WPG HOLDINGS LIMITED AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

MARCH 31, 2017 AND 2016

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

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of WPG Holdings Limited

We have reviewed the accompanying consolidated balance sheets of WPG Holdings Limited and subsidiaries as of March 31, 2017 and 2016, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

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

As explained in Notes 4(3)2 and 6(10), we did not review the financial statements of certain insignificant consolidated subsidiaries and investments accounted for under equity method, which statements reflect total assets (including long-term equity investments accounted for under the equity method) of $18,542,650 thousand and $21,333,688 thousand, constituting 10% and 13% of the consolidated total assets, and total liabilities of $9,031,553 thousand and $9,569,177 thousand, constituting 7% and 8% of the consolidated total liabilities as of March 31, 2017 and 2016, respectively, and total comprehensive income (including other comprehensive income of associates and joint ventures accounted for under equity method) of $88,626 thousand and $96,219 thousand, constituting (4%) and 33% of the consolidated total comprehensive (loss) income for the three months then ended, respectively. These amounts and the information disclosed in Note 13 were based solely on the unreviewed financial statements of these companies as of March 31, 2017 and 2016.

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain insignificant consolidated subsidiaries, investments accounted for under equity method and the information disclosed in Note 13 been audited or reviewed by independent accountants, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers", and IAS 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

Chou Tseng, Hui-Chin　　　　Lin, Chun-Yao

For and on behalf of PricewaterhouseCoopers, Taiwan

May 5, 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
MARCH 31, 2017, DECEMBER 31, 2016 AND MARCH 31, 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2017 AND 2016 ARE REVIEWED, NOT AUDITED IN CONFORMITY WITH R.O.C. GAAS)

		March 31, 2017		December 31, 2016		March 31, 2016	
ASSETS	Notes	Amount	%	Amount	%	Amount	%
Current assets							
Cash and cash equivalents	6(1)	$ 7,002,190	4	$ 8,456,912	5	$ 9,449,692	6
Financial assets at fair value through profit or loss - current	6(2)	14,138	-	38,458	-	36,058	-
Available-for-sale financial assets - current	6(3)	24,984	-	23,107	-	23,997	-
Notes receivable, net	6(4)	3,847,253	2	7,573,363	4	5,812,703	4
Accounts receivable, net	6(5)	76,048,546	43	84,973,871	47	71,015,329	42
Accounts receivable - related parties, net	7(3)	217,174	-	229,918	-	269,008	-
Other receivables	6(7)	10,506,070	6	11,199,852	6	7,829,141	5
Other receivables - related parties	7(3)	24,850	-	23,419	-	119,269	-
Current income tax assets		60,003	-	213,314	-	107,289	-
Inventories	6(8)	62,923,262	35	49,927,165	28	55,952,649	33
Prepayments		1,211,564	1	1,260,716	1	2,072,202	1
Other current assets	8	1,025,444	1	1,350,639	1	1,361,898	1
		162,905,478	92	165,270,734	92	154,049,235	92
Non-current assets							
Available-for-sale financial assets – non-current	6(3) and 8	355,950	-	331,974	-	358,216	-
Financial assets carried at cost – non-current	6(9)	539,016	-	508,479	-	467,903	-
Investments in debt instrument without active market - non-current		-	-	-	-	5,000	-
Investments accounted for under equity method	6(10)	1,061,421	1	1,132,325	1	586,692	-
Property, plant and equipment	6(11) and 8	4,197,641	2	4,278,658	3	4,665,422	3
Investment property - net	6(12) and 8	1,176,597	1	1,217,131	1	1,076,589	1
Intangible assets	6(13)	5,579,240	3	5,599,944	3	5,664,323	4
Deferred income tax assets		339,850	-	347,333	-	359,857	-
Other non-current assets	6(14) and 8	968,113	1	328,368	-	360,004	-
		14,217,828	8	13,744,212	8	13,544,006	8
TOTAL ASSETS		$ 177,123,306	100	$ 179,014,946	100	$ 167,593,241	100

(Continued)

WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2017, DECEMBER 31, 2016 AND MARCH 31, 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2017 AND 2016 ARE REVIEWED, NOT AUDITED IN CONFORMITY WITH R.O.C. GAAS)

		March 31, 2017		December 31, 2016		March 31, 2016	
LIABILITIES AND EQUITY	Notes	Amount	%	Amount	%	Amount	%
Current Liabilities							
Short-term borrowings	6(15)	$ 51,986,775	29	$ 52,854,073	29	$ 42,646,820	25
Short-term notes and bills payable	6(16)	5,046,142	3	4,202,919	2	4,027,410	2
Financial liabilities at fair value through profit or loss - current	6(2)	23,569	-	5,686	-	16,760	-
Notes payable		484,085	-	415,080	-	1,185,153	1
Accounts payable		48,808,292	28	47,829,951	27	45,088,509	27
Accounts payable - related parties	7(3)	1,304	-	12,679	-	128	-
Other payables		3,885,289	2	4,542,499	3	4,566,434	3
Current income tax liabilities		959,376	1	670,663	-	1,208,809	1
Other current liabilities	6(17)(18)	10,800,613	6	11,753,868	7	2,660,998	1
		121,995,445	69	122,287,418	68	101,401,021	60
Non-current Liabilities							
Bonds payable	6(17)	-	-	-	-	5,895,362	4
Long-term borrowings	6(18)	5,086,507	3	5,196,441	3	10,626,781	6
Deferred income tax liabilities		411,229	-	432,481	-	426,649	-
Other non-current liabilities		742,848	-	781,157	1	670,261	1
		6,240,584	3	6,410,079	4	17,619,053	11
Total Liabilities		128,236,029	72	128,697,497	72	119,020,074	71
Equity Attributable to Owners of Parent							
Capital	1 and 6(20)						
Common stock		17,409,631	10	17,238,954	10	16,557,092	10
Certificates of bond conversion		9,378	-	2,938	-	-	-
Capital reserve	6(21)						
Capital reserve		17,347,630	10	16,901,053	9	15,187,281	9
Retained earnings	6(22)						
Legal reserve		4,012,785	2	4,012,785	2	3,470,739	2
Unappropriated earnings	6(30)	12,580,157	7	10,734,088	6	11,557,929	7
Other equity interest							
Other equity interest	6(23)	(3,004,753)	(1)	908,063	1	1,282,717	1
Treasury share							
Treasury share	6(20)	-	-	-	-	(1,354)	-
Total equity attributable to owners of parent		48,354,828	28	49,797,881	28	48,054,404	29
Non-controlling interest		532,449	-	519,568	-	518,763	-
Total equity		48,887,277	28	50,317,449	28	48,573,167	29
Significant contingent liabilities and unrecognised contract commitments	9						
TOTAL LIABILITIES AND EQUITY		$ 177,123,306	100	$ 179,014,946	100	$ 167,593,241	100

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

WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)
(UNAUDITED)

Items	Notes	2017 Amount	2017 %	2016 Amount	2016 %
Operating revenues	6(24) and 7(3)	$ 118,973,592	100	$ 121,532,749	100
Operating costs	6(8) and 7(3)	(113,805,468)	(96)	(116,361,138)	(96)
Gross profit		5,168,124	4	5,171,611	4
Operating expenses	6(28)(29) and 7(3)				
Selling and marketing		(2,068,632)	(2)	(1,982,702)	(2)
General and administrative		(838,175)	-	(1,093,489)	(1)
Total operating expenses		(2,906,807)	(2)	(3,076,191)	(3)
Operating income		2,261,317	2	2,095,420	1
Non-operating income and expenses					
Other income	6(25)	304,926	-	73,108	-
Other gains or losses	6(26)	101,837	-	126,772	-
Financial costs	6(27)	(405,297)	-	(397,762)	-
Share of (loss) profit of associates and joint ventures accounted for under equity method		(2,120)	-	4,981	-
Total non-operating income and expenses		(654)	-	(192,901)	-
Income before income tax		2,260,663	2	1,902,519	1
Income tax expense	6(30)	(394,596)	-	(342,148)	-
Consolidated net income		$ 1,866,067	2	$ 1,560,371	1
Other comprehensive income					
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
Exchange differences on translation of foreign financial statements		($ 3,904,766)	(3)	($ 1,306,622)	(1)
Unrealised gain on available-for-sale financial assets	6(23)	27,933	-	23,965	-
Share of other comprehensive (loss) profit of associates and joint ventures accounted for using equity method		(45,649)	-	1,091	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(30)	2,549	-	9,013	-
Total components of other comprehensive loss that will be reclassified to profit or loss		(3,919,933)	(3)	(1,272,553)	(1)
Total other comprehensive loss, net		($ 3,919,933)	(3)	($ 1,272,553)	(1)
Total comprehensive (loss) income		($ 2,053,866)	(1)	$ 287,818	-

(Continued)

WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)
(UNAUDITED)

		2017		2016	
Items	Notes	Amount	%	Amount	%
Consolidated net income attributable to:					
Owners of parent		$ 1,846,069	2	$ 1,555,052	1
Non-controlling interests		19,998	-	5,319	-
		$ 1,866,067	2	$ 1,560,371	1
Comprehensive (loss) income attributable to:					
Owners of parent		($ 2,066,747)	(1)	$ 283,993	-
Non-controlling interests		12,881	-	3,825	-
		($ 2,053,866)	(1)	$ 287,818	-
Earnings per share (in dollars)	6(31)				
Basic earnings per share		$ 1.07		$ 0.94	
Diluted earnings per share		$ 1.02		$ 0.87	

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

WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

		Equity attributable to owners of the parent										
		Capital			Retained Earnings		Other Equity Interest					
	Notes	Common stock	Certificates of bond conversion	Capital reserve	Legal 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
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
Changes in capital reserve	6(21)	-	-	103	-	-	-	-	-	103	-	103
Market fluctuation of treasury stocks received through acquisition of subsidiary	6(20)	-	-	-	-	-	-	-	(112)	(112)	-	(112)
Total consolidated profit		-	-	-	-	1,555,052	-	-	-	1,555,052	5,319	1,560,371
Net other comprehensive income (loss)	6(23)	-	-	-	-	-	(1,295,024)	23,965	-	(1,271,059)	(1,494)	(1,272,553)
Effect of changes in consoliated entities		-	-	-	-	-	-	-	-	-	(32,400)	(32,400)
Balance at March 31, 2016		$ 16,557,092	$ -	$ 15,187,281	$ 3,470,739	$ 11,557,929	$ 1,279,726	$ 2,991	($ 1,354)	$ 48,054,404	$ 518,763	$ 48,573,167
2017												
Balance at January 1, 2017		$ 17,238,954	$ 2,938	$ 16,901,053	$ 4,012,785	$ 10,734,088	$ 918,151	($ 10,088)	$ -	$ 49,797,881	$ 519,568	$ 50,317,449
Exercise of convertible bonds		170,677	6,440	446,577	-	-	-	-	-	623,694	-	623,694
Total consolidated profit		-	-	-	-	1,846,069	-	-	-	1,846,069	19,998	1,866,067
Net other comprehensive income (loss)	6(23)	-	-	-	-	-	(3,940,743)	27,927	-	(3,912,816)	(7,117)	(3,919,933)
Balance at March 31, 2017		$ 17,409,631	$ 9,378	$ 17,347,630	$ 4,012,785	$ 12,580,157	($ 3,022,592)	$ 17,839	$ -	$ 48,354,828	$ 532,449	$ 48,887,277

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

WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

	Notes	2017	2016
Cash flows from operating activities			
Income before income tax		$ 2,260,663	$ 1,902,519
Adjustments to reconcile consolidated net income to net cash provided by (used in) operating activities:			
Income and expenses			
Depreciation	6(28)	54,449	60,314
Amortisation	6(13)(28)	7,129	10,683
(Reversal of provision) provision for bad debts	6(25)	(234,063)	62,834
Interest expense	6(27)	350,967	331,046
Net loss on financial assets or liabilities at fair value through profit or loss	6(26)	28,836	13,670
Interest income	6(25)	(5,713)	(7,179)
Dividend income	6(25)	-	(9,565)
Share of loss (profit) of associates and joint ventures accounted for under equity method		2,120	(4,981)
Loss on disposal of property, plant and equipment and investment property	6(26)	138	294
Gain on disposal of investments	6(26)	-	(98)
Amortisation of bond discount	6(17)(27)	11,597	19,979
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		13,367	2,579
Notes receivable, net		3,724,153	699,273
Accounts receivable, net		9,161,345	14,150,520
Accounts receivable - related parties, net		12,744	50,050
Other receivables		717,296	1,233,096
Other receivables - related parties		(1,431)	(23,393)
Inventories		(12,996,097)	(5,692,960)
Prepayments		49,152	728,412
Other current assets		(8,990)	(3,334)
Changes in liabilities relating to operating activities			
Notes payable		69,005	457,459
Accounts payable		978,341	727,820
Accounts payable - related parties		(11,375)	(1,993)
Other payables		(637,117)	(445,925)
Other current liabilities		85,667	100,932
Other non-current liabilities		(36,008)	(31,764)
Cash inflow generated from operations		3,596,175	14,330,288
Interest paid		(371,060)	(377,517)
Income tax paid		-	(19,003)
Interest received		5,334	17,019
Income tax refund		4,116	-
Dividends received		-	13,845
Net cash provided by operating activities		3,234,565	13,964,632

(Continued)

WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

	Notes	2017	2016
Cash flows from investing activities			
Acquisition of financial assets carried at cost - non-current		($ 33,035)	$ -
Proceeds from disposal of available-for-sale financial assets - current		-	12,042
Proceeds from disposal of property, plant and equipment		165	1,381
Acquisition of property, plant and equipment and intangible assets	6(32)	(660,107)	(31,001)
Disposal of subsidiaries	6(32)	-	(29,939)
Increase in refundable deposits		(848)	(10,730)
Decrease in refundable deposits		4,304	34,125
Decrease (increase) in other financial assets - current - net		334,185	(58,833)
Increase in other financial assets - non-current		(20,092)	-
Decrease in other financial assets - non-current		12,553	-
Decrease in other non-current assets		3,682	9,827
Net cash used in investing activities		(359,193)	(73,128)
Cash flows from financing activities			
Increase in short-term borrowings		164,728,124	200,588,047
Decrease in short-term borrowings		(165,768,804)	(212,464,059)
Increase in long-term borrowings (including current portion of long-term liabilities)		3,500,000	4,419,894
Decrease in long-term borrowings (including current portion of long-term liabilities)		(3,863,374)	(5,447,085)
Increase in short-term notes and bills payable		9,337,199	6,421,160
Decrease in short-term notes and bills payable		(8,493,976)	(6,101,947)
Increase in guarantee deposit received		6,066	915
Decrease in guarantee deposit received		(2,586)	(2,446)
Net cash used in financing activities		(557,351)	(12,585,521)
Effect of exchange rate changes on cash and cash equivalents		(3,772,743)	(1,302,933)
Net (decrease) increase in cash and cash equivalents		(1,454,722)	3,050
Cash and cash equivalents at beginning of period		8,456,912	9,446,642
Cash and cash equivalents at end of period		$ 7,002,190	$ 9,449,692

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

WPG HOLDINGS LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)
(UNAUDITED)

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 March 31, 2017, the Company had issued capital of $17,409,631 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 as reported to the Board of Directors were issued on May 5, 2017.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments 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.

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

None.

(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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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" and the International Accounting Standards 34, 'Interim financial reporting' endorsed by the FSC.

