. Ltd.	Note 1	6,341,108	4,950,375	3,370,125	2,473,421	-	106.29	6,341,108	N	N	N	Note 7
2	WPG South Asia Pte. Ltd.	WPG India Electronics Private Limited	Note 1	1,345,287	16,125	16,125	-	-	2.40	1,345,287	N	N	N	Note 12
3	Yosun Industrial Corp.	Yosun Singapore Pte. Ltd.	Note 1	12,299,128	1,542,875	1,283,550	578,686	-	10.44	24,598,256	N	N	N	Note 10
3	Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	Note 1	12,299,128	2,580,000	2,580,000	656,505	-	20.98	24,598,256	N	N	N	Note 10
3	Yosun Industrial Corp.	Sertek Incorporated	Note 1	12,299,128	1,612,500	1,612,500	1,134,222	-	13.11	24,598,256	N	N	N	Note 10
3	Yosun Industrial Corp.	RichPower Electronic Devices Co., Limited	Note 1	12,299,128	700,000	350,000	-	-	2.85	24,598,256	N	N	N	Note 10
4	World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	Note 1	10,205,134	4,015,570	3,681,660	239,636	-	18.04	16,328,215	N	N	N	Note 6
4	World Peace Industrial Co., Ltd.	Vitec WPG Limited	Note 3	10,205,134	72,562	72,562	72,562	-	0.36	16,328,215	N	N	N	Note 6

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2016	Outstanding endorsement/ guarantee amount at December 31, 2016	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
4	World Peace Industrial Co., Ltd.	WPI International Trading (Shanghai) Ltd.	Note 1	\$ 10,205,134	\$ 2,229,898	\$ 1,910,409	\$ 674,147	\$ -	9.36	16,328,215	N	N	Y	Note 6
4	World Peace Industrial Co., Ltd.	World Peace International (South Asia) Pte. Ltd.	Note 1	10,205,134	709,500	709,500	709,500	-	3.48	16,328,215	N	N	N	Note 6
4	World Peace Industrial Co., Ltd.	WPG China Inc.	Note 3	10,205,134	198,660	-	-	-	0.00	16,328,215	N	N	Y	Note 6
4	World Peace Industrial Co., Ltd.	Long-Think International (Hong Kong) Limited	Note 1	10,205,134	354,750	-	-	-	0.00	16,328,215	N	N	N	Note 6
5	Silicon Application Corp.	SAC Components (South Asia) Pte. Ltd.	Note 1	5,077,630	64,500	-	-	-	0.00	6,347,038	N	N	N	Note 9
6	Frontek Technology Corporation	Asian Information Technology Inc.	Note 2	1,028,354	481,250	481,250	223,724	-	18.72	1,285,443	N	N	N	Note 8
7	Genuine C&C Inc.	Hubei Xinsheng Technology Investment Management Co., Ltd.	Note 1	422,685	265,732	-	-	-	0.00	528,357	N	N	Y	Notes 11 and 13
7	Genuine C&C Inc.	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Note 1	422,685	285,840	92,340	-	-	8.74	528,357	N	N	Y	Note 11
8	Asian Information Technology Inc.	Frontek Technology Corporation	Note 1	2,397,291	1,502,060	1,502,060	126,646	-	25.06	2,996,613	N	N	N	Note 8
8	Asian Information Technology Inc.	WPG China Inc.	Note 3	2,397,291	16,125	16,125	148	-	0.27	2,996,613	N	N	Y	Note 8
8	Asian Information Technology Inc.	AIT Japan Inc.	Note 1	2,397,291	645,000	645,000	79,008	-	10.76	2,996,613	N	N	N	Note 8

Note 1: The company and its subsidiary hold more than 50% of the investee company.

Note 2: The parent company directly owns more than 50% of the company.

Note 3: An affiliate.

Note 4: The guarantee amount should not exceed 50% of guarantor's net assets; the limit to a single company should not exceed 50% of the Company's stockholder's equity. For business transaction with the Company, the guarantee amount should not exceed the amount of business transaction, which is the higher between sales and purchases. The limit on the Company and its subsidiaries' total loan to other companies is 60% of the Company's net assets. The guarantee amount to a subsidiary which is 90%~100% directly or indirectly held by the Company should not exceed 10% of the Company's net assets, which is based on the latest audited or reviewed financial statements.

Note 5: There are 8,999 thousand shares of WPG Investment Co., Ltd. which have been pledged for purchases for World Peace Industrial Co., Ltd. The book value of those pledged investments is \$82,311.

Note 6: The cumulative guarantee amount to others should not be in excess of 80% of guarantor's net assets. The guarantee amount to a single company should not be in excess of 50% of guarantor's net assets. For business transaction with the guarantor, the guarantee amount should not exceed the amount of business transaction, which is the higher between sales and purchases. The net asset value is based on the latest audited or reviewed financial statements.

Note 7: The cumulative guarantee amount and the guarantee amount to a single company both should not be in excess of 200% of guarantor's net assets.

Note 8: The cumulative guarantee amount to others should not be in excess of 50% of guarantor's net assets. The guarantee amount to a single company should not be in excess of 40% of guarantor's net assets. However, guarantee amount to a single overseas affiliate should not be in excess of 40% of guarantor's net assets.

Note 9: The cumulative guarantee amount to others should not be in excess of 100% of guarantor's net assets. The guarantee amount to a single company should not be in excess of 80% of guarantor's net assets. For business transaction with the guarantor, the guarantee amount should not exceed the amount of business transaction, which is the higher between sales and purchases. The net asset value is based on the latest audited or reviewed financial statements.

Note 10: The cumulative guarantee amount to others should not be in excess of 200% of guarantor and its subsidiaries' total net assets. The guarantee amount to a single company should not be in excess of 100% of guarantor and its subsidiaries' total net assets. For business transaction with the Company, the guarantee amount should not exceed the amount of business transaction, which is the higher between sales and purchases. The Company's guarantee amount to a subsidiary which is 90%~100% directly or indirectly held by the ultimate parent company should not exceed 10% of the ultimate parent company's net assets. The net asset value is based on the latest audited or reviewed financial statements.

Note 11: The cumulative guarantee amount to others should not be in excess of 50% of guarantor's net assets. The guarantee amount to a single company should not be in excess of 30% of guarantor's net assets. However, guarantee amount to a single overseas affiliate should not be in excess of 40% of guarantor's net assets.

Note 12: The cumulative guarantee amount to others should not be in excess of 200% of the Company's net assets. The guarantee amount to a single company should not be in excess of 200% of Company's net assets. For business transaction with the Company, the guarantee amount should not exceed the amount of business transaction, which is the higher between sales and purchases. The guarantee amount to a subsidiary which is 90%~100% directly or indirectly held by the Company should not exceed 10% of the Company's net assets.

Note 13: On August 1, 2016, the Company's subsidiary, Genuine Trading (Hong Kong) Company Limited, sold all of its equity interest in Hubei Xinsheng Technology Investment Management Co., Ltd., thus Hubei Xinsheng Technology Investment Management Co., Ltd. is not related party of the Company any more.

WPG Holdings Limited and Subsidiaries

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

Year ended December 31, 2016

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

		As of December 31, 2016						
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares (in thousands)	Book value	Ownership (%)	Fair value (Note 1)	Footnote
WPG Holdings Limited	Ability I Venture Capital Corporation, etc. - Equity securities	None	Financial assets at cost - non-current	-	\$ 171,815	-	\$ 171,815	
WPG Holdings Limited	Tyche Partners L.P. - Funds	None	Financial assets at cost - non-current	-	138,217	-	138,217	
Silicon Application Corp.	Genesis Photonics Inc., etc. - Equity securities	None	Available-for-sale financial assets - non-current, etc.	-	14,109	-	14,109	Note 2
World Peace Industrial Co., Ltd.	Prohubs International Corp., etc. - Equity securities	None	Financial assets at cost - non-current, etc.	-	25,607	-	25,607	
AECO Technology Co., Ltd.	Hua-Jie (Taiwan) Corp. - Equity securities	None	Available-for-sale financial assets - non-current	668	6,684	3.32	6,684	
Yosun Industrial Corp.	Fortend Taiwan Scientific Corp., etc. - Equity securities	None	Financial assets at cost - non-current	-	3,511	-	3,511	
Yosun Industrial Corp.	Nichidenbo Corporation	None	Available-for-sale financial assets - non-current	9,647	235,389	5.78	235,389	
Genuine C&C Inc.	Systemweb Technology - Equity securities	None	Financial assets at cost - non-current	700	8,800	9.90	8,800	
Hat-Trick Co., Ltd.	Mega Diamond Money Market	None	Financial assets measured at fair value through profit or loss	-	20,737	-	20,737	
Richpower Electronic Devices Co., Ltd.	Promaster Technology Co., Ltd., etc. - Equity securities	None	Available-for-sale financial assets - non-current, etc.	-	20,979	-	20,979	
Mec Technology Co., Ltd.	Promaster Technology Co., Ltd. - Equity securities	None	Available-for-sale financial assets - non-current	1,368	7,349	4.00	7,349	
WPG Investment Co., Ltd.	CDIB CME Fund Ltd., etc. - Equity securities	None	Financial assets at cost - non-current, etc.	-	99,767	-	99,767	
WPG Investment Co., Ltd.	Murad Chia Jei Biotechnology Co., Ltd, etc. - Equity securities	None	Available-for-sale financial assets - non-current	-	43,679	-	43,679	
Silicon Application (BVI) Corp.	Apollo Electronics Group Ltd., etc. - Equity securities	None	Available-for-sale financial assets - non-current, etc.	-	41,387	-	41,387	
Win-Win Systems Ltd.	Silicon Electronics Company(s) Pte. Ltd. - Equity securities	None	Financial assets at cost - non-current	180	-	-	-	
WPG South Asia Pte. Ltd.	ViMOS Technologies GmbH - Equity securities	None	Financial assets at cost - non-current	20	697	9.00	697	