(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 with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its 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 (%) March 31, 2017	Ownership (%) December 31, 2016	Ownership (%) March 31, 2016	Note
WPG Holdings Limited	World Peace Industrial Co., Ltd.	Agent and sales of electronic / electrical components	100.00	100.00	100.00	
WPG Holdings Limited	Silicon Application Corporation	Sales of computer software and electronic products	100.00	100.00	100.00	
WPG Holdings Limited	WPG Korea Co., Ltd.	Agent and sales of electronic / electrical components	100.00	100.00	100.00	Notes 14 and 15
WPG Holdings Limited	WPG Electronic Ltd.	Agent and sales of electronic / electrical components	100.00	100.00	100.00	Notes 14 and 15
WPG Holdings Limited	WPG International (CI) Limited	Holding company	100.00	100.00	100.00	Notes 14 and 15
WPG Holdings Limited	Asian Information Technology Inc.	Sales of electronic / electrical components	100.00	100.00	100.00	
WPG Holdings Limited	Yosun Industrial Corp.	〃	100.00	100.00	100.00	
WPG Holdings Limited	WPG Investment Co., Ltd.	Investment company	100.00	100.00	100.00	Notes 14 and 15
WPG Holdings Limited	WPG Core Investment Co., Ltd.	〃	100.00	100.00	100.00	Notes 14 and 15
WPG Holdings Limited	Genuine C&C Inc.	Sales of computer and its peripherals	44.21	44.21	44.21	Note 2
World Peace Industrial Co., Ltd.	World Peace International (BVI) Ltd.	Holding company	100.00	100.00	100.00	Notes 14 and 15
World Peace Industrial Co., Ltd.	WPI Investment Holding (BVI) Company Ltd.	〃	100.00	100.00	100.00	
World Peace Industrial Co., Ltd.	Longview Technology Inc.	Agent and sales of electronic / electrical components	100.00	100.00	100.00	Notes 14 and 15
World Peace Industrial Co., Ltd.	AECO Technology Co., Ltd.	〃	100.00	100.00	100.00	Notes 14 and 15
World Peace Industrial Co., Ltd.	Genuine C&C Inc.	Sales of computer and its peripherals	16.29	16.29	16.29	Note 2

Name of investment company	Name of subsidiaries	Main activities	Ownership (%) March 31, 2017	Ownership (%) December 31, 2016	Ownership (%) March 31, 2016	Note
AECO Technology Co., Ltd.	Teco Enterprise Holding (B.V.I.) Co., Ltd.	Investment company	100.00	100.00	100.00	Notes 14 and 15
Teco Enterprise Holding (B.V.I.) Co., Ltd.	AECO Electronic Co., Ltd.	Trading of electronic / electrical products	100.00	100.00	100.00	Notes 14 and 15
AECO Electronic Co., Ltd.	AECO Electronic (Ningbo) Co., Ltd.	〃	100.00	100.00	100.00	Notes 14 and 15
World Peace International (BVI) Ltd.	Prime Future Technology Limited	Holding company	100.00	100.00	100.00	Notes 14 and 15
Prime Future Technology Limited	World Peace International Pte. Ltd.	〃	100.00	100.00	100.00	Notes 14 and 15
World Peace International Pte. Ltd.	Genuine C&C (IndoChina) Pte., Ltd.	Agent and sales of electronic / electrical components	80.00	80.00	80.00	Notes 14 and 15
World Peace International Pte. Ltd.	WPG Americas Inc.	〃	4.31	4.31	4.31	Note 3
World Peace International Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	〃	100.00	100.00	100.00	
World Peace International Pte. Ltd.	Genuine C&C (South Asia) Pte., Ltd.	〃	0.00	100.00	100.00	Notes 13 and 14
World Peace International (South Asia) Pte Ltd.	World Peace International (India) Pvt., Ltd.	〃	100.00	100.00	100.00	Notes 14 and 15
World Peace International (South Asia) Pte Ltd.	WPG C&C (Malaysia) Sdn. Bhd	〃	100.00	100.00	100.00	Notes 14 and 15
World Peace International (South Asia) Pte Ltd.	WPG C&C (Thailand) Co., Ltd.	Agent and sales of information products	100.00	100.00	100.00	Notes 4, 14 and 15
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	100.00	Notes 14 and 15
WPI Investment Holding (BVI) Company Ltd.	WPI International (Hong Kong) Limited	〃	100.00	100.00	100.00	

Name of investment company	Name of subsidiaries	Main activities	Ownership (%) March 31, 2017	Ownership (%) December 31, 2016	Ownership (%) March 31, 2016	Note
WPI Investment Holding (BVI) Company Ltd.	World Peace International (Asia) Limited	Agent and sales of electronic / electrical components	100.00	100.00	100.00	Notes 14 and 15
WPI International (Hong Kong) Limited	WPI International Trading (Shanghai) Ltd.	Agent and sales of information products	100.00	100.00	100.00	Notes 14 and 15
WPI International (Hong Kong) Limited	WPG C&C Limited	〃	100.00	100.00	100.00	
WPI International (Hong Kong) Limited	AIO Components Company Limited	Agent and sales of electronic / electrical components	100.00	100.00	100.00	Notes 14 and 15
AIO Components Company Limited	AIO (Shanghai) Components Company Limited	〃	100.00	100.00	100.00	Notes 14 and 15
WPG C&C Limited	Genuine Trading (Hong Kong) Company Limited	〃	0.00	0.00	24.71	Notes 7 and 14
Longview Technology Inc.	Longview Technology GC Limited	Holding company	100.00	100.00	100.00	Notes 14 and 15
Longview Technology Inc.	Long-Think International Co., Ltd.	Agent and sales of electronic / electrical components	100.00	100.00	100.00	Notes 14 and 15
Longview Technology GC Limited	Long-Think International (Hong Kong) Limited	〃	100.00	100.00	100.00	Notes 14 and 15
Long-Think International (Hong Kong) Limited	Long-Think International (Shanghai) Limited	Agent and sales of electronic / electrical components	100.00	100.00	100.00	Notes 14 and 15
Silicon Application Corporation	Silicon Application (BVI) Corp.	Holding company	100.00	100.00	100.00	Notes 14 and 15
Silicon Application Corporation	Win-Win Systems Ltd.	〃	100.00	100.00	100.00	Notes 14 and 15
Silicon Application Corporation	SAC Components (South Asia) Pte. Ltd.	Sales of computer software and electronic products	100.00	100.00	100.00	Notes 14 and 15
Silicon Application Corporation	Win-Win Electronic Corp.	〃	0.00	0.00	100.00	Notes 12 and 14

Name of investment company	Name of subsidiaries	Main activities	Ownership (%) March 31, 2017	December 31, 2016	March 31, 2016	Note
Silicon Application Corporation	Pernas Electronic Co., Ltd.	Agent and sales of electronic / electrical components	100.00	100.00	100.00	Notes 14 and 15
Pernas Electronics Co., Ltd.	Everwiner Enterprise Co., Ltd.	Agent and sales of electronic / electrical components	100.00	100.00	100.00	
Pernas Electronics Co., Ltd.	Pernas Enterprise (Samoa) Limited	International investment	100.00	100.00	100.00	Notes 14 and 15
Pernas Enterprise (Samoa) Limited	World Components Agent (Shanghai) Inc.	Sales of electronic / electrical products	100.00	100.00	100.00	Notes 14 and 15
Silicon Application (BVI) Corp.	Silicon Application Company Limited	Sales of computer software and electronic products	100.00	100.00	100.00	Notes 14 and 15
Silicon Application Company Limited	Dstar Electronic Company Limited	〃	100.00	100.00	100.00	Notes 14 and 15
WPG Korea Co., Ltd.	Apache Communication Inc. (B.V.I.)	Investment company	100.00	100.00	100.00	Notes 14 and 15
Apache Communication Inc. (B.V.I.)	Apache Korea Corp.	Sales of electronic / electrical products	100.00	100.00	100.00	Notes 14 and 15
WPG International (CI) Limited	WPG International (Hong Kong) Limited	Holding company	100.00	100.00	100.00	Notes 14 and 15
WPG International (CI) Limited	WPG Americas Inc.	Agent and sales of electronic / electrical components	95.69	95.69	95.69	Note 3
WPG International (CI) Limited	WPG South Asia Pte. Ltd.	Sales of electronic / electrical products	100.00	100.00	100.00	Notes 14 and 15
WPG International (CI) Limited	WPG Cloud Service Limited	General trading	100.00	100.00	100.00	Notes 14 and 15
WPG International (CI) Limited	WPG Gain Tune Ltd.	Agent for selling electronic / electrical components	60.00	60.00	60.00	Notes 14 and 15
WPG International (Hong Kong) Limited	WPG Electronics (Hong Kong) Limited	〃	100.00	100.00	100.00	Notes 14 and 15
WPG International (Hong Kong) Limited	WPG China Inc.	〃	100.00	100.00	100.00	

Name of investment company	Name of subsidiaries	Main activities	Ownership (%) March 31, 2017	Ownership (%) December 31, 2016	Ownership (%) March 31, 2016	Note
WPG International (Hong Kong) Limited	WPG China (SZ) Inc.	Sales of computer software and electronic products	100.00	100.00	100.00	
WPG South Asia Pte. Ltd.	WPG Malaysia Sdn. Bhd	Agent and sales of electronic / electrical components	100.00	100.00	100.00	Notes 14 and 15
WPG South Asia Pte. Ltd.	WPG (Thailand) Co., Ltd.	〃	100.00	100.00	100.00	Notes 6, 14 and 15
WPG South Asia Pte. Ltd.	WPG India Electronics Pvt. Ltd.	〃	99.99	99.99	99.99	Notes 9, 14 and 15
WPG South Asia Pte. Ltd.	WPG Electronics (Philippines) Inc.	〃	100.00	100.00	100.00	Notes 5, 14 and 15
WPG South Asia Pte. Ltd.	WPG SCM Limited	〃	100.00	100.00	100.00	Notes 14 and 15
WPG Malaysia Sdn. Bhd	WPG India Electronics Pvt. Ltd.	〃	0.01	0.01	0.01	Notes 9, 14 and 15
Asian Information Technology Inc.	Apache Communication Inc.	Sales of electronic / electrical products	100.00	100.00	100.00	
Asian Information Technology Inc.	Henshen Electric Trading Co., Ltd.	〃	100.00	100.00	100.00	Notes 14 and 15
Asian Information Technology Inc.	Frontek Technology Corporation	〃	100.00	100.00	100.00	
Asian Information Technology Inc.	Fame Hall International Co., Ltd.	Investment company	100.00	100.00	100.00	Notes 14 and 15
Frontek Technology Corporation	Frontek International Limited	〃	100.00	100.00	100.00	Notes 14 and 15
Fame Hall International Co., Ltd.	AIT Japan Inc.	Sales of electronic / electrical products	100.00	100.00	100.00	Notes 14 and 15
Frontek International Limited	AITG Electronic Limited	Sales of electronic / electrical components	100.00	100.00	100.00	Notes 14 and 15
Yosun Industrial Corp.	Sertek Incorporated	〃	100.00	100.00	100.00	
Yosun Industrial Corp.	Suntop Investments Limited	Investment company	100.00	100.00	100.00	
Yosun Industrial Corp.	Richpower Electronic Devices Co., Ltd.	Sales of electronic / electrical products	100.00	100.00	100.00	
Richpower Electronic Devices Co., Ltd.	Mec Technology Co., Ltd.	〃	100.00	100.00	100.00	Notes 14 and 15

Name of investment company	Name of subsidiaries	Main activities	Ownership (%) March 31, 2017	Ownership (%) December 31, 2016	Ownership (%) March 31, 2016	Note
Richpower Electronic Devices Co., Ltd.	Richpower Electronic Devices Co., Limited	Sales of electronic / electrical products	100.00	100.00	100.00	
Mec Technology Co., Ltd.	Mec Technology Co., Limited	〃	100.00	100.00	100.00	Notes 14 and 15
Mec Technology Co., Ltd.	Richpower Electronic Devices Pte., Ltd.	〃	100.00	100.00	100.00	Notes 14 and 15
Sertek Incorporated	Sertek Limited	〃	100.00	100.00	100.00	Notes 14 and 15
Suntop Investments Limited	Yosun Hong Kong Corp. Ltd.	〃	100.00	100.00	100.00	
Suntop Investments Limited	Yosun Singapore Pte Ltd.	〃	100.00	100.00	100.00	Notes 14 and 15
Sertek Limited	Sertek (Shanghai) Limited	〃	0.00	0.00	100.00	Notes 11 and 14
Yosun Hong Kong Corp. Ltd.	Giatek Corp. Ltd.	〃	100.00	100.00	100.00	Notes 14 and 15
Yosun Hong Kong Corp. Ltd.	Yosun South China Corp. Ltd.	〃	100.00	100.00	100.00	Notes 14 and 15
Yosun Hong Kong Corp. Ltd.	Yosun Shanghai Corp. Ltd.	Warehouse business and sales of electronic components	100.00	100.00	100.00	Notes 14 and 15
Yosun Singapore Pte Ltd.	Yosun Industrial (Malaysia) Sdn. Bhd.	Sales of electronic / electrical products	100.00	100.00	100.00	Notes 14 and 15
Yosun Singapore Pte Ltd.	Yosun India Private Ltd.	〃	100.00	100.00	100.00	Notes 14 and 15
WPG Investment Co., Ltd.	Taibaoo Creation Co., Ltd.	Retail of groceries	0.00	0.00	25.00	Notes 8 and 14
Genuine C&C, Inc.	Hat-Trick Co., Ltd.	General investment and retail of groceries	100.00	100.00	100.00	Notes 2, 14 and 15
Genuine C&C, Inc.	Taibaoo Creation Co., Ltd.	Retail of groceries	100.00	100.00	50.00	Notes 2, 8, 14 and 15
Genuine C&C, Inc.	Genuine C&C Holding Inc. (Seychelles)	Holding company	100.00	100.00	100.00	Note 2
Genuine C&C Holding Inc. (Seychelles)	Genuine Trading (Hong Kong) Company Limited	〃	100.00	100.00	75.29	Notes 2 and 7

Name of investment company	Name of subsidiaries	Main activities	Ownership (%) March 31, 2017	December 31, 2016	March 31, 2016	Note
Genuine C&C Holding Inc. (Seychelles)	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Sales of electronic /electrical products	55.00	55.00	55.00	Notes 2, 14 and 15
Genuine Trading (Hong Kong) Company Limited	Hubei Xinsheng Technology Investment Management Co., Ltd.	Sales of electronic products and peripherals	0.00	0.00	83.33	Notes 2 and 10

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 directly held 44.21% equity of Genuine C&C, Inc. plus the 16.29% equity of Genuine C&C, Inc. held by the wholly owned subsidiary, World Peace Industrial Co., Ltd., the total shareholding ratio was 60.50%.

Note 3: 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. Along with shares of WPG Americas Inc. held by WPG International (CI) Limited, the total shareholding ratio is 100%.

Note 4: 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 5: 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 6: 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 7: On March 31, 2016, WPG C&C Limited held 24.71% equity of Genuine Trading (Hong Kong) Company Limited plus 75.29% equity of the same company held by Genuine C&C Holding Inc. (Seychelles), the total shareholding ratio was 100%. In December 2016, WPG C&C Limited sold all the shares to Genuine C&C Holding Inc. (Seychelles), the Group holds 100% of shares in total.

Note 8: Genuine C&C, Inc. holds 50% of Taibaoo Creation Co., Ltd. Along with 25% of shares held by WPG Investment Co., Ltd., and Genuine C&C holds 75% equity interest in total. 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. holds 100% share of ownership since the acquisition.

Note 9: 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 10: Genuine Trading (Hong Kong) Company Limited has disposed all shares of the invested company on August 1, 2016.

Note 11: It was liquidated in August 2016.

Note 12: It was liquidated in December 2016.

Note 13: It was liquidated in March 2017.

Note 14: The financial statements as of March 31, 2016 were not reviewed by independent accountants since it did not meet the definition of significant subsidiaries.

Note 15: The financial statements as of March 31, 2017 were not reviewed by independent accountants since it did not meet the definition of significant subsidiaries.

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 March 31, 2017, December 31, 2016 and March 31, 2016, the non-controlling interest amounted to $532,449, $519,568 and $518,763, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

	Principal	Non-controlling interest					
Name of	place	March 31, 2017		December 31, 2016		March 31, 2016	
subsidiary	of business	Amount	Ownership	Amount	Ownership	Amount	Ownership
Genuine C&C, Inc. and its subsidiaries	Taiwan	$ 428,853	39.5%	$ 417,404	39.5%	$ 416,970	39.5%

Summarised financial information of the subsidiaries:

(a) Balance sheets

	Genuine C&C, Inc. and its subsidiaries		
	March 31, 2017	December 31, 2016	March 31, 2016
Current assets	$ 2,731,107	$ 2,693,783	$ 2,556,867
Non-current assets	108,065	113,039	118,306
Current liabilities	(1,642,802)	(1,641,941)	(1,501,749)
Non-current liabilities	(54,622)	(56,032)	(48,265)
Total net assets	1,141,748	1,108,849	1,125,159
Less: non-controlling interest	(56,050)	(52,135)	(69,545)
Equity attributable to owners of the parent company	$ 1,085,698	$ 1,056,714	$ 1,055,614

(b) Statements of comprehensive income

	Genuine C&C, Inc. and its subsidiaries	
	Three months ended March 31,	
	2017	2016
Revenue	$ 2,389,215	$ 2,847,170
Profit before tax	50,904	5,202
Income tax (expense) benefit	(11,545)	980
Profit for the period	39,359	6,182
Other comprehensive (loss), net of tax	(6,460)	(984)
Total comprehensive income	$ 32,899	$ 5,198
Total comprehensive income (loss) attributable to non-controlling interest	$ 3,915	($ 2,514)
Dividends paid to non-controlling interests	$ -	$ -

(c) Statements of cash flows

	Genuine C&C, Inc. and its subsidiaries	
	Three months ended March 31,	
	2017	2016
Net cash (used in) provided by operating activities	($ 335,307)	$ 11,259
Net cash provided by investing activities	23,846	16,584
Net cash provided by (used in) financing activities	268,000	(122,284)
Effect of exchange rates on cash and cash equivalents	(7,487)	(1,070)
Decrease in cash and cash equivalents	(50,948)	(95,511)
Cash and cash equivalents, beginning of period	188,421	421,071
Cash and cash equivalents, end of period	$ 137,473	$ 325,560

(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) <u>Classification of current and non-current items</u>

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) <u>Cash equivalents</u>

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) <u>Derecognition of financial assets</u>

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 significiant 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 options' 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 options.