As of December 31, 2016								
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares (in thousands)	Book value	Ownership (%)	Fair value (Note 1)	Footnote
WPG China Inc.	Nanjing Sunlord Electronics Corporation Ltd. - Equity securities	None	Financial assets at cost - non-current	897	\$ 45,570	1.70	\$ 45,570	

Note 1: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 2: There are 1,133 thousand shares of Kingmax Technology Inc. which have been pledged for purchases as of December 31, 2016.

WPG Holdings Limited and Subsidiaries

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Year ended December 31, 2016

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2016		Addition		Disposal			Balance as at December 31, 2016			
					Number of shares (thousand)	Amount	Number of shares (thousand)	Amount (Note 2)	Number of shares (thousand)	Selling price	Book value	Gain (loss) on disposal	Number of shares (thousand)	Amount	
WPG China Inc.	CECI Technology Co. Ltd.	Note 1	Participated in capital increase	Investment under the equity method	-	\$ -	-	\$ 117,693	-	\$ -	\$ -	\$ -	-	\$ -	117,693
"	CECI Technology Co. Ltd.	Note 1	Parent of an electronic company in China	Investment under the equity method	-	-	-	465,678	-	-	-	-	-	-	465,678

Note 1: Accounted for under the equity method.

Note 2: The Company invested \$563,790 and recognised share of profit (loss) and other interests of associates accounted under equity method amounted \$19,581.

WPG Holdings Limited and Subsidiaries

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

Year ended December 31, 2016

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
WPG Holdings Limited	World Peace Industrial Co., Ltd.	Same parent company	Sales	(\$ 283,467)	(47.59)	Note 7	Note 7	Note 7	\$ 4,160	45.39	
WPG Holdings Limited	Asian Information Technology	"	"	(115,311)	(19.36)	"	"	"	4,388	47.88	
WPG Holdings Limited	Yosun Industrial Corp.	"	"	(116,468)	(19.55)	"	"	"	18	0.20	
World Peace Industrial Co., Ltd.	Genuine C&C Inc.	"	"	(150,429)	(0.15)	Note 3	Note 3	Note 3	28,297	0.13	
World Peace Industrial Co., Ltd.	AECO Technology Co., Ltd.	"	"	(366,129)	(0.37)	"	"	"	33,118	0.16	
World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	"	"	(16,818,746)	(16.97)	"	"	"	1,358,530	6.44	
World Peace Industrial Co., Ltd.	WPG Electronics (HK) Limited	"	"	(1,600,930)	(1.61)	"	"	"	420,195	1.99	
Longview Technology Inc.	WPI International (Hong Kong) Limited	"	"	(880,328)	(38.15)	"	"	"	52,598	13.79	
Genuine C&C (IndoChina) Pte Ltd.	P.T. WPG Electrindo Jaya	Investment under equity method	"	(843,091)	(78.75)	"	"	"	205,630	98.34	
World Peace International (South Asia) Pte Ltd.	World Peace Industrial Co., Ltd.	Same parent company	"	(266,153)	(1.00)	"	"	"	87,903	1.83	
World Peace International (South Asia) Pte Ltd.	Genuine C&C (IndoChina) Pte Ltd.	"	"	(663,248)	(2.48)	"	"	"	39,543	0.82	
World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	"	"	(4,580,747)	(17.14)	"	"	"	1,779,019	37.00	
World Peace International (South Asia) Pte Ltd.	WPG C&C (Malaysia) Sdn Bhd	"	"	(715,340)	(2.68)	"	"	"	93,083	1.94	
World Peace International (South Asia) Pte Ltd.	WPG C&C (Thailand) Co., Ltd.	"	"	(135,979)	(0.51)	"	"	"	25,384	0.53	
World Peace International (South Asia) Pte Ltd.	WPG C&C Computers and Peripheral (India) Private Limited	"	"	(1,307,682)	(4.89)	"	"	"	254,567	5.29	
WPI International (Hong Kong) Limited	WPG China Inc.	"	"	(377,938)	(0.27)	"	"	"	74,110	0.28	
WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	"	"	(5,984,316)	(4.20)	"	"	"	481,740	1.83	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Footnote	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
WPI International (Hong Kong) Limited	Silicon Application Corp.	Same parent company	Sales	(\$ 257,306)	(0.18)	Note 3	Note 3	Note 3	\$ -	0.00	
WPI International (Hong Kong) Limited	WPG Korea Co., Ltd.	"	"	(264,894)	(0.19)	"	"	"	30,410	0.12	
WPI International (Hong Kong) Limited	World Peace International (South Asia) Pte Ltd.	"	"	(1,960,859)	(1.38)	"	"	"	350,460	1.33	
WPI International (Hong Kong) Limited	WPG SCM Limited	"	"	(828,179)	(0.58)	"	"	"	39,651	0.15	
WPI International (Hong Kong) Limited	VITEC WPG Limited	Investment under equity method	"	(140,216)	(0.10)	"	"	"	13,781	0.05	
WPI International (Hong Kong) Limited	WPI International Trading (Shanghai) Ltd.	Same parent company	"	(306,523)	(0.22)	"	"	"	46,255	0.18	
WPI International (Hong Kong) Limited	WPG Electronics (HK) Limited	"	"	(172,686)	(0.12)	"	"	"	124,296	0.47	
WPI International (Hong Kong) Limited	WPG China (SZ) Inc.	"	"	(2,812,249)	(1.97)	"	"	"	876,530	3.34	
WPG C&C Limited	WPI International (Hong Kong) Limited	"	"	(656,293)	(8.39)	"	"	"	90,697	11.30	
WPG C&C Limited	WPI International Trading (Shanghai) Ltd.	"	"	(1,521,911)	(19.45)	"	"	"	370,652	46.16	
Long-Think International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	"	"	(255,779)	(16.34)	"	"	"	20,006	7.84	
Long-Think International (Hong Kong) Limited	Longview Technology Inc.	"	"	(198,456)	(12.67)	"	"	"	19,901	7.80	
Long-Think International (Hong Kong) Limited	WPI International (Hong Kong) Limited	"	"	(377,222)	(24.09)	"	"	"	39,323	15.41	
Silicon Application Corp.	WPG SCM Limited	"	"	(227,207)	(0.40)	30 days after monthly billings	Note 4	Note 4	11,399	0.10	
Silicon Application Corp.	WPI International (Hong Kong)	"	"	(151,968)	(0.27)	"	"	"	49,695	0.46	
Silicon Application Corp.	Pernas Electronics Co., Ltd.	"	"	(148,613)	(0.26)	"	"	"	21,714	0.20	
Silicon Application Corp.	Everwiner Enterprise Co., Ltd.	"	"	(111,284)	(0.20)	"	"	"	5,181	0.05	
Silicon Application Corp.	WPG Electronics (HK) Limited	"	"	(2,247,788)	(4.00)	90 days after monthly billings	"	"	766,961	7.04	
Silicon Application Corp.	WPG China (SZ) Inc.	"	"	(1,016,224)	(1.81)	120 days after monthly billings	"	"	282,393	2.59	
Pernas Electronics Co., Ltd.	Everwiner Enterprise Co., Ltd.	"	"	(599,194)	(15.45)	90 days after monthly billings	"	"	113,945	10.53	