(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 net defined benefit 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.

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

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.

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

(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 acquire 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 $916,913 in its financial statements for the three months ended March 31, 2017, 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(13) 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 projected future events at 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

	March 31, 2017	December 31, 2016	March 31, 2016
Cash on hand and petty cash	$ 3,173	$ 2,945	$ 3,378
Checking accounts	1,136,402	1,786,628	1,658,897
Demand deposits	5,466,610	6,496,436	6,296,297
Time deposits	396,005	170,903	1,491,120
	$ 7,002,190	$ 8,456,912	$ 9,449,692

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

Items	March 31, 2017	December 31, 2016	March 31, 2016
Current items:			
Financial assets held for trading			
Listed stocks	$ -	$ -	$ 11,053
Derivatives	3,762	17,721	5,371
Domestic open-end fund	10,132	20,266	20,266
	13,894	37,987	36,690
Valuation adjustment of financial assets held for trading	244	471	(632)
	$ 14,138	$ 38,458	$ 36,058
Current items:			
Financial liabilities held for trading			
Derivatives	$ 23,569	$ 5,686	$ 16,760

A. The Group recognised net loss of $28,836 and $13,670 on financial assets and liabilities held for trading for the three months ended March 31, 2017 and 2016, 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:

Derivative instruments	March 31, 2017 Contract amount (notional principal) (Note)		Contract period	December 31, 2016 Contract amount (notional principal) (Note)		Contract period
Forward foreign exchange contracts						
- Sell	USD	3,000	2017.02.27~ 2017.04.20	USD	1,500	2016.12.02~ 2017.01.16
	EUR	800	2017.01.13~ 2017.08.24	EUR	500	2016.11.02~ 2017.02.23
- Sell-SWAP	USD	11,000	2017.03.02~ 2017.04.28	USD	12,900	2016.12.12~ 2017.01.26
- Buy	USD	35,242	2016.04.20~ 2017.06.29	USD	27,506	2016.04.20~ 2017.06.21
	EUR	2,000	2017.03.30~ 2017.04.13	EUR	3,000	2016.12.09~ 2017.01.14

Derivative instruments	March 31, 2016 Contract amount (notional principal) (Note)		Contract period
Forward foreign exchange contracts			
- Sell	USD	1,500	2016.02.17~ 2016.05.31
	EUR	500	2016.01.11~ 2016.05.23
- Sell-SWAP	USD	14,000	2016.03.03~ 2016.06.21
- Buy	USD	23,807	2016.01.21~ 2016.06.29

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

Investee company	March 31, 2017	December 31, 2016	March 31, 2016
Current items:			
Farglory FTZ Investment Holding Co., Ltd.	$ 13,799	$ 13,799	$ 13,799
Dimerco Express Corporation	8,748	8,748	11,242
	22,547	22,547	25,041
Adjustment of available-for-sale financial assets	2,437	560	(1,044)
	24,984	23,107	23,997

Investee company	March 31, 2017	December 31, 2016	March 31, 2016
Non- current items:			
Nichidenbo Corporation	231,990	231,990	231,990
Promaster Technology Corp.	49,605	49,605	49,605
Apollo Electronics Group Ltd.	32,858	34,938	46,489
Murad Chia Jei Biotechnology Co., Ltd.	19,107	19,107	19,107
Hua-Jie (Taiwan) Corp.	10,500	10,500	10,500
Kingmax Technology Inc.	9,504	9,504	9,504
Others	9,587	9,587	9,588
	363,151	365,231	376,783
Valuation adjustment	600	(25,456)	(10,766)
Accumulated impairment	(7,801)	(7,801)	(7,801)
	355,950	331,974	358,216
	$ 380,934	$ 355,081	$ 382,213

A. The Group recognised $27,927 and $23,965 in other comprehensive (loss) income for fair value change of current and non-current available-for-sale financial assets and reclassified $0 and $0 from equity to profit or loss for the three months ended March 31, 2017 and 2016, respectively.

B. The Group had no investment in debt instruments that was classified as available-for-sale financial assets.

C. On March 31, 2017, December 31, 2016 and March 31, 2016, the Group pledged available-for-sale financial assets as guarantees for purchases. Please refer to Note 8 for details.

(4) Notes receivable

	March 31, 2017	December 31, 2016	March 31, 2016
Notes receivable	$ 3,847,253	$ 7,573,363	$ 5,812,703

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

	March 31, 2017	December 31, 2016	March 31, 2016
Accounts receivable	$ 78,479,724	$ 88,220,742	$ 71,884,801
Less: Allowance for doubtful accounts	(2,431,178)	(3,246,871)	(869,472)
	$ 76,048,546	$ 84,973,871	$ 71,015,329

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

	March 31, 2017	December 31, 2016	March 31, 2016
Group 1	$ 37,162,374	$ 45,903,680	$ 29,118,385
Group 2	34,514,288	35,084,851	36,616,369
	$ 71,676,662	$ 80,988,531	$ 65,734,754

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:

	March 31, 2017	December 31, 2016	March 31, 2016
0 to 30 days	$ 2,128,285	$ 2,158,300	$ 2,318,487
31 to 60 days	2,092,659	1,990,180	2,614,486
61 to 90 days	326,988	514,933	265,836
91 to 120 days	2,117	1,117,178	216,672
121 to 150 days	407,182	455,740	253,075
151 to 180 days	164,188	495,027	148,886
Over 181 days	1,681,643	500,853	332,605
	$ 6,803,062	$ 7,232,211	$ 6,150,047

The above ageing analysis was based on past due date.

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

	2017		
	Individual provision	Group provision	Total
At January 1	$ 2,920,322	$ 326,549	$ 3,246,871
Reversal for impairment	(180,913)	(47,160)	(228,073)
Write-offs during the period	-	(25,288)	(25,288)
Effects of foreign exchange	(162,131)	(12,452)	(174,583)
Others (Note)	(371,441)	(16,308)	(387,749)
At March 31	$ 2,205,837	$ 225,341	$ 2,431,178

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 ($388,679) and $930, respectively.

	2016		
	Individual provision	Group provision	Total
At January 1	$ 353,584	$ 465,233	$ 818,817
Provision for impairment	26,096	39,379	65,475
Write-offs during the period	-	(96)	(96)
Effects of foreign exchange	(7,333)	(4,260)	(11,593)
Others (Note)	(1,676)	(1,455)	(3,131)
At March 31	$ 370,671	$ 498,801	$ 869,472

Note: Others pertain to accounts receivable transferred to overdue receivables amounting to $3,131.

(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 March 31, 2017, December 31, 2016 and March 31, 2016, outstanding accounts receivable were as follows:

March 31, 2017							
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities (In thousands)		Amount advanced	Interest rate of amount advanced	Pledged assets
Cathay United Bank	$ 751,191	$ 751,191	USD	47,500	$ 751,191	2.30%	Note 1
Mega International Commercial Bank	3,202,182	3,202,182	USD $	166,900 480,000	2,485,309	1.53%~2.38%	Note 2
ANZ Bank	-	-	USD	60,000	-	-	None
CTBC Bank	2,520,377	2,520,377	USD $	15,000 3,582,000	1,200,685	1.69%~2.06%	Note 3
E. SUN Commercial Bank	2,285,027	2,285,027	USD $	155,500 20,000	1,855,068	1.05%~2.21%	Note 4
Taipei Fubon Commercial Bank	1,211,347	1,211,347	$	3,139,300	680,182	1.10%~1.94%	Note 5
Industrial Bank of Taiwan	391,708	391,708	$	669,720	-	-	Note 6
Yuanta Commercial Bank	296,796	296,796	USD $	25,000 100,000	-	-	Note 7
The Hong Kong and Shanghai Banking Corporation Limited	1,853,651	1,853,651	USD	134,700	801,933	1.65%	Note 8
Ta Chong Bank	276,636	276,636	USD $	3,500 914,215	37,167	1.80%~2.30%	Note 9
Standard Chartered Bank	9,971	9,971	USD	60,120	2,750	1.56%~1.95%	None
Taishin International Bank	4,484,172	4,484,172	$	9,000,000	481,021	1.60%~2.20%	Note 10
Bank SinoPac	456,580	456,580	USD $	44,050 1,500	211,035	1.69%~1.80%	Note 11
Far Eastern International Bank	191,327	191,327	USD $	22,000 400,000	42,442	1.78%~2.38%	Note 12
Chang Hwa Bank	666,129	666,129	USD	48,700	480,980	1.40%~2.07%	Note 13
DBS Bank	641,324	641,324	USD	73,500	600,956	1.19%~1.98%	Note 14
Shin Kong Bank	859	859	USD $	2,250 10,000	-	-	Note 15
Taiwan Cooperative Bank	$ 26,203	$ 26,203	USD	3,000	$ 18,862	1.96%~2.22%	Note 16
Hang Seng Bank	1,926,346	1,926,346	USD	88,000	1,863,855	1.73%~1.98%	Note 17
KGI Bank	209,158	209,158	$	850,000	200,504	1.40%~1.80%	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 158 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 95,500 thousand 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, 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
			$	480,000			
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
			$	3,582,000			
E. SUN Commercial Bank	3,095,093	3,095,093	USD	161,500	2,551,250	1.05%~2.15%	Note 4
			$	20,000			
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
			$	1,400,000			
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
			$	914,215			
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
			$	1,500			
Far Eastern International Bank	150,502	150,502	USD	22,000	73,197	1.64%~2.38%	Note 12
			$	400,000			
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
			$	10,000			
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.

March 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	$ 1,233,951	$ 1,233,951	USD	47,500	$ 1,233,951	1.32%~1.54%	Note 1
Mega International Commercial Bank	3,317,349	3,317,349	USD	173,900	3,030,273	1.39%~1.83%	Note 2
			$	600,000			
ANZ Bank	1,286,526	1,286,526	USD	50,000	1,286,526	1.78%~2.22%	None
CTBC Bank	2,325,216	2,325,216	USD	15,000	1,887,314	1.24%~1.57%	Note 3
			$	4,166,000			
E. SUN Commercial Bank	2,439,499	2,439,499	USD	169,600	1,866,068	1.28%~1.61%	Note 4
			$	20,000			
Taipei Fubon Commercial Bank	1,562,473	1,562,473	$	3,139,300	1,018,526	1.21%~1.42%	Note 5
Industrial Bank of Taiwan	53,675	53,675	$	244,432	40,325	1.20%	Note 6
Yuanta Commercial Bank	831,228	831,228	USD	25,000	88,645	1.34%~1.46%	Note 7
			$	2,310,000			
The Hong Kong and Shanghai Banking Corporation Limited	1,844,978	1,844,978	USD	144,700	1,758,811	1.17%	Note 8
Ta Chong Bank	343,093	343,093	USD	12,700	1,131	1.75%~1.80%	Note 9
			$	1,500,000			
Standard Chartered Bank	584,232	584,232	USD	71,130	456,467	1.34%~1.44%	None
Taishin International Bank	4,325,265	4,325,265	$	8,500,000	1,151,505	1.45%~1.79%	Note 10
Bank SinoPac	246,443	246,443	USD	17,500	201,324	1.05%~1.70%	Note 11
			$	950,000			
Far Eastern International Bank	79,389	79,389	USD	22,000	25,871	1.45%~1.62%	Note 12
			$	400,000			
Chang Hwa Bank	557,891	557,891	USD	44,300	328,630	1.35%~1.76%	Note 13
DBS Bank	645,240	645,240	USD	9,200	378,654	1.04%~1.44%	Note 14
Shin Kong Bank	11,804	11,804	USD	4,500	6,507	1.42%~1.61%	Note 15
			$	10,000			
Taiwan Cooperative Bank	19,004	19,004	USD	3,000	-	1.22%~1.64%	Note 16
Hang Seng Bank	625,125	625,125	USD	28,000	410,552	1.20%~1.25%	Note 17
KGI Bank	46,105	46,105	$	130,000	45,304	1.17%~1.18%	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 $446,600 that were pledged to others as collateral.

Note 4: The Group has signed commercial papers amounting to USD 173,100 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 $2,310,000 that were pledged to others as collateral.

Note 8: The Group has signed commercial papers amounting to USD 130,230 thousand that were pledged to others as collateral.

Note 9: The Group has signed commercial papers amounting to USD 12,700 thousand and $1,500,000 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 450 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 $85,046 and $68,959 when transferring the derecognised accounts receivable for the three months ended March 31, 2017 and 2016, respectively.

(7) Other receivables

	March 31, 2017	December 31, 2016	March 31, 2016
Retention amount of factoring accounts receivable	$ 9,687,140	$ 10,448,677	$ 7,162,100
VAT refund	237,261	348,744	391,371
Others	581,669	402,431	275,670
	$ 10,506,070	$ 11,199,852	$ 7,829,141

(8) Inventories

	March 31, 2017		
	Cost	Allowance for valuation	Book value
Inventories	$ 61,116,324	($ 1,039,861)	$ 60,076,463
Inventories in transit	2,846,799	-	2,846,799
	$ 63,963,123	($ 1,039,861)	$ 62,923,262

	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
	$ 50,988,595	($ 1,061,430)	$ 49,927,165

	March 31, 2016		
	Cost	Allowance for valuation	Book value
Inventories	$ 52,907,692	($ 1,090,467)	$ 51,817,225
Inventories in transit	4,135,424	-	4,135,424
	$ 57,043,116	($ 1,090,467)	$ 55,952,649

The cost of inventories recognised as expense for the period:

	Three months ended March 31,	
	2017	2016
Cost of goods sold	$ 113,697,210	$ 116,005,483
Loss on price decline in inventory	106,857	354,067
Loss on physical inventory	1,401	1,588
Cost of goods sold	$ 113,805,468	$ 116,361,138

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

Investee company	March 31, 2017	December 31, 2016	March 31, 2016
Tyche Partners, LP.	$ 138,217	$ 138,217	$ 63,364
Ability I Venture Capital Corporation	100,000	100,000	100,000
CDIB CME Fund Ltd.	100,000	100,000	100,000
Nanjing Sunlord Electronics Corporation Ltd.	43,497	45,570	-
Silicon Line GmbH	40,851	40,851	40,851
DIGITIMES Inc.	33,035	-	-
M Cube Inc.	30,365	30,365	30,365
Ability Asia Capital Corporation	25,000	25,000	25,000
Chlen Hwa Coating Technology Inc.	20,000	20,000	20,000
GEC Technology Hong Kong Company Limited	19,994	19,994	19,994
Bettery Energy Technology Inc.	18,000	18,000	18,000
Fantasy Story Inc.	15,047	15,047	15,047
Liefco Optical Inc.	15,000	15,000	15,000
FineMat Applied Materials Co., Ltd.	11,941	11,941	11,941
Systemweb Technologies Co., Ltd.	12,600	12,600	-
Centillion III Venture Capital Corp.	10,500	10,500	10,500
SmartDisplayer Technology Co., Ltd.	10,000	10,000	10,000
PTR-Tech Technology Co., Ltd.	10,000	10,000	10,000
Remotek Corporation	-	-	13,520
TekCare Corporation	-	-	12,600
Others	56,378	56,803	62,262
	710,425	679,888	578,444
Less: Accumulated impairment	(171,409)	(171,409)	(110,541)
	$ 539,016	$ 508,479	$ 467,903

A. As of March 31, 2017, December 31, 2016 and March 31, 2016, 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. There was no impairment on the above investment of financial assets for the three months ended March 31, 2017 and 2016.

(10) Investments accounted for under the equity method

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

Investee company	March 31, 2017	December 31, 2016	March 31, 2016
CECI Technology Co., Ltd.	$ 557,462	$ 583,371	$ -
ChainPower Technology Corp.	147,342	152,983	202,888
Sunrise Technology Co., Ltd.	80,331	80,331	80,288
Eesource Corp.	83,661	82,758	79,600
Suzhou Xinning Bonded Warehouse Co., Ltd.	53,379	54,439	56,124
Adivic Technology Co., Ltd.	25,572	32,446	22,460
Yosun Japan Corp.	8,401	37,828	36,354
Suzhou Xinning Logistics Co., Ltd.	32,910	33,633	37,940
Gain Tune Logistics (Shanghai) Co., Ltd.	33,958	34,400	37,448
VITEC WPG Limtied	37,989	39,708	33,108
Others	416	428	482
	$ 1,061,421	$ 1,132,325	$ 586,692

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 March 31, 2017, December 31, 2016 and March 31, 2016, the carrying amount of the Group’s individually immaterial associates amounted to $1,061,421, $1,132,325 and $586,692, respectively.

	Three months ended March 31,	
	2017	2016
(Loss) profit for the period from continuing operations	($ 2,120)	$ 4,981
Other comprehensive (loss) income - net of tax	(45,649)	1,091
Total comprehensive income	($ 47,769)	$ 6,072

C. There was no impairment on investments accounted for using equity method for the three months ended March 31, 2017 and 2016.

D. The investment balance of the abovementioned investees accounted for using equity method as of and for the three months ended March 31, 2017 and 2016 were assessed based on the investees’ unreviewed financial statements of the same periods.

(11) Property, plant and equipment

	Land	Buildings and structures	Transportation equipment	Furniture and fixtures	Leasehold improvements	Others	Construction in progress and equipment to be tested	Total
At January 1, 2017								
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)
	$2,279,789	$1,641,557	$ 7,487	$ 102,357	$ 199,164	$ 45,616	$ 2,688	$4,278,658
Three months ended March 31, 2017								
Opening net book amount	$2,279,789	$1,641,557	$ 7,487	$ 102,357	$ 199,164	$ 45,616	$ 2,688	$4,278,658
Additions	-	407	1,943	2,992	2,806	1,014	738	9,900
Disposals	-	-	-	(303)	-	-	-	(303)
Transfer	-	-	-	-	527	-	(527)	-
Depreciation charge	-	(17,229)	(688)	(12,392)	(12,938)	(5,275)	-	(48,522)
Effect due to changes in exchange rates	(1,021)	(31,141)	(351)	(2,824)	(5,548)	(1,068)	(139)	(42,092)
Closing net book amount	$2,278,768	$1,593,594	$ 8,391	$ 89,830	$ 184,011	$ 40,287	$ 2,760	$4,197,641
At March 31, 2017								
Cost	$2,280,350	$2,067,567	$ 19,920	$ 512,132	$ 488,528	$ 205,113	$ 2,760	$5,576,370
Accumulated depreciation	-	(463,209)	(11,529)	(422,302)	(304,517)	(164,826)	-	(1,366,383)
Accumulated impairment	(1,582)	(10,764)	-	-	-	-	-	(12,346)
	$2,278,768	$1,593,594	$ 8,391	$ 89,830	$ 184,011	$ 40,287	$ 2,760	$4,197,641

	Land	Buildings and structures	Transportation equipment	Office equipment	Leasehold improvements	Others	Construction in progress and equipment to be tested	Total
At January 1, 2016								
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)
	$2,289,693	$1,939,741	$ 6,612	$ 141,592	$ 227,148	$ 51,076	$ 458	$4,656,320
Three months ended March 31, 2016								
Opening net book amount	$2,289,693	$1,939,741	$ 6,612	$ 141,592	$ 227,148	$ 51,076	$ 458	$4,656,320
Additions	-	136	1,068	9,162	7,649	903	10,704	29,622
Disposals	-	-	(101)	(964)	(804)	-	-	(1,869)
Transfer (Note)	23,082	24,932	(484)	484	-	-	-	48,014
Decrease in consolidated entities	-	-	-	(13)	-	-	-	(13)
Depreciation charge	-	(18,497)	(688)	(16,141)	(13,330)	(6,287)	-	(54,923)
Effect due to changes in exchange rates	3,429	(12,439)	(77)	(1,324)	(717)	(311)	(290)	(11,729)
Closing net book amount	$2,316,204	$1,933,873	$ 6,350	$ 132,796	$ 219,946	$ 45,381	$ 10,872	$4,665,422
At March 31, 2016								
Cost	$2,317,786	$2,376,879	$ 17,825	$ 537,245	$ 522,870	$ 197,357	$ 10,872	$5,980,834
Accumulated depreciation	-	(432,242)	(11,475)	(404,449)	(302,924)	(151,976)	-	(1,303,066)
Accumulated impairment	(1,582)	(10,764)	-	-	-	-	-	(12,346)
	$2,316,204	$1,933,873	$ 6,350	$ 132,796	$ 219,946	$ 45,381	$ 10,872	$4,665,422

Note: Investment property amounting to $48,014 were transferred to property, plant and equipment.

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

(12) Investment property

	Land	Buildings and structures	Total
At January 1, 2017			
Cost	$ 354,128	$ 1,023,373	$ 1,377,501
Accumulated depreciation	-	(160,370)	(160,370)
	$ 354,128	$ 863,003	$ 1,217,131
Three months ended March 31, 2017			
Opening net book amount	$ 354,128	$ 863,003	$ 1,217,131
Depreciation charge	-	(5,927)	(5,927)
Effect due to changes in exchange rates	-	(34,607)	(34,607)
Closing net book amount	$ 354,128	$ 822,469	$ 1,176,597
At March 31, 2017			
Cost	$ 354,128	$ 983,713	$ 1,337,841
Accumulated depreciation	-	(161,244)	(161,244)
	$ 354,128	$ 822,469	$ 1,176,597

	Land	Buildings and structures	Total
At January 1, 2016			
Cost	$ 344,833	$ 919,470	$ 1,264,303
Accumulated depreciation	-	(122,694)	(122,694)
	$ 344,833	$ 796,776	$ 1,141,609
Three months ended March 31, 2016			
Opening net book amount	$ 344,833	$ 796,776	$ 1,141,609
Depreciation charge	-	(5,391)	(5,391)
Transfer (Note)	(23,082)	(24,932)	(48,014)
Effect due to changes in exchange rates	-	(11,615)	(11,615)
Closing net book amount	$ 321,751	$ 754,838	$ 1,076,589
At March 31, 2016			
Cost	$ 321,751	$ 877,369	$ 1,199,120
Accumulated depreciation	-	(122,531)	(122,531)
	$ 321,751	$ 754,838	$ 1,076,589

Note: Investment property amounting to $48,014 for the three months ended March 31, 2016 was transferred to property, plant and equipment. Please refer to Note 6(11).

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

	Three months ended March 31,	
	2017	2016
Rental revenue from investment property	$ 12,030	$ 9,130
Direct operating expenses arising from the investment property that generated rental income during the period	$ 3,550	$ 3,694
Direct operating expenses arising from the investment property that did not generate rental income during the period	$ 2,377	$ 2,104

B. The fair value of the investment property held by the Group as of March 31, 2017, December 31, 2016 and March 31, 2016 was $1,650,134, $1,590,508 and $1,593,775, respectively. The fair value as of March 31, 2017, December 31, 2016 and March 31, 2016 was based on independent appraisers' valuation, which was 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:

	March 31, 2017	December 31, 2016	December 31, 2015
Discount rate	2%~2.75%	2%~2.75%	2%~2.5%
Growth rate	0%~1%	0%~1%	1%
Gross margin	1.87%~2.88%	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.

(13) Intangible assets

	Operating right	Software	Goodwill	Others	Total
At January 1, 2017					
Cost	$ 308,230	$ 228,230	$ 5,683,269	$ 69,970	$6,289,699
Accumulated amortisation and impairment	(306,659)	(185,850)	(131,609)	(65,637)	(689,755)
	$ 1,571	$ 42,380	$ 5,551,660	$ 4,333	$5,599,944
Three months ended March 31, 2017					
Opening net book amount	$ 1,571	$ 42,380	$ 5,551,660	$ 4,333	$5,599,944
Additions-acquired separately	-	98	-	-	98
Amortisation charge	(786)	(5,005)	-	(1,242)	(7,033)
Effect due to changes in exchange rates	-	(771)	(12,792)	(206)	(13,769)
Closing net book amount	$ 785	$ 36,702	$ 5,538,868	$ 2,885	$5,579,240
At March 31, 2017					
Cost	$ 292,070	$ 216,170	$ 5,662,642	$ 66,086	$6,236,968
Accumulated amortisation and impairment	(291,285)	(179,468)	(123,774)	(63,201)	(657,728)
	$ 785	$ 36,702	$ 5,538,868	$ 2,885	$5,579,240

	Operating right	Software	Goodwill	Others	Total
At January 1, 2016					
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)
	$ 7,225	$ 34,706	$ 5,617,518	$ 11,705	$5,671,154
Three months ended March 31, 2016					
Opening net book amount	$ 7,225	$ 34,706	$ 5,617,518	$ 11,705	$5,671,154
Additions-acquired separately	-	9,673	-	-	9,673
Amortisation charge	(2,234)	(5,879)	-	(2,471)	(10,584)
Effect due to changes in exchange rates	(7)	(279)	(5,475)	(159)	(5,920)
Closing net book amount	$ 4,984	$ 38,221	$ 5,612,043	$ 9,075	$5,664,323
At March 31, 2016					
Cost	$ 351,561	$ 208,725	$ 5,684,253	$ 69,439	$6,313,978
Accumulated amortisation and impairment	(346,577)	(170,504)	(72,210)	(60,364)	(649,655)
	$ 4,984	$ 38,221	$ 5,612,043	$ 9,075	$5,664,323

The details of amortisation charge are as follows:

	Three months ended March 31,	
	2017	2016
Selling and marketing expenses	$ 3,093	$ 4,425
General and administrative expenses	4,036	6,258
	$ 7,129	$ 10,683

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:

	March 31, 2017	December 31, 2016	March 31, 2016
Yosun subgroup	$ 4,700,862	$ 4,711,379	$ 4,711,023
Aeco subgroup	472,290	472,290	472,290
Others	365,716	367,991	428,730
	$ 5,538,868	$ 5,551,660	$ 5,612,043

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, in the second and third quarter of 2016, 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 March 31, 2017, December 31, 2016 and March 31, 2016, the key valuations used for pre-tax discount rate were 5.64%, 5.55% and 5.67%, respectively.

(14) Overdue receivables (Shown as "Other non-current assets")

	March 31, 2017	December 31, 2016	March 31, 2016
Overdue receivables	$ 1,060,388	$ 718,231	$ 635,320
Less: Allowance for doubtful accounts	(1,060,388)	(718,231)	(635,320)
	$ -	$ -	$ -

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

	2017	2016
	Individual provision	Individual provision
At January 1	$ 718,231	$ 648,790
Reversal for impairment	(5,705)	(2,641)
Write-off of bad debts	-	(5,586)
Transferred from accounts receivable	388,679	3,131
Effect due to changes in exchange rates	(40,817)	(8,374)
At March 31	$ 1,060,388	$ 635,320

(15) Short-term borrowings

Type of borrowings	March 31, 2017	December 31, 2016	March 31, 2016
Loans for overseas purchases	$ 24,092,685	$ 26,322,079	$ 21,335,774
Short-term loans	27,894,090	26,531,994	21,311,046
	$ 51,986,775	$ 52,854,073	$ 42,646,820
Annual interest rates	0.99%~5.00%	0.95%~5.00%	0.83%~4.31%

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

(16) Short-term notes and bills payable

	March 31, 2017	December 31, 2016	March 31, 2016
Commercial papers payable	$ 5,050,000	$ 4,205,000	$ 4,030,000
Less: Unamortised discount	(3,858)	(2,081)	(2,590)
	$ 5,046,142	$ 4,202,919	$ 4,027,410
Annual interest rates	0.45%~1.36%	0.46%~1.41%	0.50%~1.29%

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

(17) Bonds payable

	March 31, 2017	December 31, 2016	March 31, 2016
Bonds payable	$ 2,948,800	$ 3,575,800	$ 6,000,000
Less: discount on bonds payable	(11,575)	(26,476)	(104,638)
	2,937,225	3,549,324	5,895,362
Less: current portion of bonds payable (shown as 'Other current liabilities')	(2,937,225)	(3,549,324)	-
	$ -	$ -	$ 5,895,362

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 March 31, 2017, 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 $232,800 were separated from the liability component and were recognised in 'capital surplus-stock warrants' in accordance with IAS 32. As of March 31, 2017, the balance of capital surplus, share options was $114,413 after the bondholder exercised conversion right.

C. As of March 31, 2017, convertible bonds face value of $3,051,200 had been converted to 86,192 thousand ordinary shares. Among them, the Group obtained 938 thousand shares of certificate of bond conversion for the convertible bonds face value of $33,200.

D. The amortisation of discount on bonds payable was $11,597 and $19,979 for the three months ended March 31, 2017 and 2016, respectively.

(18) Long-term borrowings

Type of borrowings	Borrowing period / repayment term	March 31, 2017	December 31, 2016	March 31, 2016
Secured bank borrowings (Note 1 and Note 2)	2012.01.02~ 2027.01.02	$ 527,122	$ 541,079	$ 582,651
Unsecured bank borrowings (Note 3~ Note 9)	2014.09.3~ 2019.10.03	11,529,700	12,052,500	11,838,085
		12,056,822	12,593,579	12,420,736
Less : current portion of long-term borrowings (shown as other current liabilities)		(6,970,315)	(7,397,138)	(1,793,955)
		$ 5,086,507	$ 5,196,441	$ 10,626,781
Interest rate range		1.20%~2.35%	1.20%~2.05%	1.21%~1.88%

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 0.44% 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.

The contract was due on January 10, 2017, Richpower and Richpower Electronic Devices Co., Ltd. did not violate the financial commitments in the contract period. 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.

During 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 drawndown 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 Commerical 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.

(19) <u>Pensions</u>

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 March 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) For the aforementioned pension plan, the Company and its domestic subsidiaries recognised pension costs of $4,230 and $5,274 for the three months ended March 31, 2017 and 2016, respectively.

(c) Expected contributions to the defined benefit pension plans of the Group for the year ending March 31, 2018 are $23,414.

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 three months ended March 31, 2017 and 2016 were $72,157 and $89,938, respectively.

(20) <u>Share capital</u>

A. As of March 31, 2017, 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 $17,409,631 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 three months ended March 31, 2017 and 2016 are as follows:

	2017	2016
A January 1	1,723,895	1,655,670
Convertible bonds converted to shares	17,068	-
At March 31	1,740,963	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:

		March 31, 2016	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
Indirect subsidiary – Hat-Trick Co., Ltd.	Note	39,481	$ 1,354

Note: Hat-Trick Co., Ltd., which is the subsidiary of the acquiree, Genuine C&C, Inc., held the Company's shares, and have been entirely sold out in the second quarter of 2016.

(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.

(21) 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 (17).

	2017					
	Share premium	Treasury share transaction	Recognised changes in subsidiaries' equity	Changes in associates' net equity	Stock warrants	Total
January 1	$ 16,694,715	$ 45,177	$ 431	$ 21,989	$138,741	$ 16,901,053
Convertible bonds converted to shares	470,905	-	-	-	(24,328)	446,577
March 31	$ 17,165,620	$ 45,177	$ 431	$ 21,989	$114,413	$ 17,347,630

	2016					
	Share premium	Treasury share transaction	Recognised changes in subsidiaries' equity	Changes in associates' net equity	Stock warrants	Total
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	-	-	-	103	-	103
March 31	$ 14,886,934	$ 45,182	$ 431	$ 21,934	$232,800	$ 15,187,281

(22) 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 2016 and 2015 had been resolved at the Board of Director's and stockholders' meeting on April 25, 2017 and June 22, 2016, respectively. Details are summarized below:

	Years ended December 31,			
	2016		2015	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	$ 531,288	$ -	$ 542,046	$ -
Cash dividends	4,178,311	2.40	3,973,702	2.40
	$ 4,709,599	$ 2.40	$ 4,515,748	$ 2.40

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

E. As of May 5, 2017, the appropriation of earnings for the year ended December 31, 2016 has not yet been resolved by the shareholders.

F. For the information relating to employees' compensation and directors' remuneration, please refer to Note 6(29).

(23) Other equity items

	2017		
	Available-for-sale investment	Currency translation	Total
At January 1	($ 10,088)	$ 918,151	$ 908,063
Revaluation - gross	27,933	-	27,933
Revaluation associates	(6)	-	(6)
Cumulative translation differences:			
- Group	-	(3,897,649)	(3,897,649)
- Tax on Group	-	2,549	2,549
- Associates	-	(45,643)	(45,643)
At March 31	$ 17,839	($ 3,022,592)	($ 3,004,753)

	2016		
	Available-for-sale investment	Currency translation	Total
At January 1	($ 20,974)	$ 2,574,750	$ 2,553,776
Revaluation - gross	23,965	-	23,965
Cumulative translation differences:			
- Group	-	(1,305,128)	(1,305,128)
- Tax on Group	-	9,013	9,013
- Associates	-	1,091	1,091
At March 31	$ 2,991	$ 1,279,726	$ 1,282,717

(24) Operating revenue

	Three months ended March 31, 2017	Three months ended March 31, 2016
Sales revenue	$ 118,959,376	$ 121,519,806
Service revenue	14,216	12,943
	$ 118,973,592	$ 121,532,749

(25) Other income

	Three months ended March 31, 2017	Three months ended March 31, 2016
Bad debts transferred to revenue	$ 234,063	$ -
Rental revenue	15,211	11,399
Dividend income	-	9,565
Interest income	5,713	7,179
Other income	49,939	44,965
	$ 304,926	$ 73,108

(26) Other gains and losses

	Three months ended March 31, 2017	Three months ended March 31, 2016
Gain on disposal of investments	$ -	$ 98
Loss on financial assets and liabilities at fair value through profit or loss	(28,836)	(13,670)
Loss on disposal of property, plant and equipment	(138)	(294)
Currency exchange gain	139,550	153,517
Other losses	(8,739)	(12,879)
	$ 101,837	($ 126,772)

(27) Finance costs

	Three months ended March 31, 2017	Three months ended March 31, 2016
Interest expense:		
Bank borrowings	$ 350,967	$ 331,046
Convertible bonds	11,597	19,979
Others	42,733	46,737
	$ 405,297	$ 397,762

(28) Additional information of expenses by nature

	Three months ended March 31, 2017	Three months ended March 31, 2016
Employee benefit expense	$ 1,846,082	$ 1,881,908
Depreciation charges on property and equipment (including investment property)	$ 54,449	$ 60,314
Amortisation charges on intangible assets and other non-current assets	$ 7,129	$ 10,683

(29) Employee benefit expense

	Three months ended March 31, 2017	Three months ended March 31, 2016
Wages and salaries	$ 1,625,747	$ 1,647,176
Labor and health insurance fees	83,951	84,097
Pension costs	76,387	95,212
Other personnel expenses	59,997	55,423
	$ 1,846,082	$ 1,881,908

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 three months ended March 31, 2017 and 2016, employees’ compensation was both accrued at $5,223; while directors’ and supervisors’ remuneration was both accrued at $7,500. 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 March 31, 2016 and the percentage as prescribed by the Company’s amended Articles of Incorporation.