Table 5, Page 14

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Differences in transaction terms compared to third party transactions				Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	Same parent company	Sales	(\$ 1,429,457)	(34.15)	90 days after monthly billings	Note 4	Note 4	\$ 250,672	36.55	
Everwiner Enterprise Co., Ltd.	WPG China (SZ) Inc.	"	"	(176,196)	(4.21)	120 days after monthly billings	"	"	32,015	4.67	
Asian Information Technology Inc.	Silicon Application Corp.	"	"	(197,295)	(0.53)	Note 2	Note 2	Note 2	2,508	0.04	
Asian Information Technology Inc.	WPI International (Hong Kong) Limited	"	"	(106,276)	(0.29)	"	"	"	8,056	0.13	
Asian Information Technology Inc.	WPG China (SZ) Inc.	"	"	(162,052)	(0.44)	Note 2	Note 2	Note 2	30,265	0.47	
Asian Information Technology Inc.	Apache Communication Inc.	"	"	(688,859)	(1.85)	"	"	"	212,523	3.33	
Asian Information Technology Inc.	Frontek Technology Corporation	"	"	(381,963)	(1.03)	"	"	"	60,634	0.95	
Asian Information Technology Inc.	AIT Japan Inc.	"	"	(1,912,025)	(5.13)	"	"	"	239,110	3.75	
Apache Communication Inc.	Asian Information Technology Inc.	"	"	(817,167)	(2.64)	"	"	"	151,128	4.05	
Apache Communication Inc.	WPI International (Hong Kong) Limited	"	"	(479,224)	(1.55)	"	"	"	11,540	0.31	
Apache Communication Inc.	WPG Electronics (HK) Limited	"	"	(144,739)	(0.47)	"	"	"	29,915	0.80	
Apache Communication Inc.	WPG China (SZ) Inc.	"	"	(146,300)	(0.47)	"	"	"	24,959	0.67	
Frontek Technology Corporation	WPG China Inc.	"	"	(122,254)	(0.58)	"	"	"	26,365	0.78	
Frontek Technology Corporation	Asian Information Technology Inc.	"	"	(400,106)	(1.90)	"	"	"	50,184	1.49	
Frontek Technology Corporation	WPI Internaitonal (Hong Kong) Limited	"	"	(134,962)	(0.64)	"	"	"	123,308	3.67	
Frontek Technology Corporation	WPG Electronics (HK) Limited	"	"	(416,177)	(1.98)	"	"	"	189,539	5.64	
AIT Japan Inc.	Asian Information Technology Inc.	"	"	(1,452,242)	(42.51)	"	"	"	49,518	16.05	
Yosun Industrial Corp.	WPG China Inc.	"	"	(464,559)	(1.40)	Note 6	Note 6	Note 6	99,050	2.39	
Yosun Industrial Corp.	WPG China (SZ) Inc.	"	"	(365,078)	(1.10)	"	"	"	95,397	2.30	
Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	"	"	(4,498,162)	(13.58)	Credit 75 days	Note 5	Note 5	215,636	5.19	
Sertek Incorporated	Yosun Industrial Corp.	"	"	(338,308)	(2.38)	"	"	"	2,110	0.38	
Sertek Incorporated	Yosun Hong Kong Corp. Ltd.	"	"	(510,732)	(3.60)	"	"	"	20,807	3.78	
Yosun Hong Kong Corp. Ltd.	WPG China Inc.	"	"	(3,859,317)	(11.41)	Note 6	Note 6	Note 6	735,562	17.24	
Yosun Hong Kong Corp. Ltd.	Yosun Industrial Corp.	"	"	(653,426)	(1.93)	Credit 75 days	Note 5	Note 5	16,938	0.40	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Footnote	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
Yosun Hong Kong Corp. Ltd.	WPG SCM Limited	Same parent company	Sales	(\$ 391,664)	(1.16)	Credit 60 days	Note 5	Note 5	\$ 21,260	0.50	
Yosun Hong Kong Corp. Ltd.	WPG China (SZ) Inc.	"	"	(1,772,583)	(5.24)	Note 6	Note 6	Note 6	334,975	7.85	
Yosun Hong Kong Corp. Ltd.	RichPower Electronic Devices Co., Limited	"	"	(1,203,173)	(3.56)	Credit 75 days	Note 5	Note 5	49,694	1.16	
Yosun Hong Kong Corp. Ltd.	Yosun Singapore Pte Ltd.	"	"	(136,153)	(0.40)	Credit 75 days	"	"	2,476	0.06	
Yosun Singapore Pte Ltd.	WPG SCM Limited	"	"	(182,140)	(3.85)	Credit 60 days	"	"	14,449	1.49	
Yosun Singapore Pte Ltd.	Yosun Hong Kong Corp. Ltd.	"	"	(482,337)	(10.20)	Credit 75 days	"	"	2,626	0.27	
Richpower Electronic Devices Co., Ltd.	WPG Electronics (HK) Limited	"	"	(1,148,978)	(15.83)	Note 6	Note 6	Note 6	395,509	22.60	
Richpower Electronic Devices Co., Ltd.	RichPower Electronic Devices Co., Limited	"	"	(282,616)	(3.89)	"	"	"	9,459	0.54	
Mec Technology Co., Ltd.	WPG Electronics (HK) Limited	"	"	(299,243)	(12.35)	"	"	"	27,656	23.45	
Mec Technology Co., Ltd.	Richpower Electronic Devices Co., Ltd.	"	"	(325,467)	(13.43)	"	"	"	5,736	4.86	
RichPower Electronic Devices Co., Limited	Richpower Electronic Devices Co., Ltd.	"	"	(112,832)	(1.19)	"	"	"	3,380	0.24	
RichPower Electronic Devices Co., Limited	Yosun Hong Kong Corp. Ltd.	"	"	(262,525)	(2.77)	"	"	"	26,322	1.84	
Peng Yu (Shanghai) Digital Technology Co., Ltd.	WPG Electronics (HK) Limited	"	"	(750,330)	(65.67)	30 days after monthly billings	Note 4	Note 4	87,368	29.20	
WPG China Inc.	WPG China (SZ) Inc.	"	"	(450,740)	(5.45)	90 days after monthly billings	Note 5	Note 5	75,875	4.04	
WPG Americas Inc.	World Peace Industrial Co., Ltd.	"	"	(244,403)	(2.87)	30 days after monthly billings	Note 4	Note 4	17,193	0.63	
WPG Americas Inc.	WPI International (Hong Kong) Limited	"	"	(186,433)	(2.19)	30 days after monthly billings	"	"	10,783	0.39	
WPG South Asia Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	"	"	(456,994)	(81.12)	Note 7	Note 7	Note 7	-	0.00	
WPG South Asia Pte. Ltd.	Yosun Singapore Pte Ltd.	"	"	(105,525)	(18.73)	"	"	"	-	0.00	
WPG Electronics (HK) Limited	World Peace Industrial Co., Ltd.	"	"	(175,822)	(2.17)	"	"	"	-	0.00	
WPG Electronics (HK) Limited	Silicon Application Corp.	"	"	(138,187)	(1.70)	"	"	"	-	0.00	
WPG Electronics (HK) Limited	WPI International (Hong Kong) Limited	"	"	(258,385)	(3.19)	"	"	"	-	0.00	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
WPG Electronics (HK) Limited	Yosun Hong Kong Corp. Ltd.	Same parent company	Sales	(\$ 138,224)	(1.71)	Note 7	Note 7	Note 7	\$ -	0.00	
WPG China (SZ) Inc.	WPG China Inc.	"	"	(418,599)	(3.50)	60 days after monthly billings	Note 5	Note 5	107,527	3.41	

Note 1: As the related party transactions of consolidated subsidiaries exceeding \$100 million are voluminous, the related information disclosed here is from the sales aspect.

Note 2: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 30~120 days from the end of the month of sales.

Note 3: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 30~90 days from the end of the month of sales.

Note 4: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition.

Note 5: Similar to third parties.

Note 6: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 60~120 days from the end of the month of sales.

Note 7: The income arose from the provision of administrative resources and management services, and the sales price and terms were determined by the parties.

WPG Holdings Limited and Subsidiaries
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2016

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2016 (Note 1)	Turnover rate (Note 2)	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 3)	Allowance for doubtful accounts
					Amount	Action taken		
World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	Same parent company	\$ 1,358,530	6.75	\$ -	-	\$ 1,358,530	\$ -
World Peace Industrial Co., Ltd.	WPG Electronics (HK) Limited	"	420,195	4.43	-	-	312,770	-
Genuine C&C (IndoChina) Pte Ltd.	P.T. WPG Electrindo Jaya	Investment under equity method	205,630	3.35	-	-	96,360	-
World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	Same parent company	1,779,019	2.67	-	-	30,036	-
World Peace International (South Asia) Pte Ltd.	WPG C&C Computers and Peripheral (India) Private Limited	"	254,567	5.25	-	-	-	-
WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	"	481,740	13.55	-	-	481,740	-
WPI International (Hong Kong) Limited	World Peace International (South Asia) Pte Ltd.	"	350,460	5.75	-	-	350,460	-
WPI International (Hong Kong) Limited	WPG Electronics (HK) Limited	"	124,296	0.29	-	-	67,645	-
WPI International (Hong Kong) Limited	WPG China (SZ) Inc.	"	876,530	3.25	-	-	577,004	-
WPG C&C Limited	WPI International Trading (Shanghai) Ltd.	"	370,652	4.66	-	-	220,131	-
Silicon Application Corp.	WPG Electronics (HK) Limited	"	766,961	3.21	-	-	628,422	-
Silicon Application Corp.	WPG China (SZ) Inc.	"	282,393	3.29	-	-	182,664	-
Pernas Electronics Co., Ltd.	Everwiner Enterprise Co., Ltd.	"	113,945	4.34	-	-	112,525	-
Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	"	250,672	3.97	-	-	204,708	-
Richpower Electronic Devices Co., Ltd.	WPG Electronics (HK) Limited	"	395,509	2.84	-	-	345,557	-
Asian Information Technology Inc.	Apache Communication Inc.	"	212,523	6.15	-	-	212,523	-
Asian Information Technology Inc.	AIT Japan Inc.	"	239,110	5.14	-	-	239,110	-
Apache Communication Inc.	Asian Information Technology Inc.	"	151,128	9.73	-	-	151,128	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2016 (Note 1)	Turnover rate (Note 2)	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 3)	Allowance for doubtful accounts
					Amount	Action taken		
Frontek Technology Corporation	WPI International (Hong Kong) Limited	Same parent company	\$ 123,308	1.38	\$ -	-	\$ 123,308	\$ -
Frontek Technology Corporation	WPG Electronics (HK) Limited	"	189,539	2.23	-	-	83,028	-
Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	"	215,636	24.85	-	-	215,636	-
Yosun Hong Kong Corp. Ltd.	WPG China Inc.	"	735,562	2.74	-	-	706,581	-
Yosun Hong Kong Corp. Ltd.	WPG China (SZ) Inc.	"	334,975	3.28	-	-	171,241	-
WPG China (SZ) Inc.	WPG China Inc.	"	107,527	5.64	-	-	-	-
WPG Holdings Limited	World Peace Industrial Co., Ltd.	"	155,949	0.00	-	-	-	-
WPG Holdings Limited	Asian Information Technology Inc.	"	107,010	0.00	-	-	-	-
World Peace International Pte Ltd.	World Peace International (South Asia) Pte Ltd.	"	122,745	0.00	-	-	-	-
World Peace International (South Asia) Pte Ltd.	WPG China Inc.	"	326,881	0.00	-	-	-	-
World Peace International (South Asia) Pte Ltd.	WPG Americas Inc.	"	1,952,263	0.00	-	-	-	-
World Peace International (South Asia) Pte Ltd.	WPI International (Hong Kong) Limited	"	646,037	0.00	-	-	245	-
World Peace International (South Asia) Pte Ltd.	WPG South Asia Pte. Ltd.	"	103,175	0.00	-	-	103,175	-
WPI International (Hong Kong) Limited	WPG China Inc.	"	391,483	0.00	-	-	-	-
WPI International (Hong Kong) Limited	WPG C&C Limited	"	498,985	0.00	-	-	498,895	-
AECO Electronic Co., Ltd.	WPI International (Hong Kong) Limited	"	720,986	0.00	-	-	4	-
Silicon Application (BVI) Corp.	Silicon Application Corp.	"	1,264,318	0.00	-	-	-	-
Silicon Application Company Limited	Silicon Application Corp.	"	718,690	0.00	-	-	-	-
Silicon Application Company Limited	WPG Korea Co., Ltd.	"	292,335	0.00	-	-	-	-
Silicon Application Company Limited	WPI International (Hong Kong) Limited	"	552,129	0.00	-	-	-	-
Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	"	151,329	0.00	-	-	-	-
Frontek Technology Corporation	Asian Information Technology Inc.	"	258,776	0.00	-	-	-	-

Table 6, Page 19

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2016 (Note 1)	Turnover rate (Note 2)	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 3)	Allowance for doubtful accounts
					Amount	Action taken		
Sertek Incorporated	Richpower Electronic Devices Co., Ltd.	Same parent company	\$ 194,239	0.00	\$ -	-	\$ -	\$ -
Sertek Limited	WPG Americas Inc.	"	445,123	0.00	-	-	-	-
Yosun Hong Kong Corp. Ltd.	WPG Americas Inc.	"	972,139	0.00	-	-	4,639	-
Giatek Corp. Ltd.	Yosun Hong Kong Corp. Ltd.	"	1,164,423	0.00	-	-	-	-
Yosun South China Corp. Ltd.	WPG China (SZ) Inc.	"	115,703	0.00	-	-	278	-
Yosun Shanghai Corp. Ltd.	WPG China Inc.	"	147,744	0.00	-	-	-	-
Yosun Shanghai Corp. Ltd.	WPG China (SZ) Inc.	"	184,880	0.00	-	-	200	-
Richpower Electronic Devices	Yosun Singapore Pte Ltd.	"	209,959	0.00	-	-	334	-
WPG South Asia Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	"	563,668	0.00	-	-	-	-
WPG Investment Co., Ltd.	WPG Holdings Limited	Parent company	110,782	0.00	-	-	-	-

Note 1: Balance as at December 31, 2016 includes other receivables that exceed \$100,000.

Note 2: Turnover rate of 0.00 was caused by the receivables amount recorded as other receivables, and thus the turnover rate is not applicable.

Note 3: The subsequent collections are amounts collected as of March 28, 2017.

WPG Holdings Limited and Subsidiaries
Significant inter-company transactions during the reporting periods
Year ended December 31, 2016

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	WPG Holdings Limited	World Peace Industrial Co., Ltd.	1	Sales	\$ 283,467	Note 11	0.05
0	WPG Holdings Limited	Asian Information Technology Inc.	1	"	115,311	Note 11	0.02
0	WPG Holdings Limited	Yosun Industrial Corp.	1	"	116,468	Note 11	0.02
1	World Peace Industrial Co., Ltd.	Genuine C&C Inc.	3	"	150,429	Note 11	0.03
1	World Peace Industrial Co., Ltd.	AECO Technology Co., Ltd.	3	"	366,129	Note 5	0.07
1	World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	3	"	16,818,746	Note 5	3.13
1	World Peace Industrial Co., Ltd.	WPG Electronics (HK) Limited	3	"	1,600,930	Note 5	0.30
2	Longview Technology Inc.	WPI International (Hong Kong) Limited	3	"	880,328	Note 5	0.16
3	World Peace International (South Asia) Pte Ltd.	World Peace Industrial Co., Ltd.	3	"	266,153	Note 5	0.05
3	World Peace International (South Asia) Pte Ltd.	Genuine C&C (IndoChina) Pte Ltd.	3	"	663,248	Note 5	0.12
3	World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	3	"	4,580,747	Note 5	0.85
3	World Peace International (South Asia) Pte Ltd.	WPG C&C (Malaysia) Sdn Bhd	3	"	715,340	Note 5	0.13
3	World Peace International (South Asia) Pte Ltd.	WPG C&C (Thailand) Co., Ltd.	3	"	135,979	Note 5	0.03
3	World Peace International (South Asia) Pte Ltd.	WPG C&C Computers and Peripheral (India) Private Limited	3	"	1,307,682	Note 5	0.24
4	WPI International (Hong Kong) Limited	WPG China Inc.	3	"	377,938	Note 5	0.07
4	WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	3	"	5,984,316	Note 5	1.11
4	WPI International (Hong Kong) Limited	Silicon Application Corp.	3	"	257,306	Note 5	0.05
4	WPI International (Hong Kong) Limited	WPG Korea Co., Ltd.	3	"	264,894	Note 5	0.05