   The difference between employees’ compensation of $11,080 and directors’ and supervisors’ remuneration of $30,000 as resolved by the Board of Directors and employees’ compensation of $20,892 and directors’ and supervisors’ remuneration of $30,000 recognised in the 2016 financial statements by $9,812 had been adjusted in the profit or loss of the first quarter in 2017. The employees’ compensation was distributed in the form of cash.

C. Information about employees’ compensation 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.

(30) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended March 31, 2017	Three months ended March 31, 2016
Current tax		
Current tax on profits for the year	$ 407,318	$ 395,657
Prior year income tax (overestimate) underestimate	(1,504)	1,290
Total current tax	405,814	396,947
Deferred tax		
Origination and reversal of temporary differences	(11,218)	(54,799)
Income tax expense	$ 394,596	$ 342,148

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

	Three months ended March 31, 2017	Three months ended March 31, 2016
Currency translation differences	($ 2,549)	($ 9,013)

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

C. Unappropriated retained earnings:

	March 31, 2017	December 31, 2016	March 31, 2016
Earnings generated after 1998	$ 12,580,157	$ 10,734,088	$ 11,557,929

D. As of March 31, 2017, December 31, 2016 and March 31, 2016, the balance of the imputation tax credit account was $861,957, $861,957 and $579,824, respectively.

E. Creditable ratio of appropriated retained earnings:

	2016 (Estimated)	2015 (Actual)
Creditable ratio	14.27%	15.50%

(31) Earnings per share

	Three months ended March 31, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,846,069	1,731,044	$ 1.07
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,846,069	1,731,044	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	11,522	94,156	
Employees' compensation	-	742	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,857,591	1,825,942	$ 1.02

	Three months ended March 31, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,555,052	1,655,670	$ 0.94
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,555,052	1,655,670	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	19,905	159,151	
Employees' compensation	-	563	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,574,957	1,815,384	$ 0.87

(32) Supplemental cash flow information

A. Partial payment of cash from investing activities

	Three months ended March 31, 2017	Three months ended March 31, 2016
Acquisition of property, plant and equipment and intangible assets	$ 9,998	$ 39,295
Add: accounts payable at the beginning of period	-	3,019
Prepayments at the end of period	650,109	-
Less: accounts payable at the end of period	-	(11,313)
Cash paid during the year for property, plant and equipment	$ 660,107	$ 31,001

B. Information on the cash flow of subsidiary disposed:

	January 1, 2016 (Note)
Consideration received	
Other receivables	$ -
Carrying amount of the assets and liabilities of the subsidiary	
Cash	$ 29,939
Other current assets	245,084
Property, plant and equipment	13
Other non-current assets	220
Short-term borrowings	(52,520)
Other current liabilities	(157,936)
Non-controlling interests	(32,400)
Total net assets	$ 32,400

Note: 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.

C. Investment activities with no cash flow effects:

	March 31, 2017	March 31, 2016
Uncollected proceeds from capital reduction of investments accounted for using equity method	$ 23,135	$ -

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) Names of related parties and relationship

Names of related parties	Relationship with the Group
Chain Power Technology Corp.	Investee accounted for using equity method
Yosun Japan Corp.	〃
VITEC WPG Limited	〃
CECI Technology Co. Ltd.	〃
Gain Tune Logistics (Shanghai) Co., Ltd.	〃
Suzhou Xinning Logistics Co., Ltd.	〃
Suzhou Xinning Bonded Warehouse Co., Ltd.	〃
CEAC Technology HK Limited	Subsidiary of investee accounted for using equity method
CEAC International Limited	〃
P.T. WPG Electrindo Jaya	Stockholder of a Group's subsidiary accounted for using equity method
WPG Holdings Education Foundation	One third of paid-in-capital was granted by the Group
Wu Chih-Chiang (Note)	Key management of the subsidiary, Genuine C&C Inc.

Note: Formerly vice president of Genuine C&C Inc. and became a consultant starting March 1, 2017.

(3) Significant transactions and balances with related parties

A. Operating revenues

	Three months ended March 31,	
	2017	2016
Sales of goods		
Others	$ 275,698	$ 215,225
Associates	74,604	58,194
	$ 350,302	$ 273,419

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

	Three months ended March 31,	
	2017	2016
Purchases of goods		
Associates	$ 289,328	$ 118

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

	March 31, 2017	December 31, 2016	March 31, 2016
Accounts receivable			
Others	$ 185,658	$ 205,629	$ 242,207
Associates	31,516	24,289	26,801
	$ 217,174	$ 229,918	$ 269,008

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

	March 31, 2017	December 31, 2016	March 31, 2016
Other receivables			
Others	$ -	$ 21,622	$ -
Associates	24,850	1,797	119,269
	$ 24,850	$ 23,419	$ 119,269

Receivables from payments on behalf of others, purchase on behalf of others, receivables from capital reduction of investments accounted for using equity method, and receivables from disposal of subsidiary.

E. Payables to related parties

	March 31, 2017	December 31, 2016	March 31, 2016
Accounts payable			
Associates	$ 1,304	$ 12,679	$ 128

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

	March 31, 2017	December 31, 2016	March 31, 2016
Associates			
VITEC WPG Limited	$ 68,242	$ 72,562	$ 72,416

G. Others

The Group’s donations to WPG Holding Education Foundation were $1,700 and $1,500 for the three months ended March 31, 2017 and 2016, respectively.

(4) Key management compensation

	Three months ended March 31,	
	2017	2016
Salaries and other short-term employee benefits	$ 46,705	$ 44,164
Post-employment benefits	1,084	642
	$ 47,789	$ 44,806

8. PLEDGED ASSETS

Pledged assets (Note 1)	March 31, 2017	December 31, 2016	March 31, 2016	Purpose of Collateral
Other current assets and other non-current assets				
-Bank deposits	$ -	$ -	$ 2,132	Deposits for litigation
-Time deposits	107,102	110,395	84,584	Security for purchases and deposits for litigation
Available-for-sale financial assets-non-current (Note 2)	9,014	9,014	9,014	Security for purchases
Property, plant and equipment (including investment property)				
-Land	1,383,151	1,384,236	1,386,936	Long-term and short-term borrowings guarantee and security for purchases
-Buildings	643,981	649,986	667,723	〃
	$ 2,143,248	$ 2,153,631	$ 2,150,389	

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 March 31, 2017, December 31, 2016 and March 31, 2016.

Note 2: As of March 31, 2017, December 31, 2016 and March 31, 2016, 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:

	March 31, 2017	December 31, 2016	March 31, 2016
Property, plant and equipment and intangible assets	$ 5,803,071	$ 6,454,010	$ 8,565

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:

	March 31, 2017	December 31, 2016	March 31, 2016
Not later than one year	$ 415,085	$ 454,807	$ 455,026
Later than one year but not later than five years	704,926	717,340	990,199
Later than five years	8,352	17,875	104,440
	$ 1,128,363	$ 1,190,022	$ 1,549,665

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

March 31, 2017	December 31, 2016	March 31, 2016
$ 703,432	$ 811,408	$ 846,284
USD 90,533,000	USD 81,708,000	USD 48,628,000

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

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).

	March 31, 2016			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial assets:				
Equity and investments in bonds without active markets:				
Investments in bonds without active markets - non-current	$ 5,000	$ -	$ -	$ 5,000

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

<u>Foreign exchange risk</u>

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:

	March 31, 2017		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
Foreign currency: functional currency			
Financial assets			
Monetary items			
USD：TWD	$ 505,377	30.33	$ 15,328,079
USD：RMB	14,937	6.88	453,033
USD：HKD	36,388	7.77	1,103,641
USD：KRW	18,477	1,109.36	560,419
USD：JPY	8,815	111.80	267,365
HKD：USD	107,621	0.13	420,154
Non-monetary items			
RMB：USD	27,286	0.15	120,247
Financial liabilities			
Monetary items			
USD：TWD	624,329	30.33	18,935,913
USD：RMB	113,431	6.88	3,440,350
USD：KRW	23,399	1,109.36	709,692
USD：JPY	8,432	111.80	255,751
HKD：USD	71,826	0.13	280,410
EUR：USD	3,319	1.07	106,048

	December 31, 2016			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	
Foreign currency: functional currency				
Financial assets				
Monetary items				
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
Non-monetary items				
RMB：USD		26,526	0.14	122,471
Financial liabilities				
Monetary items				
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

	March 31, 2016		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
Foreign currency: functional currency			
Financial assets			
Monetary items			
USD：TWD	$ 700,134	32.19	$ 22,533,802
USD：RMB	21,400	6.47	688,758
USD：HKD	35,887	7.76	1,155,017
USD：KRW	24,438	1,133.67	786,530
USD：JPY	19,320	112.42	621,820
HKD：USD	132,879	0.13	551,449
Non-monetary items			
RMB：USD	25,423	0.15	126,402
Financial liabilities			
Monetary items			
USD：TWD	819,054	32.19	26,361,262
USD：RMB	163,550	6.47	5,263,852
USD：KRW	28,867	1,133.67	929,087
USD：JPY	18,875	112.42	607,481
USD：INR	11,596	66.15	373,202
HKD：USD	69,180	0.13	287,097
SGD：USD	4,863	0.74	115,985

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 three months ended March 31, 2017 and 2016 amounted to $139,550 and $153,517, respectively.

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

	Three months ended March 31, 2017			
	Sensitivity Analysis			
	Degree of Variation	Effect on Profit or Loss		Effect on Other Comprehensive Income
Foreign currency: functional currency				
Financial assets				
Monetary items				
USD：TWD	1%	$	153,281	$ -
USD：RMB	1%		4,530	-
USD：HKD	1%		11,036	-
USD：KRW	1%		5,604	-
USD：JPY	1%		2,674	-
HKD：USD	1%		4,202	-
Financial liabilities				
Monetary items				
USD：TWD	1%		189,359	-
USD：RMB	1%		34,404	-
USD：KRW	1%		7,097	-
USD：JPY	1%		2,558	-
HKD：USD	1%		2,804	-
EUR：USD	1%		1,060	-

	Three months ended March 31, 2016		
	Sensitivity Analysis		
	Degree of Variation	Effect on Profit or Loss	Effect on Other Comprehensive Income
Foreign currency: functional currency			
Financial assets			
Monetary items			
USD：TWD	1%	$ 225,338	$ -
USD：RMB	1%	6,888	-
USD：HKD	1%	11,550	-
USD：KRW	1%	7,865	-
USD：JPY	1%	6,218	-
HKD：USD	1%	5,514	-
Financial liabilities			
Monetary items			
USD：TWD	1%	263,613	-
USD：RMB	1%	52,639	-
USD：KRW	1%	9,291	-
USD：JPY	1%	6,075	-
USD：INR	1%	3,732	-
HKD：USD	1%	2,871	-
SGD：USD	1%	1,160	-

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 three months ended March 31, 2017 and 2016 would have increased/decreased by $104 and $307, 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 $3,809 and $3,822 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 three months ended March 31, 2017 and 2016, the Group's borrowings at variable rate were mainly denominated in the NTD and USD.

- At March 31, 2017 and 2016, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the three months ended March 31, 2017 and 2016 would have been $38,564 and $22,003 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 three months ended March 31, 2017 and 2016, 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(14).

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:

March 31, 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term loans	$ 52,090,763	$ -	$ -	$ -
Short-term notes and bills payable	5,050,000	-	-	-
Financial liabilities measured at fair value through profit or loss	23,569	-	-	-
Notes payable	484,085	-	-	-
Accounts payable	48,808,292	-	-	-
Accounts payable - related parties	1,304	-	-	-
Other payables	3,885,289	-	-	-
Bonds payable (including current portion)	2,948,800	-	-	-
Long-term loans (including current portion)	7,109,622	4,636,456	289,377	250,183

Non-derivative financial liabilities:

December 31, 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
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 (including current portion)	3,575,800	-	-	-
Long-term loans (including current portion)	7,563,604	4,754,522	292,917	264,796

March 31, 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term loans	$ 42,730,587	$ -	$ -	$ -
Short-term notes and bills payable	4,030,000	-	-	-
Financial liabilities measured at fair value through profit or loss	16,760	-	-	-
Notes payable	1,185,153	-	-	-
Accounts payable	45,088,509	-	-	-
Accounts payable - related parties	128	-	-	-
Other payables	4,566,434	-	-	-
Bonds payable	-	6,000,000	-	-
Long-term loans (including current portion)	1,985,152	6,288,784	4,251,584	309,920

Derivative financial liabilities:

As of March 31, 2017, December 31, 2016 and March 31, 2016, 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(12).

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 March 31, 2017, December 31, 2016 and March 31, 2016 is as follows:

March 31, 2017	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 10,376	$ -	$ -	$ 10,376
Forward exchange contracts	-	3,762	-	3,762
Available-for-sale financial assets				
Equity securities	308,168	66,082	6,684	380,934
	$ 318,544	$ 69,844	$ 6,684	$ 395,072
Liabilities				
Recurring fair value measurements				
Forward exchange contracts	$ -	$ 23,569	$ -	$ 23,569

December 31, 2016	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
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	282,387	66,010	6,684	355,081
	$ 303,124	$ 83,731	$ 6,684	$ 393,539
Liabilities				
Recurring fair value measurements				
Forward exchange contracts	$ -	$ 5,686	$ -	$ 5,686

March 31, 2016	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 30,687	$ -	$ -	$ 30,687
Forward exchange contracts	-	5,371	-	5,371
Available-for-sale financial assets				
Equity securities	297,927	77,602	6,684	382,213
	$ 328,614	$ 82,973	$ 6,684	$ 418,271
Liabilities				
Recurring fair value measurements				
Forward exchange contracts	$ -	$ 16,760	$ -	$ 16,760

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:

	Listed shares
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. Because the trading amount of the investment of Sunlux Energy Corporation was assessed to be unsteady and underperforming, the Group transferred the fair value from Level 1 to Level 2 in the first quarter of 2017.

F. The following chart is the movement of Level 3 for the three months ended March 31, 2017 and 2016:

	2017	2016
At January 1	$ 6,684	$ 6,684
Losses recognised in profit or loss	-	-
At March 31	$ 6,684	$ 6,684

G. For the three months ended March 31, 2017 and 2016, 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:

	Fair value at March 31, 2017	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
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

	Fair value at December 31, 2016	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
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

	Fair value at March 31, 2016	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
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:

			March 31, 2017			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Net asset value	± 1%	$ -	$ -	$ 67	$ 67

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

	Input	Change	March 31, 2016			
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
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: None.

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

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

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

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

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 6.

(2) Information on investee companies

Names, locations and other information of investee companies (including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area.