							Transaction	
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)	
4	WPI International (Hong Kong) Limited	World Peace International (South Asia) Pte Ltd.	3	Sales	\$ 1,960,859	Note 5	0.37	
4	WPI International (Hong Kong) Limited	WPG SCM Limited	3	"	828,179	Note 5	0.15	
4	WPI International (Hong Kong) Limited	WPI International Trading (Shanghai) Ltd.	3	"	306,523	Note 5	0.06	
4	WPI International (Hong Kong) Limited	WPG Electronics (HK) Limited	3	"	172,686	Note 5	0.03	
4	WPI International (Hong Kong) Limited	WPG China (SZ) Inc.	3	"	2,812,249	Note 5	0.52	
5	WPG C&C Limited	WPI International (Hong Kong) Limited	3	"	656,293	Note 5	0.12	
5	WPG C&C Limited	WPI International Trading (Shanghai) Ltd.	3	"	1,521,911	Note 5	0.28	
6	Long-Think International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	3	"	255,779	Note 5	0.05	
6	Long-Think International (Hong Kong) Limited	Longview Technology Inc.	3	"	198,456	Note 5	0.04	
6	Long-Think International (Hong Kong) Limited	WPI International (Hong Kong) Limited	3	"	377,222	Note 5	0.07	
7	Silicon Application Corp.	WPG SCM Limited	3	"	227,207	Notes 9 and 11	0.04	
7	Silicon Application Corp.	WPI International (Hong Kong) Limited	3	"	151,968	Notes 9 and 11	0.03	
7	Silicon Application Corp.	Pernas Electronics Co., Ltd.	3	"	148,613	Notes 9 and 11	0.03	
7	Silicon Application Corp.	Everwiner Enterprise Co., Ltd.	3	"	111,284	Notes 9 and 11	0.02	
7	Silicon Application Corp.	WPG Electronics (HK) Limited	3	"	2,247,788	Notes 9 and 14	0.42	
7	Silicon Application Corp.	WPG China (SZ) Inc.	3	"	1,016,224	Notes 6 and 9	0.19	
8	Pernas Electronics Co., Ltd.	Everwiner Enterprise Co., Ltd.	3	"	599,194	Notes 9 and 14	0.11	
9	Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	3	"	1,429,457	Notes 9 and 14	0.27	
9	Everwiner Enterprise Co., Ltd.	WPG China (SZ) Inc.	3	"	176,196	Notes 9 and 6	0.03	
10	Asian Information Technology Inc.	Silicon Application Corp.	3	"	197,295	Note 4	0.04	
10	Asian Information Technology Inc.	WPI International (Hong Kong) Limited	3	"	106,276	Note 4	0.02	
10	Asian Information Technology Inc.	WPG China (SZ) Inc.	3	"	162,052	Note 4	0.03	
10	Asian Information Technology Inc.	Apache Communication Inc.	3	"	688,859	Note 4	0.13	
10	Asian Information Technology Inc.	Frontek Technology Corporation	3	"	381,963	Note 4	0.07	
10	Asian Information Technology Inc.	AIT Japan Inc.	3	"	1,912,025	Note 4	0.36	

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							Transaction		
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)		
11	Apache Communication Inc.	Asian Information Technology Inc.	3	Sales	\$ 817,167	Note 4	0.15		
11	Apache Communication Inc.	WPI International (Hong Kong) Limited	3	"	479,224	Note 4	0.09		
11	Apache Communication Inc.	WPG Electronics (HK) Limited	3	"	144,739	Note 4	0.03		
11	Apache Communication Inc.	WPG China (SZ) Inc.	3	"	146,300	Note 4	0.03		
12	Frontek Technology Corporation	WPG China Inc.	3	"	122,254	Note 4	0.02		
12	Frontek Technology Corporation	Asian Information Technology Inc.	3	"	400,106	Note 4	0.07		
12	Frontek Technology Corporation	WPI International (Hong Kong) Limited	3	"	134,962	Note 4	0.03		
12	Frontek Technology Corporation	WPG Electronics (HK) Limited	3	"	416,177	Note 4	0.08		
13	AIT Japan Inc.	Asian Information Technology Inc.	3	"	1,452,242	Note 4	0.27		
14	Yosun Industrial Corp.	WPG China Inc.	3	"	464,559	Notes 7 and 8	0.09		
14	Yosun Industrial Corp.	WPG China (SZ) Inc.	3	"	365,078	Notes 7 and 8	0.07		
14	Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	3	"	4,498,162	Notes 7 and 12	0.84		
15	Sertek Incorporated	Yosun Industrial Corp.	3	"	338,308	Notes 7 and 12	0.06		
15	Sertek Incorporated	Yosun Hong Kong Corp. Ltd.	3	"	510,732	Notes 7 and 12	0.10		
16	Yosun Hong Kong Corp. Ltd.	WPG China Inc.	3	"	3,859,317	Notes 7 and 8	0.72		
16	Yosun Hong Kong Corp. Ltd.	Yosun Industrial Corp.	3	"	653,426	Notes 7 and 12	0.12		
16	Yosun Hong Kong Corp. Ltd.	WPG SCM Limited	3	"	391,664	Notes 7 and 10	0.07		
16	Yosun Hong Kong Corp. Ltd.	WPG China (SZ) Inc.	3	"	1,772,583	Notes 7 and 8	0.33		
16	Yosun Hong Kong Corp. Ltd.	Richpower Electronic Devices Co., Limited	3	"	1,203,173	Notes 7 and 12	0.22		
16	Yosun Hong Kong Corp. Ltd.	Yosun Singapore Pte Ltd.	3	"	136,153	Notes 7 and 12	0.03		
17	Yosun Singapore Pte Ltd.	WPG SCM Limited	3	"	182,140	Notes 7 and 10	0.03		
17	Yosun Singapore Pte Ltd.	Yosun Hong Kong Corp. Ltd.	3	"	482,337	Notes 7 and 12	0.09		
18	Richpower Electronic Devices Co., Ltd.	WPG Electronics (HK) Limited	3	"	1,148,978	Note 8	0.21		
18	Richpower Electronic Devices Co., Ltd.	Richpower Electronic Devices Co., Limited	3	"	282,616	Note 8	0.05		
19	Mec Technology Co., Limited	WPG Electronics (HK) Limited	3	"	299,243	Note 8	0.06		
19	Mec Technology Co., Limited	Richpower Electronic Devices Co., Ltd	3	"	325,467	Note 8	0.06		
20	Richpower Electronic Devices Co., Limited	Richpower Electronic Devices Co., Ltd.	3	"	112,832	Note 8	0.02		

Table 7, Page 23

							Transaction	
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)	
20	Richpower Electronic Devices Co., Limited	Yosun Hong Kong Corp. Ltd.	3	Sales	\$ 262,525	Note 8	0.05	
21	Peng Yu (Shanghai) Digital Technology Co., Ltd.	WPG Electronics (HK) Limited	3	"	750,330	Notes 9 and 11	0.14	
22	WPG China Inc.	WPG China (SZ) Inc.	3	"	450,740	Notes 9 and 14	0.08	
23	WPG Americas Inc.	World Peace Industrial Co., Ltd.	3	"	244,403	Notes 9 and 11	0.05	
23	WPG Americas Inc.	WPI International (Hong Kong) Limited	3	"	186,433	Notes 9 and 11	0.03	
24	WPG South Asia Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	3	"	456,994	Note 10	0.09	
24	WPG South Asia Pte. Ltd.	Yosun Singapore Pte Ltd.	3	"	105,525	Note 10	0.02	
25	WPG Electronics (HK) Limited	World Peace Industrial Co., Ltd.	3	"	175,822	Note 11	0.03	
25	WPG Electronics (HK) Limited	Silicon Application Corp.	3	"	138,187	Note 11	0.03	
25	WPG Electronics (HK) Limited	WPI International (Hong Kong) Limited	3	"	258,385	Note 11	0.05	
25	WPG Electronics (HK) Limited	Yosun Hong Kong Corp. Ltd.	3	"	138,224	Note 11	0.03	
26	WPG China (SZ) Inc.	WPG China Inc.	3	"	418,599	Note 10	0.08	
1	World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	3	Accounts receivable	1,358,530	Note 5	0.76	
1	World Peace Industrial Co., Ltd.	WPG Electronics (HK) Limited	3	"	420,195	Note 5	0.23	
2	World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	3	"	1,779,019	Note 5	0.99	
2	World Peace International (South Asia) Pte Ltd.	WPG C&C Computers and Peripheral (India) Private Limited	3	"	254,567	Note 5	0.14	
3	WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	3	"	481,740	Note 5	0.27	
3	WPI International (Hong Kong) Limited	World Peace International (South Asia) Pte Ltd.	3	"	350,460	Note 5	0.20	
3	WPI International (Hong Kong) Limited	WPG Electronics (HK) Limited	3	"	124,296	Note 5	0.07	
3	WPI International (Hong Kong) Limited	WPG China (SZ) Inc.	3	"	876,530	Note 5	0.49	
4	WPG C&C Limited	WPI International Trading (Shanghai) Ltd.	3	"	370,652	Note 5	0.21	
4	Silicon Application Corp.	WPG Electronics (HK) Limited	3	"	766,961	Note 5	0.43	
4	Silicon Application Corp.	WPG China (SZ) Inc.	3	"	282,393	Notes 6 and 9	0.16	
5	Pernas Electronics Co., Ltd.	Everwiner Enterprise Co., Ltd.	3	"	113,945	Notes 9 and 14	0.06	