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 three months ended March 31, 2017 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 three months ended March 31, 2017 and 2016 is as follows:

Three months ended March 31, 2017:

	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	$ 53,628,520	$ 14,290,411	$ 15,868,364	$ 20,879,135	$ 2,167,507	$ 12,139,655	$ -	$ 118,973,592
Revenue from internal customers	2,552,902	1,118,712	346,769	1,824,883	221,708	671,016	(6,735,990)	-
Total revenue	$ 56,181,422	$ 15,409,123	$ 16,215,133	$ 22,704,018	$ 2,389,215	$ 12,810,671	($ 6,735,990)	$ 118,973,592
Segment profit	$ 1,289,485	$ 342,571	$ 409,288	$ 479,370	$ 89,367	$ 219,281	$ 270,130	$ 3,099,492
Net income	$ 847,754	$ 161,326	$ 273,276	$ 320,626	$ 39,359	$ 2,056,731	($ 1,833,005)	$ 1,866,067

Three months ended March 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	$ 55,030,102	$ 12,379,042	$ 19,525,732	$ 21,833,934	$ 2,837,392	$ 9,926,547	$ -	$121,532,749
Revenue from internal customers	2,610,649	899,862	861,114	2,471,246	9,778	1,229,404	(8,082,053)	-
Total revenue	$ 57,640,751	$ 13,278,904	$ 20,386,846	$ 24,305,180	$ 2,847,170	$ 11,155,951	($ 8,082,053)	$121,532,749
Segment profit (loss)	$ 1,293,924	$ 233,971	$ 540,161	$ 446,254	$ 45,987	$ 130,235	$ 498,377	$ 3,188,909
Net income	$ 740,382	$ 67,673	$ 337,482	$ 274,466	$ 6,182	$ 1,679,313	($ 1,545,127)	$ 1,560,371

WPG Holdings Limited and Subsidiaries

Loans to others

Three monhts ended March 31, 2017

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 three monhts ended March 31, 2017	Balance at March 31, 2017	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 Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
1	Apache Korea Corp.	WPG Korea Co., Ltd.	Other receivables - related parties	Y	$ 60,148	$ 60,148	$ 60,148	2.50	2	$ -	Operation	$ -	None	-	$ 74,943	$ 74,943	Note 1
2	Giatek Corp. Ltd.	Yosun Hong Kong Corp. Ltd.	Other receivables - related parties	Y	1,091,880	1,091,880	1,091,880	1.20	2	-	Operation	-	None	-	1,101,638	1,101,638	Note 4
3	Richpower Electronic Devices Pte., Ltd.	Yosun Singapore Pte Ltd.	Other receivables - related parties	Y	197,145	197,145	197,145	1.85	2	-	Operation	-	None	-	421,024	421,024	Note 8
4	World Peace International (South Asia) Pte Ltd.	WPG Americas Inc.	Other receivables - related parties	Y	2,001,780	2,001,780	1,910,790	3.29	2	-	Operation	-	None	-	5,511,491	5,511,491	Note 3
4	World Peace International (South Asia) Pte Ltd.	WPI International (Hong Kong) Limited	Other receivables - related parties	Y	606,600	606,600	606,600	2.23	2	-	Operation	-	None	-	5,511,491	5,511,491	Note 3
4	World Peace International (South Asia) Pte Ltd.	WPG China Inc.	Other receivables - related parties	Y	303,300	303,300	303,300	3.00	2	-	Operation	-	None	-	5,511,491	5,511,491	Note 3
4	World Peace International (South Asia) Pte Ltd.	SAC Components (South Asia) Pte. Ltd.	Other receivables - related parties	Y	30,330	30,330	-	0.00	2	-	Operation	-	None	-	5,511,491	5,511,491	Note 3
5	World Peace International Pte Ltd.	World Peace International (South Asia) Pte Ltd.	Other receivables - related parties	Y	121,320	121,320	115,254	2.23	2	-	Operation	-	None	-	2,220,173	2,220,173	Note 3
6	WPG South Asia Pte. Ltd.	Yosun Singapore Pte Ltd.	Other receivables - related parties	Y	151,650	151,650	-	0.00	2	-	Operation	-	None	-	1,267,995	1,267,995	Note 3
6	WPG South Asia Pte. Ltd.	WPG Korea Co., Ltd.	Other receivables - related parties	Y	272,970	272,970	151,650	3.16	2	-	Operation	-	None	-	1,267,995	1,267,995	Note 3

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the three monhts ended March 31, 2017	Balance at March 31, 2017	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
													Item	Value			
6	WPG South Asia Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	Other receivables - related parties	Y	$ 606,600	$ 606,600	$ 379,125	2.23	2	$ -	Operation	$ -	None	-	$ 1,267,995	$ 1,267,995	Note 3
7	Yosun Hong Kong Corp. Ltd.	WPG Americas Inc.	Other receivables - related parties	Y	1,698,480	1,698,480	1,304,190	2.83-4.07	2	-	Operation	-	None	-	3,241,423	3,241,423	Note 7
8	AECO Technology Co., Ltd.	World Peace Industrial Co., Ltd.	Other receivables - related parties	Y	300,000	300,000	93,300	1.55	2	-	Operation	-	None	-	423,621	423,621	Note 2
9	AECO Technology Co., Ltd.	WPI International (Hong Kong) Limited	Other receivables - related parties	Y	727,920	727,920	673,326	2.12	2	-	Operation	-	None	-	754,240	754,240	Note 7
10	WPG China Inc.	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Other receivables - related parties	Y	74,919	22,035	-	0.00	2	-	Operation	-	None	-	796,434	1,991,085	Note 7
11	Yosun South China Corp. Ltd.	WPG China (SZ) Inc.	Other receivables - related parties	Y	110,175	110,175	110,175	2.80	2	-	Operation	-	None	-	196,739	196,739	Note 7
11	Yosun South China Corp. Ltd.	WPG China Inc.	Other receivables - related parties	Y	66,105	66,105	66,105	2.80	2	-	Operation	-	None	-	196,739	196,739	Note 7
12	Yosun Shanghai Corp. Ltd.	WPG China (SZ) Inc.	Other receivables - related parties	Y	176,280	110,175	110,175	2.80	2	-	Operation	-	None	-	349,465	349,465	Note 7
12	Yosun Shanghai Corp. Ltd.	WPG China Inc.	Other receivables - related parties	Y	141,024	141,024	141,024	2.80	2	-	Operation	-	None	-	349,465	349,465	Note 7
13	WPG Investment Co., Ltd.	WPG Holdings Limited	Other receivables - related parties	Y	150,000	150,000	110,000	1.18	2	-	Operation	-	None	-	185,509	185,509	Note 2
14	WPI International (Hong Kong) Limited	WPG C&C Limited	Other receivables - related parties	Y	1,850,130	1,364,850	424,620	2.12	2	-	Operation	-	None	-	13,108,050	13,108,050	Note 7
14	WPI International (Hong Kong) Limited	Long-Think International (Hong Kong) Limited	Other receivables - related parties	Y	151,650	151,650	69,759	2.12	2	-	Operation	-	None	-	13,108,050	13,108,050	Note 7

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the three monhts ended March 31, 2017	Balance at March 31, 2017	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
													Item	Value			
14	WPI International (Hong Kong) Limited	WPG China Inc.	Other receivables - related parties	Y	$ 363,960	$ 363,960	$ 363,960	3.00	2	$ -	Operation	$ -	None	-	$ 13,108,050	$ 13,108,050	Note 7
15	World Peace Industrial Co., Ltd.	Long-Think Intemational Co., Ltd.	Other receivables - related parties	Y	90,990	90,990	21,383	1.90-2.15	2	-	Operation	-	None	-	3,823,908	7,647,816	Note 6
15	World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	Other receivables - related parties	Y	1,516,500	1,516,500	-	0.00	2	-	Operation	-	None	-	3,823,908	7,647,816	Note 6
16	Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	Other receivables - related parties	Y	150,000	150,000	150,000	1.37	2	-	Operation	-	None	-	217,661	217,661	Note 2
17	Silicon Application (BVI) Corporation	Silicon Application Corp.	Other receivables - related parties	Y	1,182,870	1,182,870	1,182,870	1.00	2	-	Operation	-	None	-	1,228,740	3,071,849	Note 7
17	Silicon Application (BVI) Corporation	WPI International (Hong Kong) Limited	Other receivables - related parties	Y	90,990	90,990	90,990	1.20	2	-	Operation	-	None	-	3,071,849	3,071,849	Note 7
18	Silicon Application Company Limited	Silicon Application Corp.	Other receivables - related parties	Y	667,260	667,260	667,260	1.00	2	-	Operation	-	None	-	687,672	1,719,181	Note 7
18	Silicon Application Company Limited	Dstar Electronic Company Limited	Other receivables - related parties	Y	21,231	21,231	21,231	1.00	2	-	Operation	-	None	-	1,719,181	1,719,181	Note 7
18	Silicon Application Company Limited	WPG Electronics (HK) Limited	Other receivables - related parties	Y	60,660	-	-	0.00	2	-	Operation	-	None	-	1,719,181	1,719,181	Note 7
18	Silicon Application Company Limited	WPI International (Hong Kong) Limited	Other receivables - related parties	Y	515,610	212,310	212,310	1.20-1.45	2	-	Operation	-	None	-	1,719,181	1,719,181	Note 7
18	Silicon Application Company Limited	WPG Korea Co., Ltd.	Other receivables - related parties	Y	303,300	303,300	272,970	2.30-2.60	2	-	Operation	-	None	-	1,719,181	1,719,181	Note 7
18	Silicon Application Company Limited	WPG Americas Inc.	Other receivables - related parties	Y	454,950	454,950	454,950	3.43	2	-	Operation	-	None	-	1,719,181	1,719,181	Note 7

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the three monhts ended March 31, 2017	Balance at March 31, 2017	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
													Item	Value			
19	Sertek Limited	WPG Americas Inc.	Other receivables - related parties	Y	$ 418,554	$ 418,554	$ 418,554	2.97	2	$ -	Operation	$ -	None	-	$ 427,435	$ 427,435	Note 7
20	Sertek Incorporated	Richpower Electronic Devices Co., Ltd	Other receivables - related parties	Y	503,300	503,300	381,980	1.74-2.05	2	-	Operation	-	None	-	623,532	623,532	Note 2
21	Apache Communication Inc.	Frontek Technology Corporation	Other receivables - related parties	Y	100,000	100,000	100,000	1.50	2	-	Operation	-	None	-	498,819	798,110	Note 5
22	Frontek Technology Corporation	Asian Information Technology Inc.	Other receivables - related parties	Y	485,280	485,280	242,640	1.43	2	-	Operation	-	None	-	604,274	966,838	Note 5
23	Genuine C&C Inc.	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Other receivables - related parties	Y	88,140	88,140	88,140	3.50	2	-	Operation	-	None	-	108,570	217,140	Note 9
24	Richpower Electronic Devices Co., Limited	WPG Korea Co., Ltd.	Other receivables - related parties	Y	151,650	-	-	0.00	2	-	Operation	-	None	-	1,744,774	1,744,774	Note 7
24	Richpower Electronic Devices Co., Limited	Yosun Hong Kong Corp. Ltd.	Other receivables - related parties	Y	606,600	606,600	515,610	2.22	2	-	Operation	-	None	-	1,744,774	1,744,774	Note 7
25	Long-Think International (Shangai) Limited	WPI International Trading (Shanghai) Ltd.	Other receivables - related parties	Y	39,663	39,663	39,663	2.80	2	-	Operation	-	None	-	94,773	94,773	Note 7
26	Longview Technology Inc.	Long-Think Intemational Co., Ltd.	Other receivables - related parties	Y	50,000	50,000	-	0.00	2	-	Operation	-	None	-	223,973	223,973	Note 2
27	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Yosun Shanghai Corp. Ltd.	Other receivables - related parties	Y	6,611	6,611	-	0.00	2	-	Operation	-	None	-	49,822	49,822	Note 10

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 assts.

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: 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 10% 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 40% of creditor's net assets. Limit on total loans to a single party is 40% of creditor's net assets.

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

Three monhts ended March 31, 2017

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

		Party being endorsed/guaranteed												
Number	Endorser/ guarantor	Company name	Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of March 31, 2017	Outstanding endorsement/ guarantee amount at March 31, 2017	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	WPG Holdings Limited	World Peace Industrial Co., Ltd.	Note 1	$ 24,177,414	$ 164,622	$ 83,470	$ 83,470	$ 83,470	0.17	24,177,414	Y	N	N	Notes 4 and 5
1	World Peace International Pte. Ltd.	WPG Americas Inc.	Note 3	6,076,453	181,980	181,980	4,819	-	5.99	6,076,453	N	N	N	Note 7
1	World Peace International Pte. Ltd.	WPG C&C Computers and Peripheral (India) Private Ltd.	Note 1	6,076,453	233,541	233,541	-	-	7.69	6,076,453	N	N	N	Note 7
1	World Peace International Pte. Ltd.	World Peace International (South Asia) Pte. Ltd.	Note 1	6,076,453	3,169,485	3,169,485	2,508,264	-	104.32	6,076,453	N	N	N	Note 7
2	WPG South Asia Pte. Ltd.	WPG India Electronics Private Limited	Note 1	1,430,956	15,165	15,165	-	-	2.17	1,430,956	N	N	N	Note 11
3	Yosun Industrial Corp.	Yosun Singapore Pte. Ltd.	Note 1	12,112,066	1,207,134	1,207,134	593,367	-	9.97	24,224,131	N	N	N	Note 9
3	Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	Note 1	12,112,066	1,789,470	1,789,470	572,067	-	14.77	24,224,131	N	N	N	Note 9
3	Yosun Industrial Corp.	Sertek Incorporated	Note 1	12,112,066	1,516,500	1,516,500	1,516,500	-	12.52	24,224,131	N	N	N	Note 9
3	Yosun Industrial Corp.	RichPower Electronic Devices Co., Limited	Note 1	12,112,066	350,000	350,000	-	-	2.89	24,224,131	N	N	N	Note 9
4	World Peace Industrial Co., Ltd.	Vitec WPG Limited	Note 3	9,559,770	68,242	68,242	56,414	-	0.36	15,295,633	N	N	N	Note 6
4	World Peace Industrial Co., Ltd.	WPI International Trading (Shanghai) Ltd.	Note 1	9,559,770	1,907,324	1,466,624	918,489	-	7.67	15,295,633	N	N	Y	Note 6

Number	Party being endorsed/guaranteed: Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of March 31, 2017	Outstanding endorsement/ guarantee amount at March 31, 2017	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
4	World Peace Industrial Co., Ltd.	World Peace International (South Asia) Pte. Ltd.	Note 1	$ 9,559,770	$ 667,260	$ 667,260	$ 667,260	$ -	3.49	15,295,633	N	N	N	Note 6
4	World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	Note 1	9,559,770	2,400,923	2,400,923	934,734	-	12.56	15,295,633	N	N	N	Note 6
5	Frontek Technology Corporation	Asian Information Technology Inc.	Note 2	966,838	471,650	471,650	300,289	-	19.51	1,208,547	N	N	N	Note 8
6	Genuine C&C Inc.	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Note 1	434,279	176,280	176,280	-	-	16.24	542,849	N	N	Y	Note 10
7	Asian Information Technology Inc.	Frontek Technology Corporation	Note 1	2,221,961	1,415,160	1,415,160	158,681	-	25.48	2,777,452	N	N	N	Note 8
7	Asian Information Technology Inc.	WPG China Inc.	Note 3	2,221,961	15,165	15,165	-	-	0.27	2,777,452	N	N	Y	Note 8
7	Asian Information Technology Inc.	AIT Japan Inc.	Note 1	2,221,961	606,600	606,600	69,939	-	10.92	2,777,452	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 $83,470.

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 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 10: 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 11: 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.

WPG Holdings Limited and Subsidiaries

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

Three months ended March 31, 2017

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of March 31, 2017				
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	CDIB CME Fund Ltd., 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.	Kingmax Technology Inc., etc. - Equity securities	None	Available-for-sale financial assets - non-current, etc.	-	14,842	-	14,842	Note 2
World Peace Industrial Co., Ltd.	Silicon Line GmbH, Munich etc. - Equity securities	None	Financial assets at cost - non-current, etc.	-	26,358	-	26,358	
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	258,542	5.78	258,542	
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	835	10,376	-	10,376	
Richpower Electronic Devices Co., Ltd.	Promaster Technology Co., Ltd., etc. - Equity securities	None	Available-for-sale financial assets - non-current, etc.	-	20,869	-	20,869	
Mec Technology Co., Ltd.	Promaster Technology Co., Ltd. - Equity securities	None	Available-for-sale financial assets - non-current	1,368	7,294	4.00	7,294	
WPG Investment Co., Ltd.	DIGITIMES Inc. etc. - Equity securities	None	Financial assets at cost - non-current, etc.	-	179,942	-	179,942	
Silicon Application (BVI) Corp.	Apollo Electronics Group Ltd., etc. - Equity securities	None	Available-for-sale financial assets - non-current, etc.	-	38,923	-	38,923	
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	656	9.00	656	
WPG China Inc.	Nanjing Sunlord Electronics Corporation Ltd. - Equity securities	None	Financial assets at cost - non-current	897	43,497	1.70	43,497	

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 March 31, 2017.