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							Transaction		
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)		
6	Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	3	Accounts receivable	\$ 250,672	Notes 9 and 6	0.14		
7	Asian Information Technology Inc.	Apache Communication Inc.	3	"	212,523	Note 4	0.12		
7	Asian Information Technology Inc.	AIT Japan Inc.	3	"	239,110	Note 4	0.13		
8	Apache Communication Inc.	Asian Information Technology Inc.	3	"	151,128	Note 4	0.08		
9	Frontek Technology Corporation	WPI International (Hong Kong) Limited	3	"	123,308	Note 4	0.07		
9	Frontek Technology Corporation	WPG Electronics (HK) Limited	3	"	189,539	Note 4	0.11		
10	Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	3	"	215,636	Notes 7 and 12	0.12		
11	Yosun Hong Kong Corp. Ltd.	WPG China Inc.	3	"	735,562	Notes 7 and 8	0.41		
11	Yosun Hong Kong Corp. Ltd.	WPG China (SZ) Inc.	3	"	334,975	Notes 7 and 8	0.19		
12	Richpower Electronic Devices Co., Ltd.	WPG Electronics (HK) Limited	3	"	395,509	Note 8	0.22		
13	WPG China (SZ) Inc.	WPG China Inc.	3	"	107,527	Notes 9 and 10	0.06		
0	WPG Holdings Limited	World Peace Industrial Co., Ltd.	1	Other receivables	155,949	Note 11	0.09		
0	WPG Holdings Limited	Asian Information Technology Inc.	1	"	107,010	Note 11	0.06		
1	World Peace International Pte Ltd.	World Peace International (South Asia) Pte Ltd.	3	"	122,745	Note 13	0.07		
2	World Peace International (South Asia) Pte Ltd.	WPG China Inc.	3	"	326,881	Note 13	0.18		
2	World Peace International (South Asia) Pte Ltd.	WPG Americas Inc.	3	"	1,952,263	Note 13	1.09		
2	World Peace International (South Asia) Pte Ltd.	WPI International (Hong Kong) Limited	3	"	646,037	Note 13	0.36		
2	World Peace International (South Asia) Pte Ltd.	WPG South Asia Pte. Ltd.	3	"	103,175	Note 15	0.06		
3	WPI International (Hong Kong) Limited	WPG China Inc.	3	"	391,483	Note 13	0.22		
3	WPI International (Hong Kong) Limited	WPG C&C Limited	3	"	498,985	Note 13	0.28		
4	AECO Electronic Co., Ltd.	WPI International (Hong Kong) Limited	3	"	720,986	Note 13	0.40		
5	Silicon Application (BVI) Corp.	Silicon Application Corp.	3	"	1,264,318	Note 13	0.71		
6	Silicon Application Company Limited	Silicon Application Corp.	3	"	718,690	Note 13	0.40		
6	Silicon Application Company Limited	WPG Korea Co., Ltd.	3	"	292,335	Note 13	0.16		

Table 7, Page 25

							Transaction	
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)	
6	Silicon Application Company Limited	WPI International (Hong Kong) Limited	3	Other receivables	\$ 552,129	Note 13	0.31	
7	Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	3	"	151,329	Note 13	0.08	
8	Frontek Technology Corporation	Asian Information Technology Inc.	3	"	258,776	Note 13	0.14	
9	Sertek Incorporated	Richpower Electronic Devices Co., Ltd.	3	"	194,239	Note 13	0.11	
10	Sertek Limited	WPG Americas Inc.	3	"	445,123	Note 13	0.25	
11	Yosun Hong Kong Corp. Ltd.	WPG Americas Inc.	3	"	972,139	Note 13	0.54	
12	Giatek Corp. Ltd.	Yosun Hong Kong Corp. Ltd.	3	"	1,164,423	Note 13	0.65	
13	Yosun South China Corp. Ltd.	WPG China (SZ) Inc.	3	"	115,703	Note 13	0.06	
14	Yosun Shanghai Corp. Ltd.	WPG China Inc.	3	"	147,744	Note 13	0.08	
14	Yosun Shanghai Corp. Ltd.	WPG China (SZ) Inc.	3	"	184,880	Note 13	0.10	
15	Richpower Electronic Devices Pte., Ltd.	Yosun Singapore Pte Ltd.	3	"	209,959	Note 13	0.12	
16	WPG South Asia Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	3	"	563,668	Note 13	0.31	
17	WPG Investment Co., Ltd.	WPG Holdings Limited	2	"	110,782	Note 13	0.06	

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

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

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

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

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

Note 4: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 30~120 days from the end of the month of sales.

Note 5: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 30~90 days from the end of the month of sales.

Note 6: The collection period is 120 days from the end of the month of sales.

Note 7: The terms and sales prices are similar to third parties.

Note 8: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 60~120 days from the end of the month of sales.

Note 9: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition.

Note 10: The collection period is 60 days from the end of the month of sales.

Note 11: The collection period is 30 days from the end of the month of sales.

Note 12: The collection period is 75 days after sale.

Note 13: Mainly accrued financing charges.

Note 14: The collection period is 90 days from the end of the month of sales.

Note 15: The amount pertains mainly to receivables from related parties for collections of sales on behalf of the Company.

WPG Holdings Limited and Subsidiaries

Information on investees

Year ended December 31, 2016

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2016					
				Balance as at December 31, 2016	Balance as at December 31, 2015	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2016	Investment income (loss) recognised by the Company for the year ended December 31, 2016 (Note 1)	Footnote
WPG Holdings Limited	World Peace Industrial Co., Ltd.	Taiwan	Sales of electronic /electrical components	\$ 13,484,384	\$ 13,484,384	981,100,000	100.00	\$ 20,412,332	\$ 2,185,322	\$ 2,185,322	Note 4
WPG Holdings Limited	Asian Information Technology Inc.	Taiwan	Sales of electronic /electrical components	4,063,464	4,063,464	346,812,367	100.00	5,993,227	1,351,453	1,351,453	Note 4
WPG Holdings Limited	Silicon Application Corp.	Taiwan	Sales of computer software, hardware and electronic components	4,717,962	4,717,962	406,570,000	100.00	6,347,038	585,802	585,802	Note 4
WPG Holdings Limited	WPG Electronics Limited	Taiwan	Sales of electronic /electrical components	14,735	14,735	3,920,000	100.00	50,339	8,566	8,566	Note 4
WPG Holdings Limited	WPG Korea Co., Ltd.	South Korea	Sales of electronic /electrical components	169,071	169,071	1,087,794	100.00	396,806	71,482	71,482	Note 4
WPG Holdings Limited	WPG International (CI) Limited	Cayman Islands	Holding company	3,783,583	3,783,583	124,442,727	100.00	3,559,316	153,569	153,569	Note 4
WPG Holdings Limited	Yosun Industrial Corp.	Taiwan	Sales of electronic /electrical components	16,131,691	16,131,691	649,650,000	100.00	17,121,577	1,140,408	1,136,892	Note 4
WPG Holdings Limited	WPG Investment Co., Ltd.	Taiwan	Investment company	502,997	502,997	50,000,000	100.00	457,335 (38,605) (38,605)	Note 4
WPG Holdings Limited	WPG Core Investment Co., Ltd.	Taiwan	Investment company	50,000	45,000	5,000,000	100.00	1,772 (11,947) (11,947)	Note 4
WPG Holdings Limited	Genuine C&C Inc.	Taiwan	Computer and its peripheral equipment	510,041	510,041	35,175,221	44.21	505,693	58,498	24,074	Note 4
World Peace Industrial Co., Ltd.	World Peace International (BVI) Ltd.	British Virgin Islands	Holding company	1,132,162	1,132,162	34,196,393	100.00	3,288,581	256,027		Notes 2 and 5
World Peace Industrial Co., Ltd.	WPI Investment Holding (BVI) Company Ltd.	British Virgin Islands	Holding company	2,774,146	2,774,146	83,179,435	100.00	13,500,948	372,309		Notes 2 and 5