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

Three months ended March 31, 2017

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	Same parent company	Sales	($ 1,442,181)	(6.72)	Note 3	Note 3	Note 3	$ 800,127	4.26	
"	WPG Electronics (HK) Limited	"	"	(208,809)	(0.97)	"	"	"	294,989	1.57	
Genuine C&C (IndoChina) Pte Ltd.	P.T. WPG Electrindo Jaya	Investment under equity method	"	(275,698)	(89.35)	"	"	"	185,659	98.07	
World Peace International (South Asia) Pte Ltd.	Genuine C&C (IndoChina) Pte Ltd.	Same parent company	"	(169,051)	(2.83)	"	"	"	48,031	1.19	
"	WPG SCM Limited	"	"	(1,354,665)	(22.70)	"	"	"	1,401,107	34.62	
"	WPG C&C (Malaysia) Sdn Bhd	"	"	(192,986)	(3.23)	"	"	"	81,507	2.01	
"	WPG C&C Computers And Peripheral (India) Private Limited	"	"	(315,983)	(5.29)	"	"	"	286,543	7.08	
WPI International (Hong Kong) Limited	WPG China Inc.	"	"	(111,023)	(0.39)	"	"	"	108,421	0.53	
"	World Peace Industrial Co., Ltd.	"	"	(1,466,306)	(5.10)	"	"	"	534,168	2.61	
"	World Peace International (South Asia) Pte Ltd.	"	"	(591,825)	(2.06)	"	"	"	194,258	0.95	
"	WPG SCM Limited	"	"	(121,853)	(0.42)	"	"	"	54,347	0.27	
"	WPG Electronics (HK) Limited	"	"	(206,635)	(0.72)	"	"	"	254,733	1.24	
"	WPG China (SZ) Inc.	"	"	(335,460)	(1.17)	"	"	"	329,623	1.61	
WPG C&C Limited	WPI International (Hong Kong) Limited	"	"	(117,723)	(6.77)	"	"	"	36,656	6.15	
"	WPI International Trading (Shanghai) Ltd.	"	"	(254,078)	(14.62)	"	"	"	219,272	36.81	
Long-Think International (Hong Kong) Limited	WPI International (Hong Kong) Limited	"	"	(107,689)	(30.52)	"	"	"	37,726	18.73	
Silicon Application Corp.	Pernas Electronics Co., Ltd.	"	"	(117,074)	(0.84)	30 days after monthly billings	Note 4	Note 4	62,134	0.65	
"	WPG Electronics (HK) Limited	"	"	(686,761)	(4.94)	90 days after monthly billings	"	"	806,582	8.50	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction: Purchases (sales)	Transaction: Amount	Transaction: Percentage of total purchases (sales)	Transaction: Credit term	Differences in transaction terms compared to third party transactions: Unit price	Differences in transaction terms compared to third party transactions: Credit term	Notes/accounts receivable (payable): Balance	Notes/accounts receivable (payable): Percentage of total notes/accounts receivable (payable)	Footnote
Silicon Application Corp.	WPG China (SZ) Inc.	Same parent company	Sales	(\$ 198,063)	(1.43)	120 days after monthly billings	Note 4	Note 4	\$ 200,640	2.11	
Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	"	"	(212,921)	(27.73)	90 days after monthly billings	"	"	169,812	29.99	
Asian Information Technology Inc.	Apache Communication Inc.	"	"	(904,026)	(12.35)	Note 2	Note 2	Note 2	164,939	4.01	
"	Frontek Technology Corporation	"	"	(130,464)	(1.78)	"	"	"	52,068	1.27	
"	AIT Japan Inc.	"	"	(345,213)	(4.72)	"	"	"	175,805	4.27	
Frontek Technology Corporation	Asian Information Technology Inc.	"	"	(172,460)	(3.72)	"	"	"	85,116	2.65	
"	WPG Electronics (HK) Limited	"	"	(117,409)	(2.53)	"	"	"	192,503	5.99	
AIT Japan Inc.	Asian Information Technology Inc.	"	"	(146,258)	(28.97)	"	"	"	72,231	27.67	
Yosun Industrial Corp.	WPG China Inc.	"	"	(110,292)	(1.37)	Note 6	Note 6	Note 6	77,774	1.58	
"	WPG China (SZ) Inc.	"	"	(116,493)	(1.45)	"	"	"	113,822	2.31	
"	Yosun Hong Kong Corp. Ltd.	"	"	(1,128,178)	(14.04)	Credit 75 days	Note 5	Note 5	232,970	4.73	
Sertek Incorporated	Yosun Industrial Corp.	"	"	(129,323)	(3.73)	"	"	"	21,816	3.38	
Yosun Hong Kong Corp. Ltd.	WPG China Inc.	"	"	(868,535)	(10.47)	Note 6	Note 6	Note 6	775,630	17.05	
"	Yosun Industrial Corp.	"	"	(137,595)	(1.66)	Credit 75 days	Note 5	Note 5	36,417	0.80	
"	WPG China (SZ) Inc.	"	"	(240,001)	(2.89)	Note 6	Note 6	Note 6	234,376	5.15	
"	RichPower Electronic Devices Co., Limited	"	"	(370,712)	(4.47)	Credit 75 days	Note 5	Note 5	112,704	2.48	
Yosun Singapore Pte Ltd.	Yosun Hong Kong Corp. Ltd.	"	"	(133,609)	(11.16)	"	"	"	6,563	0.73	
Richpower Electronic Devices Co., Ltd.	WPG Electronics (HK) Limited	"	"	(254,166)	(14.87)	Note 6	Note 6	Note 6	326,857	20.36	
RichPower Electronic Devices Co., Limited	Yosun Hong Kong Corp. Ltd.	"	"	(142,031)	(7.24)	"	"	"	34,125	2.69	
Peng Yu (Shanghai) Digital Technology Co., Ltd.	WPG Electronics (HK) Limited	"	"	(212,363)	(45.27)	30 days after monthly billings	Note 4	Note 4	147,738	51.89	
WPG South Asia Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	"	"	(115,534)	(80.70)	Note 7	Note 7	Note 7	35	0.00	

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

Three months ended March 31, 2017

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2017 (Note 1)	Turnover rate (Note 2)	Overdue receivables Amount	Overdue receivables Action taken	Amount collected subsequent to the balance sheet date (Note 3)	Allowance for doubtful accounts
World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	Same parent company	$ 800,127	5.34	$ -	-	$ 800,127	$ -
World Peace Industrial Co., Ltd.	WPG Electronics (HK) Limited	"	294,989	2.34	-	-	94,020	-
Genuine C&C (IndoChina) Pte Ltd.	P.T. WPG Electrindo Jaya	Investment under equity method	185,659	5.64	-	-	15,368	-
World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	Same parent company	1,401,107	3.41	-	-	333,627	-
World Peace International (South Asia) Pte Ltd.	WPG C&C Computers and Peripheral (India) Private Limited	"	286,543	4.67	-	-	145,589	-
WPI International (Hong Kong) Limited	WPG China Inc.	"	108,421	4.87	-	-	25,444	-
WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	"	534,168	11.55	-	-	534,168	-
WPI International (Hong Kong) Limited	World Peace International (South Asia) Pte Ltd.	"	194,258	8.69	-	-	194,258	-
WPI International (Hong Kong) Limited	WPG Electronics (HK) Limited	"	254,733	4.36	-	-	51,184	-
WPI International (Hong Kong) Limited	WPG China (SZ) Inc.	"	329,623	2.22	-	-	113,827	-
WPG C&C Limited	WPI International Trading (Shanghai) Ltd.	"	219,272	3.45	-	-	104,663	-
Silicon Application Corp.	WPG Electronics (HK) Limited	"	806,582	3.49	-	-	254,329	-
Silicon Application Corp.	WPG China (SZ) Inc.	"	200,640	3.28	-	-	77,107	-
Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	"	169,812	5.30	-	-	74,267	-
Asian Information Technology Inc.	Apache Communication Inc.	"	164,939	19.16	-	-	164,939	-
Asian Information Technology Inc.	AIT Japan Inc.	"	175,805	6.66	-	-	-	-
Frontek Technology Corporation	WPG Electronics (HK) Limited	"	192,503	2.46	-	-	41,282	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2017 (Note 1)	Turnover rate (Note 2)	Overdue receivables Amount	Overdue receivables Action taken	Amount collected subsequent to the balance sheet date (Note 3)	Allowance for doubtful accounts
Yosun Industrial Corp.	WPG China (SZ) Inc.	Same parent company	$ 113,822	4.45	$ -	-	$ 50,375	$ -
Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	"	232,970	20.12	-	-	232,970	-
Yosun Hong Kong Corp. Ltd.	WPG China Inc.	"	775,630	4.60	-	-	319,508	-
Yosun Hong Kong Corp. Ltd.	WPG China (SZ) Inc.	"	234,376	3.37	-	-	42,651	-
Yosun Hong Kong Corp. Ltd.	RichPower Electronic Devices Co., Limited	"	112,704	18.26	-	-	112,704	-
Richpower Electronic Devices Co., Ltd.	WPG Electronices (HK) Limited	"	326,857	3.04	-	-	88,953	-
Peng Yu (Shanghai) Digital Technology Co., Ltd.	WPG Electronics (HK) Limited	"	147,738	7.23	-	-	-	-
WPG China Inc.	WPG China (SZ) Inc.	"	106,949	4.10	-	-	8,876	-
WPG Holdings Limited	World Peace Industrial Co., Ltd.	Subsidiaries	216,716	0.00	-	-	-	-
WPG Holdings Limited	Asian Information Technology Inc.	"	138,576	0.00	-	-	-	-
World Peace International Pte Ltd.	World Peace International (South Asia) Pte Ltd.	Same parent company	115,475	0.00	-	-	-	-
World Peace International (South Asia) Pte Ltd.	WPG China Inc.	"	309,695	0.00	-	-	-	-
World Peace International (South Asia) Pte Ltd.	WPG Americas Inc.	"	1,924,730	0.00	-	-	1,061,568	-
World Peace International (South Asia) Pte Ltd.	WPI International (Hong Kong) Limited	"	607,765	0.00	-	-	7,160	-
World Peace International (South Asia) Pte Ltd.	WPG South Asia Pte. Ltd.	"	285,280	0.00	-	-	285,280	-
WPI International (Hong Kong) Limited	WPG China Inc.	"	370,906	0.00	-	-	-	-
WPI International (Hong Kong) Limited	WPG C&C Limited	"	426,228	0.00	-	-	325	-
AECO Electronic Co., Ltd.	WPI International (Hong Kong) Limited	"	681,628	0.00	-	-	-	-
Silicon Application (BVI) Corp.	Silicon Application Corp.	"	1,192,004	0.00	-	-	-	-
Silicon Application Company Limited	Silicon Application Corp.	"	703,780	0.00	-	-	-	-
Silicon Application Company Limited	WPG Korea Co., Ltd.	"	276,705	0.00	-	-	276,705	-
Silicon Application Company Limited	WPG Americas Inc.	"	458,158	0.00	-	-	-	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2017 (Note 1)	Turnover rate (Note 2)	Overdue receivables Amount	Overdue receivables Action taken	Amount collected subsequent to the balance sheet date (Note 3)	Allowance for doubtful accounts
Silicon Application Company Limited	WPI International (Hong Kong) Limited	Same parent company	$ 213,196	0.00	$ -	-	$ -	$ -
Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	"	151,835	0.00	-	-	-	-
Apache Communication Inc.	Frontek Technology Corporation	"	100,004	0.00	-	-	-	-
Frontek Technology Corporation	Asian Information Technology Inc.	"	244,249	0.00	-	-	-	-
Sertek Incorporated	Richpower Electronic Devices Co., Ltd.	"	383,680	0.00	-	-	-	-
Sertek Limited	WPG Americas Inc.	"	421,731	0.00	-	-	3,107	-
Yosun Hong Kong Corp. Ltd.	WPG Americas Inc.	"	1,312,158	0.00	-	-	7,842	-
Giatek Corp. Ltd.	Yosun Hong Kong Corp. Ltd.	"	1,096,565	0.00	-	-	-	-
Yosun South China Corp. Ltd.	WPG China (SZ) Inc.	"	110,441	0.00	-	-	-	-
Yosun Shanghai Corp. Ltd.	WPG China Inc.	"	141,024	0.00	-	-	-	-
Yosun Shanghai Corp. Ltd.	WPG China (SZ) Inc.	"	110,437	0.00	-	-	262	-
Richpower Electornic Devices Co., Limited	Yosun Hong Kong Corp. Ltd.	"	516,185	0.00	-	-	-	-
Richpower Electornic Devices Pte. Ltd.	Yosun Singapore Pte Ltd.	"	197,524	0.00	-	-	-	-
WPG South Asia Pte. Ltd.	WPG Korea Co., Ltd.	"	152,062	0.00	-	-	152,021	-
WPG South Asia Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	"	426,636	0.00	-	-	140,690	-
WPG Investment Co., Ltd.	WPG Holdings Limited	Parent company	111,102	0.00	-	-	-	-

Note 1: Balance as at March 31, 2017 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 May 5, 2017.

WPG Holdings Limited and Subsidiaries

Significant inter-company transactions during the reporting periods

Three months ended March 31, 2017

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
1	World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	3	Sales	$ 1,442,181	Note 5	1.21
1	World Peace Industrial Co., Ltd.	WPG Electronics (HK) Limited	3	"	208,809	Note 5	0.18
2	World Peace International (South Asia) Pte Ltd.	Genuine C&C (IndoChina) Pte Ltd.	3	"	169,051	Note 5	0.14
2	World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	3	"	1,354,665	Note 5	1.14
2	World Peace International (South Asia) Pte Ltd.	WPG C&C (Malaysia) Sdn Bhd	3	"	192,986	Note 5	0.16
2	World Peace International (South Asia) Pte Ltd.	WPG C&C Computers and Peripheral (India) Private Limited	3	"	315,983	Note 5	0.27
3	WPI International (Hong Kong) Limited	WPG China Inc.	3	"	111,023	Note 5	0.09
3	WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	3	"	1,466,306	Note 5	1.23
3	WPI International (Hong Kong) Limited	World Peace International (South Asia) Pte Ltd.	3	"	591,825	Note 5	0.50
3	WPI International (Hong Kong) Limited	WPG SCM Limited	3	"	121,853	Note 5	0.10
3	WPI International (Hong Kong) Limited	WPG Electronics (HK) Limited	3	"	206,635	Note 5	0.17
3	WPI International (Hong Kong) Limited	WPG China (SZ) Inc.	3	"	335,460	Note 5	0.28
4	WPG C&C Limited	WPI International (Hong Kong) Limited	3	"	117,723	Note 5	0.10
4	WPG C&C Limited	WPI International Trading (Shanghai) Ltd.	3	"	254,078	Note 5	0.21
5	Long-Think International (Hong Kong) Limited	WPI International (Hong Kong) Limited	3	"	107,689	Note 5	0.09
6	Silicon Application Corp.	Pernas Electronics Co., Ltd.	3	"	117,074	Notes 9 and 11	0.10
6	Silicon Application Corp.	WPG Electronics (HK) Limited	3	"	686,761	Notes 9 and 14	0.58
6	Silicon Application Corp.	WPG China (SZ) Inc.	3	"	198,063	Notes 6 and 9	0.17
7	Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	3	"	212,921	Notes 9 and 14	0.18

				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)
8	Asian Information Technology Inc.	Apache Communication Inc.	3	Sales	$ 904,026	Note 4	0.76
8	Asian Information Technology Inc.	Frontek Technology Corporation	3	"	130,464	Note 4	0.11
8	Asian Information Technology Inc.	AIT Japan Inc.	3	"	345,213	Note 4	0.29
9	Frontek Technology Corporation	Asian Information Technology Inc.	3	"	172,460	Note 4	0.14
9	Frontek Technology Corporation	WPG Electronics (HK) Limited	3	"	117,409	Note 4	0.10
10	AIT Japan Inc.	Asian Information Technology Inc.	3	"	146,258	Note 4	0.12
11	Yosun Industrial Corp.	WPG China Inc.	3	"	110,292	Notes 7 and 8	0.09
11	Yosun Industrial Corp.	WPG China (SZ) Inc.	3	"	116,493	Notes 7 and 8	0.10
11	Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	3	"	1,128,178	Notes 7 and 12	0.95
12	Sertek Incorporated	Yosun Industrial Corp.	3	"	129,323	Notes 7 and 12	0.11
13	Yosun Hong Kong Corp. Ltd.	WPG China Inc.	3	"	868,535	Notes 7 and 8	0.73
13	Yosun Hong Kong Corp. Ltd.	Yosun Industrial Corp.	3	"	137,595	Notes 7 and 12	0.12
13	Yosun Hong Kong Corp. Ltd.	WPG China (SZ) Inc.	3	"	240,001	Notes 7 and 8	0.20
13	Yosun Hong Kong Corp. Ltd.	Richpower Electronic Devices Co., Limited	3	"	370,712	Notes 7 and 12	0.31
14	Yosun Singapore Pte Ltd.	Yosun Hong Kong Corp. Ltd.	3	"	133,609	Notes 7 and 12	0.11
15	Richpower Electronic Devices Co., Ltd.	WPG Electronics (HK) Limited	3	"	286,353	Note 8	0.24
16	Richpower Electronic Devices Co., Limited	Yosun Hong Kong Corp. Ltd.	3	"	142,031	Note 8	0.12
17	Peng Yu (Shanghai) Digital Technology Co., Ltd.	WPG Electronics (HK) Limited	3	"	212,363	Notes 9 and 11	0.18
18	WPG South Asia Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	3	"	115,534	Note 10	0.10
1	World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	3	Accounts receivable	800,127	Note 5	0.45
1	World Peace Industrial Co., Ltd.	WPG Electronics (HK) Limited	3	"	294,989	Note 5	0.17
2	World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	3	"	1,401,107	Note 5	0.79
2	World Peace International (South Asia) Pte Ltd.	WPG C&C Computers and Peripheral (India) Private Limited	3	"	286,543	Note 5	0.16
3	WPI International (Hong Kong) Limited	WPG China Inc.	3	"	108,421	Note 5	0.06
3	WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	3	"	534,168	Note 5	0.30