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2016					Footnote
				Balance as at December 31, 2016	Balance as at December 31, 2015	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2016	Investment income (loss) recognised by the Company for the year ended December 31, 2016 (Note 1)	
World Peace Industrial Co., Ltd.	Longview Technology Inc.	Taiwan	Sales of electronic /electrical components	\$ 364,290	\$ 364,290	33,900,000	100.00	\$ 578,620	\$ 63,533		Notes 2 and 5
World Peace Industrial Co., Ltd.	Chainpower Technology Corp.	Taiwan	Sales of electronic /electrical components	66,261	116,650	9,781,452	39.00	152,983	42,321		Notes 2 and 3
World Peace Industrial Co., Ltd.	AECO Technology Co., Ltd.	Taiwan	Sales of electronic /electrical components	1,468,555	1,468,555	94,600,000	100.00	1,709,671	15,454		Notes 2 and 5
World Peace Industrial Co., Ltd.	Genuine C&C Inc.	Taiwan	Computer and its peripheral equipment	149,130	149,130	12,964,098	16.29	172,168	58,498		Notes 2 and 5
Longview Technology Inc.	Longview Technology GC Limited	British Virgin Islands	Holding company	335,328	335,328	11,300,000	100.00	361,629	(22,326)		Notes 2 and 5
Longview Technology Inc.	Long-Think International Co., Ltd.	Taiwan	Sales of electronic /electrical components	37,302	37,302	4,000,000	100.00	51,206	8,763		Notes 2 and 5
AECO Technology Co., Ltd.	Teco Enterprise Holding (BVI) Co., Ltd.	British Virgin Islands	Investment company	436,280	436,280	12,610,000	100.00	796,128	12,367		Notes 2 and 5
Silicon Application Corp.	Silicon Application (BVI) Corp.	British Virgin Islands	Holding company	706,402	706,402	22,000,000	100.00	3,254,171	38,039		Notes 2 and 5
Silicon Application Corp.	Win-Win Systems Ltd.	British Virgin Islands	Holding company	24,015	24,015	765,000	100.00	26,248	52		Notes 2 and 5
Silicon Application Corp.	SAC Components (South Asia) Pte. Ltd.	Singapore	Sales of computer software, hardware and electronic components	104,510	104,510	3,500,000	100.00	115,574	1,352		Notes 2 and 5
Silicon Application Corp.	Win-Win Electronic Corp.	Taiwan	Sales of computer software, hardware and electronic components	-	10,000	-	0.00	-	(219)		Notes 2, 5 and 7
Silicon Application Corp.	Pernas Electronics Co., Ltd.	Taiwan	Sales of electronic /electrical components	959,504	959,504	73,500,000	100.00	1,050,167	141,632		Notes 2 and 5
Asian Information Technology Inc.	Frontek Technology Corporation	Taiwan	Import and export business for electrical components	1,515,256	1,515,256	214,563,352	100.00	2,570,886	175,367		Notes 2 and 5

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2016					Footnote
				Balance as at December 31, 2016	Balance as at December 31, 2015	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2016	Investment income (loss) recognised by the Company for the year ended December 31, 2016 (Note 1)	
Asian Information Technology Inc.	Apache Communication Inc.	Taiwan	Import and export business for electrical components	\$ 680,313	\$ 680,313	157,000,000	100.00	\$ 2,119,328	\$ 383,296		Notes 2 and 5
Asian Information Technology Inc.	Henshen Electric Trading Co., Ltd.	Taiwan	Import and export business for electrical components	124,521	124,521	10,000,000	100.00	122,103	13,364		Notes 2 and 5
Asian Information Technology Inc.	Adivic Technology Co., Ltd.	Taiwan	Import and export business for electrical components	157,200	127,800	13,720,000	49.00	32,446	(57,541)		Notes 2 and 3
Asian Information Technology Inc.	Fame Hall International Co., Ltd.	British Virgin Islands	Investment company	155,558	155,558	4,703,107	100.00	304,914	28,103		Notes 2 and 5
Frontek Technology Corporation	Frontek International Limited	British Virgin Islands	Investment company	101,862	101,862	2,970,000	100.00	125,750	1,213		Notes 2 and 5
Yosun Industrial Corp.	Suntop Investments Limited	Cayman Islands	Investment company	1,812,188	1,812,188	50,700,000	100.00	4,917,098	365,750		Notes 2 and 5
Yosun Industrial Corp.	Sertek Incorporated	Taiwan	Sales of electronic /electrical components	1,616,722	1,616,722	94,828,100	100.00	1,836,839	295,403		Notes 2 and 5
Yosun Industrial Corp.	Pan-World Control Technologies, Inc.	Taiwan	Wholesale of machinery	19,920	19,920	1,660,000	24.24	205	-		Notes 2 and 3
Yosun Industrial Corp.	Eesource Corp.	Taiwan	Sales of electronic components	11,520	11,520	1,080,000	20.00	41,682	62,492		Notes 2 and 3
Yosun Industrial Corp.	Yosun Japan Corp.	Japan	Sales of electronic /electrical components	44,172	44,172	15,015	50.00	37,828	1,993		Notes 2 and 3
Yosun Industrial Corp.	Richpower Electronic Devices Co., Ltd.	Taiwan	Sales of electronic /electrical components	2,092,631	2,092,631	85,000,000	100.00	2,166,635	187,997		Notes 2 and 5
Sertek Incorporated	Sertek Limited	Hong Kong	Sales of electronic /electrical components	83,494	83,494	19,500,000	100.00	451,211	19,877		Notes 2 and 5
Richpower Electronic Devices Co., Ltd.	Richpower Electronic Devices Co., Limited	Taiwan	Sales of electronic components	284,898	284,898	63,000,000	100.00	1,709,739	136,405		Notes 2 and 5
Richpower Electronic Devices Co., Ltd.	Mec Technology Co., Ltd.	Taiwan	Sales of electronic components	401,247	401,247	24,300,000	100.00	434,390	52,581		Notes 2 and 5

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2016				Investment income (loss) recognised by the Company for the year ended December 31, 2016 (Note 1)	Footnote
				Balance as at December 31, 2016	Balance as at December 31, 2015	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2016		
Mec Technology Co., Ltd.	Mec Technology Co., Limited	Hong Kong	Sales of electronic components	\$ 1,092	\$ 1,092	25,000	100.00	\$ 7,256	(\$ 3,426)		Notes 2 and 5
Mec Technology Co., Ltd.	Richpower Electronic Devices Pte., Ltd.	Singapore	Sales of electronic components	1,988	1,988	10,000	100.00	222,819	3,614		Notes 2 and 5
WPG Investment Co., Ltd.	Eesource Corp.	Taiwan	Sales of electronic components	11,520	11,520	1,080,000	20.00	41,076	62,492		Notes 2 and 3
WPG Investment Co., Ltd.	Pan-World Control Technologies, Inc.	Taiwan	Wholesale of machinery	17,800	17,800	1,565,218	22.86	-	-		Notes 2 and 3
WPG Investment Co., Ltd.	Sunrise Technology Co., Ltd.	Taiwan	Manufacturing of computer and its peripheral equipment	50,000	50,000	3,279,800	10.67	66,017	36,973		Notes 2 and 3
WPG Investment Co., Ltd.	Taibao Creation Co., Ltd.	Taiwan	Retail business of other grocery	-	10,000	-	0.00	-	-		Notes 2 and 6
Pernas Electronics Co., Ltd.	Everwiner Enterprise Co., Ltd.	Taiwan	Sales of electronic /electrical components	343,959	343,959	28,000,000	100.00	726,916	86,194		Notes 2 and 5
Pernas Electronics Co., Ltd.	Pernas Enterprise (Samoa) Limited	Samoa	International investment	33,287	33,287	1,000,000	100.00	3,247	(638)		Notes 2 and 5
Genuine C&C Inc.	Hat-Trick Co., Ltd.	Taiwan	Investment and retail business of other grocery	79,999	79,999	8,000,000	100.00	31,576	(7,150)		Notes 2 and 5
Genuine C&C Inc.	Genuine C&C Holding Inc. (Seychelles)	Seychelles	Holding company	163,400	163,400	5,500,000	100.00	86,800	(20,173)		Notes 2 and 5
Genuine C&C Inc.	Taibao Creation Co., Ltd.	Taiwan	Retail business of other grocery	26,995	20,000	4,000,000	100.00	13,966	(1,265)		Notes 2, 5 and 6
Genuine C&C Inc.	Sunrise Technology Co., Ltd.	Taiwan	Manufacturing of computer and its peripheral equipment	12,636	12,636	1,682,151	5.47	14,314	36,973		Notes 2 and 3

Note 1: Investment income (loss) recognised by the company including realised (unrealised) gain or loss from upstream intercompany transactions and amortisation of investment discount (premium).

Note 2: Investment income (loss) recognised by each subsidiary.

Note 3: An investee company accounted for under the equity method by subsidiary.

Note 4: A subsidiary.

Note 5: An indirect subsidiary.

Note 6: On August 1, 2016, WPG Investment Co., Ltd. sold all of its equity interest which was 25% of shares in Taibao Creation Co., Ltd. to Genuine C&C Inc..