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
3	WPI International (Hong Kong) Limited	World Peace International (South Asia) Pte Ltd.	3	Accounts receivable	$ 194,258	Note 5	0.11
3	WPI International (Hong Kong) Limited	WPG Electronics (HK) Limited	3	"	254,733	Note 5	0.14
3	WPI International (Hong Kong) Limited	WPG China (SZ) Inc.	3	"	329,623	Note 5	0.19
4	WPG C&C Limited	WPI International Trading (Shanghai) Ltd.	3	"	219,272	Note 5	0.12
5	Silicon Application Corp.	WPG Electronics (HK) Limited	3	"	806,582	Note 5	0.46
5	Silicon Application Corp.	WPG China (SZ) Inc.	3	"	200,640	Notes 6 and 9	0.11
6	Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	3	"	169,812	Notes 9 and 6	0.10
7	Asian Information Technology Inc.	Apache Communication Inc.	3	"	164,939	Note 4	0.09
7	Asian Information Technology Inc.	AIT Japan Inc.	3	"	175,805	Note 4	0.10
8	Frontek Technology Corporation	WPG Electronics (HK) Limited	3	"	192,503	Note 4	0.11
9	Yosun Industrial Corp.	WPG China (SZ) Inc.	3	"	113,822	Notes 7 and 8	0.06
9	Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	3	"	232,970	Notes 7 and 12	0.13
10	Yosun Hong Kong Corp. Ltd.	WPG China Inc.	3	"	775,630	Notes 7 and 8	0.44
10	Yosun Hong Kong Corp. Ltd.	WPG China (SZ) Inc.	3	"	234,376	Notes 7 and 8	0.13
10	Yosun Hong Kong Corp. Ltd.	Richpower Electronic Devices Co., Limited	3	"	112,704	Notes 7 and 12	0.06
11	Richpower Electronic Devices Co., Ltd.	WPG Electronics (HK) Limited	3	"	326,857	Note 8	0.18
12	Peng Yu (Shamhai) Digical Technology Co., Ltd.	WPG Electronics (HK) Limited	3	"	147,738	Notes 9 and 11	0.08
13	WPG China Inc.	WPG China (SZ) Inc.	3	"	106,949	Notes 9 and 14	0.06
0	WPG Holdings Limited	World Peace Industrial Co., Ltd.	1	Other receivables	216,716	Note 16	0.12
0	WPG Holdings Limited	Asian Information Technology Inc.	1	"	138,576	Note 16	0.08
1	World Peace International Pte Ltd.	World Peace International (South Asia) Pte Ltd.	3	"	115,475	Note 13	0.07
2	World Peace International (South Asia) Pte Ltd.	WPG China Inc.	3	"	309,695	Note 13	0.17
2	World Peace International (South Asia) Pte Ltd.	WPG Americas Inc.	3	"	1,924,730	Note 13	1.09
2	World Peace International (South Asia) Pte Ltd.	WPI International (Hong Kong) Limited	3	"	607,765	Note 13	0.34

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
2	World Peace International (South Asia) Pte Ltd.	WPG South Asia Pte. Ltd.	3	Other receivables	$ 285,280	Note 15	0.16
3	WPI International (Hong Kong) Limited	WPG China Inc.	3	"	370,906	Note 13	0.21
3	WPI International (Hong Kong) Limited	WPG C&C Limited	3	"	426,228	Note 13	0.24
4	AECO Electronic Co., Ltd.	WPI International (Hong Kong) Limited	3	"	681,628	Note 13	0.38
5	Silicon Application (BVI) Corp.	Silicon Application Corp.	3	"	1,192,004	Note 13	0.67
6	Silicon Application Company Limited	Silicon Application Corp.	3	"	703,780	Note 13	0.40
6	Silicon Application Company Limited	WPG Korea Co., Ltd.	3	"	276,705	Note 13	0.16
6	Silicon Application Company Limited	WPG Americas Inc.	3	"	458,158	Note 13	0.26
6	Silicon Application Company Limited	WPI International (Hong Kong) Limited	3	"	213,196	Note 13	0.12
7	Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	3	"	151,835	Note 13	0.09
8	Apache Communication Inc.	Frontek Technology Corporation	3	"	100,004	Note 13	0.06
9	Frontek Technology Corporation	Asian Information Technology Inc.	3	"	244,249	Note 13	0.14
10	Sertek Incorporated	Richpower Electronic Devices Co., Ltd.	3	"	383,680	Note 13	0.22
11	Sertek Limited	WPG Americas Inc.	3	"	421,731	Note 13	0.24
12	Yosun Hong Kong Corp. Ltd.	WPG Americas Inc.	3	"	1,312,158	Note 13	0.74
13	Giatek Corp. Ltd.	Yosun Hong Kong Corp. Ltd.	3	"	1,096,565	Note 13	0.62
14	Yosun South China Corp. Ltd.	WPG China (SZ) Inc.	3	"	110,441	Note 13	0.06
15	Yosun Shanghai Corp. Ltd.	WPG China Inc.	3	"	141,024	Note 13	0.08
15	Yosun Shanghai Corp. Ltd.	WPG China (SZ) Inc.	3	"	110,437	Note 13	0.06
16	Richpower Electronic Devices Co., Limited.	Yosun Hong Kong Corp. Ltd.	3	"	516,185	Note 13	0.29
17	Richpower Electronic Devices Pte., Ltd.	Yosun Singapore Pte Ltd.	3	"	197,524	Note 13	0.11
18	WPG South Asia Pte. Ltd.	WPG Korea Co., Ltd.	3	"	152,062	Note 13	0.09
18	WPG South Asia Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	3	"	426,636	Note 13	0.24
19	WPG Investment Co., Ltd.	WPG Holdings Limited	2	"	111,102	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.

Note 16: Receivables from consolidated tax return.

WPG Holdings Limited and Subsidiaries

Information on investees

Three months ended March 31, 2017

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at March 31, 2017					
Investor	Investee	Location	Main business activities	Balance as at March 31, 2017	Balance as at December 31, 2016	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the trhee months ended March 31, 2017	Investment income (loss) recognised by the Company for the three months ended March 31, 2017 (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	$ 19,121,605	$ 847,249	$ 847,249	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	5,554,904	273,276	273,276	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	6,137,408	161,326	161,326	Note 4
WPG Holdings Limited	WPG Electronics Limited	Taiwan	Sales of electronic /electrical components	14,735	14,735	3,920,000	100.00	51,718	1,380	1,380	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	395,616	9,157	9,157	Note 4
WPG Holdings Limited	WPG International (CI) Limited	Cayman Islands	Holding company	3,783,583	3,783,583	124,442,727	100.00	3,578,723	197,168	197,168	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	16,933,635	320,626	319,747	Note 4
WPG Holdings Limited	WPG Investment Co., Ltd.	Taiwan	Investment company	502,997	502,997	50,000,000	100.00	463,773	2,978	2,978	Note 4
WPG Holdings Limited	WPG Core Investment Co., Ltd.	Taiwan	Investment company	50,000	50,000	5,000,000	100.00	1,751	(21)	(21)	Note 4
WPG Holdings Limited	Genuine C&C Inc.	Taiwan	Computer and its peripheral equipment	510,041	510,041	35,175,221	44.21	518,506	32,841	14,518	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	3,158,257	46,868		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	13,161,101	471,432		Notes 2 and 5

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at March 31, 2017	Initial investment amount: Balance as at December 31, 2016	Shares held as at March 31, 2017: Number of shares	Shares held as at March 31, 2017: Ownership (%)	Shares held as at March 31, 2017: Book value	Net profit (loss) of the investee for the trhee months ended March 31, 2017	Investment income (loss) recognised by the Company for the three months ended March 31, 2017 (Note 1)	Footnote
World Peace Industrial Co., Ltd.	Longview Technology Inc.	Taiwan	Sales of electronic /electrical components	$ 364,290	$ 364,290	33,900,000	100.00	$ 561,319	$ 18,991		Notes 2 and 5
World Peace Industrial Co., Ltd.	Chainpower Technology Corp.	Taiwan	Sales of electronic /electrical components	66,261	66,261	9,781,452	39.00	147,342	8,234		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	1,663,758	3,998		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	176,891	32,841		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	345,975	4,577		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	53,255	2,048		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	752,323	2,856		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	3,071,849	11,679		Notes 2 and 5
Silicon Application Corp.	Win-Win Systems Ltd.	British Virgin Islands	Holding company	24,015	24,015	765,000	100.00	24,763	80		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	111,140	2,505		Notes 2 and 5
Silicon Application Corp.	Pernas Electronics Co., Ltd.	Taiwan	Sales of electronic /electrical components	959,504	959,504	73,500,000	100.00	1,073,588	23,566		Notes 2 and 5
Pernas Electronics Co., Ltd.	Everwiner Enterprise Co., Ltd.	Taiwan	Sales of electronic /electrical components	343,959	343,959	28,000,000	100.00	736,416	9,500		Notes 2 and 5
Pernas Electronics Co., Ltd.	Pernas Enterprise (Samoa) Limited	Samoa	International investment	33,287	33,287	1,000,000	100.00	2,987	(115)		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	2,417,094	82,546		Notes 2 and 5

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at March 31, 2017	Initial investment amount: Balance as at December 31, 2016	Shares held as at March 31, 2017: Number of shares	Shares held as at March 31, 2017: Ownership (%)	Shares held as at March 31, 2017: Book value	Net profit (loss) of the investee for the trhee months ended March 31, 2017	Investment income (loss) recognised by the Company for the three months ended March 31, 2017 (Note 1)	Footnote
Asian Information Technology Inc.	Apache Communication Inc.	Taiwan	Import and export business for electrical components	$ 680,313	$ 680,313	157,000,000	100.00	$ 1,995,274	$ 11,746		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	120,654	(1,488)		Notes 2 and 5
Asian Information Technology Inc.	Adivic Technology Co., Ltd.	Taiwan	Import and export business for electrical components	157,200	157,200	13,720,000	49.00	25,572	(14,017)		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	302,127	3,612		Notes 2 and 5
Frontek Technology Corporation	Frontek International Limited	British Virgin Islands	Investment company	101,862	101,862	2,970,000	100.00	118,567	311		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	4,765,223	139,093		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	1,854,250	44,348		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	42,300	1,317		Notes 2 and 3
Yosun Industrial Corp.	Yosun Japan Corp.	Japan	Sales of electronic /electrical components	21,037	44,172	5,000	50.00	8,401	(920)		Notes 2, 3 and 6
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	2,163,883	116,204		Notes 2 and 5
Sertek Incorporated	Sertek Limited	Hong Kong	Sales of electronic /electrical components	83,494	83,494	19,500,000	100.00	427,435	3,160		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	1,744,774	140,108		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	411,617	(8,999)		Notes 2 and 5

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at March 31, 2017	Initial investment amount: Balance as at December 31, 2016	Shares held as at March 31, 2017: Number of shares	Shares held as at March 31, 2017: Ownership (%)	Shares held as at March 31, 2017: Book value	Net profit (loss) of the investee for the trhee months ended March 31, 2017	Investment income (loss) recognised by the Company for the three months ended March 31, 2017 (Note 1)	Footnote
Mec Technology Co., Ltd.	Mec Technology Co., Limited	Hong Kong	Sales of electronic components	$ 1,092	$ 1,092	25,000	100.00	$ 6,803	($ 21)		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	210,512	982		Notes 2 and 5
WPG Investment Co., Ltd.	Eesource Corp.	Taiwan	Sales of electronic components	11,520	11,520	1,080,000	20.00	41,361	1,317		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	-		Notes 2 and 3
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	29,663	(1,914)		Notes 2 and 5
Genuine C&C Inc.	Genuine C&C Holding Inc. (Seychelles)	Seychelles	Holding company	193,870	163,400	6,500,000	100.00	120,413	7,791		Notes 2, 5 and 7
Genuine C&C Inc.	Taibaoo Creation Co., Ltd.	Taiwan	Retail business of other grocery	26,995	26,995	4,000,000	100.00	13,958	(9)		Notes 2 and 5
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	-		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: In March 2017, the subsidiary reduced its capital.
Note 7: In March 2017, the subsidiary reduced its capital.

WPG Holdings Limited and Subsidiaries

Information on investments in Mainland China

Three months ended March 31, 2017

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

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, 2017	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the three months ended March 31, 2017		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2017	Net income of investee for the three months ended March 31, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2017 (Note 7)	Book value of investments in Mainland China as of March 31, 2017	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2017	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
WPG China Inc.	Sales of electronic /electrical components	$ 1,767,632	1	$ 1,769,389	-	-	$ 1,769,389	$ 33,197	100.00	$ 33,197	$ 1,991,089	-	
WPG China (SZ) Inc.	Sales of computer software and electronic components	144,448	1	105,837	-	-	105,837	33,158	100.00	33,158	543,993	-	Note 4
Suzhou Xinning Bonded Warehouse Co., Ltd.	Warehousing services	30,330	1	28,459	-	-	28,459	4,809	49.00	2,356	53,379	-	
Gain Tune Logistics (Shanghai) Co., Ltd.	Sales of electronic /electrical components	38,428	1	15,030	-	-	15,030	1,653	40.00	661	33,958	-	
Suzhou Xinning Logistics Co., Ltd.	Warehousing services / extra work	64,179	1	18,645	-	-	18,645	2,962	29.40	871	32,910	-	
CECI Technology Co. Ltd.	Business e-commerce platform	1,087,488	1	-	-	-	-	25,820	15.00	625	557,462	-	Note 8
WPI International Trading (Shanghai) Ltd.	Sales of electronic /electrical components	204,596	1	19,715	-	-	19,715	(33,827)	100.00	(33,827)	200,629	-	
AIO (Shanghai) Components Company Limited	Sales of electronic /electrical components	7,296	1	-	-	-	-	132	100.00	132	53,703	-	Note 3

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, 2017	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the three months ended March 31, 2017: Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2017	Net income of investee for the three months ended March 31, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2017 (Note 7)	Book value of investments in Mainland China as of March 31, 2017	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2017	Footnote
Long-Think International (Shanghai) Limited	Sales of electronic /electrical components	$ 14,592	1	$ 143,490	-	-	$ 143,490	($ 615)	100.00	($ 1,857)	$ 94,774	-	Note 2
AECO Electronic (Ningbo) Co., Ltd.	International trade of electronic components and products	132,674	1	118,894	-	-	118,894	(19)	100.00	(19)	54,556	-	
Yosun Shanghai Corp. Ltd.	Sales of electronic components and warehousing services	233,544	1	233,544	-	-	233,544	1,494	100.00	1,494	349,466	-	
Yosun South China Corp. Ltd.	Sales of electronic /electrical components	130,419	1	-	-	-	-	885	100.00	885	196,739	-	
Qegoo Technology Co., Ltd.	Business e-commerce platform	56,111	1	4,863	-	-	4,863	-	15.00	-	4,863	-	
World Components Agent (Shanghai) Inc.	Sales of electronic components	6,066	1	6,066	-	-	6,066	(115)	100.00	(115)	2,967	-	
Peng Yu (Shanghai) Digital Technology Co., Ltd	Sales of electronic products	68,309	1	40,455	-	-	40,455	14,485	55.00	7,882	68,506	-	

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: 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 3: 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 4: 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 5: For paid-in capital, amount remitted from Taiwan to Mainland China/ amount remitted back to Taiwan for the three months ended March 31, 2017, accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2017, book value of investments in Mainland China as of March 31, 2017, accumulated amount of investment income remitted back to Taiwan as of March 31, 2017, etc., the exchange rates used were USD 1: NTD 30.33, HKD 1: NTD 3.904 and RMB 1: NTD 4.407.

Note 6: The ending balance of investment was calculated based on combined ownership percentage held by the Company.

Note 7: Except for WPG China Inc. and WPG China (SZ) Inc., the investment income/loss for the three months ended March 31, 2017 that was recognised by the Company was based on the financial statements reviewed by international accounting firm which has cooperative relationship with accounting firm in R.O.C. The remaining investment income/loss was measured based on unreviewed financial statements of investee during the same period.

Note 8: In August 2016, WPG China Inc. gained 15% of shares in the investee with its own capital.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2017	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
WPG Holdings Limited	$ 2,009,781	$ 2,113,275	$ 29,332,366
World Peace Industrial Co., Ltd. and its subsidiaries	379,154	716,310	11,492,885
Silicon Application Corp. and its subsidiaries	43,412	49,346	3,682,445
Yosun Industrial Corp. and its subsidiares	254,320	538,782	7,267,239
WPG Investment Co., Ltd.	4,863	14,813	278,264
Genuine C&C Inc.	135,321	134,538	685,048

(1) Exchange rates as of March 31, 2017 were USD 1: NTD 30.33, HKD 1 : NTD 3.904 and RMB 1 : NTD 4.407.
(2) The ceiling of investment amount of the company is calculated based on the investor's net assets.