Note 7: Win-Win Electronic Corp. has liquidated in December 2016

WPG Holdings Limited and Subsidiaries
Information on investments in Mainland China
Year ended December 31, 2016

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the years ended December 31, 2016		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2016	Net income of investee for the year ended December 31, 2016	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2016 (Note 14)	Book value of investments in Mainland China as of December 31, 2016	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2016	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
WPG China Inc.	Sales of electronic /electrical components	\$ 1,879,530	1	\$ 1,881,398	-	-	\$ 1,881,398	(\$ 49,739)	100.00	(\$ 49,739)	\$ 1,983,027	-	
WPG China (SZ) Inc.	Sales of computer software and electronic components	153,846	1	112,723	-	-	112,723	91,803	100.00	91,803	536,063	-	Note 9
Suzhou Xinning Bonded Warehouse Co., Ltd.	Warehousing services	32,250	1	30,260	-	-	30,260	20,734	49.00	10,160	54,439	-	
Gain Tune Logistics (Shanghai) Co., Ltd.	Sales of electronic /electrical components	40,861	1	15,982	-	-	15,982	19,402	40.00	7,761	34,400	-	
Suzhou Xinning Logistics Co., Ltd.	Warehousing services / extra work	68,242	1	19,826	-	-	19,826	14,725	29.40	4,329	33,633	-	
Shenzhen HQPG Electronic Information Co., Ltd.	Sales, import and export trade of electronic related products	-	1	77,005	-	-	77,005	-	-	-	-	-	Note 13
CECI Technology Co. Ltd.	Business e- commerce platform	1,115,515	1	-	-	-	-	173,908	15.00	16,788	583,371	-	Note 16
WPI International Trading (Shanghai) Ltd.	Sales of electronic /electrical components	214,345	1	20,963	-	-	20,963	(71,615)	100.00	(71,615)	244,721	-	

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the years ended December 31, 2016		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2016	Net income of investee for the year ended December 31, 2016	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2016 (Note 14)	Book value of investments in Mainland China as of December 31, 2016	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2016	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
AIO (Shanghai) Components Company Limited	Sales of electronic /electrical components	\$ 7,643	1	\$ -	-	-	\$ -	\$ 768	100.00	\$ 768	\$ 56,127	-	Note 8
Long-Think International (Shanghai) Limited	Sales of electronic /electrical components	15,288	1	143,490	-	-	143,490	2,935	100.00	(54,389)	99,917	-	Note 7
AECO Electronic (Ningbo) Co., Ltd.	International trade of electronic components and products	138,996	1	126,420	-	-	126,420	(19)	100.00	(19)	57,174	-	
WPI International Trading (Shenzhen) Ltd.	Sales of electronic /electrical components	-	1	103,200	-	-	103,200	-	-	-	-	-	Note 12
Silicon Application (Shanghai) Ltd.	Sales of computer software and electronic components	-	1	7,069	-	-	7,069	-	-	-	-	-	Note 3
Silicon Application (Wuhon) Ltd.	Sales of computer software and electronic components	-	1	6,853	-	-	6,853	-	-	-	-	-	Note 5
Sertek (Shanghai) Limited	Sales of electronic components	-	1	-	-	-	-	(47)	100.00	(47)	-	-	Note 17
Yosun Shanghai Corp. Ltd.	Sales of electronic components and warehousing services	248,328	1	248,328	-	-	248,328	8,456	100.00	8,456	364,593	-	
Yosun South China Corp. Ltd.	Sales of electronic /electrical components	138,675	1	-	-	-	-	5,111	100.00	5,111	205,211	-	
Software World Limited	Sales of electronic /electrical components	-	1	5,966	-	-	5,966	-	-	-	-	-	Note 4

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the years ended December 31, 2016		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2016	Net income of investee for the year ended December 31, 2016	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2016 (Note 14)	Book value of investments in Mainland China as of December 31, 2016	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2016	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Mec Technology (Shanghai) Co., Ltd.	Sales of electronic /electrical components	\$ -	1	\$ 16,125	-	-	\$ 16,125	\$ -	-	\$ -	\$ -	-	Note 2
Qegoo Technology Co., Ltd.	Business e-commerce platform	59,663	1	5,171	-	-	5,171	-	15.00	-	5,171	-	
World Components Agent (Shanghai) Inc.	Sales of electronic components	6,450	1	6,450	-	-	6,450	(638)	100.00	(638)	3,225	-	
Arise Component Corp.	Sales of electronic components	-	1	25,800	-	-	25,800	-	-	-	-	-	Note 6
Dalian Kaiyuan Innovations Digital Co., Ltd.	Development, import, export and sales of software and electronic products	-	1	25,009	-	-	25,009	-	-	-	-	-	Note 18
Peng Yu (Shanghai) Digital Technology Co., Ltd	Sales of electronic products	71,564	1	43,022	-	-	43,022	40,645	55.00	22,348	63,721	-	
Hubei Xinsheng Technology Management Co., Ltd.	Sales of electronic products and peripherals	-	1	75,987	-	-	75,987	(30,748)	-	(19,547)	-	-	Note 15

Note 1: Through investing in an existing company in the third area, which then invested in the investee in Mainland China, is '1'.

Note 2: It was liquidated in March, 2011.

Note 3: It was liquidated in the fourth quarter of 2009.

Note 4: It was liquidated in December, 2008.

Note 5: It was liquidated in November, 2007.

Note 6: It was liquidated in December, 2011.

Note 7: Long View Technology Inc. held investments in Mainland China 100% ownership of Long-Think International Trading (Shanghai) Limited through third district transfer investment of British Virgin Islands-Long Think International (HK) as of August 31, 2012. The investment had been permitted by Investment Commission.

Note 8: WPI International (Hong Kong) Limited acquired AIO Components Company Limited as of July 1, 2010, and AIO (Shanghai) Company Limited became the Company's indirect subsidiary. The investment of USD 469 thousand in AIO (Shanghai) Company Limited had been permitted by Investment Commission.

Note 9: WPG International (Hong Kong) Limited invested in WPG (Shenzhen) Inc. in the amount of HKD 10 million, which is part of the distribution of earnings from WPG China Inc. The investment had been permitted by Investment Commission, was excluded from the ceiling of investment amount in Mainland China.

Note 10: For paid-in capital, amount remitted from Taiwan to Mainland China/ amount remitted back to Taiwan for the year ended December 31, 2016, accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2016, book value of investments in Mainland China as of December 31, 2016, accumulated amount of investment income remitted back to Taiwan as of December 31, 2016, etc., the exchange rates used were USD 1: NTD 32.25, HKD 1: NTD 4.158 and RMB 1: NTD 4.617.

Note 11: The ending balance of investment was calculated based on combined ownership percentage held by the Company.

Note 12: It was liquidated in September 2015.

Note 13: Shenzhen HQPG Electronic Information Co., Ltd. was disposed in August 2015.

Note 14: The investment income/loss for the year ended December 31, 2016 that was recognised by the Company was based on the financial statements audited by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

Note 15: On August 1, 2016, Genuine Trading (Hong Kong) Company Limited sold all of its equity interest which was 83.33% of shares in Hubei Xinsheng Technology Investment Management Co., Ltd.

Note 16: In August 2016, WPG China Inc. gained 15% of shares in the investee with its own capital.

Note 17: It was liquidated in August 2016.

Note 18: In December 2015, Genuine C&C Holding Inc. (Seychelles) has sold Dalian Kaiyuan Innovation Digital Co., Ltd. and the transaction amounted to RMB\$2,150 thousand.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2016	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
WPG Holdings Limited	\$ 2,137,194	\$ 2,246,302	\$ 30,190,469
World Peace Industrial Co., Ltd.	267,652	626,152	12,268,347
AECO Technology Co., Ltd.	126,420	126,420	662,979
Silicon Application Corp.	13,922	20,242	3,808,223
Yosun Industrial Corp.	248,328	476,139	7,379,477
Sertek Incorporated	-	80,625	924,851
Richpower Electronic Devices Co., Ltd.	22,091	16,125	1,299,981
WPG Investment Co., Ltd.	5,171	15,751	274,401
Pernas Electronics Co., Ltd.	32,250	32,250	622,304
Genuine C&C Inc.	144,018	142,842	665,308

(1) Exchange rates as of December 31, 2016 were USD 1: NTD 32.25, HKD 1 : NTD 4.158 and RMB 1 : NTD 4.617.

(2) The ceiling of investment amount of the company is calculated based on the investor's net assets.

(3) Richpower Electronic Devices Co., Ltd. had cancelled USD 185 thousand of the investment amount from Investment Commission. Since the investee had been liquidated but the investment was not yet remitted back, the investment amount was included in the accumulated amount remitted out of Taiwan to Mainland China.